

DEPARTMENT OF WATER AND SANITATION

ANNUAL REPORT

Vote No. 41

2024/25 Financial Year



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

Water is Life
Sanitation is Dignity



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PART A: General Information



1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ ACRONYMS

Abbreviation/acronym	Description
AMCOW	African Ministers' Council on Water
AMD	Acid Mine Drainage
AMS	Asset Management Strategy
AMP	Asset Management Plan
AOR	Annual Operating Rules
AOA	Annual Operating Analysis
APP	Annual Performance Plan
APP	Approved Professional Person
APTT	Anti-Pollution Task Team
AC	Asbestos Concrete
BBBEE	Broad-Based Black Economic Empowerment
BDS	Bulk Distribution System
BEE	Black Economic Empowerment
BFI	Budget Facility Infrastructure
BoQ	Bill of Quantities
BWS	Bulk Water Supply
CAPEX	Capital Expenditure
CCTV	Closed-Circuit Television
CE	Chief Executive
CFO	Chief Financial Officer
CHDM	Chris Hani District Municipality
CISO	Chief Information Security Officer
CMA	Catchment Management Agency
CMC	Consequence Management Committee
CME	Compliance Monitoring and Enforcement
COGTA	Cooperative Governance and Traditional Affairs
CRO	Chief Risk Officer
DG	Director-General
DDG	Deputy Director-General
DIRCO	Department of International Relations and Cooperation
DM	District Municipality
DMP	Demand Management Plan
DPME	Department of Planning, Monitoring, and Evaluation
DPSA	Department of Public Service and Administration
DSO	Dam Safety Office
DWS	Department of Water and Sanitation
EC	Eastern Cape
ECL	Environmental Critical Level
EIA	Environmental Impact Assessment
ELU	Existing Lawful Use
EME	Exempted Micro Enterprise
EPSPS	Emergency Preparedness Plan in Safety
ERMC	Executive Risk Management Committee
ESIEID	Economic Sectors, Investment, Employment, and Infrastructure Development
Ewulaas	Electronic Water Use Licence Application System
FBSan	Free Basic Sanitation
FDI	Foreign Direct Investment
FIDPM	Framework for Infrastructure Delivery and Procurement Management

Abbreviation/acronym	Description
FMFS	Flood Monitoring and Forecasting System
FOSAD	Forum for South African Directors-General
FS	Free State
GA	General Authorisation
GCIS	Government Communication and Information System
GDP	Gross Domestic Product
GIS	Geographical Information System
GL	General Ledger
GLeWAP	Greater Letaba Water Augmentation Project
GP	Gauteng
GW	Ground Water
GWS	Government Water Scheme
HYDSTRA	Hydrological Information System
IB	Irrigation Boards
ICT	Information Communication Technology
IOD	Injury on duty
IRIS	Integrated Regulatory Information System
IRS	Implementation Readiness Study
IPAP	Industrial Policy Action Plan
IPCC	Intergovernmental Panel on Climate Change
IWA	International Water Association
JSE	Johannesburg Stock Exchange
KSD	King Sabata Dalindyebo
KZN	KwaZulu-Natal
l/c/d	Litre per capita per day
LM	Local Municipality
LP	Limpopo
m ²	Metre squared
m ³	Cubic metre
MIIF	Municipal Infrastructure Investment Framework
MI	Megalitre
MI/d	Megalitre per day
mm	Millimetres
MMTS	Mooi-Mgeni Transfer Scheme
MMS	Middle Management Service
MoU	Memorandum of Understanding
MP	Mpumalanga
MPAP	Municipal Priority Action Plan
MPAT	Management Performance Assessment Tool
MSP	Master System Plan
MTSF	Medium-Term Strategic Framework
MuSSA	Municipal Strategic Self-Assessments
MWIP	Municipal Water Infrastructure Programme
NA	National Assembly
NAMP	National Asset Management Plan
NC	Northern Cape
NCMP	National Chemical Monitoring Programme
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council

Abbreviation/acronym	Description
NEMA	National Environmental Management Act
NEMP	National Eutrophication Monitoring Programme
NesMP	National Estuary Monitoring Programme
NGIS	National Groundwater Information System
NIWIS	National Integrated Water Information System
NMMP	National Microbial Monitoring Programme
NOC	Non-Overspill Crest
NPFWEGE	South African National Policy Framework for Women Empowerment and Gender Equality
NRW	Non-revenue water
NT	National Treasury
NW	North West
NWA	National Water Act
NWMP	National Wetland Monitoring Programme
NWQMS	National Water Quality Management Strategy
NWRIA	National Water Resources Infrastructure Agency
NWRI	National Water Resources Infrastructure
NWRIA	National Water Resource Infrastructure Agency
NWRS	National Water Resources Strategy
NWRS-2	National Water Resources Strategy 2
NWSMP	National Water and Sanitation Master Plan
NWRS-3	National Water Resources Strategy 3
NWSRSS	National Water and Sanitation Resources and Services
OFO	Organising Framework for Occupation
OHS	Occupational Health and Safety
O&MP	Operations and Maintenance Plans
ORASECOM	Orange-Senqu River Basin Commission
ORMC	Operational Risk Management Committee
ORWRDP	Olifants River Water Resource Development Project
OSD	Occupation Specific Dispensation
PAT	Performance Assessment Tool
PCWS	Portfolio Committee on Water and Sanitation
PEP	Project Execution Plan
PFMA	Public Finance Management Act, 1999
PMU	Project Management Unit
PPR	Preferential Procurement Regulations
PSC	Project Steering Committee
QSE	Qualifying Small Enterprise
RBIG	Regional Bulk Infrastructure Grant
REMP	River Eco-status Monitoring Programme
RDP	Reconstruction and Development Programme
RID	Record of Implementation Decision
RMP	Resource Management Plans
RoE	Rules of Engagements
RoID	Record of Implementation Decision
RQOs	Resource Quality Objectives
R&R	Rehabilitation and Refurbishment
RW	Rand Water
RWS	Regional Water Scheme
SABS	South African Bureau of Standards

Abbreviation/acronym	Description
SADC	Southern African Development Community
SALGA	South African Local Government Association
ScoA	Standing Committee on Appropriations
SCM	Supply Chain Management
SDG	Sustainable Development Goal
SDM	Sekhukhune District Municipality
SEIAS	Socio-Economic Impact Assessment System
SIP	Strategic Infrastructure Project
SIV	System Input Volume
SMART	Specific Measurable Achievable Realistic Time-bound
SMS	Senior Management Service
SOP	Standard Operating Procedures
StatsSA	Statistics South Africa
SW	Surface Water
SWPN	Strategic Water Partners Network
SPCHD	Social Projection, Community and Human Development
TCTA	Trans Caledon Tunnel Authority
TRA	Temporary Relocation Areas
TWG	Technical Working Group
UPVC	Unplasticized Polyvinyl Chloride
VFWSEP	Vision for Water and Sanitation Education Programme
VIP	Ventilated Improved Pit
VO	Variation Order
WAR	Water Allocation Reform
WARMS	Water Registration Management System
WB	Water Board
WC	Western Cape
WCDM	Water Conservation Demand Management
WCWSS	Western Cape Water Supply System
WDCS	Waste Discharge Charge System
WEF	World Economic Forum
WMI	Water Management Institution
WMS	Water Management System
WRPS	Water Resource Planning System
WRC	Water Research Commission
WS	Water Scheme
WSA	Water Service Authority
WSDP	Water Sector Development Plan
WSS	Water Supply Scheme
WTE	Water Trading Entity
WTP	Water Treatment Plant
WTW	Water Treatment Work
WUAs	Water User Associations
WULA	Water Use License Application
WULATS	Water Use License Application Tracking System
WWCS	Wastewater Collector System
WWTP	Wastewater Treatment Plant
WWTW	Wastewater Treatment Work

3. FOREWORD BY THE MINISTER

It gives me great pleasure to present the 2024/25 Annual Report of the Department of Water and Sanitation.

Together with our stakeholders, we have registered significant progress in our collective quest to deliver clean water to the people of South Africa. This progress co-exists with numerous challenges, the bulk of which lie with water services at the municipal level. Some of the challenges emanate from a lack of technical skills and resources required to meet people's needs. In this regard, we have continued to work with local and provincial governments to address these challenges.

Based on the Blue and Green Drop reports, we know that 105 out of the 144 water services authorities are experiencing a water service delivery crisis. These municipalities are unable to discharge their constitutional responsibilities in several areas, including basic service delivery and the management of critical infrastructure such as water treatment plants and wastewater treatment plants. As a department, we continue to support these municipalities so that they can effectively deliver water services to their communities.

One of the key highlights of this financial year was the Water and Sanitation Indaba we hosted on 27 and 28 March 2025, which was attended by delegates from national government and national entities, provincial government, the municipalities, which are water services authorities, SALGA, the private sector, and water and sanitation experts.

The Indaba unanimously agreed on a set of practical resolutions related to delivery or implementation models. These include increasing investment through financing options; ensuring the financial viability of the sector; enhancing and strengthening technical and operational capacity and efficiency; building partnerships through building water sensitive and resilient communities; and fighting criminality and corruption in the water and sanitation sector.

To effectively improve water provision, the following challenges must be confronted head-on: organised criminality, water tankering and extortion mafia, vandalism of critical public infrastructure, poor reticulation, corruption, poor financial management, poor revenue management, escalating debt in the water sector, poor billing system, illegal connection, over consumption, high non-revenue water, infrastructure decay, lack of maintenance, non-payment for services, governance instability and poor enforcement of by-laws. Clearly, most of these challenges fall within the purview of municipalities.

As the national government, we continue to call on municipalities to impose water restrictions, upgrade water infrastructure, reduce water losses, attend urgently to water leaks, stop illegal connections, enforce by-laws, improve billing and revenue collection, embark on awareness campaigns and stakeholder engagements aimed at behaviour change, and consider technical interventions such as flow restrictors and pressure management.

In addition, municipalities should prioritise the filling of key technical positions such as process controllers, artisans, scientists and engineers. It is heartening, however, to note that municipalities are increasingly heeding our call to attend to non-revenue water and other challenges, but more effort is still required.

All of us, as citizens and other water users, carry a responsibility to use water sparingly and to pay for the water we consume.

Access to safe water and dignified sanitation is the most basic human need for health and well-being. The Department of Water and Sanitation is enjoined by Section 27 of the Constitution of the Republic of South Africa to ensure that everyone has access to sufficient water. This is a noble objective we continue to pursue tirelessly.



During the year under review, we sought to engender an appreciation of the constitutional and legal responsibilities of all stakeholders in the value chain of water supply and wastewater management systems. This has empowered all of us to work in unison in executing our respective, but integrated responsibilities.

The Constitution, National Water Act and the Water Services Act clearly define roles and responsibilities for the management of water resources and for providing water services in our country.

The Department of Water and Sanitation is responsible for water resource management and taking regulatory action to protect our water resources, setting national minimum norms and standards for water services provided by municipalities, providing support to municipalities and intervening where these norms and standards are not being met. The provision of local water and sanitation services is the Constitutional and legal responsibility of municipalities.

Working with other spheres of government, the department will continue to discharge its constitutional responsibility of ensuring that everyone has access to quality, clean drinking water and safe sanitation, and that our water resources are protected.

Ms Pemmy Majodina (MP)
MINISTER: WATER AND SANITATION
Date: 15 September 2025



4. DEPUTY MINISTER STATEMENT

The current state of water supply in our country calls for an urgent, agile and integrated approach to address the persisting water challenges that have become part of daily reality for many South Africans.

The provision and supply of water of adequate quality and quantity for economic and public health purposes remains a continuous challenge for most water services authorities.

Of particular concern is the reliability of the water supply, that has generally continued to decline in most parts of our country. This is as a result of ineffective practices by water services authorities, as designated to provide this essential service, including inadequate budgeting and spending on maintenance, inefficient rehabilitation and expansion of water supply infrastructure to meet population demand, water losses and other contributors to non-revenue water in most municipalities. This, coupled with the lack of skills required to operate and manage sophisticated water and sanitation systems, is often scarce outside of major urban areas.

Further exacerbating the issue is the alarming increase in the incessant vandalism and theft of water and sanitation infrastructure such as valves, copper and transformers, which directly bears on water shortages in many municipalities across the country, with some water supply infrastructure already in dire need of necessary maintenance to prolong its lifespan.

During the year under review, the Department of Water and Sanitation has been hard at work to turn around the state of water and sanitation services in municipalities across the country.

Efforts continue to be made to ensure water services authorities are supported to enable them to meet their constitutional and legal obligations of provision of water and sanitation services to communities.

Through the reforms of municipal water services currently underway in a form of the Water Services Amendment Bill, the Department seeks to ensure the proper separation of the Water Services Authority and Water Services Provider functions in municipalities; ringfencing of municipal revenues from the sale of water for the water function; and ringfencing of all management functions related to the delivery of water and sanitation services, with single-point accountability for the Water Services Provider. The Bill has been submitted to Parliament.

Through the Water Services Amendment Bill, we seek to introduce a licensing system for water service providers in order to establish professionally managed, ring-fenced utilities for water services to ensure that there is adequate investment and maintenance in municipalities.

With the assistance of the Water Research Commission, the Department has completed the design of the operating license system and will start implementing the system once the Bill has been passed by Parliament and the Minister has issued regulations for the operating licensing system under the Act.

While the reforms in the municipal water and sanitation sector are aimed at turning around the sector in the medium-term, the sector is not waiting for the legal amendments to be passed by Parliament- the Water and Sanitation Indaba held recently agreed that key reforms such as ringfencing of water revenues and water services management functions; as well as considering the appointment of alternative water services providers, should proceed immediately. As such, Councils of most metropolitan municipalities have already approved water and sanitation turnaround plans, which include the establishment of the ring-fenced entities for water services.

Meanwhile, the Department, through its two conditional grants, namely the Regional Bulk Infrastructure Grant (RBIG) and the Water Services Infrastructure Grant (WSIG), continues to support municipalities to develop their water and sanitation infrastructure and to address backlogs.



In addition, the Department is assisting water services authorities with planning activities for water and sanitation projects. This is to ensure the identification of the most viable and sustainable option to address the identified need, based on life-cycle costing and environmental, practicality, security and climate change considerations.

As a department, we also recognise that water is a finite resource and, specifically in the context of South Africa, is becoming incrementally scarce. The change of climatic conditions over the years is also hugely contributing to the water resource deficit in some parts of the country. As such, the new National Water Resource Infrastructure Agency (NWRIA) will be our game changer in ensuring that South Africa remains water secure. Its establishment will enable more financing to be raised in the market for the development of water resources.

The Act was passed by Parliament last year and was promulgated in September 2024. Following promulgation, it is now envisaged that the Agency will be fully established by April 2026. Work is underway to prepare for the amalgamation of the Trans Caledon Tunnel Authority (TCTA), the Department's infrastructure branch, and the Water Trading Entity into the new Agency, including the transfer of assets, existing loans, and staff.

The Department of Water and Sanitation remains steady in ensuring that it delivers on its mandate of ensuring that South Africa remains a water-secure country and that every citizen enjoys the right to access to water as enjoined by our constitution. But if we are to develop a water industry that delivers on the promises of the South African Constitution and propels the country into a water-secured, healthy and sustainable environment, it requires effort, investment and dedication from all role-players.

Mr M D Mahlobo (MP)
Deputy Minister: Water and Sanitation
Date: 15 September 2025



5. DEPUTY MINISTER STATEMENT

One of the most fundamental truths we must agree upon as leaders of the 7th administration is that South Africa cannot be fixed unless municipalities are fixed. Local government is the backbone of service delivery and nowhere is this more evident than in the water sector. Roads, sanitation, and above all, clean water, shape the health and prosperity of our communities. Yet, the sector faces mounting pressures that demand urgent and decisive action. The high levels of non-revenue water in municipalities, coupled with the absence of a legal requirement for municipalities to reinvest water revenue into the water function, have left many unable to meet their obligations to water boards. By the end of February 2025, municipal debt to water boards had escalated to R24 billion, including interest on long-outstanding arrears. This situation poses a grave risk to the financial sustainability of the entire water value chain and decisive action is required.

In the past year, strengthened and standardised debt collection processes have been implemented by the Department and the water boards. Working with Cabinet colleagues, including the Ministers of Finance and Cooperative Governance, National Treasury has agreed to withhold equitable share allocations from municipalities that repeatedly fail to pay their invoices. While this measure is only applied as a last resort, it has already shown a positive impact on the financial position of water boards. Furthermore, National Treasury has approved a debt write-off mechanism to deal with long-outstanding arrears and several water boards will begin implementing this during the current financial year. These steps reflect our determination to safeguard the stability and viability of the sector, which is vital for both national security and economic growth.

Yet, financial challenges are only part of the picture. Water pollution has emerged as a silent epidemic, threatening lives, livelihoods, and ecosystems. Across eight provinces and more than 30 municipalities, we have seen first-hand how pollution undermines the entire water value chain. It raises the cost of treatment, increases the risk of waterborne disease, threatens food security, and cripples tourism. Hartbeespoort Dam, once a vibrant hub of recreation, now suffers from pollution that drives visitors away. In eThekweni, the closure of beaches due to untreated wastewater and high E. coli levels has directly harmed local tourism and jobs.

This crisis cannot be ignored. We are acting urgently and collectively to confront it. The Department has launched the Vaal River Anti-Pollution Forum to improve the health of one of the country's most critical river systems through a coordinated and multi-stakeholder approach. Work is also underway to publish a Polluters' Register, ensuring accountability for those who degrade our water resources. At the same time, we have established inclusive Water Users Associations to ensure that small users and disadvantaged communities have a voice in managing local water resources. This not only promotes equity but also enables water management to become a catalyst for social and economic development.



The safety of our dams remains another key priority. We reemphasised our stance that owners of dams classified as safety risks are required to comply with strict regulations, failure to do so will see enforcement measures being intensified. Beyond compliance, the Department has also invited proposals for using state dams for tourism and recreation, creating opportunities for local economic development. In partnership with the Ministry of Energy and Electricity, we have also opened applications for hydropower and floating solar projects, ensuring that our water infrastructure contributes to a more secure energy future.

Admittedly, the challenge before us is immense, but our commitment is resolute. By strengthening municipal performance, holding polluters accountable, empowering communities and protecting our rivers and dams, we are laying the foundation for a resilient water sector that supports sustainable growth and safeguards the well-being of all South Africans.

We remain steadfast in our quest to ensure that no South African is left behind and that our rivers and reservoirs bring clean water to the taps of every household. This work is made possible by the dedication of our officials, whose efforts we commend and deeply appreciate. Together, we are building a sustainable water future and one that protects our environment, drives inclusive growth and ensures resilience for generations to come.

Mr Sello Isaac Seitholo (MP)
Deputy Minister: Water and Sanitation
Date: 15 September 2025



6. REPORT OF THE ACCOUNTING OFFICER

6.1 Overview of the operations of the Department

During the year under review, the Department of Water and Sanitation (DWS) implemented its strategic priorities in support of the broader government outcomes. Through its various programmes, the Department remained committed to the effective management of South Africa's water resources, to ensure equitable and sustainable socio-economic development, as well as universal access to safe water and dignified sanitation. The performance of the Department's programmes for the reporting period is summarised below:

Administration

The Departmental Management sub-programme offers policy and strategic direction for the management of water and sanitation. It also provides independent, objective assurance and advisory services aimed at enhancing the department's operations, including areas such as risk management and internal auditing. During the period under review, compliance with the approved internal audit action plan reached 118%, driven by focused efforts to resolve forensic investigation cases. The implementation of the risk management plan was at 89%, affected by the finalisation of the draft Combined Assurance Plan.

The Corporate Support Services sub-programme delivers enterprise-wide support through specialised services, including human resource management, legal services, communications, corporate planning, monitoring and evaluation, as well as information technology, to effectively serve internal stakeholders. During the period under review, the vacancy rate for engineers and scientists was at 40% (i.e. 579 vacant posts) as the implementation of the revised organisational structure increased these posts to 1 433. As there is limited funding to all fill posts, posts are progressively filled as financial resources become available. The implementation of cost containment measures also affected the Department's ability to fully implement its training interventions resulting in the implementation of 3787 of the planned 5338 interventions. Also, the Department managed to conduct 1 386 assessments to ensure compliance with safety and security requirements. This is slightly below the targeted number of 1520 as some resources had to be redirected to prioritise security threats and risk assessments. In response to challenges on the ground and for the public to make better informed decisions, communication initiatives had to be accelerated to disseminate information about water challenges and remedial actions resulting in the Department's ability to exceed its implementation of the annual Communication and Public Participation Programme.

The Financial Management sub-programme is responsible for planning, organising, controlling, and monitoring financial resources to support the achievement of the Department's goals and objectives. The Department continued to improve on the expenditure of its budget allocation during the period under review as R 23 815 billion of R 23 849 billion was spent which translates to 99.9%. The annual procurement from designated groups presented mixed results compared to the previous financial year as the procurement from companies with a 50% and above Black ownership increased to R3,756 billion, whereas companies with a 50% and above women, youth and persons with disability ownership slightly decreased to R2,091 billion, R812 million and R 74 million respectively. As a means of reducing the historical debt the Department continued to implement the incentive scheme of encouraging its customers to settle historical debt within a reasonable period and entering into debt repayment agreements.

The Provincial and International Coordination sub-programme facilitates international relations on water and sanitation with neighbouring countries. During the period under review, the Department honoured its international obligatory engagements as planned. As there was an increased need for stakeholder engagement to support ongoing projects, as well as a high demand for collaboration from partners within the water sector, the Department exceeded its planned target by 41% (i.e. 139 of 99 activities).

In supporting municipalities to derive optimal benefits from partnerships with the private sector, the Department established a Water Partnerships Office (WPO) that has developed national programmes designed to standardise and streamline private sector participation in municipal water and sanitation services. The programmes include municipal non-revenue water (NRW), water re-use, wastewater treatment, non-sewered sanitation and seawater desalination.



For non-revenue water, the application for budget for facility infrastructure (BFI) PINK NRW project in eThekweni was successful, with NRW scopings and preparing to procure transaction advisors for preparation completed in 3 metropolitan municipalities (i.e. Nelson Mandela Bay, Mangaung, Buffalo City) and 4 Gauteng municipalities (i.e. Merafong LM, Rand West City LM, Mogale City LM, Lesedi LM). For water reuse, the eThekweni Metro was assisted with a concessional loan for the Umdloti and Umkomaas WWTW and reuse PPP project and the preparation of the BFI application for the Northern and Kwa-Mashu Reuse PPP project. For non-sewered sanitation (NSS), the City of Cape Town and eThekweni metropolitan municipalities were assisted with scaling up their respective NSS projects.

Water Resources Management

The Integrated Water Resource Planning sub-programme is responsible for developing comprehensive plans to ensure the availability of water resources both in terms of quantity and quality in an equitable and environmentally sustainable manner. These plans serve to guide infrastructure development, as well as the management of systems and services within the water sector.

During the period under review, annual monitoring of the National Water and Sanitation Master Plan (NW&SMP) was initiated, along with the update of the Climate Change Strategy for the water sector. In addition, the reconciliation strategies for the Tugela and Mangaung water supply systems were finalised. Annual operating rules and specialised strategic studies for eleven water supply systems across the Limpopo, Olifants, and Vaal-Orange regions were also completed. Furthermore, the Record of Implementation Decision (RID) for the Crocodile (East) River project (Mbombela Dam) was developed, including updates on the feasibility study and Environmental Impact Assessment (EIA) for the Xhariep Pipeline project.

The Water Ecosystems Management sub-programme develops protective measures for water resources by establishing water resource classes and determining Resource Quality Objectives (RQOs) for river systems. These measures support the sustainable use of water resources while maintaining their ecological integrity, with a focus on preserving and improving their current ecological state. During the period under review, several key reports were completed or reviewed: the main report for the water resource classes and RQOs for the Usutu to Mhlathuze catchment was finalised for legal notice; the Keiskamma water resource classes report was reviewed; the Luvuvhu catchment resource evaluation report was reviewed; and the ecological water requirements reports for both the Upper and Lower Orange River systems were finalised.

The Water Resource Information and Management sub-programme is responsible for establishing, coordinating, and auditing water resource monitoring networks and programmes. It also develops and maintains integrated water information systems to support the acquisition, assessment, and management of water data, thereby building a knowledge base to enable informed water management decisions. During the period under review, the Department maintained the water resource monitoring programmes (i.e. Groundwater, National Chemical, National Estuary, National Eutrophication, National Microbial, National Wetlands and Surface Water Monitoring programmes). In addition, the water information systems were maintained (i.e. National Integrated Water, Hydrological, National Geohydrological, Water Management, Geographical Information, and Flood Monitoring and Forecasting Information Systems). A status report on the annual implementation of the National Digitised Integrated Water and Sanitation Monitoring System design was finalised. Furthermore, under the River Eco-Status Monitoring Programme, a total of 74 rivers were monitored across six water management areas.

The Water Resources Infrastructure Management sub-programme is responsible for developing, rehabilitating, and refurbishing bulk raw water infrastructure to meet South Africa's socio-economic and environmental needs. During the period under review, advanced planning was underway for several projects, including the Nwamitwa, Coerney, Foxwood, Lusikisiki Regional Water Supply Scheme (Zalu) Dams, and the raising of Gcuwa Dam. However, the Olifants River Water Resource Development Programme (ORWRDP) and the Olifants Management Model (OMM) experienced delays due to pending confirmation of commercial sector funding.

Construction progress on the Tzaneen and Clanwilliam Dams faced setbacks: Tzaneen due to delays in material delivery, and Clanwilliam due to multiple dam spilling events affecting work progress. The Mzimvubu Water Project's advanced infrastructure development, including housing, site establishment, and water services, was delayed due to procurement challenges. The Ntabelanga Dam project experienced delays in appointing an Approved Professional Person and professional team during the period under review. Despite these challenges, 1,098 maintenance projects on strategic water resource infrastructure were completed, although some term contractors faced capacity constraints leading to project delays. A total of 3.9 kilometres of conveyance systems identified as being in disrepair were rehabilitated. Additionally, infrastructure project implementation resulted in the creation of 176 job opportunities.

The Water Resources Policy and Strategy sub-programme is responsible for developing water resources management policies and procedures, as well as reviewing their implementation. During the period under review, public consultations were conducted on the National Water Amendment Bill, and the opinion letter (legal certification) was obtained from OCSLA. Additionally, monitoring and evaluation activities were carried out for the implementation of the National Water Resource Strategy (NWRS-3).

The Water Resources Regulation sub-programme is responsible for developing, implementing, monitoring, and reviewing water resource regulations, including raw water pricing, water use authorisation, compliance monitoring and enforcement, dam safety, resource protection, and waste management. During the period under review, several river systems, including the Crocodile (West and Marico), Inkomati-Usutu, Limpopo (Mokolo and Matlabas), Olifants-Doorn, and the Upper, Middle, and Lower Vaal, were monitored for the implementation of resource-directed measures.

To support ecological infrastructure protection and restoration, mitigation strategies for mine water and wastewater management in the middle to lower Vaal were developed, alongside implementation plans for the Olifants (upper) and Inkomati-Usutu catchments. These efforts were complemented by the rollout of the Waste Discharge Charge System strategy in the Breede-Olifants, Inkomati-Usutu, Limpopo-Olifants, Mzimvubu-Tsitsikamma, Pongola-Umzimkulu, and Vaal-Orange catchments.

Additionally, the 2025/26 water and sanitation sector charges were developed to enhance regulatory oversight. A total of 1,243 applications for water use authorisation were finalised within the regulated period. Compliance monitoring included 140 dam owners and 502 wastewater systems, with both groups assessed against water licence conditions and regulatory requirements. However, a report assessing compliance for zero wastewater systems was deferred to the next financial year due to delays in appointing a service provider. To advance water allocation reform, verification of 9,666 properties in the Olifants catchment and 754 properties in the Orange catchment was completed. Finally, to streamline water resource management institutional arrangements, a draft bill on the Water Economic Regulator was developed.

The Water Resources Institutional Oversight sub-programme is responsible for the governance and oversight of all water resource institutions, as well as facilitating their establishment and development. This includes establishing fully functional entities and providing institutional support and advisory services to Catchment Management Agencies (CMAs), the Trans Caledon Tunnel Authority (TCTA), the Water Research Commission (WRC), and Water User Associations (WUAs). During the period under review, annual assessments of performance plans, as well as annual and quarterly reports, were conducted for six CMAs, the WRC, and the TCTA. Stakeholder consultations were also held. Additionally, the National Water Resources Infrastructure Agency (NWRIA) Bill was signed by the President and published.

Water Services Management

The Water Services and Local Management sub-programme focuses on developing strategies, guidelines, plans, and information management across the water and sanitation value chain. It supports and capacitates water and sanitation service institutions by providing planning and management frameworks, promoting water use efficiency, and monitoring and evaluating sector performance to ensure sustainable service delivery. During the period under review eight large water supply systems were assessed to support the evaluation of water losses. No assessments of Water Services Authorities (WSAs) for compliance with the No Drop requirements were conducted due to delays in appointing a service provider, resulting in the deferral of this activity to the next financial year. The National Municipal Strategic Self-Assessment (MuSSA) was conducted within WSAs, metros, and secondary cities to assess water services performance.

To support regional bulk infrastructure development, 13 feasibility studies for water and wastewater services projects under the Regional Bulk Infrastructure Grant (RBIG) were prioritised and completed, recovering from previous delays. However, no implementation readiness studies for RBIG projects were completed, as the focus was on completing five such studies from previous years. Fifteen five-year reliability plans for district municipalities were finalised to support effective water and sanitation management.

To enhance sanitation regulation, the National Sanitation Integrated Plan was partially monitored in WSAs, and a draft economic model for faecal sludge management was developed to support the National Faecal Sludge Management Strategy for on-site sanitation.

For the period under review, the Department continued its support to municipalities through its grants programmes. The 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. The 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. Both grants supported the construction of 542 projects of which 109 were completed. The disaggregated provincial performance from both grants can be summarised as follows:

- Eastern Cape had a total of 89 projects under construction of which 33 were completed.
- Free State had a total of 86 projects under construction of which 13 were completed.
- Gauteng had a total of 18 projects under construction of which 3 were completed.
- KwaZulu-Natal had a total of 77 projects under construction of which 8 were completed.
- Limpopo had a total of 114 projects under construction of which 23 were completed.
- Mpumalanga had a total of 52 projects under construction of which 10 were completed.
- Northern Cape had a total of 33 projects under construction of which 5 were completed.
- North West had a total of 44 projects under construction of which 6 were completed.
- Western Cape had a total of 29 projects under construction of which 8 were completed.

The Water Services Policy and Strategy sub-programme is responsible for developing and reviewing water services policies, procedures, norms, and standards, as well as monitoring their implementation. During the period under review, an opinion letter (legal certification) for the Water Services Amendment Bill was obtained from OCSLA. However, the draft Bill was not tabled in Parliament, pending the completion of the required legal certification to enable its submission.

The Water Services Regulation sub-programme is responsible for developing, implementing, monitoring, and reviewing water resource regulations, with a particular focus on water service authorities' compliance with water supply regulations. To strengthen the regulation of the water and sanitation sector, the bulk water tariffs for 2025/26 were approved. Additionally, an assessment of compliance with Blue Drop requirements was conducted, monitoring 617 non-compliant water supply systems against regulatory standards.

The Water Services Institutional Oversight sub-programme is responsible for the governance and oversight of all water services institutions, facilitating their establishment and development. This includes the creation of fully functional entities, providing institutional support, and offering advisory services to water boards. During the period under review, annual assessments were conducted on shareholder compacts, business plans, as well as quarterly and annual reports for water boards.

6.2 Overview of the financial results of the Department

6.2.1 Departmental receipts

Departmental receipts	2023/24			2024/2025		
	Estimate	Actual amount collected	(Over)/ under collection	Estimate	Actual amount collected	(Over)/ under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	4 236	1 828	2 408	2 274	1 762	(512)
Transfers received	-	-	-			
Fines, penalties, and forfeits	100	450	(350)	0	1 050	1 050
Interest, dividends and rent on land	2 340	128	2 212	1 190	6 069	4 879
Sale of capital assets	550	145	405	600	241	(359)
Financial transactions in assets and liabilities	6 300	1 301	4 999	3 200	30 780	27 580
Total	13 526	3 852	9 674	7 264	39 902	32 638

6.2.2 Programme expenditure

Programme name	2024/25			2023/24		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	2 071 047	2 053 960	17 087	2 004 624	1 987 507	17 117
Water Resources Management	6 480 692	6 473 765	6 927	4 245 626	4 234 703	10 923
Water Services Management	15 297 840	15 288 073	9 767	15 125 666	15 109 386	16 280
Total	23 849 579	23 815 798	33 781	21 375 916	21 331 596	44 320

6.2.3 Virements / rollovers

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

6.2.3.1 Virements approved by the Accounting Officer

From			To		
Programmes	Reasons for virement	Amount R'000	Programmes	Reasons for virement	Amount R'000
Administration		(177,736)	Water Service Management		229,395
Water Resource Management		(51,659)			
Water Service Management					
Total		-229 395	Total		229 395

6.2.3.2 Requests for rollover

There were no rollovers requested in the year under review.

6.3 New or proposed activities

None.

6.4 Supply chain management (SCM)

The Department did not conclude any unsolicited bids for the 2024/25 financial year. There were, however, challenges experienced with some implementing agents that did not adhere with Supply Chain Management (SCM) processes, resulting in several cases of possible 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 Memorandum of Understanding 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, such as the compliance checking of all requests to be routed to the Departmental Bid Adjudication Committee and/or Accounting Officer regarding procurement, contract extensions/variations and deviations requests.

In compliance with the Preferential Procurement Regulations (PPR) 2022, the Department has approved a Supply Chain Management policy in place. The policy was implemented to enhance the efficiency and fairness of procurement processes, supporting broader socio-economic objectives. SCM SOPs were approved in October 2024 and implemented during the reporting period.

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

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

Item	Amount
Flights, accommodation and registration support for the three officials – To attend WISA conference: GIZ	71 000
Scholarships for ten (10) DWS Officials – Water Management: Dutch OKP (Business School Netherlands)	5 500 000
Flights, accommodation, ground transport, and tuition – Study course in Japan on Disaster Risk Reduction for one official: JICA	31 000
WSEP 2024 National Adjudication Event – Certificates, Frames, and Trophies: Rand Water	50 000
WSEP 2024 National Adjudication Event – Promotional items: Umngeni Uthukela Water	218 000
WSEP 2024 National Adjudication Event – 2 WSEP Branding Banners: Msinsi Holdings	36 000
Business backpack and Cullen sets of pens: Rand Water	1 000
Total	5 907 000

6.6 Exemptions and deviations received from the National Treasury

The summary of details is as follows:

6.6.1 Main Account

Deviations:

A total of forty-five (45) deviations were processed and finalised for the period under review. Thirty-eight (38) transactions were related to the sole supplier, and one (1) transaction was related to emergency procurement. Six (6) transactions were related to limited bidding. The sole supplier deviation applications were initially assessed by the demand management unit to determine their sole supplier status and a detailed market analysis was undertaken prior to submission to the Departmental Bid Adjudication Committee (DBAC) and/or Accounting Officer for approval.

Expansions and variations:

A total of fifty (50) contract expansions and variations were processed and finalised for the financial year period under review. All requests for contract extensions and variations are reviewed, checked, and verified by the Contract Management unit prior to approval by the relevant authority.

6.6.2 Water Trading Entity

Deviations:

Per SCM register there were (14) deviations reported during 2025 financial year. Eight (8) transactions were related to the sole supplier and one (1) transaction was related to limited bidding and five (5) transactions were related to procurement under an urgent case. Sole supplier deviation applications were initially assessed by the demand management unit to determine their sole supplier status and a detailed market analysis was undertaken prior to submission for approval by the relevant Authority in line with the approved financial delegations.

Expansions and variations:

A total of ten (10) contract expansions and variations were processed and finalised for the financial year period under review. All requests for contract extensions and variations are reviewed, checked, and verified by the Contract Management unit prior to approval by the relevant authority.

6.7 Events after the reporting date

None.

6.8 Other

6.8.1 Background

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

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

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

6.8.1.1 Water Resource Management

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.

Transitional arrangements with established Catchment Management Agencies

Catchment Management Agencies are established in terms of Chapter 7 of the National Water Act. With effect from 01 April 2024 the five CMAs (i.e. Breede-Olifants (BOCMA), Limpopo-Olifants (LOCMA), Mzimvubu-Tsitsikamma (MTCMA), Pongola-Umzimkulu (PUCMA) and Vaal-Orange (VOCMA) were meant to receive transfers from the Department by taking over the water resource management functions from 1 April 2024, which were previously carried out by Water Trading.

Although the CMAs were legally gazetted and were meant to take over the water resource management functions from the Department, the transfer process experienced several challenges necessitating the signing of Memoranda of Understanding with the five CMAs. The BOCMA MoU was an exception to the other four MoUs as related to the merging of the Department's activities with an already existing CMA.

The agreement in line with the signed MoUs with LOCMA, MTCMA, PUCMA, and VOCMA was that these CMAs will continue to use the Department's financial and performance management delegations of authority, policies and procedures. This is subject to the Department's continuing to render some functions until completion of the transitional period as envisaged between the signatory Parties.

For the period under review, the CMAs complied with the Public Finance Management Act (PFMA) requirements of schedule 3A entities developing annual performance plans with three-year targets. The development of the five-year strategic plans is covered in the current transitional arrangement that uses the Department's strategic plan as an overarching strategy to allow for the entities governance structures to be fully operational and develop their respective strategic plans.

The transitional arrangements relating to the financial activities for the period under review, included administering the billing activities on behalf of the CMA. The full alignment and transfer of billing responsibilities to the CMA will resume after the conclusion of the transitional period. The assets and liabilities remain in the name of the Department until the final transfer of officials in line with the human resources transfer agreement signed in May 2025.

As the operationalisation plan on the staff transfer is nearing its conclusion and the progress in finalising the assets and liabilities is at an advanced stage, the CMAs should be able to perform due diligence and sign-off on the transferred assets and liabilities with related measurements in compliance with the PFMA and GRAP.

6.8.1.2 Infrastructure branch

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

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

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

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

6.8.2 Analysis of operating performance

6.8.2.1 Operating surplus

For the year under review, the figure below reflects an operating surplus of R6.614 billion which is a R2.3 billion decrease compared to the 2023/24 financial year. This decrease is mainly attributed to the increase in expenditure (increase in administration costs relating to the Lesotho Highlands Water Project (LHWP) Royalties, increase of the impairment of financial assets and the impairment of construction work done for the external parties.)

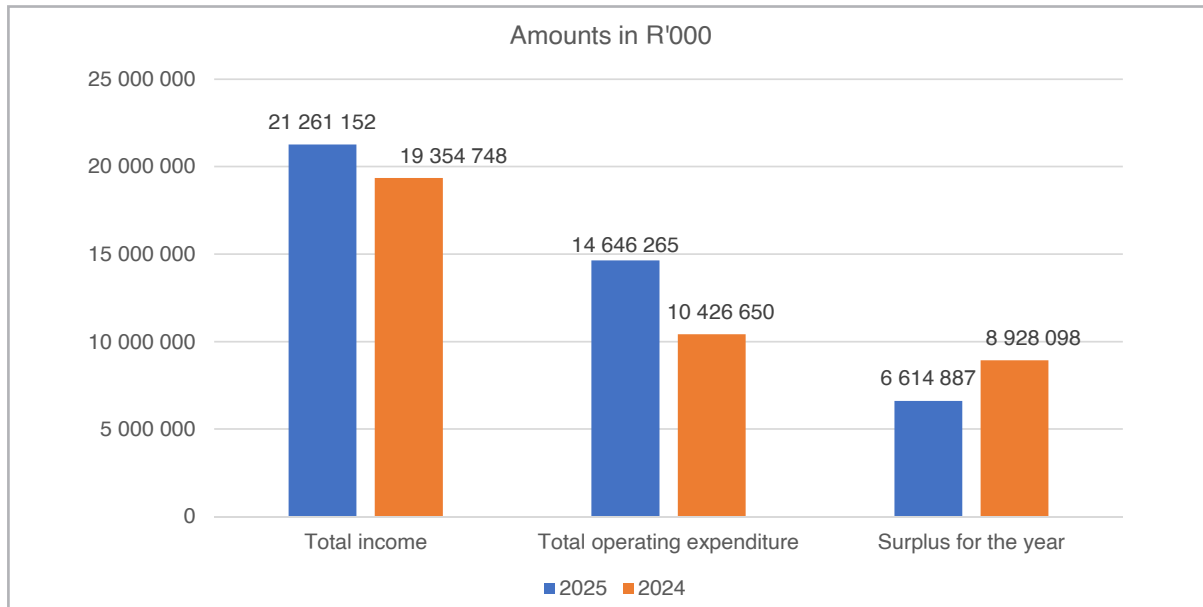


Figure 6.8.2.1: 2024/25 Water Trading operating surplus

6.8.2.2 Operating income (revenue) analysis

The figure below reflects the total revenue for the year under review at R21.261 billion compared to the R19.354 billion for the 2023/24 financial year. This R1.907 billion increase (10%) is mainly driven by the increase in the revenue from non – exchange transactions (augmentation). The classification of revenue is as per figure below

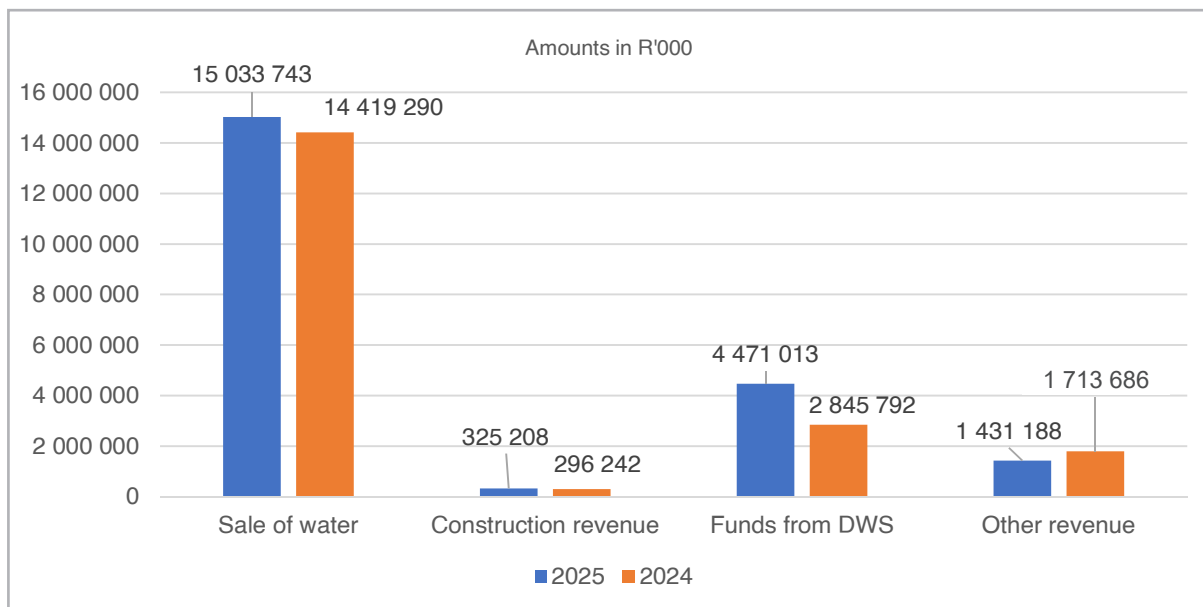


Figure 6.8.2.2: 2023/24 Water Trading revenue analysis

6.8.2.3 Total operating expenditure overview

The figure below indicates that the total operating expenditure for the period under review amounted to R14.646 billion compared to the R10.426 billion in the 2023/24 financial year. This is a R4.219 billion increase (40%) due to the following:

- Increase in administration costs relating to the Lesotho Highlands Water Project (LHWP) Royalties
- Increase on the impairment of financial assets (provision of trade receivables)
- Impairment on construction work done for the external parties.
- Increase on finance costs

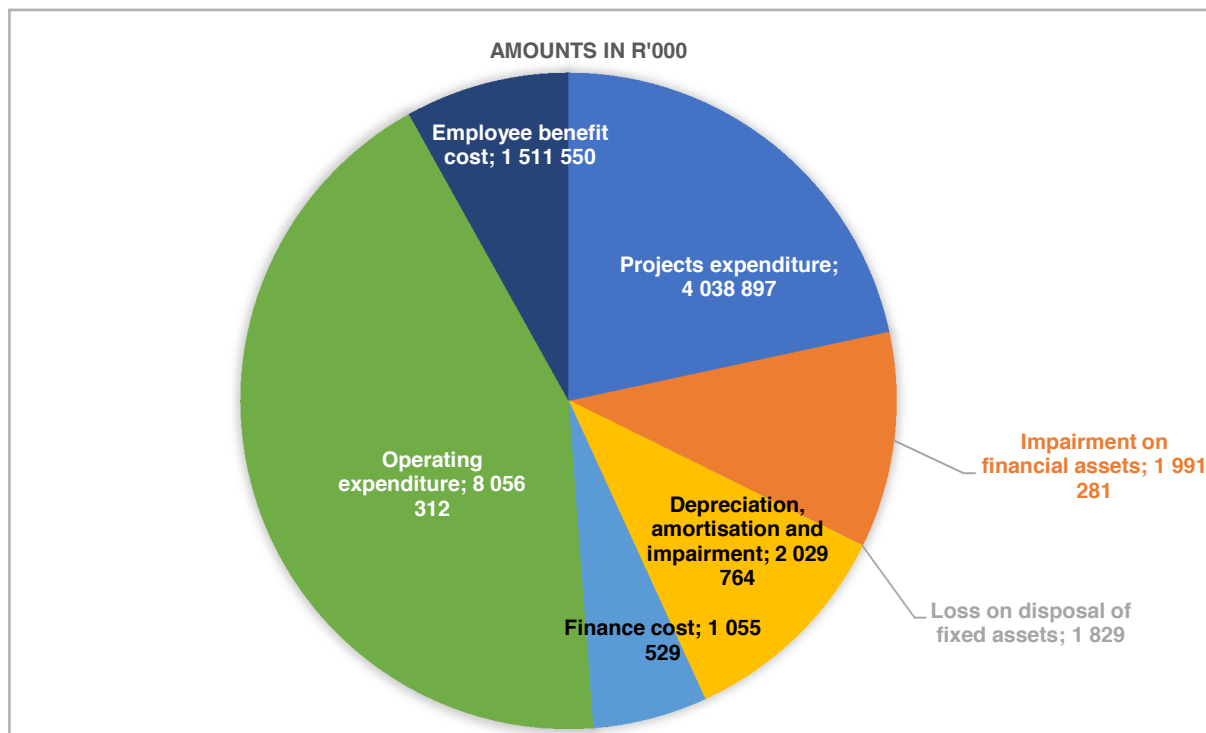


Figure 6.8.2.3: Total expenditure for the Water Trading for the 2024/25

6.8.2.4 Liquidity

The current ratio of the financial year 2024/25 is 7.43:1 which is a decrease of 13% from 8.54:1 of the previous financial year 2023/24, which indicates that the entity still has sufficient liquid assets to meet its short-term financial obligations even though current liabilities have increased.

	2024/25	2023/24
Current ratio	7.43:1	7.70:1

6.8.2.5 Cash flow from operating activities

The increase is due to the following:

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

6.8.2.6 Debtors' collection days

For the period under review, the debtors' days reflects a regression compared to the 2023/24 financial year.

After impairment, the debtors' days moved from 469 days in 2023/24 to 526 days in 2024/25 mainly driven by non-payment by various municipalities. The entity continues to struggle to collect outstanding debt from the sale of water. The entity has since put measures in place to follow up on the recoverable debts and implement cash flow management strategies while still complying with PFMA 30 day's payment period. The debtor's collection days clearly indicates that the entity has cash tied on the outstanding accounts.

	2024/25	2023/24
Debtor's days in sales (days)	526	469

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

The Department has developed a debt incentive scheme which includes:

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

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

6.9 Acknowledgement(s) or appreciation

I would like to express my sincere appreciation to the Executive Authority and the officials of the Department for their continued dedication and efforts in ensuring the delivery of water services to our communities.

The valuable contributions of our water entities are also acknowledged, particularly in their ongoing commitment to fulfilling the Department's mandate.

To all our water sector partners, we extend our gratitude for the collaboration, support, and guidance provided throughout the year. Your collective efforts have been instrumental in advancing the water and sanitation sector.

6.10 Conclusion

We remain committed to upholding the Department's mandate by effectively managing the country's water resources. Our continued focus is on promoting equitable and sustainable socio-economic development, while striving to ensure universal access to safe water and dignified sanitation for all.

6.11 Approval and sign off

The programme performance information presented on pages 57 to 95, along with the annual financial statements for the Main Account (pages 214 to 273) and the Water Trading Entity (pages 324 to 369), has been reviewed and approved by the Accounting Officer.



Dr Sean Phillips
Accounting Officer
Department of Water and Sanitation
Date: 31 August 2025

7. STATEMENT OF RESPONSIBILITY & 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 annual reports issued by the National Treasury.

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2025.



Yours faithfully

Dr Sean Phillips
Accounting Officer
Department of Water and Sanitation
Date: 31 August 2025



8. STRATEGIC OVERVIEW

8.1 Vision

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

8.2 Mission

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

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

8.3 Values

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

9. LEGISLATIVE AND OTHER MANDATES

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

9.1 The Constitutional mandate

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

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

9.1.2 Chapter 6 on Provinces makes the following provisions.

- S139 Provincial intervention in local government-
(1) When a municipality cannot or does not fulfil an executive obligation in terms of the Constitution or legislation, the relevant provincial executive may intervene by taking any appropriate steps to ensure fulfilment of that obligation.

9.1.3 Chapter 7 on Local Government makes the following provisions.

- S154 Municipalities in co-operative government-
(1) The national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

9.1.4 Schedule 4 on *Functional Areas of Concurrent National and Provincial Legislative Competence* makes the following provisions:

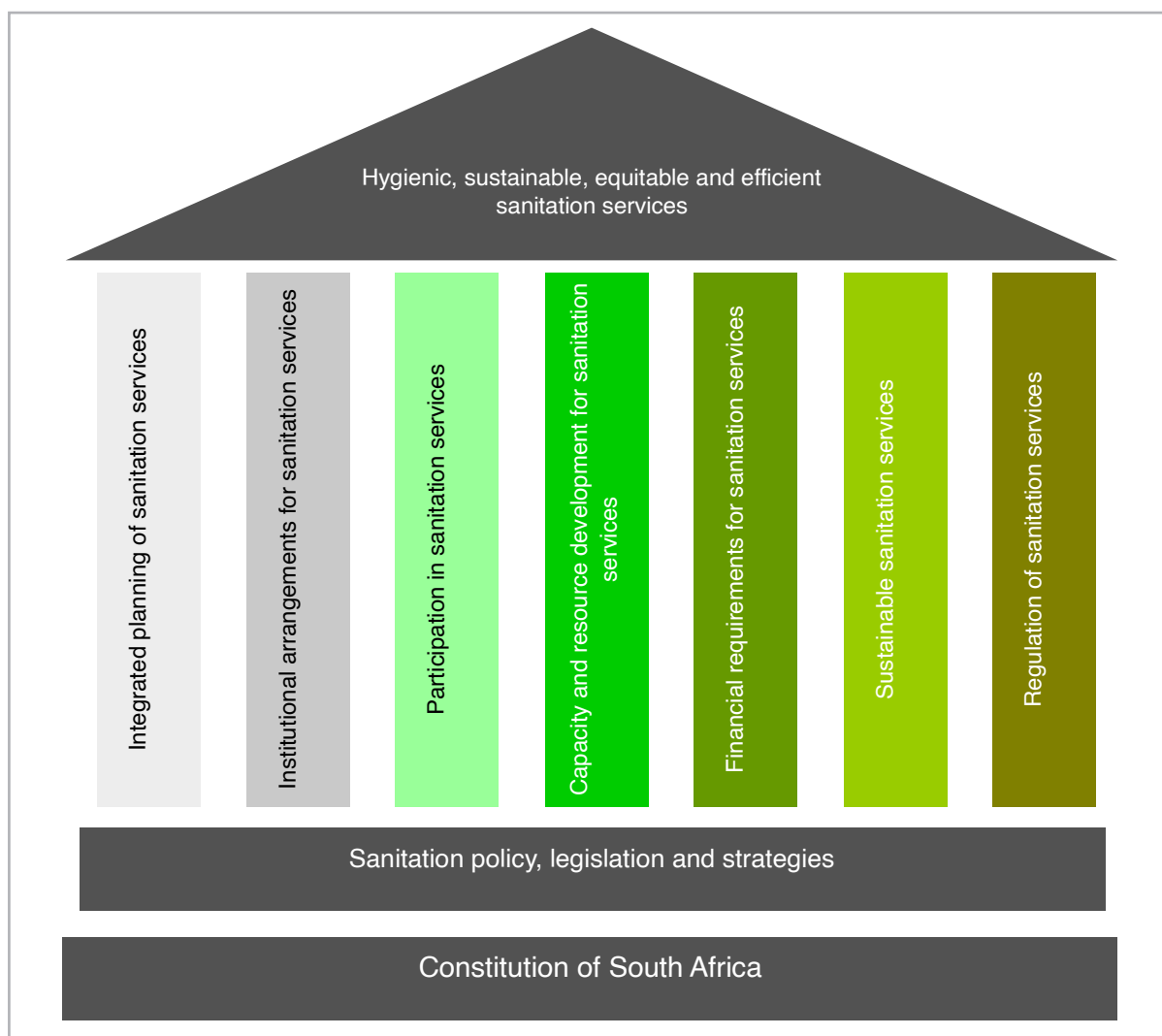
- Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems.

9.2 Water and Sanitation policy framework

9.2.1 National Water Policy Review (2013): the policy review determined unintended oversight and gaps in the existing water policies to provide amendment to address the following:

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

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



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

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

9.3 The legislative mandates

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

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

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

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

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

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

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

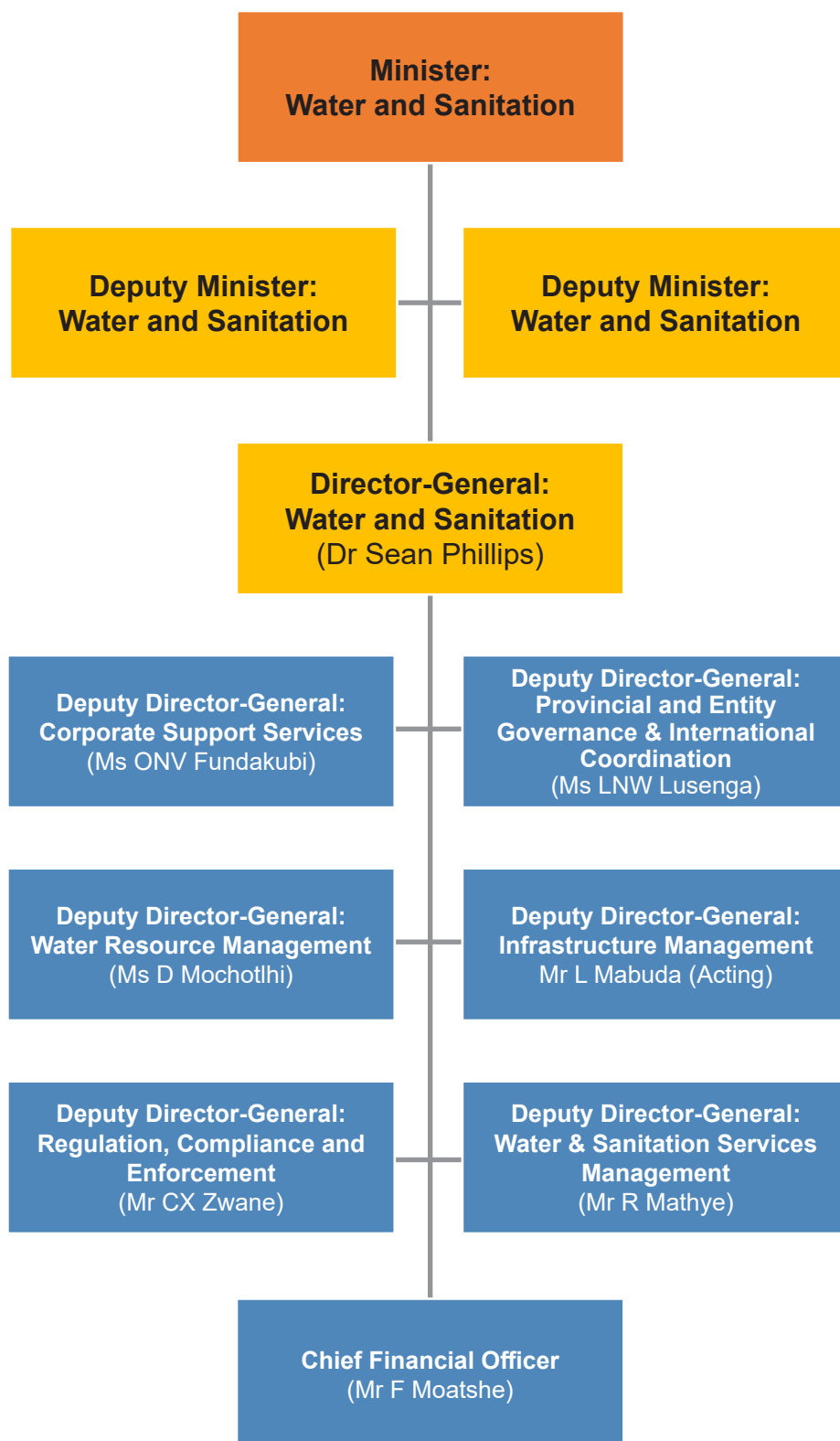
With reference to a "right to basic sanitation", this is the primary legislation relating to sanitation in South Africa. It further defines basic sanitation as: 'The prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of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

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

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

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

10. ORGANISATIONAL STRUCTURE



11. ENTITIES REPORTING TO THE MINISTER

The table below summarises the legislative mandate, the financial relationship and the nature of operation for the 15 entities that reported to the Minister during the period under review:

No	Name of entity	Legislative mandate	Nature of operations
Schedule 2			
1	Trans Caledon Tunnel Authority (TCTA)	Established in 1986 as a state-owned entity, the Trans-Caledon Tunnel Authority (TCTA) specializes in project financing, implementation, and liability management. Originally created as a Special Purpose Vehicle to fulfil South Africa's treaty obligations regarding the Lesotho Highlands Water Project (LHWP), TCTA has since expanded its mandate. Following an amendment to its Notice of Establishment in 2000, TCTA is now authorized to undertake additional projects as directed by the Minister of Water and Sanitation	To implement and fund government water schemes off-budget, as authorized by the National Water Act, enabling the raising of loans to finance the development of new water resource infrastructure
Schedule 3A			
2	Water Research Commission (WRC)	To facilitate research in the water sector in terms of the Water Research Act of 1971.	To facilitate water research and development on behalf of the nation.
3	Breede-Olifants (BOCMA)	Catchment Management Agencies (CMAs) are established in terms of Chapter 7, Section 78 of the National Water Act, Act No. 36 of 1998. The mandate is set out in the Pricing Strategy for Raw Water Use Charges.	Management of water resources at the 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	Limpopo-Olifants (LOCMA)		
5	Inkomati-Usuthu (IUCMA)		
6	Mzimvubu-Tsitsikamma (MTCMA)		
7	Pongola-Umzimkhulu (PUCMA)		
8	Vaal-Orange (VOCMA)		
Schedule 3B			
9	Amatola Water	Water boards are established under Section 28 of the Water Services Act, Act No. 108 of 1997, to provide bulk water services	All water boards provide bulk water services to the municipalities, industries, and mines.
10	Vaal Central Water	The mandate is set out in sections 29 and 30 of the Water Services Act.	
11	Lepelle Northern Water		
12	Magalies Water		
13	Overberg Water		
14	Rand Water		
15	uMngeni- uThukela 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 (where applicable) being reported under the predetermined objectives heading in the report on the other legal and regulatory requirements section of the auditor's report.

Reference is made to the AGSA report for Vote 41; section 202 to 208 set out on pages 310 to 321 in Part F and G (financial information) of this annual report.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service delivery environment

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

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

However, South Africa is naturally prone to drought conditions because it is a semi-arid country. For the period under review, several persistent challenges posed risks to water security, as summarised below:

Extreme climate and weather events

South African river systems and catchments exhibit high spatial variation in rainfall, as well as in catchment size and physical characteristics. These variations result in distinct river flow patterns and dynamics both within catchments and across Water Management Areas (WMAs), influencing the availability of water resources.

Aquifer (groundwater) storage provides another measure of water availability in the country. Notably, over the past decades, groundwater utilisation has increased its share in the national water mix, supported by the National Groundwater Strategy, National Water Resource Strategy 3, and the National Water and Sanitation Master Plan. Groundwater plays a critical role in adapting to climate-related pressures and is increasingly relied upon to augment conventional surface water supply systems.

South Africa is naturally inclined to drought conditions because of its semi-arid climate. The other persistent challenges posing a risk to water security are growing water demands, significantly high non-revenue water, water pollution, ageing infrastructure, and insufficient investments in water-related infrastructure.

Implications of climatic trends on water resources

South Africa experiences varying weather conditions with different seasons due to its unique geographical location and long coastline spanning 2,800 kilometres. The cold Atlantic Ocean on the west coast and the warmer Indian Ocean on the south and east coasts significantly influence both the climatic and weather conditions. In 2024, South Africa experienced a new record warm year, with very hot conditions predominantly in the central and northern interior, and this had ramifications on the water management environment.

The annual mean temperature anomaly for 2024, based on the data of 26 climate stations monitored by the South African Weather Services (SAWS), was about 0.9 °C above the average of the reference period (1991-2020), making it the hottest year since 1951 (Figure 1). A warming trend of approximately 0.17 °C per decade is indicated for the country from 1951 through 2024, with a statistically significant result at the 5% level.

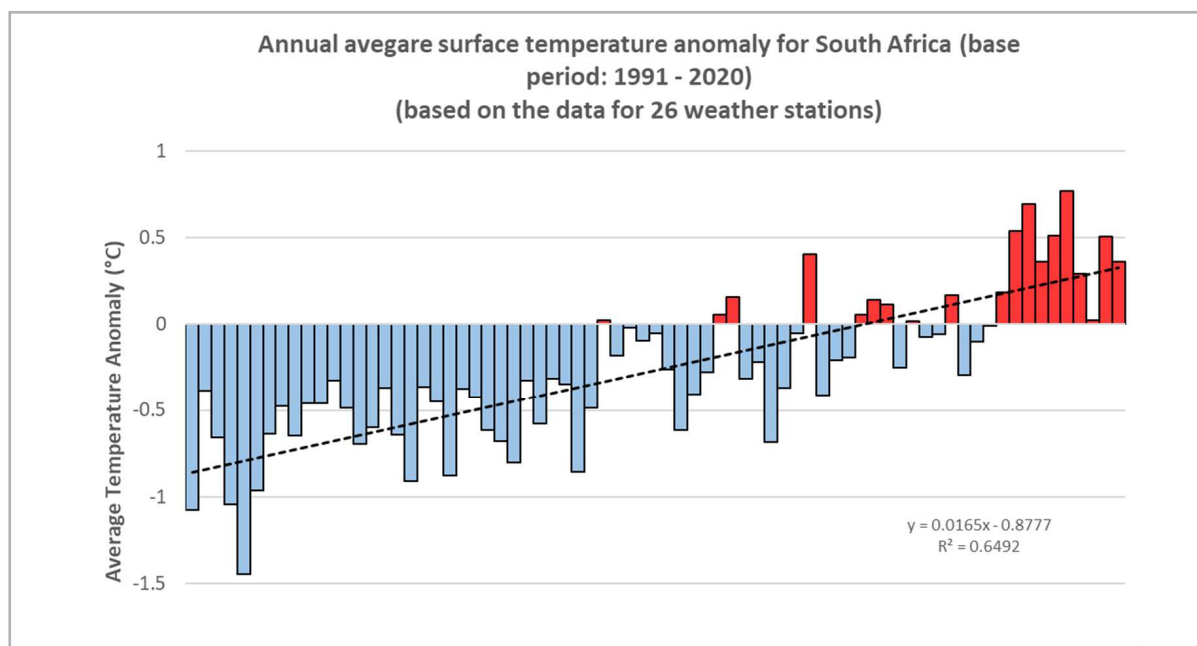


Figure 2.1.1: Average surface temperature deviation over South Africa based on 26 climate stations: 1951 - 2023 (base period: 1991 - 2020). The linear trend is indicated (Source: South African Weather Service).

For the past 11 years, since 2013, it is notable that the annual average surface temperatures have been above the long-term average. Higher temperatures exacerbate the evaporation of surface waters (i.e., dams, lakes, pans, and rivers) and even soil water, reducing the quantity of available water that can be used for domestic, irrigation, and industrial use. In times of drought or when there has been limited rainfall, higher temperatures resulting from extreme temperature events can exacerbate already dry conditions by increasing evaporation, and associated high-pressure systems (often the systems causing heatwaves) can also block rain-bearing weather systems, leading to even drier conditions.

These extremely hot events typically increase domestic, agricultural, and industrial water demand. The heightened water demands and increased evaporation can easily strain water resources and water supply systems. Elevated temperatures can also impact water quality by promoting the growth of harmful algal blooms, increasing the concentration of pollutants in water bodies. In some instances, it has also been reported that extremely hot temperatures can even stress water infrastructure, leading to increased wear and tear on infrastructure components and, in extreme cases, may cause failures or disruptions in water supply systems.

Rainfall

The figure below compares rainfall anomalies (deviations from normal) for the hydrological year (October 2023–September 2024) with those of the three previous hydrological years across Water Management Areas.

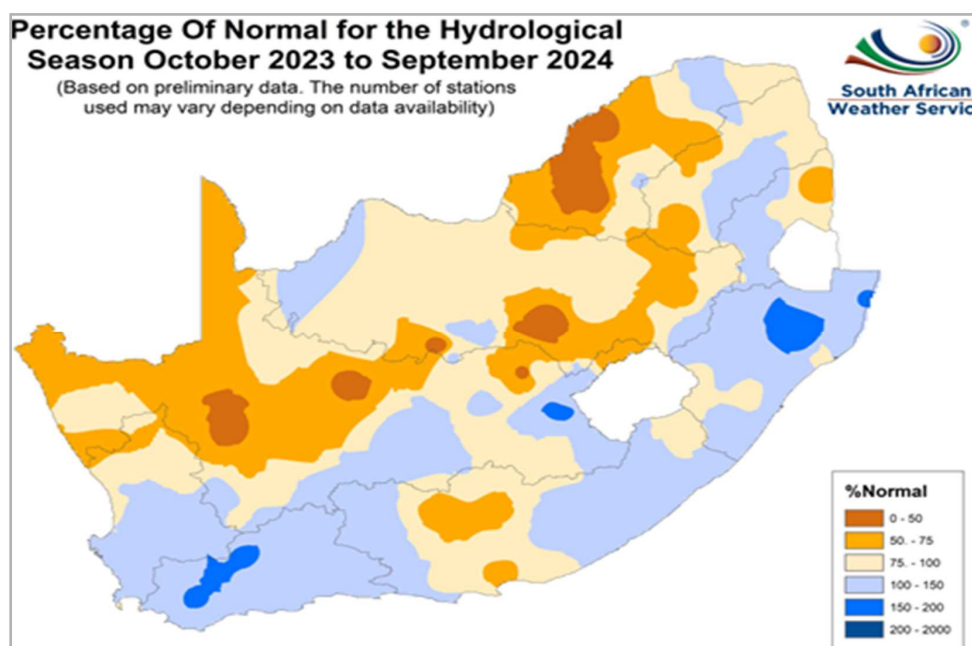


Figure 2.1.2: Percentage of normal rainfall for 2023/24 Hydrological period. Blue shades are indicative of above-normal rain, and the darker yellow shades of below-normal rainfall (Source: South African Weather Services) <https://www.weathersa.co.za/home/historicalrain>

The hydrological year (October 2023 – September 2024) is preceded by the three consecutive hydrological years which has fallen within the protracted 2020-2023 La Niña event. These preceding years have been characterised by wetter and cooler conditions that occurred for extended periods, mainly in the summers, as is typical during La Niña events. This three-year period also included above-normal rainfall over large parts of the winter rainfall region, which has now experienced several winters with near-normal to above-normal rainfall since the multi-year drought of the 2015–2018 period.

A significant feature of rainfall received during the hydrological year 2023/24 is near-normal or above-normal rainfall in the eastern and southern parts of the country. The winter rainfall regions covering the Western Cape Province (Breede-Gouritz and Berg-Olifants Water Management Areas) have experienced wetter winters for the past three years. In contrast, some isolated central parts in the country have received below-normal rainfall for the past two hydrological years, namely the western parts in the Orange River catchment area and the upper parts of the Vaal River catchment area, which included areas falling within the Mpumalanga Province. At the end of the hydrological year – September 2024, the South African climate was in a neutral El Niño-Southern Oscillation (ENSO), with predictions of it further weakening.

