



# ANNUAL REPORT

DEPARTMENT OF WATER AND SANITATION

## 2019/20 FINANCIAL YEAR

WATER IS LIFE - SANITATION IS DIGNITY



# 1 DEPARTMENT GENERAL INFORMATION

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## 2 LIST OF ABBREVIATIONS / ACRONYMS

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



Abbreviation / Acronym	Description
IRS	Implementation Readiness Study
IUCMA	Inkomati-Usuthu Catchment Management Agency
JWC	Joint Water Commission
KOBWA	Komati River Basin Water Authority
KZN	KwaZulu-Natal
LGSETA	Local Government Sector Education and Training Authority
LIMCOM	Limpopo Watercourse Commission
LM	Local Municipality
m <sup>3</sup>	Cubic metres
MEC	Member of Executive Council
MoU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MuSSA	Municipal Strategic Self-Assessment
NACH	National Anti-Corruption Hotline
NAWASIA	National Water and Sanitation Infrastructure Agency
NDP	National Development Plan
NWA	National Water Act
NWRI	National Water Resources Infrastructure
NWRS	National Water Resources Strategy
NWSMP	National Water and Sanitation Master Plan
NWSRSS	National Water and Sanitation Resources and Services Strategy
O & M	Operation and Maintenance
OCSLA	Office of Chief State Law Advisor
OFA	organisational functionality assessment
OHS	Occupational Health and Safety
OKP	Orange Knowledge Programme
ORASECOM	Orange-Senqu River Basin Commission
ORWRDP	Olifants River Water Resource Development Project
OSD	Occupation Specific Dispensation
PCWS	Portfolio Committee of Water and Sanitation
PFMA	Public Finance Management Act
PSC	Public Service Commission
PSP	Professional Service Provider
QR	Quarterly Report
QSE	Qualifying Small Enterprises
RBIG	Regional Bulk Infrastructure Grant
RID	Record of Implementation Decision
RMC	Risk Management Committee

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

### 3 FOREWORD BY THE MINISTER

LN Sisulu, MP

Minister of Human Settlements, Water and Sanitation



We are presenting the Department of Water and Sanitation Annual Report for the 2019/2020 financial year under review. This is part of the responsibilities that we must account for, and in the ultimate ensure that the public representatives and the public at large may understand what has transpired in the financial year under review in pursuit of the mandate of the Department of Water and Sanitation (DWS).

The mandate of the DWS as derived from the South African Constitution, together with the political directions, are a vehicle through which the department delivers basic yet crucial services to the populace.

The service delivery tools for the DWS are embodied in the National Water Act (NWA), Water Services Act (WSA) and the Water Research Act (WRA) including all policy mandates and strategies which form a solid basis upon which we have to base our actions and ensure the expectations of South Africans are met.

The work of the DWS is underscored by the rights that are enshrined in the Constitution and emboldened by the following provisions in Chapter 2 of the Bill of Rights:

- 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.

This is meant to result in an inclusive and non-racial society, particularly in a country as we have it where the economic inequalities continue to hinder government’s service delivery programme; and the DWS finds itself in the midst of these inequalities.

We still have the ageing and inadequately maintained infrastructure especially at municipal level, and slow delivery of new infrastructure development, resulting in failing infrastructure and in the high non-revenue water figures and lack of or reduced delivery of water and sanitation services.

Our economy has been facing difficulties since the financial crisis in 2008 and is also affected by domestic factors such as electricity constraints and industrial relations which are at times unstable. A growing population adds strain on the available and planned infrastructure delivering basic services.

The department has been identified as one of those that are central to the country's Economic Reconstruction and Recovery Plan, thus emphasising the centrality of water to all socio-economic development. The Annual Report will therefore indicate how far we have gone in ensuring the delivery of the Department's 2019/20 Annual Performance Plan.

Climate change and the resultant inclement weather patterns have a direct impact on the work of the DWS. These have led to even more unreliable rainfall that compound the difficulties of our water-scarce country making it imperative for us to engage in aggressive Water Conservation and Water Demand Management efforts. Our infrastructure development programme remains essential for the long-term security of water supply across the country and to stimulate economic activity and growth.

Our activities as the DWS were also fuelled by the country's Vision 2030, well supported by the National Water and Sanitation Master Plan that we launched in November 2019. The Master Plan will direct all our efforts towards 2030 and beyond, in line with the African Union's Vision 2063, as well as the United Nations' Sustainable Development Goals, Goal Number 6 (SDG-6) impacting on the delivery of water and sanitation.

In responding to the changing demands over time the DWS conducted a legislative review which sought to consolidate the National Water Act, 1998 (NWA) and the Water Services Act, 1997 (WSA) into a single legislation called the National Water and Sanitation Act (the Act). The major outcome for this policy review will be to clarify the legislative framework regarding water management across the water and sanitation value chain. A further outcome will be to obviate the need for cross-reading between the NWA and the WSA.

The development of the National Water and Sanitation Bill, 2018 was prioritised during the period under review and a number of processes were undertaken to realise this target. Preliminary certifications of the Bill by the Office of Chief State Law Advisor (OCSLA) and the final Socio-Economic Impact Assessment System (SEIAS) have been obtained.

The period under review also included a number of policies which are still under development, namely: Mine Water Management Policy, Sustainable Hydropower Generation Policy, and the Integrated Water Quality Management Policy.

The Mine Water Management policy seeks to balance the mining sector's economic development imperative with ensuring the protection and sustainable use of water resources. This has to be in a manner that is beneficial to all. The ideal is for the policy to provide a coherent and integrated South African approach for sustainable mine water management by building on existing strengths, addressing gaps/weaknesses, and seizing identified opportunities relating to mine water management (including acid mine drainage), even to the point of enhancing water availability.