Surface water storage

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

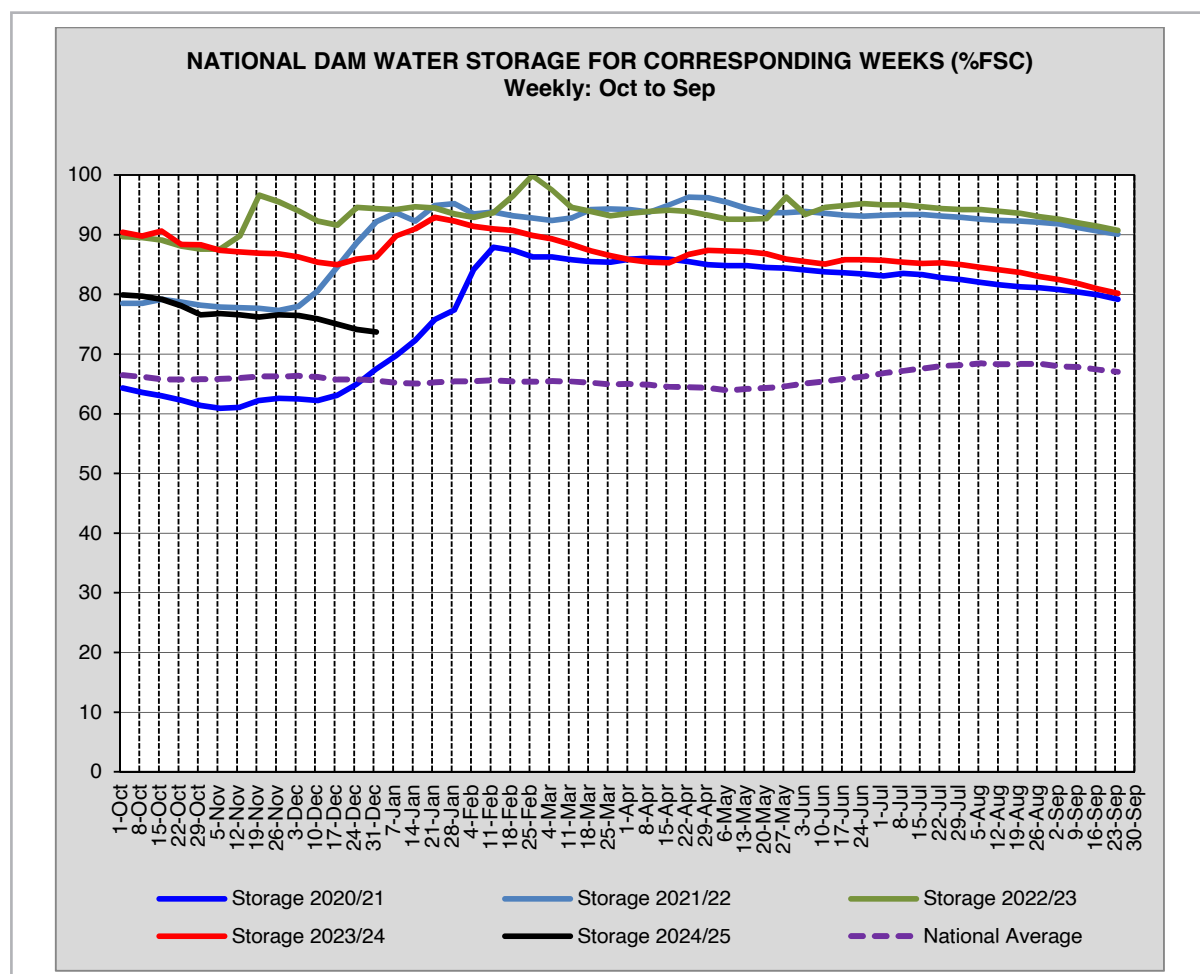


Figure 2.1.3: National dam storage levels for the past five years compared to a national average

At the end of September 2024, national dam levels stood at 79.7% of Full Supply Capacity (FSC). This was lower than the previous three hydrological years, during which national storage levels exceeded 90% of FSC. In September 2024, 16% of national dams were at or above 100% of FSC (full or spilling), 70% ranged between 50% and 100% of FSC, 11.72% were between 10% and 50% of FSC, and at least 1.4% were below 10% of FSC (critically low). The Middle-Letaba Dam and Glen Alpine Dam in Limpopo Province were the only dams at critically low levels at the end of the hydrological year. National dam levels continued to decline, ending the year at 73.6% of FSC by December 2024.

The national dam storage levels for the 2021/22 and 2022/23 hydrological years remained the highest for most months over the past five hydrological years. This was due to the prolonged 2020–2023 La Niña event, which resulted in above-normal rainfall during the three consecutive hydrological years preceding the current 2023/24 period.

The figure below compares the long-term median storage levels for each province during the 2023/24 hydrological year with those of the previous hydrological year.

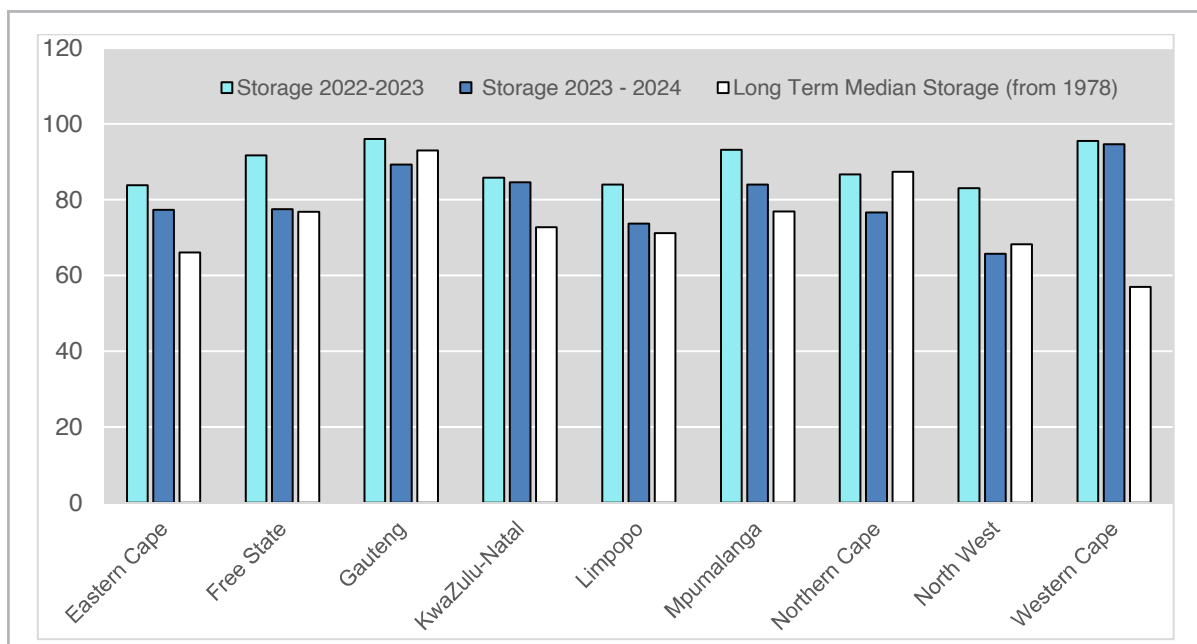


Figure 2.1.4: The storage situation in each Province during 2023/2024, compared with the previous hydrological year and the median.

For the 2023/24 hydrological year, only Gauteng, the Northern Cape, and the North West have dam levels below the long-term median storage levels. Furthermore, the data indicate that all median storage levels for the 2023/24 hydrological year are lower than those of the previous reporting period. Notably, the past two consecutive hydrological years in the Western Cape have recorded storage levels significantly above the median. This is a result of normal to above-normal rainfall received in the region following the major drought experienced between 2015 and 2018.

The figure below compares the long-term historical median storage levels of Water Management Areas with the median storage levels for the past two hydrological years.

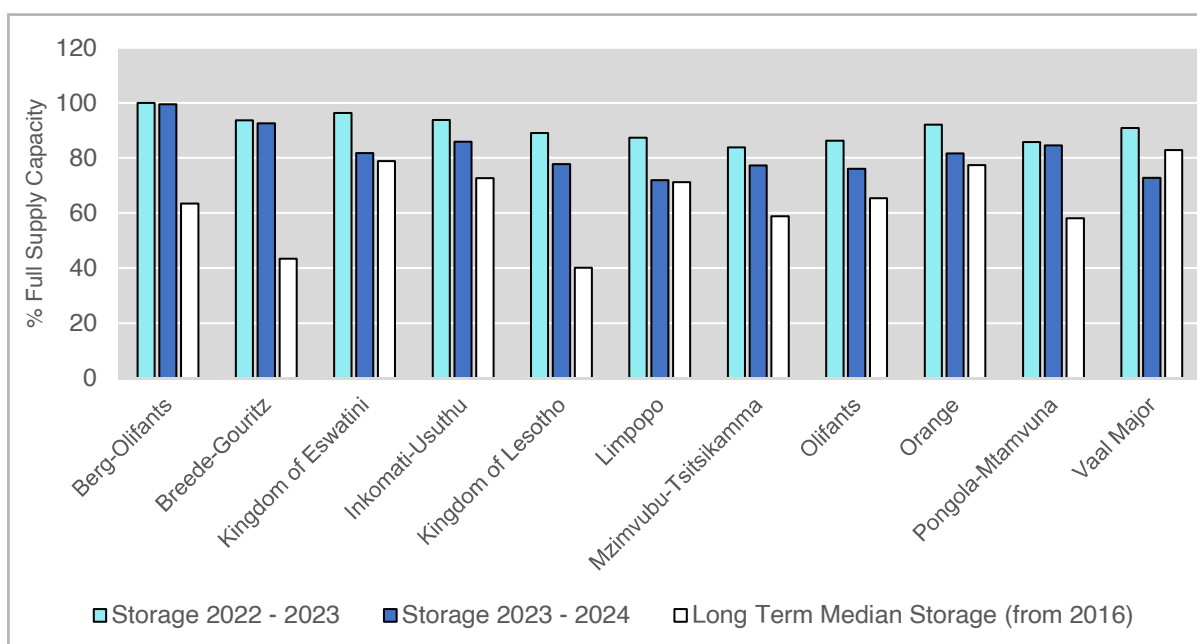


Figure 2.1.5: The storage situation in each WMA during 2023/24, compared with the previous hydrological year and the median.

The 2023/24 storage across water management areas has been above the historical median for almost all water management areas, barring the Limpopo and Vaal Water Management areas, which have fallen below the long-term median storage for the hydrological year 2023/24. For instance, the Vaal WMA fell from 90.9% of FSC in 2022/23 to 72.8 of FSC in 2023/24.

Groundwater

The national groundwater level value is expressed as a percentage of the Groundwater Level Status (GwLS). The historical groundwater level monitoring record is assessed for each borehole to ensure meaningful results and understanding. The groundwater level status of the monitoring stations is averaged within the 1:50 000 topo-cadastral map sheet grid. It is important to note that the groundwater level status reflects groundwater level fluctuations and does not represent groundwater storage or availability.

The figure below shows the national average groundwater level status in relation to the alert percentiles of historical average groundwater levels. This graph provides a visual representation of signal drought conditions, enabling the timely implementation of restrictions on groundwater abstractions before any negative impacts occur. Each group of boreholes has a different severity range, divided into seven percentile categories.

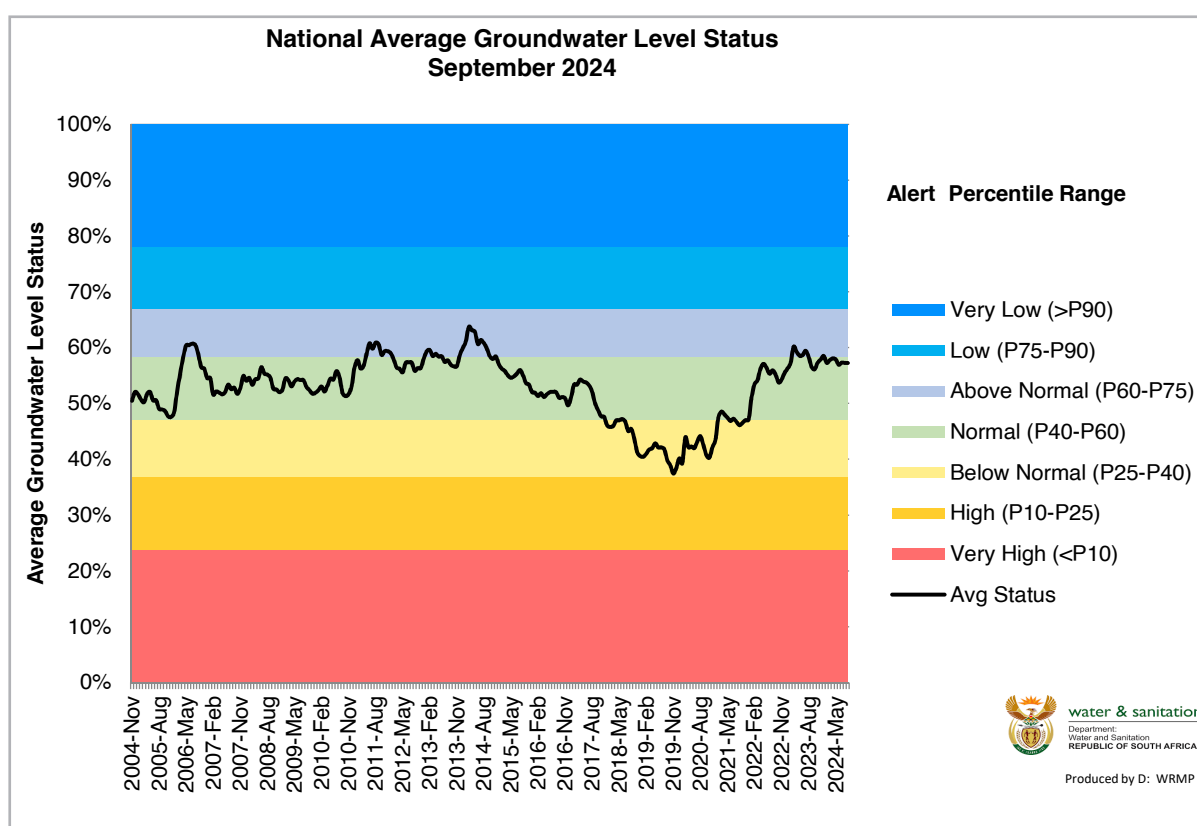


Figure 2.1.6: National average groundwater level status severity

The national average groundwater level status has been at a normal alert percentile at the end of September 2024. This indicates stability and recovery from the below-normal groundwater levels experienced between 2018 and 2020.

The observed normal national average groundwater level status can be attributed to the normal and above-normal rainfalls received since 2020, primarily due to the 2020-2023 La Niña event, resulting in wetter and cooler conditions.

The current normal levels are significant, as groundwater levels below normal may trigger the implementation of restrictions on groundwater abstraction to stabilise groundwater levels and mitigate risks of groundwater depletion. However, it should be noted that the groundwater level status depicts the groundwater level fluctuation over time and does not necessarily represent groundwater storage or availability.

Noteworthy Climate and Weather Events

In January 2024, relatively wetter conditions in the central and eastern parts of South Africa were experienced. Several significant adverse weather events in the east caused flooding, with the displacement of many people and extensive damage to infrastructure. The rainfall distribution was reflected in the surface temperatures, which were normal to below-normal temperatures in the central and eastern parts and 2-3°C above normal in the west. On 13 March 2024, heavy rain affected parts of the Zululand region in KwaZulu-Natal with reports of flooded and damaged low-lying bridges and roads, as well as fatal accidents after tropical storm Filipo made landfall in Mozambique. In April 2024, the rainfall situation changed considerably, with the central and southern parts receiving more than double the usual amounts for the month. These conditions were also accompanied by flooding and damage to infrastructure, e.g., a storm in Margate on the East Coast recorded 250 mm of rain in 24 hours on 14 April 2024. In June 2024, the southern and central parts received more than 200% of normal rainfall. These heavy rains resulted in high water levels and severe flooding in parts of Gqeberha and Kariega in the Eastern Cape. More than 1100 residents had to be evacuated to places of safety. In July 2024, the region of heavy rainfall shifted to the west, causing infrastructure damage to homes, roads, power supply, and schools. In contrast, the northern parts of the country experienced extremely hot conditions for winter. All these changes in weather patterns experienced during the hydrological year call for more rigour to be factored into mitigation plans required to deal with future hydrological extremes.

Conclusion and way forward

Water resources are key to the continued socio-economic development and environmental sustainability of South Africa's livelihood. Despite remaining uncertainties regarding the exact nature, magnitude, and pattern of future rainfall changes in South Africa, it appears likely that water resources, already under pressure because of growing water demand in relation to a finite and limited supply, will be under even greater pressure in the future as a result of climate change. This is a result of the projected decrease in rainfall over much of the country and increased evapotranspiration resulting from higher temperatures. Observations from DWS Climate Change Risk and Vulnerability Assessment studies highlight that climate change will magnify and exacerbate the challenges that are already in existence in the water sector. Some of these challenges are non-climatic, such as an increase in population, poor land use, and its planning and management, among others.

Higher temperatures and changes in extreme weather conditions (drought and floods) are projected to affect the availability and distribution of rainfall, river flows, and groundwater, and further deteriorate water quality. It is in this regard that the National Climate Change Response Strategy for the Water and Sanitation sector has come up with response actions to ensure sustainable water availability in the changing climate era. The Climate Change Response Strategy aims to address increasing climate change-related challenges to achieve the Sustainable Development Goals by being proactive in identifying the increasing risks associated with climate change. Some of those measures are in place, and others need to be considered. Those measures include innovative technologies to reduce water demand and water supply, climate-proofing critical infrastructure, consideration of climate change in planning, design, and operation of infrastructure, and integrated Water Resource Management.

Through the pillars of Climate Change Response Strategy for the Water and Sanitation sector; (i) improved collaborative governance, (ii) investment in climate resilient infrastructure, (iii) research, knowledge and information management, (iv) water resource and sanitation management, and (v) net zero carbon for water and sanitation, we aim to ensure sustainable water availability for the country's socio-economic development.

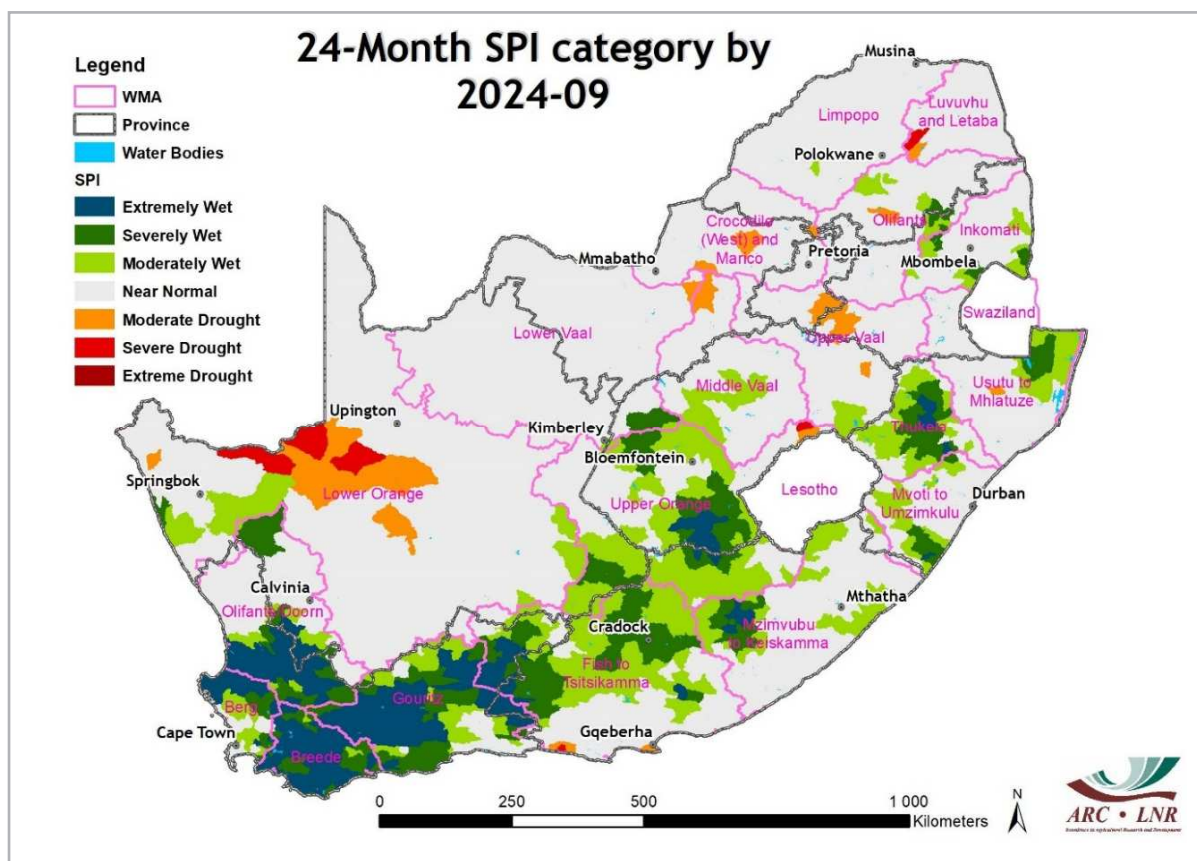


Figure 2.1.7: Twenty-four (24) months standard precipitation index (SPI) end of 2023/24 HY (Data source: Agricultural Research Council)

The figure above depicts the Standardized Precipitation Index (SPI) for the 2 years ending by September 2024. Drought over this longer time scale was virtually absent, with limited areas over the interior experiencing moderate drought. Over the interior, this is linked to the protracted La Niña period, of which the October 2022 – September 2023 period was still a part of and during which widespread above-normal rain still occurred. An area in Lower Orange experienced moderate to severe drought, while moderate drought also occurred in isolated areas over the north-eastern parts of South Africa. Most of the winter rainfall region was moderately to severely wet during this 2-year period, with moderately wet conditions also dominating along the southern escarpment, from the winter rainfall region up to Lesotho.

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 been developed for the main water supply systems (WSS) in the country, such as the Algoa, Amathole, Greater Bloemfontein, Integrated Vaal River (IVRS), Orange River System (ORS), Polokwane Umgeni, Umhlathuze and Western Cape WSSs. An operating rule is a procedural guide for governing the regulation of water resources for a particular system/dam to reconcile expected water requirements with availability. Monitoring of the water supply systems' performance during the period can be summarised as follows:

- Algoa system:** comprising five (5) dams serving the Nelson Mandela Bay Municipality (NMBM), is currently sitting at a combined average storage level of 68.81%, compared to 77.83% during the same period last year. There has been a steady decline in total system storage since the end of November 2024, except for a brief recovery on 24 November. Although all dams in the system are currently above 70%, the Impofu Dam remains the lowest at 50.58%, which is still significantly higher than the starting level of 40.3% recorded on 1 November 2024. In response to the current conditions, a 23% curtailment has been imposed on all water abstraction from the Impofu and Churchill Dams for domestic and industrial use. Additionally, a 43% restriction applies to all agricultural water use from the same dams and the relevant upstream areas of the primary catchments. The lawful annual water allocation for NMBM and the Kouga Municipality is 38.08 million cubic meters (103.97 ML/day). Under the current restrictions, this equates to a reduced allocation of 29.26 million cubic meters per annum (80.27 ML/day).

- **Amathole system:** The six (6) dams serving Buffalo City and parts of the Amathole District Municipality are currently at a combined average storage level of 100.8%, compared to 97.6% during the same period last year. No water restrictions were required for the system from a water resource perspective during the 2025/2026 analysis period due to the sufficiently high storage levels recorded on the 1 May 2025 decision date. The system has remained in a good state throughout the first three months of 2025 and will be reviewed again on 1 May 2026 to assess the need for any future restrictions or management interventions.
- **Crocodile West system:** the system supplies water to the Tshwane, Madibeng, and Rustenburg areas. The system storage on the May 2025 decision date was at an average storage level of 99%. The annual operating analysis was not completed. However, based on the observed starting storage levels on the 1st of May 2025, no restrictions would be imposed on major dams in the system.
- **Greater Bloemfontein system:** the system storage was below 95% on 1 May 2024, and no water restrictions are required when the combined system storage is above 95%. The water requirements for the system were projected at 108.56 million m³/a. However, as the water requirements continue to exceed the yield of the system, 18% water restrictions on domestic and industrial use were required in 2024. The system storage was at 88.6% on 1 May 2025, and the analysis is still underway to determine the levels of restrictions.
- By 15 July 2025, the four (4) dams serving mainly Mangaung recorded a combined storage level of 84.8%. Restrictions of 25% are thus required (reduction in demand of 28 million m³ over 12 months). If the system storage increases above 95% storage, it can be used as an early warning system for the possible lifting of the restrictions. Restrictions should, however, only be lifted once the Rustfontein dam is spilling, and the system storage is above 95%.
- **Integrated Vaal River system:** the system comprises fourteen (14) dams that serve mainly Gauteng, Rand Water, Sasol, and Eskom. The Vaal River System supplies a vast area covering the Eastern Highveld of Mpumalanga, Gauteng, the North-West goldfields around Klerksdorp, the Free State goldfields around Welkom, and down to Kimberley in the Northern Cape. The system storage was recorded at 100% on the decision date of 1 May 2025. There were no restrictions recommended for the system during the 2024/2025 period from the water resource perspective. An annual operating analysis is currently being undertaken for the 2025/2026 period to assess the risk to the IVRS's performance and to determine the impact of the delayed commissioning of the Lesotho Highlands Project on water availability to the IVRS water users in South Africa.
- **Olifants system:** the system consists of ten (10) dams supplying water to the Sekhukhune District Municipality (DM) in Limpopo and the Nkangala DM. The dams are operated independently as 5 subsystems, as they are not fully integrated yet. The combined storage levels in dams in the May 2025 decision date were 97.15%. Based on the annual operating analysis, no water restrictions were required during the 2025/2026 period.
- **Orange River System:** the system consists of the Katse and Mohale Dams of the Lesotho Highlands Water Project, as well as Gariep and Vanderkloof Dams of the Orange River Project, and the Caledon-Modder supplying the Greater Bloemfontein. The Orange River System storage was at 110% at the decision date of 1 May 2025. Restrictions are thus not required for the 2025-26 period to be confirmed from the Annual Operating Analysis (AOA) currently underway for adoption at the Stakeholders Operating Forum (SOF). As of July 15, 2025, the combined storage of Gariep and Vanderkloof dams was at 99.5%. Katse and Mohale dams are both full at 100%.
- **Polokwane system:** the system comprises nine (9) dams supplying Polokwane and the surrounding areas. The combined storage of the dams was above 97%, with the major dams, namely Flag Boshielo and Ebenezer, at 100% of their full supply capacity as of the decision date of 1 May 2025.
- **Umgeni system:** the system consists of six (6) dams, namely: Spring Grove Dam, Mearns Weir, Midmar Dam, Albert Falls Dam, Nagle Dam, and Inanda Dam. The Umgeni WS system is augmented from the Mooi River System using the Mooi-Mgeni Transfer Scheme (MMTS). No restrictions were required for the 2024/25 operating year. However, 2% reduction in water use by the end of 2024 and 6% reduction in water use by the end of 2025 were recommended due to infrastructure limitations, risks, and water use over the licensed water allocation. As of July 14, 2025, the combined storage of the Umgeni system was at 99.0%.

- Umhlathuze system: the system comprises Goedertrouw Dam and several lakes within the KwaZulu-Natal (KZN) coastline. The Umhlathuze system supplies water for irrigation, domestic, and industrial use within the King Cetshwayo District Municipality. Goedertrouw Dam storage was at 100 % at the decision date on 1 May 2025. All lakes were full, and farm dams were also assumed to be full. In the presentation of the results of the AOA to the SOF in May, it was agreed there would be no water restriction for the 2024/25 operating year, considering the good storage level in the system.
- Western Cape Water Supply system (WCWSS): the six (6) dams serving mainly the City of Cape Town and some irrigation users/Water Users Associations. The system is currently at a combined storage level of 85.3% compared to 93.8% for the same period last year. There are no restrictions imposed on the system for the current water operating year of 2024/2025. This was confirmed by a system review conducted on 1 November 2024 as part of the 2024/2025 annual operating analysis.

Infrastructure in terms of water resources and water services

There is a well-developed infrastructure, with more than 5,700 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 m3) water. The dams which do not fall within the above-mentioned category are not registered with the Department's specialist unit responsible for dam safety (i.e., the Dam Safety Office).

The table below indicates the current registered ownership as at 01 December 2024 for the 2024/25 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	79	193	54	39	246	3764	4375	76.7%
Medium	137	130	28	14	65	775	1149	20.1%
Large	107	29	2	1	23	21	183	3.2%
Total	323	352	84	54	334	4560	5707	100%

A total of 2443 of the registered are classified as category II or III and are subjected to compulsory dam safety by an approved professional person every five years. The disaggregation per category is as follows:

- There are 3257 category I dams and no dam safety evaluations are required.
- There are 2134 category II dams, of which agriculture accounts for 67% of these dams.
- There are 308 category III dams and DWS accounts for 54% of these dams.

The figure below depicts the percentage of registrations per water management area/catchment management area.

Table.2.1.2: Number of registered dams in each water management area

#	Water Management Area	Total no. of dams	% Registr. per WMA	Cat II & III per WMA
1	Limpopo-Olifants	883	15 %	429
2	Inkomati-Usuthu	281	5 %	99
3	Pongola- Mtamvuna	1079	19 %	283
4	Vaal-Orange	925	16 %	361
5	Mzimvubu-Tsitsikamma	885	16 %	269
6	Breede-Olifants	1652	29 %	1002
TOTAL		5705		2443

Operations and maintenance of water resource infrastructure

The Department has an operations and maintenance (O&M) unit responsible for managing 257 Government Water Schemes (GWSs). The operations thereof are funded by revenue obtained through the tariff charges to users. The pricing strategy dictates that the O&M charges should comprise:

- 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 for betterment and development of new infrastructure).

The existing infrastructure is increasingly at risk due to insufficient maintenance and a lack of structured, sustainable asset management practices. The misalignment between operational funding and the actual lifecycle requirements of infrastructure assets leads to premature asset degradation, reduced service reliability, and increased long-term costs due to deferred maintenance and reactive interventions. Current funding models, which cap full cost recovery from users, limit the operations and maintenance (O&M) units from receiving adequate resources to preserve asset value and ensure service continuity. A case in point is the Central Cluster that generated revenue of R2.5 billion but only received R1.8 billion for operations expenditure (OPEX).

For the period under review, the entire unit received R3.0 billion for operation and maintenance. As per the Asset Management Plan, the total funding requirement for asset renewals is R4.7 billion. Only 3.0 billion of this has been received, resulting in a significant funding shortfall. As a result, capital expenditure (CAPEX) for the maintenance and renewal of key infrastructure assets—including fifty-six (56) pump stations, 323 state dams, and other strategic infrastructure—remains critically underfunded, compromising the ability to uphold performance standards, extend asset life cycles, and ensure long-term service reliability.

There is a significant and growing backlog in the maintenance and refurbishment of national water resources infrastructure. The inadequate ring-fencing of budgets poses a significant challenge to infrastructure management and has contributed to a refurbishment, renewal, and maintenance backlog of R37.6 billion, comprising:

- A refurbishment backlog of R13.2 billion caused primarily by inadequate maintenance; and
- A renewal backlog of aged infrastructure of about R24.4 billion, mostly related to the relining of canals, the renewal of mechanical equipment in dams and pump stations, and the relining or replacement of selected pipelines.

A financially downscaled O&M function will have a detrimental impact on the national economy. 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 will be a long-term impact on water resource management.

The figure below illustrates the growing backlog in maintenance budget requirements resulting from decreasing budget allocations.

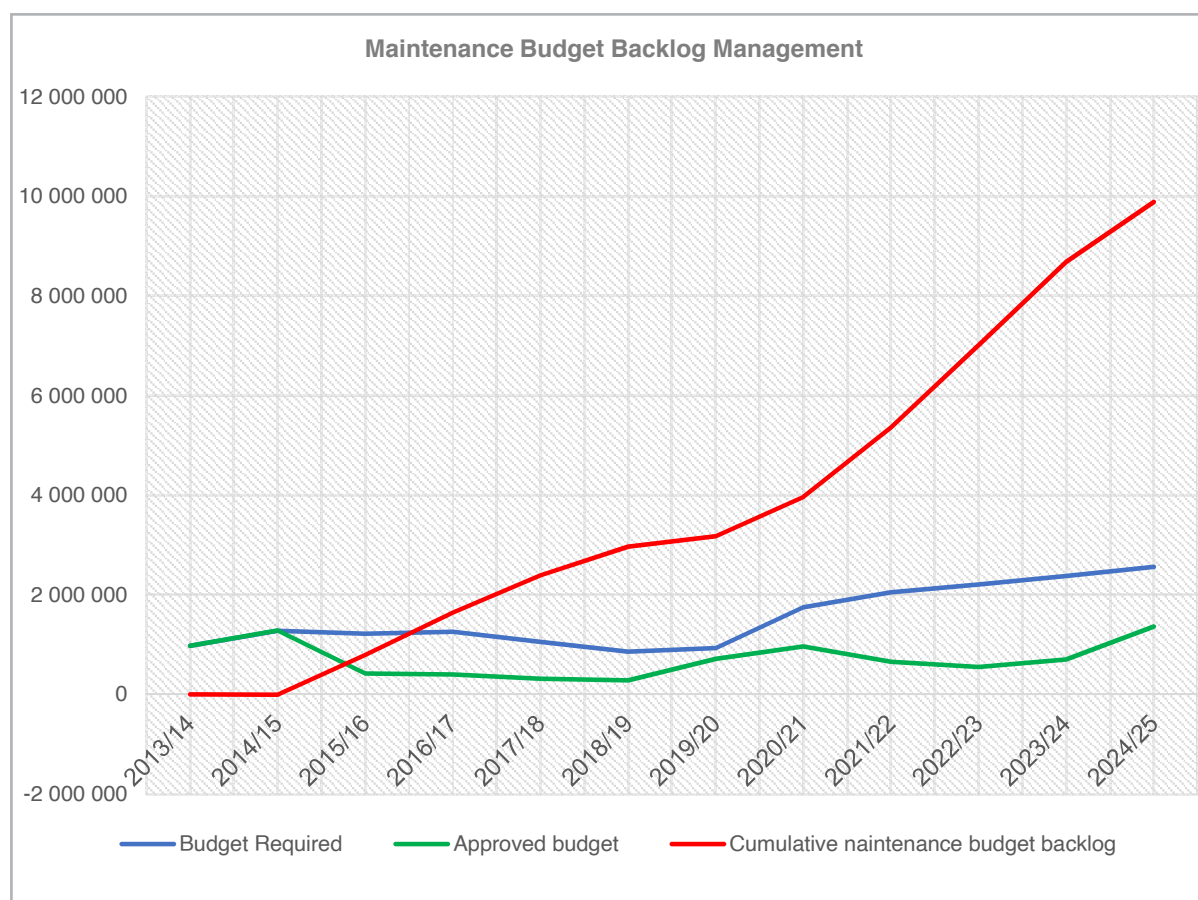


Figure 2.1.8: Backlog on maintenance due to decreasing budget allocation.

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

Operations of water services infrastructure

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

There are 144 water service authorities (WSAs) in the country that currently provide water and sanitation services. The poor compliance with reporting requirements continued for the period under review, especially for the inaugural No Drop assessments. These WSAs are encouraged to submit monthly data for both drinking water and wastewater effluent through the IRIS to allow for compliance monitoring. The WSAs are also encouraged to submit their monthly IWA Water Balances to their regional offices in the meantime, while work to develop a No Drop module on IRIS is being undertaken.

The summarised results from published departmental reports are as follows:

Drop Report: During the period under review, the Department did not achieve the set No Drop Programme targets for the 2024/25 financial year and has shifted these targets to be implemented in the 2025/26 financial year. The requirements for the 2025 No Drop Progress Assessment Tool (PAT) were finalised, followed by the development, testing, and finalisation of the No Drop PAT Municipal Information Sheet (MIS). The MIS is an Excel-based score sheet used to conduct No Drop progress assessments based on the defined Key Risk Areas.

The Department extensively communicated the No Drop PAT requirements to the sector, including Water Services Institutions, through various training initiatives. These included provincial symposiums held across all nine provinces, a dedicated training session for all inspectors, and three detailed training sessions (covering all nine provinces) specifically for Water Services Authorities (WSAs) on the PAT requirements and the MIS.

Compliance monitoring and enforcement

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

Compliance monitoring

By virtue of their establishment, Catchment Management Agencies (CMAs) are assigned initial functions in accordance with Section 80 of the National Water Act, 1998 (NWA). In addition to these initial functions, CMAs also hold various powers and responsibilities as outlined in Sections 19, 20, 25(1), 57(2), 60(2), 79, and 124(1) and (2) of the Act.

In accordance with Section 80(b) of the Act, the primary responsibility of the Catchment Management Agency (CMA) is to develop a Catchment Management Strategy (CMS) for its designated water management area. This strategy must align with and not conflict with the National Water Resource Management Strategy III.

The CMS will be a stakeholder-driven document and, upon completion, will represent a policy mandate endorsed by the stakeholders. Given that the CMS will serve as a key strategic framework guiding the CMA in fulfilling its mandate, it is important to ensure continuity in service delivery related to water resource management.

To this end, the CMA will utilise existing, approved, and signed-off strategies, such as the Department of Water and Sanitation's Internal Strategic Perspectives (ISPs), as well as other relevant and approved water resource-related plans, until the CMS is finalised and implemented.

The key legislative and policy mandates of the Catchment Management Agencies (CMAs) are derived from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996); the National Water Act, 1998 (Act 36 of 1998); and the Public Finance Management Act, 1998 (Act 1 of 1998). In addition, the CMAs are guided by key policy frameworks, including the National Water Resource Strategy, the National Development Plan 2030, the National Water and Sanitation Master Plan, the United Nations Sustainable Development Goals (SDGs), and the Southern African Development Community (SADC) Protocol on Shared Watercourses.

The CMAs' inherent functions, in terms of Section 80 of the NWA, are to:

- Investigate and advise interested persons on water resource management
- Compile the Catchment Management Strategy (CMS)
- Co-ordinate related activities of water users and water management institutions (WMLs)
- Promote coordination in the implementation of any applicable development plan
- Promote community participation in water resource management

There is currently a Memorandum of Understanding (MoU) in place between the Department and the Chief Executive Officers (CEOs) of the CMAs, which outlines the working relationship during the transitional period ending in March 2025. During this time, the Department of Water and Sanitation (DWS) will continue to perform compliance inspections and audits, based on the planned number or percentage of inspections/audits to be conducted across various water sectors.

That said, according to the Annual Performance Plan (APP) for 2024/25, the target was to conduct twenty-nine (29) oversight assessments within the CMAs. However, none (0) of these assessments were carried out. This was due to the ongoing transition period, which had not yet been finalised.

The figure below indicates the conducted compliance inspections per sector.

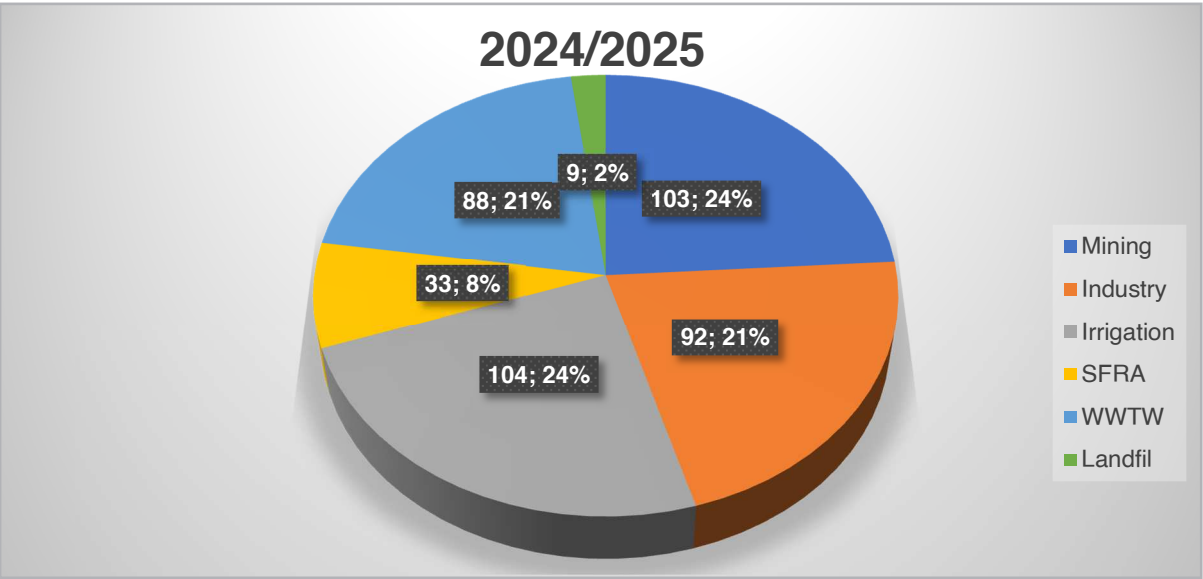


Figure 2.1.9: Compliance inspections conducted during the 2024/25 financial per sector.

The figure below indicates the average compliance percentage of 55% on the oversight level of compliance (65%) achieved by users monitored using conditions and score cards per sector.

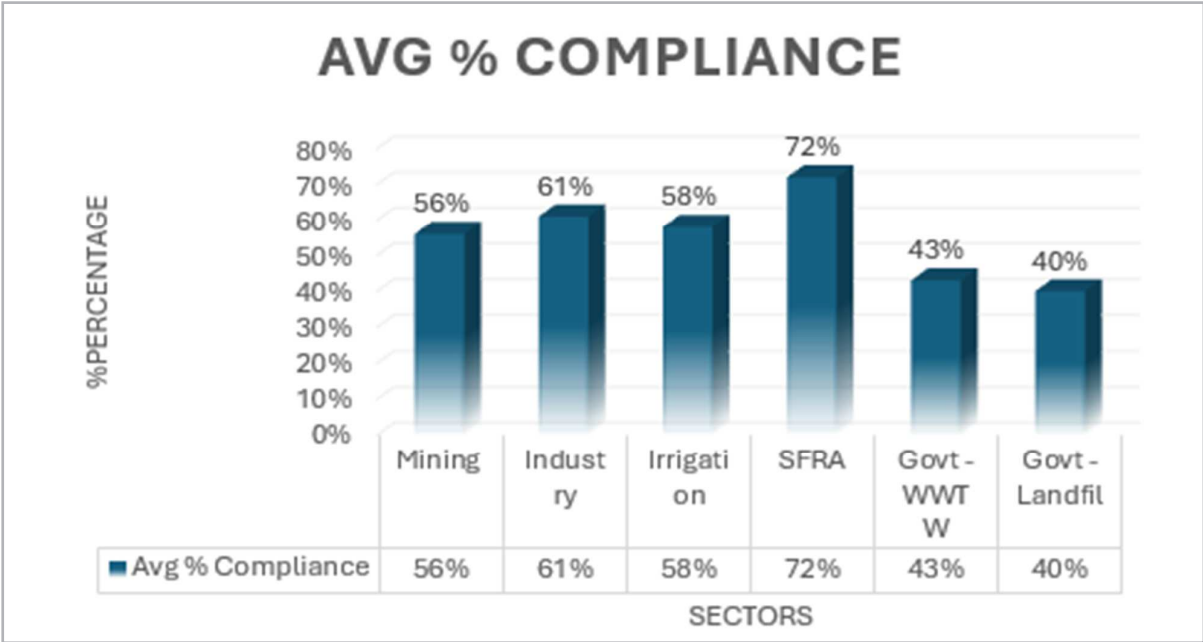


Figure 2.1.10: Average compliance percentage per sector

Enforcement

For the period under review, the Department conducted an assessment of non-compliance cases investigated by Catchment Management Agencies and Regional Offices (CMAs & RO) to determine compliance with the established Standard Operating Procedures (SOPs). The objective of this assessment was to assess the effectiveness and consistency of investigation processes across the agencies. Of the 234 investigation reports submitted by CMAs & RO, 204 were assessed, achieving 87% compliance against the annual target of 80%. The table below presents a breakdown of the investigation reports made available on the ECMS by various CMAs & RO for assessment against SOP requirements.

PPI 5.1.6. Percentage of CMA investigated cases assessed			
Water Management Area	Number of Investigations	Number of Reports available for Assessment	%
Breede-Gouritz CMA	22	16	73%
Eastern Cape Regional Office	17	16	94%
Free State Regional Office	14	13	93%
Gauteng Regional Office	31	31	100%
Inkomati-Usuthu CMA	17	14	82%
KwaZulu-Natal Regional Office	26	24	92%
Limpopo Regional Office	20	17	85%
Mpumalanga Regional Office	46	41	89%
North-West Regional Office	23	19	83%
Northern Cape Regional Office	5	4	80%
Western Cape Regional Office	13	9	69%
Total	234	204	87%

The figure below indicates the trend over the previous three (3) financial years:

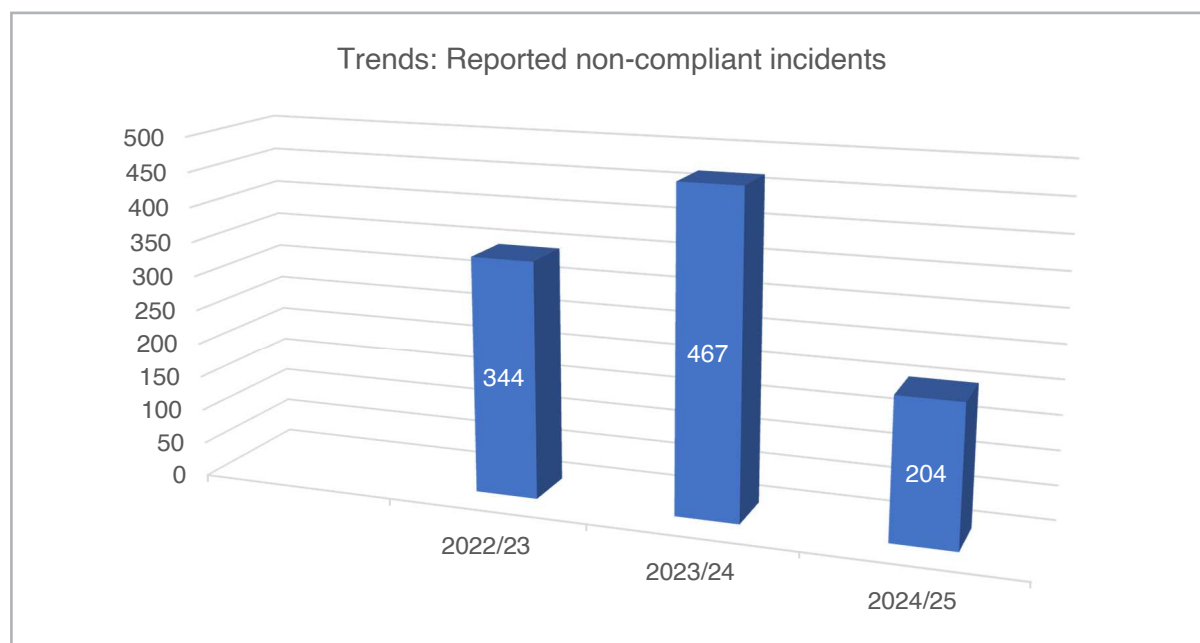


Figure 2.1.12: Trend analysis on reported non-compliant incidents.

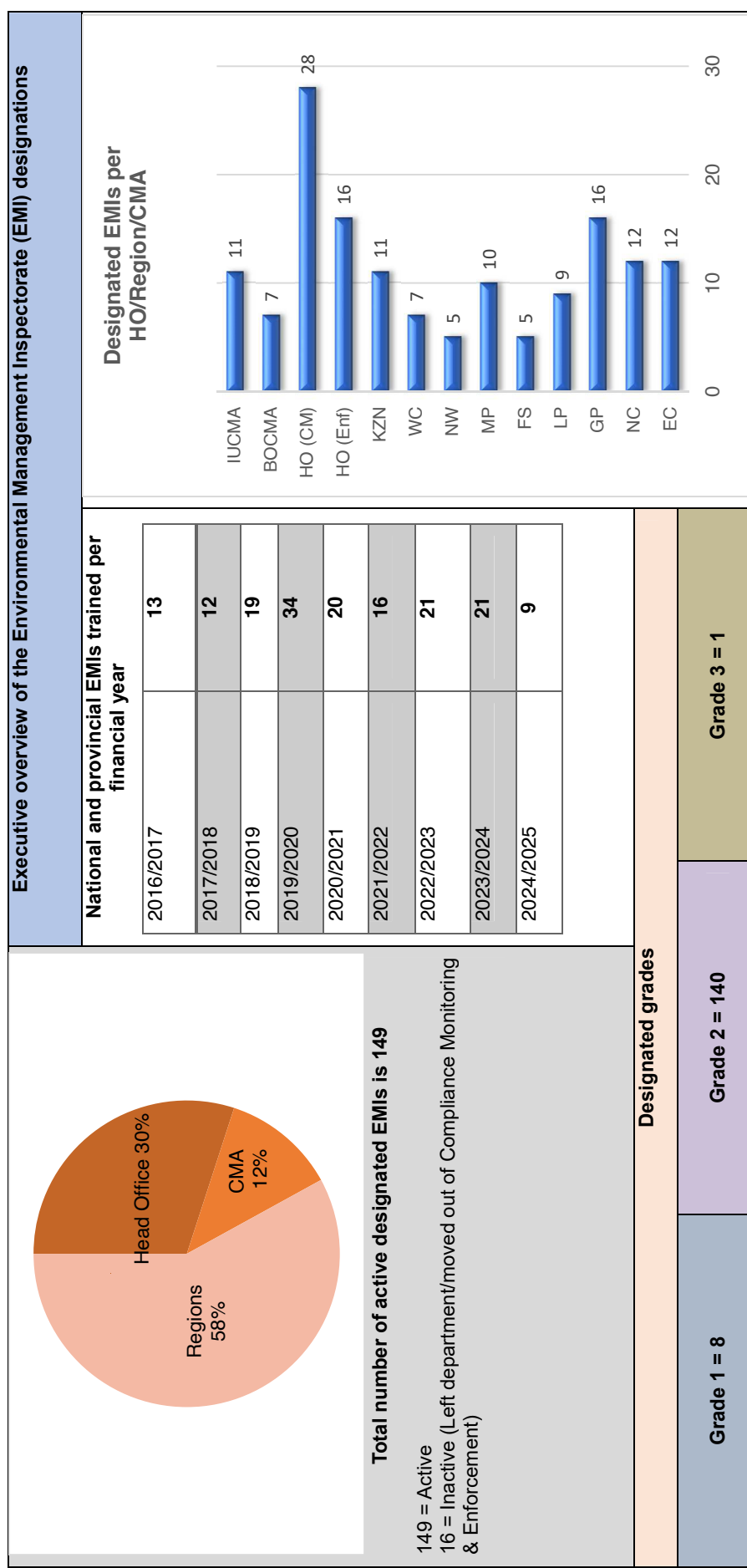
For the period under review, the Department obtained the following judgements as tabulated below:

Parties	Case type	CAS number / court reference number	Offence(s)	Judgement
1. The State vs Mohamed Sheik [Significance of the Conviction] <i>This conviction is of landmark importance as it represents the first criminal conviction obtained under the National Water Act following a fully contested trial. It demonstrates that non-compliance with directives and unlawful water uses can lead not only to administrative action but also to successful criminal prosecution. The case sets a critical precedent for holding polluters accountable through the criminal justice system, strengthening the enforcement role of the DWS and EMIs in protecting South Africa's water resources.]</i>	Criminal Case: Guilty Verdict	A673/20 In the Regional Court for the Free State Division	In respect of the charges: COUNT 1: <u>Use water otherwise than as permitted under this Act;</u> In that the accused is guilty of contravening section 151(1)(a) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, further read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977. COUNT 2: <u>Fail to comply with a directive issued under section 19, 20, 53 or 118;</u> In that the accused is guilty of contravening section 151(1)(d) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, further read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977; COUNT 3: <u>Unlawfully and intentionally or negligently commit any act or omission which pollutes or is likely to pollute a water resource.</u> In that the accused is guilty of contravening Section 151(1)(i) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, and read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977;	The Accused was convicted and accordingly sentenced pursuant to a guilty verdict as follows: - Count 1: Section 151(1)(a) fined R20 000 or 3yrs imprisonment wholly suspended for 3yrs on account not guilty of similar offence during period of suspension. - Count 2: Section 151(1)(d) fined R5000 or 1 yr imprisonment wholly suspended for 3yrs on account not guilty of similar offence during period of suspension. - Count 3: Section 151(1)(i) fined R20 000 or 3yrs imprisonment wholly suspended for 3yrs on account not guilty of similar offence during period of suspension. - Count 4: Section 151(1)(i) fined R10 000 or 2 yrs imprisonment wholly suspended for 3yrs on account not guilty of similar offence during period of suspension.

Parties	Case type	CAS number / court reference number	Offence(s)	Judgement
			COUNT 4: <u>Unlawfully and intentionally or negligently commit any act or omission which detrimentally affects or is likely to affect a water resource.</u> In that the accused is guilty of contravening Section 151(1)(i) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, and read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977; In respect of the charges: Count 1: <u>Use water otherwise than as permitted under this Act;</u> In that the accused is guilty of contravening section 151(1)(a) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, further read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977 Count 2: <u>Unlawfully and intentionally or negligently commit any act or omission which detrimentally affects or is likely to affect a water resource.</u> In that the accused is guilty of contravening Section 151(1)(i) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, and read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977	Parties entered into a Settlement Agreement: Mr. Potgieter agreed to pay an administrative penalty of R350,000 (three hundred and fifty thousand rands) for building a water storage dam without authorization.
2. The State vs Johan Potgieter	Criminal Case [Diverted for Alternative Dispute Resolution (ADR)]	CAS No: 38/11/2023 In the Magistrate Court for the District of Uthukela Bergville, KZN		

Parties	Case type	CAS number / court reference number	Offence(s)	Judgement
3. The State vs Mr Emile Steyn	Criminal Case [Diverted for Alternative Dispute Resolution (ADR)]	CAS No. 55/08/2024 Bergville, KZN	In respect of the charges: Count 1: Use water otherwise than as permitted under this Act; In that the accused is guilty of contravening section 151 (1)(a) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, further read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977 In respect of the charges: Count 2: Failed to register a dam with a safety risk; In that the accused is guilty of contravening section 151 (1)(k) read with Sections 1 and 151(2) of the National Water Act (NWA) Act No. 36 of 1998, further read with Sections 94 and 332 of the Criminal Procedure Act 51 of 1977	Parties entered into a Settlement Agreement: Mr. Steyn agreed to pay an administrative penalty of R500,000 (five hundred thousand rands) for building a water storage dam upstream of Woodstock Dam and Puteril Canal without authorization.

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



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 94% adherence to water supply agreements / when operating the government water schemes in all four 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 the regulated period	80% of applications for water use authorisation finalised within 90 days	68% of applications for water use authorisation finalised within the regulated period
Assessment of non-compliance cases investigated by Catchment Management Agencies.	All CMAs and Regional Offices	80% of CMAs/Regional Offices investigated cases assessed	80% of investigated cases by CMAs/Regional Offices assessed	87% of investigated cases by CMAs and Regional Offices were assessed for compliance with the provisions of the CME Standard Operating Procedures

2.2 Service delivery improvement plan

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Table 2.2.2: Batho Pele arrangements with beneficiaries

Current/ actual arrangements	Desired arrangements	Actual achievements
Media briefings	Interactive engagements with members of the press about organisational matters.	A total of fifty-six (56) media briefings were convened.
Media products and publications	Develop material on the activities of the Department	A total of: • 1420 media products were developed. • 4 publications developed.
Marketing and advertising campaigns	Implement campaigns to make people aware of the Department's activities.	Five (5) 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: http://www.dwa.gov.za/CustomerCare/CustomerServicePortal.aspx Face-to-face: 18 provincial walk-in centres

2.3 Organisational environment

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

2.4 Organisational alignment

The review of the 2019/2023 service charter and policy on operations management, improvements of business processes, standard operating procedures, and service standards for Supply Chain Management, Financial Management Accounting, Human Resource Management, Economic and Social Regulations, Auxiliary Services, Development of Infrastructure Grants, Construction, Engineering Services, and Planning and Development of Infrastructure. Provincial, Auxiliary Services, and Construction organizational structures were reviewed.

The 2022 organisational structure was approved based on the reviewed business process adjustments made to various branches to improve service delivery. Subsequently, with the operationalisation of Catchment Management Agencies (CMAs), the provincial structure was reviewed, and jobs were re-evaluated. The following functions were devolved from the department to the CMAs:

1. Catchment Management strategy
2. Resources directed measures
3. Water use authorisation
4. Compliance enforcement and monitoring
5. Disaster management
6. Water resource management programmes
7. River health programme
8. Geohydrology and Hydrology

During the period under review, the department continued to align the budget structure and the organisational structure in line with MTEF processes.

Managing data and information

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

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

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

The lack of internal capacity to fill critical ICT posts perpetuates the overreliance on consultants, which is a risk to the Department. Digital transformation presents the Department with new opportunities to create digital service delivery platforms that integrate services in new ways and approaches for improving service delivery and efficiencies in the water resource management environment and provide new insights from data in a secure manner.

Financial resources

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

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

The WTE's funding is mainly sourced from the revenue generated from water users for the supply of raw water. The TCTA charge (Capital Unit Charge) is invoiced to customers and paid to TCTA. The National Water Resource Infrastructure (NWRI) charge is used for Operations and Maintenance and refurbishment, as well as improvement of infrastructure assets. Other sources of revenue are from the fiscus/augmentation and construction work for external parties. The fiscus is mainly utilised to fund the social portion of new infrastructure development and improvement of infrastructure, 2/3 of the Acid Mine Drainage costs, and covers the head office support function. Water pricing is based on the "user-pays" principle, and tariffs from users provide a significant cash inflow to the sector, with billing of raw water of about R15 billion per annum to more than 110,000 users.

Municipal accounts represent about 38% (R9.9 billion) of the accumulated raw water debt at DWS, while water boards add another 24% (R6.3 billion), which is mostly also due to non-payment by local municipalities.

The Water Trading Entity has implemented the Revenue Enhancement Strategies in order to reduce the debt book to an acceptably low level and enhance revenue recovery. The strategies implemented are:

- Municipal Water Debt relief incentive scheme - which assists municipalities, Water Boards and Water User Associations in addressing their historical debt. This will assist municipalities in maintaining their current invoices and improving their cash flow.
- The Water Trading Entity has participated in the National Treasury Transversal on debt collection. The participation forms part of the aggressive debt collection approach to recover long-standing outstanding debts.
- Incentive scheme- which assists companies, individual customers to encourage customers to settle their outstanding debts within a reasonable period.

Bulk raw water supply to domestic and industrial users (including mines and power stations) is often metered by the bulk user, which presents an opportunity to strengthen collaboration on meter reading and improve consistency, thereby enhancing billing accuracy and revenue collection.

2.5 Key policy developments and legislative changes

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

Approved policies and those under development

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

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

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

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

Development of the National Water Amendment Bill

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

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

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

Development of the Water Services Amendment Bill

The Water Services Act prescribes the legislative duty of municipalities as water service authorities to supply water and sanitation according to national norms and standards. In addition, it regulates Water Boards as important water service providers. The Act compels the Minister to maintain a National Water Services Information System and to monitor the performance of all water services institutions, as well as providing for the monitoring of water services and intervention by the Minister or the relevant Province when necessitated.

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

It acknowledges that although municipalities have authority to administer water supply services and sanitation services, all government spheres are required to work towards this objective, within the limits of physical and financial feasibility. During the period under review, public consultations were convened on the National Water Amendment Bill.

3. ACHIEVEMENT OF DEPARTMENTAL IMPACTS AND OUTCOMES

Outcomes	Outcome indicators	2024/25 End of Term Cumulative progress
1. Efficient, effective and development orientated department	1.1 Percentage compliance with corporate governance regulatory prescripts	Annual milestone exceeded. 104% compliance
	1.2 Annual Communication, Stakeholder Management and Partnership Programme implemented	Annual milestone exceeded 167% implementation.
	1.3 Targeted procurement supporting SMMEs	Annual milestone exceeded. 50% targeted procurement
	1.4 Percentage implementation of the departmental financial recovery and turnaround plan	Annual milestone partially met. 73% implementation
	1.5 Annual International Relations Programme implemented	Annual milestone exceeded. 83% implementation
2. Ecological infrastructure protected and restored	2.1 Number of river systems with water resource classes and determined resource quality objectives	Annual milestone partially met. 3
	2.2 Waste Discharge Charge System (WDCS) finalised for priority water management areas	Annual milestone met. WDCS implemented in 9 WMAs
	2.3 Number of main stem rivers monitored for implementation of Resource Directed Measures (i.e. classification, resource quality objectives and the reserve) by 2024	Annual milestone met. 5 main stem rivers monitored
	2.4 Number of rivers in which the river eco-status monitoring programme is implemented	Annual milestone exceeded. 74 rivers monitored
	2.5 Number of strategies developed for AMD mitigation	Annual milestone met. 5 mine water and wastewater mitigation strategies developed
	2.6 Mine water/ wastewater management plans implemented	Annual milestone met. 7 catchment implementation plans developed.
3. Water demand reduced and water supply increased	3.1 Water conservation and water demand strategies developed for water use sectors	Annual milestone met. 4 WCWDM strategies updated.
	3.2 Water resource mix diversified	N/A
	a) Surface water	10 228 million m3 per annum
	b) Ground water	2 785 million m3 per annum
	c) Return flows / re-use	1 431 million m3 per annum
	d) Desalination	151 million m3 per annum
	3.3 Gauging stations developed, maintained and refurbished to improve management decisions on water quantity and quality	Annual milestone not met. 2
	3.3 a) Additional gauging stations developed	1
4. Water and sanitation services managed effectively	3.3 b) Existing gauging station maintained and refurbished	1
	4.1 Annual Municipal Strategic Self-Assessment (MuSSA) reports on water service authorities' performance in providing water and sanitation services	Annual milestone met. 5 MuSSA report developed 4
5. Enhanced regulation of the water and sanitation sector	5.1 Green Drop report on wastewater systems' compliance with regulatory requirements	Annual milestone not met. 2 Green Drop Watch report
	5.2 Blue Drop report on water supply systems' compliance with regulatory requirements	Annual milestone met. 2 Blue Drop report published
	5.3 Timeframe for processing water use license application reduced	Annual milestone met. 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	Annual milestone met. 60% compliance
6. Water redistributed for transformation	6.1 Indication water availability for land reform projects	N/A
	6.2 Effective and efficient institutions established	Annual milestone met. 19
	6.2 a) Catchment Management Agencies	Annual milestone met. 4 CMAs
	6.2 b) Regional Water Utilities	Annual milestone met. 5 water boards reconfigured
	6.2 c) Water User Associations	Annual milestone met. 10 irrigation boards transformed into water user associations

4. PROGRAMME PERFORMANCE INFORMATION

4.1. Programme 1: Administration

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

4.1.1 Sub-programmes

The Ministry provides 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 support based on specialised services such as human resources management, legal services, communications, corporate planning, monitoring and evaluation, as well as technology to serve internal customers.

Financial Management provides for planning, organising, controlling, and monitoring financial resources with a view to achieving 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, sewage, and waste removal.

4.1.2 Outcomes, outputs, performance indicators and targets

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations		
Programme 1:										
Sub-programme:										
1. Efficient, effective and development orientated department	1.1	Compliance with corporate governance regulatory prescripts	1.1.1	Percentage compliance with approved audit plan	101.65%	137%	100%	118%	Over by 18%	Target exceeded More effort was put towards clearing the forensic investigation cases based on allegations reported to the internal audit.
			1.1.2	Percentage compliance with the implementation of risk management plan	96% (24 of 25)	83%	100%	89% (25 of 28)	Under by 11%	Target partially met The draft combined assurance plan was not developed, as this is dependent on the finalisation of the Strategic Risk Register.
	Corporate support Services									
1. Efficient, effective and development orientated department	1.1	Compliance with corporate governance regulatory prescripts	1.1.3	Percentage vacancy rate for engineers and scientists	25% vacancy rate (279 of 1127 posts)	39% vacancy rate (852 of 1398 posts filled)	≤ 10%	40% vacancy rate (579 vacant of 1433 posts)	Under by 30%	Target not met The revised organisational structure increased the technical posts. As the financial resources become available, the posts are filled to maintain the vacancy rate below 10%.
			1.1.4	Percentage of training interventions implemented in the department	60% (3585 out of 5959)	53% (3585 out of 5959)	100%	71% (3787 of 5338)	Under by 29%	Target partially met The cost containment measures affected the implementations of the training interventions.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target 2024/25	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
		1.1.5	67	106	1520 ¹	1386	Under by 134	Target partially met The resources had to prioritise security threats and risk assessments affecting the ability to conduct security inspections
		1.1.6	99%	100%	90%	100%	Over by 10%	Target exceeded The current monitoring tool is configured to generate and send alerts for immediate resolution when challenges arise.
	1.2	1.2.1	175% (1791 out planned 1010)	190%	98%	147% (1642 of 1116)	Over by 49%	Target exceeded In response to challenges on the ground and for the public to make better informed decisions, communication initiatives had to be accelerated to disseminate information about water challenges and remedial actions.
Sub-programme:								
1. Efficient, effective and development orientated department	1.3	1.3.1.1	26%	20%	15%	12%	Under by 3%	Target partially met QSE service providers in the central database do not always respond to requests for quotations. For the designated groups, the report was amended to only reflect procurement from companies with 50% or more ownership for women, youth and PWD, respectively. This change
		a)	36%	38%	40%	33%	Under by 7%	
		b)	10%	15%	30%	12%	Under by 18%	
		c)	2%	2%	7%	2%	Under by 5%	

¹ This is a consolidation of the 228 health and safety inspections, 64 security threat risk assessments and 1228 security inspections.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target 2024/25	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
		1.3.2.1						contributed to the reduction in performance.
		Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	23%	30%	15%	21%	Over by 6%	Target exceeded More contracts were awarded to EME.
		a) Women	36%	38%	40%	33%	Under by 7%	For the designated groups, the report was amended to only reflect procurement from companies with 50% or more ownership for women, youth and PWD, respectively. This change contributed to the reduction in performance.
		b) Youth	10%	15%	30%	12%	Under by 18%	
		c) People with disabilities	2%	2%	7%	2%	Under by 5%	
	1.4 Financial recovery and turnaround plan implemented	1.4.1						Target partially met The increase in the water use debt mainly contributed to the reduced performance of the financial recovery plan
		Percentage implementation of the financial recovery and turnaround plan	100% (8 of 8)	83%	91%	75% (7 of 9)	Under by 16%	Target met
1. Efficient, effective and development orientated department	1.3 Targeted procurement supporting SMMEs	1.4.2						
		Percentage expenditure on annual budget	95%	99.7%	100%	99.9%	Under by 0.1%	
		Financial Management (Water Trading milestones)						
		1.3.1.2						Target partially met QSE service providers in the central database do not always respond to requests for quotations.
		Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	21%	16%	15%	14%	Under by 1%	For the designated groups, the report was amended to only reflect procurement from companies with 50% or more ownership for women, youth and PWD, respectively. This change contributed to the reduction in performance.
		a) Women	10%	28%	40%	39%	Under by 1%	
		b) Youth	2%	2%	30%	16%	Under by 15%	
		c) People with disabilities	0%	0%	7%	0%	Under by 7%	

Outcome	Output	Output indicator	Audited actual performance		Planned annual target 2024/25	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
	1.3.2.2	Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	33%	25%	15%	23%	Over by 8%	Target exceeded More contracts were awarded to EME.
		a) Women	10%	28%	40%	39%	Under by 1%	For the designated groups, the report was amended to only reflect procurement from companies with 50% or more ownership for women, youth and PWD, respectively. This change contributed to the reduction in performance.
		b) Youth	2%	2%	30%	16%	Under by 15%	
		c) People with disabilities	0%	0%	7%	0%	Under by 7%	
	1.4	Financial recovery and turnaround plan implemented	199 days	419 days	150 days	489 days	Over by 339 days	Target not met The historical debt that remains unpaid is the main contributor to the underperformance.
Sub-programme:								
1. Efficient, effective and development orientated department	Provincial and International Coordination							
	1.5	Annual International Relations Programme implemented	105% (79 out of 75)	92% (84 of 91)	75%	91% (31 of 34)	Over by 16%	Target exceeded The international obligatory engagements were convened as planned.
	1.6	Annual stakeholder management and partnership programme implemented	144% (155 out of 102)	128% (132 of 103)	99%	140% (139 of 99)	Over by 41%	Target exceeded There was an increased requirement for stakeholder engagement to support projects under implementation. There was also a high demand for collaboration from the water sector partners

4.1.3 Strategy to overcome areas of underperformance.

4.1.3.1 Departmental Management sub-programme

Compliance with the implementation of the risk management plan: As the combined assurance plan is dependent on the finalisation of the revised strategic risk register, this will be finalised in the 2025/26 financial year.

4.1.3.2 Corporate Services sub-programme

Vacancy rate for engineers and scientists: As the financial resources become available, the posts are filled to maintain the vacancy rate below 10%.

Training interventions implemented in the department: These will be implemented in the 2025/26 financial year as the financial resources become available.

Safety and security assessments for facilities and installations conducted: These have been deferred to the 2025/26 financial year as the financial resources become available.

4.1.3.3 Financial Management sub-programme

Targeted procurement budget spent on qualifying small enterprises (QSE): The service providers in the QSE will be encouraged to respond to the requests.

Financial recovery plan and number of debtor days: The Department has appointed service providers who are participating in the National Treasury Transversal Contract on debt collection to assist the Department with the recovery of outstanding debts.

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

- Continuous debt book clean-up to address customer issues on the age analysis as well as data cleansing, clearing of unallocated payments and customer maintenance.
- Continuous revenue oversight engagements are held with provincial offices /clusters.
- Revenue forum to be convened quarterly to ensure uniformity in the revenue and debt management processes.
- Monitoring of quarterly reports / monthly reports on debt recovery progress.
- Capacitation of provincial offices to ensure improved revenue functions.
- Continuous participation in the IMT.
- Hand over delinquent customers as per the PFMA and directive from the Minister of Finance.
- Participation in the multi-disciplinary revenue committee with a specific focus on the water debt.
- Automated customer engagement systems
 - Automatic dunning system is in place, query lodging and resolution tracking
 - Enhancing credit control by implementing SMS for all outstanding accounts that are 30 days and above
 - The invoices and statements portal is in place, where customers can download their invoices and statements in real-time from the departmental website.
- Customer engagement efforts to be strengthened for the top 150 contracts, making up 90% of the debtors' book, and suspension/ slowing down of water supply.

4.1.4 Sub-programme expenditure

Sub-programme name	2023/24			2024/25		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	69 092	69 034	58	62 247	62 247	-
Departmental Management	143 599	137 915	5,684	152 415	152 415	-
Corporate Services	861 725	855 842	5,883	942 101	925 460	16 641
Financial Management	270 131	266 864	3,267	256 938	256 938	-
Office Accommodation	563 552	563 552	-	567 615	567 615	-
Provincial and International Coordination	96 525	94 300	2,225	89 731	89 285	446
Total	2 004 624	1 987 507	17 117	2 071 047	2 053 960	17 087

4.2 Programme 2: Water Resources Management

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

4.2.1 Sub-programmes

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

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

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

Water Resource Information and Management establishes, coordinates and audits water resources monitoring networks /programmes; and develops and maintains integrated water information systems for data and information acquisition, assessment and management in order to create a knowledge base on all water aspects for informed decisions on water management.

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

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

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

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

4.2.2 Outcomes, outputs, performance indicators and targets

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations	
Programme 2:									
Sub-programme:									
Water Resource Management									
Integrated Water Resource Planning									
3. Water demand reduced and water supply increased	3.1. Integrated water resource plans / measures developed	3.1.1 National Water and Sanitation master plan (NW&SMP) updated	Annual status of the implementation of the National Water and Sanitation Master Plan (NW&SMP) produced	Draft update of National Water and Sanitation Master Plan (NW&SMP)	Annual monitoring of National Water and Sanitation Master Plan (NW&SMP)	Annual monitoring of National Water and Sanitation Master Plan (NW&SMP)	N/A	Target met	
			3.1.2. Number of reconciliation strategies completed for various systems (WSS)	0	2	2	2	N/A	Target met
			Annual status produced on the monitoring of reconciliation strategies for						
			Mgeni	Mgeni					
			Amathole	Amathole					
			Orange						
			Crocodile West						
					Tugela	Tugela			
					Mangaung	Mangaung			
			3.1.3 Number of operating rules and specialist strategy studies completed annually for various water supply system	9	11	11	11	N/A	Target met
		Algoa	Algoa	Algoa	Algoa				
		Amathole	Amathole	Amathole	Amathole				
		Crocodile West	Crocodile West	Crocodile West	Crocodile West				
		Levuvhu	Levuvhu	Levuvhu	Levuvhu				
		Mgeni	Mgeni	Mgeni	Mgeni				
		Mhlathuze	Mhlathuze	Mhlathuze	Mhlathuze				
		Olifants	Olifants	Olifants	Olifants				
		Orange	Orange	Orange	Orange				
		Polokwane	Polokwane	Polokwane	Polokwane				
		Vaal	Vaal	Vaal	Vaal				

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
			Western Cape	Western Cape	Western Cape	Western Cape		
	3.1.4	Number of updates climate change for Risk and Vulnerability Assessments completed annually for various water supply systems	Status quo climate change scenarios for the water sector assessed.	0 Climate Change Strategy for water sector updated	2	2	N/A	Target met
				Limpopo-Olifants WMA: Climate adaptation options	Limpopo-Olifants WMA: Climate adaptation options			
				Vaal-Orange WMA: Climate adaptation options	Vaal-Orange WMA: Climate adaptation options			
	3.1.5	Number of completed Record of Implementation Decisions (RID) for bulk raw water planning projects	0 Annual status on the Environmental Impact Assessment Study of Clan William Bulk Conveyance Infrastructure produced Annual status on the Environmental Impact Assessment Study of Lower Corney Balancing Dam produced	1 Corney Balancing Dam	0	1	1	Target met
				Crocodile (East) River project (Mbombela Dam): annual status on the feasibility study and environmental impact assessment	Crocodile (East) River project (Mbombela Dam): annual status on the feasibility study and environmental impact assessment	Crocodile (East) River project (Mbombela Dam): annual status on the feasibility study and environmental impact assessment Xhariep pipeline assessment	Xhariep pipeline	Recovery from the 2023/24 financial year

Outcome	Output	Output indicator	Audited actual performance			Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations		
Water Ecosystems Management											
Sub-programme:											
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	1	0	1	1	N/A	Target met
						Final legal notice gazetted (Thukela)	Usutu Mhlathuze to report finalised	to Mhlathuze: final legal notice	Usutu Mhlathuze: final legal notice		
								Keiskamma: water resource classes report reviewed	Keiskamma: water resource classes report reviewed		
						Luvuvhu catchment draft EWR report	Luvuvhu catchment: evaluation of resource report reviewed	Luvuvhu catchment: evaluation of resource report reviewed			
								Upper Orange: ecological water requirements report finalised	Upper Orange: ecological water requirements report finalised		
						Lower Orange: ecological water requirements report finalised	Lower Orange: ecological water requirements report finalised				
Water Resources Information and Management											
2.	Ecological infrastructure protected and restored		Water resource classes and Resource Quality Objectives determined and monitored	2.1.3	Number of rivers in which the River Eco-status Monitoring Programme is implemented	76	85	74	74	N/A	Target met
3	Water demand reduced and water supply increased	3.2.	7 water resources monitoring programmes and 6 information systems reviewed and maintained by 2025	3.2.1	Number of water resources monitoring programmes reviewed and maintained	5	6	7	7	N/A	Target met
						Groundwater (GW)	Groundwater (GW)	Groundwater (GW)	Groundwater (GW)		
						National Chemical (NCMP)	National Chemical (NCMP)	National Chemical (NCMP)	National Chemical (NCMP)		
								National Estuary (NEsMP)	National Estuary (NEsMP)		
						National Eutrophication (NEMP)	National Eutrophication (NEMP)	National Eutrophication (NEMP)	National Eutrophication (NEMP)		
National Microbial (NMMP)	National Microbial (NMMP)	National Microbial (NMMP)	National Microbial (NMMP)								

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the target to actual achievement	Reasons for deviations
			2022/23	2023/24				
				National Wetlands (NWNP) Surface Water (SW)	National Wetlands (NWNP) Surface Water (SW)	National Wetlands (NWNP) Surface Water (SW)		
		3.2.2. Number of water and sanitation information systems maintained	6 National Integrated Water Information System Hydrological Information System National Geohydrological Information System Water Management System Geographical Information System Flood monitoring and forecasting System	6 National Integrated Water Information System Hydrological Information System National Geohydrological Information System Water Management System Geographical Information System Flood monitoring and forecasting System	6 National Integrated Water Information System Hydrological Information System National Geohydrological Information System Water Management System Geographical Information System Flood monitoring and forecasting System	6 National Integrated Water Information System Hydrological Information System National Geohydrological Information System Water Management System Geographical Information System Flood monitoring and forecasting System	N/A	Target met
		3.2.3. National Digitised Integrated Water and Sanitation Monitoring System Implemented	Annual status for design of the National Digitised Integrated Water and Sanitation Monitoring System completed.	Annual implementation status for the National Digitised Integrated Water and Sanitation Monitoring System design	Annual implementation status for the National Digitised Integrated Water and Sanitation Monitoring System design	Annual implementation status for the National Digitised Integrated Water and Sanitation Monitoring System design	N/A	Target met
3	3.3 Water demand reduced and water supply increased	3.3.1 Gauging stations refurbished to improve management decisions.	1 Bavaria gauging station completed	0 FS: Tweefontein: Outcome of EIA awaited GP: Skurwerberg: Designs are being finalised	0 FS: Tweefontein (C6H006): at 25% completion GP: Skurwerberg (A2H014): environmental,	0 FS: Tweefontein (C6H006): at 25% completion GP: Skurwerberg (A2H014): rules of engagement for	Under by	Target partially met
								There was a need to review the scope which resulted in the

Outcome	Output	Output indicator	Audited actual performance			Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24	2024/25				
						OHS processes finalised	the undertaking of civil construction works	OHS processes finalised	need for a full environmental authorisation process to be done.
		3.3.2	-	GP: Rondawel: EMP is being developed WC: Kruismans: Draft designs developed	GP: Rondawel (A2H061): at 18% completion WC: Kruismans (G3H001): rules of environmental, OHS processes finalised	0	GP: Rondawel (A2H061): at 44% completion WC: Kruismans (G3H001): rules of engagement for the undertaking of civil construction works	N/A	Target met The process to obtain environmental authorisation was not triggered as the reconstruction of the gauging weir does not contain any listed activity of the EIA 2014 regulations.
Sub-programme:									
3	Water demand reduced and water supply increased		Water Resources Infrastructure Managements						
	3.4	Strategic water resources infrastructure projects implemented	1	1	5	0			
	3.4.1	Number of bulk raw water projects in preparation for implementation	Nwamitwa Dam: <u>Engineering:</u> The High Flood Line (HFL) and the dam boundary line drawings have been signed by the APP. <u>The Directorate:</u> Spatial Information is being requested to assist with the preparation of the land schedules.	Nwamitwa Dam: TOR approved for archaeological services	Nwamitwa Dam: Archaeological work for priority areas commencement	0	Nwamitwa Dam: the appointment of an archaeological service provider through a normal procurement process was unsuccessful. A panel will be used for this process.	Under by Nwamitwa Dam: Archaeological work has not commenced	Target not met Nwamitwa Dam: Archaeological work has not commenced based on the change in the procurement strategy to appoint the archaeological service provider.
			Coerney Dam: <u>Procurement:</u>	Coerney Dam: Design process initiated (inception)	Coerney Dam: design 50% complete		Coerney Dam: design 18% complete	Coerney Dam: design under by 32%	Coerney Dam: design is not 50% complete based on the delay in

Outcome	Output	Output Indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
			The tender to appoint a PSP on a 5-year term contract for design, site supervision and contract administration for Coerney Dam closed on 31 January 2023. Eight tenders were received, and the tender evaluation process is under way.	meeting on 16 Feb 2024)				obtaining site access for the topographical survey and geotechnical investigations.
			Foxwood Dam: Procurement: Engineering Services has submitted the Terms of Reference for the appointment of an external PSP to undertake the detailed design and construction supervision to SCM for consideration by the Bid Specifications Committee.	Foxwood Dam: TOR approved for PSP to undertake designs and construction supervision	Foxwood Dam: design 5% complete	Foxwood Dam: The terms of reference (TOR) for procurement of the design PSP were approved by IDBSC.	Foxwood Dam: design is not at 5% complete, as there was a change in the procurement strategy to appoint a service provider to develop detailed designs.	
			Lusikisiki Regional Water Supply Scheme: Zalu Dam: Engineering: The overall design	Lusikisiki Regional Water Supply Scheme: Zalu Dam: • Design complete	Lusikisiki Regional Water Supply Scheme: Zalu Dam: Design complete 100%	Lusikisiki Regional Water Supply Scheme: Zalu Dam: design complete	Lusikisiki Regional Water Supply Scheme: Zalu Dam: design under by 23%	Lusikisiki RWSS (Zalu Dam): design is not at 100% complete based on the delay in finalising the geotechnical report.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
			progress is 65% complete.	Raising of Gcuwa Dam: Tender documents: 70% complete	Raising of Gcuwa Dam: EIA 30% complete	Raising of Gcuwa Dam: The bid evaluation process for the appointment of an Environmental Assessment Practitioner (EAP) is underway	Raising of Gcuwa Dam: EIA is under by 30%	Raising of Gcuwa Dam: EIA is not at 30% complete as the process to appoint the Environmental Assessment Practitioner (EAP) has not been finalised.
		3.4.2	Number of bulk raw water projects under construction	2 Tzaneen Dam: Construction: - The PSP has finalised the embankment strengthening design. - The License-to-Construct was issued by the Dam Safety Office on 10 February 2023. - DBSA has finalised the appointment of the Environmental Control Officer (ECO) and Construction Health and Safety Agent (CHS Agent) - The Rules of Engagement for Construction Management (contractor)	1 Tzaneen Dam: Construction: 23% complete	4 Tzaneen Dam: construction 75% complete	0 Tzaneen Dam: construction 47% complete	Under by 4 Tzaneen Dam: construction under by 28%

Outcome	Output	Output Indicator	Audited actual performance		Planned target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
			have been finalised		2024/25			
			Cianwilliam Dam Construction is 12% complete: Mzimvubu Water Project (Stage 1: Advance Works) Construction: The overall construction progress is at 64% complete	Cianwilliam Dam: Construction: at 10% complete based on revised construction programme. Mzimvubu Water Project: construction of Ntabelanga Dam commenced (limited construction of clearing vegetation)	Cianwilliam Dam: construction 22% complete Mzimvubu Water Project Advanced infrastructure (houses, site establishment, water services): construction 25% complete Ntabelanga Dam: construction 2% complete	Cianwilliam Dam: construction 21% complete Mzimvubu Water Project: Advanced infrastructure (houses, site establishment, water services): construction has not commenced Ntabelanga Dam: the appointment process of an Approved Professional Person (APP) and professional team is underway. The application for the permit by the OHS agent is underway As part of the land acquisition process, the valuations of properties affected by the dam construction are underway	Cianwilliam Dam: construction under by 1% Mzimvubu Water Project: Advanced infrastructure (houses, site establishment, water services): construction has not commenced Ntabelanga Dam: construction has not commenced	Cianwilliam Dam: experienced delays due to several dam spilling events affecting progress of work. Mzimvubu Water Project: Advanced infrastructure (houses, site establishment, water services): experienced delays in the procurement of material. Ntabelanga Dam: experienced delays in the appointment of an Approved Professional Person and professional team.
			Hazelmere Dam: construction is 100% complete.	-	-	-	-	-

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
3					ORWRDP (OMM) sub-phase 2B & 2B: construction 20% complete	ORWRDP (OMM) sub-phase 2B & 2B: The overall design by the EPC contractor is at 67%.	ORWRDP (OMM) sub-phase 2B & 2B: the construction has not commenced	ORWRDP (OMM) sub-phase 2B & 2B: experienced delays in the confirmation of commercial sector funding.
			3.4.3			0	N/A	N/A
		3.4.3.1	Hazelmere Dam	313	148	416	Over by 268	Additional job opportunities were created by the projects under construction.
			65					
3	Water demand reduced and water supply increased	Strategic water resources infrastructure projects implemented	3.5.1	39% (474 of 1224)	70%	44% (1098 of 2503)	Under by 26%	Target partially met Some of the term contractors experienced capacity challenges resulting in the delayed completion of projects.
			3.5.2	10% ⁴ (126 of 1224)	≤30%	0%	N/A	Target met

² For the 2023/24 financial year, the Department did not plan to complete any bulk raw water projects, and none were completed.

³ The desire is to remain ≤30% as a proportion of planned maintenance projects.

⁴ The desire is to remain ≤30% as a proportion of planned maintenance projects.

Outcome	Output	Output indicator	Audited actual performance		Planned target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
		3.5.3 Number of dam safety evaluations completed	32	40	40	42	Over by 2	Additional inspections were conducted.
		3.5.4 Number of dam safety rehabilitation projects completed	0	0	2	0	Under by 2	Also prioritised the construction and completion of projects from previous financial years as indicated below Nkadimeng Dam: the project experienced delays due to inclement weather conditions and late delivery of material. Marico Bosveld Dam: the project experienced delays due to an underlying hard rock and water seepage. Bloemhof Dam: the project is mainly affected by flooding from Bloemhof Dam and rain Rietspruit Dam: recovery from the 2023/24 financial year Mthatha Dam: the project experienced delays mainly due to late delivery of material and inclement weather conditions.
			Nkadimeng Dam: 79% completion		Nkadimeng Dam: 100% completion	Nkadimeng Dam: 90% completion	Nkadimeng Dam: under by 10%	
			Marico Bosveld Dam: 84% completion		Marico Bosveld Dam: 100% completion	Marico Bosveld Dam: 93% completion	Marico Bosveld Dam: under by 7% completion	
				Bloemhof Dam: construction at 11%		Bloemhof Dam: construction at 38%	Bloemhof Dam: under by 32%	
				Rietspruit Dam: construction at 88%		Rietspruit Dam: construction at 100%		
						Mthatha Dam: construction at 99%	Mthatha Dam: under by 1%	

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
		3.5.5	3.5km	5.032km	10km	3.9km	Under by 6.1km	Target not met There were delays in the delivery of material to site, continuous leaking requiring a diversion of resources to prevent water loss
		3.6						
		3.6.1	200%	246%	80%	94%	Over by 14%	Target exceeded Good rains meant resulted in a reduced need to pump.
		3.6.1.1	117	254	62	174	Over by 112	Target exceeded Additional job opportunities were created from the projects under construction.
Water Resources Policy & Strategy								
5	Enhanced regulation of the water and sanitation sector	5.1	Water resource regulatory prescripts developed and implemented	5.1.1	National Water Act Amendment Bill developed	National Water Amendment Bill has been endorsed by the cluster system to be submitted to Cabinet.	National Water Amendment Bill tabled in Parliament	National Water Amendment Bill was not tabled in Parliament
								Target not met The OCSLA legal certification had to be obtained for the National Water Amendment Bill to be tabled in Parliament.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
		5.1.2	The NWRS-3 has been endorsed by ESIED cluster on 16 March 2023 and Technical Working Group of the SPCHD Cluster on 28 March 2023 both respectively and forwarded for tabling at Cabinet for approval.	NWRS-3 Water and Sanitation implementation plan finalised	Monitoring and evaluation of the implementation of the NWRS-3	Monitoring and evaluation of the implementation of the NWRS-3	N/A	Target met
Sub-programme: Water Resources Regulation								
2	2.1	Water resource classes and Resource Quality Objectives determined and monitored	Compliance monitoring reports for: Inkomati Usutu Letaba - - - Olifants-Doom Vaal (Upper, Middle & Lower)	6 Crocodile (West and Marico) Inkomati Usutu Letaba Limpopo (Mokolo and Matlabas) - - Olifants-Doom Vaal (Upper, Middle & Lower)	8 Crocodile (West and Marico) Inkomati Usutu Letaba Limpopo (Mokolo and Matlabas) Mvoti-Mzimkhulu Olifants Olifants-Doom Vaal (Upper, Middle & Lower)	5 Crocodile (West and Marico) Inkomati Usutu - Limpopo (Mokolo and Matlabas) - - Olifants-Doom Vaal (Upper, Middle & Lower)	Under by 3 Letaba Mvoti-Mzimkhulu Olifants	Target partially met Challenges were experienced in obtaining data from certain areas.
	2.2	Wastewater management plans developed and implemented	Mitigation strategies for: Upper Olifants Limpopo -	2 Olifants (middle and lower) Inkomati-Usuthu -	1 Vaal (middle to lower)	1 Vaal (middle to lower)	N/A	Target met.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
5	Enhanced regulation of the water and sanitation sector	2.2.2	Number of catchment plans implemented for mine water and wastewater management	Implementation plans for Orange Mzimvubu-Tsitsikamma	2	Catchment implementation plans	2	Target met
		2.2.3	Waste Discharge Charge System (WDCS) piloted country wide	Final draft WDCS	3	Olifants Crocodile-West - Limpopo	6	Target met
		5.1.3.	Water resource regulatory prescripts developed and implemented	2023/24 raw water tariffs approved by Minister on 01 December 2023	62%	2025/26 raw water charges developed	68%	Target met
	Enhanced regulation of the water and sanitation sector	5.1.4	Percentage of applications for water use authorisation finalised within the 90 working days of receipt	(562 out of 902)	60%	(811 out of 1342)	80%	Target met
		5.1.5	Number of oversight assessments conducted in CMAs ⁵	-	-	(1243 of 1819)	0	Target not met

⁵ The previous indicator "Number of water users monitored for compliance" has been amended to align with transfer of water resource management functions to the CMAs.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
								deployed to assist the newly established CMAs with compliance monitoring audits as part of the MoU during the transitional period.
		5.1.6 Percentage of CMA investigated cases assessed ⁶	81% (344 out of 342)	80% (467 of 583)	80%	87%	Over by 7%	Target exceeded This was a concerted effort to increase the oversight over the CMA activities.
		5.1.7 Water Research Commission (WRC) levy approved	2022/23 Water Research Commission (WRC) levy developed	2024/25 Water Research Commission (WRC) levy developed	2025/26 Water Research Commission (WRC) levy developed	2025/26 Water Research Commission (WRC) levy developed	N/A	Target met
		5.1.8 Number of wastewater systems assessed for compliance with the Green Drop Regulatory Requirements	-	1004	1004	0	Under by 1004	Target not met The delay in the appointment of the service provider resulted in the deferral of this activity to the next financial year.
		5.1.9 Number of wastewater systems monitored against the Regulatory Requirements	455	438	495	502	Over by 7	Target exceeded. This was mainly to respond to assess the water quality issues.
		5.1.10 Number of dam owners monitored for compliance with regulatory requirements	-	-	140	140	N/A	Target met

⁶ The previous indicator "Percentage of reported non-compliant cases investigated" has been amended to align with transfer of water resource management functions to the CMAs.

Outcome		Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations						
				2022/23	2023/24	2024/25									
6	Water redistributed for transformation	6.1	Advance Water Allocation Reform by 2026	6.1.1	Regulation for advancement of water allocation reform finalised	The process has been put on hold until the amendment of the NWA	0 V & V in 2 WMAs Olifants: 9666 properties validated Orange: 754 properties verified	0 V & V in 1 WMA	0 V & V in 1 WMA	Limpopo-Olifants: under by 1381	Limpopo-Olifants: 2219	Limpopo-Olifants: 4200	Request to gazette regulations to establish Ministerial Advisory Committee on Water Sector Social and Economic Regulation developed	Regulations to establish the Ministerial Advisory Committee on Water Sector Social and Economic Regulation not gazetted	Target partially met
		6.2	Streamlined water resource management institutional arrangements	6.2.5	Water economic regulator gazetted for establishment	Final business case for Water Regulator Version III developed.	Draft bill submitted to cabinet for approval	Regulations to establish the Ministerial Advisory Committee on Water Sector Social and Economic Regulation gazetted	Request to gazette regulations to establish Ministerial Advisory Committee on Water Sector Social and Economic Regulation developed	Regulations to establish the Ministerial Advisory Committee on Water Sector Social and Economic Regulation not gazetted	Poor response from water users to the Department's section 35(1) letters as post offices are not functional.				Target not met The regulations were not gazetted as the policy direction is being obtained.
Sub-programme:															
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	Annual assessment of performance plans, annual and quarterly reports for	Annual assessment of performance plans, annual and quarterly reports for	Annual assessment of performance plans, annual and quarterly reports for	Annual assessment of performance plans, annual and quarterly reports for	N/A	Target met				
						2 CMAs	2 CMAs	2 CMAs	6 CMAs	6 CMAs					
						TCTA	TCTA	TCTA	TCTA	TCTA					
						WRC	WRC	WRC	WRC	WRC					

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
	6.2.2	Number of Catchment Management Agencies gazetted for establishment	1 Mzimvubu-Tsitsikamma Gazette for CMA establishment submitted to the accounting officer for approval	1 Limpopo-Olifants NWRIA Bill tabled in Parliament and public hearings convened	-	⁷	N/A	N/A
	6.2.3	National Water Resources Infrastructure Agency gazetted for establishment	NWRIA Bill not finalised, due request from TCTA lenders to conduct independent investigation on financial assessment and legal opinion on the TCTA existing loan conditions and covenants which is currently underway.	NWRIA Bill tabled in Parliament and public hearings convened	Appointment of Governing Board members through NWRIA Act	Stakeholder consultations are held. The NWRIA Bill was signed by the President and published	Governing Board members not appointed.	Target not met The Bill has a technical amendment that needs to be corrected.
	6.2.4	Number of irrigation boards transformed into Water User Associations	5 transformation status reports for Tierport Klersdorp Pholela Letsitela Aples	5 transformation status reports for Keimoes (Analgamation of 9 IBs) Crocodile West IB Mool River (Analgamation of 2 IBs) Tzaneen IB Kleip IB	-	⁸	N/A	N/A

⁷ All CMAs were gazetted by the end of the 2023/24 financial year.

⁸ This output indicator has been removed from the 2024/25 to 2026/27 APP based on a Ministerial directive that all the irrigation boards need to be transformed to water user associations, after that there will be no transformation.

4.2.3 Strategy to overcome areas of underperformance

4.2.3.1 Water Resources Information Management sub-programme

New and existing water resource gauging stations / weirs constructed / refurbished: the activities relating to the GP: Skurwerberg, have been deferred to the 2025/28 financial year.

4.2.3.2 Water Resources Infrastructure Management sub-programme

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

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

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

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

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

4.2.3.3 Water Resource Regulation sub-programme

National Water Act Amendment Bill developed: As the opinion letter (i.e., legal certification) was obtained from OCSLA, the activity is deferred to the 2025/26 financial year.

River systems monitored for the implementation of resource directed measures: this has been deferred to the 2025/26 financial year.

Water economic regulator gazetted for establishment: this has been deferred to the 2025/26 financial year. Percentage of applications for water use authorisation finalised within the regulated period: Recruitment of dedicated personnel to process applications is underway.

Regulation for the advancement of water allocation reform finalised: this has been deferred to the 2025/26 financial year.

Oversight assessments conducted in CMAs: This has been deferred to the 2025/26 financial year.

Wastewater systems assessed for compliance with the Green Drop Regulatory Requirements: this has been deferred to the 2025/26 financial year.

4.2.3.4 Water Resource Institutional Oversight sub-programme

National Water Resources Infrastructure Agency (NWRIA) gazetted for establishment: : this has been deferred to the 2025/26 financial year.

4.2.4 Sub-programme expenditure

Sub-programme name	2023/24			2024/25		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Water Resources Management Support	6 004	4 191	1,813	5 147	5 147	-
Integrated Water Resources Planning	80 127	80 114	13	78 535	77 544	991
Water Ecosystems Management	63 239	62 662	577	59 714	59 714	-
Water Resources Information and Management	518 681	513 133	5,548	534 724	529 600	5 124
Water Resources Infrastructure Management	3 313 071	3 313 071	-	5 538 322	5 538 322	-
Water Resources Policy and Strategy	6 209	5 475	734	9 475	9 475	-
Water Resources Regulation	215 602	213 953	1,649	218 041	217 229	812
Water Resources Institutional Oversight	42 693	42 104	589	36 734	36 734	-
Total	4 245 626	4 234 703	10,923	6 480 692	6 473 765	6 927

4.3 Programme 3: Water Services Management

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

4.3.1 Sub-programmes

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

Water Services and Local Management entails the development of strategies, guidelines, plans, and information management for water and sanitation services and management across the water and sanitation value chain. It supports and capacitates 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 replacement of ageing infrastructure servicing extensive areas across municipal boundaries. Water Services Policy and Strategy Develops and reviews water services policies, procedures, and norms and standards; and monitors their implementation.

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

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

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

4.3.2 Outcomes, outputs, performance indicators and targets

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations	
			2022/23	2023/24	2024/25				
Programme 3:									
Sub-programme:									
Water Services Management									
Water Services and Local Management									
3.	Water demand reduced and water supply increased	3.7	Water conservation and water demand management strategies developed for water sectors	3.7.1	Number of water conservation and water demand management strategies updated	4 - National Agriculture - Industry, Mining and Power Generation - Water Services	4	N/A	N/A
		3.8	8 large water supply systems assessed for water losses by 2025.	3.8.1	Number of large water supply systems assessed for water losses	Water balance data and information collected from municipalities within the 8 large water supply systems	8	8	N/A
			3.8.2	Number of WSAs assessed for compliance with the requirements of the No Drop Regulatory Programme	0 (Draft No Drop Watch report)	144 WSAs assessed. (No Drop progress report)	0 (No Drop progress report)	No-Drop PAT MIS No-Drop inspectors training. WSA training sessions	No Drop PAT not finalised

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24	2024/25			
	3.9	3.9.1 Regional bulk infrastructure project implemented.	8	15	8	2	Under by 6	Target not met Prioritised the completion of 13 feasibility studies as a recovery from the previous financial year(s).
		3.9.2 Number of implementation readiness studies for water and wastewater services projects (RBIG) completed.	5	7	7	0	Under by 7	Target not met Prioritised the completion of 5 implementation readiness studies as a recovery from the previous financial year(s).
	4	4.1 District municipalities' five-year reliability plans developed	4	20	15	15	N/A	Target met
	4.2	4.2.1 WSAs assessed for water services performance	National Municipal Strategic Self-Assessments (MuSSA) within the WSAs, metros and secondary cities	National Municipal Strategic Self-Assessments (MuSSA) within the WSAs, metros and secondary cities	National MuSSA within the WSAs, metros and secondary cities	National MuSSA within the WSAs, metros and secondary cities	N/A	Target met

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
	4.2.2	Annual Municipal Priority Action Plan (MPAP) developed	National Municipal Priority Action Plan (MPAP) developed	National Municipal Strategic Self-Assessments (MuSSA) within the WSAs, metros and secondary cities	National MPAP developed	National MPAP developed	N/A	Target met
5	5.2	Water services regulatory prescripts developed	9 provincial Action Plans for National Sanitation Integrated Plan	National Sanitation Integrated Plan developed	National Sanitation Integrated Plan monitored	National Sanitation Integrated Plan (NSIP) partially monitored in WSAs	Under by Monitoring of NSIP provincial actions	Target partially met Limited technical resources
	5.2.3	National Faecal Sludge Management Strategy for on-site sanitation developed	National Faecal Sludge Management Strategy for on-site sanitation developed.	National Faecal Sludge Management Strategy disseminated	Draft economic model for faecal sludge management developed	Draft economic model for faecal sludge management developed	N/A	Target met
Sub-programme:								
Regional Bulk Infrastructure Grant								
3.	3.9	Regional bulk infrastructure project implemented	13	18	24	22	Under by 2	Target partially met Nandoni WTW upgrade: The IRS was finalised in the fourth quarter of the financial year delaying the start of construction. Vaal Gamagara BWS Phase 2: The project is in the planning phase as the institutional arrangements are still being finalised.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
	3.9.3.2	Number of large regional bulk infrastructure project phases under construction	65	62	51	43	Under by 8	Target partially met Prioritised the construction of 9 projects as a recovery from the previous financial year. Driefontein BWS Phase 2 of 3 & Greytown BWS Phase 2 of 2: The projects have exceeded the allocated budget and for them to proceed, the respective municipalities should allocate the additional social co-funding. Greater Bulwer BWS Phase 1 of 1: The project construction has not commenced as the planning approval processes are underway. Upgrading of Mkhuhlu WWTW phase 1 of 1: The construction will only commence after the regulatory requirements (e.g., EIA) have not been approved. Mamelia Sekororo BWS Phase 2 of 3: The project will start after the completion of phase 1

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
								Mafikeng BWS (reservoir) Phase 3 of 4: The project will only commence when the funding is confirmed.
	3.9.3.3	Number of small regional bulk infrastructure project phases under construction	22	29	16 ⁹	16	N/A	Target met Also prioritised the construction of 3 projects as a recovery from the previous financial year.
	3.9.4.1	Number of mega regional bulk infrastructure project phases completed	1	0	4	1	Under by 3	Target not met Polokwane WWTW phase 1 of 3: mainly delayed by poor contractor performance. The process of appointing a new contractor is underway. Babana BWS phase 1 of 3: mainly affected by mechanical and electrical delays. Mogalakwena Phase 2 of 3: mainly affected by mechanical and electrical delays
	3.9.4.2		5	11	6	2	Under by 4	Target not met

⁹ The target was increased 14 to 16 as two 2 projects (NW and FS) has been moved from large to small based on revised project cost.

Outcome	Output	Output indicator	Audited actual performance			Planned annual target		Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24	2024/25					
		Number of large regional bulk infrastructure project phases completed								Prioritised the completion of 6 projects as a recovery from the previous financial year. Sinthumule Kutama Phase 3 of 3 (including Luvuvu GWS); Delays have occurred in finalising the pressure testing and water tightness tests for the reservoirs due to insufficient water supply from the Nandoni system. Steve Tshwete Water Services phase 2 of 3: The project is delayed by poor contractor performance. Mametja Sekororo phase 1 of 3: mainly delayed by the transformer application and the upgrade of the existing transformer at the WTW Greater Mamusa BWS Phase 3 of 4: Delays have occurred in the manufacturing of materials.
	3.9.4.3	Number of small regional bulk infrastructure project phases completed	5	4	4		1	Under by 3		Target not met Prioritised the completion of 4 projects as a recovery from the previous financial year.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24	2024/25			
								UniQwa Reversal Gravity Pipeline: Delays have occurred in the manufacturing of materials
								Brandfort Bulk Sewer Phase 2 of 2: Rain delays were experienced, and additional work was included.
								Mantsopa Water and Sanitation Bulk: The project is delayed by poor contractor performance
		3.9.5.4	-	15	16	17	Over by 1	Target met
								Planesburg BWS: Implemented by Magalies Water and received BFI funding during the financial year.
		3.9.6.4	-	0	1	0	Under by 1	Target not met
								Prioritised the completion of 1 project as a recovery from the previous financial year.
								George LM Potable Water Security and Remedial Works Phase 8: Mainly delayed by poor contractor performance.
		3.9.4.	872	722	1000	966	Under by 34	Target partially met

Outcome	Output	Output indicator	Audited actual performance		Planned annual target 2024/25	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
		3.1 Number of job opportunities created through implementing RBIP infrastructure projects						The delays in the start of construction of some projects affected the creation of job opportunities.
		3.10.3 Number of intervention projects under implementation	2	6	7	8	Over by 1	Target exceeded Hammanskraal Intervention: Response to water services provision in the area
Sub-programme:								
Water Services Infrastructure Grant								
3.	Water demand reduced and water supply increased	3.10 Water services Infrastructure Grant Projects implemented	379	433	326 ¹⁰	423	Over by 97	Target exceeded New projects were started after the beginning of the municipal financial year based on approved business plans.
		3.10.2 Number of small WSIG projects completed	102	54	111 ¹¹	33	Under by 78	Target not met Prioritised the completion of 66 projects as a recovery from the previous financial year.

¹⁰ The target was adjusted from 339 to 326 as a correction to the published APP based on the disaggregated list.

¹¹ The target was adjusted from 112 to 111 as a correction to the published APP based on the disaggregated list.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target 2024/25	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations	
			2022/23	2023/24					
								Projects mainly delayed by the late appointment of contractors by the municipalities and the poor performance of some contractors as well as community unrests.	
		3.10.4	Number of existing bucket sanitation backlog systems in formal settlements replaced	0	0	596	(7 bulk sanitation infrastructure projects under construction)	Under by 596	Target not met There is a lack of bulk infrastructure to connect toilet structures
Sub-programme:									
5	Enhanced regulation of the water and sanitation sector	5.2	Water services regulatory prescriptions developed	2023/24 bulk tariffs developed and approved	2024/25 bulk water tariffs developed	2025/26 bulk water tariffs developed	N/A	Target met	
		5.3	Water supply systems monitored for compliance	979	958 WSS (Blue Drop Report published)	0	0	N/A	N/A
			5.3.2		446	443	510	617	Over by 107

¹² The construction of Campbell sewer project for the Northern Cape is planned for construction in the third quarter of the 2025/26 financial year.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24				
		Number of identified non-compliant water supply systems monitored against the regulatory requirements						The additional systems were mainly monitored to respond to public water quality complaints.
Sub-programme:								
5	Enhanced regulation of the water and sanitation sector	Water Services Amendment Bill developed	OCSLA comments were addressed, and the final version of the bill was produced	The Water Services amendment Bill was submitted to Cabinet for approval to publish for public comments. The public consultations on the Water Services Amendment Bill were convened.	Draft Water Services Amendment Bill tabled in Parliament	Water Services Amendment Bill: the opinion letter (i.e. legal certification) was obtained from OCSLA	Draft Water Services Amendment Bill not tabled in Parliament	Target not met The OCSLA legal certification had to be obtained for the Water Services Amendment Bill to be tabled in Parliament.
Sub-programme:								
6	Water redistributed for transformation	Performance of water boards evaluated against their performance plans	Annual assessment of shareholder compacts, business plans, quarterly and annual reports for 8 WBs ¹³	Annual assessment of shareholder compacts, business plans, quarterly and annual reports for WBs	Annual assessment of shareholder compacts, business plans, quarterly and annual reports for WBs	Annual assessment of shareholder compacts, business plans, quarterly and annual reports for WBs	N/A	Target met

¹³ Sedibeng water board was disestablished.

Outcome	Output	Output indicator	Audited actual performance		Planned annual target	Actual achievement	Deviation from the planned target to actual achievement	Reasons for deviations
			2022/23	2023/24	2024/25			
	6.3.2	Number of water boards reconfigured	0 Reconfiguration of Sedibeng	3 Close out: Rand Water Close out: Magalies Water Governing body appointed: Mhlathuze Mngeni	1	1 Lepelle Northern Water	N/A	Target met

4.3.3 Strategy to overcome areas of underperformance

4.3.3.1 Water Services and Local Management sub-programme

WSAs assessed for compliance with the requirements of the No Drop Regulatory Programme: This has been deferred to the 2025/26 financial year.

Implementation readiness studies for water and wastewater services projects (RBIG): This has been deferred to the 2025/26 financial year.

4.3.3.2 Regional Bulk Infrastructure Grant sub-programme

Mega project phases under construction and completed: The Department's supply chain has also, through instruction notes (financial circulars), provided guidance on how municipalities should appoint contractors. The department will enforce the circular/s and participate in processes that will improve contractor appointment to ensure timely project implementation and completion.

For the 2025/26 financial year, the Department will intensify monitoring and constant engagement with various stakeholders that form part of the project's implementation and completion. It will also enforce service level agreement clauses on those contractors who are underperforming and ensure that penalties and /or terminations are imposed.

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

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

4.3.3.3 Water Services Infrastructure Grant sub-programme

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

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

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

4.3.4 Sub-programme expenditure

Sub-programme name	2023/24			2024/25		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Water Services Management Support	39 225	39 225	-	75 320	73 781	1 539
Water Services and Local Management	290 317	280 131	10,186	316 271	313 918	2 353
Regional Bulk Infrastructure Grant	9 828 568	9 827 150	1,418	9 599 251	9 595 926	3 325
Water Services Regulation	32 730	32 698	32	34 907	34 135	772
Water Services Policy and Strategy	11 361	11 361	-	9 675	8 151	1 524
Water Services Infrastructure Grant	4 904 478	4 899 905	4,573	5 236 951	5 236 697	254
Water Services Institutional Oversight	18 987	18 916	71	25 465	25 465	-
Total	15 125 666	15 109 386	16 280	15 297 840	15 288 073	9 767

5 TRANSFER PAYMENTS

5.1 Transfer payments to public entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Magalies Water Board	Implementation of Planesberg Bulk Water Supply project	1 457 994	1 457 994	Planesberg project has 5 components: Component 1: Construction of 30ML reservoir and PS and Pipeline from Mafanya to Tlhabane are both at 98%, while Off-take to Serone/Madubu and construction of pump station at Madubu and Bakubung Reservoir and gravity main to connect to the reservoir are at the design stage. Components 2-5 are under the planning/ design stage. BFI grants approved and detailed design, specification & drawings are done; tender document for the Pipeline is ready. Moretele North (Klipvoor) is currently implementing Package 1 is at 37%. Site establishment completed. The pipework and pipe specials for the project have been procured for the whole length of the pipeline. The first pipe jack at R101 has been completed, and the site establishment at the R33 pipe jack has begun. Started with various scour and air valve chamber construction. Excavations and pipe installations are ongoing. Phase 7 progress at 17%. Site establishment completed. Excavation for the reservoir is complete, and trimming and cleaning of the reservoir rock foundation, where some deep soft material pockets must be removed and cleaned ongoing. 50% of the reservoir mass concrete has been cast. 30% of the pipeline route, which requires blasting, has been completed, and hard rock excavation is ongoing.
Umgeni Water Board	Moretele North Bulk Water Supply (Klipvoor)			
Umgeni Water Board	Implementation of the following projects:			The Project has 2 Phases. Phase 1: Construction of Ngwadini Advanced Works 100% complete, Goodenough Abstraction Works, pumping system commenced on 1 June 2022, progress to date is approximately 76.0% and the revised due completion date is 11 April 2026. Work also commenced on the Construction of Ngwadini Dam and Associated Structures, Abstraction Works, Pumping System, and Rising Main. Phase 2: Earthworks 100% completed, Construction of Quarry Gravity Pipeline & Extension of Quarry Reservoir tender advert rescheduled to August 2025 to align commissioning with the water works. The construction of the Administration Building's detailed design is complete and has passed the Gate 5 review. A tender advert is planned for March 2026.
	Lower Umkhomazi Bulk Water Supply Scheme	315 000	315 000	

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Lepelle Northern Water Board	Implementation of the Ebenezer and Ollifantspoort	317 000	317 000	Phase 1A: Progress is 80% on the electro-mechanical works of the pump-station and 95% progress on the Civil works for the pipeline. The Mankweng River crossing has been completed, with the area also fully rehabilitated. The next phase of the project is under procurement.
Vaal Central Water Board (NC)	Implementation of the Namakwa Bulk Water Supply project	74 850	74 850	The project has 7 Packages. Package 1 is in progress, and pipes are being laid; rehabilitation work is completed, and plinths are also being constructed. Package 2 GRP and drainage pipes are delivered. Package 3 site has been handed over and the construction work permit is in place; the site has been established the site. Packages 4 & 5 tenders have been submitted to the Vaal Central Water Board. Packages 6 designs have been completed, and Package 7 designs for the 3 reservoirs and pump station are still in progress.
Vaal Central Water Board (FC)	Implementation of Welbedacht Pipeline and Balfontein & Virginia	304 442	304 442	The project comprises two schemes. The Balfontein WTW's overall progress is at 97% and the Virginia WTW is at 93%. Key construction activities have commenced onsite, with two projects currently under construction and several others at advanced stages of procurement or mobilization.
Overberg Water Board	Replace existing old asbestos concrete (AC) pipes with Unplasticized Polyvinyl Chloride (UPVC) pipes.	38 150	38 150	
Total		2 507 436	2 507 436	

5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2024 to 31 March 2025

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
Regional Bulk Infrastructure Grant (RBIG)	Municipalities	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 (WCWDM) projects or facilitate and contribute to the implementation of local WCWDM projects that will directly impact bulk infrastructure requirements.	Yes	3,627,383	3,327,383	None
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 ensures 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	4,037,673	4,037,673	None
Departmental agencies and accounts						
Energy Water Sector Education and Training Authority (EWSETA)	Departmental agency	Payment of the skills levy in terms of the Skills Development Levy Act to the Energy and Water Sector Education Training Authority.	Yes	4 388	4 388	-
Water Trading Account: Acid mine drainage and other capital projects	Departmental trading account	Funds the social portion of new infrastructure development and improvement of infrastructure, two-thirds of the acid mine drainage costs, and it also covers the head office support function.	Yes	5 141 665	5 141 665	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
Communication licences (radio and TV)	Municipalities	Boats and vehicles licencing	Yes	7	7	-
Foreign governments and international organisations						
Komati River Basin Water Authority (KOBWA)	International organisation	Loan repayment to the Development Bank of Southern Africa 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	55 977	55 977	-
Limpopo Watercourse Commission (LIMCOM)	International organisation	Payment for the Limpopo Watercourse Commission (LIMCOM) Secretariat's operational costs. To fully discharge its mandate, the LIMCOM decided 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 provide administrative and secretarial support. The LIMCOM current interim secretariat is hosted by the Republic of Mozambique, Maputo. The LIMCOM work is considered essential and in line with the South African commitments to Integrated Water Resources Management (IWRM) in the SADC region as envisaged by the revised SADC Protocol on Shared Watercourses, an agreement to which South Africa is a signatory.	Yes	912	912	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
Orange-Senque River Basin Commission (ORASECOM)	International organisation	Payment for the Orange-Senqu River Basin Commission (ORASECOM) Secretariat's operational costs. The ORASECOM was established in the year 2000 through an agreement amongst the Republic of Botswana, the Kingdom of Lesotho, the Republic of Namibia, and the Republic of South Africa. The Commission established the Permanent Secretariat in the year 2007 and is based in Centurion, Republic of South Africa.	Yes	1 404	1 404	-
African Ministers' Council on Water (AMCOW) Trust Fund	International organisation	Payment for the African Ministers' Council on Water (AMCOW) Secretariat's operational costs. The African Ministers' Council on Water (AMCOW) was formed in 2002 in Abuja Nigeria, primarily to promote cooperation, security, social and economic development, and poverty eradication among member states through the management of water resources and provision of water supply services.	Yes	182	182	-
Incomati Maputo Watercourse Commission (INMACOM)	International organisation	The entity is established by the Kingdom of Eswatini, the Republic of Mozambique, and the Republic of South Africa through the Incomati and Maputo Watercourse Commission Establishment Agreement. The main responsibility of the Commission is to promote cooperation between the Parties to ensure the development, protection, and sustainable utilisation of the water resources shared by the Member States	Yes	3,600	3,600	-
World Bank Water Resources Group (2030 WRG) Trust Fund	Foreign and International	Platform for a Water Secure Gauteng and Platform for a Water Secure eThekweni	Yes	10,000	10,000	
Non-profit institutions						
South African Youth Water Prize	Water and sanitation education programme	The South African Youth Water Prize (SAYWP) is a science and technology collaboration between the Department of Water and Sanitation and the Stockholm Water Foundation in Sweden. The competition's objectives are to promote the protection of the country's natural resources and increase awareness amongst young people. The Department has a responsibility to follow up with the learners who won the competition and establish partnerships with stakeholders for piloting the innovations.	Yes	207	207	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (i) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
Various Institutions: 2020 Vision-Water Education Programme	Water and sanitation education programme	The 2020 Vision for Water and Sanitation Education Programme hosted the 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	880	880	-
NEPAD Business Foundation	Non-profit organisation	AU/NEPAD Southern African Network of Water Centre of Excellence (AU/NEPAD SANWATCE) – a network of universities and research institutions in the Southern Africa region. Funds were used for water-related research agendas and initiatives, which will, in turn, be beneficial to the Sector. The University of Stellenbosch and DWS collaborated and combined their respective expertise for mutual interests in the development, research, innovation, education and training in the Southern African Development Community (SADC) region. It provided for support of ongoing activities through the AU/NEPAD SANWATCE Secretariat, within the water and related sectors through the conclusion of appropriate agreements on a project-by-project basis.	Yes	547	547	-

6 CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid.

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

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

Municipality to which the grant has been transferred	Various municipalities appointed as implementing agents by the Department
Purpose of the grant	- To develop new, refurbish, upgrade, and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality - Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects, or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact bulk infrastructure requirements
Expected outputs of the grant	62 regional bulk project phases initiated 12 project phases completed 61,901 households benefitting from completed project phases 6 municipalities benefitting from completed project phases of job opportunities created
Actual outputs achieved	57 bulk project phases initiated 9 project phases completed 61,901 households benefitting from completed project phases 5 municipalities benefitting from completed project phases 629 job opportunities created
Amount per amended DORA (R'000)	3 627 383
Amount transferred (R'000)	3 627 383
Reasons if the amount as per DORA has not transferred	Not applicable
Amount spent by the municipalities (R'000)	3 535 490
Reasons for the funds unspent by the municipalities	Disruption and stoppage of projects by Business Forums. Delays in project implementation negatively affect spending. Although the funds are committed, delays such as slow progress and non-completion of projects persist
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings, and quarterly performance evaluation reports are used regularly. The department continuously strives to resolve risks that negatively impact project implementation.

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

Municipality to which the grant has been transferred	Various municipalities appointed as implementing agents by the Department
Purpose of the grant	- To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities - Provide an interim, intermediate water supply that ensures provision of services to identified and prioritised communities, including through spring protection, drilling, testing, and equipping of boreholes - Provide on-site sanitation solutions - To support drought relief projects in affected municipalities
Expected outputs of the grant	253 Implement water supply projects in 91 municipalities 104 Complete water supply projects in 50 municipalities 123,925 households provided with water through reticulated water supply or source identification.
Actual outputs achieved	230 Implemented water supply projects in 92 municipalities 84 Completed water supply projects in 36 municipalities 1773 Completed rural onsite sanitation 23,925 households provided with water through reticulated water supply or source identification.
Amount per amended DORA (R'000)	4 037 673
Amount transferred (R'000)	4 03 673
Reasons if the amount as per DORA has not transferred	None
Amount spent by the municipalities (R'000)	4 03 673
Reasons for the funds unspent by the municipalities	-Late implementation of projects -Lengthy procurement processes
The monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings, and quarterly performance evaluation reports are used regularly. The department continuously strives to resolve risks that negatively impact project implementation.

6.2 Conditional grants and earmarked funds received.

The tables below detail the conditional grants and earmarked funds received during the period 1 April 2023 to 31 March 2024. The tables below detail the conditional grants and earmarked funds received during the period 1 April 2024 to 31 March 2025.

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

Purpose of the grant	- To develop new, refurbish, upgrade, and replace ageing water and wastewater infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality - Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects, or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact bulk infrastructure requirements
Expected outputs of the grant	53 regional bulk project phases initiated 14 project phases completed 136,654 households benefitting from completed project phases - District municipalities benefitting from completed project phases of job opportunities created
Actual outputs achieved	50 regional bulk project phases initiated 5 project phases completed 28,521 households benefitting from completed project phases 3 municipalities benefitting from completed project phase 361 job opportunities created
Amount per amended DORA (R'000)	3 057 957
Amount transferred (R'000)	3 057 958
Reasons if the amount as per DORA has not transferred	None
Amount spent by the department (R'000)	3 057 958
Reasons for the funds unspent by the Department	Delays by implementing agents in implementing projects are mainly caused by slow SCM processes and litigation related to these processes. Additionally, community unrest also hampers progress on the site.
Reasons for deviations on performance	Delays by implementing agents in implementing projects are mainly caused by slow SCM processes and litigation related to these processes. Additionally, community unrest also hampers progress on the site
Measures taken to improve performance	Implementing agents to report urgently on risks that will have a negative effect on the implementation of projects. Where possible, reallocate budget to avoid underspending.
The monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings, and quarterly performance evaluation reports. The department continuously strives to resolve risks that negatively impact project implementation.

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

Purpose of the grant	- To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities - Provide an interim, intermediate water supply that ensures provision of services to identified and prioritised communities, including through spring protection, drilling, testing, and equipping of boreholes - Provide on-site sanitation solutions - To support drought relief projects in affected municipalities
Expected outputs of the grant	86 Implement water supply projects in 14 municipalities 8 Complete water supply projects in 3 municipalities - Households provided with water through a reticulated water supply or source identification 1 household benefited from sanitation projects.
Actual outputs achieved	67 Implemented 18 water supply projects in 14 municipalities 18 Completed 5 water supply projects in 4 municipalities 1800 households provided with water through reticulated water supply or source identification. 0 households benefited from sanitation projects.
Amount per amended DORA (R'000)	1 046 718
Amount transferred (R'000)	1 046 718
Reasons if the amount as per DORA has not transferred	None
Amount spent by the department (R'000)	1 046 718
Reasons for the funds unspent by the Department	Late implementation of projects Lengthy procurement processes
Reasons for deviations on performance	None
Measures taken to improve performance	Implementing agents to report urgently on risks that will have a negative effect on the implementation of projects. Where possible, reallocate budget to avoid underspending.
The monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings, and quarterly performance evaluation reports. The department continuously strives to resolve risks that negatively impact project implementation.

7 DONOR FUNDS

None.

8 CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

Infrastructure projects	2024/25			2023/24		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	4,124,107	4,124,107	-	4 000 881	4 000 875	6
Existing infrastructure assets	105,464	105,419	45	353 910	353 957	(47)
Upgrades and additions	64,132	64,132	-	194 950	194 950	-
Rehabilitation, renovations, and refurbishments	40,851	40,851	-	154 105	154 105	-
Maintenance and repairs	481	436	45	4 855	4 902	(47)
Infrastructure transfer	15,258,999	15,257,915	1,084	13 231 520	13 231 070	450
Current	-	-	-	326 795	326 795	-
Capital	15,258,999	15,257,915	1,084	12 904 725	12 904 275	450
Total	19,488,570	19,487,441	1,129	17 586 311	17 585 902	409

PART C: Governance



1 INTRODUCTION

The Department remains firmly committed to upholding the highest standards of good governance, transparency, and accountability in managing public resources. This report provides a strategic review of the Department's governance and assurance landscape, focusing on the alignment between strategic direction, risk oversight, and resource utilisation in achieving the Department's service delivery and compliance obligations.

2 STRATEGIC RISK MANAGEMENT AND GOVERNANCE

2.1 Compliance and Risk Management Framework

In line with the Public Finance Management Act, 1999 (PFMA), the Department has institutionalised an effective and transparent system of risk management. This is achieved through the adoption of the Public Sector Risk Management Framework, 2010, and the internal approval of the Department's own Risk Management Policy, Strategy, and Framework.

Risk management is approached as an enabler of strategic execution, particularly in a volatile and complex service delivery environment. The Department has emphasized enhancing organisational capacity, information reliability, and decision-making capabilities to identify, assess, and respond to both risks and opportunities that could affect service delivery.

2.2 Combined Assurance

To strengthen internal control and promote accountability, the Department has implemented a Combined Assurance Framework aligned with the principles of best practice. This framework encompasses five levels of assurance:

1. Management is the first level providing direct assurance on operational controls.
2. Specialists function as a second level; these include functions such as Risk and Compliance Management, and Internal Control.
3. Internal Audit as a third level of assurance
4. External Audit Primarily through the Auditor-General of South Africa.
5. Oversight Structures and these are the Executive Committee, Risk Committees (Executive Risk Management Committee and Operational Risk Committee), Ethics and Integrity Committee, Consequences Management, and Audit Committee.

The Combined Assurance Forum, chaired by the Chief Director: Risk and Compliance Management, oversees the operationalisation of the combined assurance plan. The forum meets quarterly and reports to the Executive Risk Committee on the implementation status, gaps, and assurance coverage of strategic risks.

2.3 Risk Management Implementation

During the period under review, the Department developed and implemented 89% of its Risk Management Implementation Plan, ensuring integration of risk management into:

- Governance and planning processes.
- Annual performance and reporting cycles, and
- Operational management activities.

Key activities included:

- Annual strategic risk assessments aligned with departmental strategic plan and performance reviews.
- Operational risk assessments across Information Technology, compliance management, project management, fraud prevention, and ethics.
- Identification and continuous monitoring of emerging risks through risk committee platforms.
- Risk awareness and training initiatives to enhance the Department's risk maturity and culture.

2.4 Risk Maturity Assessment

An independent Risk Maturity Assessment was undertaken, revealing:

- Enhanced confidence among executive leadership in risk oversight mechanisms.
- Increased alignment between business activities and strategic outcomes.
- Improved consistency in corporate risk functions, albeit with integration gaps at decentralised levels.
- Effective documentation and tracking of risk response and action plans.

An accompanying Risk Maturity Improvement Plan was formulated to address gaps and will be closely monitored in the upcoming financial year.

2.5 Risk Governance Structures

To ensure robust risk oversight, the Department operated two key governance structures:

a. Executive Risk Management Committee (ERMC)

- Formally appointed by the Accounting Officer.
- Chaired by an independent non-executive member.
- Mandated to oversee enterprise-wide risk strategy, policy, and implementation.
- Met quarterly to assess and guide strategic and systemic risks.

b. Operational Risk Management Committee (ORMC)

- Chaired by a Deputy Director-General.
- Supported the ERMC by ensuring risk integration at the branch, regional, cluster, and line function level.
- Evaluated the effectiveness of mitigation measures and escalated critical risks as necessary.

Meeting Schedule:

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

No	Nature of meeting	Purpose	Date
Executive Risk Management Committee meetings			
1	Ordinary meeting	Review quarter four of the 2023/2024 financial year	10 May 2024
2	Ordinary meeting	Review quarter one of the 2024/2025 financial year	16 August 2024
3	Ordinary meeting	Review quarter two of the 2024/2025 financial year	05 November 2024
4	Ordinary meeting	Review quarter three of the 2024/2025 financial year	18 February 2025
Operational Risk Management Committee meetings			
1	Ordinary meeting	Review quarter four of the 2023/2024 financial year	29 April 2024
2	Ordinary meeting	Review quarter one of the 2024/2025 financial year	06 August 2024
3	Ordinary meeting	Review quarter two of the 2024/2025 financial year	28 October 2024
4	Ordinary meeting	Review quarter three of the 2024/2025 financial year	09 February 2025

3 FRAUD AND CORRUPTION

The Department of Water and Sanitation has established a strong internal framework to combat fraud, corruption, and unethical employee conduct, in alignment with the Public Service Regulations, 2016. A cornerstone of this framework is the Consequence Management Committee (CMC), which plays a critical role in ensuring that accountability measures are applied consistently and fairly across the Department.

The CMC is a well-functioning governance structure, chaired by the Deputy Director-General (DDG) who also serves as the Department's Ethics Champion, in line with Regulation 22 of the Public Service Regulations. The Ethics Champion provides strategic oversight and reinforces the importance of ethical leadership across all levels of the department.

The Committee meets on a quarterly basis to assess and track the progress of all reported and active disciplinary cases. This includes matters relating to:

- Financial misconduct and mismanagement
- General misconduct and breaches of policy
- Fraud and corruption
- Irregular, fruitless, and wasteful expenditure

Through its deliberations, the Committee ensures that:

- Investigations are conducted thoroughly and without undue delay.
- Disciplinary processes are concluded within prescribed timeframes.
- Sanctions imposed are appropriate and act as deterrents.
- Cases involving criminal elements are referred to law enforcement agencies for further investigation and possible prosecution.
- Feedback is provided to relevant stakeholders, including the Audit Committee and Executive Management, to strengthen internal controls and prevent recurrence.
- The consistent functioning of the Committee has enhanced the Department's ability to implement consequence management as a deterrent and accountability mechanism, while also reinforcing a culture of integrity, transparency, and ethical compliance.

4 MINIMISING CONFLICT OF INTEREST

4.1 Disclosure of financial interests

Regulations 18 and 19 of the Public Service Regulations 2016 compel designated employees to submit their annual financial disclosures within a specified period. Employees on the Senior Management Service (SMS) dispensation are required to disclose between 1 – 30 April of each year.

For the year under review, the Department had 196 SMS employees who were required to submit financial disclosures. In addition, though not required to disclose, two additional disclosures were submitted by the two Ministerial Special Advisors, making the total submitted disclosures 198, with a 100% compliance rate.

For the non-SMS employees, the Department had 977 designated individuals who were required to disclose their financial interests by 31 July 2024 through the online eDisclosure portal. Of the designated employees, 281 (28%) did not disclose their financial interests. Disciplinary action was instituted against the employees who failed to submit their disclosures.

The disclosures are summarised as follows:

Category	Submitted	Not submitted	Total	Percentage compliance
	No	No	No	%
Senior Management Service	198	0	198	100%
Employees on level 12, 11 and OSD equivalent	696	281	977	71%

The Department is implementing measures to address non-compliance and enhance submission rates among non-SMS employees.

5. CODE OF CONDUCT

The DWS Employee Code of Conduct has been approved. This Code aims to supplement the generic Code of Conduct outlined in Chapter 2, Part 1 of the Public Service Regulations (2016), addressing the unique circumstances of the Department of Water and Sanitation.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The department remains committed to upholding the health, wellness, and safety of its officials. During the review period, Occupational Health and Safety (OHS) carried out 260 risk assessments, 457 inspections, and 97 audits (both internal and external).

Additionally, the department reported and investigated a total of 160 incidents. During the review period, there was one reported death related to injury on duty (IOD) in the Construction sector.

During OHS Month, observed every October by the Department of Water and Sanitation, several activities were undertaken to promote occupational health and safety. These included recognizing OHS Champions, where top-performing safety officers received certificates of achievement. Additional initiatives to raise awareness of OHS legislation comprised internal workshops as well as externally certified training sessions. In total, the department conducted 1,815 training and awareness sessions.

Regarding Employee Health and Wellness, the Department once again appointed a company to provide counselling services to DWS staff for six (6) months. Efforts to appoint a service provider for comprehensive EHWP services are ongoing and are expected to be finalized in the next financial year.

Consistent with previous years, personal stress, bereavement, financial problems, alcohol abuse, and ill health were reported as some of the main issues for which staff sought assistance. Ill-health and alcohol abuse were identified as some of the major causes of absenteeism in the Department. The Directorate, therefore, intensified its efforts in the deployment of psycho-social interventions in efforts to curb the scourge of absenteeism in the Department. Organizational mediation cases (conflict between supervisor and supervisee) were on the rise this financial year – indicating the need for awareness programmes on conflict resolution as well as involvement of managers in EHW programmes.

The EHW team also organized activities such as Blood Donation Drives, maternal health and men's health sessions, financial wellness sessions, discussions on drugs and drug abuse, sporting activities such as netball and soccer, and the Mental Health Talk series, all of which were conducted internally.

7. PORTFOLIO COMMITTEES

Parliament, through its committees, oversees the performance of the Executive and is vested with legislative authority. The Legislature is comprised of the National Assembly (NA) as well as the National Council of Provinces (NCOP), which are mandated with the responsibilities of law-making, oversight, and public participation. Parliament also appropriates funding on behalf of the government following scrutiny of performance plans for each financial year and monitors the implementation of government programmes.

Facilitating co-operative government across all spheres of government is also a key function of the Legislature, as a representative of the citizens. An example of this is the role Parliament played in the development of a government strategy to resolve the impasse related to the non-payment of municipal debt to Water Boards for raw water. This non-payment was jeopardising the financial viability of some Water Boards and, in turn, the reliable provision of water to citizens.

The multi-party committees in the National Assembly and the National Council of Provinces ensure that government remains accountable to the people through monitoring expenditure of funds and implementation of programmes in line with the priorities that government commits to. Oversight visits to different provinces are also undertaken by the Parliamentary Committee to interact with different communities and verify whether services are delivered in accordance with performance reports tabled before Parliament. The oversight visits also allow Parliamentary Committees to assess the impact of service delivery.

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

- There were twenty-one meetings with the Portfolio Committee on Water and Sanitation (PCWS)
- There was one engagement with the Select Committee on COGTA.
- There was one engagement with the Standing Committee on Appropriations (ScoA)
- One meeting with the Standing Committee on Petitions and Executive Undertakings

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

- Department's performance, which includes performance of the department in relation to the implementation of water resource infrastructure projects such as the Lesotho Highlands Water Project Phase II, Mzimvubu Water Project, Umkhomazi Water Project, and the raising of the Clanwilliam Dam.
- The performance of the Department's entities, including the Water Boards, Trans-Caledon Tunnel Authority, Water Research Commission, and the Catchment Management Agencies
- Conformance, in terms of which the department reports on the extent to which it has complied with legal requirements.
- Matters of community interests, such as how the department is addressing challenges arising in relation to supporting struggling municipalities, such as Matjhabeng, Johannesburg, eThekweni, and collapsing sanitation services in the Free State

Summary of Portfolio Committee meetings

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
Department's performance			
09 March 2025	Briefing to the Portfolio Committee on the 2025 State of the Nation Address (SONA) and the 2nd and 3rd Quarter Performance Reports	The committee enquired about the concrete plans the Department of Water and Sanitation (DWS) intends to develop and implement to arrest the decline of the water sector, especially in light of the elevation of water as a top priority by the government's 7th Administration, as indicated during the 2025 State of the Nation Address (SONA)	The Minister indicated that the government had elevated water to be a key priority for all sectors, including all of government and business, as well as the citizens of South Africa. Further indicated that the elevation of water to a top priority will require mobilisation of the whole of government to work towards the development of an Action Plan to arrest the decline of municipal water and sanitation services in many of our municipalities. That cooperation by government and private sector partners would be key to identifying, planning, and mobilising funding to implement projects to refurbish ageing infrastructure, upgrade existing infrastructure to accommodate our population growth, and extend services to the unserved communities. The Department indicated that it was preparing to convene the Water and Sanitation Indaba from 27-28 March 2025 with all stakeholders, including the Water Services Authorities, provincial and national government departments, as well as the business sector. Minister indicated that the Portfolio Committee was also invited to participate in the Water and Sanitation Indaba and help contribute to the development of a sound turnaround plan for the entire water sector from the perspective of law-making and as an oversight body. A key outcome of the Indaba is to develop a new Action Plan to elevate water as a top government priority and therefore take a series of decisive actions that are practical and actionable to resolve the water crisis in line with the SONA commitments to arrest the decline of municipal water and sanitation services. DWS informed the committee that the Lesotho Highlands Water Project tunnel closure for maintenance would be extended weeks from March due to challenges experienced on the Lesotho side. The challenges included higher-than-anticipated seepage and a change in sand blasting technique. However, a recovery plan was implemented to accelerate the progress of the work as the contractor procured additional equipment to better manage the seepage challenge. With the very good recovery of the Vaal Dam levels (97%) with the recent rain, the Department reassured the committee and all stakeholders that the extension of the closure period would not impact the water resource availability for the Integrated Vaal River System users. The Department reported that the Regional Bulk Infrastructure Grant and the Water Services Infrastructure Grants were to extend access and also to refurbish ageing infrastructure and, in some cases, implement upgrade projects to cater for the increasing water demand. The DWS also reported that it supports municipalities in other ways, including - Planning support - Applying norms and standards emanating from the Amended Water Services Act (which was on route to Cabinet at the time) is also regarded as support because the standards will specify the kind of skilled staff needed at water treatment works, such as process controllers who are knowledgeable on water treatment processes.
		Members were concerned about municipalities' lack of capacity. How did the Department plan to support such municipalities?	

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
			The blue, green, and no drop assessments are regulatory mechanisms that identify weaknesses in municipal water and wastewater systems. The outcomes of the assessments also provide municipalities with detailed information on what they need to do to improve the water and sanitation infrastructure. The assessments are a support mechanism for Water Services Authorities. The reforms being implemented in the sector will also help address the water quality problems in the metropolitan municipalities. The ring fencing of revenue from the sale of water will mean that more money is available to improve the management of the water treatment works and address quality issues where they are. And our amendment to the Water Services Act in terms of introducing an operating license for water service providers to ensure that they have a minimum level of capability will also assist in ensuring that, in the future, they have the necessary skills and ability to treat drinking water according to the required standards (SANS 241)
08 October 2024	Briefing to the Portfolio committee by the Department of Water and Sanitation and TCTA 2023/24 Annual Reports	The Committee was briefed on the achievements and work in progress by the DWS and TCTA. Members enquired about progress made by the DWS to improve audit outcomes and implement the Financial Turnaround Plan during the year under review Members enquired about the progress made by the DWS with the amendment of the Water Services Act and the National Water Act	The DWS highlighted the following achievements for the 2023/24 financial year: - Approval of the National Water Resource Infrastructure Agency (NWRIA) Bill by Parliament in May 2024 and enactment by the President in September 2024. - DWS reported that it had spent all grant funding during the 2023/24 FY to support struggling municipalities regarding the efficient delivery of water and sanitation services. - However, despite the extensive financial and technical support from the national government, it hadn't been enough as the DWS was 'chasing a moving target' because of economic and population growth, and the poor maintenance of water and sanitation infrastructure by municipalities. This was made worse by ageing infrastructure, vandalism, and theft of vital service delivery infrastructure - DWS had finalised the establishment of four new Catchment Management Agencies: Limpopo-Olifants, Mzimvu-Tsitsikamma, Pongola-Umzimkhulu, and the Vaal Orange CMAs, and was in the process of appointing governing boards and management of the entities. DWS was in the process of negotiating the transfer of officials previously working in the Proto-CMAs The DWS reported it was meeting regularly with the Auditor General to improve financial controls and compliant expenditure. There were efforts to improve debt collection, and there was training on financial controls for officials. DWS has ongoing meetings with the AG, and it conducts investigations and implements preventative measures at various stages to improve financial performance. DWS reported 2023/24 that it had completed public consultation on amendments to the National Water Act and to the Water Services Act. The DWS had also completed public consultation on the norms and standards for municipal water services and is waiting for their approval by the State Law Advisor, after which DWS will issue the revised norms and standards.

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		Members enquired about the projects that were implemented by the TCTA on behalf of the DWS -utilising funding raised from the markets	DWS finalised the revised Raw Water Pricing Strategy, and the Minister of Finance gave his concurrence, which would allow DWS to move to a three-year raw water pricing approach from 2024/25. The TCTA reported that it was in the process of implementing projects, including the uMkhomazi Water Project, Vaal River System, Makolo-Crocodile Water Augmentation Project, and acid mine drainage projects.
03 September 2024	Briefing to the Committee on the LHWP Tunnel Maintenance and Dam Safety	DWS requested to brief the committee on the maintenance plan project and provide information on how the project would be managed	DWS indicated that the shutdown of the LHWP was planned from 01 October 2024 until 31 March 2025 (for six months) DWS indicated that a proper assessment of the Vaal River System had been done, and at that time, sufficient water was available to support water needs for Gauteng. DWS also indicated that the inspections and maintenance of the tunnels must be conducted at intervals between five and ten years. The last maintenance was conducted in 2019, and it was found during that inspection that the steel liners in the tunnel urgently need extensive maintenance on both the RSA and Lesotho sides. The planned maintenance work would be overseen by the Lesotho Highlands Water Commission (a joint governance body between the Republic of South Africa and the Government of Lesotho) and will be jointly undertaken by the Lesotho Highlands Development Agency (LHDA) and the Trans Caledon Tunnel Authority (TCTA). The DWS Water will be released from the Soutspoor Dam and Sterkfontein should there be a need to ensure water availability for agricultural, other users, and Free State Municipalities.
		Members enquired about how the DWS would ensure that the communities in the Free State and Gauteng are not affected by the tunnel closure and would not run out of water.	
		The committee enquired about the role of DWS on Dam Safety as a regulator	DWS briefed the committee as follows: The DWS is responsible for the registration and classification of all dams in South Africa. Dams with a safety risk are defined as a dam that is capable of storing more than 50,000 m3 of water and has a minimum vertical wall height of 5 m. DWS must also ensure that all dams with safety risk are designed, constructed, and altered in accordance with appropriate standards and best engineering practices by issuing the following various dam safety licences, including: • Licence to Construct a new dam • Licence to Alter an existing dam • Licence to Enlarge an existing dam • Licence to Repair an existing dam • Licence to impound water in a dam • Licence to De-Commission a dam

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		The committee enquired about measures in place to address backlogs on Dam Safety Evaluations that the DWS reported could not be done due to capacity constraints.	DWS reported it had approval of a new structure for the Dam safety unit to deal with capacity constraints within the Dam Safety Unit and that recruitment was ongoing to fill additional posts which have been advertised. Further indicated that it had appointed a professional service provider to review and evaluate 42 DSEs from the financial year 2018/2019 was carried out from February 2024 – August 2024.
19 November 2024	Briefing by the DWS on solutions for municipal debt to water boards	The Committee sought a progress report from DWS and, National Treasury and COGTA on solutions to address the critical financial challenges threatening South Africa's water boards, particularly Vaal Central and Magalies, which face insolvency at the time. The total debt owed to all water boards at this time was due to R23.7 billion in municipal debt.	National Treasury indicated that Section 216(2) of the Constitution permits National Treasury to withhold funds from municipalities that fail to meet compliance standards – a drastic measure to curb persistent mismanagement. DWS and NT further indicated that one of the solutions being considered to deal with non-payment of water boards by municipalities was the withholding of an equitable share of non-paying municipalities. Long-term solutions were the establishment of an independent water regulator to ensure fair pricing and accountability, and the licensing of water service providers to enhance local capacity.
Department's Conformance			
04 February 2025	Briefing of the Portfolio Committee by Water Boards on 2024-25 Corporate Plans	The committee enquired about the reasons for water supply challenges in Polokwane	Lepelle Northern Water Board indicated the following: • Daily demand for Polokwane is 174 ML/day, and there was a deficit of 86 ML/day • Interventions in place to address the issues of water supply deficit • The main issue causing water shortages in Polokwane also relates to illegal connections on the LNW bulk water pipeline.
		Committee members enquired about the management of debt owed by municipalities to Water Boards.	The Water Boards indicated that the DWS interventions towards the end of 2024 had assisted the Water Boards in
		The Magalies and Vaal Central Water Boards were asked to indicate whether it is likely to go broke by June -July 2025, as previously presented to the Committee Members commended the DWS in terms of enforcing debt collection measures – including withholding of ES	terms of improving payments for raw water sold to municipalities by Water Boards. Interventions included the withholding of the Equitable Share of the non-paying municipalities to encourage payment of current and historical debt. In December 2024, at the request of DWS, the National Treasury withheld equitable share allocations for four municipalities in Mpumalanga, Gauteng, Limpopo, and the Free State. The intervention helped improve payment of outstanding debt, as some municipalities had responded by signing payment agreements with the Water Boards.

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		Members raised the issue of Water Boards extending its footprint in the Eastern Cape and ensuring water availability in areas that are impacted by drought	Water boards discussed their infrastructure expansion plans to ensure alignment with available raw water resources. The need for innovative solutions like water reuse and groundwater exploration was emphasised to enhance water security
			Key challenges such as ageing infrastructure, non-revenue water, and vandalism were addressed. The use of technology and stakeholder engagement were discussed as strategies to mitigate these risks.
10 September 2024	Portfolio committee briefing on the Emfuleni local municipality Section 63 Intervention	Members asked about the nature of the Section 63 Intervention in Emfuleni	The DWS informed the committee that the intervention consists of the following components: • Capacitation of the water and sanitation unit in Emfuleni Local Municipality • Improving operation and maintenance of wastewater systems, including unblocking of blocked sewer lines • Refurbishment of critical sewage pump stations • Replacement of collapsed or dysfunctional sewer lines • Refurbishment of existing wastewater treatment works (WWTW) • Upgrading the capacity of existing WWTW under Umfuleni (Leeukuil, Sebokeng, and Rietspruit WWTW), as well as the Meyerton WWTW under Midvaal Local Municipality
		Members asked about the progress made by the DWS to resolve sewer spillages in the Emfuleni by the Implementing Agent (Rand Water Board)	DWS reported that progress had been made from 2021 to date, which includes unblocking of blocked sewer lines, replacing collapsed sewer pipelines, refurbishing of pump stations and existing wastewater treatment works, and assisting the municipality with tools of trade, including vehicles, tools and security
		The committee enquired about the overall estimated costs of the intervention in Emfuleni	The main remaining work is to upgrade the capacity of the existing WWTW, which do not have the capacity to handle the increased amount of sewage going into them, which has resulted from population growth in the area over the past few decades The total estimated cost of the intervention was R7.6 billion, over seven years (including for completion of the major capital works)
Matters of public interest			
28 January 2025	Response by the DWS and Rand Water and the City of Ekurhuleni on the Germiston residents' petition about water supply challenges	The Committee indicated that a Petition had been lodged by a Member of Parliament on behalf of the residents of Wards 20, 29, 36 and 96 in Germiston (Ekurhuleni), calling on the National Assembly to investigate water supply challenges in their areas, and to assist with resolving the water supply challenges.	DWS indicated that both Ekurhuleni and Rand Water were undertaking Capital Projects to augment water supply to the Ekurhuleni and that the projects would improve water supply to the area. Ekurhuleni Metro and Rand Water presented on their respective projects

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		The committee indicated concerns about water losses that were at times not reported on by municipalities and that, on average, water losses (non-revenue water) were around 30-55%. Members enquired about the causes for water shortages in the Germiston area in the Wards indicated in the Petition.	DWS indicated that the high non-revenue water losses in municipalities were a major concern, requiring collective action from water boards and municipalities. It was proposed that a joint meeting with the parliamentary sister committee on cooperative governance and stakeholders be held to address water loss issues and infrastructure challenges. The Committee planned to investigate allegations of sabotage by the "water tanker mafia," and set targets for reducing water losses.
24-28 March 2025	Committee oversight visits to the Lesotho Highlands Water Project	The department was required to provide a report on the role of the Lesotho Highlands Water Commission, with specific reference to South African delegates regarding reporting lines and responsibilities.	LHWC exercises strategic oversight over LHWP, acts as an advisor to both governments and serves as the primary channel for all government inputs related to the project and it has legal personality within each Party's territory. The LHWP also has vested approval and monitoring powers of the activities of LHWP implementing authorities – LHDA and TCTA (for operation and maintenance only) and has management audit authority.
		The LHDA was required to provide a written report on measures to recover lost time and identify scarce skills required for the project.	The committee submitted the report on the nature of delays for the LHWP II project, the causes thereof and the measures in place to recover lost time for the project.
		The Committees on Water and Sanitation and the Natural Resources Committee of the Lesotho Parliament Members had jointly agreed on a bilateral engagement to strengthen oversight of the Lesotho Highlands Water Project and enhance cooperation.	Noted
		The Committee also resolved that the Committee would be invited to brief the Committee on all aspects of the projects, including the Treaty, the delays and measures in place to recover lost time to ensure delivery of the project by 2028.	Noted

8. SCOPA RESOLUTIONS

There were no SCOPA resolutions during the period under review.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Department of Water and Sanitation		
Unqualified audit opinion with other matters in compliance. - Underspending of the vote - Irregular expenditure	2020/21	A clean audit action plan was put in place to follow up and resolve outstanding matters
Unqualified audit opinion with other matters in compliance. - Underspending of the vote - Irregular expenditure	2021/22	A clean audit action plan was put in place to follow up and resolve outstanding matters
Unqualified audit opinion with other matters in compliance. - Underspending of the vote - Restatement of corresponding figures	2022/23	A clean audit action plan was put in place to follow up and resolve outstanding matters
Unqualified audit opinion with other matters in compliance. - Underspending of the vote - Restatement of corresponding figures	2023/24	A clean audit action plan was put in place to follow up and resolve outstanding matters
Unqualified audit opinion without material findings on reporting on performance objectives or non-compliance with legislation.	2024/25	A plan to maintain a clean audit was put in place to follow up and resolve other matters.
Water Trading		
Unqualified audit opinion with other matters in compliance. - Non-compliance with GRAP - Non-compliance with the PFMA and National Treasury SCM Regulations	2020/2021	A clean audit action plan was put in place to follow up and resolve outstanding matters.
Unqualified audit opinion with matters of emphasis - Contingent Assets - Material Impairments	2021/2022	A clean audit action plan was put in place to follow up and resolve outstanding matters
Unqualified audit opinion with matters of emphasis - Contingent Assets - Material Impairments and Losses - Other matter - Disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure not in accordance with the PFMA Compliance and Reporting Framework (Instruction Note no.4)	2022/2023	A clean audit action plan has been put in place to follow up and resolve outstanding matters.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Water Trading (continued)		
Unqualified audit opinion with a matter of emphasis Material Impairments and Losses - as disclosed in note 13 to the financial statements, material impairments to the amount of R7 189 331 000 were provided for trade receivables and are potentially irrecoverable. Furthermore, as stated in the same note to the financial statements, material losses to the amount of R3 095 324 000 were incurred as a result of a write-off of irrecoverable trade receivables.	2023/2024	A clean audit action plan was put in place to follow up and resolve outstanding matters
Qualified audit opinion The entity did not fully comply with the recognition requirements of GRAP 104: Financial instruments. This resulted in the understatement of administrative costs and LHWP royalties, as disclosed in note 24 - Financial liabilities: TCTA, by R1 538 803 000. Consequently, I was unable to determine the full extent of the misstatement in the corresponding contra account.	2024/2025	The audit finding is a result of the interpretation and accounting treatment of LHDA and TCTA transactions. Based on the nature of the transactions, payments under review and associated agreements, the WTE believes that the accounting and disclosure decisions are appropriate to the Entity and consistent with the previous financial years as audited. The note from the WTE's perspective emphasizes contractual obligations, the nature and effect of cost-related payments and has always been accepted as such by the AGSA. It should be noted that the re-estimation loss of R1 538 803 000 in WTE emanates from Note 18.4. Re-estimation gain / (loss) on financial assets, in the Annual Financial Statements of TCTA, which stated that "During the year, TCTA changed the accounting policy for measuring the tariff receivable. As a result, a re-estimation gain of R1 539 million was recognised in the statement of comprehensive income." This has been disputed and the WTE awaits a response from AGSA.

10. INTERNAL CONTROL UNIT

Internal control is the process implemented by the Department's management and other personnel designed to provide reasonable assurance of achieving objectives in operational effectiveness, financial reporting reliability and compliance with applicable laws and regulations. The unit performed activities outlined in its Operational Plan for the financial year ending on 31 March 2025. The activities conducted during the review period are summarized below:

Assurance services facilitation

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

Internal control systems

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

Depository function

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

Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The unit continued to provide clarity on the interpretation of matters related to Unauthorised, Irregular, Fruitless, Wasteful and Expenditure as defined in section 1 of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) and the application of the procedures related thereto.

Workshops clarifying the roles and responsibilities of management and officials in the Department with respect to the prevention of Unauthorised, Irregular, Fruitless and Wasteful expenditure were conducted. A number of activities were also administered and conducted to ensure that employees have a clear and comprehensive understanding of the unauthorised, irregular, fruitless, and wasteful expenditure.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Purpose of Internal Audit

As required by Section 38(a)(ii) of the Public Finance Management Act (PFMA), Act 1 of 1999, 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, Sections 76 and 77, and the Treasury Regulation, section 3.1.

The Purpose of Internal Audit is to provide the Audit Committee and management with an independent, risk-based, objective assurance, advice, insight, and foresight to strengthen the Department's ability to create, protect, and sustain value.

Independence and Objectivity of the Internal Audit Unit

The personnel of the Internal Audit Unit report to the Chief Audit Executive, who reports administratively to the Accounting Officer of the Department and functionally to the Audit Committee. This guarantees the Internal Audit activity's independence.

The personnel of Internal Audit Activity are objective in the performance of the audit work as they have no direct operational responsibility or authority over any of the activities audited. Furthermore, they have an impartial, unbiased mental attitude that allows them to make professional judgments, fulfil their responsibilities, and achieve the purpose of Internal Auditing without compromise, and avoid conflicts of interest in the conduct of their responsibilities. Should a conflict of interest arise, it is declared to management and managed accordingly.

Internal Audit Governance Documents

The Internal Audit Unit has an approved Internal Audit Charter, which outlines Internal Audit's purpose, commitment to adhering to the Global Internal Audit Standards, Internal Audit's mandate, including scope and types of services to be provided, and the Audit Committee's responsibilities and expectations regarding management's support of the internal audit function, and Internal Audit's position in the Department and its reporting relationships.

The Internal Audit Unit has an approved three-year rolling Internal Audit Strategic Plan, which was developed based on the Strategic Risk Profile of the Department, key activities as indicated in the Annual Performance Plan (APP), and the key activities as indicated in the Strategic Plan of the Department.

The Internal Audit Unit has an approved Coverage Plan outlining audit work for the first year of the three-year rolling plan, including the scope of each audit, and takes into account the available resources (Both Human Resources and Budget)

The Internal Audit Unit has methodologies for the various types of audit services (Compliance & Performance Audits, ICT Audits, and Forensic Investigations) to guide the internal auditors in a systematic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards. These methodologies provide the Internal Audit with guidance throughout the audit engagement and include audit supervision.

Internal Audit Staffing

The Internal Audit unit is staffed by a diverse range of auditors with different types of skills. These include Internal Auditors, ICT Auditors, and Forensic Auditors. 36 of 46 Internal Audit positions have been filled. This translates to a 22% vacancy rate. These positions will be prioritised for filling during the 2025/26 financial year.

Quality assurance and improvement program

The Department's Internal Audit Unit has a Quality Assurance and Improvement Program (QAIP). This QAIP has been designed to provide reasonable assurance that Internal Audit:

1. Performs its work in accordance with the Global Internal Audit Standards, Information Systems Audit and Control Association (ISACA) Standards, and Association of Certified Fraud Examiners (ACFE) standards.
2. Strengthens the department's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insights, and foresight.
3. Operates in an effective and efficient manner
4. Is perceived as adding value and improving the internal Audit's operations. In this regard, a list of the features that are included in this QAIP is as follows:
 - Monitoring of the functioning of the Internal Audit function to ensure it operates effectively and efficiently;
 - Compliance with the Internal Audit Charter and the relevant Standards;
 - Contributing to improvements in the Department's operations;
 - Ongoing internal assessments of audit assignments to further improve the audit processes;
 - Periodic self-assessments, the results of which are communicated to the Audit Committee
 - An external assessment at least every five years, the results of which are communicated to the Audit Committee. The last external assessment took place during December 2020, and Internal Audit was found to be generally conforming to the standards. A new external assessment will be conducted during the 2025/26 financial year.

The quality assurance program verifies that work programs are complete, confirms that engagement workpapers and audit evidence adequately support findings, conclusions, and recommendations.

Stakeholder relationships

Internal Audit's stakeholders include:

- The Audit Committee;
- The Risk Management Committee;
- The Director-General;
- Management;
- The Auditor-General of South Africa (AGSA);
- The Public Service Commission (PSC); and
- The Special Investigation Unit.

Internal Audit maintained a positive working relationship with these stakeholders during the financial year.

Internal Audit work

Internal Audit successfully achieved 101% of the approved audit plan, which covered both the Department and Water Trading, including Forensic Investigations.

The Forensic Investigations stemmed from reported allegations of fraud, corruption, and other irregularities during the financial year. The volume of these investigations exceeded initial targets, as set out in the audit plan, and positively contributed to the overall completion of the audit plan.

However, eight (8) audits remained in progress at the close of the financial year and are scheduled for completion in the 2025/26 financial year.

These delays were primarily due to capacity constraints resulting from vacancies created by the resignation of key personnel.

The Audit Committee

Purpose and mandate

An Audit Committee has been established to serve as an independent governance structure whose function is to provide an oversight role over:

1. The effectiveness of the Department's assurance functions and services, with particular focus on combined assurance arrangements, including the independence and quality of assurance delivered by external assurance service providers and the internal audit function;
2. The effectiveness of the Chief Financial Officer (CFO) and the finance function;
3. The integrity of the annual financial statements, performance information, and other external reports issued by the Department; and
4. The systems of internal control, risk management, and governance.

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

Independence

All members of the Audit Committee are not part of the Department's day-to-day management and do not hold operational roles within the Department. As such, they are independent. This independence enables the Committee to provide objective oversight of the Department's financial reporting, internal controls, risk management, and audit processes.

Protecting the independence of the internal audit function

In the arrangements for Internal Audit, the Audit Committee confirmed that the position of a Chief Audit Executive is set up to function independently from management, who designs and implements the controls that are in place, and that the position carries the necessary authority. In this regard, the Audit Committee ensured that it guaranteed the independence of the Internal Audit Unit by:

- Reviewing and partaking in the appointment (including the employment contract and remuneration of the CAE), replacement, or dismissal of the Chief Audit Executive.
- Ensuring that the CAE reports to the Chairperson of the Audit Committee on the performance of duties and functions that relate to Internal Audit. On other duties and administrative matters, the CAE reports to the Director-General.
- Ensuring that the CAE has access to the Chairperson of the Audit Committee.
- Ensuring that the CAE is not a member of executive management, but is invited to attend executive meetings, as necessary, to be informed about strategy and policy decisions and their implementation.

Performance against statutory duties

The Audit Committee has complied with its responsibilities arising from Section 38(1)(a)(ii) of the Public Finance Management Act, 1999, and National Treasury Regulation 3.1.13.

Composition of the audit committee

The Audit Committee consists of four (4) external members, who serve both the Department and the Water Trading Entity. The committee is properly constituted, with a balanced representation of independent members with a diverse and appropriate mix of qualifications, skills, and experience.

Meeting attendance

The committee convened 14 times during the year, with eleven (11) being ordinary meetings and the remainder special meetings. In this regard, the combined meetings were held for both the Water Trading Entity and the Department.

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

Name (Position)	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
Adv O Josie	BA (Pol), BPROC (Law), LLB (Honours, Law), LLM (Masters, Law), MBL (Masters, Business Leadership- Unisa Business School), Programme in Project Management (UP) and a Chartered Director, SA (2017).	No	10	4*
Dr C Motau	Doctor Technologiae: Computer Science and Data Processing, Master's Degree in Business Leadership, Master's Degree in Information Technology, Bachelor of Commerce, Higher Diploma in Computer Auditing, Certificate in Information Technology Project Management, Certificate in Executive Leadership, Certificate in Human Resource Management, Certificate in Digital Transformation Strategy.	No	9	2
Ms R Kalidass	Bachelor of Accounting Science (B Compt), Bachelor of Commerce Honours, Certificate in Accounting Theory (CTA), and a CA (SA)	No	9	1
Mr Z Myeza	BCom Accounting, Master's degree in Business Administration, Certificate in Corporate Governance, Certificate in Estate Agency, Certificate in Retail Management, and a Certificate in Aviation Management	No	9	2

**Including two (2) Oversight Audit Committee meetings between DWS, National Treasury, AGSA, and DWS Entities Chairpersons of Audit/Risk Committees*

Combined assurance

In collaboration with Internal Audit, the Office of the Chief Risk Officer developed the Department's Combined Assurance Strategy and Implementation Plan. This Plan was reviewed by the Audit Committee and rolled out during the 2024/25 financial year. Progress on its implementation is reported during the Quarterly Risk Management Meetings and subsequently submitted to the Audit Committee by the Independent Chairperson of the Risk Management Committee.

The Audit Committee reviewed the plans and reports from the Auditor-General of South Africa (AGSA), Internal Audit, Management, and other assurance providers, and concluded that these were adequate to address the significant risks facing the Department.

To enhance audit efficiency and avoid duplication of efforts, the Internal Audit Unit coordinates its audit plans with those of the AGSA. This coordination is expected to lead to greater reliance by the AGSA on the work of Internal Audit in the upcoming financial year.

Resolution of audit committee recommendations

During the reporting period, the Audit Committee actively engaged with management and external auditors to ensure the timely and effective resolution of all identified issues. The Committee reviewed and monitored the implementation of its recommendations, with management providing regular updates on corrective actions. As of the end of the financial year, all material recommendations made by the Audit Committee have been addressed or are in the process of being implemented, with appropriate oversight to ensure ongoing compliance and risk mitigation.

Audit committee performance evaluation

A structured and formal assessment approach has been adopted by the Department for the purpose of evaluating the effectiveness Committee as a whole in order to ensure that it delivers on its mandate and to identify possible improvement areas. This takes the format of a 360 Degree Self-Assessment Review. Therefore, the Self-Assessment Questionnaire was distributed to the Audit Committee members as well as Senior Managers within the Department and the AGSA.

The overall score of the Audit Committee Self-Assessment for the 2024/25 financial year was 91%, which means that the Audit Committee is effective in executing its mandate.

12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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

PART D: Human Resource Management



1 INTRODUCTION

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

2 OVERVIEW OF HUMAN RESOURCES

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

The vacancy rate reported in this HR Oversight Report is 41.9%. However, this figure does not accurately reflect the actual number of funded vacancies in the new structure. Once the new structure has been fully implemented on Persal and employees have been placed in vacancies, only approved, funded posts will remain on Persal. The 1442 employee's addition to the establishment, include those employees who are currently in excess and who are yet to be matched and placed into positions on the revised structure. As employees are placed in alternative positions, both the number of vacancies as well as employees additional to the establishment will decrease. Unfunded vacancies will be abolished on Persal once all employees have been successfully placed.

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

Out of the 122 professional and technical posts within the Water Use Licence Authorisation Unit that were advertised in January 2023, 102 posts have been filled during the reporting period. This initiative is a response to the President's State of the Nation commitment that water use licenses will be processed within a period of 90 days. The Department has managed to address the backlog in the processing of water-use licenses.

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

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

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

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

3 HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2024 to 31 March 2025

Programme	Total expenditure	Personnel expenditure	Training expenditure	Professional and special services expenditure	Personnel expenditure as a % of total expenditure	Average personnel cost per employee	Number of employees
	R'000	R'000	R'000	R'000	%	R'000	No
Administration	2 040 587,00	874 165,00	0,00	0,00	42,80	600,00	1 458,00
Water Resource Management	6 473 765,00	637 561,00	0,00	0,00	9,80	688,00	927,00
Water Services Management	15 265 711,00	378 590,00	0,00	0,00	2,50	790,00	479,00
Total	23 780 064,00	1 890 316,00	0,00	0,00	7,90	660,00	2 864,00

Table 3.1.2 Personnel costs by salary band for the period 1 April 2024 to 31 March 2025

Salary band	Personnel expenditure	% of total personnel cost	Average personnel cost per employee	Total Personnel Cost for Department including Goods and Services	No. of employees
	R'000	%	R'000	R'000	No
Lower skilled (Levels 1-2)	21 399,00	1,10	235 154,00	1 973 426,00	91,00
Skilled (Levels 3-5)	165 183,00	8,40	333 030,00	1 973 426,00	496,00
Highly skilled production (Levels 6-8)	472 758,00	24,00	521 808,00	1 973 426,00	906,00
Highly skilled supervision (Levels 9-12)	894 258,00	45,30	938 361,00	1 973 426,00	953,00
Senior and top management (Levels 13-16)	224 563,00	11,40	1 497 087,00	1 973 426,00	150,00
Contract (Levels 1-2)	118,00	0,00	0,00	1 973 426,00	0,00
Contract (Levels 3-5)	3 196,00	0,20	355 111,00	1 973 426,00	9,00
Contract (Levels 6-8)	35 388,00	1,80	340 269,00	1 973 426,00	104,00
Contract (Levels 9-12)	72 622,00	3,70	691 638,00	1 973 426,00	105,00
Contract (Levels >= 13)	14 048,00	0,70	1 756 000,00	1 973 426,00	8,00
Contract other	3 659,00	0,20	87 119,00	1 973 426,00	42,00
Total	1 907 191,00	96,60	665 919,00	1 973 426,00	2 864,00

Table 3.1.3 Salaries, overtime, homeowners' allowance, and medical aid by programme for the period 1 April 2024 to 31 March 2025

Programme	Salaries		Overtime		Homeowners' allowance		Medical aid		Total personnel cost per programme
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs	
	R'000	%	R'000	%	R'000	%	R'000	%	
Administration	729 588,00	81,00	7 631,00	0,80	23 395,00	2,60	45 821,00	5,10	900 303,00
Water Resource Management	526 967,00	80,30	466,00	0,10	15 450,00	2,40	27 138,00	4,10	656 365,00
Water Services Management	321 706,00	77,20	279,00	0,10	9 010,00	2,20	16 033,00	3,80	416 758,00
Total	1 578 261,00	80,00	8 376,00	0,40	47 856,00	2,40	88 993,00	4,50	1 973 426,00

Table 3.1.4 Salaries, overtime, homeowners' allowance and medical aid by salary band for the period 1 April 2024 to 31 March 2025

Programme	Salaries		Overtime		Homeowners' allowance		Medical aid		Total personnel cost per programme
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs	
	R'000	%	R'000	%	R'000	%	R'000	%	
Lower-skilled (Levels 1-2)	14 043,00	62,70	252,00	1,10	1 731,00	7,70	3 371,00	15,10	22 385,00
Skilled (Levels 3-5)	116 578,00	69,10	1 705,00	1,00	10 192,00	6,00	20 644,00	12,20	168 729,00
Highly skilled production (Levels 6-8)	361 440,00	75,10	4 673,00	1,00	18 389,00	3,80	37 676,00	7,80	481 269,00
Highly skilled supervision (Levels 9-12)	763 941,00	82,00	1 719,00	0,20	13 997,00	1,50	25 195,00	2,70	931 427,00
Senior management (Levels 13-16)	195 369,00	81,80	0,00	0,00	3 523,00	1,50	2 072,00	0,90	238 863,00
Contract (Levels 1-2)	118,00	100,00	0,00	0,00	0,00	0,00	0,00	0,00	118,00
Contract (Levels 3-5)	3 046,00	95,10	10,00	0,30	0,00	0,00	8,00	0,20	3 202,00
Contract (Levels 6-8)	35 030,00	97,40	17,00	0,00	21,00	0,10	19,00	0,10	35 967,00
Contract (Levels 9-12)	71 981,00	98,20	0,00	0,00	1,00	0,00	7,00	0,00	73 296,00
Contract (Levels >= 13)	13 159,00	91,10	0,00	0,00	2,00	0,00	0,00	0,00	14 441,00
Contract other	3 555,00	95,30	0,00	0,00	0,00	0,00	0,00	0,00	3 730,00
Total	1 578 261,00	80,00	8 376,00	0,40	47 856,00	2,40	88 993,00	4,50	1 973 426,00

3.2 Employment and vacancies

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

Table 3.2.1 Employment and vacancies by programme as of 31 March 2025

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	No.	No.	%	No.
Administration	2214	1482	33,10	302
Water Resources Management	7166	4066	43,30	1377
Water Services Management	838	479	42,80	93
Total	10218	6027	41,00	1772

Table 3.2.2 Employment and vacancies by salary band as of 31 March 2025

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	No.	No.	%	No.
Lower skilled (Levels 1-2)	1200	540	55,00	23
Skilled (Levels 3-5)	2556	1229	51,90	186
Highly skilled production (Levels 6-8)	3150	1970	37,50	712
Highly skilled supervision (Levels 9-12)	2777	1789	35,60	550
Senior management (Levels 13-16)	217	181	16,60	9
Other	43	43	0,00	42
Contract (Levels 1-2)	9	9	0,00	0
Contract (Levels 3-5)	112	112	0,00	112
Contract (Levels 6-8)	146	146	0,00	138
Contract (Levels 9-12)	8	8	0,00	0
Contract (Levels >= 13)	10218	6027	41,00	1772
Total	1200	540	55,00	23

Table 3.2.3 Employment and vacancies by critical occupations as of 31 March 2025

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	No	No	%	No
Administration Clerk	480	343	28,50	128
Administration Officer	67	53	20,90	29
Administrative And Governance Policy Manager	8	4	50,00	3
Administrative Related	2	1	50,00	0
Architect	2	2	0,00	0
Auxiliary Community Development Practitioner	1	1	0,00	1
Biodiversity Planner	1	1	0,00	1
Chemical Engineer	1	1	0,00	1
Chief Financial Officer	1	1	0,00	0
Civil Engineer	97	37	61,90	14
Civil Engineering Technician	225	117	48,00	26
Civil Engineering Technicians	2	2	0,00	0
Communication And Marketing Manager	28	19	32,10	7
Communication Coordinator	1	1	0,00	0
Community Development Practitioner	220	143	35,00	37
Compliance Officer	1	1	0,00	0
Computer Network And Systems Engineer	66	30	54,50	2
Construction Project Manager	1	1	0,00	1
Craft & Related Workers Not Elsewhere Classified	207	111	46,40	9
Driller, Permanent	1	1	0,00	1
Econo.Growth&Promotion & Global Relations Manager	2	2	0,00	0
Elementary Workers Not Elsewhere Classified	1451	708	51,20	25
Employee Wellness Practitioner	2	0	100,00	0
Enforcement And Compliance Manager	1	1	0,00	1
Engineering Manager	10	9	10,00	7
Engineering Sciences Related	1	0	100,00	0
Engineers And Related Professionals	3	0	100,00	0
Environmental Enforcement and Compliance Officer	67	56	16,40	56
Environmental Engineer	1487	668	55,10	170
Environmental Engineering Technician,	2	1	50,00	1
Environmental Scientist	67	55	17,90	55
Filing And Registry Clerk	36	24	33,30	0
Finance Clerk	477	271	43,20	53
Finance Manager	18	15	16,70	2
Financial Accountant	39	29	25,60	29

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	No	No	%	No
Garden Worker	143	54	62,20	3
Geophysical Technician	25	18	28,00	0
Graphic Designer, Permanent	4	2	50,00	0
Head Of Provincial Government Component	1	1	0,00	0
Heads Of National Department	1	1	0,00	0
Health Inspector	1	1	0,00	0
Human Resource Clerk	178	128	28,10	18
Human Resource Manager	30	26	13,30	0
Human Resource Practitioner	3	1	66,70	1
Hydrologist	5	3	40,00	1
Ict Systems Analyst	4	3	25,00	0
Industrial/ Labour Relations Officer	1	1	0,00	1
Information Technology & Systems Manager	9	9	0,00	0
Internal Auditor	24	12	50,00	0
Kitchen Hand	21	12	42,90	0
Laundry Worker (General)	7	4	42,90	0
Legal Administration Officer	19	12	36,80	4
Legal Related Manager	7	5	28,60	1
Librarian	5	1	80,00	0
Light Vehicle Driver	160	64	60,00	4
Managers Not Elsewhere Classified	5	4	20,00	2
Mechanic Trade Assistant	3	3	0,00	3
Mechanical Engineer	26	22	15,40	22
Mechanical Engineering Technician	10	6	40,00	2
Messengers	56	30	46,40	1
Midd.Manager: Human Resource & Organisa.Devel. Rela	204	134	34,30	10
Middle Manager: Administrative Related	20	14	30,00	7
Middle Manager: Engineering Sciences Related, Permanent	36	23	36,10	22
Middle Manager: Finance And Economics Related, Permanent	413	257	37,80	32
Middle Manager: Internal Audit Related, Permanent	65	27	58,50	0
Middle Manager: Life Sciences Related, Permanent	1	0	100,00	0
Middle Manager: Natural Science Related, Permanent	100	73	27,00	71
Middle Manager: Communication & Information Related	32	21	34,40	3

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	No	No	%	No
Office Cleaner	163	103	36,80	8
Other Administrat & Related Clerks and Organisers	1	1	0,00	0
Other Clerical Support Workers	5	2	60,00	0
Other Middle Manager	28	24	14,30	22
Other Occupations	20	5	75,00	3
Personal Assistant	19	19	0,00	9
Plant& Machine Operators& Assemblers Nt Classified	752	700	6,90	542
Professionals Not Elsewhere Classified	18	18	0,00	18
Programme Or Project Manager	1	0	100,00	0
Quantity Surveyor	7	5	28,60	1
Receptionist (General)	1	1	0,00	0
Receptionists Lv3,	1	1	0,00	0
Registry And Mailing Clerk	6	3	50,00	3
Regulatory And Compliance, and Enforcement Manager	8	7	12,50	7
Regulatory Inspector	37	24	35,10	7
Safety/Health&Environ.& Quality ((She&Q) Practitioner,	1	1	0,00	0
Secretary (General)	862	489	43,30	94
Security Officer	258	159	38,40	0
Social Services Manager	6	2	66,70	2
Supply Chain Clerk	237	140	40,90	25
Supply Chain Manager	2	2	0,00	0
Supply Chain Practitioner	8	5	37,50	4
Surveying Or Cartographic Technician	2	2	0,00	1
Surveyor	98	54	44,90	10
Switchboard Operator	8	5	37,50	1
Technic& Associate Techn. Occupations Nt Classified	476	258	45,80	76
Training And Development Professional	1	1	0,00	1
Truck Driver (General)	20	6	70,00	0
Water Asset Manager	133	109	18,00	6
Water Plant Operator	282	142	49,60	9
Water Process Controller	2	1	50,00	1
Water Quality Analyst	47	45	4,30	45
Cartographer	2	2	0,00	2
Climate Change Scientist	1	1	0,00	0
Data Entry Clerk	1	1	0,00	1
Electrical Engineering Technician	2	1	50,00	0
General Accountant	1	0	100,00	0

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
	No	No	%	No
Middle Manager: Social Science Related	1	1	0,00	1
Professionals Not Elsewhere Classified	1	1	0,00	1
Water Process Worker	5	5	0,00	5
Total	10218	6027	41,00	1772

3.3 Filling of SMS posts

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

Table 3.3.1 SMS post information as of 31 March 2025

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
	No	No	%	No	%
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16					
Salary Level 15	8	6	75	2	25
Salary Level 14	38	32	84.21	6	15.79
Salary Level 13	166	138	83.13	28	16.87
Total	213	177	83.10	36	16.90

Table 3.3.2 SMS post information as of 30 September 2024

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
	No	No	%	No	%
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16					
Salary Level 15	8	6	75	2	25
Salary Level 14	38	32	84.21	6	15.79
Salary Level 13	171	140	81.87	31	18.13
Total	218	179	82.11	39	17.89

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2024 to 31 March 2025

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
	No	No	%	No	%
Director-General/ Head of Department	-	-	-	-	-
Salary Level 16	-	-	-	-	-
Salary Level 15	1	-	0	1	100
Salary Level 14	6	3	50	3	50
Salary Level 13	7	4	57.1	3	42.9
Total	14	7	50	6	50

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 2024 to 31 March 2025

Reasons for vacancies not advertised within six months
During the period under review, the Department filled the most critical SMS positions level (i.e., DDG and CD posts). The one DDG post that is vacant is impacted by the creation of the NWRI Agency and has been placed on hold. The 3 CD posts are in the process of being filled (one had to be readvertised after no suitable candidates could be found). Most of the Director posts are being filled within a period of 6 months after becoming vacant. There are also new posts that have been created on the revised structure which will be advertised soon.
The Department is managing the filling of posts on a proactive basis. As soon as the Department becomes aware that a post will become vacant, the recruitment process starts.
Reasons for vacancies not filled within six months
The Department has managed to significantly improve the turn-around times in filling vacant posts. The average turn-around time is +/- 90 days. Posts that take longer to fill are because of the need to readvertise since no suitable candidates could be found in the first round of advertising.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2024 to 31 March 2025

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

3.4 Job evaluation

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

Table 3.4.1 Job evaluation by salary band for the period 1 April 2024 to 31 March 2025

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
	No	No	%	No	%	No	%
Lower skilled (Levels 1-2)	1200	0	0,00	0	0,00	0	0,00
Skilled (Levels 3-5)	2556	0	0,00	0	0,00	0	0,00
Highly skilled production (Levels 6-8)	3150	0	0,00	0	0,00	0	0,00
Highly skilled supervision (Levels 9-12)	2777	0	0,00	1	100,00	0	0,00
SMS band A	160	77	48,10	0	0,00	0	0,00
SMS band B	46	26	56,50	0	0,00	0	0,00
SMS band C	8	5	62,50	0	0,00	0	0,00
SMS band D	3	0	0	0	0	0	0
Other	43	0	0,00	0	0,00	0	0,00
Contract (Levels 1-2)	0						
Contract (Levels 3-5)	9	0	0,00	0	0,00	0	0,00
Contract (Levels 6-8)	112	0	0,00	0	0,00	0	0,00
Contract (Levels 9-12)	146	0	0,00	0	0,00	0	0,00
Contract band A	5	0	0,00	0	0,00	0	0,00
Contract band B	1	0	0,00	0	0,00	0	0,00
Contract band C	1	0	0,00	0	0,00	0	0,00
Contract band D	1	0	0,00	0	0,00	0	0,00
Total	10218	109	1,10	1	100,00	0	0,00

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

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2024 to 31 March 2025

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Department
Switchboard Operator	1	4	5	Grade progression	
Administration Officer	1	7	8	Grade progression	
Administration Clerk (Supervisor)	1	9	10	Grade progression	
Office Manager	2	9	10	Grade progression	
TOTAL	5				
Percentage of Total Employment	0,08				6 027,00

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 2024 to 31 March 2025

Gender	African	Asian	Coloured	White	Total
Female	3	1	0	1	5
Male	0	0	0	0	0
Employees with a Disability	0	0	0	0	0
TOTAL	3	1	0	1	5

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 2024 to 31 March 2025

Salary band	Number of employees at 1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	No	No	No	%
Lower skilled (Levels 1-2)	547	19	7	1,30
Skilled (Levels 3-5)	1288	30	70	5,40
Highly skilled production (Levels 6-8)	2029	29	92	4,50
Highly skilled supervision (Levels 9-12)	1805	27	69	3,80
SMS band A	142	0	9	6,30
SMS band B	40	0	3	7,50
SMS band C	6	0	0	0,00
SMS band D	3	2	1	33,30
Other	27	36	3	11,10
Contract (Levels 1-2)	2	0	2	100,00
Contract (Levels 3-5)	16	10	17	106,30
Contract (Levels 6-8)	172	41	99	57,60
Contract (Levels 9-12)	139	69	63	45,30
Contract band A	6	5	6	100,00
Contract band B	1	1	1	100,00
Contract band C	1	1	1	100,00
Contract band D	2	0	1	50,00
Total	6226	270	444	7,10

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2024 to 31 March 2025

Critical occupation	Number of employees at 1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	No	No	No	%
Administration Clerks	2	0	2	100,00
Administration Officer	0	3	6	0,00
Administrative Related	521	0	36	6,90
Agriculture Related Permanent	1	0	0	0,00
All Artisans in the Building Metal Machinery Etc	110	0	7	6,40
Architects Town and Traffic Planners	2	0	0	0,00
Artisan Project and Related Superintendents	10	0	0	0,00
Auxiliary And Related Workers	245	0	21	8,60
Bus And Heavy Vehicle Drivers	7	0	0	0,00
Bus Driver	0	1	0	0,00
Caretaker/ Cleaner	0	2	1	0,00
Cartographers And Surveyors	37	0	8	21,60
Cartographic Surveying and Related Technicians	25	0	0	0,00
Chemical And Physical Science Technicians	10	0	0	0,00
Chemical Engineer	0	4	0	0,00
Civil Engineer	1	10	7	700,00
Civil Engineering Technician	0	5	1	0,00
Civil Engineering Technicians	81	0	1	1,20
Cleaners In Offices Workshops Hospitals Etc.	106	0	4	3,80
Clerical Suppleme.Workers Not Elsewhere Classified	0	2	0	0,00
Client Inform Clerks (Switchb Recept Inform Clerks)	5	0	0	0,00
Communication And Information Related	27	0	4	14,80
Community Development Manager	0	1	0	0,00
Community Development Practitioner	4	2	0	0,00
Community Development Workers	83	0	4	4,80
Computer System Designers and Analysts	1	0	0	0,00
Contract Manager	0	1	0	0,00
Engineering Manager	0	3	2	0,00
Engineering Professionals (Excl. Electrotechno.) Lv2	0	0	1	0,00
Engineering Sciences Related	310	3	43	13,90
Engineers And Related Professionals	167	17	20	12,00
Environmental Enforcement And Compliance Officer	1	1	0	0,00
Environmental Engineering Technician	0	1	0	0,00
Environmental Scientist	0	2	2	0,00
Finance And Economics Related	209	0	7	3,30
Finance Clerk	0	4	1	0,00
Financial And Related Professionals	37	0	4	10,80
Financial Clerks and Credit Controllers	350	0	11	3,10

Critical occupation	Number of employees at 1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	No	No	No	%
Food Services Aids and Waiters	11	0	2	18,20
Food Services Workers	1	0	0	0,00
Garden Worker	0	18	4	0,00
General Legal Administration & Rel. Professionals	12	0	0	0,00
Geologists Geophysicists Hydrologists & Relat Prof	145	0	2	1,40
Handyperson	0	2	0	0,00
Head Of Department/Chief Executive Officer	1	0	0	0,00
Head Of National Government Component	0	1	0	0,00
Household And Laundry Workers	5	0	1	20,00
Household Food And Laundry Services Related	5	0	4	80,00
Human Resource Clerk	0	3	2	0,00
Human Resource Manager	0	4	0	0,00
Human Resource Practitioner	0	2	2	0,00
Human Resources & Organisat Developm & Relate Prof	26	0	0	0,00
Human Resources Clerks	115	0	7	6,10
Human Resources Related	119	0	14	11,80
Information Technology Related	36	0	7	19,40
Kitchen Hand Permanent	0	4	0	0,00
Language Practitioners Interpreters & Other Commun	21	0	0	0,00
Laundry Worker (General)	0	2	1	0,00
Legal Related	1	0	0	0,00
Librarians And Related Professionals	2	0	1	50,00
Library Mail and Related Clerks	24	0	2	8,30
Light Vehicle Drivers	54	0	3	5,60
Logistical Support Personnel	62	0	0	0,00
Managers Not Elsewhere Classified	0	3	0	0,00
Material-Recording and Transport Clerks	106	0	5	4,70
Mechanical Engineering Technician	0	2	0	0,00
Messengers	0	0	1	0,00
Messengers Porters And Deliverers	36	1	5	13,90
Middle Manager: Administrative Related	0	3	2	0,00
Middle Manager: Engineering Sciences Related	0	23	7	0,00
Middle Manager: Natural Science Related	0	18	2	0,00
Mining Geology & Geophysical & Related Technicians	19	0	1	5,30
Motor Vehicle Drivers	15	0	1	6,70
Motorised Farm and Forestry Plant Operators	0	0	1	0,00
Natural Sciences Related	475	2	18	3,80
Office Cleaner	0	0	2	0,00
Other Administrat & Related Clerks and Organisers	303	0	13	4,30

Critical occupation	Number of employees at 1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	No	No	No	%
Other Administrative Policy and Related Officers	33	0	4	12,10
Other Machine Operators	7	0	0	0,00
Other Middle Manager	0	20	7	0,00
Other Occupations	758	23	49	6,50
Personal Assistant	0	3	0	0,00
Photographic Lithographic and Related Workers	2	0	0	0,00
Physical Science Technician	0	2	0	0,00
Policy And Planning Managers	0	1	0	0,00
Professionals Not Elsewhere Classified	0	18	0	0,00
Public/Media Relations Manager	0	1	0	0,00
Quantity Surveyors & Rela Prof Not Class Elsewhere	3	0	0	0,00
Receptionist (General)	0	3	0	0,00
Regulatory Inspector*	27	0	0	0,00
Risk Management and Security Services	63	0	3	4,80
Risk Officer	0	1	0	0,00
Safety Health and Quality Inspectors	9	0	0	0,00
Secretaries & Other Keyboard Operating Clerks	93	0	3	3,20
Secretary (General)	0	2	0	0,00
Security Guards	8	0	0	0,00
Security Officer	0	6	2	0,00
Security Officers	86	0	7	8,10
Senior Managers	176	0	13	7,40
Social Sciences Related	57	0	0	0,00
Social Work and Related Professionals	9	0	0	0,00
Supply Chain Clerk	1	2	1	100,00
Surveying Or Cartographic Technician	0	3	0	0,00
Surveyor	1	1	1	100,00
Technic& Associate Techn.Occupations Nt Classified	0	21	3	0,00
Trade Labourers	714	1	18	2,50
Trade/Industry Advisers & Other Related Profession	5	0	2	40,00
Water Plant and Related Operators	155	0	8	5,20
Water Plant Operator	2	0	4	200,00
Water Process Controller	0	0	2	0,00
Water Process Worker	0	0	2	0,00
Water Quality Analyst Permanent	0	1	5	0,00
Building And Other Property Caretakers Permanent	48	0	0	0,00
Electrical And Electronic Equipment Assembler Permanent	0	1	0	0,00
Electrical Engineer Permanent	1	2	1	100,00
Farm Hands and Labourers Permanent	6	0	0	0,00
Fitter Welder Permanent	0	0	1	0,00

Critical occupation	Number of employees at 1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
	No	No	No	%
Groundskeeper Permanent	0	0	1	0,00
Light Vehicle Driver	0	0	1	0,00
Mathematicians And Related Professionals	2	0	0	0,00
Mechanical Engineer	0	3	0	0,00
Mechanical Engineering Technicians	3	0	0	0,00
Other Information Technology Personnel.	2	0	0	0,00
Physicists	1	0	0	0,00
Plumber_S Assistant	0	0	1	0,00
Quantity Surveyor	0	4	2	0,00
Safety And Quality Inspectors	1	0	0	0,00
Skilled Agri.Fores&Fishery&Rel.Workers Nt Classfd	0	1	0	0,00
Trade Related	6	0	0	0,00
Total	6226	270	444	7,10

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. or which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - c. where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - d. In respect of which a department experiences a high degree of difficulty in recruiting or retaining the services of employees.

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 2024 to 31 March 2025

Termination type	Number	% of total resignations	% of total employment
	No	%	%
Death	36	8,10	0,60
Resignation	116	26,10	1,90
Expiry of Contract	164	36,90	2,70
Discharged due to ill health	3	0,70	0,00
Dismissal-misconduct	5	1,10	0,10
Retirement	119	26,80	2,00
Other	1	0,20	0,00
TOTAL	444	100,00	7,40

Table 3.5.4 Promotions by critical occupation for the period 1 April 2024 to 31 March 2025

Occupation	Employees on 1 April 2024	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
	No	No	%	No	%
Administrative Related	511	6	1,20	428	83,80
All Artisans in the Building Metal Machinery Etc.	110	1	0,90	13	11,80
Architects Town and Traffic Planners	2	0	0,00	2	100,00
Artisan Project and Related Superintendents	10	0	0,00	0	0,00
Auxiliary And Related Workers	245	0	0,00	81	33,10
Building And Other Property Caretakers	48	0	0,00	28	58,30
Bus And Heavy Vehicle Drivers	7	0	0,00	0	0,00
Cartographers and Surveyors	37	0	0,00	5	13,50
Cartographic Surveying and Related Technicians	25	0	0,00	6	24,00
Chemical And Physical Science Technicians	10	0	0,00	3	30,00
Civil Engineering Technicians	82	1	1,20	70	85,40
Cleaners In Offices, Workshops Hospitals, Etc.	106	0	0,00	30	28,30
Client Inform Clerks (Switchb Recept Inform Clerks)	5	0	0,00	2	40,00
Communication And Information Related	27	1	3,70	20	74,10
Community Development Workers	87	0	0,00	52	59,80
Computer System Designers and Analysts.	1	0	0,00	1	100,00
Engineering Sciences Related	310	7	2,30	199	64,20
Engineers And Related Professionals	168	2	1,20	104	61,90
Finance And Economics Related	597	1	0,20	380	63,70
Food Services Aids and Waiters	12	0	0,00	12	100,00
General Legal Administration & Rel. Professionals	21	0	0,00	17	81,00
Geologists Geophysicists, Hydrologists & Related Prof	145	0	0,00	32	22,10
Head Of Department/Chief Executive Officer	1	0	0,00	0	0,00
Household and Laundry Workers	5	0	0,00	2	40,00
Household Food and Laundry Services Related	5	0	0,00	0	0,00
Human Resources Related	260	7	2,70	198	76,20
Information Technology Related	36	0	0,00	20	55,60
Language Practitioners Interpreters & Other Commun	21	0	0,00	4	19,00
Library Mail and Related Clerks	26	0	0,00	9	34,60
Light Vehicle Drivers	54	0	0,00	25	46,30
Logistical Support Personnel	62	0	0,00	22	35,50

Occupation	Employees on 1 April 2024	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
	No	No	%	No	%
Material-Recording and Transport Clerks	106	0	0,00	29	27,40
Messengers Porters And Deliverers	36	0	0,00	26	72,20
Motor Vehicle Drivers	15	0	0,00	1	6,70
Natural Sciences Related	497	2	0,40	359	72,20
Other Administrat & Related Clerks and Organisers	303	2	0,70	183	60,40
Other Administrative Policy and Related Officers	33	0	0,00	22	66,70
Other Machine Operators	7	0	0,00	0	0,00
Other Occupations	758	25	3,30	252	33,20
Photographic Lithographic and Related Workers	2	0	0,00	0	0,00
Quantity Surveyors & Rela Prof Not Class Elsewhere	3	0	0,00	0	0,00
Regulatory Inspector*	27	0	0,00	21	77,80
Risk Management and Security Services	63	1	1,60	12	19,00
Safety Health and Quality Inspectors	9	0	0,00	5	55,60
Secretaries & Other Keyboard Operating Clerks	93	0	0,00	42	45,20
Security Officers	95	2	2,10	66	69,50
Senior Managers	189	2	1,10	74	39,20
Social Sciences Related	66	0	0,00	15	22,70
Trade Labourers	717	15	2,10	567	79,10
Trade/Industry Advisers & Other Related Profession	5	0	0,00	0	0,00
Water Plant and Related Operators	157	0	0,00	138	87,90
Mechanical Engineering Technician	7	0	0,00	4	57,10
Other Information Technology Personnel.	2	0	0,00	0	0,00
TOTAL	6226	75,00	1,20	3581	57,50

Table 3.5.5 Promotions by salary band for the period 1 April 2024 to 31 March 2025

Salary Band	Employees on 1 April 2023	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
	No	No	%	No	%
Lower Skilled (Levels 1-2)	547	0	0,00	349	63,80
Skilled (Levels 3-5)	1288	4	0,30	862	66,90
Highly Skilled Production (Levels 6-8)	2029	43	2,10	1008	49,70
Highly Skilled Supervision (Levels 9-12)	1805	26	1,40	1122	62,20
Senior management (Level 13-16)	191	2	1,00	127	66,50
Other	27	0	0,00	0	0,00
Contract (Levels 1-2)	2	0	0,00	0	0,00
Contract (Levels 3-5)	16	0	0,00	4	25,00
Contract (Levels 6-8)	172	0	0,00	41	23,80
Contract (Levels 9-12)	139	0	0,00	68	48,90
Contract (Levels 13-16)	10	0	0,00	0	0,00
TOTAL	6226	75	1,20	3581	57,50

3.6 Employment equity

Table 3.6.1a Total number of employees in each of the following occupational categories as of 31 March 2025

Occupational Category	Male				Female				Total		
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian		Total Blacks	White
Senior Officials and Managers	439	24	27	490	93	379	19	15	413	27	1023
Professionals	328	10	9	347	30	412	17	13	442	17	836
Technicians and Associate Professionals	362	23	8	393	35	387	15	11	413	30	871
Clerks	295	16	4	315	9	680	48	15	743	68	1135
Service Shop and Market Sales Workers	27	0	0	27	0	24	1	0	25	0	52
Craft and Related Trade Workers	5	0	0	5	0	0	0	0	0	0	5
Plant and Machine Operators and Assemblers	555	68	3	626	63	123	15	3	141	37	867
Labourers and Related Workers	810	45	1	856	13	348	17	0	365	4	1238
TOTAL	2821	186	52	3059	243	2353	132	57	2542	183	6027

Table 3.6.1b Total number of employees with disabilities in each of the following occupational categories as of 31 March 2025

Occupational Category	Male				Female				Total		
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian		Total Blacks	White
Employees with disabilities	24	1	0	25	7	28	2	2	32	3	67

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as of 31 March 2025

Occupational band	Male				Female				Total		
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian		Total Blacks	White
Top Management	5	0	0	5	0	4	0	0	4	0	9
Senior Management	80	1	7	88	6	66	1	3	70	8	172
Professionally qualified and experienced specialists and mid-management	794	53	31	878	165	622	33	25	680	66	1789
Skilled technical and academically qualified workers, junior management, supervisors, foremen	787	48	8	843	39	905	61	23	989	99	1970
Semi-skilled and discretionary decision-making	707	63	2	772	5	422	20	3	445	7	1229
Unskilled and defined decision-making	339	12	0	351	0	180	9	0	189	0	540
Other	13	0	0	13	0	30	0	0	30	0	43
Contract (Top Management)	1	0	0	1	1	0	0	0	0	0	2
Contract (Senior Management)	5	0	0	5	0	1	0	0	1	0	6
Contract (Professionally Qualified)	40	7	4	51	25	62	4	1	67	3	146
Contract (Skilled Technical)	50	2	0	52	2	52	4	2	58	0	112
Contract (Semi-Skilled)	0	0	0	0	0	9	0	0	9	0	9
TOTAL	2821	186	52	3059	243	2353	132	57	2542	183	6027

Table 3.6.3(a) Recruitment for the period 1 April 2024 to 31 March 2025

Occupational band	Male				Female				Total		
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian		Total Blacks	White
Top Management	1	0	0	1	0	1	0	0	1	0	2
Professionally qualified and experienced specialists and mid-management	12	0	0	12	0	13	2	0	15	0	27
Skilled technical and academically qualified workers, junior management, supervisors, and foremen	14	2	0	16	0	13	0	0	13	0	29
Semi-skilled and discretionary decision making, Permanent	12	11	0	23	0	6	1	0	7	0	30
Unskilled and defined decision making	15	0	0	15	0	4	0	0	4	0	19
Other	12	0	0	12	0	24	0	0	24	0	36
Contract (Top Management)	1	0	0	1	0	0	0	0	0	0	1
Contract (Senior Management)	5	0	0	5	0	1	0	0	1	0	6
Contract (Professionally qualified)	24	2	2	28	13	24	3	0	27	1	69
Contract (Skilled technical)	19	0	0	19	3	17	1	1	19	0	41
Contract (Semi-skilled)	0	0	0	0	0	10	0	0	10	0	10
TOTAL	115	15	2	132	16	113	7	1	121	1	270

Table 3.6.3(b) Recruitment (Employees with disabilities) for the period 1 April 2024 to 31 March 2025

Occupational Band	Male				Female				Total		
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian		Total Blacks	White
Employees with disabilities	1	0	0	1	0	1	0	0	1	0	2

Table 3.6.4 Promotions for the period 1 April 2024 to 31 March 2025

Occupational band	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Top Management	1	0	0	0	0	3	0	0	3	0	4
Senior Management	60	1	6	67	2	49	1	3	53	3	125
Professionally qualified and experienced specialists and mid-management	495	27	23	545	92	453	16	13	482	29	1148
Skilled technical and academically qualified workers, junior management, supervisors, foremen	400	12	3	415	22	527	25	11	563	51	1051
Semi-skilled and discretionary decision making	477	33	2	512	2	329	13	3	345	7	866
Unskilled and defined decision making	221	5	0	226	0	120	3	0	123	0	349
Contract (Senior Management)	0	0	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified)	18	6	2	26	15	21	3	1	25	2	68
Contract (Skilled technical)	26	0	0	26	1	13	0	1	14	0	41
Contract (Semi-skilled)	4	0	0	4	0	0	0	0	0	0	4
TOTAL	1702	84	36	1822	134	1515	61	32	1608	92	3656
Employees with disabilities	16	0	0	16	5	21	1	1	23	2	46

Table 3.6.5 Terminations for the period 1 April 2024 to 31 March 2025

Occupational band	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Top Management	0	0	0	0	0	1	0	0	1	0	1
Senior Management	4	1	0	5	1	6	0	0	6	0	12
Professionally qualified and experienced specialists and mid-management	40	1	0	41	8	15	1	2	18	2	69
Skilled technical and academically qualified workers, junior management, supervisors, foremen	48	2	0	50	7	27	2	0	29	6	92
Semi-skilled and discretionary decision making	42	7	0	49	0	21	0	0	21	0	70
Unskilled and defined decision making	7	0	0	14	0	3	0	0	6	0	10
Contract (Top Management)	1	0	0	1	0	1	0	0	1	0	2
Contract (Senior Management)	4	0	0	4	0	3	0	0	3	0	7
Contract (Professionally qualified)	21	4	0	25	15	17	3	0	20	3	63
Contract (Skilled technical)	45	2	0	47	4	48	0	0	48	0	99
Contract (Semi-skilled)	9	0	0	9	0	8	0	0	8	0	17
Contract (Unskilled)	0	0	0	0	0	2	0	0	2	0	2
TOTAL	221	17	0	245	35	152	6	2	163	11	444
Employees with Disabilities	3	0	0	3	0	3	0	0	3	0	6

Table 3.6.6 Disciplinary action for the period 1 April 2024 to 31 March 2025

Disciplinary action	Male				Female				Total		
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian		Total Blacks	White
Dismissal	0	0	0	0	0	0	0	0	0	0	0
Suspension without pay	0	0	0	0	0	0	0	0	0	0	0
Final written warning	0	0	0	0	0	0	0	0	0	0	0
Written warning	0	0	0	0	0	0	0	0	0	0	0
Demotion	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2024 to 31 March 2025

Occupational band	Male				Female				Total		
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian		Total Blacks	White
Legislators, Senior Officials and Managers	125	5	10	140	14	127	3	9	139	8	301
Professionals	324	18	9	351	71	289	2	7	298	10	730
Technicians and Associate Professionals	334	29	3	366	30	334	8	0	342	5	743
Clerks	152	7	1	160	8	281	10	3	293	14	475
Service and Sales Workers	532	9	0	541	19	234	0	0	0	0	794
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	138	45	0	183	1	8	2	2	12	0	196
Elementary Occupations	476	67	0	543	3	212	19	0	231	1	778
Employees with disabilities	17	0	0	17	1	22	0	0	22	0	40
TOTAL	2098	180	23	2301	147	1507	38	21	1337	38	4057

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 2025

SMS level	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
	No	No	%
Director-General	1	1	100%
Salary Level 16	0	0	0
Salary Level 15	6	6	100%
Salary Level 14	37	36	97%
Salary Level 13	135	135	100%
Total	179	177	99%

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 May 2025

Reasons
Non-compliance due to reasons known by employee and supervisor

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 2025

Reasons
Non-compliant officials will not be considered for merit awards

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 2024 to 31 March 2025

Race and Gender	Number of Beneficiaries	Number of Employees	% of Total within Group	Total Cost	Average Cost per Employee
	No	No	%	R'000	R
African	118	2325	5,10	4 673,34	39 605,00
Female	440	2797	15,70	15 771,13	35 843,00
Male	3	55	5,50	116,53	38 844,00
Asian	3	52	5,80	188,81	62 936,00
Female	13	130	10,00	489,00	37 615,00
Male	44	185	23,80	1 640,73	37 289,00
Coloured	134	2510	5,30	5 278,87	39 395,00
Female	487	3034	16,10	17 600,66	36 141,00
Male	36	180	20,00	1 559,54	43 320,00
Total Blacks, Female	62	236	26,30	3 114,81	50 239,00
Total Blacks, Male	1	67	1,50	31,33	31 335,00
White, Female	720	6027	11,90	27 585,22	38 313,00
White, Male	118	2325	5,10	4 673,34	39 605,00
Employees with a disability	440	2797	15,70	15 771,13	35 843,00
TOTAL	3	55	5,50	116,53	38 844,00

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2024 to 31 March 2025

Salary Band	Beneficiaries			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost	Average cost per employee
	No	No	%	R'000	R
Lower Skilled (Levels 1-2)	0	540	0,00	0,00	0,00
Skilled (Levels 3-5)	34	1229	2,80	615,76	18 111,00
Highly Skilled Production (Levels 6-8)	336	1970	17,10	9 753,00	29 027,00
Highly Skilled Supervision (Levels 9-12)	350	1789	19,60	17 216,46	49 190,00
Other	0	0	0,00	0,00	0,00
Contract (Levels 1-2)	0	3	0,00	0,00	0,00
Contract (Levels 3-5)	0	9	0,00	0,00	0,00
Contract (Levels 6-8)	0	112	0,00	0,00	0,00
Contract (Levels 9-12)	0	146	0,00	0,00	0,00
TOTAL	720	5838	12,30	27 585,22	38 313,00

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2024 to 31 March 2025

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
	No	No	%	R'000	R
Administrative Related	0	511	0,00	0,00	0,00
All Artisans In the Building Metal Machinery Etc.	0	110	0,00	0,00	0,00
Architects Town and Traffic Planners	0	2	0,00	0,00	0,00
Artisan Project and Related Superintendents	0	10	0,00	0,00	0,00
Auxiliary And Related Workers	0	225	0,00	0,00	0,00
Building And Other Property Caretakers	0	48	0,00	0,00	0,00
Bus And Heavy Vehicle Drivers	0	7	0,00	0,00	0,00
Cartographers And Surveyors	0	37	0,00	0,00	0,00
Cartographic Surveying and Related Technicians	0	25	0,00	0,00	0,00
Chemical And Physical Science Technicians	0	10	0,00	0,00	0,00
Civil Engineering Technicians	0	82	0,00	0,00	0,00
Cleaners In Offices Workshops Hospitals Etc.	0	106	0,00	0,00	0,00
Client Inform Clerks(Switchb Recept Inform Clerks)	0	5	0,00	0,00	0,00
Communication And Information Related	0	27	0,00	0,00	0,00
Community Development Workers	0	87	0,00	0,00	0,00
Computer System Designers and Analysts.	0	1	0,00	0,00	0,00
Engineering Sciences Related	0	310	0,00	0,00	0,00
Engineers And Related Professionals	0	168	0,00	0,00	0,00
Finance And Economics Related	0	510	0,00	0,00	0,00
Food Services Aids and Waiters	0	12	0,00	0,00	0,00
General Legal Administration & Rel. Professionals	0	21	0,00	0,00	0,00
Geologists Geophysicists Hydrologists & Relat Prof	0	145	0,00	0,00	0,00
Head Of Department/ Chief Executive Officer	0	1	0,00	0,00	0,00
Household And Laundry Workers	0	5	0,00	0,00	0,00
Household Food and Laundry Services Related	0	5	0,00	0,00	0,00

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
	No	No	%	R'000	R
Human Resources Related	0	260	0,00	0,00	0,00
Information Technology Related	0	36	0,00	0,00	0,00
Language Practitioners Interpreters & Other Commun	0	21	0,00	0,00	0,00
Library Mail and Related Clerks	0	26	0,00	0,00	0,00
Light Vehicle Drivers	0	54	0,00	0,00	0,00
Logistical Support Personnel	0	62	0,00	0,00	0,00
Material-Recording and Transport Clerks	0	106	0,00	0,00	0,00
Messengers Porters And Deliverers	0	36	0,00	0,00	0,00
Motor Vehicle Drivers	0	15	0,00	0,00	0,00
Natural Sciences Related	0	477	0,00	0,00	0,00
Other Administrat & Related Clerks and Organisers	0	303	0,00	0,00	0,00
Other Administrative Policy and Related Officers	0	33	0,00	0,00	0,00
Other Machine Operators	0	7	0,00	0,00	0,00
Other Occupations	720	758	95,00	27 585,22	38 313,00
Photographic Lithographic and Related Workers	0	2	0,00	0,00	0,00
Quantity Surveyors & Rela Prof Not Class Elsewhere	0	3	0,00	0,00	0,00
Regulatory Inspector*	0	27	0,00	0,00	0,00
Risk Management and Security Services	0	63	0,00	0,00	0,00
Finance And Economics Related	0	510	0,00	0,00	0,00
Food Services Aids and Waiters	0	12	0,00	0,00	0,00
General Legal Administration & Rel. Professionals	0	21	0,00	0,00	0,00
Geologists Geophysicists Hydrologists & Relat Prof	0	145	0,00	0,00	0,00
Head Of Department/ Chief Executive Officer	0	1	0,00	0,00	0,00
Household And Laundry Workers	0	5	0,00	0,00	0,00
Household Food and Laundry Services Related	0	5	0,00	0,00	0,00
Safety Health and Quality Inspectors	0	9	0,00	0,00	0,00

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost	Average cost per employee
	No	No	%	R'000	R
Secretaries & Other Keyboard Operating Clerks	0	93	0,00	0,00	0,00
Security Officers	0	95	0,00	0,00	0,00
Senior Managers	0	189	0,00	0,00	0,00
Social Sciences Related	0	66	0,00	0,00	0,00
Trade Labourers	0	645	0,00	0,00	0,00
Trade/Industry Advisers & Other Related Profession	0	5	0,00	0,00	0,00
Water Plant and Related Operators	0	157	0,00	0,00	0,00
Mechanical Engineering Technician	0	7	0,00	0,00	0,00
Other Information Technology Personnel.	0	2	0,00	0,00	0,00
TOTAL	720	6027	11,90	27 585,22	38 313,00

Notes

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

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2023 to 31 March 2024

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure	Personnel Cost SMS
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost	Average cost per employee		
	No	No	%	R'000	R		
Band A	0	137	0,00	0,00	0,00	0,00	176 731,57
Band B	0	41	0,00	0,00	0,00	0,00	51 623,00
Band C	0	7	0,00	0,00	0,00	0,00	13 615,53
Band D	0	4	0,00	0,00	0,00	0,00	11 333,12
Total	0	189	0,00	0,00	0,00	0,00	253 303,21

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 2024 to 31 March 2025

Salary band	01 April 2024		31 March 2025		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production (Levels 6-8)	0	0,00	0	0,00	0,00	0,00
Highly skilled supervision (Levels 9-12)	21	91,30	20	90,90	- 1,00	100,00
Senior management (Levels 13-16)	0	0,00	0	0,00	0,00	0,00
Skilled (Levels 3-5)	2	8,70	2	9,10	0,00	0,00
TOTAL	23	100,00	22	100,00	- 1,00	100,00

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2024 to 31 March 2025

Major occupation	01 April 2023		31 March 2024		Change	
	Number	% of total	Number	% of total	Number	% change
Administrative office workers	0	0,00	0	0,00	0,00	0,00
Drivers, operators and ships' crew	0	0,00	0	0,00	0,00	0,00
Other occupations	0	0,00	0	0,00	0,00	0,00
Information technology personnel	0	0,00	0	0,00	0,00	0,00
Professionals and managers	21	91,30	22	100,00	1,00	- 100,00
Technicians and associated professionals	2	8,70	2	9,10	0,00	0,00
TOTAL	23	100,00	22	100,00	- 1,00	100,00

3.10 Leave utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2024 to 31 December 2024

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost	Total number of days with medical certification
	No	%					
Contract (Levels 13-16)	11	100,00	2	0,00	6	56,00	11
Contract (Levels 3-5)	4	25,00	3	0,10	1	4,00	1
Contract (Levels 6-8)	482	57,50	105	2,50	5	477,00	277
Contract (Levels 9-12)	442	66,50	82	2,00	5	1 126,00	294
Contract (Other)	17	64,70	6	0,10	3	9,00	11
Highly skilled production (Levels 6-8)	12652	80,80	1387	33,70	9	19 376,00	10228
Highly skilled supervision (Levels 9-12)	10681	81,60	1270	30,80	8	28 605,00	8719
Lower skilled (Levels 1-2)	2286	87,00	332	8,10	7	1 682,00	1988
Senior management (Levels 13-16)	722	75,10	122	3,00	6	3 834,00	542
Skilled (Levels 3-5)	6798	79,50	812	19,70	8	7 093,00	5403
TOTAL	34095	80,60	4121	100,00	8	62 262,00	27474

Table 3.10.1 Sick leave for the period 1 January 2024 to 31 December 2024

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost	Total number of days with medical certification
	#	%					
Lower skilled (Levels 1-2)	343	100,00	15	7,20	23	255,00	343
Skilled (Levels 3-5)	1229	100,00	42	20,30	29	1 247,00	1229
Highly skilled production (Levels 6-8)	2718	100,00	93	44,90	29	4 871,00	2718
Contract (Levels 6-8)	12	100,00	2	1,00	6	19,00	12
Highly skilled supervision (Levels 9-12)	1649	100,00	45	21,70	37	6 216,00	1649
Contract (Levels 9-12)	2718	100,00	93	44,90	29	4 871,00	2718
Senior management (Levels 13-16)	1229	100,00	42	20,30	29	1 247,00	1229
TOTAL	6331	100,00	207	100,00	31	14 566,00	6331

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

Table 3.10.3 Annual Leave for the period 1 January 2024 to 31 December 2024

Salary band	Total days taken	Number of employees using annual leave	Average per employee
	No	No	No
Lower skills (Level 1-2)	11297	20	575
Skilled (Levels 3-5)	29217	22	1329
Highly skilled production (Levels 6-8)	49566	24	2069
Highly skilled supervision (Levels 9 -12)	45189	24	1857
Senior management (Levels 13-16)	4669	24	192
Contract (Level 1-2)	0	0	0
Contract (Levels 3-5)	110	6	18
Contract (Levels 6-8)	3003	15	197
Contract (Levels 9 -12)	2329	13	173
Contract (Levels 13-16)	55	5	12
Contract other	256	5	47
Total	145691	23	6469

Table 3.10.4 Capped leave for the period 1 January 2024 to 31 December 2024

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as of 31 March 2024	Total Number of Capped Leave Available as of 31 March 2024	Number of Employees as of 31 March 2024
	No	No	No	No	No	No
Lower skills (Level 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	40	5	57	8	10154	178
Highly skilled production (Levels 6-8)	36	3	58	11	16998	295
Highly skilled supervision (Levels 9 -12)	6	2	44	3	6513	147
Senior management (Levels 13-16)	0	0	41	0	1552	38
Contract (Level 1-2)	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0
Contract (Levels 9 -12)	0	0	0	0	0	0
Contract (Levels 13-16)	0	0	0	0	0	0
Contract other	0	0	0	0	0	0
Total	82	10	200	22	35217	658

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

Table 3.10.5 Leave pay-outs for the period 1 April 2024 to 31 March 2025

Reason	Total amount	Number of employees	Average per employee
	R'000	No	R
Annual - discounting with resignation (workdays)	2053	63	32587
Annual - discounting: contract expiry (workdays)	613	54	11352
Annual - discounting: unused vacation credits (workdays)	611	18	33944
Annual - gratuity: death/ retirement/ medical retirement (workdays)	4521	101	44762
Capped - gratuity: death/retirement/ medical retirement (workdays)	9863	68	145044
Other - discounting Water & Sanitation construct with served term	332	5	66400
Other - discounting Water & Sanitation construct with transfer	6116	79	77418
Other - discounting: Water & Sanitation: =>55 years (calendar day)	1207	11	109727
Other - gratuity (general) (calendar days)	2830	26	108846
Total	28146	425	66226

3.11 HIV/AIDS & health promotion programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

Table 3.11.2 Details of health promotion and HIV/AIDS programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms. O. Manyana - Director overseeing Employee Health and Wellness
2. Does the department have a dedicated unit, or have you designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the available annual budget.	Yes		The department has assigned 2 professionals, HWP, 1 Director of Employee Health & Wellness at the National Office, and 1 EHWP Coordinator in the regional/ cluster office. The allocated budget amounts to 12 million Rand (R12M).
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		The department has introduced an Employee Assistance or Health Promotion Programme for employees. The services of the programme include: • Health Promotion and Education. • Psycho-Social Support Services (including referrals and aftercare) • Health and Productivity Management (including PILIR support services). • Policy development and implementation. • EHW marketing and promotion.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	Currently not. The old committee ceased to exist
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The review process of the two policies (health & productivity and wellness policies commenced last year. The current policy on HIV, AIDS and TB management addresses how issues of non-discrimination and stigma will be dealt with in the department
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		The policy protects employees living with HIV from discrimination, and disciplinary action will be taken against individuals who violate this provision.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		The department encourages its employees to undergo Voluntary Counselling and Testing (VCT). And HIV Counselling and Testing (HCT) is offered by external service providers, including GEMS, during scheduled wellness days.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/ indicators.	Yes		The department has developed measures/indicators to monitor and evaluate the impact of its health promotion programme. These measures/indicators include: • Feedback sessions held after wellness days, health campaigns, and talks. • Questionnaires completed by participants.

3.12 Labour relations

Table 3.12.1 Collective Agreements for the period 1 April 2024 to 31 March 2025

Total number of collective agreements	Number	Total
Collective agreements	0	0
TOTAL	0	0

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 2024 to 31 March 2025

Outcomes of disciplinary hearings	Number	Total	% of Total
Dismissal	12	23,1	12
Suspension without pay	35	67,3	35
Final written warning	4	7,7	4
Written warning	0	0,0	0
Counselling and referral to EWP	1	1,9	1
Demotion	0	0,0	0
TOTAL	52	100,0	52

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2024 to 31 March 2025

Type of misconduct	Number	Total	% of Total
Misuse of state property / Contravention of transport policy	6	11	6
Dishonesty / Financial irregularities	3	6	3
Insubordination	6	11	6
Fraud	1	2	1
Theft / Unauthorized Possession of Property of the employer	5	10	5
Contravention of SCM policies/ Recruitment and selection Policies	3	6	3
Absenteeism	14	27	14
Assault/ fighting	5	9	5
Intimidation/ Insolent behaviour	7	13	7
Gross Negligence	2	4	2
TOTAL	52	100	52

Table 3.12.4 Grievances logged for the period 1 April 2024 to 31 March 2025

Grievances	Number	Total	% of total
Number of grievances resolved	118	76	118
Number of grievances not resolved	37	24	37
Total number of grievances lodged	155	100	155

Table 3.12.5 Disputes logged with Councils for the period 1 April 2024 to 31 March 2025

Disputes	Number	% of total
Number of disputes resolved	35	35
Number of disputes not resolved	137	137
Total number of disputes lodged	172	172

Table 3.12.6 Strike actions for the period 1 April 2024 to 31 March 2025

Strike actions	None
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Table 3.12.7 Precautionary suspensions for the period 1 April 2024 to 31 March 2025

Financial Misconduct	1
Interference with witnesses	1
TOTAL:	2

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 2024 to 31 March 2025

Occupational Category	Gender	Number of Employees at Beginning of Period	Training needs identified on 01 April 2024			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	440	0	36	0	0
	Male	583	0	12	0	0
Professionals	Female	459	0	783	0	0
	Male	377	0	1049	0	0
Technicians and associate professionals	Female	443	0	1026	0	0
	Male	428	0	597	0	0
Clerks	Female	811	0	800	0	0
	Male	324	0	1060	0	0
Service and sales workers	Female	25	0	0,00	0	0
	Male	27	0	0,00	0	0
Skilled agriculture and fishery workers	Female	0	0	0,00	0	0
	Male	0	0	0,00	0	0
Craft and related trades workers	Female	0	0	0,00	0	0
	Male	5	0	0,00	0	0
Plant and machine operators and assemblers	Female	178	0	81	0	0
	Male	689	0	325	0	0
Elementary occupations	Female	369	0	337	0	0
	Male	869	0	552	0	0
Gender subtotals	Female	2725	0	3063	0	0
	Male	3302	0	3595	0	0
TOTAL		6027	0,00	6658	0,00	0,00

Table 3.13.2 Training provided for the period 1 April 2024 to 31 March 2025

Occupational Category	Gender	Number of Employees at Beginning of Period	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	440	0	147	0	0
	Male	583	0	154	0	0
Professionals	Female	459	0	308	0	0
	Male	377	0	422	0	0
Technicians and associate professionals	Female	443	0	347	0	0
	Male	428	0	396	0	0
Clerks	Female	811	0	541	0	0
	Male	324	0	728	0	0
Service and sales workers	Female	25	0	0,00	0	0
	Male	27	0	0,00	0	0
Skilled agriculture and fishery workers	Female	0	0	0,00	0	0
	Male	0	0	0,00	0	0
Craft and related trades workers	Female	0	0	0,00	0	0
	Male	5	0	0,00	0	0
Plant and machine operators and assemblers	Female	178	0	12	0	0
	Male	689	0	184	0	0
Elementary occupations	Female	369	0	232	0	0
	Male	869	0	546	0	0
Gender sub totals	Female	2725	0	1587	0	0
	Male	3302	0	2430	0	0
TOTAL	6027	0	4017	0	0	0,00

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 2024 to 31 March 2025

Nature of injury on duty	Number	% of total
Required basic medical attention only	9	56,25
Temporary Total Disablement	5	31,25
Permanent Disablement	2	12,50
Fatal	0	0,00
TOTAL	16	100,00

3.15 Utilisation of consultants

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

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- 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 2024 to 31 March 2025

Project title		Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
1	Provision of Specialist Support resources to drinking water quality, water use efficiency and water waste services regulation within the context of blue drop, no drop and green drop certificate programmes for a period of 42 months.	31	42 months	R107 842,668.00
2	Develop the Institutional Performance Assessment Programme (IPAP) for the entire water value chain, pilot implementation of the programme and production of Institutional Performance Reports for DWS for the period of 24 months.	3	24 months	R11 488,719.00
3	The review of the strategic framework for water services for a period of 30 months.	11	30 months	R4 793,696.00
4	Development of a water service reliability process monitoring tool for the provision of reliable water services through the implementation of five-year reliability plans	6	24 months	R2 999,430.00
5	To re-grade Water Sector Entities and review policies on the remuneration of the Chief Executive Officer of Water Sector Entities and Subsidiaries and Board practices and remuneration of Non-Executive Directors for a period of 6 Months	4	6 months	R2 083,340.00

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2024 to 31 March 2025

Project title		Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
		%	%	#
1	Provision of Specialist Support resources to drinking water quality, water use efficiency and water waste services regulation within the context of blue drop, no drop and green drop certificate programmes for a period of 42 months.	51	51	6
2	Develop the Institutional Performance Assessment Programme (IPAP) for the entire water value chain, pilot implementation of the programme and production of Institutional Performance Reports for DWS for the period of 24 months.	0	0	2
3	The review of strategic framework for water services for a period of 30 months.	37.43	15.69	6
4	Development of water service reliability process monitoring tool on provision of reliable water services through the implementation of five-year reliability plans	0	0	3
5	To re-grade Water Sector Entities and review policies on the remuneration of the Chief Executive Officer of Water Sector Entities and Subsidiaries and Board practiced and remuneration of Non-Executive Director for a period of 6 Months	45.25	20.96	1

Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
5	55	126	R 129 2027 853.00

3.16 Severance packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2024 to 31 March 2025

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

PART E: PFMA Compliance Report



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

1.1 Irregular expenditure

1.1.1 Reconciliation of irregular expenditure

1.1.1.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Opening balance	5 101 272	8 923 647
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	307 390	3 822 375
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	4 793 882	5 101 272

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

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22 & 2022/23	-	3 822 375
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	-	-
Total	-	3 822 375

1.1.1.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Opening balance	6 776 951	7 767 352
Add: Irregular expenditure confirmed	570 219	362 649
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	6 310 765	1 353 050
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	1 036 405	6 776 951

Current year irregular expenditure relates to prior year Mechanical and Maintenance contracts which were not condoned, and removal have been processed according to the National Treasury Guidelines / Instruction Notes.
Irregular expenditure not condoned, and removal have been processed according to the National Treasury Guidelines / Instruction Notes.

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure that was under assessment in 2023/24	-	3 710 166
Irregular expenditure that relates to 2022/23 and identified in 2023/24	-	-
Irregular expenditure for the current year	570 219	362 649
Total	570 219	4 072 815

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

1.1.2.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	4 793 882	5 101 272
Total	4 793 882	5 101 272

The cases under investigation are at various stages by the Department (Pending disciplinary), South African Police Service, Special Investigation Unit, and Court Proceedings.

1.1.2.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure under assessment	-	3 710 166
Irregular expenditure under determination	-	2 030 380
Irregular expenditure under investigation	1 036 405	1 036 405
Total	1 036 405	6 776 951

The cases under investigation are at various stages by the Department (Pending disciplinary), South African Police Service, Special Investigation Unit, and Court Proceedings.

1.1.3 Details of current and previous year irregular expenditure condoned

1.1.3.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

1.1.3.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

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

1.1.4.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure not condoned and removed	307 390	3 822 375
Total	307 390	3 822 375

1.1.4.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure not condoned and removed	6 310 765	1 353 050
Total	6 310 765	1 353 050

1.1.5 Details of current and previous year irregular expenditure recovered.

1.1.5.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

1.1.5.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

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

1.1.6.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

1.1.6.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to inter-institutional arrangements

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

1.1.7.1 Main Account

Description
Not applicable

1.1.7.2 Water Trading

Description
Not applicable

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

1.1.8.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Not applicable	-	-

1.1.8.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Not applicable	-	-

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

1.1.9.1 Main Account

Disciplinary steps taken	Amount
	R'000
Giyani Water Services Project:	
Disciplinary action was taken against responsible employees of Lepelle Northern Water. However, the dismissal is currently being challenged through arbitration process. Criminal case was registered with the South African Police Service.	3 300 219
War on Leaks Project:	
The matter is currently under investigation by the SIU. Project closeout report is also awaited from EWSETA, but there are delays due to the ongoing mediation hearing between EWSETA and the appointed service provider.	1 047 890
Desalination Plant Richards Bay:	
The employee was charged with 10 charges and in all the circumstances and subsequently dismissed from the Department.	301 168
Transfer Payments:	
Submitted to National Treasury and are currently under consideration for condonation. The required approvals were not obtained as per the Treasury regulations. This matter is under consideration by National Treasury.	114 879
Bucket Eradication Programme:	
The matter is still pending since on 14 December 2022 (KZN State Attorney Office). The Department has requested the Office of the State Attorney to fast-track the case.	20 376
Cases pending disciplinary action:	
These are cases that have been investigated by the Chief Directorate: Internal Audit and currently pending disciplinary processes.	9 350
Total	4 793 882

1.1.9.2 Water Trading

Disciplinary steps taken	Amount
	R'000
Upgrading of the Thukela Goedertrouw Scheme: Disciplinary actions were taken against the officials.	477 310
Support and maintenance of SAP ECC: The officials were afforded the opportunity to make representations on the alleged irregular expenditure, disciplinary proceedings in progress.	285 951
Desalination Plant Richards Bay: The employee was charged with 10 charges and in all the circumstances and subsequently dismissed from the Department.	9 684
Usuthu Vaal Emergency Works: The hearing of one of the implicated employees commenced on 18 October 2023, but further proceedings had to be postponed due to the employee recovering from temporary incapacity. The hearing of another employee resumed on 4 December 2023, and currently in progress.	18 226
Giyani Hiring of Plants: Two employees are implicated: One has since resigned, and the disciplinary hearing for the other employees is ongoing.	77 328
Stefanutti Stocks: The employee was charged with 10 charges and in all the circumstances and subsequently dismissed from the Department.	3 611
Cases pending disciplinary action: Pending disciplinary action against all members/officials of the three committees (BSC, BEC, and BAC).	183 991
Total	1 056 101

1.2 Fruitless and wasteful expenditure

1.2.1 Reconciliation of fruitless and wasteful expenditure

1.2.1.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Opening balance	10 802	355 946
Add: Fruitless and wasteful expenditure confirmed	9	10
Less: Fruitless and wasteful expenditure written off	10 688	345 154
Less: Fruitless and wasteful expenditure recoverable	9	-
Closing balance	114	10 802

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

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	-	345 154
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	9	10
Total	9	345 164

1.2.1.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Opening balance	101 219	960
Add: Fruitless and wasteful expenditure confirmed	96 833	100 259
Less: Fruitless and wasteful expenditure written off	960	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	197 092	101 219

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

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2022/23	-	960
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	96 833	100 259
Total	96 833	101 219

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

1.2.2.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	114	10 688
Total	114	10 688

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

1.2.2.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure under assessment	197 092	100 259
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	960
Total	197 092	101 219

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

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

1.2.3.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure recovered	9	-
Total	9	-

1.2.3.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

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

1.2.4.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure written off	10 688	345 154
Total	10 688	345 154

1.2.4.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Fruitless and wasteful expenditure written off	960	-
Total	960	-

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

1.2.5.1 Main Account

Disciplinary steps taken	Amount
	R'000
Fraudulent S&T Claims: Disciplinary process has commenced on the 12 June 2023, against the three officials that have committed fruitless and wasteful expenditure by submitting falsified claims to the department for reimbursement and further to this, criminal cases were registered with the South African Police Service. Two officials were dismissed, and the other officials returned to the Department, however, has since left the Department.	303
Total	303

1.2.5.2 Water Trading

Disciplinary steps taken	Amount
	R'000
Giyani Plant Hire: The investigation report was concluded with recommendation for disciplinary action against two officials. One official has resigned and the disciplinary process for the other official is currently being implemented.	14 998
Total	14 998

1.3 Unauthorised expenditure

1.3.1 Reconciliation of unauthorised expenditure

1.3.1.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Opening balance	641 109	641 109
Add: Unauthorised expenditure confirmed	-	-
Less: Unauthorised expenditure approved with funding	-	-
Less: Unauthorised expenditure approved without funding	-	-
Less: Unauthorised expenditure recoverable	-	-
Less: Unauthorised expenditure not recovered and written off	-	-
Closing balance	641 109	641 109

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

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Unauthorised expenditure that was under assessment in 2022/23	-	-
Unauthorised expenditure that relates to 2021/22 and identified in 2022/23	-	-
Unauthorised expenditure for the current year	-	-
Total	-	-

1.3.1.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Opening balance	-	-
Add: Unauthorised expenditure confirmed	-	-
Less: Unauthorised expenditure approved with funding	-	-
Less: Unauthorised expenditure approved without funding	-	-
Less: Unauthorised expenditure recoverable	-	-
Less: Unauthorised expenditure not recovered and written off	-	-
Closing balance	-	-

There is no unauthorised expenditure for the Water Trading Entity.

Reconciling notes

Description	2024/25	2023/24
	R'000	R'000
Unauthorised expenditure that was under assessment in 2022/23	-	-
Unauthorised expenditure that relates to 2021/22 and identified in 2022/23	-	-
Unauthorised expenditure for the current year	-	-
Total	-	-

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

1.3.2.1 Main Account

Description	2024/25	2023/24
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	641 109
Total	-	641 109

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

1.3.2.2 Water Trading

Description	2024/25	2023/24
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total	-	-

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

1.4 40(3)(b)(i)

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

1.4.1.1 Main Account

Material losses through criminal conduct	2024/25	2023/24
	R'000	R'000
Theft	5 918	4 604
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	1 424	928
Total	4 495	3 676

Losses are reported to Asset Management and Security Management and Security Management does investigations after which they are referred to Legal Services for legal opinion. In then serves at the Loss Disposal Committee for recommendations.

The written off amount of R 1 424 million is made up of both minor and major assets (Major – R 1 381 million and Minor – R 42 thousand).

Losses reported movements and still under investigation for the financial year or the closing balance amounts to R 4 495 million which is broken down into R 4 258 million Major and R 236 thousand Minor.

1.4.1.2 Water Trading

Material losses through criminal conduct	2024/25	2023/24
	R'000	R'000
Theft	3 880	3 102
Other material losses	234	92 106
Less: Recovered	-	7
Less: Not recovered and written off	92	497
Less: Pending Investigations	3 889	2 563
Total	133	92 141

1.4.2 Details of other material losses

1.4.2.1 Main Account

Nature of other material losses	2024/25	2023/24
	R'000	R'000
Furniture and Office Equipment	1	1
Other Machinery and Equipment	1 287	982
Finance Lease	197	-
Computer Equipment	2 967	2 660
Transport Assets	43	34
Software and Other Intangibles		
Total	4 495	3 676

The above are losses written off during the financial year 2024/2025

1.4.2.2 Water Trading

Nature of other material losses	2024/25	2023/24
	R'000	R'000
Laptops- computer equipment	192	1 220
Cameras- audio visuals	-	6
Construction equipment tools	-	85 049
Other material losses (machinery and equipment, other equipment, appliances and office equipment)	42	5 831
Total	234	92 106

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

1.4.3 Other material losses recovered.

1.4.3.1 Main Account

Nature of losses	2024/25	2023/24
	R'000	R'000
None	-	-
Total	-	-

There is no other material losses recovered during the financial year 2024/2025

1.4.3.2 Water Trading

Nature of losses	2024/25	2023/24
	R'000	R'000
Cameras- Audio Visuals	-	1
Office Furniture and Appliances	-	0
Other material losses (Machinery and Equipment, Other Equip, Appliances and Office Equip)	-	6
Total	-	7

1.4.4 Other material losses written off.

1.4.4.1 Main Account

Nature of losses	2024/25	2023/24
	R'000	R'000
Furniture and Office Equipment	-	-
Other Machinery and Equipment	66	33
Finance Lease	1	-
Computer Equipment	1 356	891
Transport Assets	-	4
Software and Other Intangibles	-	-
Total	1 424	928

The written off amount of R928 thousand is made up of both minor and major assets (Major – R893 thousand and Minor –R35 thousand).

1.4.4.2 Water Trading

Nature of losses	2024/25	2023/24
	R'000	R'000
Laptops- Computer Equipment	84	137
Cameras- Audio Visuals	3	10
Construction Equipment	-	284
Other material losses (Machinery and Equipment, Other Equip, Appliances and Office Equip)	5	66
Total	92	497

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

2. LATE AND / OR NON-PAYMENT OF SUPPLIERS

2.1 Main Account

Description	Number of invoices	Consolidated value
	No	R'000
Valid invoices received	98975	19 045 702
Invoices paid within 30 days or agreed period	96881	18 805 053
Invoices paid after 30 days or agreed period	2094	240 649
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

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

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

Action plan:

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

2.2 Water Trading

Description	Number of invoices	Consolidated value
	No	R'000
Valid invoices received	89 435	16 958 997
Invoices paid within 30 days or agreed period	88 876	16 954 112
Invoices paid after 30 days or agreed period	559	4 885
Invoices older than 30 days or agreed period (unpaid and without dispute)	170	4 531
Invoices older than 30 days or agreed period (unpaid and in dispute)	14	2 995

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

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

Action plan:

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

3. SUPPLY CHAIN MANAGEMENT

3.1 Procurement by other means

3.1.1 Main Account

	Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract	
					No	R'000
1.	Provision of 40 licences to access PressReader electronic newspapers to the Ministry, Director-General, Deputy Directors-General, Senior Managers and Communication Services for a period of 36 months	Calandria 159 cc	Sole supplier	WD464		R1,734,850.00
2.	Software licenses, subscription, support and maintenance of the Smartgove e-Submission system for a period of 3 years	Institute for Performance Management (Pty) Ltd	The Smartgov e-Submission software provided by Boxfusion, a South African software development company, is a preferred service provider that has accredited resellers in South Africa allowed to provide the software licenses, support and maintenance for the e-Submission system. Reseller appointed.	WD456		R3,983,988.06
3.	Procurement of Microcystins test kits at the Directorate: Resource Quality Information Services (RQIS)	Stargate Scientific (Pty) Ltd	Sole supplier	WD466		R150,075.00
4.	Booking of an exhibition space and the appointment of a service provider at the Water Institute of Convention Centre in Durban from 12-14 June 2024	Water Institute of South Africa (WISA)	Sole supplier	WD467		R500,000.00
5.	Loading of funds in the Departmental franking postal machine for a period of 24 months as and when required	Frama Smart Mailing	Sole supplier	WD465		R78,154.00
6.	Security Management Services for a period of 6 months with effect from 1 June 2024 to 30 November 2024	1. Tactical Security Services (Pty) Ltd 2. Tlomphanang Business Enterprise 3. Mazaxa Construction and Projects 4. Tshedza Protection Services cc 5. Pisto Response Trading (Pty) Ltd 6. Noeda Cleaning and Security Services	Emergency procurement	WD470 (W11326)		R755,131,457.96

	Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
				No	R'000
7.	Support to the Department by testifying at disciplinary hearings of the officials involved and possible litigation-investigation not suspected overcharging and collusion and/or negligence relating to the provision of goods and services by Isiphetu Water Services	Morar Incorporated Services	The preferred service provider	WD469	R150,000.00
8.	Servicing of Gallery M113048 and Gallery M113042 plus instruments and Gallery M051940 with ECM	Anatech Instruments (Pty) Ltd	Sole supplier	WD473	R278,622.00
9.	Logistical requirements for the Departmental exhibition at the Water and Sanitation Youth Indaba to be held in Polokwane from 22 – 25 July 2024	Protea Hotel – The Ranch	The Preferred service provider.	WD471	R46,748.25
10.	Accreditation of DWS Laboratories at the Directorate: Resource Quality Information Services (RQIS)	South African Accreditation System (SANAS)	Sole authorised reseller and distribution partner of Open Tex Inc	WD468	R85,882.28
11.	Provision of Encase Forensic software license for a period of 3 years	Custom-Made Investigation Technology Solutions (Pty) Ltd	Sole supplier	WD472	R74,764.95
12.	Laboratory Information Management System (LIMS) for maintenance and support for laboratories at RQIS for 12 months	Labware Africa (Pty) Ltd	Sole supplier	WD474	R492,793.69
13.	Water Quality Systems Assessment Model and Python Water Resources Modelling Training from 13 – 23 Aug 2024	Sherman Environmental cc	Sole supplier	WD475	R262,488.00
14.	Hiring of furniture and other logistical requirements for the South African Water and Sanitation Sector Exhibition stand at the World Water Week to be held in Stockholm from 25-29 August 2024	City Expo	Sole supplier	WD476	R31,164.10
15.	Procurement of laboratory consumables to be used in Inorganic Laboratory	Anatech Instruments (Pty) Ltd	Sole supplier	WD479	R284,116.46
16.	Enrolment of internal audit officials into the certifies internal audit CIA program (part 1 and part 2)	Institute of Internal Auditors South Africa (IIASA)	Sole supplier	WD481	R87,170.00
17.	Appointment of a PSP to provide specialist support resources to drinking water quality, water use efficiency and wastewater services regulation within the context of Blue Drop, No Drop and Green Drop for a certification programme for a period of 42 months	Water Group Holdings (Pty) Ltd	Limited bidding	WD463	R107,842,668.00
18.	Purchasing of Microcystins test kits for Roodeplaat Quality Information Services	Stargate Scientific (Pty) Ltd	Sole supplier	WD485	R150,075.00

	Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
					R'000
19.	Training on Performing an Effective Quality Assessment (PEQ) from 07-09 October 2024	Leadership Academy which is the subsidiary of Institute of Internal Auditors South Africa ((IIASA)	Sole supplier	WD489	R24,382.30
20.	Repairs and servicing of three Rittal enviro-racks in Eastern Cape	Rittal (Pty) Ltd	Sole supplier	WD478	R110,572.50
21.	Procuring laboratory consumables	Anatech Instruments (Pty) Ltd	Sole supplier	WD486	R280,736.77
22.	Supply and deliver water purification system consumables	Merck Life Science (Pty) Ltd	Sole supplier	WD487	R417,965.15
23.	ISACA SA Chapter 2024 Annual Conference from 21-22 October 2024	Information System Audit and Control Association (ISACA)	Sole supplier	WD490	R47,250.00
24.	Two-weeks Security Threat Risk Assessment course to be attended by thirty (30) security managers and supervisors	Vision DCI	Sole supplier	WD484	R358,200.00
25.	Colliert consumables	IDEXX (Pty) Ltd	Sole supplier	WD488	R646,994.49
26.	Procurement of inorganic laboratory consumables	Analytical Solutions	Sole supplier	WD491	R332,775.56
27.	Renewal of Hydstra software license subscription, support and maintenance from 01 December 2024 to 30 November 2027	Kisters (Pty) Ltd	Sole supplier	WD482	R4,092,587.00
28.	Procurement of Zednet with water core license, software installation and training for a period of 12 months	WRP Consulting Engineers (Pty) Ltd	Sole supplier	WD495	R982,228.80
29.	Procurement of inorganic laboratory consumables	Anatech Instruments (Pty) Ltd	Sole supplier	WD497	R487,711.00
30.	Support the Department by testifying at disciplinary hearings of officials implicated in the irregular, fruitless and wasteful expenditure incurred by the Department	Gobodo Forensic and Investigative Accounting (Pty) Ltd	The Preferred service provider	WD505	R100,000.00
31.	Procurement of laboratory consumables	Tox Solutions, Kits and Services	Sole supplier	WD498	R18,754.20
32.	Repair of inductively coupled plasma optical emission spectrometry (ICP-OES)	Spectro Analytical Instrument (Pty) Ltd	Sole supplier	WD493	R309,092.53
33.	Teammate software licenses annual maintenance fees and support for a period from 31 December 2024 to 30 December 2025	Wolters Tax and Accounting (Pty) Ltd	Sole supplier	WD499	R449,946.60
34.	Repair and service of three components of Milli-Q for water purification systems for laboratories at RQIS	Merck Life Science (Pty) Ltd	Sole supplier	WD494	R64,872.70
35.	Renewal of Audit Command Language (ACL) software solution for the period 1 February 2025 to 31 January 2026	Surtech Solutions RSA (Pty) Ltd	Sole supplier	WD504	R605,878.17
36.	Laboratory instruments maintenance at RQIS laboratory for a period of 9 months	Anatech Instruments (Pty) Ltd	Sole supplier	WD496	R338,813.00
37.	Service and repair of Agilent UV-VIS and gas chromatograph mass at RQIS laboratories	Chematrix Export (Pty) Ltd	Sole supplier	WD503	R82,046.76

Project description		Name of supplier	Type of procurement by other means	Contract number	Value of contract	
					No	R'000
38.	Development of a web-based decision support and monitoring tool	Waterwebtools and Watertech	Sole supplier	WD506		R760,375.00
39.	Service of GCXGC TOF MS Instrument for RQIS	Leco Africa (Pty) Ltd	Sole supplier	WD502		R155,953.09
40.	Service of laboratory instrument (Smartchem) serial no 1906049	Analytic Solutions (Pty) Ltd	Sole supplier	WD507		R78,667.71
41.	Supply of water quality consumables for Hydrological Services	IDEXX Laboratories (Pty) Ltd	Sole supplier	WD492		R98,204.37
42.	Renewal of the Teechart for NET pro edition for from 14 March 2025 to 13 March 2027	Titus Corporation (Pty) Ltd	Sole supplier	WD511		R17,236.15
43.	Renewal of software license subscription of the Infragistics Indigo Design Studio from 22 March 2025 to 21 March 2027	Titus Corporation (Pty) Ltd	Sole supplier	WD512		R138,974.63
44.	Investigation into allegations of maladministration, conflict of interest and possible corruption by members of the Board and the executive at Umgeni-Uthukela Water (KZN) for a period of three months	Nexus Forensic Services (Pty) Ltd	The Preferred service providers.	WD508		R525,682.14
45.	Renewal of software license subscription of the Spectrum Technologies platform from 1 May 2025 to 30 April 2027	Alicornio (Pty) Ltd	Sole supplier	WD510		R724,747.25

3.1.2 Water Trading

Project description		Name of supplier	Type of procurement by other means	Contract number	Value of contract	
					No	R'000
1.	Renewal of annual maintenance agreement of approved Departmental Technology product standards software: Rocscience slide for a period of 5 years	Groundwork Consulting (Pty) Ltd	Sole Supplier	DEV 00064 WTE		0.00
2.	SAP Support, Maintenance and Enhancement for the Department of Water and Sanitation for a period of two months	Altreram Solutions	Preferred Service Provider for SAP support to allow business continuity while bids processes are finalised.	DEV 00065 WTE		20,846,621.70
3.	DEV-0001ES: The provision of catering- cleansing ceremony at Inanda Dam	Misokuhle nm Trading	Urgent Matter for Ministerial support as per community requirements	DEV 00066 WTE		269,982.00
4.	The provision of catering	Misokuhle nm Trading	Urgent Matter for Ministerial support as per community requirements	DEV 00067 WTE		50,391.00

Project description	Name of supplier	Type of procurement by other means	Contract number		Value of contract R'000
			No		
5. The provision of catering	Thanokwando projects	Urgent Matter for Ministerial support as per community requirements	DEV 00068 WTE		135,150.00
6. The supply and delivery of goods and services for the cleansing ceremony at Ihanda dam	Thanokwando projects	Urgent Matter for Ministerial support as per community requirements	DEV 00069 WTE		1,457,500.00
7. Deviation from the normal procurement process to appoint Iliso Consulting (Pty) Ltd t/a Nako Iliso (Nako Iliso) to finalise detail design, documentation & procurement and the contract administration and construction monitoring stages to the value of R30 463 151.44 (including VAT) for the access roads and bridges component of	Iliso Consulting (Pty) Ltd t/a Nako Iliso (Nako Iliso)	Preferred Service Provider to complete the work already started by them.	DEV 00070 WTE		30,463,151.44
8. Deviation from the normal procurement process to appoint Oracle Corporate South Africa as a preferred for to renew Oracle hardware maintenance and support services including the tape library hardware for the Oracle SPARC M6-32 SAP infrastructure for a period of 12 months	Oracle South Africa	Preferred Service Provider as the only supplier with SAP accreditation and already hosting Oracle SPARC M6-32 SAP storage and not on SITA panel of Supplier	DEV 00072 WTE		990,474.62
9. Deviation for the normal procurement process to approach ARQ Consulting Dams (PTY) LTD for design and quality control and additionally to provide a proposal for documentation and procurement, contract administration and construction monitoring for the Ntabelanga Dam as part of Mzimvubu Water Project.	ARQ Consulting Dams	Preferred Service Provider as PSP had already worked on the designs and appointed approved	DEV 00073 WTE		0.00
10. Attendance for being a director course	The Institute of Directors South Africa	Sole service provider for director's course	DEV 00074 WTE		344,361.90
11. Attendance OF construction computer software (Candy Training course)	Construction Computer Software (Pty) Ltd	Sole service provider for Candy Training Course	DEV 00075 WTE		968,449.50
12. Appointment Groundwork Consulting (Pty) Ltd as a sole provider for the service, repair and maintenance of TRIVEC sliding micrometer equipment	Groundwork Consulting (Pty) Ltd	Sole Services provider	DEV 00076 WTE		180,090.00
13. Procurement of WinQs software	Advanced Cost Engineering Solutions cc	Sole Service Provider	DEV 00077 WTE		197,023.75
14. Training on Prokon analysis and concrete design and detailing	Micrographics SA Pty Ltd	Sole Service Provider	DEV 00078 WTE		164,220.00
15. ICDL License renewal, learners' registration, candidate numbers and testing consumables	International Computer Driving License of South Africa	Sole Service Provider	DEV 00079 WTE		137,031.70

3.2 Contract variations and expansions

3.2.1 Main Account

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
1. VO 01: Extension of Contract for a period of 3 months to conduct an independent technical investigation into the failure of Jaggerfontein tailings storage facility.	University of Pretoria & University of Witwatersrand	Expansion	WD-420	R6,158,008.50	R0.00	R0.00
2. VO 8 Extension of time for a period of 4 months: Bucket Eradication Programme Petrus Slevyn until 1 July 2024	Seedi Development Projects (Pty) Ltd	Expansion	HA5/FHDA/2020/005	R107,943,305.08	R6,039,886.40	R0.00
3. VO 07: Extension of time without cost for a period of 12 days months period which is effective from 20 April 2024 until 31 May 2024 for Dealesville.	Tefla Group	Expansion	HAD/FS/2021/003	R 135,198,823.33	R7,764,684.04	R0.00
4. VO 03: Extension of Contract for rendering of travel reservation services for a period of 3 months effective from 8 May 2024 to 7 August 2024	Travel with Flair	Expansion	W11301	R1,534,656,395.00	R0.00	R0.00
5. VO 01: Extension of Contract for a period of 9 months for rendering support on the development, updating and review of strategies to reconcile water availability and requirements in South Planning Area comprising of the Western Cape, Amathole and Algoa water supply systems (WSS), and all other towns and clusters of the villages in South Planning Area	Zutari (Pty) Ltd	Expansion	WP11337	R17,249,095.00	R1,837,838.25	R0.00

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
		Expansion or variation	No	R'000	R'000	R'000
6. VO 02: Extension of Contract to support the Chief Directorate Institutional Oversight on the establishment and operationalisation of Water Management Institutions for a period of 6 months.	Boloka Development cc	Expansion	WP11350	R7,457,640.00	R0.00	R0.00
7. VO 02: Extension of Contract to undertake the determination of water resource classes, reserve and resource quality objectives in the Keiskamma and fish to Tsitsikamma catchments within the Mzimvubu-Tsitsikamma management area for a period of 11 months	GroundTruth cc	Expansion	WP11354	R17,668,296.40	R0.00	R0.00
8. VO 01: Extension of Contract without financial implications to Undertake the study for the provision of general modelling and water resource evaluation services for allocable water quantification and to support integrated water resource planning (Kouga, Baviaans, Gamtoos and Kromme rivers) for a period of 5 months	Mariswe (Pty) Ltd	Expansion	WP11336	R7,653,977.03	R0.00	R0.00
9. VO 01: Extension of Contract for development of operating rules for water supply and drought management of stand-alone dams, schemes and integrated systems in the Southern water planning area for a period of 9 months	Mariswe (Pty) Ltd	Expansion	WP11251	R9,482,644.70	R0.00	R0.00
10. VO 01: Additional Funds for contract to access to software for screening and vetting investigation solution.	Experian South Africa	Expansion	WQ28768	R300,000.00	R0.00	R 150,000.00

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
11. VO 01: Extension of contract with financial implication to review of the Shareholder oversight model including the shareholder compacts and quarterly reports for Public Entities and reporting to the Minister of Water and Sanitation for a period of 6 months.	Wilson and Associates International cc	Expansion	No WP11413	R'000 R2,082,880.00	R0.00	R'000 R510,000.00
12. VO 01: Upgrade of Microsoft Enterprise software license 365 from E3 to E5	Microsoft (Pty) Ltd	Expansion	35E66079	R169,246,644.00	R0.00	R55,018,240.73
13. VO 21: Addition Security Services: HDA/FS/2020/005: the construction of bulk sewer lines and pump stations for eradication of buckets in Setsoto Municipality for Ficksburg in the free state.	G5 Group (Pty) Ltd	Expansion	HAD/FS/2021/002	R179,513,953.50	R16,590,575.65	R153,028.89
14. VO 20: Addition Security Services: HDA/FS/2020/005: the construction of bulk sewer lines and pump stations for eradication of buckets in Setsoto Municipality for Clocolan in the free state.	G5 Group (Pty) Ltd	Expansion	HAD/FS/2021/002	R179,513,953.50	R16,590,575.65	R317,361.08
15. VO 02: Extension of Contract for a period of 2 months to conduct an independent technical investigation in to the failure of Jaggersfontein tailings storage facility effective from 10 July 2024 until 09 September 2024	University of Pretoria & University of Witwatersrand	Expansion	WD-420	R6,158,008.50	R0.00	R0.00
16. VO 02 Extension of Contract for classification of significant water resources and determination of resources quality objectives for water resource in the Usutu to Mhlathuze catchments from 1	WRP Consulting Engineers (Pty) Ltd	Expansion	WP11387	R8,876,884.50	R0.00	R0.00

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
		Expansion or variation	No	R'000		R'000
September 2024 30 November 2024						
17. VO 01: Additional scope of work for the finalisation of a business case and establishment of the water regulator	New Africa Consulting cc	Expansion	WP11403	R6,105,925.00	R0.00	R886,858.00
18. VO 22: Extension of time effective from 31 July 2024 until 30 March 2025: HDA/FS/2020/005: the construction of bulk sewer lines and pump stations for eradication of buckets in Setsofo Municipality for Clocolan in the free state	G5 Group (Pty) Ltd	Expansion	HAD/FS/2021/002	R179,513,953.50	R17,060,965.60	R0.00
19. Variation Order no 01: Extension of Contract and additional Scope of work (Ecology Assessment and Geophysical Study for a period of 2 months effective from 6 September 2025 until 5 November 2025.	IX Engineers (Pty) Ltd	Expansion	WP11393	R14,634,347.00	R0.00	R1,463,055.88
20. Variation Order no 01: Extension of Contract for the essential work required he Crocodile (East) Water Project: Module 2: Environmental impact assessment	Nemai Consulting (Pty) Ltd	Expansion	WP11381	R2,139,438.00	R0.00	R0.00
21. VO 04: Extension of Contract for rendering of travel reservation services for a period of 3 months effective from 8 August 2024 until 7 November 2024	Travel with Flair	Expansion	W11301	R1,534,656,395.00	R0.00	R0.00
22. Variation Order no 05: Extension of Contract water resource yield modelling to the Department of Water and	Zutari (PTY) LTD	Expansion	WP11405	R23,797,398.62	R813,102.94	R531,597.10

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
						R'000
		Expansion or variation	No	R'000		
Sanitation for a period of 4 months effective from 16 September 2024 until 28 February 2025						
23. Variation Order 01 for the Extension of Contract and additional e-Submission licences for Contract WD456: To provide software licenses subscription, support & maintenance of the SmartGov e-Submission System for a period of three years.	Institute for Performance Management (PTY) LTD	Expansion	WD456	R3,983,988.06	R0.00	R1,698,745.50
24. Variation No 01: Re-scoping the Provincial Workshop from one day to three days. Implementation Plan for Faecal Sludge Management Feasibility assessment and Capacity building for uMzinyathi and uMgungundlovu DMs, Faecal Sludge Management options to respond to the SA-SFD outcomes for uMzinyathi and uMgungundlovu DMs, Implementation Plan for Faecal Sludge Management Feasibility assessment and Capacity building for uMzinyathi and uMgungundlovu DMs, Faecal Sludge Management options Feasibility studies for the selected towns in uMzinyathi and uMgungundlovu DMs and Business case and financial concept proposals for implementation of selected options in uMzinyathi and uMgungundlovu DMs	Water Research Commission	Expansion	4/8/3/1/6/1/49 WRC	R6,000,000.00	R0.00	R875,778.42

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
		Expansion or variation	No	R'000		R'000
25. Variation Order no1 for Extension of Contract WWQ3384 with additional cost for the Cleaning Services for Western Cape Regional Offices Sigma and Spectrum Buildings at Bellville	Arthur Cleaning projects	Expansion	WWWQ-3384	R740,241.30	R0.00	R246,747.10
26. VO 02: for Extension of Cleaning service for WC Region	Arthur Cleaning projects	Expansion	WWWQ-3384	R740,241.30	R419,470.07	R419,470.07
27. VO 05: Extension of Contract for rendering of travel reservation services for a period of 3 months effective from 8 November 2024 until 7 February 2025	Travel with Flair	Expansion	W11301	R1,534,656,395.00	R270,959,692.15	R0.00
28. Variation Order no1: Extension of Contract for GeoAfrica Technologies Olifants validation and verification of existing lawful water uses (ELU) in terms of National Water Act 36 of 1998 within the Olifants Water Management Area in Mpumalanga Province.	GeoAfrica	Expansion	WP11409	R16,980,302.00	R0.00	R1,660,621.85
29. VO 01: Extension of contract with additional funds for rendering of cleaning services for DWS: Head Office buildings, RBIG and Gauteng Regional Office for a period of 3 months	Maanda-Nes Investment	Expansion	W11389	R50,060,715.87	R0.00	R5,589,593.46
30. VO 02: to change the scope by additional power pages anonymous Users and Microsoft teams rooms	Microsoft (Pty) Ltd	Expansion	35E66079	R169,246,644.00	R55,018,240.73	R4,278,414.52
31. Variation Order no:03 To expand the scope of the SITA Primary Service Level Agreement with additional costs by upgrading from 300mbps to	SITA (PTY) LTD	Expansion	SLA 1107_001	R93,532,930.00	R17,076,632.85	R3,190,594.15

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
		Expansion or variation	No	R'000		R'000
600mbps which will commence on 01 November to 31 March 2025 (5 months)						
32. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Gauteng Province)	Tactical Security Services	Expansion	WD470	R13,520,673.24	R0.00	R9,115,187.20
33. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Mpumalanga Province)	Mazaxa Construction and Projects	Expansion	WD470	R20,195,745.00	R0.00	R13,615,300.00
34. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Kwa-Zulu Natal Province)	Tactical Security Services	Expansion	WD470	R13,889,287.80	R0.00	R9,363,694.85
35. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Eastern Cape Province)	Thlomphanang Businessd Enterprise	Expansion	WD470	R11,656,119.31	R0.00	R7,858,167.09
36. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Western Cape Province)	Thlomphanang Businessd Enterprise	Expansion	WD470	R7,456,758.99	R0.00	R5,027,097.86
37. VO 01: Extension of Contract for Rendering of private security	Tshedza Protective Services	Expansion	WD470	R8,408,303.36	R0.00	R5,668,597.85

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
						R'000
		Expansion or variation	No	R'000		
service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Northern Cape Province)						
38. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Free State Province)	Tactical Security Services	Expansion	WD470	R8,895,530.16	R0.00	R5,997,069.91
39. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (North-West Province)	Tactical Security Services	Expansion	WD470	R20,800,133.01	R0.00	R14,022,756.33
40. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Limpopo A)	Thlomphanang Businessd Enterprise	Expansion	WD470	R18,240,707.30	R0.00	R12,297,276.83
41. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Limpopo B Province)	Tactical Security Services	Expansion	WD470	R16,308,507.07	R0.00	R10,994,651.85
42. VO 01: Extension of Contract for Rendering of private security service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Limpopo C)	Pristo Response Trading PTY LTD"	Expansion	WD470	R17,671,811.08	R0.00	R11,913,745.97
43. VO 01: Extension of Contract for Rendering of private security	Noeda Cleaning & Security Services	Expansion	WD470	R8,192,027.92	R0.00	R5,522,792.15

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
		Expansion or variation	No	R'000		R'000
service to DWS Nationally for a period of 4 months for Department of Water and Sanitation (Limpopo D)						
44. VO 3: Extension of Contract Undertake the study national water resource balances perspectives for South Africa for a period of 1 Month until January 2025	JG Africa Pty Ltd	Expansion	WP11335	R13,135,081.50	R0.00	R0.00
45. VO 01: Extension of Time only for the development of educational and awareness materials for faecal sludge the management for period of 07 weeks. Extension of Time only for the development of educational and awareness materials for faecal sludge the management for period of 07 weeks.	Partners in Development PTY LTD	Expansion	WP11425	R6,298,382.97	R0.00	R0.00
46. Vo 1: To extend the scope of SITA SLA 1107_002 (ICT outsourced services) to include electronic document delivery system (EDD) (E Pay slip and IRP 5)	SITA (PTY) LTD	Expansion	SLA 1107_002	R307,658,598.85	R0.00	R56,109.81
47. VO 06: Extension of Contract for rendering of travel reservation services for a period of 3 months effective from 8 February 2024 until 28 February 2026	Travel with Flair	Expansion	W11301	R1,534,656,395.00	R270,959,692.15	R70,349,451.00
48. VO 01: Extension of Contract on the regrading of water sector entities and review policies on the remuneration of Chief Executive Officers and Non-Executive Directors for a period	Deloitte consulting	Expansion	WP11467	R2,083,340.00	R0.00	R0.00

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
		Expansion or variation	No	R'000		R'000
49. of 2 months from 01 April 2025 to 31 May 2025 VO 02: Extension of contract with additional funds for rendering of cleaning services for DWS: Head Office buildings, Gauteng Regional Office, Pretoria, Roodeplaat and Pretoria West for a period of 1 month	Maande Nes Investments	Expansion	W11389	R50,060,715.40	R5,589,593.46	R1,898,760.73
50. VO 02: Extension of Contract for development of operating rules for water supply and drought management of stand-alone dams, schemes and integrated systems in the Southern water planning area for a period of 6 months	Mariswe (Pty) Ltd	Expansion	WP11251	R 9,482,644.70	R0.00	R0.00

3.2.2 Water Trading

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
1.	To conduct environmental monitoring at Rietspruit dam safety rehabilitation. Variation order number 6	Green Tree Environmental Consulting	Variation	WQ9441 WTE	R 197,184.75	R 42,162.40
2.	Appointment of a suitable professional service for Mzimvubu water projects (advanced work). Variation order number 5	Coastal And Environmental Services	Variation	WQ9370 WTE	R 487,542.50	R 64,515.00
3.	Project management and construction supervision professional services. Variation order number 5	Messrs Ingerop South Africa	Variation	DEV0053WTE	R 23,134,816.35	R 1,692,394.07
4.	Appointment of alteram solutions to provide support, maintenance and enhancements of sap ecc6 in order to finalize the procurement process. Variation order number 1	Alteram Solutions (Pty) Ltd	Variation	DEV00065WTE	R 20,846,621.70	R 10,423,106.35
5.	Appointment of Alteram Solutions to provide support, maintenance and enhancements of sap ecc6 for a period of three (3) months. Variation order number 2	Alteram Solutions (Pty) Ltd	Variation	DEV00065WTE	R 20,846,621.70	R31, 269, 319.05
6.	Mdloti river development- Hazelmere dam raising: for the appointment of construction health and safety agent for the turnkey contract regarding the construction dam operation offices and storage facilities. Variation order number 1	Maison MTL JV	Variation	DWS26-0223WTE	R 10,532,164.83	R 116,425.09
7.	To conduct environmental monitoring at Rietspruit Dam safety rehabilitation. Variation order number 7	Green Tree Environmental Consulting	Variation	WQ9441 WTE	R 197,184.75	R16, 220.80
8.	Mdloti River Development- Hazelmere Dam Raising Turnkey Project for the Construction of Dam Operation Offices and		Variation	DWS26-0223WTE	R 10,532,164.83	R 1,667,382.70

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of previous contract expansion/s or variation/s	Value of current contract expansion or variation
		Expansion or variation	No	R'000	R'000	R'000
	Storage Facilities. Variation Order Number 2					
9.	Mdloti River Development: Hazelmere Dam Raising: Construction Of 16 Houses Of 100m2 and 1 Of 40m2 Area. Variation Order Number 1	Variation	DWS25-0223WTE	R 39,878,479.22	R 0.00	R 193,641.60
10.	To Provide Health and Safety Agent Services for the Proposed Rehabilitation Works of the Kwaggaskloof Dam Safety Rehabilitation projects. Variation order number 3	Expansion	WQ9895 WTE	R 356,270.00	R49,737.50	R 0.00
11.	Appointment of Amatola water as implementing agent for the Lusikisiki Regional Water Supply Scheme, Zulu Dam geotechnical investigations. Variation order number 1	Expansion	29/1/2/1 (AW2023/23/23)	R 14,390,381.25	R 0.00	R 0.00
12.	Extension of contract for the design, contract documentation and construction supervision for the rehabilitation work at the Roodefontein Dam. Variation order number 1	Expansion	DWS13 -1120WTE	R 1,850,892.50	R 0.00	R 0.00
13.	Extension of contract for the supply of spare parts and for the service and repair of all components of construction equipment and motor vehicles. Variation order number 1	Expansion	DWS11-1019WTE	R225,000,000.00	R 0.00	R 0.00
14.	Extension of contract period for the implementation of infrastructure procurement strategy. Variation order number 1	Expansion	DWS15-1122WTE	R27,622,080.00	R 0.00	R 0.00
15.	Extension of Contract for The Supply of Spare Parts and for The Service and Repair of all Components of Construction Equipment and Motor Vehicles. Variation Order Number 2	Expansion	DWS11-1019WTE	R225,000,000.00	R 0.00	R 0.00

PART F: Annual Financial Statements for the Department of Water and Sanitation

(Vote 41)



1. AUDIT COMMITTEE REPORT

We are pleased to present our Audit Committee report for the financial year ended 31 March 2025, set out in three parts:

Part 1: Audit Committee Reflections – 2024/25

The Audit Committee (the Committee) is constituted as a statutory committee of the Department of Water and Sanitation in respect of its statutory duties in terms of the Public Finance Management Act No.1 of 1999, as amended.

An Audit Committee has been established to serve as an independent governance structure whose function is to provide an oversight role, including:

- a. The effectiveness of the Department's assurance functions and services, with particular focus on combined assurance arrangements, including the independence and quality of assurance delivered by external assurance service providers and the internal audit function;
- b. The effectiveness of the Chief Financial Officer (CFO) and the finance function;
- c. The integrity of the annual financial statements, performance information, and other external reports issued by the Department; and
- d. The systems of internal control, risk management, ICT governance, compliance with the law, and governance.

The Audit Committee assists and makes recommendations to the Accounting Officer/ Director-General (DG) in the effective execution of his/her responsibilities with the aim of the achievement of the department's objectives.

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a)(ii) of the Public Finance Management Act, 1999 and National Treasury Regulation 3.1.13.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, which is reviewed annually. Furthermore, it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee understands and has internalised the requirements of the Global Internal Audit Standards™ in its work.

The Audit Committee confirms that it is independent and has functioned without hindrance or limitations throughout the reporting period. This includes unrestricted access to information (records, data, and reports) and personnel, as it deemed appropriate for it to carry out its functions, including requiring management and the external risk management committee chairperson to attend its meetings, and submit reports.

Part 2: Audit Committee Composition and Meeting Attendance (Both the Department and the Water Trading Entity)

The Audit Committee consists of four (4) members, who serve both the Department and the Water Trading Entity. The committee is properly constituted, with a balanced representation of independent members with a diverse and appropriate mix of qualifications, skills, and experience. The committee convened 14 times during the year with eleven (11) being ordinary meetings and the remainder special meetings. In this regard, the combined meetings were held for both the Water Trading Entity and the Department.

Each member's meeting attendance are set out below:

Name (Position)	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
Adv O Josie	BA (Pol), BPROC (Law), LLB (Honours, Law), LLM (Masters, Law), MBL (Masters, Business Leadership- Unisa Business School), Programme in Project Management (UP) and a Chartered Director, SA (2017).	No	10	4*
Dr C Motau	Doctor Technologiae: Computer Science and Data Processing, Master's Degree in Business Leadership, Master's Degree in Information Technology, Bachelor of Commerce, Higher Diploma in Computer Auditing, Certificate in Information Technology Project Management, Certificate in Executive Leadership, Certificate in Human Resource Management, Certificate in Digital Transformation Strategy.	No	9	2
Ms R Kalidass	Bachelor of Accounting Science (BCompt), Bachelor of Commerce Honours, Certificate in Accounting Theory (CTA), and a CA (SA)	No	9	1
Mr Z Myeza	BCom Accounting, Master's degree in Business Administration, Certificate in Corporate Governance, Certificate in Estate Agency, Certificate in Retail Management, and a Certificate in Aviation Management	No	9	2

**Including two (2) Oversight Audit Committee meeting between DWS, National Treasury, AGSA and DWS Entities Chairpersons of Audit/Risk Committees*

Part 3: Audit Committee Focus Areas

The following was reviewed during the year under review:

Effectiveness of the internal control systems

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

The Audit Committee provided oversight regarding 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 effective for the year under review, resulting in an unqualified audit opinion with no findings. This translates to a "clean audit opinion", which is highly commendable, and credit must go to the different lines of defence.

Effectiveness of the Internal Audit Function (IAF)

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

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

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

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

Internal Audit conducted several investigations on allegations against officials within the Department as requested by both the Director-General and Minister. Disciplinary actions and criminal proceedings were recommended for the completed cases. Despite management's positive efforts to bolster forensic capacity through the employment of a panel of service providers, however, the committee is still concerned about forensic capacity constraints, as many cases are not investigated in real-time.

Activities of the IAF

The activities of the Internal Audit Function were as follows during the financial year:

- Provided secretarial services to the Audit Committee;
- Reviewed the Internal Audit Charter, methodologies and other governance documents
- Conducted the following types of audits:
 - Compliance and Performance Audit;
 - Information and Communication Technology Audits; and
 - Forensic Investigations into suspected fraud, corruption and other irregularities.
- Provided an assessment of the Internal Control Environment on a quarterly basis;
- Reviewed financial and performance information on a quarterly basis (before being submitted to the relevant stakeholders);
- Tracked and followed up on the implementation of audit recommendations (Both Internal Audit findings and External Audit findings);
- Conducted training and awareness as part of the Department's anti-fraud and corruption initiatives and to promote good governance;

Effectiveness of risk management

The Department has established a dedicated Risk Management Committee, chaired by an independent non-executive. This Committee is responsible for monitoring and overseeing the risk identification and mitigation process across the Department. It also provides quarterly feedback to the Audit Committee.

On a quarterly basis, the Department assessed both strategic and operational risks that could impact the achievement of its objectives at both the strategic and programme levels. Risks were evaluated and prioritised based on their likelihood and potential impact—considering both inherent and residual risk. Where necessary, additional mitigation measures were identified and implemented to reduce risks to acceptable levels. The quarterly reviews also facilitated the identification of new or emerging risks.

In addition, Internal Audit conducted its own independent assessment of the Department's risk environment, incorporating both strategic and operational risks into its analysis.

To evaluate its risk management capabilities, the Department commissioned an independent risk maturity assessment through an external service provider. The assessment resulted in an overall risk maturity rating of 3.6 (Defined). Moving forward, the Department aims to achieve a level 4 or 5 maturity rating by addressing the identified areas for improvement.

ICT Governance

The Audit Committee notes the efforts made by the ICT Steering Committee in addressing ICT Governance challenges and the initiative to capacitate the ICT function. However, the Committee is of the view that more emphasis should be put in addressing Disaster Recovery, cybersecurity challenges and the documentation of the Artificial Intelligence guidelines.

Adequacy, reliability, and accuracy of financial and performance information

The Audit Committee reviewed the Department's annual financial statements and was satisfied with the content and quality of both financial and non-financial quarterly reports submitted by the Director-General during the reporting period. The Committee confirms that these reports complied with the relevant statutory reporting framework and that the information provided was adequate, reliable, and accurate.

Compliance with legal and regulatory provisions

The Audit Committee confirms that the Department complies with the legal and regulatory provisions, and in this regard, no significant findings were noted by the AGSA during the year-end audit.

The quality of the in-year management and monthly/quarterly reports submitted in terms of legislation

The Department has consistently submitted monthly and quarterly reports to the National Treasury, in accordance with the requirements of the PFMA. Quarterly financial reports were also presented to the Audit Committee for review. The Audit Committee examined the Department's annual report to ensure its alignment with the guidelines issued by the National Treasury and to verify the accuracy of the reported performance information. Following this review, the Committee is satisfied that both the financial and performance information provided by the Department is accurate.

Combined Assurance

The Audit Committee reviewed the plans and reports from the Auditor-General of South Africa (AGSA), Internal Audit, Management, and other assurance providers, and concluded that these were adequate to address the significant risks facing the Department.

In collaboration with Internal Audit, the Office of the Chief Risk Officer developed the Department's Combined Assurance Strategy and Implementation Plan. This Plan was reviewed and rolled out during the 2024/25 financial year. Progress on its implementation is reported during the Quarterly Risk Management Meetings and subsequently submitted to the Audit Committee by the Independent Chairperson of the Risk Management Committee. It is important to note that combined assurance is still in the early stages of development and is expected to mature as implementation progresses.

To enhance audit efficiency and avoid duplication of efforts, the Internal Audit Unit coordinates its audit plans with those of the AGSA. The Committee emphasised that this coordination should lead to greater reliance by the AGSA on the work of Internal Audit in the upcoming financial year.

Evaluation of the annual financial statements

The Audit Committee reviewed the annual financial statements that were prepared by the Department and was satisfied with the content and quality. Furthermore, the Audit Committee confirms that the reports complied with the statutory reporting framework.

Auditor-General's Report

At a meeting held on 28 July 2025, the AGSA presented the Audit and Management Reports to both management and the Audit Committee, confirming an unqualified audit opinion with no findings.

The Audit Committee acknowledges and supports the outcome of the audit and commends management for the progress made in improving the audit results.

However, the AGSA did identify material errors in the Annual Performance Report. These were addressed and corrected accordingly.

Conclusion

The Audit Committee is pleased that the Department improved its audit outcome to an unqualified audit opinion with no findings. This is a clear indication that the efforts of the various assurance providers or lines of defence have generally led to an improvement in the control environment.

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



Adv Oliver Josie, CD(SA)

Chairperson of the Audit Committee

Department of Water and Sanitation

Date: 26 September 2025

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 214 to 273, which comprise the appropriation statement, statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets and the 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 2025 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 4 of 2020 (Dora).

Basis for opinion

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

Other matter

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

Unaudited supplementary schedules

7. The supplementary information set out on pages 275 to 300 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibility of the accounting officer for the financial statements

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

9. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 209, forms part of my auditor's report.

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2 - Water Resource Management	63 to 81	Responsible for the protection, use, development, conservation, management and control of water resources in a sustainable manner for the benefit of all people and the environment. It provides for the development of a knowledge base for proper planning and informed decision-making. It also provides for the development of effective policies and procedures as well as oversight of all water resource management institutions.
Programme 3 - Water Services Management	82 to 95	Addresses the water and sanitation services provision across the water and sanitation value chain in support of water service authorities. The integration of bulk and retail water services to improve the coherence of the sector and to realise economies of scale and efficient use of water. It also provides for the development of effective policies, strategies, guidelines and procedures and plans as well as oversight and regulation of all water service management institutions.

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

Other matters

18. I draw attention to the matters below.

Material misstatements

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

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.
21. The tables that follow provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for the underachievement of targets are included in the annual performance report on pages 57 to 95.

Programme 2: Water resource management

<i>Targets achieved: 66.67%</i> <i>Budget spent: 99,9%</i>		
Key indicator not achieved	Planned target	Reported achievement
3.4.1. Number of bulk raw water projects in preparation for implementation	5	0
3.4.2. Number of bulk raw water projects under construction	4	0
3.5.1. Percentage of scheduled maintenance projects completed as a proportion of planned maintenance projects	70%	65%
3.5.4. Number of dam safety rehabilitation projects completed	2	1
5.1.1. National Water Act Amendment Bill developed	National Water Amendment Bill tabled in Parliament	National Water Amendment Bill: the opinion letter (i.e. legal certification) was obtained from the Office of the Chief State Law Advisor (OCSLA)
5.1.4. Percentage of applications for water-use authorisation finalised within 90 working days of receipt	80%	68%
5.1.8. Number of wastewater systems assessed for compliance with the Green Drop regulatory requirements	1 004	0
6.2.3. National Water Resources Infrastructure Agency (NWRIA) gazetted for establishment	Appointment of governing board members through NWRIA SOC Limited Act 34 of 2024	Stakeholder consultations are held. The NWRIA Bill was signed by the President and published
6.2.5. Water economic regulator gazetted for establishment	Regulations to establish the ministerial advisory committee on water sector social and economic regulation gazetted	Request to gazette regulations to establish ministerial advisory committee developed
3.5.1. Percentage of scheduled maintenance projects completed as a proportion of planned maintenance projects	70%	44%
3.5.4. Number of dam safety rehabilitation projects completed	2	0

Programme 3 Water service management

<i>Targets achieved: 50%</i>		
<i>Budget spent: 99,9%</i>		
Key indicator not achieved	Planned target	Reported achievement
3.9.1. Number of feasibility studies for water and wastewater services projects (Regional Bulk Infrastructure Grant (RBIG)) completed	8	15
3.9.2. Number of implementation readiness studies for water and wastewater services projects (RBIG) completed	7	5
3.9.3.1. Number of mega regional bulk infrastructure project phases under construction	25	23
3.9.4.1. Number of mega regional bulk infrastructure project phases completed	4	0
5.2.1. Water Services Amendment Bill developed	Draft Water Services Amendment Bill tabled in Parliament	Water Services Amendment Bill: the opinion letter (i.e. legal certification) was obtained from the OCSLA
3.10.4. Number of existing bucket sanitation backlog systems in formal settlements replaced	596	0
5.2.2: National Sanitation Integrated Plan implemented	National Sanitation Integrated Plan monitored	National Sanitation Integrated Plan (NSIP) partially monitored in WSAs
3.9.1 Number of feasibility studies for water and wastewater services projects (RBIG) completed	8	2
3.9.2 Number of implementation readiness studies for water and wastewater services projects (RBIG) completed	7	0
3.9.3.1 Number of mega regional bulk infrastructure project phases under construction	24	22
3.9.3.2 Number of large regional bulk infrastructure project phases under construction	51	43
3.9.4.2 Number of large regional bulk infrastructure project phases completed	6	2
3.9.4.3 Number of small regional bulk infrastructure project phases completed	4	1
3.9.6.4 Number of regional bulk infrastructure projects phases funded through Budget Facility for Infrastructure completed	1	0
3.10.2 Number of small WSIG projects completed	111	33

Report on compliance with legislation

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

Other information in the annual report

26. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. 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

- 30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
- 31. I did not identify any significant deficiencies in internal control.

Material irregularities

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

Status of previously reported material irregularities

Payment made to a consulting firm without evidence of work performed

- 33. 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.
- 34. 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.
- 35. The non-compliance with legislation is likely to result in a material financial loss if the amount paid is not recovered from the firm. A contingent asset of R17 900 594 in relation to this matter has been disclosed in note 19.2 to the financial statements.
- 36. The accounting officer was notified of the material irregularity on 17 July 2019. The following actions have been taken to resolve the material irregularity:
- 37. The department's internal audit unit investigated the matter and concluded its report on 18 July 2018. Based on the outcome of the investigation, the accounting officer initiated disciplinary proceedings against the officials involved on 9 October 2018 and, subsequently, all the officials resigned from the department.
- 38. One official joined another department and, on 9 June 2020, that department was requested to continue with the disciplinary process. The disciplinary hearing was concluded on 2 May 2024 with the dismissal of the employee.
- 39. A criminal case opened on 17 July 2018 with the South African Police Service (SAPS) was still in progress at the date of this audit report.
- 40. The accounting officer instituted enhanced internal control measures to ensure the effective and efficient monitoring of service providers' performance against predefined deliverables, supported by the review of appropriate and verifiable documentation.
- 41. On 22 November 2018, the accounting officer initiated legal proceedings by filing a combined summons with the High Court, seeking to have the contract declared invalid and to recover the funds disbursed. However, on 22 January 2020, the court issued an order by mutual agreement of the parties that the review application to invalidate the contract had become academic, resulting in its withdrawal.

42. We have considered the actions taken by management and consider these to be sufficient to address the irregularity. The internal control environment has improved, the case has been reported to the SAPS, and a court process is under way to recover the funds. The material irregularity has therefore been resolved.

Other reports

43. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
44. The Special Investigating Unit conducted numerous forensic investigations, as per the relevant proclamations issued, at the Department of Water and Sanitation or relevant water boards and the entity linked to the department. Most of these investigations were still in progress at the date of this auditor's report.

Auditor - General

Pretoria

31 July 2025



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure to the auditor's report

Compliance with legislation

- Selected legislative requirements

Legislation	Section, regulation or paragraph
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(1); 43(4); 44; 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Division of Revenue Act 24 of 2024	Section 11(6)(a); 12(5); 16(1); 16(3)(a)(i); 16(3)(a)(ii)
National Health Act 61 of 2003	Section 13
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury Instruction No. 7 of 2017/18	Paragraph 4.3
PFMA National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6

Legislation	Section, regulation or paragraph
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Public Service Regulations, 2016	Regulation 18(1); 18(2); 25(1)(e)(i); 25(1)(e)(iii)
State Information Technology Agency Act 88 of 1998	Section 7(3)

3. ANNUAL FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AND SANITATION (VOTE 41)

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APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

Appropriation per programme

2024/25										2023/24	
Programme	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
1. Administration	2 248 783	-	(177 736)	2 071 047	2 053 960	17 087	99,2%	2 004 624	1 987 507		
2. Water Resources Management	6 532 351	-	(51 659)	6 480 692	6 473 765	6 927	99,9%	4 245 626	4 234 703		
3. Water Services Management	15 068 445	-	229 395	15 297 840	15 288 073	9 767	99,9%	15 125 666	15 109 386		
Total programmes	23 849 579	-	-	23 849 579	23 815 798	33 781	99,9%	21 375 916	21 331 596		
				R'000							
Total (brought forward)				23 849 579				21 375 916			
Reconciliation with statement of financial performance											
				Final budget	Actual Expenditure						
ADD											
Departmental receipts				39 902				3 852			
Actual amounts per statement of financial performance (total revenue)				23 889 481				21 379 768			
Actual amounts per statement of financial performance (total expenditure)					23 815 798				21 331 596		

Appropriation per economic classification

Economic classification	2024/25						2023/24		
	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure
Current payments	3 948 512	(105 279)	(197 159)	3 646 074	3 615 587	30 487	99,2%	3 590 320	3 552 443
Compensation of employees	1 934 848	(1 720)	(12 347)	1 920 781	1 890 294	30 487	98,4%	1 870 412	1 832 606
Goods and services	2 013 664	(103 574)	(184 812)	1 725 278	1 725 278	-	100,0%	1 719 908	1 719 837
Interest and rent on land	-	15	-	15	15	-	100,0%	-	-
Transfers and subsidies	15 776 319	4 892	(1 530)	15 779 681	15 776 387	3 294	100,0%	13 286 730	13 280 292
Provinces and municipalities	7 665 860	(444)	(4)	7 665 412	7 665 412	-	100,0%	6 879 218	6 878 958
Departmental agencies and accounts	5 486 736	7	(3)	5 486 740	5 486 740	-	100,0%	3 276 096	3 276 096
Foreign governments and international organisations	72 523	(1)	-	72 522	72 076	446	99,4%	46 841	46 566
Public corporations and private enterprises	2 508 520	-	-	2 508 520	2 507 436	1 084	100,0%	3 039 960	3 039 510
Non-profit institutions	3 398	-	-	3 398	1 634	1 764	48,1%	7 856	2 447
Households	39 282	5 330	(1 523)	43 089	43 089	-	100,0%	36 759	36 715
Payments for capital assets	4 124 748	65 072	198 689	4 388 509	4 388 509	-	100,0%	4 498 825	4 498 820
Buildings and other fixed structures	3 901 596	98 099	229 395	4 229 090	4 229 090	-	100,0%	4 349 936	4 349 931
Machinery and equipment	138 631	(33 299)	(30 362)	74 970	74 970	-	100,0%	84 192	84 192
Intangible assets	84 521	272	(344)	84 449	84 449	-	100,0%	64 697	64 697
Payments for financial assets	-	35 315	-	35 315	35 315	-	100,0%	41	41
Total for economic classification	23 849 579	-	-	23 849 579	23 815 798	33 781	99,9%	21 375 916	21 331 596

Programme 1: Administration

Sub-programmes		2024/25						2023/24		
		Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.	Ministry	54 453	7 794	-	62 247	62 247	-	100,0%	69 092	69 034
2.	Departmental Management	166 164	(13 749)	-	152 415	152 415	-	100,0%	143 599	137 915
3.	Corporate Services	989 588	7 025	(54 512)	942 101	925 460	16 641	98,2%	861 725	855 842
4.	Financial Management	358 576	(327)	(101 311)	256 938	256 938	-	100,0%	270 131	266 864
5.	Office Accommodation	578 881	-	(11 266)	567 615	567 615	-	100,0%	563 552	563 552
6.	Provincial and International Coordination	101 121	(743)	(10 647)	89 731	89 285	446	99,5%	96 525	94 300
Total for sub-programmes		2 248 783	-	(177 736)	2 071 047	2 053 960	17 087	99,2%	2 004 624	1 987 507

Economic classification	2024/25						2023/24		
	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 059 861	8 920	(164 937)	1 903 844	1 887 162	16 682	99,1%	1 860 380	1 845 619
Compensation of employees	898 261	4 932	(12 347)	890 846	874 164	16 682	98,1%	883 091	868 332
Goods and services	1 161 600	3 988	(152 590)	1 012 998	1 012 998	-	100,0%	977 289	977 287
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	46 151	2 636	(318)	48 469	48 064	405	99,2%	43 424	41 068
Provinces and municipalities	102	(93)	(4)	5	5	-	100,0%	96	9
Departmental agencies and accounts	4 391	-	(3)	4 388	4 388	-	100,0%	3 430	3 430
Foreign governments and international organisations	6 546	(1)	-	6 545	6 099	446	93,2%	6 431	6 156
Non-profit institutions	731	-	-	731	772	(41)	105,6%	2 497	547
Households	34 381	2 730	(311)	36 800	36 800	-	100,0%	30 970	30 926
Payments for capital assets	142 771	(23 923)	(12 481)	106 367	106 367	-	100,0%	100 785	100 785
Machinery and equipment	59 576	(24 195)	(12 481)	22 900	22 900	-	100,0%	36 254	36 254
Intangible assets	83 195	272	-	83 467	83 467	-	100,0%	64 531	64 531
Payments for financial assets	-	12 367	-	12 367	12 367	-	100,0%	35	35
Total	2 248 783	-	(177 736)	2 071 047	2 053 960	17 087	99,2%	2 004 624	1 987 507

Programme 2: Water Resource Management

Sub-programmes	2024/25						2023/24		
	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Water Resources Management Support	5 748	282	(883)	5 147	5 147	-	100,0%	6 004	4 191
2. Integrated Water Resources Planning	79 362	(603)	(224)	78 535	77 544	991	98,7%	80 127	80 114
3. Water Ecosystems Management	64 120	321	(4 727)	59 714	59 714	-	100,0%	63 239	62 662
4. Water Resources Information and Management	566 040	(456)	(30 860)	534 724	529 600	5 124	99,0%	518 681	513 133
5. Water Resources Infrastructure Management	5 538 322	-	-	5 538 322	5 538 322	-	100,0%	3 313 071	3 313 071
6. Water Resources Policy and Strategy	9 452	456	(433)	9 475	9 475	-	100,0%	6 209	5 475
7. Water Resources Regulation	234 284	(4 272)	(11 971)	218 041	217 229	812	99,6%	215 602	213 953
8. Water Resources Institutional Oversight	35 023	4 272	(2 561)	36 734	36 734	-	100,0%	42 693	42 104
Total for sub-programmes	6 532 351	-	(51 659)	6 480 692	6 473 765	6 927	99,9%	4 245 626	4 234 703

Economic classification	2024/25					2023/24		
	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Current payments	916 628	(1 787)	(32 222)	882 619	875 692	6 927	99,2%	890 059
Compensation of employees	641 494	2 994	-	644 488	637 561	6 927	98,9%	629 560
Goods and services	275 134	(4 796)	(32 222)	238 116	238 116	-	100,0%	260 499
Interest and rent on land	-	15	-	15	15	-	100,0%	-
Transfers and subsidies	5 542 050	1 852	(1 212)	5 542 690	5 542 690	-	100,0%	3 316 864
Provinces and municipalities	702	(351)	-	351	351	-	100,0%	633
Departmental agencies and accounts	5 482 345	7	-	5 482 352	5 482 352	-	100,0%	3 272 666
Foreign governments and international organisations	55 977	-	-	55 977	55 977	-	100,0%	40 410
Households	3 026	2 196	(1 212)	4 010	4 010	-	100,0%	3 155
Payments for capital assets	73 673	(183)	(18 225)	55 265	55 265	-	100,0%	38 699
Buildings and other fixed structures	6 921	3 831	-	10 752	10 752	-	100,0%	-
Machinery and equipment	65 426	(4 014)	(17 881)	43 531	43 531	-	100,0%	38 533
Intangible assets	1 326	-	(344)	982	982	-	100,0%	166
Payments for financial assets	-	118	-	118	118	-	100,0%	4
Total for economic classification	6 532 351	-	(51 659)	6 480 692	6 473 765	6 927	99,9%	4 245 626
								4 234 703

Programme 3: Water Services Management

2024/25										2023/24	
Sub-programmes	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
1. Water Services Management Support	74 405	915	-	75 320	73 781	1 539	98,0%	39 225	39 225		
2. Water Services and Local Management	380 221	(63 950)	-	316 271	313 918	2 353	99,3%	290 317	280 131		
3. Regional Bulk Infrastructure Grant	9 317 419	73 672	208 160	9 599 251	9 595 926	3 325	100,0%	9 828 568	9 827 150		
4. Water Services Regulation	43 057	(8 150)	-	34 907	34 135	772	97,8%	32 730	32 698		
5. Water Services Policy and Strategy	10 162	(487)	-	9 675	8 151	1 524	84,2%	11 361	11 361		
6. Water Services Infrastructure Grant	5 214 646	1 070	21 235	5 236 951	5 236 697	254	100,0%	4 904 478	4 899 905		
7. Water Services Institutional Oversight	28 535	(3 070)	-	25 465	25 465	-	100,0%	18 987	18 916		
Total for sub-programmes		15 068 445	-	229 395	15 297 840	15 288 073	99,9%	15 125 666	15 109 386		

Economic classification	2024/25					2023/24		
	Approved budget	Shifting of funds	Virement	Final budget	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final budget
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Current payments	972 023	(112 412)	-	859 611	852 733	6 878	99,2%	839 881
Compensation of employees	395 093	(9 646)	-	385 447	378 569	6 878	98,2%	357 761
Goods and services	576 930	(102 766)	-	474 164	474 164	-	100,0%	482 120
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies	10 188 118	404	-	10 188 522	10 185 633	2 889	100,0%	9 926 442
Provinces and municipalities	7 665 056	-	-	7 665 056	7 665 056	-	100,0%	6 878 489
Public corporations and private enterprises	10 000	-	-	10 000	10 000	-	100,0%	-
Non-profit institutions	2 508 520	-	-	2 508 520	2 507 436	1 084	100,0%	3 039 960
Households	2 667	-	-	2 667	862	1 805	32,3%	5 359
	1 875	404	-	2 279	2 279	-	100,0%	2 634
Payments for capital assets	3 908 304	89 178	229 395	4 226 877	4 226 877	-	100,0%	4 359 341
Buildings and other fixed structures	3 894 675	94 268	229 395	4 218 338	4 218 338	-	100,0%	4 349 936
Machinery and equipment	13 629	(5 090)	-	8 539	8 539	-	100,0%	9 405
Payments for financial assets	-	22 830	-	22 830	22 830	-	100,0%	2
Total for economic classification	15 068 445	-	229 395	15 297 840	15 288 073	9 767	99,9%	15 125 666
								15 109 386

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

1. Detail of transfers and subsidies as per Appropriation Act (after virement)

Detail of these transactions can be viewed in the note on transfers and subsidies, and Annexure 1A-H of the annual financial statements.

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

Detail of these transactions can be viewed in the note on annual appropriation to the annual financial statements.

3. Detail on payments for financial assets

Detail of these transactions can be viewed in the note on payments for financial assets to the annual financial statements.

4. Explanations of material variances from amounts voted (after virement)

4.1	Programme	Final budget	Actual expenditure	Variance	Variance as a % of final budget
		R'000	R'000	R'000	%
	Administration	2 071 047	2 053 960	17 087	1%
	Water Resources Management	6 480 692	6 473 765	6 927	0%
	Water Services Management	15 297 840	15 288 073	9 767	0%

Administration

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

Compensation of employees: The programme spent R874.164 million of the final allocation of R890.846 million. The underspending variance of R16.682 million in this economic classification is due to the new process of filling critical posts which requires concurrence from the Department of Public Service and Administration (DPSA).

Goods and services: The final allocation for goods and services is R1.013 billion and the total expenditure is R1.013 billion. Therefore, the spending is in line with the allocation.

Transfers and Subsidies: The total expenditure in this economic classification is R48.064 million against the final allocation of R48.469 million. Therefore, the underspending variance of R446 thousand is for non-transfer payments to foreign government and international organizations due to anticipated increase on the cost of treaties/ agreements (which did not materialize) between the Republic of South Africa and other African states.

Purchase of Capital Assets: The total spending on payment for capital assets is R106.368 million against the final allocation of R106.368 million. Therefore, the spending is in line with the allocation.

Payments for Financial Assets: The final allocation in this economic classification is R12.367 million and the total expenditure is R12.367 million. Therefore, the spending is in line with the allocation.

Water Resources Management

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

Compensation of employees: The total spending on payments for compensation of employees is R637.561 million against the final allocation of R644.488 million. The underspending of R6.927 million is due to the new process of filling critical posts which requires concurrence from the Department of Public Service and Administration (DPSA).

Goods and services: This Programme has spent R238.116 million against the final allocation of R238.116 million on goods and services. Therefore, the spending is in line with the allocation.

Transfers and Subsidies: This economic classification has spent R5.543 billion against the final allocation of R5.543 billion. Therefore, the spending is in line with the allocation.

Payment of Capital Assets: The programme 's final allocation on payment for capital assets is R55.265 million and the total expenditure is R55.265 million. Therefore, the spending is in line with the allocation.

Payments for Financial Assets: The final allocation in this economic classification is R118 thousand and the total expenditure is R118. thousand. Therefore, the spending is in line with the allocation.

Water Services Management

The reasons for over and under spending in programme 3 are due to the following factors:

Compensation of employees: The final allocation for compensation of employees in this programme is R385.447 million and the total expenditure is R378.569 million. The underspending of R6.878 million is due to the new process of filling critical posts which requires concurrence from the Department of Public Service and Administration (DPSA).

Goods and services: The programme has spent R474.164 million against the final allocation of R474.164 million on goods and services. Therefore, the spending is in line with the allocation.

Transfers and Subsidies: The total expenditure in this economic classification is R10.186 billion against the final allocation of R10.189 billion. Therefore, the variance of R2.889 million is for non-transfer payments under public corporations as a result of savings from the transfer to Magalies water board. Unspent funds from non-profit institutions is due to delays in processes for transfer payments to South African Youth Water Prize and 2020 vision for water education programme.

Payments for Capital Assets: The programme spending on payments for capital assets is R4.227 billion against the final allocation of R4.227 billion. Therefore, the spending is in line with the allocation.

Payments for Financial Assets: The final allocation in this economic classification is R22.830 million and the total expenditure is R22.830 million. Therefore, the spending is in line with the allocation.

4.2	Economic classification	Final budget	Actual expenditure	Variance	Variance as a % of final budget
		R'000	R'000	R'000	%
	Current payments	3 646 074	3 615 587	30 487	1%
	Compensation of employees	1 920 781	1 890 294	30 487	2%
	Goods and services	1 725 278	1 725 278	-	0%
	Interest and rent on land	15	15	-	0%
	Transfers and subsidies	15 779 681	15 776 387	3 294	0%
	Provinces and municipalities	7 665 412	7 665 412	-	0%
	Departmental agencies and accounts	5 486 740	5 486 740	-	0%
	Public corporations and private enterprises	72 522	72 076	446	1%
	Foreign governments and international organisations	2 508 520	2 507 436	1 084	0%
	Non-profit institutions	3 398	1 634	1 764	52%
	Households	43 089	43 089	-	0%
	Payments for capital assets	4 388 509	4 388 509	-	0%
	Buildings and other fixed structures	4 229 090	4 229 090	-	0%
	Machinery and equipment	74 970	74 970	-	0%
	Intangible assets	84 449	84 449	-	0%
	Payments for financial assets	35 315	35 315	-	0%

Current Expenditure: The Department's expenditure on current payments amounted to R3.646 billion against a final allocation of R3.616 billion, resulting in an underspending variance of R30.442 million under Compensation of Employees. This variance is primarily attributed to delays in the filling of critical vacancies, due to the newly implemented process requiring concurrence from the Department of Public Service and Administration (DPSA).

Transfers and Subsidies: The Department's actual expenditure under this economic classification amounted to R15.776 billion against a final allocation of R15.779 billion as at 31 March 2025. The remaining budget of R3.336 million is primarily due to unspent funds under non-transfer payments to foreign governments, which were originally allocated to accommodate anticipated increases in the cost of treaties and agreements between the Republic of South Africa and other African states—costs that ultimately did not materialize. Additionally, unspent funds under non-profit institutions resulted from delays in the transfer payment processes for the South African Youth Water Prize and the 2020 Vision for Water Education Programme.

Payments for Capital Assets: The Department's expenditure under this economic classification amounted to R4.389 billion, which is fully aligned with the final allocation of R4.389 billion as at 31 March 2025. This reflects 100% spending against the approved budget.

Payments for Financial Assets: The Department's total expenditure under this economic classification amounts to R35.616 million, which is exactly aligned with the final allocation of R35.616 million as at 31 March 2025. This reflects full utilisation of the allocated funds.

4.3	Conditional grant	Final budget	Actual expenditure	Variance	Variance as a % of final budget
		R'000	R'000	R'000	%
	Total DoRA Schedule 5B & 6B	11 769 731	11 769 731	-	0%
	Regional Bulk Infrastructure Grant (RBIG): Schedule 5B	3 627 383	3 627 383	-	0%
	Regional Bulk Infrastructure Grant (RBIG): Schedule 6B	3 057 957	3 057 957	-	0%
	Total DoRA Schedule 5B & 6B (RBIG)	6 685 340	6 685 340	-	0%
	Water Services Infrastructure Grant (WSIG): Schedule 5B	4 037 673	4 037 673	-	0%
	Water Services Infrastructure Grant (WSIG): Schedule 6B	1 046 718	1 046 718	-	0%
	Total DoRA Schedule 5B & 6B (WSIG)	5 084 391	5 084 391	-	0%

Schedule 5B (Direct Grants): The spending is in line with the allocation.

Schedule 6B (Indirect Grants): The spending is in line with the allocation.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2025

	<i>Note</i>	2024/25 R'000	2023/24 R'000
REVENUE			
Annual appropriation	1	23 849 579	21 375 916
Departmental revenue	2	39 902	3 852
TOTAL REVENUE		23 889 481	21 379 768
EXPENDITURE			
Current expenditure		3 615 587	3 552 445
Compensation of employees	3	1 890 294	1 832 605
Goods and services	4	1 725 278	1 719 840
Interest and rent on land	5	15	-
Transfers and subsidies		15 776 387	13 280 292
Transfers and subsidies	7	15 776 387	13 280 292
Expenditure for capital assets		4 388 509	4 498 818
Tangible assets	8	4 304 060	4 434 122
Intangible assets	8	84 449	64 696
Unauthorised expenditure approved without funding		-	-
Payments for financial assets	6	35 315	41
TOTAL EXPENDITURE		23 815 798	21 331 596
SURPLUS/ (DEFICIT) FOR THE YEAR		73 683	48 172
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		33 781	44 320
Annual appropriation		33 781	44 320
Departmental revenue and NRF receipts	14	39 902	3 852
SURPLUS/(DEFICIT) FOR THE YEAR		73 683	48 172

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2025

	Note	2024/25 R'000	2023/24 R'000
ASSETS			
Current assets		81 133	93 804
Cash and cash equivalents	9	96	459
Prepayments and advances	10	63 422	40 812
Receivables	11	17 006	51 725
Loans	12	609	808
Non-current assets		-	179
Prepayments and advances	10	-	-
Receivables	11	-	175
Loans	12	-	4
TOTAL ASSETS		81 133	93 803
LIABILITIES			
Current liabilities		707 242	686 936
Voted funds to be surrendered to the Revenue Fund	13	33 773	44 319
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	33 009	144
Bank overdraft	15	639 432	640 974
Payables	16	1 028	1 499
Non-current liabilities			
Payables	16	-	-
TOTAL LIABILITIES		707 242	686 936
NET ASSETS		(626 109)	(592 953)

	Note	2024/25 R'000	2023/24 R'000
Represented by:			
Recoverable revenue		15 000	48 156
Unauthorised expenditure		(641 109)	(641 109)
TOTAL		(626 109)	(592 953)

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2025

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Recoverable revenue			
Opening balance		48 156	48 018
Transfers:		(33 156)	138
Recoverable Revenue Written off		(29 863)	
Debts revised		520	438
Debts recovered (included in departmental revenue)		(5 973)	(1 092)
Debts raised		2 160	792
Closing balance		15 000	48 156
Unauthorised expenditure			
Opening balance		(641 109)	(641 109)
Closing balance		(641 109)	(641 109)
TOTAL		(626 109)	(592 953)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

	Note	2024/25 R'000	2023/24 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		23 889 240	21 379 623
Annual appropriation funds received	1.1	23 849 579	21 375 916
Departmental revenue received	2	33 592	3 579
Interest received	2.3	6 069	128
Net (increase)/decrease in net working capital		11 813	(7 262)
Surrendered to Revenue Fund		(51 364)	(884 223)
Current payments		(3 615 572)	(3 552 445)
Interest paid	5	(15)	-
Payments for financial assets		(35 315)	(41)
Transfers and subsidies paid		(15 776 387)	(13 280 292)
Net cash flow available from operating activities	17	4 422 400	3 655 360
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(4 388 509)	(4 498 818)
Proceeds from sale of capital assets	2.4	241	145
(Increase)/decrease in loans		203	324
(Increase)/decrease in non-current receivables	11	-	(86)
Net cash flow available from investing activities		(4 388 065)	(4 498 435)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(33 156)	138
Net cash flows from financing activities		(33 156)	138
Net increase/(decrease) in cash and cash equivalents		1 179	(842 937)
Cash and cash equivalents at beginning of period		(640 515)	202 422
Cash and cash equivalents at end of period	18	(639 336)	(640 515)

NOTES TO THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

Part A: Accounting policies

Summary of significant accounting policies

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

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

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

1.	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2.	Going concern The financial statements have been on a going concern basis.
3.	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4.	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5.	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6.	Comparative information
6.1.	Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2.	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7.	Revenue
7.1.	Appropriated funds Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. Appropriated funds are measured at the amount receivable. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2.	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Departmental revenue is measured at the cash amount received. In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3.	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: - it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and - the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.
8.	Expenditure
8.1.	Compensation of employees
8.1.1.	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2.	Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2.	Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold. Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.
8.3.	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.
8.4.	Leases
8.4.1.	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2.	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. At the commencement of the finance lease term, finance lease assets acquired are recorded and measured at: - the fair value of the leased asset; or if lower, - the present value of the minimum lease payments. Finance lease assets acquired prior to 1 April 2024 are recorded and measured at the present value of the minimum lease payments
9.	Aid assistance
9.1.	Aid assistance received Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. CARA Funds are recognised when receivable and measured at the amount receivable. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
9.2.	Aid assistance paid

	Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
10.	Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.
11.	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.
12.	Loans and receivables Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
13.	Investments Investments are recognised in the statement of financial position at cost.
14.	Financial assets
14.1.	Financial assets (not covered elsewhere) A financial asset is recognised initially at its cost-plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
14.2.	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
15.	Payables Payables recognised in the statement of financial position are recognised at cost.
16.	Capital assets
16.1.	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2.	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

16.3.	Intangible capital assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
16.4.	Project costs: Work-in-progress Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian after completion.
17.	Provisions and Contingents
17.1.	Provisions Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
17.2.	Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.
17.3.	Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.
17.4.	Capital commitments Capital commitments are recorded at cost in the notes to the financial statements.
18.	Unauthorised expenditure Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure. Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. Unauthorised expenditure recorded in the notes to the financial statements comprise of • unauthorised expenditure that was under assessment in the previous financial year. • unauthorised expenditure relating to previous financial year and identified in the current year; and Unauthorised incurred in the current year.

19.	Fruitless and wasteful expenditure Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises: • fruitless and wasteful expenditure that was under assessment in the previous financial year. • fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • fruitless and wasteful expenditure incurred in the current year.
20.	Irregular expenditure Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of: • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.
21.	Changes in accounting estimates and errors Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
22.	Events after the reporting date Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.
23.	Principal-Agent arrangements The department is party to a principal-agent arrangement for <i>[include details here]</i>. In terms of the arrangement the department is the <i>[principal / agent]</i> and is responsible for <i>[include details here]</i>. 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.
24.	Departures from the MCS requirements The management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.
25.	Capitalisation reserve The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period, but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/ Provincial Revenue Fund when the underlying asset is disposed, and the related funds are received.
26.	Recoverable revenue Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/ Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
27.	Related party transactions Related party transactions within the Minister/ MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

28.	Inventories At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or were intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis.
29.	Public-Private Partnerships Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies. A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.
30.	Employee benefits The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note. Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date. The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
31.	Transfer of functions Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer. Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.
32.	Mergers Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger. Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.

Part B: Explanatory notes

1. Annual appropriation

1.1. Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for national departments (voted funds) and provincial departments:

2024/25				2023/24		
	Final budget	Actual funds received	Funds not requested / not received	Final budget	Actual funds received	Funds not requested / not received
Programmes	R'000	R'000	R'000	R'000	R'000	R'000
Administration	2 248 783	2 248 783	-	2 070 074	2 070 074	-
Water Resources Management	6 532 351	6 532 351	-	4 303 190	4 303 190	-
Water Services Management	15 068 445	15 068 445	-	15 002 652	15 002 652	-
Total	23 849 579	23 849 579	-	21 375 916	21 375 916	-

1.2. Conditional grants

	Note	2024/25 R'000	2023/24 R'000
Total grants received	31	11 769 731	11 291 148

2. Departmental revenue

	Note	2024/25 R'000	2023/24 R'000
Sales of goods and services other than capital assets	2.1	1 762	1 828
Fines, penalties, and forfeits	2.2	1 050	450
Interest, dividends and rent on land	2.3	6 069	128
Sales of capital assets	2.4	241	145
Transactions in financial assets and liabilities	2.5	30 780	1 301
Total		39 902	3 852

2.1. Sale of goods and services other than capital assets

	Note	2024/25 R'000	2023/24 R'000
Sales of goods and services produced by the department		1 719	1 732
Sales by market establishment		522	572
Other sales		1 197	1 160
Sales of scrap, waste, and other used current goods		43	96
Total	2	1 762	1 828

2.2. Fines, penalties and forfeits

	Note	2024/25 R'000	2023/24 R'000
Fines		1 050	450
Total	2	1 050	450

2.3. Interest, dividends and rent on land

	Note	2024/25 R'000	2023/24 R'000
Interest		6 069	128
Total	2	6 069	128

2.4. Sales of capital assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets			
Machinery and equipment		241	145
Total	2	241	145

2.5. Transactions in financial assets and liabilities

	Note	2024/25 R'000	2023/24 R'000
Receivables		29 564	1 014
Other receipts including Recoverable Revenue		1 216	287
Total	2	30 780	1 301

Prior year error: The opening balance of Gifts, donations and sponsorship received in kind was misstated and adjusted by R587 thousand from R964 thousand to R1,551 million.

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

	Note	2024/25 R'000	2023/24 R'000
List in kind donation received	Annex 1H		
Sponsorship		5 908	1 551
Total		5 908	1 551

Prior year error: The opening balance of Gifts, donations and sponsorship received in kind was misstated and adjusted by R587 thousand from R964 thousand to R1,551 million

3. Compensation of employees

3.1. Analysis of balance

	<i>Note</i>	2024/25	2023/24
		R'000	R'000
Basic salary		1 332 021	1 295 693
Performance award		285	666
Service based		2 438	2 322
Compensative/circumstantial		16 586	14 091
Other non-pensionable allowances		282 676	275 245
Total		1 634 006	1 588 017

3.2. Social contributions

	<i>Note</i>	2024/25	2023/24
		R'000	R'000
Employer contributions			
Pension		163 238	157 479
Medical		89 389	84 448
Bargaining council		331	327
Insurance		3 330	2 334
Total		256 288	244 588
Total compensation of employees		1 890 294	1 832 605
Average number of employees		2 851	2 971

4. Goods and services

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Administrative fees		12 082	11 060
Advertising		9 154	15 033
Minor assets	4.1	2 594	2 614
Bursaries (employees)		9 929	8 403
Catering		1 926	2 574
Communication		24 363	25 934
Computer services	4.2	152 833	134 713
Consultants: Business and advisory services		293 622	275 330
Infrastructure and planning services		172 971	145 402
Laboratory services		5 562	4 867
Legal services		22 001	23 466
Contractors		8 127	47 492
Agency and support / outsourced services		1 064	2 392
Entertainment		36	83
Audit cost – external	4.3	37 559	49 185
Fleet services		3 901	4 236
Inventories	4.4	-	12 605
Consumables	4.5	39 115	43 544
Operating leases		518 403	514 906
Property payments	4.6	118 655	109 262
Rental and hiring		1 143	1 550
Transport provided as part of the departmental activities		1 332	-
Travel and subsistence	4.7	259 940	254 820
Venues and facilities		9 209	13 034
Training and development		11 532	8 276
Other operating expenditure	4.8	8 225	9 059
Total		1 725 278	1 719 840

4.1. Minor assets

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Tangible capital assets			
Machinery and equipment		2 594	2 614
Total	4	2 594	2 614

4.2. Computer services

	<i>Note</i>	2024/25 R'000	2023/24 R'000
SITA computer services		86 855	42 025
External computer service providers		65 978	92 688
Total	4	152 833	134 713

4.3. Audit cost - external

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Regularity audits		28 138	46 136
Investigations		9 421	2 253
Computer audits		-	796
Total	4	37 559	49 185

4.4. Inventories

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Other supplies	4.4.1	-	12 605
Total		-	12 605

4.4.1 Other supplies

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Assets for distribution			
Other assets for distribution		-	12 605
Total	4.4	-	12 605

4.5. Consumables

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Consumable supplies		30 374	33 448
Uniform and clothing		5 756	4 282
Household supplies		8 194	7 216
Building material and supplies		1 446	1 398
IT consumables		789	1 858
Other consumables		14 189	18 694
Stationery, printing, and office supplies		8 741	10 096
Total	4	39 115	43 544

4.6. Property payments

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Municipal services		51 180	49 476
Property maintenance and repairs		24 503	21 482
Other		42 972	38 304
Total	4	118 655	109 262

4.7. Travel and subsistence

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Local		237 002	230 388
Foreign		22 938	24 432
Total	4	259 940	254 820

4.8. Other operating expenditure

	Note	2024/25 R'000	2023/24 R'000
Professional bodies, membership, and subscription fees		2 331	2 276
Resettlement costs		1 378	710
Other		4 516	6 073
Total	4	8 225	9 059

5. Interest on rent and land

	Note	2024/25 R'000	2023/24 R'000
Interest paid		15	-
Total		15	-

6. Payment for financial assets

	Note	2024/25 R'000	2023/24 R'000
Debts written off	6.1	35 315	41
Total		35 315	41

6.1. Debts written-off

	Note	2024/25 R'000	2023/24 R'000
Nature of debts written off			
Recoverable revenue written off			
Disallowance Miscellaneous		29 863	
Total		29 863	-
Other debt written off			
Debt write-off		5 452	17
T&S Advances		-	24
Total		5 452	41
Total debt written off	6	35 315	41

An increase in amount written off relates to the irrecoverable Water boards debt that were created during the reconciliation of the infrastructure commitment, and normal staff debts.

7. Transfers and subsidies

	Note	2024/25 R'000	2023/24 R'000
Provinces and municipalities	32	7 665 413	6 878 959
Departmental agencies and accounts	<i>Annex 1B</i>	5 486 740	3 276 095
Higher education institutions	<i>Annex 1C</i>	-	-
Foreign governments and international organisations	<i>Annex 1E</i>	72 075	46 566
Public corporations and private enterprises	<i>Annex 1D</i>	2 507 436	3 039 510
Non-profit institutions	<i>Annex 1F</i>	1 634	2 447
Households	<i>Annex 1G</i>	43 089	36 715
Total		15 776 387	13 280 292

7.1. Donations made in-kind

	Note	2024/25 R'000	2023/24 R'000
<i>List in-kind donations made</i>	<i>Annex 1J</i>		
<i>Gifts</i>		3	5
<i>Donations</i>		19	8
Total		22	13

8. Expenditure for capital assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets		4 304 060	4 434 122
Buildings and other fixed structures	29	4 229 090	4 349 931
Machinery and equipment	27	74 970	84 191
Intangible capital assets		84 449	64 696
Software	28	84 449	64 696
Total		4 388 509	4 498 818

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

Name of entity	2024/25		
	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible capital assets	4 304 060	-	4 304 060
Buildings and other fixed structures	4 229 090	-	4 229 090
Machinery and equipment	74 970	-	74 970
Intangible capital assets	84 449	-	84 449
Software	84 449	-	84 449
Total	4 388 509	-	4 388 509

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

Name of entity	2024/25		Total R'000
	Voted funds R'000	Aid assistance R'000	
Tangible capital assets	4 434 122	-	4 434 122
Buildings and other fixed structures	4 349 931	-	4 349 931
Machinery and equipment	84 191	-	84 191
Intangible capital assets	64 696	-	64 696
Software	64 696	-	64 696
Total	4 498 818	-	4 498 818

8.3. Finance lease expenditure included in expenditure for capital assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets			
Machinery and equipment		12 913	10 874
Total		12 913	10 874

9. Cash and cash equivalents

	Note	2024/25 R'000	2023/24 R'000
Disbursements		(1)	28
Cash on hand		93	93
Investments (Domestic)		4	338
Total		96	459

Cash and cash equivalent comprise of Paymaster General Account (PMG) petty cash on hand and money in the commercial bank account available for use. Money in the commercial bank represent cash receipts deposited on/before the last day of the Month but not yet interphase on BAS.

10. Prepayments and advances

	Note	2024/25 R'000	2023/24 R'000
Travel and subsistence		94	4
Prepayments (Not expensed)		11 596	16 207
Advances paid (Not expensed)	10.1	51 732	24 601
Total		63 422	40 812
Analysis of Total Prepayments and advances			
Current Prepayments and advances		63 422	40 812
Total		63 422	40 812

10.1. Advances paid (not expensed)

		2024/25				
	Note	Amount as at 1 April 2024 R'000	Less: Amounts expensed in current year R'000	Add / Less: Other R'000	Add Current year advances R'000	Amount as at 31 March 2025 R'000
National departments		4 093	(6 811)	-	6 236	3 518
Public entities		20 508	(483 739)	-	511 445	48 214
Total	10	24 601	(490 550)	-	517 681	51 732

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

10.2. Pre-Payments (not expensed)

		2024/25				
	Note	Amount as at 1 April 2024 R'000	Less: Amounts expensed in current year R'000	Add / Less: Other R'000	Add Current year advances R'000	Amount as at 31 March 2025 R'000
Goods and services		-	(56)	-	143	87
Capital assets		16 207	(4 698)	-	-	11 509
Total	10	16 207	(4 754)	-	143	11 596

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

10.3. Prepayments (expensed)

	2024/25			
	Amount as at 1 April 2024 R'000	Less: Received in the current year R'000	Add / Less: Other R'000	Add Current year pre-payments R'000
Goods and services	250	-	-	-
Total	250	-	-	-

	2023/24			
	Amount as at 1 April 2023 R'000	Less: Received in the current year R'000	Add / Less: Other R'000	Add Current year pre-payments R'000
Goods and services	250	-	-	-
Total	250	-	-	-

10.4. Advances paid (expensed) ("advances expensed" not permitted from 1 April 2024)

	2024/25			
	Amount as at 01 April 2022 R'000	Less: received in the current year R'000	Add / Less: Other R'000	Add current year advances R'000
National departments	-	-	-	-
Public entities	-	-	-	-
Total	-	-	-	-

	2023/24			
	Amount as at 01 April 2021 R'000	Less: received in the current year R'000	Add / Less: Other R'000	Add current year advances R'000
National departments	-	-	-	-
Public entities	-	-	-	-
Total	-	-	-	-

11. Receivables

	Note	2024/25			2023/24		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	71	-	71	383	-	383
Recoverable expenditure	11.2	106	-	106	103	-	103
Staff debt	11.3	9 466	-	9 466	8 362	175	8 537
Other receivables	11.4	7 363	-	7 363	42 877	-	42 877
Total		17 006	-	17 006	51 725	175	51 900

11.1. Claims recoverable

	<i>Note</i>	2024/25 R'000	2023/24 R'000
National departments		71	158
Provincial departments		-	219
Public entities		-	6
Total	11	71	383

11.2. Recoverable expenditure

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Sal: Tax Debt		4	1
Disallowance Miscellaneous: CA			8
Sal: Pension Fund		3	3
Sal: GEHS Refund Control Acc: CL		76	87
Sal: Medical Aid:CL		-	4
Sal: Reversal Control		18	-
Sal: Deduction Disallowance		5	
Total	11	106	103

11.3. Staff debt

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Salary Overpayment & leave without pay		5 581	5 584
Tax Debt		18	64
Bursary (Breach of Contract)		2 095	1 191
Petty Cash		-	1
T&S Advance Dom		177	184
Arrears on house rent		37	-
Telephone /cell phone Debt		116	284
Subsidies Transport		751	785
Traffic fines/Fruitless and wasteful/Fraud		182	42
Loss and damages		509	402
Total	11	9 466	8 537

11.4. Other receivables

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Fruitless and wasteful expenditure		-	12 958
Municipal & Supplier Debt		7 363	18 269
External Debt		-	11 650
Total	11	7 363	42 877

11.5. Impairment of receivables

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Estimate of impairment of receivables		1 796	5 563
Total		1 796	5 563

12. Loans

	<i>Note</i>	2023/24 R'000	2022/23 R'000
Public corporations		609	812
Total		609	812
Analysis of balance			
Opening balance		812	1 136
New issues		6	32
Repayments		(209)	(356)
Closing balance		609	812

13. Voted funds to be surrendered to the revenue fund

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Opening balance		44 319	861 594
Prior period error	13.1		
As restated		44 319	861 594
Transferred from statement of financial performance (as restated)		33 781	44 320
Paid during the year		(44 327)	(861 595)
Closing balance		33 773	44 319

13.1. Reconciliation of unspent conditional grants

	<i>Note</i>	2024/25 R'000	2023/24 R'000
Opening balance		5	-
Total conditional grants received	1.2	11 769 731	11 291 148
Total conditional grants spent		(11 769 731)	(11 291 143)
Unspent conditional grants to be surrendered		5	5
Less: Paid to the Provincial Revenue Fund by Provincial department		(5)	-
Approved for rollover		-	-
Not approved for rollover		(5)	-
		-	5

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

	Note	2024/25 R'000	2023/24 R'000
Opening balance		144	18 920
Prior period error	14.1		-
As restated		144	18 920
Transferred from statement of financial performance (as restated)		39 902	3 852
Paid during the year		(7 037)	(22 628)
Closing balance		33 009	144

15. Bank overdraft

	Note	2024/25 R'000	2023/24 R'000
Consolidated Paymaster General Account		639 427	640 965
Overdraft with commercial banks (Local)		5	9
Total		639 432	640 974

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

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

16. Payables - current

	Note	2024/25 R'000	2023/24 R'000
Clearing accounts	16.1	512	386
Other payables		516	1 113
Total		1 028	1 499

16.1. Clearing accounts

Description	Note	2024/25 R'000	2023/24 R'000
Sal: Income Tax		506	386
Sal: Pension Fund		6	-
Total	16	512	386

16.2. Other payables

Description	Note	2023/24 R'000	2022/23 R'000
National Departments		500	43
Public Entities		-	740
Water Trading Entity		12	330
Public Corporation & Private Entertainment		4	-
Total	16	516	1 113

17. Net cash flow available from operating activities

	Note	2024/25 R'000	2023/24 R'000
Net surplus/(deficit) as per Statement of Financial Performance		73 683	48 172
Add back non-cash/cash movements not deemed operating activities		4 348 717	3 607 188
(Increase)/decrease in receivables		34 894	4 227
(Increase)/decrease in prepayments and advances		(22 610)	(12 143)
Increase/(decrease) in payables – current		(471)	654
Proceeds from sale of capital assets		(241)	(145)
Expenditure on capital assets		4 388 509	4 498 818
Surrenders to RDP Fund/Donors		(51 364)	(884 223)
Net cash flow generating		4 422 400	3 655 360

18. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2024/25 R'000	2023/24 R'000
Consolidated Paymaster General account		(639 427)	(640 965)
Disbursements		(1)	28
Cash on hand		93	93
Cash with commercial banks (Local)		(1)	329
Total		(639 336)	(640 515)

The Department have recorded an adverse Bank balance on the PMG Account due to pending approval of unauthorised expenditure by parliament

19. Contingent liabilities and contingent assets

19.1. Contingent liabilities

Liable to	Nature	Note	2023/24 R'000	2022/23 R'000
Other guarantees		Annex 3A	10 764 176	8 300 865
Claims against the department		Annex 3B	113 073	104 981
Total			10 877 249	8 405 846

Prior year error: The opening balance of Contingent Liabilities was misstated and adjusted by R64 thousand from R105,044 million to R104,981 million.

19.2. Contingent assets

Nature of contingent asset	Note	2024/25 R'000	2023/24 R'000
Noncompliance with Procurement processes		10 687	9 253
Noncompliance with Procurement processes		2 974	2 575
Advisory Services		17 900	17 900
Giyani Project		4 749 971	4 298 617
Bucket Eradication Project		15 095	15 095
Total		4 796 627	4 343 439

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

20. Capital commitments

	Note	2024/25 R'000	2023/24 R'000
Buildings and other fixed structures		10 225 297	10 802 638
Machinery and equipment		9 260	3 295
Total		10 234 557	10 805 933

Prior year error: The opening balance on Commitment have been adjusted with an amount of R85,084 million as a result of the new contracts entered in the previous year. Adjustment from R10,720 billion to R10,805 billion.

21. Accruals and payables not recognised

21.1. Accruals

Listed by economic classification	Note	2024/25			2023/24
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		38 322	30 417	68 739	87 894
Interest and rent on land		-	-	-	-
Transfers and subsidies		-	-	-	28
Capital assets		179 607	58 418	238 025	338 122
Other		-	-	-	-
Total		217 929	88 835	306 764	426 044

Listed by programme level	Note	2024/25	2023/24
		R'000	R'000
Administration		26 425	70 105
Water Resource Management		4 948	7 255
Water Service Management		275 391	348 684
Total		306 764	426 044

Prior year error: The opening balance of Accruals was misstated and adjusted by R145,011 million from R281 033 million to R426,044 million.

21.2. Payables not recognised

Listed by economic classification	Note	2024/25			2023/24
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		93 008	12 136	105 144	22 851
Transfers and subsidies		59	-	59	-
Capital assets		321 064	53 266	374 330	46 821
Total		414 131	65 402	479 533	69 672

Listed by programme level	Note	2024/25	2023/24
		R'000	R'000
Administration		28 424	10 169
Water Resource Management		21 402	491
Water Service Management		429 707	59 012
Total		479 533	69 672

Prior year error: The opening balance of Payables not recognised was misstated and adjusted by R1,149 million from R70,821 million to R69,672 million.

<i>Included in the above totals are the following:</i>	Note	2024/25 R'000	2023/24 R'000
Confirmed balances with other departments	Annex 5	-	2 732
Confirmed balances with other government entities	Annex 5	22 172	34 083
Total		22 172	36 815

Prior period error: the opening balance with department and other government entity was misstated and adjusted by R12, 892 million from R23, 923 million to R 36,815 million.

22. Employee benefits

	Note	2024/25 R'000	2023/24 R'000
Leave entitlement		103 785	101 429
Service bonus		49 502	48 037
Capped leave		42 777	48 502
Long Service Awards		2 721	2 002
Total		198 785	199 970

No provision has been made for performance awards in line with circular 1 of 2019 issued by the DPSA.

23. Lease commitments

23.1. Operating leases

	2024/25				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	255 330	-	255 330
Later than 1 year and not later than 5 years	-	-	791 824	-	791 824
Later than 5 years	-	-	126 528	-	126 528
Total lease commitments	-	-	1 173 682	-	1 173 682

	2023/24				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	171 185	-	171 185
Later than 1 year and not later than 5 years	-	-	424 383	-	424 383
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	595 568	-	595 568

Prior year error: The opening balance of Lease Commitment: Operating leases was misstated and adjusted by R156,303 million from R439,265 million to R595,568 million.

Leases are for lease of buildings occupied by the Department there are no material leasing arrangements and there are no assets that are sub-leased.

Department entered into lease for various terms averaging 5 years or 60 months with escalation clauses averaging 6% p.a. per lease agreement with an option of renewal and with no option for purchase. Restrictions imposed on the department through the lease agreement are restrictions relating to enhancements, repairs & maintenance, sub-leasing, and disposal.

23.2. Finance leases **

2024/25					
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	13 269	13 269
Later than 1 year and not later than 5 years	-	-	-	7 391	7 391
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	20 660	20 660

2023/24					
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	6 723	6 723
Later than 1 year and not later than 5 years	-	-	-	5 806	5 806
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	12 529	12 529

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

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

24. Unauthorised, irregular and fruitless and wasteful expenditure

	Note	2024/25 R'000	2023/24 R'000
Fruitless and wasteful expenditure – current year		9	11
Total		9	11

25. Related party transactions

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

Entities reporting to the Minister through Department of Water and Sanitation: -

Amatola Water; Lepelle Northern Water ; Magalies Water; Mhlathuze Water; Overberg Water; Rand Water; Umgeni uThukela Water; Breede-Olifants Management Agency; Inkomati-Usuthu Catchment Management Agency; Komati Basin Water Authority; Trans-Caledon Tunnel Authority; Water Research Commission; Water Trading Account; International Transboundary; Orange-Senqu; Limpopo -Olifants Catchment Management Agency; Vaal Central Water; Vaal-Orange Catchment Management Agency; Mzimvubu-Tsitsikamma; Catchment Agency; Pongola-Mzimkulu Catchment Management Agency

Irrigation Boards and Water User Associations: -

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

26. Key management personnel

	2024/25 R'000	2023/24 R'000
Political office bearers	7 094	6 884
Officials:		
Level 15 to 16	16 409	17 558
Level 14 (including CFO if at a lower level)	49 258	46 397
Family members of key management personnel	623	590
Total	73 384	71 429

Prior year error: The opening balance of Key management personnel was misstated and adjusted by R3,212 million from R74,641million to R71,429 million.

	2024/25 R'000	2023/24 R'000
Regulator Commission Committee		
Mr Modiba JB	192	262
Ms Breytenbach K	-	127
Mr Connolly JA	300	417
Dr Eberhard R	339	301
Ms van Der Merwe K	571	596
Ms Matsabu MM	609	459
Dr Muchara B	289	185
Ms Padayachee D	636	777
Ms Sondlo N	-	78
Ms Mnqeta NN	239	294
Mr Potloane EL	106	229
Total	3 281	3 725

27. Movable tangible capital assets

Movement in movable tangible capital assets per the asset register for the year ended 31 March 2025

2024/25

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	703 695		71 265	(32 967)	741 993
Transport assets	78 463		2 497	(12)	80 948
Computer equipment	253 618		21 628	(8 774)	266 472
Furniture and office equipment	71 847		5 372	(1 532)	75 687
Other machinery and equipment	299 767		41 768	(22 649)	318 886
FINANCE LEASE ASSETS	10 478		19 650		30 128
Finance lease assets	10 478		19 650		30 128
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	714 173	-	90 915	(32 967)	772 121

Movable tangible capital assets under investigation

	Note	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register that are under investigation:			
Machinery and equipment		188	4 258
Total		188	4 258

27.1. Movement in movable tangible capital assets per the asset register for the year ended 31 March 2025

2023/24					
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	643 656	937	74 640	(15 538)	703 695
Transport assets	77 700	-	763	-	78 463
Computer equipment	222 742	418	37 779	(7 321)	253 618
Furniture and office equipment	66 965	-	5 777	-895	71 847
Other machinery and equipment	276 249	519	30 321	(7 322)	299 767
FINANCE LEASE ASSETS	-	10 478	-	-	10 478
Finance lease assets	-	10 478	-	-	10 478
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	643 656	11 415	74 640	(15 538)	714 173
27.1.1 Prior period error					
Nature of prior period error			Note		2023/24 R'000
Relating to 2023/24 [affecting the opening balance]					
Correction of error					11 415
Total prior period errors					11 415
Prior period error: Movable tangible capital assets were adjusted by R11,415 million from R702,758 million to R714,173 million.					

27.2. Minor assets

Movement in minor capital assets per the asset register for the year ended 31 March 2025

2024/25

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	36	-	82 325	-	1 876	84 237
Value adjustments							-
Additions	-	-	-	2 626	-	221	2 847
Disposals	-	-	-	(4 269)	-	(741)	(5 010)
Total Minor assets	-	36	-	80 682	-	1 356	82 074

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
Number of R1 minor assets	-	-	-	27 538	-	-	27 538
Number of minor assets at cost	-	-	-	43 901	-	-	43 901
Total number of minor assets	-	-	-	71 439	-	-	71 439

Minor capital assets under investigation

	Note	Number	Value R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:			
Machinery and equipment		102	236

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

2023/24

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	36	-	81 373	-	68	81 477
Prior period error	-	-	-	(1)	-	1 808	1 807
Additions	-	-	-	2 685	-	-	2 685
Disposals	-	-	-	(1 732)	-	-	(1 732)
Total Minor assets	-	36	-	82 325	-	1 876	84 237

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
Number of R1 minor assets	-	-	-	28 202	-	-	28 202
Number of minor assets at cost	-	-	-	49 035	-	-	49 035
Total number of minor assets	-	-	-	77 237	-	-	77 237

27.2.1 Prior period error

Nature of prior period error

Relating to 2023/24 [affecting the opening balance]

Value adjustment

Total prior period errors

Note

2023/24	
R'000	
	1 807
	1 807

Prior period error: Minor capital assets was adjusted by R1,807 million from R82,429 million to R84,237 million.

27.3. Movable Capital assets written off

Movable Capital Assets Written Off for the year ended 31 March 2025

2024/25					
Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
R'000	R'000	R'000	R'000	R'000	R'000
-	-	-	1 381	-	1 381
-	-	-	1 381	-	1 381
Total movable assets written off					1 381

2023/24					
Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
R'000	R'000	R'000	R'000	R'000	R'000
-	-	-	893	-	893
-	-	-	893	-	893
Total movable assets written off					893

Prior year error: The opening balance on Movable Capital Assets written off was misstated and adjusted by R 893 thousand from R0 to R893 thousand

28. Intangible capital assets

Movement in intangible capital assets per the asset register for the year ended 31 March 2025

	2024/25			
	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	219 492	84 449	(819)	303 122
Patents, licences, copyright, brand names, trademarks	5 468	-	-	5 468
Total intangible capital assets	224 960	84 449	(819)	308 590

Intangible Capital Assets under investigation

	Note	Number	Value R'000
Included in the above total of the intangible capital assets per the asset register that are under investigation:			
Software			
Patents, licences, copyright, brand names, trademarks			
Total			

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

	2023/24			
	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000
Software	154 795	-	64 697	-
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-
Finance lease assets	-	-	-	-
Total intangible capital assets	160 263	-	64 697	-
				224 960

29. Immovable tangible capital assets

Movement in immovable tangible capital assets per the asset register for the year ended 31 March 2025

	2024/25			
	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	12 735 078	16 864	(283 018)	12 468 924
Dwellings	3 316	104		3 420
Non-residential buildings	6 923			6 923
Other fixed structures	12 724 839	16 760	(283 018)	12 458 581
LAND AND SUBSOIL ASSETS	11 503	-	-	11 503
Land	11 503	-	-	11 503
FINANCE LEASE ASSETS	-	-	-	-
Finance lease assets	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	12 746 581	16 864	(283 018)	12 480 427

Immovable tangible capital assets under investigation

	Note	Number	Value R'000
Included in the above total of the intangible capital assets per the asset register that are under investigation:			
Buildings and other fixed structures			
Land and subsoil assets			
Total			

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

2023/24					
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	11 612 446	1 817 065	82 072	(776 505)	12 735 078
Dwellings	3 316		-	-	3 316
Non-residential buildings	6 923		-	-	6 923
Other fixed structures	11 602 207	1 817 065	82 072	(776 505)	12 724 839
LAND AND SUBSOIL ASSETS	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
FINANCE LEASE ASSETS	-	-	-	-	-
Finance lease assets	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	11 623 949	1 817 065	82 072	(776 505)	12 746 581

29.1.1 Prior period error

Nature of prior period error	Note	2023/24 R'000
Relating to 2023/24 [affecting the opening balance]		
Correction of error		1 817 065
Total prior period errors		1 817 065

Prior period error: Immovable tangible capital assets were adjusted by R1,817 billion from R10,929 billion to R12,746 billion.

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

Capital work-in-progress for the year ended 31 March 2025

	2024/25			
	Opening balance 1 April 2023	Current Year WIP	Ready for use (assets to the AR) / contracts terminated	Closing balance 31 March 2024
Note	R'000	R'000	R'000	R'000
Buildings and other fixed structures	28 177 622	4 229 090	(16 760)	32 389 952
	28 177 622	4 229 090	(16 760)	32 389 952

Annex 7

Payables not recognised relating to Capital WIP

	Note	2024/25 R'000	2023/24 R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress		372 868	46 821
Total		372 868	46 821

Payables not recognised relating to Capital WIP adjusted with R1 149 from R47 970 million to R46 821 million.

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

	2023/24				
	Opening balance 1 April 2023	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2024
Note	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	25 746 618	(1 836 855)	4 349 931	(82 072)	28 177 622
Total	25 746 618	(1 836 855)	4 349 931	(82 072)	28 177 622

Prior period error: Capital Work in Progress was adjusted by R1,836 billion from R30,014 billion to R28,177 billion.

30. Prior period errors

30.1. Correction of prior period errors

		2023/24		
		Amount before error correction	Prior period error	Restated
		R'000	R'000	R'000
Note				
Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)				
Movable Tangible Capital assets	27.1	702 758	11 415	714 173
Minor Capital assets	27.2	82 430	1 807	84 237
Movable Tangible Capital assets written off	27.3		893	893
Immovable Tangible Capital Assets	29.1	10 929 516	1 817 065	12 746 581
Capital Work in progress	29.2	30 014 477	(1 836 855)	28 177 622
Net effect		41 729 181	(5 675)	41 723 506

Prior period error: Movable tangible capital assets were adjusted by R11,415 million from R702,759 million to R714,173 million.

Prior period error: Minor capital assets were adjusted by R1,807 million from R82,430 million to R84,237million.

Prior period error: Immovable tangible capital assets were adjusted by R1 817 065 billion from R10,929 billion to R12,746 billion.

Prior period error: Capital Work in Progress was adjusted by R1 836 855 billion from R30,014 billion to R28,177 billion.

Prior year error: The opening balance on Movable Capital Assets written off was misstated and adjusted by R 893 thousand from R0 to R893 thousand

		2023/24		
		Amount before error correction	Prior period error	Restated
		R'000	R'000	R'000
Note				
Liabilities: (e.g. Payables current, voted funds to be surrendered, Commitments, Provisions, etc.)				
Capital Commitments	20	10 720 849	85 084	10 805 933
Accruals	21.1	281 033	145 011	426 044
Payables not recognised	21.2	70 821	(1 149)	69 672
Contingent liabilities - Claims against the state	19.1	105 044	(63)	104 981
Lease Commitment: Operating leases	23.1	439 265	156 303	595 568
Net effect		11 617 012	385 186	12 002 198

Prior year error: The opening balance of Accruals was misstated and adjusted by R145,011 million from R281,033 million to R426,044 million.

Prior year error: The opening balance of Payables was not recognised and was misstated and adjusted by R1,149 million from R70,821 million to R69,672 million.

Prior year error: The opening balance of Contingent Liabilities was misstated and adjusted by R63 thousand from R105,044 million to R104,981 million.

Prior year error: The opening balance on Commitment has been adjusted with an amount of R 85,084 million as a result of the new contracts entered in the previous year. Adjustment from R10,720 billion to R10,805 billion.

Prior year error: The opening balance of Lease Commitment: Operating leases was misstated and adjusted by R156,303 million from R439,265 million to R595,568 million.

		2023/24		
		Amount before error correction	Prior period error	Restated
		R'000	R'000	R'000
		Note		
Liabilities:				
Key Management Personnel	26	74 641	(3 212)	71 429
Net effect		74 641	(3 212)	71 429

Prior year error: The opening balance of Key Management Personnel was misstated and adjusted by R3,212 million from R74,641million to R71,429 million.

		2023/24		
		Amount before error correction	Prior period error	Restated
		R'000	R'000	R'000
		Note		
Revenue: (e.g., Annual appropriation, Departmental revenue, Aid assistance, etc.)				
Gifts, donations and sponsorship received in kind	3.6.1	964	587	1 551
Net effect		964	587	1 551

Prior year error: Gifts, donations, and sponsorship received in kind were misstated and adjusted by R587 thousand from R964 thousand to R1,551 million.

31. Statement of conditional grants received

Name of grant	2024/25							2023/24		
	Grant allocation				Spent			Division of Revenue Act	R'000	Amount spent by department
	Division of Revenue Act/ Provincial Grants	Roll overs	DORA adjustments	Other adjustments	Total available	Amount received by department	Amount spent by department			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	% of available funds spent by department	R'000	R'000
Regional Bulk Infrastructure Grant (RBIG): Schedule 5B	3 852 383		(225 000)	-	3 627 383	3 627 383	3 627 383	100,0%	3 258 828	3 258 828
Water Services Infrastructure Grant (WSIG): Schedule 5B	4 037 673		-	-	4 037 673	4 037 673	4 037 673	100,0%	3 619 661	3 619 661
Regional Bulk Infrastructure Grant (RBIG): Schedule 6B	3 057 957		(243 000)	25 391	2 840 348	2 840 348	2 840 348	100,0%	3 084 614	3 084 609
Regional Bulk Infrastructure Grant (RBIG): Schedule 6B - Vaal River Pollution Remediation Project (Goods and services)	-		243 000	(25 391)	217 609	217 609	217 609	100,0%	213 807	213 807
Water Services Infrastructure Grant (WSIG): Schedule 6B	1 046 718		-	-	1 046 718	1 046 718	1 046 718	100,0%	1 114 238	1 114 238
Total	11 994 731	-	(225 000)	-	11 769 731	11 769 731	11 769 731	-	11 291 148	11 291 143

32. Statement of conditional grants paid to provinces

Name of province / grant	2024/25					2023/24	
	GRANT ALLOCATION			TRANSFER		DORA and other transfers	Actual transfer
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Reallocation s by National Treasury / Department	
Water Services Infrastructure Grant (WSIG)	4 037 673	-	-	4 037 673	4 037 673	-	3 619 661
Eastern Cape Province	562 092	-	-	562 092	562 092	-	487 864
EC101 Dr Beyers Naude Local Municipality	20 200		5 000	25 200	25 200	-	26 250
EC102 Blue Crane Route Local Municipality	13 816		(2 450)	11 366	11 366	-	16 250
EC104 Makana Local Municipality	19 800			19 800	19 800	-	21 947
EC105 Ndlambe Local Municipality	32 600		5 000	37 600	37 600	-	26 962
EC106 Sundays River Valley Local Municipality	16 000		4 676	20 676	20 676	-	24 538
EC108 Kouga	13 941			13 941	13 941	-	30 000
EC 109 Kou-Kamma	15 000		(4 466)	10 534	10 534	-	6 000
DC12 Amatole District Municipality	77 525			77 525	77 525	-	67 400
DC13 Chris Hani District Municipality	83 600		5 000	88 600	88 600	-	71 517
DC14 Joe Gqabi District Municipality	60 610		15 000	75 610	75 610	-	62 000
DC15 O.R Tambo District Municipality	100 000			100 000	100 000	-	72 000
DC44 Alfred Nzo District Municipality	109 000		(27 760)	81 240	81 240	-	63 000
Free State Province	330 959	-	(2 000)	328 959	328 959	-	323 442
FS161 Letsemeng Local Municipality	15 287		(2 000)	13 287	13 287	-	20 900
FS162 Kopanong Local Municipality	15 000		(13 000)	2 000	2 000	-	12 205
FS163 Mokohe Local Municipality	15 930		(13 930)	2 000	2 000	-	7 000
FS181 Masilonyana Local Municipality	15 224		6 000	21 224	21 224	-	9 476
FS182 Tokologo Local Municipality	22 109		(15 000)	7 109	7 109	-	20 727
FS183 Tswelopele Local Municipality	16 956		5 000	16 956	16 956	-	26 979
FS184 Matjhabeng Local Municipality	17 968			22 968	22 968	-	10 000
FS185 Nala Local Municipality	17 379		5 938	23 317	23 317	-	21 846
FS191 Setsoto Local Municipality	20 008		(13 008)	7 000	7 000	-	14 173
FS192 Dihlabeng Local Municipality	18 832		13 000	31 832	31 832	-	18 022
FS193 Nketoana Local Municipality	20 000		13 000	33 000	33 000	-	7 689
FS194 Maluti-a-phofung Local Municipality	37 510		10 000	47 510	47 510	-	51 683
FS195 Phumelela Local Municipality	19 622			19 622	19 622	-	25 777
FS196 Mantsopa Local Municipality	10 896		6 000	16 896	16 896	-	10 427
FS201 Mochaka Local Municipality	17 971		(13 000)	4 971	4 971	-	20 900
FS203 Ngwathe Local Municipality	10 906			10 906	10 906	-	18 021
FS204 Metsimaholo Local Municipality	24 361		12 000	36 361	36 361	-	15 617

Name of province / grant	2024/25					2023/24		
	GRANT ALLOCATION		TRANSFER					Actual transfer
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocation s by National Treasury / National Department	
FS205 Mafube Local Municipality	15 000		(3 000)	12 000	12 000		-	12 000
Guateng Province	246 742	-	(2 000)	244 742	244 742		-	184 290
GT422 Midvaal Local Municipality	32 599			32 599	32 599		-	19 712
GT423 Lesedi Local Municipality	19 354		(2 000)	17 354	17 354		-	18 808
GT481 Mogale City Local Municipality	100 000			100 000	100 000		-	46 782
GT484 Merafong City Local Municipality	33 342			33 342	33 342		-	30 330
GT485 Westonaria/Randfontein Local Municipality	61 447			61 447	61 447		-	68 658
Kwa-Zulu Natal Province	1 070 000	-	17 534	1 087 534	1 087 534		-	881 310
DC21 Ugu District Municipality	100 000		15 000	115 000	115 000		-	135 900
KZN225 Msunduzi Local Municipality	70 000		(15 000)	55 000	55 000		-	53 659
DC22 uMgungundlovu District Municipality	100 000		-	100 000	100 000		-	40 650
DC23 uThukela District Municipality	100 000		-	100 000	100 000		-	85 000
DC24 uMzinyathi District Municipality	85 000		(30 000)	55 000	55 000		-	42 500
KZN252 Newcastle Local Municipality	70 000		15 000	85 000	85 000		-	100 000
DC25 aMajuba District Municipality	85 000		15 000	100 000	100 000		-	-3 400
DC26 Zululand District Municipality	100 000		55 434	155 434	155 434		-	95 000
KZN 282 uMhlathuze Local Municipality	60 000		(21 400)	38 600	38 600		-	92 001
DC28 King Cetshwayo District Municipality	100 000		(6 500)	93 500	93 500		-	20 000
DC29 ILembe District Municipality	100 000		(10 000)	90 000	90 000		-	80 000
DC43 Harry Gwala District Municipality	100 000		-	100 000	100 000		-	90 000
Limpopo Province	483 713	-	-	483 713	483 713		-	440 808
DC33 Mopani District Municipality	47 998		(47 998)	-	-		-	-
DC34 Vhembe District Municipality	78 605		20 000	98 605	98 605		-	97 000
LIM354 Polokwane Local Municipality	76 000		20 000	96 000	96 000		-	67 700
DC35 Capricorn District Municipality	107 000		27 998	134 998	134 998		-	145 025
LIM 362 Lephalale Local Municipality	39 147		(39 147)	-	-		-	-
LIM 366 Bela Bela Local Municipality	45 000		29 147	74 147	74 147		-	55 750
LIM 367 Mogalakwena Local Municipality	46 000		33 963	79 963	79 963		-	75 333
DC47 Greater Sekhukhune District Municipality	43 963		(43 963)	-	-		-	-
Mpumalanga Province	442 470	-	(23 089)	419 381	419 381		-	483 937
MP301 Albert Luthuli Local Municipality	90 000		-	90 000	90 000		-	104 937
MP302 Msukaligwa Local Municipality	30 000		-	30 000	30 000		-	30 000
MP303 Mkhondo Local Municipality			-	-	-		-	-
MP304 Pixley Ka Seme Local Municipality	51 106		2 500	53 606	53 606		-	15 000
MP307 Govan Mbeki Local Municipality			-	-	-		-	30 000
MP311 Victor Khanye Local Municipality	25 000		(6 089)	18 911	18 911		-	15 000

Name of province / grant	2024/25						2023/24	
	GRANT ALLOCATION			TRANSFER			DORA and other transfers	Actual transfer
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld		
MP312 Emalahleni Local Municipality	25 000	-	(2 500)	22 500	22 500	-	12 000	12 000
MP313 Steve Tshwete Local Municipality	15 000	-	-	15 000	15 000	-	29 000	29 000
MP314 Emakhazeni Local Municipality	26 125	-	(7 000)	19 125	19 125	-	88 000	88 000
MP315 Thembisile Local Municipality	60 000	-	-	60 000	60 000	-	80 000	80 000
MP321 Thaba Chweu Local Municipality	50 239	-	-	50 239	50 239	-	30 000	30 000
MP324 Nkomazi Local Municipality	30 000	-	-	30 000	30 000	-	50 000	50 000
MP325 Bushbuckridge Local Municipality	40 000	-	(10 000)	30 000	30 000	-	-	30 000
Northern Cape Province	327 492	-	18 389	345 881	345 881	-	301 134	301 134
NC451 Joe Morolong Local Municipality	60 000	-	(4 000)	56 000	56 000	-	53 700	53 700
NC452 Gasegonyana Local Municipality	31 000	-	(6 200)	24 800	24 800	-	42 250	42 250
NC453 Gamagara Local Municipality	15 000	-	(3 000)	12 000	12 000	-	11 381	11 381
NC061 Richtersveld Local Municipality	5 000	-	-	5 000	5 000	-	4 950	4 950
NC062 Nama Khoi Local Municipality	10 000	-	(5 000)	5 000	5 000	-	10 000	10 000
NC065 Hantam Local Municipality	12 200	-	-	12 200	12 200	-	27 000	27 000
NC066 Karoo Hoogland Local Municipality	20 000	-	(4 000)	16 000	16 000	-	12 498	12 498
NC067 Khai Ma Local Municipality	10 000	-	-	10 000	10 000	-	5 225	5 225
NC071 Ubuntu Local Municipality	20 000	-	6 000	26 000	26 000	-	8 450	8 450
NC072 Umsobomvu Local Municipality	5 000	-	(2 500)	2 500	2 500	-	7 703	7 703
NC073 Emthanjeni Local Municipality	31 000	-	(5 373)	25 627	25 627	-	16 675	16 675
NC076 Thembelihle Local Municipality	12 059	-	(6 030)	6 029	6 029	-	8 540	8 540
NC077 Siyathemba Local Municipality	10 000	-	(3 000)	7 000	7 000	-	14 000	14 000
NC085 Tsantsabane Local Municipality	-	-	6 174	6 174	6 174	-	3 988	3 988
NC086 Kgatelopele Local Municipality	30 000	-	30 318	60 318	60 318	-	23 975	23 975
NC087 //Khara Hais/Mier Local Municipality	11 233	-	(2 000)	9 233	9 233	-	6 750	6 750
NC093 Magareng Local Municipality	20 000	-	5 000	25 000	25 000	-	19 515	19 515
NC094 Phokwane Local Municipality	25 000	-	12 000	37 000	37 000	-	24 534	24 534
North West Province	429 996	-	-	429 996	429 996	-	393 630	393 630
NW371 Moretele Local Municipality	75 000	-	-	75 000	75 000	-	30 000	30 000
NW373 Rustenburg Local Municipality	70 000	-	(25 000)	45 000	45 000	-	65 000	65 000
NW375 Moses Kotane Local Municipality	80 000	-	(25 000)	55 000	55 000	-	70 000	70 000
DC39 Dr Ruth Segomotsi Mompoti District Municipality	75 000	-	20 000	95 000	95 000	-	100 000	100 000
NW403 City Of Matlosana Local Municipality	50 000	-	(8 000)	42 000	42 000	-	48 630	48 630
NW404 Maquassi Hills Local Municipality	30 000	-	20 000	50 000	50 000	-	55 000	55 000
NW405 JB Marks Local Municipality	49 996	-	18 000	67 996	67 996	-	25 000	25 000
Western Cape Province	144 209	-	(8 834)	135 375	135 375	-	123 246	123 246
WC011 Matzikama Local Municipality	-	-	-	-	-	-	11 000	11 000

Name of province / grant	2024/25					2023/24		
	GRANT ALLOCATION			TRANSFER			DORA and other transfers	Actual transfer
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocation s by National Treasury / National Department	
WC012 Cederberg Local Municipality	10 000			10 000	10 000	-	4 500	4 500
WC013 Bergrivier Local Municipality	10 000		10 000	20 000	20 000	-	8 500	8 500
WC022 Witzenberg Local Municipality	15 000			15 000	15 000	-	-	-
WC023 Drakenstein Local Municipality								
WC031 Theewaterskloof Local Municipality	5 000		(2 300)	2 700	2 700	-	13 400	13 400
WC032 Overstrand Local Municipality	8 000		(2 075)	5 925	5 925	-	9 630	9 630
WC033 Cape Agulhus Local Municipality	10 000		(7 700)	2 300	2 300	-	4 500	4 500
WC034 Swellendam Local Municipality	10 000			10 000	10 000	-	4 500	4 500
WC041 Kannaland Local Municipality	9 000			9 000	9 000	-	5 304	5 304
WC042 Hessequa Local Municipality				-		-	4 500	4 500
WC044 George Local Municipality	4 000		(2 200)	1 800	1 800	-	8 300	8 300
WC045 Oudtshoorn Local Municipality	12 000		(2 480)	9 520	9 520	-	3 820	3 820
WC047 Bitou Local Municipality	12 000		(2 920)	9 080	9 080	-	8 060	8 060
WC048 Knysna Local Municipality	10 000		(994)	9 006	9 006	-		
WC051 Laingsburg Local Municipality	14 209		1 835	16 044	16 044	-	3 400	3 400
WC052 Prince Albert Local Municipality	15 000			15 000	15 000	-	25 832	25 832
Regional Bulk Infrastructure Grant (RBIG)	3 852 383	-	(225 000)	3 627 383	3 627 383	-	8 000	8 000
Eastern Cape Province	707 935	-	(101 589)	606 346	606 346	-	3 258 828	3 258 828
DC13 Chris Hani District Municipality	116 822	-	-	116 822	116 822	-	672 700	672 700
NMA Nelson Mandela Bay	250 000	-	(91 589)	158 411	158 411	-	184 000	184 000
DC14 Joe Gqabi District Municipality	50 000	-	(10 000)	40 000	40 000	-	348 000	348 000
DC15 O.R. Tambo District Municipality	291 113	-		291 113	291 113	-	20 000	20 000
Free State Province	220 112	-	(20 000)	200 112	200 112	-	120 700	120 700
FS163 Mokare Local Municipality	16 161		(7 000)	9 161	9 161	-	163 896	163 896
FS191 Setsoto Local Municipality	143 951		(20 000)	123 951	123 951	-	8 896	8 896
FS203 Ngwathe Local Municipality	60 000		7 000	67 000	67 000	-	115 000	115 000
Kwa-Zulu Natal Province	428 744	-	197 247	625 991	625 991	-	40 000	40 000
DC25 aMajuba District Municipality			-	-		-	636 452	636 452
DC26 Zululand District Municipality	214 000		217 247	431 247	431 247	-	413 905	413 905
DC28 King Cetshwayo District Municipality	214 744		(20 000)	194 744	194 744	-	222 547	222 547
Limpopo Province	126 013	-	-	126 013	126 013	-	-	-
LIM354 Polokwane Local Municipality	126 013	-		126 013	126 013	-	238 539	238 539
Mpumalanga Province	497 246	-	(75 658)	421 588	421 588	-	419 793	419 793
MP301 Chief Albert Luthuli Local Municipality	268 508		(13 335)	255 173	255 173	-	282 793	282 793
MP302 Msukaligwa Local Municipality	90 000		(10 000)	80 000	80 000	-	43 000	43 000

Name of province / grant	2024/25						2023/24	
	GRANT ALLOCATION			TRANSFER			DORA and other transfers	Actual transfer
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld		
MP313 Steve Tshwete Local Municipality	75 000		(25 585)	49 415	49 415	-	75 000	75 000
MP321 Thaba Chweu Local Municipality	28 738		(16 238)	12 500	12 500	-	5 000	5 000
MP324 Nkomazi Local Municipality	5 000			5 000	5 000	-	-	-
MP325 Bushbuckridge Local Municipality	30 000		(10 500)	19 500	19 500	-	14 000	14 000
Northern Cape Province	577 000	-	-	577 000	577 000	-	150 000	150 000
NC065 Hantam Local Municipality	85 000			85 000	85 000	-	110 000	110 000
NC074 Kareeberg Local Municipality				-	-	-	40 000	40 000
NC091 Sol Plaatje local municipality	492 000			492 000	492 000	-	-	-
North West Province	401 333	-	-	401 333	401 333	-	322 000	322 000
DC39 Dr Ruth Segomotsi Mompati District Municipality	401 333			401 333	401 333	-	322 000	322 000
Western Cape Province	894 000	-	(225 000)	669 000	669 000	-	655 448	655 448
WC022 Witzenberg Local Municipality	-		-	-	-	-	290 310	290 310
WC023 Drakenstein	600 000		(225 000)	375 000	375 000	-	-	-
WC044 George Local Municipality	294 000			294 000	294 000	-	365 138	365 138
Unconditional transfers	804	-	(447)	357	357	447	719	469
Mun B/Acc: Vehicle Licences Mun	771		(427)	344	344	427	629	393
Mun B/Acc:Fines & Penalties	23		(10)	13	13	10	90	76
Mun B/Acc:Rates and taxes	10		(10)	-	-	10	-	-
Total	7 890 860	-	(225 447)	7 665 413	7 665 413	447	6 879 208	6 878 958

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

Name of Municipality	2024/25										2023/24		
	GRANT ALLOCATION				TRANSFER		SPENT						
	DoRA and Other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Water Services Infrastructure Grant (WSIG)	4 037 673	-	-	4 037 673	4 037 673	-	-	2 669 503	2 669 503	-	100%	3 619 661	3 619 661
Eastern Cape Province	562 092	-	-	562 092	562 092	-	-	430 682	430 682	-	100%	487 864	487 864
EC101 Dr Beyers Naude Local Municipality	20 200	-	5 000	25 200	25 200	-	-	19 449	19 449	-	100%	26 250	26 250
EC102 Blue Crane Route Local Municipality	13 816	-	(2 450)	11 366	11 366	-	-	11 366	11 366	-	100%	16 250	16 250
EC104 Makana Local Municipality	19 800	-	-	19 800	19 800	-	-	14 850	14 850	-	100%	21 947	21 947
EC105 Ndlambe Local Municipality	32 600	-	5 000	37 600	37 600	-	-	20 032	20 032	-	100%	26 962	26 962
EC106 Sundays River Valley Local Municipality	16 000	-	4 676	20 676	20 676	-	-	12 927	12 927	-	100%	24 538	24 538
EC108 Kouga	13 941	-	-	13 941	13 941	-	-	11 685	11 685	-	100%	30 000	30 000
EC 109 Kou-Kamma	15 000	-	(4 466)	10 534	10 534	-	-	10 534	10 534	-	100%	6 000	6 000
DC12 Amatole District Municipality	77 525	-	-	77 525	77 525	-	-	62 109	62 109	-	100%	67 400	67 400
DC13 Chris Hani District Municipality	83 600	-	5 000	88 600	88 600	-	-	66 880	66 880	-	100%	71 517	71 517
DC14 Joe Gqabi District Municipality	60 610	-	15 000	75 610	75 610	-	-	52 610	52 610	-	100%	62 000	62 000
DC15 O.R Tambo District Municipality	100 000	-	-	100 000	100 000	-	-	67 000	67 000	-	100%	72 000	72 000
DC44 Alfred Nzo District Municipality	109 000	-	(27 760)	81 240	81 240	-	-	81 240	81 240	-	100%	63 000	63 000

Name of Municipality	2024/25										2023/24		
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocation by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Free State Province	330 959	-	(2 000)	328 959	328 959	-	-	189 189	189 189	-	100%	323 442	323 442
FS161 Letsemeng Local Municipality	15 287	-	(2 000)	13 287	13 287	-	-	14 287	14 287	-	0%	20 900	20 900
FS162 Kopanong Local Municipality	15 000	-	(13 000)	2 000	2 000	-	-	2 000	2 000	-	100%	12 205	12 205
FS163 Mokokare Local Municipality	15 930	-	(13 930)	2 000	2 000	-	-	2 000	2 000	-	100%	7 000	7 000
FS181 Masilonyana Local Municipality	15 224	-	6 000	21 224	21 224	-	-	10 224	10 224	-	100%	9 476	9 476
FS182 Tokologo Local Municipality	22 109	-	(15 000)	7 109	7 109	-	-	7 109	7 109	-	100%	20 727	20 727
FS183 Tswelopele Local Municipality	16 956	-		16 956	16 956	-	-	6 956	6 956	-	100%	26 979	26 979
FS184 Matjhabeng Local Municipality	17 968	-	5 000	22 968	22 968	-	-	12 968	12 968	-	100%	10 000	10 000
FS185 Nala Local Municipality	17 379	-	5 938	23 317	23 317	-	-	11 379	11 379	-	100%	21 846	21 846
FS191 Setsoto Local Municipality	20 008	-	(13 008)	7 000	7 000	-	-	7 000	7 000	-	100%	14 173	14 173
FS192 Dihlabeng Local Municipality	18 832	-	13 000	31 832	31 832	-	-	15 000	15 000	-	100%	18 022	18 022
FS193 Nketoana Local Municipality	20 000	-	13 000	33 000	33 000	-	-	15 000	15 000	-	100%	7 689	7 689
FS194 Maluti-a-phofung Local Municipality	37 510	-	10 000	47 510	47 510	-	-	30 510	30 510	-	100%	51 683	51 683
FS195 Phumelela Local Municipality	19 622	-		19 622	19 622	-	-	12 622	12 622	-	100%	25 777	25 777
FS196 Mantsopa Local Municipality	10 896	-	6 000	16 896	16 896	-	-	6 896	6 896	-	100%	10 427	10 427

Name of Municipality	2024/25											2023/24	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Re-allocation by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
FS201 Mqhasha Local Municipality	17 971	-	(13 000)	4 971	4 971	-	-	4 971	4 971	-	100%	20 900	20 900
FS203 Ngwathe Local Municipality	10 906	-	-	10 906	10 906	-	-	7 906	7 906	-	100%	18 021	18 021
FS204 Metsimaholo Local Municipality	24 361	-	12 000	36 361	36 361	-	-	15 361	15 361	-	100%	15 617	15 617
FS205 Mafube Local Municipality	15 000	-	(3 000)	12 000	12 000	-	-	7 000	7 000	-	100%	12 000	12 000
Guateng Province	246 742	-	(2 000)	244 742	244 742	-	-	180 742	180 742	-	100%	184 290	184 290
GT422 Midvaal Local Municipality	32 599	-	-	32 599	32 599	-	-	24 599	24 599	-	100%	19 712	19 712
GT423 Lesedi Local Municipality	19 354	-	(2 000)	17 354	17 354	-	-	5 354	5 354	-	100%	18 808	18 808
GT481 Mogale City Local Municipality	100 000	-	-	100 000	100 000	-	-	80 000	80 000	-	100%	46 782	46 782
GT484 Merafong City Local Municipality	33 342	-	-	33 342	33 342	-	-	25 342	25 342	-	100%	30 330	30 330
GT485 Westonaria/Randfontein Local Municipality	61 447	-	-	61 447	61 447	-	-	45 447	45 447	-	100%	68 658	68 658
Kwa-Zulu Natal Province	1 070 000	-	17 534	1 087 534	1 087 534	-	-	635 600	635 600	-	100%	881 310	881 310
DC21 Ugu District Municipality	100 000	-	15 000	115 000	115 000	-	-	75 000	75 000	-	100%	135 900	135 900
KZN225 Msunduzi Local Municipality	70 000	-	(15 000)	55 000	55 000	-	-	25 000	25 000	-	100%	103 659	103 659
DC22 uMgungundlovu District Municipality	100 000	-	-	100 000	100 000	-	-	50 000	50 000	-	100%	40 650	40 650
DC23 uThukela District Municipality	100 000	-	-	100 000	100 000	-	-	50 000	50 000	-	100%	85 000	85 000

Name of Municipality	2024/25											2023/24	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjust-ments	Total Available	Actual transfer	Funds withheld	Re-allocation by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC24 uMzinyathi District Municipality	85 000	-	(30 000)	55 000	55 000	-	-	26 000	26 000	-	100%	42 500	42 500
KZN252 Newcastle Local Municipality	70 000	-	15 000	85 000	85 000	-	-	50 000	50 000	-	100%	100 000	50 000
DC25 aMajuba District Municipality	85 000	-	15 000	100 000	100 000	-	-	46 000	46 000	-	100%	(3 400)	46 600
DC26 Zululand District Municipality	100 000	-	55 434	155 434	155 434	-	-	75 000	75 000	-	100%	95 000	95 000
KZN 282 uMhlathuze Local Municipality	60 000	-	(21 400)	38 600	38 600	-	-	38 600	38 600	-	100%	92 001	52 001
DC28 King Cetshwayo District Municipality	100 000	-	(6 500)	93 500	93 500	-	-	70 000	70 000	-	100%	20 000	60 000
DC29 ILembe District Municipality	100 000	-	(10 000)	90 000	90 000	-	-	50 000	50 000	-	100%	80 000	80 000
DC43 Harry Gwala District Municipality	100 000	-	-	100 000	100 000	-	-	80 000	80 000	-	100%	90 000	90 000
Limpopo Province	483 713	-	-	483 713	483 713	-	-	302 605	302 605	-	100%	440 808	440 808
DC33 Mopani District Municipality	47 998	-	(47 998)	-	-	-	-	-	-	-	-	-	-
DC34 Vhembe District Municipality	78 605	-	20 000	98 605	98 605	-	-	58 605	58 605	-	100%	97 000	97 000
LIM354 Polokwane Local Municipality	76 000	-	20 000	96 000	96 000	-	-	56 000	56 000	-	100%	67 700	67 700
DC35 Capricorn District Municipality	107 000	-	27 998	134 998	134 998	-	-	107 000	107 000	-	100%	145 025	145 025
LIM 362 Lephalale Local Municipality	39 147	-	(39 147)	-	-	-	-	-	-	-	-	-	-
LIM 366 Bela Bela Local Municipality	45 000	-	29 147	74 147	74 147	-	-	45 000	45 000	-	100%	55 750	55 750

Name of Municipality	2024/25										2023/24		
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
LIM 367 Mogalakwena Local Municipality	46 000	-	33 963	79 963	79 963	-	-	36 000	36 000	-	100%	75 333	75 333
DC47 Greater Sekhukhune District Municipality	43 963	-	(43 963)	-	-	-	-	-	-	-	-	-	-
Mpumalanga Province	442 470	-	(23 089)	419 381	419 381	-	-	307 710	307 710	-	100%	483 937	483 937
MP301 Albert Luthuli Local Municipality	90 000	-	-	90 000	90 000	-	-	70 000	70 000	-	100%	104 937	104 937
MP302 Msukaligwa Local Municipality	30 000	-	-	30 000	30 000	-	-	20 000	20 000	-	100%	30 000	30 000
MP304 Pixley Ka Seme Local Municipality	51 106	-	2 500	53 606	53 606	-	-	51 106	51 106	-	100%	15 000	15 000
MP307 Govan Mbeki Local Municipality	-	-	-	-	-	-	-	-	-	-	-	30 000	-
MP311 Victor Khanye	25 000	-	(6 089)	18 911	18 911	-	-	15 611	15 611	-	100%	-	30 000
MP312 Emalahleni Local Municipality	25 000	-	(2 500)	22 500	22 500	-	-	22 500	22 500	-	100%	15 000	15 000
MP313 Steve Tshwete Local Municipality	15 000	-	-	15 000	15 000	-	-	10 043	10 043	-	100%	12 000	12 000
MP314 Emakhazeni Local Municipality	26 125	-	(7 000)	19 125	19 125	-	-	12 000	12 000	-	100%	29 000	29 000
MP315 Thembisile Local Municipality	60 000	-	-	60 000	60 000	-	-	31 450	31 450	-	100%	88 000	88 000
MP321 Thaba Chweu Local Municipality	50 239	-	-	50 239	50 239	-	-	35 000	35 000	-	100%	80 000	80 000
MP324 Nkomazi Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	30 000	-	100%	30 000	30 000
MP325 Bushbuckridge Local Municipality	40 000	-	(10 000)	30 000	30 000	-	-	10 000	10 000	-	100%	50 000	50 000
Northern Cape Province	327 492	-	18 389	345 881	345 881	-	-	228 655	228 655	-	100%	301 134	301 134

Name of Municipality	2024/25											2023/24	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DORA and Other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
NC451 Joe Morolong Local Municipality	60 000	-	(4 000)	56 000	56 000	-	-	48 000	48 000	-	100%	53 700	53 700
NC452 Gasegonyana Local Municipality	31 000	-	(6 200)	24 800	24 800	-	-	15 500	15 500	-	100%	42 250	42 250
NC453 Gamagara Local Municipality	15 000	-	(3 000)	12 000	12 000	-	-	12 000	12 000	-	100%	11 381	11 381
NC061 Richtersveld Local Municipality	5 000	-		5 000	5 000	-	-	5 000	5 000	-	100%	4 950	4 950
NC062 Nama Khoi Local Municipality	10 000	-	(5 000)	5 000	5 000	-	-	5 000	5 000	-	100%	10 000	10 000
NC065 Hantam Local Municipality	12 200	-		12 200	12 200	-	-	9 760	9 760	-	100%	27 000	27 000
NC066 Karoo Hoogland Local Municipality	20 000	-	(4 000)	16 000	16 000	-	-	16 000	16 000	-	100%	12 498	12 498
NC067 Khai-Ma Local Municipality	10 000	-		10 000	10 000	-	-	8 000	8 000	-	100%	5 225	5 225
NC071 Ubuntu Local Municipality	20 000	-	6 000	26 000	26 000	-	-	16 000	16 000	-	100%	8 450	8 450
NC072 Umsobomvu Local Municipality	5 000	-	(2 500)	2 500	2 500	-	-	2 500	2 500	-	100%	7 703	7 703
NC073 Emthanjeni Local Municipality	31 000	-	(5 373)	25 627	25 627	-	-	15 500	15 500	-	100%	16 675	16 675
NC076 Thembelihle Local Municipality	12 059	-	(6 030)	6 029	6 029	-	-	6 029	6 029	-	100%	8 540	8 540
NC077 Siyathemba Local Municipality	10 000	-	(3 000)	7 000	7 000	-	-	5 000	5 000	-	100%	14 000	14 000
NC085 Tsantsabane Local Municipality	-	-	6 174	6 174	6 174	-	-	-	-	-		3 988	3 988
NC086 Kgatelopele Local Municipality	30 000	-	30 318	60 318	60 318	-	-	24 000	24 000	-	100%	23 975	23 975

Name of Municipality	2024/25											2023/24	
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Re-allocation by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
NC087 //Khara Hais/Mier Local Municipality	11 233	-	(2 000)	9 233	9 233	-	-	5 616	5 616	-	100%	6 750	6 750
NC093 Magareng Local Municipality	20 000	-	5 000	25 000	25 000	-	-	16 000	16 000	-	100%	19 515	19 515
NC094 Phokwane Local Municipality	25 000	-	12 000	37 000	37 000	-	-	18 750	18 750	-	100%	24 534	24 534
North West Province	429 996	-	-	429 996	429 996	-	-	304 000	304 000	-	100%	393 630	393 630
NW371 Moretele Local Municipality	75 000	-		75 000	75 000	-	-	55 000	55 000	-	100%	30 000	30 000
NW373 Rustenburg Local Municipality	70 000	-	(25 000)	45 000	45 000	-	-	45 000	45 000	-	100%	65 000	65 000
NW375 Moses Kotane Local Municipality	80 000	-	(25 000)	55 000	55 000	-	-	55 000	55 000	-	100%	70 000	70 000
DC39 Dr Ruth Segomotsi Mompoti District Municipality	75 000	-	20 000	95 000	95 000	-	-	55 000	55 000	-	100%	100 000	100 000
NW403 City Of Matlosana Local Municipality	50 000	-	(8 000)	42 000	42 000	-	-	35 000	35 000	-	100%	48 630	48 630
NW404 Maquassi Hills Local Municipality	30 000	-	20 000	50 000	50 000	-	-	25 000	25 000	-	100%	55 000	55 000
NW405 JB Marks Local Municipality	49 996	-	18 000	67 996	67 996	-	-	34 000	34 000	-	100%	25 000	25 000
Western Cape Province	144 209	-	(8 834)	135 375	135 375	-	-	90 320	90 320	-	100%	123 246	123 246
WC011 Matzikama Local Municipality		-	-	-		-	-	-	-	-		11 000	11 000
WC012 Cederberg Local Municipality	10 000	-	-	10 000	10 000	-	-	6 200	6 200	-	100%	4 500	4 500
WC013 Bergrivier Local Municipality	10 000	-	10 000	20 000	20 000	-	-	10 000	10 000	-	100%	8 500	8 500
WC022 Witzenberg Local Municipality	15 000	-	-	15 000	15 000	-	-	8 000	8 000	-	100%	-	-

Name of Municipality	2024/25										2023/24		
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
WC023 Drakenstein Local Municipality		-	-	-		-	-	-	-	-		13 400	13 400
WC031 Theewaterskloof Local Municipality	5 000	-	(2 300)	2 700	2 700		-	2 700	2 700	-	100%	9 630	9 630
WC032 Overstrand Local Municipality	8 000	-	(2 075)	5 925	5 925		-	3 300	3 300	-	100%	4 500	4 500
WC033 Cape Agulhus Local Municipality	10 000	-	(7 700)	2 300	2 300		-	2 300	2 300	-	100%	4 500	4 500
WC034 Swellendam Local Municipality	10 000	-	-	10 000	10 000		-	6 500	6 500	-	100%	5 304	5 304
WC041 Kannaland Local Municipality	9 000	-	-	9 000	9 000		-	9 000	9 000	-	100%	4 500	4 500
WC042 Hessequa Local Municipality		-	-	-		-	-	-	-	-		8 300	8 300
WC044 George Local Municipality	4 000	-	(2 200)	1 800	1 800		-	1 800	1 800	-	100%	3 820	3 820
WC045 Oudtshoorn Local Municipality	12 000	-	(2 480)	9 520	9 520		-	9 520	9 520	-	100%	8 060	8 060
WC047 Bitou Local Municipality	12 000	-	(2 920)	9 080	9 080		-	4 000	4 000	-	100%		
WC048 Knysna Local Municipality	10 000	-	(994)	9 006	9 006		-	6 000	6 000	-	100%	3 400	3 400
WC051 Laingsburg Local Municipality	14 209	-	1 835	16 044	16 044		-	11 000	11 000	-	100%	25 832	25 832
WC052 Prince Albert Local Municipality	15 000	-		15 000	15 000		-	10 000	10 000	-	100%	8 000	8 000
Regional Bulk Infrastructure Grant (RBIG)	3 852 383	-	(225 000)	3 627 383	3 627 383		-	2 391 206	2 391 206	-	100%	3 258 828	3 258 828
Eastern Cape Province	707 935	-	(101 589)	606 346	606 346		-	451 833	451 833	-	100%	672 700	672 700

Name of Municipality	2024/25										2023/24		
	GRANT ALLOCATION				TRANSFER		SPENT						
	DoRA and Other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC13 Chris Hani District Municipality	116 822	-	-	116 822	116 822	-	-	93 457	93 457	-	100%	184 000	184 000
NMA Nelson Mandela Bay	250 000	-	(91 589)	158 411	158 411	-	-	110 000	110 000	-	100%	348 000	348 000
DC14 Joe Gqabi District Municipality	50 000	-	(10 000)	40 000	40 000	-	-	15 000	15 000	-	100%	20 000	20 000
DC15 O.R. Tambo District Municipality	291 113	-		291 113	291 113	-	-	233 376	233 376	-	100%	120 700	120 700
Free State Province	220 112	-	(20 000)	200 112	200 112	-	-	147 112	147 112	-	100%	163 896	163 896
FS163 Mokhele Local Municipality	16 161	-	(7 000)	9 161	9 161	-	-	3 161	3 161	-	100%	8 896	8 896
FS191 Setsoto Local Municipality	143 951	-	(20 000)	123 951	123 951	-	-	103 951	103 951	-	100%	115 000	115 000
FS203 Ngwathe Local Municipality	60 000	-	7 000	67 000	67 000	-	-	40 000	40 000	-	100%	40 000	40 000
Kwa-Zulu Natal Province	428 744	-	197 247	625 991	625 991	-	-	365 000	365 000	-	100%	636 452	636 452
DC26 Zululand District Municipality	214 000	-	217 247	431 247	431 247	-	-	205 000	205 000	-	100%	413 905	413 905
DC28 King Cetshwayo District Municipality	214 744	-	(20 000)	194 744	194 744	-	-	160 000	160 000	-	100%	222 547	222 547
Limpopo Province	126 013	-	-	126 013	126 013	-	-	126 013	126 013	-	100%	238 539	238 539
LIM354 Polokwane Local Municipality	126 013	-	-	126 013	126 013	-	-	126 013	126 013	-	100%	238 539	238 539
Mpumalanga Province	497 246	-	(75 658)	421 588	421 588	-	-	294 915	294 915	-	100%	419 793	419 793
MP301 Chief Albert Luthuli Local Municipality	268 508	-	(13 335)	255 173	255 173	-	-	160 000	160 000	-	100%	282 793	282 793
MP302 Msukaligwa Local Municipality	90 000	-	(10 000)	80 000	80 000	-	-	50 000	50 000	-	100%	43 000	43 000
MP313 Steve Tshwete Local Municipality	75 000	-	(25 585)	49 415	49 415	-	-	49 415	49 415	-	100%	75 000	75 000

Name of Municipality	2024/25										2023/24		
	GRANT ALLOCATION				TRANSFER			SPENT					
	DoRA and Other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Re-allocation by National Treasury or National department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
MP321 Thaba Chweu Local Municipality	28 738	-	(16 238)	12 500	12 500	-	-	12 500	12 500	-	100%	5 000	5 000
MP324 Nkomazi Local Municipality	5 000	-	-	5 000	5 000	-	-	3 500	3 500	-	100%	-	-
MP325 Bushbuckridge Local Municipality	30 000	-	(10 500)	19 500	19 500	-	-	19 500	19 500	-	100%	-	-
MP326 City of Mbombela	-	-	-	-	-	-	-	-	-	-	-	14 000	14 000
Northern Cape Province	577 000	-	-	577 000	577 000	-	-	445 000	445 000	-	100%	150 000	150 000
NC065 Hantam Local Municipality	85 000	-	-	85 000	85 000	-	-	85 000	85 000	-	100%	110 000	110 000
NC091 Sol Plaatjie local municipality	492 000	-	-	492 000	492 000	-	-	360 000	360 000	-	100%	40 000	40 000
North West Province	401 333	-	-	401 333	401 333	-	-	206 333	206 333	-	100%	322 000	322 000
DC39 Dr Ruth Segomotsi Mompoti District Municipality	401 333	-	-	401 333	401 333	-	-	206 333	206 333	-	100%	322 000	322 000
Western Cape Province	894 000	-	(225 000)	669 000	669 000	-	-	355 000	355 000	-	100%	655 448	655 448
WC023 Drakenstein	600 000	-	(225 000)	375 000	375 000	-	-	85 000	85 000	-	100%	290 310	290 310
WC044 George Local Municipality	294 000	-	-	294 000	294 000	-	-	270 000	270 000	-	100%	365 138	365 138
Unconditional transfers	804	-	(447)	357	357	447	-	274	274	-	1	719	469
Mun B/Acc: Vehicle Licences Mun	771	-	(427)	344	344	427	-	267	267	-	100%	629	393
Mun B/Acc:Fines & Penalties	23	-	(10)	13	13	10	-	7	7	-	100%	90	76
Mun B/Acc:Rates and taxes	10	-	(10)	-	-	10	-	-	-	-	-	-	-
Total	7 890 860	-	(225 447)	7 665 413	7 665 413	447	-	5 060 983	5 060 983	-	-	6 879 208	6 878 958

Annexure 1B: Statement of transfers to departmental agencies and accounts

Departmental Agency or Account	2024/25				2023/24	
	Transfer Allocation		Transfer		Final Budget R'000	Actual transfer R'000
	Adjusted Budget R'000	Roll overs R'000	Adjustments R'000	Total Available R'000		
Energy Water Sector Education and Training Authority (EWSETA)	4 391	-	(3)	4 388	4 388	3 427
Water Trading Entity - Acid mine drainage and other capital projects	5 222 015	-	(80 350)	5 141 665	5 141 665	2 379 276
Water Trading Entity - Operations and maintenance of water resource management activities	-	-	-	-	-	286 385
Water Trading Entity - Raising of Clanwilliam dam wall	-	-	-	-	-	607 000
Com:Licences (Radio and TV)	-	-	8	8	7	7
Vaal-Orange Catchment Management Agency	27 113	-	16 076	43 189	43 189	-
Breede-Olifants Catchment Management Agency	63 738	-	-	63 738	63 738	-
Pongola-Umzimkhulu Catchment Management Agency	21 558	-	5 690	27 248	27 248	-
Mzimvubu-Tsitsikamma Catchment Management Agency	21 558	-	664	22 222	22 222	-
Limpopo-Olifants Catchment Management Agency	30 279	-	57 920	88 199	88 199	-
Inkomati-Usuthu Catchment Management Agency	96 084	-	-	96 084	96 084	-
Total	5 486 736	-	5	5 486 741	5 486 740	3 276 095

Annexure 1D: Statement of transfers / subsidies to public corporations and private enterprises

Name of public corporation / private enterprise	2024/25										2023/24
	GRANT ALLOCATION					EXPENDITURE					
	Adjusted Budget	Roll overs	Adjust-ments	Total Available	Actual transfer	% of Available funds transferr ed	Capital	Current	Final Budget	Actual transfer	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Transfers											
Magalies Water	1 458 994	-	-	1 458 994	1 457 994	99,9%	1 430 194	27 800	1 782 000	1 782 000	
uMgeni Water	315 000	-	-	315 000	315 000	100,0%	315 000	-	269 000	269 000	
Lepelle Water	317 000	-	-	317 000	317 000	100,0%	317 000	-	633 000	633 000	
Vaal Central Water Board	379 376	-	-	379 376	379 292	100,0%	350 850	28 442	355 960	355 510	
Overberg Water Board	38 150			38 150	38 150	100,0%	38 150	-			
Transfers	2 508 520	-	-	2 508 520	2 507 436	100,0%	2 451 194	56 242	3 039 960	3 039 510	

Annexure 1E: Statement of transfers to foreign governments and international organisations

Foreign government / International organisation	2024/25						2023/24	
	TRANSFER ALLOCATION			EXPENDITURE			Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Komati River Basin Water Authority (KOBWA)	55 977	-	-	55 977	55 977	100,0%	40 410	40 410
Limpopo Watercourse Commission (LIMCOM)	1 196	-	-	1 196	912	76,3%	1 070	951
Orange-Seque River Basin Commission (ORASECOM)	1 550	-	-	1 550	1 404	90,6%	1 550	1 404
African Ministers' Council on Water (AMCOW) Trust Fund	200	-	(1)	199	182	91,5%	200	190
Incomati and Maputo Watercourse Commission (INMACOM)	3 600	-	-	3 600	3 600	100,0%	3 611	3 611
World Bank Water Resources Group (2030 WRG) Trust Fund	10 000	-	-	10 000	10 000	100,0%	-	-
Total	72 523	-	(1)	72 522	72 075		46 841	46 566

Annexure 1F: Statement of transfers to non-profit institutions

Non-profit institutions	2024/25						2023/24	
	Transfer Allocation			Expenditure			Final Budget R'000	Actual transfer R'000
	Adjusted Budget R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual transfer R'000	% of available funds transferred %		
Transfers								
South African Youth Water Prize	598	-	-	598	207	34,6%	398	398
Various Institutions: 2020 Vision for Water Education Programme	2 069	-	184	2 253	880	39,1%	4 961	1 502
NEPAD Business Foundation	731	-	(184)	547	547	100%	2 497	547
Total	3 398	-	-	3 398	1 634		7 856	2 447

Annexure 1G: Statement of Transfers to Households

Household	2024/25						2023/24	
	TRANSFER ALLOCATION			EXPENDITURE			Final Budget R'000	Actual transfer R'000
	Adjusted Budget R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual transfer R'000	% of available funds transferred %		
Transfers								
H/H:Bursaries (Non-Employees)	28 680	-	(1)	28 679	28 679	100,0%	27 040	26 997
H/H:Claim Against the State (Cash)	-	-	-	-	-		291	291
H/H Empl S/Ben: Leave Gratuity	10 602	-	3 808	14 410	14 410	100,0%	9 428	9 427
Total	39 282	-	3 807	43 089	43 089		36 759	36 715

ANNEXURE 1H: Statement of gifts, donations and sponsorships received

		2024/25	2023/24
Name of organisation	Nature of gift, donation, or sponsorship	R'000	R'000
Received in kind			
Sponsorships			
City of Cape Town	Sport Balls	-	-
Regulators Association (ESAWAS)	Flight and Accommodation - Learning Visit to ERSAR in Portugal	-	61
UNDP GEF ORASECOM - Orange-Senqu Watercourse Commission	S&T Participation 10th SADC RBO's workshop - 2-4 October 2023 - Maputo	-	28
Regulators Association (ESAWAS)	Flight and Accommodation -ESAWAS conference and AGM in Kampala, Uganda	-	41
DWS - Stanton Narain	Gift Bag	-	-
World Health Organisation (WHO)	International of drinking water S&T costs for officials attending the WHO International Network of Drinking Water & Sanitation Regulator - 08-10 Dec 2023	-	30
Eastern & Southern African Water & Sanitation Regulators Association (ESAWAS)	S&T costs for official attending African Forum for Utility Regulator - 04-06 March 2024	-	21
UNESCO, Headquarters, Paris	S&T - Launch of the World Water Development Report 2024	-	44
"Eastern & Southern African Water & Sanitation Regulators Association (ESAWAS) "	Flight and Accommodation - Inaugural training in Regulation for Water & Sanitation Services in Mombasa, Kenya	-	57
Brandon Web	IT Consumables	-	-
Business Leadership South Africa	Training and capacity building	-	547
Blue Deal South African Partnership (Dutch Water Authorities)	Implementation of the New Infrastructure Procurement Strategy and Policy	-	721
GIZ	Flights, accommodation and Registration support for three officials to attend the WISA conference	71	-
Dutch OKP(Business School Netherlands	Scholarships for Ten DWS officials - Water Management	5 500	-
JICA	"Flights, Accommodation, Ground Transport and tuition - Study course in Japan on Disaster Risk Reduction for one person.	-	31
Rand Water	WSEP 2024 National Adjudication Event - Certificates, Frames, Trophies	50	-
Water Research Commission	WSEP 2024 National Adjudication Event - Laptops, BLM Prizes	-	-
Umngeni Uthukela Water	WSEP 2024 National Adjudication Event - Promotional items	218	-
Msinsi Holdings	WSEP 2024 National Adjudication Event - 2 WSEP Branding Banners	36	-
Rand Water	Business Backpack and a Cullen set of pens	1	-
TOTAL		5 908	1 551

Annexure 1J: Statement of gifts, donations and sponsorships made

Nature of gift, donation or sponsorship <i>(Group major categories but list material items including name of organisation)</i>	2024/25	2023/24
	R'000	R'000
Made in kind		
Gifts		
Fruit basket/Flowers (Polokwane/North Cape))	3	3
South African Arts Ceiling lights	-	2
Total gifts	3	5
Donations		
4 *Wooden Plaques + Glass Trophies	-	6
African Ostrich egg Trophy	-	2
1 Wooden Award @R2588	3	
4 Wooden Award @ R1180.50	5	
10 Holder - Engraving @140	1	
Cultural doll with an African attire and office cushion with lion skin	2	
60 Photo frame for long service award ceremony	8	
Total donations	19	8
TOTAL	22	13

Annexure 1L: Statement of indirect grants between national departments and municipalities

Name of grant	Division of Revenue Act R'000	Grant allocation			Spent	
		Rollovers R'000	Adjustments R'000	Total available R'000	Amount R'000	
Regional Bulk Infrastructure Grant (RBIG): Schedule 6B	3 057 957		(217 609)	2 840 348		2 840 348
Regional Bulk Infrastructure Grant (RBIG): Schedule 6B - Vaal River Pollution Remediation Project (Goods and services)	-		217 609	217 609		217 609
Water Services Infrastructure Grant (WSIG): Schedule 6B	1 046 718		-	1 046 718		1 046 718
Total	4 104 675	-	-	4 104 675	4 104 675	

Annexure 2B: Statement of investments in and amounts owing by/ to entities

Name of entity	Nature of business	Cost of investments R'000		Net Asset value of investments R'000		Amounts owing to entities R'000		Amounts owing by entities R'000	
		2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Controlled entities									
Irrigation Boards									
Haarlem	Dam and pipelines	-	-	-	-	-	-	525	525
Manchester Noordwyk	For irrigation	-	-	-	-	-	-	84	269
Noord Agter Paarl	For irrigation	-	-	-	-	-	-	-	18
TOTAL		-	-	-	-	-	-	609	812

Annexure 3A: Statement of financial guarantees issued as of 31 March 2025 – local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2024	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2025	Revaluations due to inflation rate movement	Accrued guaranteed interest for year ended 31 March 2025
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Other								
KOBWA (21)	Hambros Maguga Dam	380 000	370 815	-	-	-	370 815	-	1 181
Land Bank (30)	Water Profits by WUA's	150 000	34 647	-	-	-	34 647	-	-
TCTA	Investec Long-term Loan	1 000 000	819 672	-	65 574	-	754 098	-	-
TCTA	Investec RCF	500 000	-	-	-	-	-	-	-
TCTA	Std Bank Long-term Loan	3 000 000	1 900 000	-	200 000	-	1 700 000	-	28 188
TCTA	Std Bank RCF	1 000 000	-	-	-	-	-	-	-
TCTA	Standard Bank long term loan 2021	600 000	325 000	-	100 000	-	225 000	-	3 531
TCTA	Standard Bank long term loan 2021	900 000	546 429	-	128 571	-	417 858	-	6 895
TCTA	Absa long term loan 2021	1 000 000	500 000	-	250 000	-	250 000	-	-
TCTA	Investec long term loan 2021	1 650 000	1 347 500	-	110 000	-	1 237 500	-	10 361
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	-	2 000 000	-	-	2 000 000	-	-
TCTA	African Development Bank	1 300 000	-	1 300 000	-	-	1 300 000	-	34 165
TCTA (13)	Call bills & Capital Bills	3 200 000	-	-	-	-	-	-	-
TCTA (13)	Unutilised guarantee facility	10 000 000	-	-	-	-	-	-	-
	Subtotal	35 980 000	8 234 000	3 300 000	854 145	-	10 679 855	-	84 321

Annexure 3B: Statement of Contingent Liabilities as at 31 March 2025

Nature of liability	Opening balance 1 April 2024	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2025
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
L Sishuba // DWS	1 592	-	-	-	1 592
Teffo Mashala/DWS	1 592	-	-	-	1 592
Ibrahim Mahomed and Others	14 830	2 299	-	-	17 129
Mulangaphuma HL VS DWS	5 092	484	-	-	5 576
Nehawu Obo Tjeko Lischen Maja vs Minister of Water and Sanitation	246	-	-	-	246
M Shexane & M Myantasi vs Amatola Water Board & DWS	6 000	-	-	-	6 000
Manyana Nondilana vs Amatola Water Board & DWS	3 350	-	-	-	3 350
Nehawu Obo Ivy Maboko vs Department of Water & Sanitation	2	-	-	-	2
Singata Ndikhonam LUC vs Amatola Water Boards & DWS	5 962	924	-	-	6 886
Fumile advisory	59 665	5 967	-	-	65 632
Blue Raindrops Advertising	3 354	-	-	-	3 354
DWS/ SJ Modiba and others	684	-	-	-	684
Zolile Burns-Ncamashe	550	-	-	-	550
Pristo Response Trading (Pty) v Minister of Water and Sanitation	2 062	-	2 062	-	-
Van Work (Pty) Ltd // DWS		481	-	-	481
Subtotal	104 981	10 154	2 062	-	113 073

Annexure 4: Claims Recoverable

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2024/25 *	
	31/03/2025 R'000	31/03/2024 R'000	31/03/2025 R'000	31/03/2024 R'000	31/03/2025 R'000	31/03/2024 R'000	Receipt date up to six (6) working days after year end	Amount R'000
Department								
National Department of Agriculture, Land Reform and Rural Development (42)	-	-	-	88	-	88		-
National Department of Small Business Development (83)	-	-	-	47	-	47		-
National Department of Correctional Services (95)	-	-	71	22	71	22		-
Eastern Cape Department of Health (D2)	-	-	-	163	-	163		-
Limpopo Department of Sport, Arts and Culture (N9)	-	-	-	56	-	56		-
	-	-	71	377	71	377		-
OTHER GOVERNMENT ENTITIES								
Water Trading Entity	-	-	-	6	-	6		-
	-	-	-	6	-	6		-
TOTAL	-	-	71	383	71	383		383

Annexure 5: Intergovernmental payables

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2024/25 *	
	31/03/2024		31/03/2024		31/03/2024		Payment date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		
DEPARTMENTS								
Current								
Department of Justice	-	2 725	-	-	-	2 725	-	-
South African Police Service		7				7		
Subtotal	-	2 732	-	-	-	2 732	-	-
OTHER GOVERNMENT ENTITY								
Current								
Water & Sanitation Trading Entity	16 566	19 409	-	-	16 566	19 409	-	-
Special Investigation Unit (SIU)	414	7 858	-	-	414	7 858	-	-
AGSA	4 601	3 267	-	-	4 601	3 267	-	-
Government Printing		12				12		
Property Management	591	3 537			591	3 537		
Subtotal	22 172	34 083	-	-	22 172	34 083		
TOTAL INTERGOVERNMENT PAYABLES								
	22 172	36 815	-	-	22 172	36 815	-	-

Annexure 6: Inventories

	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
Inventories for the year ended 31 March 2025	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-	-
Add/(Less): Adjustments to prior year balances	-	-	-	-	-	-
Add: Additions/Purchases – Cash	-	-	-	-	-	-
Add: Additions - non-cash	-	-	-	-	-	-
(Less): Disposals	-	-	-	-	-	-
(Less): Issues	-	-	-	-	-	-
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-

	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
Inventories for the year ended 31 March 2024	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-	-
Add/(Less): Adjustments to prior year balances	-	-	-	-	-	-
Add: Additions/Purchases – Cash	12 605	-	-	-	-	12 605
Add: Additions - non-cash	-	-	-	-	-	-
(Less): Disposals	-	-	-	-	-	-
(Less): Issues	(12 605)	-	-	-	-	(12 605)
Add/(Less): Received current, not paid; (Paid current year, received prior year)	-	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-

Annexure 7: Movement in Capital Work in Progress

Movement in capital work in progress for the year ended 31 March 2025

	Opening balance R'000	Current year CWIP R'000	Ready for use (Asset Register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	28 177 622	4 229 090	(16 760)	32 389 952
TOTAL	28 177 622	4 229 090	(16 760)	32 389 952

Movement in capital work in progress for the year ended 31 March 2024

	Opening balance R'000	Prior period error R'000	Current year CWIP R'000	Ready for use (Asset Register) / Contract terminated R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	25 746 618	(1 836 855)	4 349 931	(82 072)	28 177 622
TOTAL	25 746 618	(1 836 855)	4 349 931	(82 072)	28 177 622

ANNEXURE 8A: Inter-entity advances paid (Note 10)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
National School of Government (Training Course)	-	-	130	-	130	-
National Treasury (Government Technical Advisory Centre (GTAC))	-	-	888	4 093	888	4 093
Government Communication and Information System (GCIS)	-	-	2 500	-	2 500	-
Subtotal	-	-	3 518	4 093	3 518	4 093
PUBLIC ENTITIES						
Lepelle Northern Water	-	-	9 411	11 122	9 411	11 122
Sedibeng Water	-	-	-	308	-	308
Rand Water	-	-	38 803	1 466	38 803	1 466
uMkhanyakude District Municipality	-	-	-	7 612	-	7 612
Subtotal	-	-	48 214	20 508	48 214	20 508
TOTAL	-	-	51 732	24 601	51 732	24 601

ANNEXURE 12 Analysis of prepayments and advances (NOTES 10)

Name of Entity	Sector	Description	Classification	Contract reference	Total contract value	Commencement date	Contract end date	Frequency of the prepayment or advance	Balance as at 31 March 2024	Prepaid / advance	Less: received in the current year	Add / (Less): Other	Balance as at 31 March 2025	Reason for prepayment or advance and for it remaining outstanding
Prepayments														
TEFLA Group	Private Entity	Sanitation Projects	Capital assets		16 207	01/04/2023	31/03/2025	Once-off	16 207	-	-	(4 699)	11 508	Awaiting invoices for work done estimated to be cleared in the 2025/2026 FY
Gawie Le Roux Institute	Private Sector	Goods and Services	Goods and Services		15			Once-off		15		(15)	-	
Institute of Internal of Auditors	Private Sector	Goods and Services	Goods and Services		41			Once-off		41		(41)		
Institute of Internal of Auditors	Private Sector	Goods and Services	Goods and Services		87			Once-off		87		-	87	Payment was made to Certified Internal Auditor Programme for Internal Auditors officials
TOTAL PREPAYMENTS										16 207	143	(4 755)	11 595	
Advances														
National Treasury	Public Sector	Office Accom	National departments						4 093		(3 205)		888	The balance will be cleared in the 2025/2026 FY
National School of Government	Public Sector	Training	National departments			01 April 2024	31 March 2025	Once off		986	(986)		-	
National School of Government	Public Sector	Training	National departments					Once off		2 620	(2 620)		-	
National School of Government	Public Sector	Training	National departments					Once off		48		-	48	The balance will be cleared in the 2025/2026 FY
National School of Government	Public Sector	Training	National departments					Once off		82		-	82	The balance will be cleared in the 2025/2026 FY
Governance Communication and Information System	Public Sector	Media Liaison	National departments						-	2 500	-	-	2 500	The balance will be cleared in the 2025/2026 FY
Development Bank of South Africa	Public Sector	Capital assets	Public entities					Once off		10 000	(10 000)		-	

Name of Entity	Sector	Description	Classification	Contract reference	Total contract value	commencement date	Contract end date	Frequency of the prepayment or advance	Balance as at 31 March 2024	Prepaid / advance	Less: received in the current year	Add / (Less): Other	Balance as at 31 March 2025	Reason for prepayment or advance and for it remaining outstanding
Lepelle Northern Water	Public Sector	Capital assets (RBIG Project)	Public entities					Once off	11 122		(1 711)		9 411	The balance is not moving due to pending SIU investigations
Sedibeng Water	Public Sector	Capital assets (RBIG Project)	Public entities					Once off	308			(308)	-	
Rand Water	Public Sector	Capital assets (RBIG Project)	Public entities					Once off	1 466	500 000	(462 663)		38 803	The balance will end of the FY 31 March 2025
Uthukela Water	Public Sector	Capital assets (RBIG Project)	Public entities					Once off	7 612		(7 612)		-	
Water Research Commission WISA	Public Sector	Programme Design Conference	Public entities			01 April 2024	31 July 2024	Once off		1 048	(1 048)		-	
	Public Sector		Public entities			01 April 2024	31 July 2024	Once off		397	(397)		-	
TOTAL ADVANCES									24 601	517 681	(490 242)	(308)	51 732	
TOTAL PREPAYMENTS AND ADVANCES									40 808	517 824	(490 242)	(5 063)	63 327	

PART G: Annual Financial Statements for the Water Trading



1. REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

We are pleased to present our Audit Committee report for the financial year ended 31 March 2025, set out in three parts:

Part 1: Audit Committee Reflections – 2024/25

The Audit Committee (the Committee) is constituted as a statutory committee of the Department of Water and Sanitation and the Water Trading Entity (WTE) in respect of its statutory duties in terms of the Public Finance Management Act No.1 of 1999, as amended.

An Audit Committee has been established to serve as an independent governance structure whose function is to provide an oversight role, including:

- a) The effectiveness of the WTE's assurance functions and services, with particular focus on combined assurance arrangements, including the independence and quality of assurance delivered by external assurance service providers and the internal audit function;
- b) The effectiveness of the Chief Financial Officer (CFO) and the finance function;
- c) The integrity of the annual financial statements, performance information and other external reports issued by the WTE; and
- d) The systems of internal control, risk management, ICT governance, compliance with the law and governance.

The Audit Committee assists and makes recommendations to the Accounting Officer/ Director-General (DG) in the effective execution of his/her responsibilities with the aim of the achievement of the WTE's objectives.

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a)(ii) of the Public Finance Management Act, 1999 and National Treasury Regulation 3.1.13.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, which is reviewed annually. Furthermore, it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee understands and has internalised the requirements of the Global Internal Audit Standards™ in its work.

The Audit Committee confirms that it is independent and has functioned without hindrance or limitations throughout the reporting period. This includes unrestricted access to information (records, data, and reports) and personnel, as deemed appropriate for it to carry out its functions, including requiring management and the external risk management committee chairperson to attend its meetings and submit reports.

Part 2: Audit Committee Composition and Meeting Attendance (Both the Department and the Water Trading Entity)

The Audit Committee consists of four (4) members, who service both the Department and the WTE. The committee is properly constituted, with a balanced representation of independent members with a diverse and appropriate mix of qualifications, skills, and experience. The committee convened 14 times during the year, with eleven (11) being ordinary meetings and the remainder special meetings. In this regard, the combined meetings were held for both the Water Trading Entity and the Department.

Each member's meeting attendance is set out below:

Name (Position)	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
Adv O Josie	BA (Pol), BPROC (Law), LLB (Honours, Law), LLM (Masters, Law), MBL (Masters, Business Leadership- Unisa Business School), Programme in Project Management (UP) and a Chartered Director, SA (2017).	No	10	4*
Dr C Motau	Doctor Technologiae: Computer Science and Data Processing, Master's Degree in Business Leadership, Master's Degree in Information Technology, Bachelor of Commerce, Higher Diploma in Computer Auditing, Certificate in Information Technology Project Management, Certificate in Executive Leadership, Certificate in Human Resource Management, Certificate in Digital Transformation Strategy.	No	9	2
Ms R Kalidass	Bachelor of Accounting Science (BCompt), Bachelor of Commerce Honours, Certificate in Accounting Theory (CTA), and a CA (SA)	No	9	1
Mr Z Myeza	BCom Accounting, Master's degree in Business Administration, Certificate in Corporate Governance, Certificate in Estate Agency, Certificate in Retail Management, and a Certificate in Aviation Management	No	9	2

*Including two (2) Oversight Audit Committee meetings between DWS, National Treasury, AGSA and DWS Entities Chairpersons of Audit/Risk Committees

Part 3: Audit Committee Focus Areas

The following was reviewed during the year under review:

Effectiveness of the internal control systems

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

The Audit Committee provided oversight regarding 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 WTE were not fully effective for the year under review, as they failed to prevent non-compliance with legislation, resulting in material findings being raised by the Auditor-General of South Africa (AGSA), as follows:

- The financial statements were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(b) of the PFMA.
- Material Misstatements of non-current assets, current liabilities, non-current liabilities and disclosure items were identified in the financial statements and corrected. The uncorrected material misstatements resulted in a qualified audit opinion.
- Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure amounting to R96 million.
- Payments were not made within 30 days or agreed period after receipt of an invoice, as required by section 38(1)f of the PFMA.
- Sufficient and appropriate audit evidence could not be obtained that disciplinary steps were taken against officials who incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA.

Effectiveness of the Internal Audit Function (IAF)

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

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

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

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

Internal Audit conducted several investigations on allegations against officials within WTE as requested by both the Director-General and Minister. Disciplinary actions and criminal proceedings were recommended for the completed cases. Despite management's positive efforts to bolster forensic capacity through the employment of a panel of service providers, however, the committee is still concerned about forensic capacity constraints, as many cases are not investigated in real-time.

Activities of the IAF

The activities of the Internal Audit Function were as follows during the financial year:

- Provided secretarial services to the Audit Committee;
- Reviewed the Internal Audit Charter, methodologies and other governance documents
- Conducted the following types of audits:
 - Compliance and Performance Audit;
 - Information and Communication Technology Audits; and
 - Forensic Investigations into suspected fraud, corruption and other irregularities.
- Provided an assessment of the Internal Control Environment on a quarterly basis;
- Reviewed financial and performance information on a quarterly basis (before being submitted to the relevant stakeholders);
- Tracked and followed up on the implementation of audit recommendations (Both Internal Audit findings and External Audit findings);

- Conducted training and awareness as part of the anti-fraud and corruption initiatives and to promote good governance;

Effectiveness of risk management

The Department has established a dedicated Risk Management Committee, chaired by an independent non-executive. This Committee is responsible for monitoring and overseeing the risk identification and mitigation process across the Department and the WTE. It also provides quarterly feedback to the Audit Committee.

On a quarterly basis, the Committee assessed both strategic and operational risks that could impact the achievement of its objectives at both the strategic and programme levels. Risks were evaluated and prioritised based on their likelihood and potential impact—considering both inherent and residual risk. Where necessary, additional mitigation measures were identified and implemented to reduce risks to acceptable levels. The quarterly reviews also facilitated the identification of new or emerging risks.

In addition, Internal Audit conducted its own independent assessment of the WTE's risk environment, incorporating both strategic and operational risks into its analysis.

To evaluate its risk management capabilities, the Department commissioned an independent risk maturity assessment through an external service provider. The assessment resulted in an overall risk maturity rating of 3.6 (Defined). Moving forward, the Department aims to achieve a level 4 or 5 maturity rating by addressing the identified areas for improvement.

ICT Governance

The Audit Committee note the efforts made by the ICT Steering Committee in addressing ICT Governance challenges and the initiative to capacitate the ICT function. However, the Committee is of the view that more emphasis should be put on addressing Disaster Recovery, cybersecurity challenges and the documentation of the Artificial Intelligence guidelines.

Adequacy, reliability, and accuracy of financial and performance information

The Audit Committee reviewed the WTE's annual financial statements and was satisfied with the content and quality of both financial and non-financial quarterly reports submitted by the Director-General during the reporting period. However, the AGSA raised findings regarding the WTE's non-compliance with the prescribed financial reporting framework and material misstatements that were identified when reviewing the financial statements. However, the Committee noted that during the period under review, management experienced severe challenges during the external audit process, namely the ICT financial system crash and obtaining financial information from Lesotho caused significant delays.

In this regard, management should implement action plans to improve the control environment to ensure that the reports that are produced by the WTE comply with the relevant statutory reporting framework and that the information provided is adequate, reliable, and accurate.

Compliance with legal and regulatory provisions

The Audit Committee confirms that the WTE complies with the legal and regulatory provisions, except in areas where the AGSA noted non-compliance with legislation regarding the preparation of the financial statements, expenditure management and consequence management.

The quality of the in-year management and monthly/quarterly reports submitted in terms of legislation

The Department has consistently submitted monthly and quarterly reports to the National Treasury, in accordance with the requirements of the PFMA. Quarterly financial reports were also presented to the Audit Committee for review. The Audit Committee examined the WTE's annual report to ensure its alignment with the guidelines issued by the National Treasury and to verify the accuracy of the reported performance information.

Combined Assurance

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

In collaboration with Internal Audit, the Office of the Chief Risk Officer developed the WTE's Combined Assurance Strategy and Implementation Plan. This Plan was reviewed and rolled out during the 2024/25 financial year. Progress on its implementation is reported during the Quarterly Risk Management Meetings and subsequently submitted to the Audit Committee by the Independent Chairperson of the Risk Management Committee. It is important to note that combined assurance is still in the early stages of development and is expected to mature as implementation progresses.

To enhance audit efficiency and avoid duplication of efforts, the Internal Audit Unit coordinates its audit plans with those of the AGSA. The Committee placed emphasis that this coordination should lead to greater reliance by the AGSA on the work of Internal Audit in the upcoming financial year.

Evaluation of the annual financial statements

The Audit Committee had the opportunity to review the Annual Financial Statements and discussed the same with Management. However, the Committee is concerned that:

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

- Material Misstatements of non-current assets, current liabilities, non-current liabilities and disclosure items were identified in the financial statements and corrected. The uncorrected material misstatements resulted in a qualified audit opinion.

Auditor-General's Report

At the meetings held on 28 and 31 July 2025, the AGSA presented the Audit and Management Reports to both management and the Audit Committee, confirming a qualified audit opinion with findings. This qualification related to material misstatements of non-current assets, current liabilities, non-current liabilities and disclosure items that were identified in the financial statements.

The AGSA also raised material findings, as follows:

- The financial statements were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(b) of the PFMA.
- Effective and appropriate steps were taken to prevent fruitless and wasteful expenditure amounting to R96 million.
- Payments were not made within 30 days or agreed period after receipt of an invoice, as required by section 38(1)f of the PFMA.
- Sufficient and appropriate audit evidence could not be obtained that disciplinary steps were taken against officials who incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA.

The Audit Committee has engaged thoroughly with management and the AGSA to gain a comprehensive understanding of the root causes behind this external audit outcome. Although the Audit Committee acknowledges the external audit outcome, it is important to note that management intends to pursue a dispute process. Management has expressed a fundamental difference in interpretation to the AGSA with respect to GRAP 104: financial instruments, which seems to be the basis for the qualified opinion. The ARC supports the clarification sought from the dispute proceedings as is appropriate and will provide the necessary guidance for both management and the AGSA. Subsequently and in the normal course, management will develop an audit action plan, informed by a root cause analysis, to address the identified issues and prevent their recurrence. The Audit Committee will oversee the implementation of this plan and will require regular updates to ensure accountability and the prompt resolution of the findings.

Conclusion

The Audit Committee acknowledges the external audit outcome, which represents a decline compared to the previous result of an unqualified audit with findings. However, it must be noted that the outcome of the dispute proceedings may significantly change the external audit outcomes.

Based on the observations, analyses, and reports presented by Management and assurance providers—including Internal Audit and the AGSA—along with the Audit Committee’s own assessment of the Risk Management processes, it has been determined that the internal control systems tested were inadequate and ineffective in certain areas. These controls require further enhancement. Nevertheless, Management remains committed to good governance and clean administration, assuring the Audit Committee that corrective actions are underway.

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



Adv Oliver Josie, CD(SA)
Chairperson of the Audit Committee
Department of Water and Sanitation
Date: 26 September 2025

2. REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON THE WATER TRADING ENTITY

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Water Trading Entity set out on pages 324 to 369 which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion section of this report, the financial statements present fairly, in all material respects, the financial position of the WTE as at 31 March 2025 and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

Financial liability TCTA

3. The entity did not fully comply with the recognition requirements of GRAP 104: Financial instruments. This resulted in the understatement of administrative costs and LHWP royalties, as disclosed in note 24 - Financial liabilities: TCTA, by R1 538 803 000. Consequently, I was unable to determine the full extent of the misstatement in the corresponding contra account

Context for opinion

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

Emphasis of matter

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

Material impairments and losses

8. As disclosed in note 14 to the financial statements, material impairments to the amount of R5 654 530 000 were provided for trade receivables and are potentially irrecoverable. Furthermore, as stated in the same note to the financial statements, material losses to the amount of R3 521 662 000 were incurred as a result of a write-off of irrecoverable trade receivables.

Restatement of corresponding figures

9. As disclosed in note 35 to the financial statements, the corresponding figures for March 2024 were restated as a result of an error in the financial statements of the entity, and for the year ended 31 March 2025

Significantly delayed projects

10. As disclosed in note 1 8 to the financial statements, the total value of significantly delayed projects disclosed in the financial statements amounted to R4,586 billion. These delays are primarily attributable to contractor underperformance and financial instability. Several contractors have faced cash flow constraints, which have hindered their ability to pay subcontractors and sustain project progress.

Responsibilities of the accounting officer for the financial statements

11. 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.
12. In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor-General for the audit of the financial statements

13. 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.
14. A further description of my responsibilities for the audit of the financial statements are included in the annexure to this auditor's report. This description, which is located in the annexure to the auditor's report, forms part of my auditor's report.

Report on the annual performance report

15. 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 is reported in the annual performance report of the Department of Water and Sanitation (DWS). The usefulness and reliability of the reported performance information were reported as part of the audit of the DWS, and any audit findings are included in the auditor's report of the department.

Report on compliance with legislation

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the trading entity's compliance with legislation.
17. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
18. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial management of the trading entity, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
19. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

20. 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.
21. Material misstatements of non-current assets, current liabilities, non-current liabilities and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected misstatements resulted in the financial statements receiving a qualified opinion.

Expenditure management

22. Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure amounting to R96 833 000, 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 fruitless and wasteful expenditure disclosed in the financial statements emanates from losses or abnormal costs incurred on external and internal projects.
23. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.

Consequence management

24. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA.

Other information in the annual report

25. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements and the auditor's report.
26. My opinion on the financial statements and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. 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

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
30. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
31. Management did not adequately review the annual financial statements to ensure that they were prepared in accordance with the Standards of GRAP and the requirements of the PFMA.
32. Management did not implement appropriate project management processes to prevent the incurrence of fruitless and wasteful expenditure relating to internal and external projects. Furthermore, consequence management procedures were not implemented, despite the presence of relevant evidence.
33. Management did not implement sufficient controls to ensure that all payments are made within the legislated timelines.

Material irregularities

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

Status of previously reported material irregularities

Inadequate procurement processes in the Clanwilliam dam project

35. The trading entity did not develop an effective and efficient infrastructure procurement system as required by section 38(1)(a)(i) of the PFMA.

36. The entity uses normal supply chain processes to procure goods and services for infrastructure projects. This procurement strategy does not best suit and accommodate the nature of the business of WTE's construction units and as such, significant delays in procurement were experienced as these processes were not envisaged for the construction environment.
37. Due to the ineffective procurement system for infrastructure, the trading entity experienced delays in the construction of the Clanwilliam project from the 2015/16 financial year. At this point, the site had already been established at the dam.
38. The entity started incurring costs on the day to day running of the established site without any construction work being performed on site. The day-to-day site costs could not be linked to any construction work. Furthermore, the entity had appointed construction workers for the project who were idle as the required resources for the performance of construction work were not procured. This non-compliance with inadequate and ineffective SCM controls resulted in a material financial loss of R22 750 190.
39. The accounting officer was notified of the material irregularity on 13 July 2023 and invited to make a written submission on the actions taken and those that will be taken to address the matter.
40. The Dam Safety Office (DSO) declared Clanwilliam dam as "condition F" (unsafe), in a letter from the DSO dated 23 September 2022. The Approved Professional Person (APP) issued an instruction to the internal construction unit on 03 March 2023, outlining the necessary emergency scope of work required to address the safety concerns of the dam.
41. Following the letter from the APP, the internal construction unit was granted emergency/urgent delegations by the accounting officer on 21 April 2023 to expedite the procurement processes for sub-contractors on the project. The emergency/ urgent procurement instructions were expedited, and a number of sub-contractors, including drilling and blasting, drilling and grouting, supply of aggregate, concrete surface preparation and others were awarded from May 2023.
42. The contractor and sub-contractors are currently on site and construction work is ongoing. This ensures that site overhead expenses are directly attributed to construction work on site and prevents the continuance of financial losses. No further losses were noted in the fruitless and wasteful expenditure register of the entity relating to the Clanwilliam dam project in the 2023-24 financial year.
43. The entity has implemented a Supply Chain Management policy for Infrastructure procurement that was approved by the accounting officer on 19 January 2023. This will assist in preventing delays in procurement and expedite the delivery of the projects.
44. In the current year, the procurement-related issues previously raised were resolved, as the trading entity has since appointed contractors to carry out the project.
45. I will follow-up on the full implementation, during my next audit.

Delay in the construction of the raising of the Clanwilliam Dam project

46. The entity has not taken the necessary steps to address serious safety risks pertaining to the condition of the Clanwilliam Dam, as required by dam safety regulation 32(5). Serious safety risks were identified by the fourth dam safety evaluation report completed in September 2010. The evaluation report identified deficiencies on the dam wall and recommended that the dam wall be rehabilitated, allocating a category III risk rating, being the highest-level hazard potential. The construction project, already approved in 2012 to address the safety conditions and rehabilitate the structures of the dam wall, has been delayed and no work has commenced to date. The fifth dam safety evaluation report, completed on 1 April 2020, confirmed the 2010 dam safety evaluation report conclusions that the general hazard and risk levels of the dam were within the unacceptable category, even when measured against the latest DWS standards for a dam of this height and classification.

47. If the dam wall were to be compromised, the floods may negatively affect the safety and livelihoods of the general Clanwilliam community immediately neighbouring the dam, as well as the communities within the West Coast District Municipality along the Olifants River. It may also result in no / little water capacity being available to the Cederberg and Matzikama municipalities to provide water to towns and farmers in the region for domestic or irrigation purposes. This may adversely affect the health and well-being of the extended region for several years, considering the scope and nature of work required to reconstruct and utilise the dam again. The harm has not yet occurred; however, the non-compliance is likely to result in substantial harm to the public if the dam wall is not rehabilitated to address the significant safety concerns.
48. The accounting officer was notified of the material irregularity on 24 July 2023. In September 2023, the Dam Safety Office declared Clanwilliam Dam as "condition F" (unsafe). The contractor was issued with a letter of instruction outlining the necessary emergency scope of work required to address the safety concerns of the dam and the accounting officer granted emergency delegations, on 21 April 2023, to expedite the procurement processes for sub-contractors on the project. Sub-contractors were awarded from May 2023. The contractor and sub-contractors are currently on site and construction work is ongoing. The overall project was at 16% completion rate as at 30 June 2024.
49. As of 24 April 2025, construction on the raising of the Clanwilliam Dam had reached 23% completion, with the project expected to be finalised by 31 May 2028. This reflects progress since the previous follow up, which reported 19% completion, indicating ongoing work and advancement in the dam's construction activities.
50. Efforts to assess and resolve the material irregularity (MI) are currently in progress.

Payment not made within 30 days

51. 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.
52. The entity entered into a contract valued at R154 million (including value-added tax) with a service provider that required a 10% advance payment of the contract value. The entity did not make the advance payment as per the contract provisions. This resulted in the service provider issuing a letter of demand and, consequently, court proceedings. The court ordered the entity to pay the service provider interest of R2.2 million, as well as the applicant's taxed party-party costs. The interest costs result in a financial loss.
53. The accounting officer was notified of the material irregularity on 18 July 2019. The accounting officer referred the matter to the internal risk management unit of the department to finalise an investigation by 31 August 2019. The investigation was finalised, and a report was submitted to the accounting officer on 26 September 2019. The accounting officer required some clarifications on the report, which required risk management to submit a revised report. The final approved investigation report was finalised in June 2020. The report identified three former officials who were responsible for incurring fruitless and wasteful expenditure, which would have been avoided had reasonable care been exercised to prevent the financial loss.
54. After consultations with the trading entity's legal department, the accounting officer issued claim letters to the former officials on 25 May 2021, requesting settlement and responses within 30 days from the date of receipt of the letters. Responses to the claim letters were received on 26 June 2021 and 7 July 2021, respectively, from legal representatives of two of the three former officials, who requested access to information and to be afforded an opportunity to make their representations.
55. 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.
56. No response was received from the legal representatives and, after numerous follow ups, on 4 July 2022, the accounting officer instructed the state attorney to issue summons for the recovery of R2 264 737 from the former officials.

57. After consideration of the information by the state attorney, clarity seeking engagements between the state attorney and the trading entity, summons for the recovery of the losses suffered by the trading entity were sent on 26 October 2023.
58. The investigation and the disciplinary proceedings have been completed. The material irregularity has been resolved. The actions taken by the entity to recover the funds were found to be appropriate by our internal MI processes and no longer within the control of the accounting officer.
59. I will follow-up on the recovery process, currently under court processes, during my next audit. Amounts paid to a contractor for site re-establishment cost and standing time

Amounts paid to a contractor for site re-establishment cost and standing time

60. The trading entity did not develop an effective and efficient infrastructure procurement system, as required by section 38(1)(a)(i) of the PFMA.
61. The entity entered into a contract to the value of R522 109 661 for the construction of Hazelmere Dam. The contract commenced in February 2015, and the initial end date was July 2019.
62. 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 that stage, the project was 96% complete. The contractor incurred time- and cost-related charges (standing time and fixed cost-related charges), which the entity was liable to pay. The non-payment of these costs resulted in the contractor terminating the contract on 9 October 2018 and leaving the site with their equipment.
63. A settlement agreement was entered into between the entity and contractor in January 2020 to allow the contractor to return to the 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.
64. The non-compliance resulted in a material financial loss comprising two elements amounting to R39 072 104 for the entity. A financial loss amounting to R5 963 155, relating to payments made for site re-establishment and another financial loss amounting to R33 108 859, relating to costs incurred for standing time.
65. The accounting officer was notified of the material irregularity on 8 December 2021 and invited to make a written submission of the actions taken and that would be taken to address the matter.
66. The accounting officer appointed a professional service provider to investigate the irregularities identified. The investigation was finalised on 8 July 2022 and, in response to the recommendations of the investigation report, the accounting officer has taken the following actions:
 - On 1 September 2022, a dedicated finance manager was appointed to the project to control spending and limit any further losses. No further losses relating to this irregularity were identified on the project.
 - Disciplinary proceedings against officials of the entity who were implicated in the report have commenced and are still underway.
 - A letter of demand was delivered to the contractor on 28 June 2023. Legal representatives of the business rescue practitioners of the contractor responded to the letter of demand for the losses suffered on 6 July 2023. In their response, they stated that there were no losses suffered, and no refund shall be made to the trading entity as the settlement was agreed to and signed by the accounting officer of the trading entity at the time. A legal opinion was sought in response to the above letter and, as at the date of this report, the matter was still not concluded.

67. The financial recovery assessment is currently on hold due to the absence of an updated status report on the arbitration process, including key milestones and anticipated timelines for its resolution.
68. The service provider has responded by disputing the letter of demand, asserting that all goods and services were delivered in accordance with the tender specifications. Therefore, any errors in the tender requirements are the responsibility of the trading entity.
69. Regarding internal disciplinary actions, proceedings against one official are still ongoing, while another official resigned on 31 May 2025.
70. Efforts to assess and resolve the material irregularity are currently in progress.

Payments for repairs not fully performed at various pump stations.

71. Officials of the trading entity did not adequately execute internal controls established for the trading entity within their area of responsibility, as required by section 45(a) of the PFMA
72. On 26 August 2019, the WTE entered into a contract with a service provider for emergency repairs at the Usuthu Vaal pump station for the rehabilitation of transformers for the Vaal River Eastern Subsystem Augmentation project. The contract stated that payments would only be made after signed deliverables had been completed and a completion certificate had been signed by both the WTE project manager/engineer and the service provider.
73. During the 2020-21 audit, I noted that the service provider had been paid 30% of the total value of the refurbishment of two transformers at the Boshkop pump station; however, upon physical verification, I was unable to validate the refurbishment conducted. Furthermore, the contract does not make any provision for a prepayment. This issue was communicated to management on 19 August 2021, followed by an investigation completed on 30 April 2022, which confirmed that there were instances of overbilling, duplication of work and charging for work not undertaken.
74. The investigation report was further updated in November 2023 to consider inputs from the service provider. The overall conclusion and recommendation of the investigation after consideration of inputs from the service provider did not change. The investigation noted various sites where work was not fully completed. The total invoices billed, which were reviewed for the various sites during this investigation, amounted to R 15 657 109,87, which was a combination of some work performed, inferior quality work performed and work not performed. The irregularity is likely to result in a material financial loss.
75. The accounting officer was notified of the material irregularity on 2 March 2023 and invited to make a written submission on the actions taken and that would be taken to address the matter. The accounting officer was also requested to quantify the full loss from these transactions and provide substantiating evidence/action plans of processes instituted since the date of the investigation report.
76. The following actions have been taken by the accounting officer in response to the recommendations of the investigation report:
 - Consequence management processes have commenced. The investigation report identified six officials of the trading entity responsible for the likely loss incurred:
 - Three officials are no longer in the employ of the entity. One official's contract ended on 31 December 2020, another official resigned on 31 March 2022 and the other official retired during the 2023-24 financial year.
 - Two officials are still under the employ of the entity and are currently undergoing disciplinary hearings.
 - The matter relating to the recovery of the loss is currently pending before the High Court (Gauteng division), with a supplementary affidavit submitted by the DWS on 13 December 2023 to make available an updated investigation report where inputs of the service provider were considered, as indicated above.

- A case of alleged procurement irregularities was also opened with the South African Police Service on 10 July 2022, where the matter is still under investigation.
 - The entity has since enhanced internal controls in relation to work certification and payment thereof. The chief engineer in the cluster office has been assigned to assist the area offices with contract management.
 - The matter, relating to recovery of the loss, is currently pending before the High Court (Gauteng division), with a supplementary affidavit submitted by the DWS on 13 December 2023 to make available an updated investigation report where inputs of the service provider were considered, as indicated above.
 - A case of alleged procurement irregularities has also been opened with the South African Police Service on 10 July 2022, where the matter is still under investigation.
 - The entity has since enhanced internal controls in relation to work certification and payment thereof. The chief engineer in the cluster office has been assigned to assist the area offices with contract management.
77. The matter was also referred to the Special Investigating Unit (SIU) for investigation. Proclamation number R96 of 2022 was assigned on 2 December 2022 to this investigation and the investigation is still ongoing.
78. The DWS dismissed one of the officials charged, while disciplinary proceedings against the other are still ongoing.
79. Engagements have taken place with the relevant stakeholders in an effort to resolve the disputes between the Trading Entity and the contractor. However, the Water Trading Entity (WTE) does not possess sufficient evidence to confirm that the contractor failed to perform any work.
80. Efforts to assess and resolve the material irregularity (MI) are currently in progress.

Non-maintenance of the Umtata dam outlet pipes

81. The trading entity did not maintain the outlet pipes of the Mthatha Dam to keep it operational and functioning in a manner that supports efficient service delivery, as required by section 5(1)(d) of the Government Immovable Asset Management Act 19 of 2007.
82. The dam safety inspection report of May 2011 outlined that the outlet pipes for the Mthatha water supply were found to be in a poor condition and recommended that mechanical and electrical equipment be repaired to avoid failure. This recommendation was categorised as a "level 1 urgency", which meant it should have been actioned as soon as possible.
83. Due to the lack of implementation of the required corrective steps for refurbishment and repair, both outlet pipes had burst underneath the spillway return channel (2016 and 2021, respectively), resulting in excessive leakage and a high drop in pressure. This resulted in a reduction, interruptions and, eventually, almost a complete shutdown in the past two years in the water supply to the Thornhill Water Treatment Works (WTW). The Mthatha Dam is the only raw water source for the King Sabata Dalindyebo (KSD) Local Municipality and is the only source used to provide water to KSD Municipality via the Thornhill water treatment plant, as the sole provider of water to the complete water supply network.
84. The entity is currently using four high-density polyethylene pipes to extract water from the Mthatha Dam to Thornhill water treatment plant, but the supply from these pipes is minimal. Water supply was in the interim supplemented with the use of water tankers and pumping of some water from the Mthatha River by the treatment works. Furthermore, the construction of a temporary bypass siphon to supply water to the Thornhill WTW, has also been significantly delayed and is not operational yet. These interim interventions were insufficient.

85. The severely limited water supply has negatively affected the health, wellbeing and livelihoods of all the residents in the KSD Local Municipality on the water network over an extended period. Water is a basic human right that is necessary for consumption, cooking, basic hygiene and overall good health. Not only were private households and residences affected, but also private and public businesses, with establishments such as hospitals, schools and frail care facilities not being able to provide vital services and hygienic conditions. The non-compliance has resulted in substantial harm to the residents and businesses of the KSD Local Municipality and will continue to cause harm until corrective action is taken.
86. The accounting officer was notified of the material irregularity on 23 April 2024 and invited to make a written submission on the actions taken and that would be taken to address the matter. The accounting officer indicated that the appointment for the construction of the temporary bypass siphon to supply water to the Thornhill WTW was finalised on 17 May 2024. A programme for the construction of the temporary bypass siphon was developed and indicated that construction would be finalised on 30 September 2024.
87. As of 31 March 2025, the progress report indicates that 99% of the work has been completed, with 92% of it certified. However, the progress report signed by the project manager, following the June 2025 follow up, has not been made available.
88. Challenges have been noted regarding poor performance by the contractor responsible for delivering materials. The Construction unit is currently awaiting support from the Supply Chain Management unit to implement appropriate remedial or mitigation measures.
89. I will follow-up on the recovery process, during the next audit.

Auditor - General

Pretoria

16 August 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Water and Sanitation to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Compliance with legislation – selected legislative requirements

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 38(1)(b), (c)(ii), (d), (h)(iii); Section 39(1)(a), (2)(a); Section 40(1)(a), (b), (c)(i); Section 43(4); Section 45(b); Section 57(b)
Preferential Procurement Policy Framework Act 5 of 2000	Section 2(1)(a), (b), (f)
Public Service Regulations, 2016	Paragraph 18(1), (2); Paragraph 25(1)(e)(i) and (iii)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); Regulation 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1; 9.1.1; Regulation 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; Regulation 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; Regulation 16A3.2(a); 16A6.1; 16A6.2(a); Regulation 16A6.2(b); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A7.1; 16A7.3; 16A7.6; Regulation 16A7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; Regulation 16A9.2(a)(ii); 16A9.2(a)(iii); 17.1.1; 18.2; Regulation 19.8.4
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury Instruction No. 7 of 2017/18	Paragraph 4.3
PFMA National Treasury SCM Instruction No. 3 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6

Legislation	Sections or regulations
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f) Section 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2025

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2025

	Notes	2025	2024 Restated
		R'000	R'000
Revenue		21 261 152	19 354 748
Revenue from exchange transactions	3	16 790 139	16 429 218
Revenue from non-exchange transactions	4	4 471 013	2 925 530
Expenditure		14 646 265	10 426 650
Employee benefit costs	5	1 511 550	1 741 714
Operating expenditure	6	7 792 119	4 168 839
Repairs and Maintenance - <i>Property, plant and equipment</i>	7	264 193	216 615
Impairment on financial assets	8	1 991 281	739 973
Impairment on construction work In Progress	9	194 335	-
Finance cost	10	1 055 529	840 486
Depreciation, amortisation and impairment	11	1 835 429	2 712 915
Loss on disposal of fixed assets	12	1 829	6 108
Surplus/(deficit) for the year		6 614 887	8 928 098

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025 R'000	2024 Restated R'000
ASSETS			
Current assets		30 434 006	26 289 157
Cash and cash equivalents	13	1 966 853	3 399 126
Receivables from exchange transactions	14	21 674 033	18 528 099
Advances to public entities	15	5 790 949	3 457 712
Inventory	16	170 004	149 643
Construction Work In Progress	17	832 167	754 577
Non-current assets		105 785 441	98 536 293
Property, plant and equipment	18	67 831 017	68 262 139
Intangible assets	19	37 954 424	30 274 154
Total assets		136 219 447	124 825 450
LIABILITIES			
Current liabilities		4 096 152	3 079 199
Payables from exchange transactions	20	2 649 182	1 755 635
Employee benefits	21	422 713	287 459
Finance lease liability	23	2 109	1 871
Financial liabilities: TCTA	24	1 022 148	1 034 234
Non-current liabilities		16 136 857	12 374 700
Provisions	22	506 848	506 848
Finance lease liability	23	2 337	1 073
Financial liabilities: TCTA	24	15 627 672	11 866 779
Total liabilities		20 233 009	15 453 899
Total net assets		115 986 438	109 371 551
NET ASSETS			
Reserves			
Accumulated surplus		112 597 000	106 115 153
Pumping cost reserve		3 389 438	3 256 398
Net assets		115 986 438	109 371 551

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2025

		Accumulated surplus	Pumping Cost Reserve	Net Assets
	Notes			
Balance at 1 April 2023		97 894 266	2 549 185	100 443 451
As previously stated		100 455 383	2 549 185	103 004 568
Prior period error	35	(2 561 117)	-	(2 561 117)
				-
Surplus for the year		8 928 098		8 928 098
As previously stated		7 516 425		7 516 425
Prior period error	35	1 411 673		1 411 673
Net movement in reserves		(707 213)	707 213	-
Transfers between reserves		(707 213)	707 213	-
Balance at 31 March 2024		106 115 153	3 256 398	109 371 551
As previously stated		107 264 598	3 256 398	110 520 996
Prior period error	35	(1 149 445)	-	(1 149 445)
Surplus for the year		6 614 887	-	6 614 887
Net movement in reserves		(133 040)	133 040	-
Transfers between reserves		(133 040)	133 040	-
Balance at 31 March 2025		112 597 000	3 389 438	115 986 438

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

	Notes	2025	2024 Restated
		R'000	R'000
Cash flows from operating activities			
<i>Cash receipts</i>		18 595 194	17 413 735
Taxes and transfers		5 222 015	2 845 792
Sale of water services		11 951 278	13 677 034
Construction and other revenue		1 127 387	632 669
Water research levies - receipts		292 084	256 280
Commission earned		1 251	1 034
Lease revenue earned		1 179	925
<i>Cash payments</i>		(10 446 427)	(11 449 881)
Employee benefits		1 341 488	1 792 530
Water Research Commissioner - payments		14 254	161 633
Goods and services		7 426 266	7 750 675
Advances paid: LHDA		344 421	433 627
Finance cost paid		1 319 997	1 311 416
Net cash flows from operating activities	25	8 148 767	5 963 854
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1 431 767)	(784 264)
Acquisition of intangible assets		(5 584 905)	(2 127)
Net cash flows used in investing activities		(7 016 672)	(786 391)
Cash flows from financing activities			
Finance lease payments		(1 908)	(1 228)
Repayments of other financial liabilities		(2 562 461)	(3 557 248)
Net cash flows from financing activities		(2 564 369)	(3 558 476)
Net increase/(decrease) in cash and cash equivalents		(1 432 273)	1 618 987
Cash and cash equivalents at beginning of year		3 399 126	1 780 139
Cash and cash equivalents at end of year	13	1 966 853	3 399 126

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2025

	Note	Approved budget R'000	Final budget R'000	Actual amounts R'000	Variance amounts R'000
Revenue		23 872 400	23 872 400	21 261 152	2 611 248
Taxes and transfers		5 222 015	5 222 015	4 471 013	751 002
Sale of water services		17 790 485	17 790 485	15 033 743	2 756 742
Construction revenue		404 200	404 200	325 208	78 992
Commission earned				1 088	-1 088
Lease revenue earned		256 600	256 600	1 028	255 572
Interest revenue				1 343 483	-1 343 483
Other receipts		199 100	199 100	85 589	113 511
Total revenue		23 872 400	23 872 400	21 261 152	2 611 248
Expenses		(4 525 116)	(9 382 094)	(14 646 265)	5 264 171
Employee benefit costs		1 339 496	1 322 334	1 511 550	(189 216)
Operating expenditure		3 185 620	8 059 760	8 056 312	3 448
Impairment on financial assets		-	-	1 991 281	(1 991 281)
Finance cost		-	-	1 055 529	(1 055 529)
Depreciation, amortisation and impairment		-	-	2 029 764	(2 029 764)
Loss on disposal of fixed assets		-	-	1 829	(1 829)
Total expenses		-4 525 116	-9 382 094	-14 646 265	5 264 171
Surplus/ (deficit) from operating activities	26	19 347 284	14 490 306	6 614 887	7 875 419
Project's expenditure	26	-14 005 79	-9 148 202	-6 562 229	-2 585 973
Allocation from government grants		4 433 578	4 468 859	3 466 870	1 001 989
Refurbishment and Rehabilitation and ROCS -Rehabilitation of Conveyance System		1 809 569	1 759 569	572 027	1 187 542
TCTA		7 762 032	2 919 773	2 523 331	396 442
Budget surplus/ (deficit)	26	5 342 105	5 342 105	52 658	5 289 446

Note: The budget figure reflected for taxes and transfers is vat inclusive

NOTES TO THE ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

1. Presentation of financial statements

1.1 Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretation and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

1.2 Statement of Compliance

The following amended Standards of GRAP became effective and were fully implemented in the current financial year:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated and separate financial statements
GRAP 9	Revenue from exchange transactions
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, contingent liabilities and contingent assets
GRAP 21	Impairment of non-cash- generating assets
GRAP 23	Revenue from non-exchange transactions (taxes and transfers)
GRAP 24	Presentation of budget information in financial statements.
GRAP 25	Employee benefits
GRAP 31	Intangible assets
GRAP 104	Financial instruments

In addition to the standards that have to be applied, the WTE has adopted the interpretations to the standards of GRAP approved that entities are required to apply in terms of directive 5:

IGRAP 1	Applying the probability test on initial recognition of revenue
IGRAP 2	Changes in existing decommissioning restoration and similar liabilities
IGRAP 3	Determining whether an arrangement contains a lease
IGRAP 4	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IGRAP 8	Agreements for the construction of assets from exchange transactions
IGRAP 9	Distributions of non-cash assets to owners
IGRAP 10	Assets received from customers
IGRAP 13	Operating leases - incentives
IGRAP 14	Evaluating the substance of transactions involving the legal form of a lease
IGRAP 15	Revenue - barter transactions involving advertising services
IGRAP 16	Intangible assets - website costs
IGRAP 20	Related party disclosures
IGRAP 26	Impairment of cash-generating assets

1.3 Standards of GRAP issued but not yet effective

The standards of GRAP that have been issued by the ASB, but where the Minister has not determined an effective date, have not been adopted by the WTE. The WTE used the standard of GRAP on related party disclosures (GRAP 20) to develop its accounting policies on related party disclosures and the extent of disclosures for related party transactions and balances.

1.3.1 Standard utilised in developing accounting policies

The WTE has utilised the following standards of GRAP to develop its accounting policies and disclosures when adopting GRAP:

GRAP 18	Recognition and derecognition of land
GRAP 19	Liabilities to pay levies

As a result, there will be no impact on the disclosures of interest in other entities when the standard becomes effective.

1.3.2 Standard utilised in developing accounting policies

It is unlikely that the following standards and/or amendments to standards, that have been issued but are not yet effective, will have a material impact on the financial statements of the WTE once they become effective and therefore accounting policies have not been developed for the following standard:

GRAP 21	The effect of past decisions on materiality
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Based on the analysis of the transactions of the WTE, this standard does not impact the WTE and the adoption of this standard will thus have no impact on the current financial statements.

1.4 Basis of preparation

These annual financial statements have been prepared on the accrual basis and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous periods.

1.5 Functional currency

The financial statements are presented in South African Rand (R), also the functional currency of the Water Trading Entity. All values are rounded to the nearest thousand (R'000) except where otherwise indicated.

1.6 Going concern

- A. The Annual Financial Statements of the Water Trading Entity for the financial year ended 31 March 2025 have been prepared on the going concern basis.
- B. The management of the Water Trading Entity 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:
- Water Trading Entity has adequate sources of income from its business and augmentation grant from government to fund operation and maintenance and to refurbish and rehabilitate existing infrastructure for the foreseeable future.
 - The augmentation received from National Treasury is used to build new infrastructure and cover the support functions.
 - The current ratio of the entity is 7,43 (2023/24 = 8,54) which indicates that the entity has sufficient liquid assets to meet its short-term financial obligations. The quick ratio is 7,39 (2023/24 = 8,49) which is very healthy.
 - The debtors' days have moved from 632 days in 2023/24 to 643 days in 2024/25 mainly due to non-payment by various municipalities, but steps have been taken to recover the outstanding debt.
 - The total TCTA liability has increased by R3.748 billion from R12,9 billion to R16,6 billion whilst the total Reserves increased from R109 billion to R115 billion.
 - The entity has ended the financial year with a positive bank balance once again for the 2024/25 financial year at R1.966 billion (R3.399 billion in the 2023/24 financial year).
- C. The Water Trading Entity 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, positive bank balance, with a minor increase in liabilities, all point to a favourable outcome, and a positive indicator that the entity is a going concern.
- D. Based on the above, the WTE management has assessed the entity's ability to continue as a going concern until the inevitable merger of the entity and the Trans-Caledon Tunnel Authority to form a National Water Resources Infrastructure Agency (NWRRA) takes effect. The following should be noted in respect of the merger:
- NWRRA will be created in terms of the South African National Water Resource Infrastructure Agency SOE Limited Act, Act 34 of 2025 ("the Act"). The Agency will be scheduled as a major public entity in terms of Schedule 2 of the Public Finance Management Act, Act 1 of 1999, and will be tasked with the development, management, and financing of national water resources infrastructure (NWRRI) . Its establishment will bring together functions now carried out by the DWS and the Trans Caledon Tunnel Authority (TCTA), specifically the Infrastructure Management Branch (excluding the Construction Unit) and Water Trading Entity (WTE) of DWS, as well as the whole of the TCTA.
 - Although the President announced that the NWRRA will be functioning by June 2026. The Act further states that the Minister of Water and Sanitation will announce the date when TCTA will be incorporated into the NWRRA.
 - It is anticipated that the merger will not result in the disruption to service delivery.
 - The process culminating in the legal establishment of the Agency is underway; key milestones will be the full proclamation of the Act , finalization of the Memorandum of Incorporation, listing of the Agency in Schedule 2 of the PFMA, the appointment of the Board of the NWRRA, and registration with the Companies and Intellectual Property Commission (CIPC). Legal establishment is anticipated to be achieved 2025/26 financial year.

It should be noted that TCTA has reported, in its annual financial statements, a total comprehensive (loss) and surplus for the periods ending 31 March 2025 and 31 March 2024 amounting to (R1.099 billion) and R1.334 billion, respectively. This is mainly due to the alignment of the accounting policy with IFRS 9: Financial instruments that resulted in the re-estimation loss on tariff receivable. The reported loss has no material impact on TCTA's ability to continue as a going concern as both the liquidity and solvency of the entity are in a positive position.

The WTE is part of the Department of Water and Sanitation and its on-going operations are effectively under-written by National Treasury. Management is not aware of material uncertainties related to any events or conditions that may cast significant doubt on entity's ability to continue as a going concern. The quoted liquidity ratios point to a favourable outcome and a significant reduction of total liabilities is a positive indicator that the entity is a going concern.

Based on the above WTE management has assessed the entity's ability to continue as a going concern until the envisaged merger of the Water Trading Entity and the Trans-Caledon Tunnel Authority (TCTA) to form a National Water Resources Infrastructure Agency (NWRIA).

1.7 Off-setting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

1.8 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. The effects of restatements are disclosed in note 34.

1.9 Significant judgements and source of estimation uncertainty

1.9.1 Initial measurement of financial assets

Short-term financial assets have been measured initially at the transaction price unless there was an indication that the transaction was provided at terms that were longer than the normal credit term of 30 days. Where extended payment terms were given, the transaction prices are discounted at the rate applicable to debt owed to the state to determine the fair value for initial measurement purposes.

1.9.2 Impairment of financial assets

An impairment is recognised for estimated losses firstly on 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 who 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 a significant effort had been made.

1.9.3 Useful lives and impairment of financial assets

The useful life of an asset will approximate the economic life of an asset, except for certain construction equipment, which is earmarked for sale. The review of the useful lives and residual values is 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 judgment, 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 is 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 consist of the following classes:

Software and licenses
Enduring benefit

The estimated useful lives of property, plant and equipment and intangibles are as follows:

Land	Infinite life span
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The estimated useful lives of property, plant and equipment and intangibles are as follows:

Buildings	1 - 75 years
Canals	1 - 298 years
Dams and weirs	1 - 496 years
Pipelines	1 - 60 years
Pump stations	1 - 75 years
Reservoirs	1 - 80 years
Treatment works	1 - 50 years
Tunnels	1 - 253 years
Power Supply	1 - 30 years
Roads and Bridges	15 - 71 years
Boreholes	8 - 50 years
Measuring Facilities	1 - 80 years
Telemetry	1 - 30 years
Servitudes	3 - 99 years

The estimated useful lives of movable assets are as follows:

Movable assets

Vehicles	4 - 20 years
Computer equipment	3 - 5 years
Office equipment, furniture and furniture	6 - 20 years
Construction equipment	Based on usage (kilometres, hours, months)
Machinery and equipment	5 - 59 years
Dwellings: mobile homes	20 years

The estimated useful lives of intangible assets are as follows:

Intangible assets

Software and licenses	3 - 13 years
Enduring benefit	Infinite life span

Current assets of the WTE are non-cash generating, even though certain water users are classified as commercial users. Most of these projects are funded through additional funds received through augmentation from the Department of Water & Sanitation - main account. Therefore, any impairment that has been identified was calculated using the recoverable service amount of the asset.

The depreciation methods were assessed and are appropriate and will not change unless there is a change in the way that assets will be utilised, which is unlikely in the foreseeable future.

1.9.4 Recognition of servitudes

Servitudes on land are often acquired as part of the construction of water infrastructure. Where the cost of servitudes can be measured reliably, these assets are included in the cost of infrastructure as they form 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 costs attributable to the asset until the asset is 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 costs incurred are recovered from users or through the augmentation grant, the price of the inventory items is subject to inflation. It is assumed that the net realisable value or replacement cost will be equal to or exceed the cost of the item at year-end. Therefore, there has been no provision made at year-end for losses in the value of stock due to price changes.

All inventories are shown at cost or net realisable value.

1.9.7 Commitments

Commitments included in disclosure note 29 and 30 are informed by orders relating to capital and operational projects, of which goods and services have not been delivered to the entity.

1.9.8 Contingent liabilities and provisions

Contingent liabilities and provisions have been based on the best estimate available. Contingent liabilities relating to litigation have been based on the assessment of the estimated claim against the WTE as at 31 March 2024.

1.9.9 Capitalisation of expenses relating 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, it excludes 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 that 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, 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 decrease 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 capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are expensed in the period in which it is incurred.

2.4 Employee benefits

2.4.1 Short-term employee benefits

The WTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

- As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds the undiscounted amount of the benefits due, the entity recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.
- As an expense, unless the entity uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

2.4.2 Short-term employee benefits

The WTE recognises the expected cost of short-term employee benefits in the form of compensated absences (paid leave) when the employees render service that increases their entitlement to future compensated absences.

The expected cost of accumulating compensated absences is measured as the additional amount that the WTE expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.4.3 Performance and service bonuses

The WTE recognises the expected cost of performance or service bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made. The WTE considers the present obligation to exist when it has no realistic alternative but to make the payments related to performance bonuses.

2.4.4 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy for these benefits or resigns. The WTE recognises termination benefits when it is demonstrably committed either to terminate the employment of current employee(s) according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the financial year are discounted to present value.

2.4.5 Retirement and medical benefits

The WTE contributes towards the pension fund and the medical aid for its employees through a defined contribution plan. Once the contributions are paid, the WTE has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

2.5 Leases

2.5.1 *The as a lessee*

The WTE classifies certain leases of equipment and vehicles as finance leases.

The assets acquired under finance leases are recognised as assets and the associated lease obligations as liabilities in the statement of financial position at the commencement of the lease term. The assets and liabilities is recognised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Where practicable, the discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Where this is not practical, the WTE's incremental borrowing rate is used. Any initial direct costs are added to the amount recognised as an asset.

The WTE measures the liability as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest (i.e., the WTE recognises the capital portion of the obligation as a liability and recognises the interest over the lease term).

The leased assets are subsequently measured at cost less accumulated depreciation and impairment. The leased assets are depreciated over the shorter of the lease agreement or the useful life of the asset. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term 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 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 are 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 the purchase 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 are reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) are 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 the recoverable service amount for non-cash generating assets and where the carrying amount exceeds the recoverable amount for cash-generating assets.

The WTE assesses 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 are 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 are 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 intangible assets 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 is 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 rational basis.

2.12 Financial instruments

2.12.1 Initial recognition and classification

The WTE classifies financial instruments, or their parts, on initial recognition as a financial asset, a financial liability, or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the WTE becomes a party to the contractual provisions of the instruments and WTE funds are committed or receive the benefits.

The WTE does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exists, and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.12.2 Initial measurement

Financial instruments are initially measured at fair value.

2.12.3 Transaction cost

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. 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 have 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 include 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 is not determinable.

The following items included in the statement of financial position contain financial instruments:

- Cash and cash equivalents;
- Receivables from exchange transactions;
- Other financial assets;
- Payables from exchange transactions; and
- Other financial liabilities (including bank overdraft).

2.12.6 Derecognition

Financial assets

The WTE derecognises financial assets using trade date accounting.

The WTE derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the WTE transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the WTE, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the WTE :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred based on their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the WTE transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the WTE adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined based on an allocation of the carrying amount of the larger financial asset.

If, because of a transfer, a financial asset is derecognised in its entirety but the transfer results in the WTE obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the WTE recognises 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 continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the WTE recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset and the associated liability nor the revenue and the associated expenses are offset.

Financial liabilities

The WTE removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e., when the obligation specified in the contract is discharged, cancelled, expires, or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred, or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another WTE by way of a non-exchange transaction are accounted for in accordance with the standard of GRAP on Revenue from non-exchange transactions (taxes and transfers).

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

2.14 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised cost arise from transactions with water users. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

2.15 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the WTE has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement in which the WTE is receiving non-exchange revenue. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

2.16 Other financial assets

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

2.17 Payables from exchange transactions

The WTE recognises payables from exchange transactions where liabilities result in counter performance by the respective parties.

Payables from exchange transactions are initially measured at fair value and are subsequently measured at amortised cost.

2.18 Payables from non-exchange transactions

The WTE recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue because of outstanding obligations.

Payables from non-exchange transactions are initially measured at fair value and are subsequently measured at amortised cost.

2.19 Other financial liabilities

Included in other financial liabilities are the liabilities incurred by 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: 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 it if the liability were recognised on different bases, as the tariffs billed are pre-agreed.

2.21 Provisions and accruals

Provisions and accruals are liabilities where uncertainty exists about the timing or amount of the future expenditure required to settle the liability.

The WTE recognises, in payables, an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but the invoice is outstanding or a formal agreement with the supplier has not been concluded.

Provisions are liabilities, excluding accruals that are recognised where the WTE has a present legal or constructive obligation because of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the amount to settle the present obligation at the reporting date, discounting to present value where the time value of money is expected to be material. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed. Provisions are only used for those expenditures for which the provision was initially recognised.

2.22 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 31 and 32.

2.23 Reserves

The WTE classifies its reserves in two categories, namely, pumping cost reserve and accumulated reserves. None of these reserves are distributable reserve.

2.23.1 Pumping cost reserve

The WTE recovers an additional charge from specific water users in the Vaal River scheme to cover pumping costs. This additional fee is charged to reduce the impact of price increases because of additional pumping costs incurred in times of emergencies, drought and other contingencies.

A transfer is made from the accumulated reserves to the pumping cost for amounts recovered from users for pumping cost and from pumping cost to accumulated reserves for the actual costs incurred.

2.23.2 Accumulated reserve

Accumulated reserves consist of the net assets less amounts transferred to other reserves. Accumulated reserves are mainly built up because of the depreciation and return on asset charge included in the pricing strategy and the capital portion of augmentation funds included in revenue recognised. This is to ensure adequate rehabilitation and maintenance of existing infrastructure and future infrastructure development.

2.24 Budget information

The budget is prepared on a modified accrual basis. The WTE budget comprises 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, the Department of Water and Sanitation, all other client departments, all national public entities, water boards and water user associations and the management of the WTE.

2.26 Irregular, fruitless and wasteful expenditure and material losses through criminal conduct

Irregular, fruitless and wasteful expenditure and material losses through criminal conduct are 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 because of irregular, fruitless and wasteful expenditure or material losses through criminal conduct are subject to an annual impairment assessment.

2.27 Events after reporting date

The Accounting Authority is not aware of any matter or circumstances arising since the end of the financial year to the date of this report in respect of matters that would require adjustments to or disclosure in the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

3	Revenue from exchange transactions	Notes	2025 R'000	2024 R'000
	Sale of water services		15 033 743	14 419 290
	Construction revenue		325 208	296 242
	Commission earned		1 088	1 038
	Short-term deposits and bank accounts		1 088	1 038
	Interest revenue		1 343 483	1 692 361
	Receivables		1 343 467	1 692 345
	Short-term deposits and bank accounts		16	16
	Lease revenue earned		1 028	958
	Property		1 028	958
	Sale of goods - scrap materials and waste paper		560	105
	Other revenue		85 029	19 224
			16 790 139	16 429 218

The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable, net of any discount and VAT.

4	Revenue from non-exchange transactions	Notes	2025 R'000	2024 R'000
	Transfer revenue includes:			
	Funds from the Department of Water & Sanitation		4 471 013	2 845 792
	Other revenue:			
	Assets received/ transferred		-	79 737
	Water usage license fees		-	1
			4 471 013	2 925 530

Funds are transferred from the Department of Water & Sanitation as an augmentation to revenue earned to enable the WTE to carry out its operating activities.

5 Employee benefit costs	Notes	2025	2024
		R'000	R'000
<i>Employee benefits consist of:</i>			
Short term employee benefits		1 795 203	2 043 676
<i>Less: direct labour capitalised to assets under construction</i>		(198 911)	(136 114)
<i>Less: amounts capitalised to construction costs for third parties</i>		(84 742)	(165 848)
Basic salaries and wages		959 835	1 233 128
Car allowances		8 313	9 755
Housing allowances		44 458	56 001
Leave pay - adjustment		173 090	39 884
Long term service awards		3 771	3 540
Medical fund contributions		72 892	93 188
Overtime		59 944	46 842
Pension fund contributions		99 166	130 344
Performance bonuses		22 204	20 111
Service bonus (13th cheque)		53 889	95 142
UIF contributions		1 418	1 737
Other short-term benefits		12 570	12 042
		1 511 550	1 741 714
6 Operating expenditure	Notes	2025	2024
		R'000	R'000
<i>Construction costs incurred</i>		363 528	346 557
<i>Other operating expenditure</i>			
Administrative fees		1 643	3 293
Audit cost		23 419	23 897
Communication		16 495	19 648
Computer services		17 827	29 621
Electricity		212 967	76 972
Entertainment		5 335 180	1 808 627
Administrative costs & LHWP Royalties: TCTA		68 599	396 507
Materials consumed		2 602	9 759
Maintenance, repairs and running costs		252 095	186 061
Operating leases		201 584	241 904
Owned and leasehold property expenditure		282 162	432 394
Professional services: Business and advisory services, contractors and agency/ outsourced services		460 946	115 242
Professional services: infrastructure and planning		14 487	11 092
Printing, posting and stationery		2	327
Travel and subsistence		299 427	310 893
Training and staff development		11 697	10 516
Venues and facilities		2 036	2 012
Auxiliary		225 423	143 517
		7 792 119	4 168 839

7 Repairs and maintenance- Property, plant and equipment	2025	2024
	R'000	R'000
Notes		
Maintenance, repairs and running costs - property, plant and equipment	264 193	216 615
	264 193	216 615
8 Impairment on financial assets	2025	2024
	R'000	R'000
Notes		
Impairment relating to:		
Trade receivables	1 986 911	717 006
Staff receivables	513	928
Other receivables	3 857	22 039
	1 991 281	739 973
9 Impairment on construction work In progress	2025	2024
	R'000	R'000
Impairment relating to:		
Uncertified Work	194 335	-
	194 335	-
10 Finance cost	2025	2024
	R'000	R'000
Notes		
Finance leases	131	92
Interest on amortised payables	1 055 398	840 394
	1 055 529	840 486

11 Depreciation, amortisation and impairment	2025 R'000	2024 R'000
Notes		
Depreciation on property, plant and equipment	1 817 439	1 627 435
Computer equipment	9 632	12 081
Equipment	42 031	38 174
Furniture and Fittings	2 949	2 811
Infrastructure	1 759 394	1 571 438
Leased equipment	2 583	2 062
Mobile homes	742	783
Vehicles	108	86
Amortisation and Impairment on intangible assets	2 539	4 267
Computer software	2 539	4 267
Change in estimate - depreciation	(89 564)	590 640
Computer equipment	(142)	-
Equipment	(1 925)	(1 518)
Furniture and Fittings	(278)	(7)
Infrastructure	(87 219)	592 165
Impairment and impairment reversals	105 015	490 573
Computer equipment	17	154
Equipment	(1 110)	501
Furniture and Fittings	1	117
Infrastructure	105 256	597 310
Assets under construction: Infrastructure assets	-	(107 510)
Mobile homes	851	1
		2 712 915

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was effected in relation to assets whose Remaining useful life was increased/decreased for assets still in use. The effect of the change in accounting estimate on the current year's results was an increase in the current year's surplus by **R89.564 million**.

12 Loss on disposal of fixed assets	2025 R'000	2024 R'000
Notes		
Loss on disposal of fixed assets	1 829	6 108
	1 829	6 108

13 Cash and cash equivalents	2025 R'000	2024 R'000
Notes		
Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following amounts indicated in the statement of financial position:		
Cash and cash equivalents at fair value:		
Current accounts at commercial banks	1 966 547	3 398 883
Short-term deposits	215	198
Cash on hand	91	45
	1 966 853	3 399 126

14	Receivables from exchange transactions	2025 R'000	2024 R'000
	Notes		
	Current		
	<i>Financial assets at amortised cost</i>		
	Trade receivables	26 502 353	24 967 069
	Less: provision for impairment	(5 654 530)	(7 189 332)
	Carrying amount at the beginning of the period	(7 189 332)	(9 567 649)
	Trade receivables written off	3 521 662	3 095 323
	Current year provision	(1 986 860)	(717 007)
		20 847 823	17 777 737
		7 645	7 782
	Staff related receivables		
	Less: provision for impairment	(5 994)	(6 390)
	Carrying amount at the beginning of the period	(6 390)	(10 006)
	staff receivables written off	909	4 543
	Current year provision	(513)	(928)
		1 651	1 392
	Claims recoverable - Departments	32	42
	Other receivables	982 557	925 690
	Less: provision for impairment on other receivables	(158 030)	(176 762)
	Carrying amount at the beginning of the period	(176 762)	(151 676)
	Other receivables written off	22 589	-
	Current year provision	(3 857)	(25 086)
		824 527	748 928
		21 674 033	18 528 099

The fair value of the short-term receivables approximates the carrying amount of the balances due to their short-term maturity.

The total write-off relating to trade receivables during the year is R3.523 billion. The write-off is due to the irrecoverability of these trade receivable accounts, and as a result, permission to write off these accounts was sought and ultimately granted by the relevant authority.

Below is the entity's age analysis as at 31 March 2025. The entity system ages the number of days that the invoices are outstanding from the date of invoice.

31 March 2025

Customer category	Total	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days
Company (C)	5 927 575	510 044	347 627	57 997	12 377	103 395	4 896 135
District Municipalities (DM)	2 638 632	44 744	125 430	22 083	1 332	59 851	2 385 191
Individual (I)	1 242 388	114 351	25 312	31	5 641	(1 664)	1 098 715
Irrigation Boards (IB)	421 975	70 726	5 274	3 562	4 077	311	338 025
Local Municipalities (LM)	7 018 645	85 084	397 745	71 402	13 367	133 170	6 317 878
Metropolitan Municipalities (MM)	257 221	48 900	112 605	3 259	455	11 828	80 174
National Government (N)	376 854	10 948	13 048	601	184	1 424	350 649
Provincial Government (P)	86 614	83	1 360	61	931	123	84 057
Water Boards (WB)	6 327 748	855 272	1 665 261	719 569	4 891	757 198	2 325 556
Water User Association (A)	1 810 892	150 277	179 582	2 054	3 064	17 897	1 458 019
Grand Total	26 108 544	1 890 428	2 873 243	880 619	46 320	1 083 534	19 334 401

31 March 2024

Customer category	Total	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days
Company (C)	5 547 910	631 331	134 829	107 264	100 643	13 481	4 560 362
District Municipalities (DM)	2 394 271	96 187	41 251	48 219	55 634	(18)	2 152 999
Individual (I)	1 173 552	26 134	4 922	24 225	589	(414)	1 118 096
Irrigation Boards (IB)	568 688	167 012	1 197	9 886	507	-	390 086
Local Municipalities (LM)	6 262 130	261 731	63 918	148 698	126 798	(1 017)	5 662 001
Metropolitan Municipalities (MM)	317 245	112 157	31 800	4 030	55 911	-	113 348
National Government (N)	325 891	16 792	651	6 550	1 679	-	300 218
Provincial Government (P)	104 786	2 457	76	4 050	122	-	98 082
Water Boards (WB)	6 554 095	1 706 151	147 238	131 074	166 594	68	4 402 969
Water User Association (A)	1 514 452	147 715	28 674	29 592	31 196	-	1 277 275
Grand Total	24 763 021	3 167 667	454 556	513 588	539 675	12 101	20 075 434

The difference between the Age analysis and Trade receivable amounts is **R393.809 million**. This is as a result of accrued revenue; ordinarily, revenue accrued does not form part of the age analysis until the actual billing takes place, hence the difference.

15	Advances to public entities		2025	2024
			R'000	R'000
		Notes		
	Receivables - Advances			
	Carrying amount at the beginning of the period		3 457 712	2 863 133
	Additions		2 578 179	969 819
	Less: amount utilised		(244 942)	(375 239)
			5 790 949	3 457 712
16	Inventory		2025	2024
			R'000	R'000
		Notes		
	Construction and building materials		123 549	110 789
	Consumables		18 693	13 699
	Fuel and lubricants		23 491	20 717
	Stationery		4 271	4 438
			-	-
			170 004	149 643
17	Construction work-in-progress		2025	2024
			R'000	R'000
		Notes		
	Construction work-in-progress		832 167	754 577
			832 167	754 577

18 Property, plant and equipment

	31 March 2025			31 March 2024		
	Cost / revaluation	Accumulated depreciation and impairment	Carrying amount	Cost / revaluation	Accumulated depreciation and impairment	Carrying amount - Restated
	R'000	R'000	R'000	R'000	R'000	R'000
Summary						
Owned assets						
Assets under construction:						
Infrastructure assets***	102 610 343	(34 784 229)	67 826 114	101 283 198	(33 023 614)	68 259 584
Computer equipment	7 173 598	(94 189)	7 079 409	6 751 094	(94 189)	6 656 905
Equipment	115 466	(83 414)	32 052	111 728	(79 035)	32 693
Furniture and fittings	1 450 950	(854 885)	596 065	1 468 350	(873 349)	595 001
Infrastructure assets**	113 890	(75 208)	38 682	110 030	(75 351)	34 679
Infrastructure: Land	85 720 828	(33 200 283)	52 520 545	84 806 960	(31 423 647)	53 383 313
Mobile homes	7 960 187	(409 798)	7 550 389	7 960 187	(409 798)	7 550 389
Motor vehicles	67 641	(60 782)	6 859	68 397	(62 657)	5 740
	7 783	(5 670)	2 113	6 452	(5 588)	864
Leased assets						
Equipment	8 287	(3 384)	4 903	4 341	(1 787)	2 554
	8 287	(3 384)	4 903	4 341	(1 787)	2 554
	102 618 630	(34 787 613)	67 831 017	101 287 539	(33 025 401)	68 262 139

****Infrastructure assets consist of the following categories:**

31 March 2025				31 March 2024		
Asset Class Description	Accumulated Cost	Accumulated depreciation	Carrying amount	Accumulated Cost	Accumulated depreciation	Carrying amount
Buildings	3 068 359	(1 876 822)	1 191 537	3 043 385	(1 767 833)	1 275 552
Canals	12 214 547	(6 848 302)	5 366 245	12 214 547	(6 588 844)	5 625 703
Dams	41 412 145	(11 892 815)	29 519 330	40 601 767	(11 217 765)	29 384 003
Pipelines	10 885 966	(4 640 908)	6 245 058	10 877 565	(4 345 837)	6 531 728
Pump stations	3 978 823	(2 005 712)	1 973 111	3 920 903	(1 826 993)	2 093 910
Tunnels	8 912 694	(3 372 611)	5 540 083	8 912 694	(3 242 075)	5 670 619
Measuring facilities	3 410 671	(1 978 148)	1 432 523	3 410 041	(1 938 036)	1 472 005
Other	1 875 913	(623 254)	1 252 658	1 864 352	(534 559)	1 329 794
	85 759 118	(33 238 573)	52 520 545	84 806 960	(31 423 647)	53 383 313

*****Assets under construction consist of the following categories:**

31 March 2025		31 March 2024	
Asset Class Description	Carrying amount	Asset Class Description	Carrying amount
Buildings	140 833	Buildings	214 908
Canals	1 557 967	Canals	1 245 995
Dams	4 997 718	Dams	4 877 498
Pipelines	150 689	Pipelines	116 738
Pump stations	144 235	Pump stations	140 318
Tunnels	7 089	Tunnels	4 501
Roads and Bridges	20 483	Roads and Bridges	15 612
Treatment Works	15 225	Treatment Works	11 730
Other	45 170	Other	29 605
	7 079 409		6 656 905

Leased assets are encumbered by finance lease liabilities. **Refer to Note 22.**

Assets under construction - Impairment, Projects that were halted during previous years, mainly due to disputes with contractors, and the full amount has been impaired. The total accumulated Impairment is **R94 million**.

Assets under construction - Projects that were significantly delayed amount to **R4,586 billion**. These delays are primarily attributable to contractor underperformance and financial instability. Several contractors have faced cash flow constraints, which have hindered their ability to pay subcontractors and sustain project progress.

The Assets under construction: Infrastructure assets include an amount of **R260 million** for costs incurred on the ORWRDP BDS (Phase 2c). Although the project is complete and currently in use, management has not yet transferred the cost from "Assets Under Construction" to the asset register. The delay in capitalising is a result of the final project cost not currently being measured reliably, as there were additional costs arising from a snag list executed after the initial capitalization in 2018. The project manager is actively engaging with TCTA to finalize the total cost of the project and asset, after which the asset will be transferred to the asset register accordingly.

Movement 2025	31 March 2024							31 March 2025	
	Carrying amount restated R'000	Additions R'000	Disposals and write-offs R'000	Transfers R'000	Depreciation R'000	Change in Estimate R'000	Impairment R'000	Impairment reversal R'000	Carrying amount R'000
Owned assets	68 259 585	1 489 394	(91 469)	(1 091)	(1 814 856)	89 564	(106 125)	1 110	67 826 112
Assets under construction: Infrastructure assets	6 656 905	1 418 487	(80 150)	(915 834)	-	-	-	-	7 079 409
Computer equipment	32 693	9 230	(371)	7	(9 632)	142	(17)	-	32 052
Equipment	595 001	50 428	(10 361)	(7)	(42 031)	1 925	-	1 110	596 065
Furniture and fittings	34 679	7 079	(405)	-	(2 949)	278	(1)	-	38 682
Infrastructure assets	53 383 313	-	(80)	914 742	(1 759 394)	87 219	(105 256)	-	52 520 545
Infrastructure: Land	7 550 389	-	-	-	-	-	-	-	7 550 389
Mobile homes	5 740	2 809	(98)	-	(742)	-	(851)	-	6 859
Motor vehicles	864	1 360	(3)	-	(108)	-	-	-	2 113
Leased assets	2 554	4 114	819	-	(2 583)	-	-	-	4 905
Equipment	2 554	4 114	819	-	(2 583)	-	-	-	4 903
	1								1
Total assets	68 262 139	1 493 507	(90 649)	(1 091)	(1 817 439)	89 564	(106 125)	1 110	67 831 017

Movement 2024	31 March 2023							31 March 2024	
	Carrying amount restated R'000	Additions R'000	Disposals and write-offs R'000	Transfers R'000	Depreciation R'000	Change in Estimate R'000	Impairment R'000	Impairment reversal R'000	Carrying amount R'000
Owned assets	69 979 297	1 093 444	(23 484)	(83 083)	(1 625 373)	(590 640)	(747 340)	256 767	68 259 584
Assets under construction: Infrastructure assets	5 899 276	973 643	-	(323 524)	-	-	-	107 510	6 656 905
Computer equipment	24 297	20 854	(222)	-	(12 081)	-	(154)	-	32 693
Equipment	565 147	88 152	(21 143)	3	(38 174)	1 518	(501)	-	595 001
Furniture and fittings	27 386	10 356	(138)	(3)	(2 811)	7	(117)	-	34 679
Infrastructure assets	55 905 756	-	(1 970)	240 441	(1 571 438)	(592 165)	(746 568)	149 258	53 383 313
Infrastructure: Land	7 550 389	-	-	-	-	-	-	-	7 550 389
Mobile homes	6 319	205	-	-	(783)	-	(1)	-	5 740
Motor vehicles	727	233	(10)	-	(86)	-	-	-	864
Leased assets	2 343	2 279	(6)	-	(2 062)	-	-	-	2 553
Equipment	2 343	2 279	(6)	-	(2 062)	-	-	-	2 554
Total assets	69 981 640	1 095 723	(23 491)	(83 083)	(1 627 435)	(590 640)	(747 340)	256 767	68 262 138

- Leased assets in the prior year were restated as a result of a change in the method of calculating the present value of lease liabilities.
- The total addition on Property, Plant and Equipment includes both Cash and Noncash Items.

19 Intangible assets
2025
2024
R'000
R'000
Notes
Summary
Enduring benefit
37 951 706
30 269 067

Gross carrying amount: Lesotho Highlands

15 844 203
15 844 203

Gross carrying amount: Lesotho Highlands Phase 2

20 736 062
13 053 423

Assets under construction

Gross carrying amount: Komati Basin Water Authority (KOBWA)

1 269 723
1 269 723

Gross carrying amount: Lavumisa

101 718
101 718

Computer software

2 718
5 087

Gross carrying amount

750 312
750 141

Accumulated amortisation and impairment

(747 594)
(745 054)
37 954 424
30 274 154
Reconciliation
Enduring benefit
37 951 712
30 269 068

Gross carrying amount at the beginning: Lesotho Highlands

15 844 203
15 844 203

Gross carrying amount at the beginning: Lesotho Highlands Phase 2 Assets under construction

13 053 423
8 553 326

Gross carrying amount at the beginning: KOBWA

1 269 723
1 269 723

Additions

101 718
-
7 682 645
4 601 816

Computer software

Gross carrying amount at the beginning

2 718
5 087

Additions

5 087
7 227

Amortisation and impairment

171
2 127
(2 539)
(4 267)
37 954 424
30 274 154

In terms of a treaty between South Africa and Eswatini, as well as a treaty of South Africa and Lesotho, South Africa has a right to receive water, and this right is capitalised as an enduring benefit. The enduring benefit is then assessed annually for impairment. The assessment is based on any indicators that may impact the delivery of the water in terms of the agreements with these two countries (i.e. Eswatini and Lesotho). Based on the assessment performed, no impairment has been identified. The asset 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.

20	Payables from exchange		2025	2024
			R'000	R'000
		Notes		
	Current			
	Financial liabilities at amortised cost		2 147 013	889 420
	Trade payables		222 005	405 017
	Accruals		1 846 100	266 395
	Amounts due to customers: trade debtors		78 908	197 027
	Retention creditors		-	20 981
	VAT payable		464 935	786 667
	Other payables		33 051	18 756
			4 183	60 792
	Unclaimed deposits		4 177	60 786
	Advances received		6	6
			2 649 182	1 755 635
21	Employee benefits liability		2025	2024
			R'000	R'000
		Notes		
	<i>Current obligations:</i>			
	Leave benefits due		319 046	166 718
	Carrying amount at the beginning of the period		166 718	155 307
	Current service costs		319 046	166 718
	Less: benefits utilised		(166 718)	(155 307)
	Performance bonuses		-	21 461
	Carrying amount at the beginning of the period		21 461	32 050
	Current service costs		-	21 461
	Less: benefits utilised		(21 461)	(32 050)
	Service bonuses - 13th cheque		103 667	99 280
	Carrying amount at the beginning of the period		99 280	84 389
	Current service costs		103 667	99 281
	Less: benefits utilised		(99 280)	(84 389)
			422 713	287 459

22 Provisions	2025 R'000	2024 R'000
Notes		
Non-current obligation	506 848	506 848
Carrying amount at the beginning	506 848	494 748
Current year provision	-	12 100
Carrying amount at the end	506 848	506 848

Other provision relates to compensation payments being made on the Lesotho Highlands Water Project (LHWP). These arose due to the relocation of the recipients during the construction of the LHWP2, which RSA is sharing the benefits of. The recipients have the option to receive compensation as a lump sum, annual payments made in cash, or a set amount of maize grain. The Lesotho Highlands Development Authority (LHDA) is directly responsible for the management and payment of the underlying contracts. WTE annually receives estimates of the future cash flows payable on these contracts. The annual cash flows are increased by the forecast Lesotho CPI rate. These cash flows are considered management's 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 lump sum provision is calculated by the LHDA based on the area of range land lost and the agreed rate per hectare. The undisbursed lump sum amount is escalated on an annual basis using the Lesotho CPI rate.

23 Finance lease liability	2025 R'000	2024 R'000
Notes		
Current obligation	2 109	1 871
Non-current obligation	2 337	1 073
<i>Carrying amount at the end</i>	4 446	2 944
Reconciliation of the carrying amount:	-	-
Future minimum lease payments due:	4 859	3 193
Later than 1 year but less than 5 years	2 641	1 252
Less than 1 year	2 218	1 941
Less: future finance charges	(413)	(249)
Present value of minimum lease payments	4 446	2 944

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 18.

24	Finance liabilities: TCTA	2025 R'000	2024 R'000
	Notes		
	Current obligation	1 022 148	1 034 234
		-	-
	Non-current obligation	15 627 672	11 866 779
		-	-
	<i>Reconciliation</i>		
	Carrying amount at the beginning of the period	12 901 013	10 761 846
	Additions	12 533 675	8 457 457
	Construction cost	7 682 699	4 500 096
	Interest accrued	1 054 599	841 652
	Administrative costs & LHWP royalties: TCTA	3 796 377	3 115 709
	Payments specifically allocated to liability	(8 837 438)	(8 209 249)
	Other movements	52 569	1 890 960
	Financial liabilities at amortised cost	16 649 820	12 901 013

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 ranges between 4.76% and 11.75% p.a.

25	Net cash flows from operating activities	2025 R'000	2024 R'000
	Notes		
	Surplus for the year	6 614 887	8 928 098
	Adjusted for non-cash items	6 927 627	3 812 992
	Employee benefits liability provisions	422 713	287 460
	Depreciation, amortisation and impairment	1 835 429	2 712 915
	Assets transferred at no cost	-	(79 737)
	Impairment on Construction Work in Progress	194 335	-
	Impairment on financial assets at amortised cost	1 991 281	739 973
	Interest accrued: TCTA	539 594	11 186
	Administrative costs: TCTA	1 942 447	135 087
	Loss on disposal of fixed assets	1 829	6 108
	Additional cash items	(287 459)	(271 746)
	Employee benefits utilised	(287 459)	(271 746)
	Operating cash flows before working capital changes	13 255 055	12 469 343
	Working capital changes:	(5 106 288)	(6 505 490)
	Decrease/(increase) in receivables from exchange transactions	(3 145 934)	(5 587 118)
	Increase/(increase) in advances to public entities	(2 333 237)	(594 579)
	Increase/(increase) in inventories/Construction work in progress	(97 951)	(255 782)
		470 834	(68 011)
	Net cash from operating activities	8 148 767	5 963 854

26	Budget information	Notes	2025	2024
			R'000	R'000
	Reconciliation between budget deficit and statement of financial performance			
	Budget surplus (deficit)		8 726 977	7 154 258
	Project expenditure		(7 149 105)	(978 754)
	Surplus/ (deficit) for the year per statement of financial performance		1 577 872	6 175 504

26.1 BASIS OF PREPARATION OF BUDGET COMPARISON STATEMENT

The Basis of preparation of the budget during the 2024/25 financial year is not the same as the preparation of the statement of financial performance. The project expenditure is funded from the 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 in revenue performance can be attributed to lower volumes than anticipated as well as year-end adjustments. Revenue collection remains a challenge; however, ongoing interventions to improve debt management through improved debt management processes, including the Regions, are continuing with customer engagement and the distribution of debt confirmation letters.

26.3 REASON FOR OPERATIONAL EXPENDITURE VARIANCE

The reported low expenditure in operational costs is attributable to lower than anticipated spending in main cost drives such as pumping/ electricity costs (loadshedding), travel and subsistence costs (reduced travelling in compliance with Cost Containment Circular of 2024/25), other operational projects, maintenance and repairs costs. The electricity costs are mostly incurred by both bulk water supply to strategic users and operations, maintenance and refurbishment of national water resources schemes for pumping. The delays in the construction stage of certain projects also have an impact on the Travel and Subsistence expenditure. Travel costs will increase as soon as projects move into the construction phase.

26.4 REASON ON THE PROJECT'S EXPENDITURE VARIANCE

The lower than anticipated spending has been recorded mainly in sub-programmes operations, maintenance and refurbishment of national water resources schemes, dam safety projects and bulk water supply to strategic users. The reason for underspending varies from delays in site establishment and sourcing of required material before commencement of projects, delayed submission of claims and/or disputes on submitted claims, non-performance on the part of professional service providers, and delays in appointment of professional service providers

27	Financial instruments		2025	2024
			R'000	R'000
	Notes			
Carrying amounts per category				
The total carrying values of the various categories of financial assets and financial liabilities at the reporting date are as follows:				
Financial assets at fair value				
<i>Cash and cash equivalents</i>	13		1 966 853	3 399 126
<i>Financial assets at amortised cost</i>			21 672 350	18 526 665
Receivables from exchange transactions	14		21 672 350	18 526 665
Total financial assets			23 639 203	21 925 791
Financial liabilities at amortised cost				
Payables from exchange transactions	20		2 147 013	405 017
Other financial liabilities	24		16 649 820	12 901 013
Total financial liabilities			18 796 833	13 306 030
Net losses included in the statement of financial performance on amortised receivables			1 991 281	7399 73

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 are dependent on the interest rates. The effective interest rate for the current period amounted to approximately 15.90% (2024: 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 consist mainly of government-owned institutions and government-owned entities.

The WTE monitors the ageing of debtors on an ongoing basis and engages their customers where there is an indication of possible problems with regard to recovery from customers. Provision is made for specific bad debts, and at the end of the financial year, management did not consider there to be any material credit risk exposure that was not already covered by the impairment provision.

Cash and cash equivalents

Cash investments are investments made by the entity with the South African Reserve Bank, and credit risk is considered to be acceptably low. Short-term deposits are held in the Corporation for Public Deposits (CPD) as required by the Treasury Regulations.

	2025	2024
	R'000	R'000
<i>Maximum credit risk exposure</i>		
Cash and cash equivalents	1 966 853	3 399 126
Receivables	21 672 350	18 526 665
	23 639 203	21 925 791
% of total financial assets	100%	100%

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.

	2025	2024
	R'000	R'000
Contractual maturities of non-derivative financial liabilities are:		
Due within 30 days	860 659	1 693 838
Later than one month but not later than 12 months	2 772 459	1 720 504
Later than one year but not later than 5 years	11 295 800	6 756 238
Later than 5 years	4 841 057	4 165 545

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 interest rates. TCTA has various loans with commercial Institutions such as banks that expose the WTE to liquidity risk.

28 Related party transactions

28.1 Related party relationships and control

The WTE is controlled through the Department of Water & Sanitation at the 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 the top management level and executive committee members are considered management.

28.2	Related party transactions and outstanding balances	2025 R'000	2024 R'000
28.2.1	<i>Department of Water and Sanitation</i>		
	Revenue from non-exchange transactions	4 471 013	2 845 792
	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 includes, but is not limited to, rent for office space, internal audit cost, IT cost and other administrative costs (including costs related to the business restructuring process). A reliable estimate cannot be made for these services rendered.		
28.2.2	<i>Water Research Commission</i>		
	WRL payment	161 133	166 967
	Outstanding balances - payables from exchange transactions	-	12 395
	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 the Water Research Commission (i.e., Agent-Principal Relationship).		
28.2.3	<i>Trans Caledon Tunnel Authority</i>	2025 R'000	2024 R'000
	The following transactions were carried out with TCTA:		
	Construction activities	7 682 699	4 500 096
	Finance cost	1 054 599	841 652
	Administrative costs & LHWP royalties: TCTA	3 796 377	3 115 709
	Outstanding balances - amount due to TCTA	16 649 820	12 901 013
	Prepayment in terms of construction contract	707 211	-
	TCTA is constructing assets on behalf of the WTE on a full cost recovery basis.		
28.2.4	<i>Eskom</i>		
	The following disclosable items were carried out with Eskom:		
	Revenue from exchange transactions	2 041 373	1 967 574
	Outstanding balances - receivables from exchange transactions	350 504	580 197
	Payment of electricity	626 402	420 582
	Outstanding balances - payables from exchange transactions	30 208	28 615
	The amounts billed for the above revenue received from Eskom are based on the actual operations and maintenance costs incurred and not the budgeted operations and maintenance costs 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	<i>Rand Water</i>		
	The following disclosable items were carried out with Rand Water:		
	<i>Sale of water services</i>		
	Revenue from exchange transactions	7 125 318	6 633 162
	Finance revenue (discounting)	(68 704)	(64 767)
	Gross amount billed	7 194 022	6 697 929
	Outstanding balances – receivables from exchange transactions	3 252 695	1 452 135
	Gross amount due	3 284 005	1 466 036
	Less: Effect of discounting	(31 309)	(13 901)
	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 Usuthu Catchment Management Agency*

The following arm's length disclosable items were carried out with Inkomati Catchment Management Agency:

Inkomati Usuthu CMA: amount paid for the period	294	894 054
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Inkomati Catchment Management Agency and WTE both report to the Minister of Water and Sanitation. Inkomati-Usuthu CMA was established as a vehicle to manage Water Resources at the Catchment level with the involvement of all stakeholders within the management area and in turn, the Department, through WTE, augments their budget to cover their operational costs.

28.2.7 *Breede-Gouritz Catchment Management Agency*

The following arm's length disclosable items were carried out with Breede-Gouritz Catchment Management Agency:

Breede-Gouritz CMA: amount paid for the period	-	42 182
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Breede-Gouritz Catchment Management Agency and WTE both report to the Minister of Water and Sanitation. Breede-Gouritz CMA was established as a vehicle to manage Water Resources at the Catchment level with the involvement of all stakeholders within the management area and in turn, the Department, through WTE, augments their budget to cover their operational costs.

28.2.8 *Entities under the control of the Minister of Water and Sanitation*

The following water boards and agencies are under the common control of the Minister of Water and Sanitation. WTE bills the water boards under arm's length transactions to recover water infrastructure-related charges. The following items were carried out with these entities:

Entity Name	Revenue from exchange transactions		Outstanding balances - receivables from exchange transactions		Payments made by WTE to the entity		Outstanding balances - payables from exchange transactions	
	2025	2024	2025	2024	2025	2024	2025	2024
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Amatola Water Board	128 005	110 662	535 578	451 227	18 342	19 059	-	212
Vaal Central Water Board	424 550	402 979	1 126 393	3 527 106	1 423	636	-	86
Mhlathuze Water Board	-	-	-	-	-	113 817	-	-
Overberg Water Board	946	998	76	252	-	-	-	-
Lepelle Northern Water Board**	102 291	82 651	673 589	585 443	12 823	7 468	-	6 029
Magalies Water	138 616	142 789	455 376	328 447	24 000	29 000	-	-
Umgenti - Uthukela Water	443 056	459 376	252 730	195 562	374 298	30 030	2 539	199 813
Lebalele Water User Association	-	-	-	-	1 430 622	-	-	-

**The above project payment costs to Lepelle Northern Water Board include amounts paid for the Mopani Municipality emergency project: Bambanana Bulk Pipeline project; raising of Nwamitwa dam and raising of Tzaneen dam.

28.2.9 **Komati Basin Water Authority:** Is managed by the treaty between the South African Government and the eSwatini Government. The treaty resulted in KOBWA constructing Maguga and Driekoppies Dam. The WTE has the right of use of water supply from Driekoppies Dam.

Water User Associations (WUAs) - There are 222 WUAs under the common control of the Minister of Water and Sanitation. WTE bills the WUAs under arms' length transactions to recover water infrastructure related charges.

28.2.10 Development Bank of Southern Africa (DBSA)

The DBSA is an implementing agent of the WTE - Department of Water and Sanitation Infrastructure programme for the Tzaneen Dam to augment the existing capacity in order to fast track the completion and ultimate operation of the project for the department through the provision of an Integrated Programme Management Solution to unlock the procurement and other project related challenges.

The following transactions were carried out with DBSA:

Prepayment in terms of construction contract

194 080

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 the top management level and executive committee members are considered management.

31 Mar 2025	Basic salary	Termination benefits	Other short-term employee benefits	Post-employment benefits	Total
R'000					
Ms Ndhlovu SD - Chief Director	1 020	-	306	133	1 459
Arumugam S - Chief Director	1 051	-	373	137	1 561
Ms Maraka MM - Chief Director	1 020	-	358	133	1 511
Mr Manus LAV - Chief Director	-	-	-	-	-
Chaminuka AM - Chief Director	1 202	-	415	156	1 773
Ms Ndumo ND - Chief Director	216	-	127	28	370
Mr Nel P - Chief Director	-	-	-	-	-
	4 509	-	1 579	586	6 674

31 Mar 2024	Basic salary	Termination benefits	Other short term employee benefits	Post-employment benefits	Total
R'000					
Ms Ndhlovu SD - Chief Director	960	-	292	125	1 377
Arumugam S - Chief Director	989	-	323	129	1 441
Ms Maraka MM - Chief Director	960	74	333	125	1 492
Mr Manus LAV - Chief Director	684	255	609	89	1 637
Chaminuka AM - Chief Director	1 145	-	407	149	1 701
Ms Ndumo ND - Chief Director	-	-	-	-	-
Mr Nel P - Chief Director	775	62	273	101	1 211
	5 513	391	2 238	717	8 858

Key management personnel remunerated through Department of Water & Sanitation - Main account

The following officials are also considered to be key management personnel. These officials are paid by the Department of Water & Sanitation - Main account.

Official	Position
Dr S Phillips	Director-General
Ms ONV Fundakubi	Deputy Director-General
Mr F Moatshe	Chief Financial Officer
Mr LS Mabuda	Acting DDG: Infrastructure Management (WTE)

30	Capital commitments	2025	2024
		R'000	R'000
	Capital commitments (Including TCTA)	5 817 322	3 251 474
	Operational commitments	547 824	245 499
	Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.	6 365 146	3 496 974

Commitments per category:

Operational and Capital commitments

Inventory commitments	5 761	5 003
Other operating commitments	542 063	240 496
Total	547 824	245 499

Capital Commitments	2 223 344	2 477 476
PPE: Assets under construction	181	1 298
PPE: Computer equipment	6 202	1 856
PPE: Equipment	1 245	1 347
PPE: Furniture	11 628	-
PPE: Motor vehicle	3 574 722	769 498
PPE: Infrastructure assets (including TCTA)	5 817 322	3 251 474
Grand total	6 365 146	3 496 974

The amounts disclosed above for capital commitments exclude VAT and lease commitments.

31	Operating lease commitments	2025	2024
		R'000	R'000

The Water Trading Entity leases various residential buildings and office Spaces under operating lease agreements and instalments are payable monthly in advance. The instalments are payable over periods varying between 12 and 24 months. The entity is sub-letting these residential buildings to its various employees at a monthly rental.

The future minimum lease rentals to be paid under non-cancellable and cancellable operating lease contracts as at **31 March 2025** are as follows:

Residential buildings:	290	363
Due within 1 year	290	363
Total minimum lease payments	290	363

32	Contingent liabilities	2025	2024
		R'000	R'000

32.1 Dam rehabilitation programme

This contingency is based on the dams that were identified for rehabilitation, but the probability, cost, of timing of the rehabilitation cannot be determined reliably at this stage. The dam safety rehabilitation contingency results from the use of the internally designed risk-based methodology, which resulted in 75 dams being identified for possible rehabilitation, but due to the fact that a reliable estimate of the obligation cannot be determined at this stage, we have not disclosed any amounts. Of the 75 dams identified, there are 52 dams considered to be of a medium to low risk (borderline cases) and 23 are considered to be of a higher risk.

32.2 Claims against the state

Legal claims against the Department of Water & Sanitation

32.2.1	Neethling N. O. and Others vs. Department of Water and Sanitation	-	16 647
32.2.2	Londiwe Nokuphiwa Ngcambu / DWS and Bicanon (Pty) Ltd	13 121	13 121
32.2.3	Roelof Jacobs vs DWS and Bloem water	1 862	1 862
32.2.4	MTO Forestry (Pty) Ltd vs DWS	211 195	211 195
32.2.5	A.J Lottering & DWA (Ref: Nc)	-	6 000
32.2.6	Pengi Consulting engineers and Land Surveyor//DWS	15 000	15 000
32.2.7	Siyani Mhlongo and Others	10 000	10 000
32.2.8	Pyramid Investment V Minister of Water and Sanitation and Others	10 000	10 000
32.2.9	Limphota Housing CC V Minister of Water and Sanitation	24 277	24 277
32.2.10	Bonica Projects and Other vs DWS	18 705	18 705
32.2.11	Isiphephu Water Services Pty Ltd vs Department of Water and Sanitation	3 334	3 334
32.2.12	Chief Lethogo Mapothoma vs DWS	56 000	-
32.2.13	Other claims against the state	2 480	2 305
		365 974	332 446

Several companies have laid claims against WTE, of which the outcome is still uncertain and the summary of the nature of the above cases is as follows:

- 32.2.1** 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 postment 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.
- 32.2.2** Londiwe Nokuphiwa Ngcambu DWS/Bicanon (Pty) Ltd. The matter emanates from a contractual dispute between Bicanon (Pty) Ltd and Lodiwe Nokuphiwa Ngcambu for the payment of invoices. The Department entered into a Contract with Bicanon to address shortcomings of water services and infrastructures in Nongoma am Msinga Districts of KwaZulu-Natal. Bicanon then appointed Lodiwe Nokuphiwa Ngcambu as sub- subcontractor to supply materials and 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 into these proceedings.
- 32.2.3** Roelof Jacobs vs DWS and Bloem water
- 32.2.4** MTO Forestry (Pty) Ltd legal claim for damages due to a fire that started in Cypherfontein farm no (T74351/2007). The farm is owned by DWS and is situated west of the city of Port Elizabeth. The fire spread to several properties of their clients.
- 32.2.5** The applicant was dismissed 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 reasons. The Department failed to reply within the specified time frame; as a result default judgment application has now been made against the Department.
- 32.2.6** The service provider issued a summons against the Department claiming the amount emanating from an alleged contractual agreement with the Department.
- 32.2.7** The applicant is claiming damages for trauma and suffering sustained as a result of the death of a minor child who died in the main hall of the Giyani water pipeline Project

- 32.2.8** 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.
- 32.2.9** The service provider issued a summons against the Department claiming the amount emanating from an alleged contractual agreement with the Department.
- 32.2.10** Plaintiffs seek relief from the court for compensation as a result of the expropriation of land.
- 32.2.11** The plaintiff seeks the payment of the invoice submitted as per the contract. The department has done an investigation and found out that some of the work on the invoice was not performed by the plaintiff.
- 32.2.12** The department erected a sewerage plant on the plaintiff's land without permission. Claim for damages to immovable property.
- 32.2.13** Other claims against the state - WTE is the defendant to various small claims below an amount of R 1 million each instituted by various companies/parties.
- Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R 365.974 million, excluding interest of approximately R 40.257 million at a lending rate of 11.00%.

33	Contingent assets	2025	2024
		R'000	R'000
	Legal claims and possible receivables		
33.1	Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane	2 843	2 843
33.2	Department of Water and Sanitation vs Bicacon	1 461	1 461
33.3	DWS vs Margaret Diedricks and Two Others	2 265	2 265
		6 569	6 569

The WTE has legal claims against several companies, of which the outcome is still uncertain:

- 33.1** Department of Water vs. T- 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** The service provider quoted the Department an amount of R3 252 892,02 for the supply and delivery of 2000 metres (m) of 11KV cable at Sterkfontein Dam. The cable was supplied and installed by the service provider, and the invoice for the amount quoted was subsequently paid. The Department did an investigation into 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.
- 33.3** The former employees delayed approving the invoices on time, and the service provider charged interest on the outstanding amount. The department is recovering the interest charged by the service provider from the former employees.
- 33.4** The former employees delayed approving the invoices on time, and the service provider charged interest on the outstanding amount. The department is recovering the interest charged by the service provider from the former employees.

It is worth noting that the treaty between the 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 basis of determining the royalty 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.

34	Irregular and fruitless & wasteful expenditure		2025	2024
			R'000	R'000
		Notes		
	Reconciliation			
	Irregular expenditure - current year	34.1	570 217	362 649
	Fruitless and wasteful expenditure - current year	34.2	96 833	100 259
			667 050	462 908
34.1	Details of irregular expenditure Incident	Disciplinary steps taken / criminal proceedings	2025 R'000	2024 R'000
	Award of bid not in accordance with the approved specification	Under investigation	3 611	-
	Non-adherence to the Preferential Procurement requirements (Giyani Hiring of Plants)	Under investigation	-	57 670
	Bid award not in line with the advertised evaluation criteria/wrongfully awarded in contravention of Section 217 of SA Constitution	Under investigation	566 606	304 979
			570 217	362 649
34.2	Details of fruitless & wasteful expenditure Incident	Disciplinary steps taken / criminal proceedings	2025 R'000	2024 R'000
	Losses incurred relating to external projects	Transaction under investigation	55 481	97 340
	Abnormal costs incurred relating to internal projects	Transaction under investigation	25 560	2 919
	Mopani emergency project	Transaction to be investigated	794	-
	Interest expenditure incurred on overdue accounts paid to Professional Service Providers (PSP), Licenses and other 3rd parties	Transaction to be investigated	14 998	-
	Total		96 833	100 259

35 Adjustments from prior periods' 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 the GRAP standard, must be accounted for retrospectively in the WTE Annual financial statements for the year that ended 31 March 2025. 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:

Revenue and Receivables from exchange transactions - Due to prior year closed and cancelled contracts, Write Off of prior year transactions erroneously accounted for, revenue recognised in error, Revenue accruals reversals and accounting of prior billings and adjustments in the current year that relate to prior years, this has thus necessitated prior accounting period adjustments. The results of these adjustments are that there was an Increase In revenue and an Increase in receivables from exchange transactions current to the tune of R104.591 million in the year 2023/24. This further resulted in a decrease and an increase in Revenue from exchange transactions to the tune of R122.573 million in the year 2022/23.

Other Financial Liabilities, Operating Expense and Receivables from exchange transactions - During the current year, management of TCTA changed its accounting policy for measuring tariff receivables, affecting WTE's other financial liabilities to increase as a result. With the consequent adjustments on WTE's prior period balances relating to TCTA's IFRS 9 re-estimation (gain) or loss on financial assets and other adjustments relating to prior years, this has thus necessitated prior period accounting period adjustments on WTE's other Financial Liabilities, Operating Expense and Receivables from exchange transactions. The results of these adjustments are that there was an Increase In revenue and an Increase in receivables from exchange transactions current to the tune of R104.591 million in the year 2023/24. This further resulted in an increase in other financial liabilities to the tune of R1.118 billion, increase in receivables from exchange transactions current to the tune of R2.423 billion in the year 2023/24, a decrease in receivables from exchange transactions current to the tune of R2.561 billion in the year 2022/23, a decrease in operating expense to the tune of R1.307 billion in the year 2023/24 and an increase in operating expense to the tune of R2.439 billion in the year 2022/23. These prior year changes are based on the current year audited results of TCTA.

Effect on opening reserves - The results of all the adjustments made in the prior years are a decrease in accumulated surplus to the tune of R1.150 billion.

The impact of these errors is summarised below, and the details are as follows:	2024	2023
	R'000	R'000
Increase/ (Decrease) in assets	2 529 447	(2 561 117)
(Increase)/ Decrease in liabilities	(1 117 774)	-
Increase/ (Decrease) in net assets	1 411 673	(2 561 117)
Represented by:		
(Increase)/ Decrease in accumulated surplus:		
(Increase)/ Decrease in revenue	(104 591)	122 573
Increase/ (Decrease) in expenses	(1 307 081)	2 438 544
Effect on surplus/deficit	(1 411 673)	2 561 117
Effect on opening reserves	2 561 117	-
	1 149 445	2 561 117

- 35.1 The following is the summary of corrections made in prior years to correct errors discovered to ensure completeness and accuracy of Annual Financial Statements:

Other financial liabilities: current	335 142	-
Other financial liabilities: non-current	(1 452 916)	-
Receivables from exchange transactions current	2 529 447	(2 561 117)
	1 411 673	(2 561 117)
Operating expenditure	(1 307 081)	2 438 544
Revenue from exchange transactions	(104 591)	122 573
	(1 411 673)	2 561 117
Effect on opening reserves	2 561 117	-
	1 149 445	2 561 117