The Sustainable Hydropower Generation policy is meant to support the long term energy master plan that pursues hydropower as part of the energy mix, as well as provide policy positions on the establishment and development of hydropower from infrastructure owned by the DWS as part of long-term interventions that support and contribute towards sustainable power supply in South Africa.

The Integrated Water Quality Management policy is geared towards developing an inter-governmental water quality management approach. This in the long-term is meant to facilitate an integrated response to address water quality management challenges in the country. The policy would strengthen the existing integrated water quality management strategy that identified priority programmes to be implemented country-wide.

The department has not been immune to a number of external and internal environment matters that affect the department's ability to deliver on its mandate. The outcome is the prioritisation of certain interventions and programmes over others. This is based on due consideration of the required resourcing and associated risks.

South Africa as a semi-arid country is inclined to drought conditions. The recently past droughts conditions worsened due to the influences of the strong 2015-16 El Nino events, which combined with the on-going droughts resulted in significant declines in the available water resources of the country. This drought occurrence is still evident in both climatic regions of South Africa, i.e. both summer and winter rainfall regions.

During the 2019/20 hydrological year (HY), we experienced a decrease in the number of stations with available groundwater level data, dam level data and reservoir storage data, as well as changes in frequencies in most of the stations of various monitoring networks.

The long-term drought outlook depicted a drying trend and decreasing dam levels because the late rains were not enough to fill-up the cumulative precipitation deficiencies from previous years. The winter and spring regions remained dry and dam levels continued to decrease, implying a huge challenge regarding water availability although the rains arrived late in December and continued till March.

Funding of the water sector comprises capital for national 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 bulk water and sanitation services provisioning.

The financial health of the water and sanitation sector, however, is challenged by a number of factors including but not limited to a funding gap, especially with the reality that the sector cannot rely solely on the fiscus. The funding challenge is further exacerbated by high non-revenue water, degradation of existing asset value and tariffs not being cost reflective.

Revenue management within the Department is not optimal and not properly geared to address the increasingly complex billing and collection challenges that exist. Bulk raw water supply to domestic and industrial users (including mines and power stations) is often metered by the bulk user. The Department is not always directly involved, making meter reading problematic and erratic, impacting on billing and revenue collection.

Outstanding payments of municipal accounts remain a huge challenge for the DWS and the sector broadly. These accounts represent about 50% of the accumulated raw water debt at DWS, while water boards add another R1,7 billion, primarily due to non-payment by local municipalities.

Irrigation water revenue stands at 46% of the billable amount. The large irrigation schemes have established water user associations (WUAs) and irrigation boards (IRBs), that assist the Department with operation and maintenance of water distribution to irrigable farm areas and selected towns and industries located along the canals.

Currently, 47 of the 240 WUAs are also assisting the Department with revenue collection through signed "billing agent agreements".

The combination of a semi-arid country with a growing population and industrialisation (high economic activity), heavily skewed population migration towards the cities and peri-urban areas, and the unavoidable impact of climate change, make long-term planning for security of water supply difficult. It is a precarious balancing act between water provision for industry/ agriculture/ mining almost at the opposite end of provision for domestic use. Understanding that one cannot and should not sacrifice the one for the other as human lives and livelihoods are inherently intertwined.

Just before the close of the financial year under review, the President addressed the nation on measures to combat the COVID-19 pandemic and declared a State of National Disaster in terms of the National Disaster Act. In response I immediately called upon everyone in the human settlements, water and sanitation sector to work with government in responding to the pandemic and directed the department to urgently find solutions that will prevent the spread of the Coronavirus in high-density public areas, informal settlements and rural areas.

The COVID-19 pandemic has tested the resiliency of our water supply systems in unprecedented and unanticipated ways. It has concentrated our focus on provision of water security as well as access to dignified sanitation services.

In order to mitigate against the spread of the virus, we had to ensure that proper hygiene protocols could be followed and this heightened the pressure to respond swiftly to existing water supply security challenges within the shortest possible time.

The Department responded by dispatching thousands of water tanks and water tankers including to the most inaccessible parts of the country to assist our most vulnerable communities. This mammoth task was coordinated by the National Water and Sanitation Command Centre in close partnership with our nine water boards throughout the country.

It is anticipated that the COVID-19 pandemic and responses that it necessitated will have dire consequences for South African economy and our sector is not likely to be spared. As a result the sector will have to continue to reprioritise in the forthcoming years under increasingly difficult fiscal conditions.

With the presentation of this Annual Report, I would like to convey my utmost appreciation for the work done by the Members of the Portfolio Committee on Human

Settlements, Water and Sanitation with regard to all the advice and guidance that is meant to ensure the people of South Africa are adequately and justly served and serviced.

I appreciate the support derived from the Deputy Minister in this portfolio, the Management and all staff of the Department at all levels; your inputs and support are truly appreciated as we continue in the endeavours to deliver on the Constitutional mandate of this critical government department.



**LN Sisulu, MP**  
**Minister of Human Settlements, Water and Sanitation**  
**Date:** 17 February 2021

## 4 DEPUTY MINISTER STATEMENT

Mr David Mahlobo, MP  
DEPUTY MINISTER: WATER AND SANITATION



Since the advent of our democratic dispensation a number of variables have impacted on the network industries. The ANC had to expand access to services to many South Africans who were deliberately excluded, the population has grown substantially, increased levels of migration, urbanization and economic growth in terms of GDP compared to 1994. In addition consideration has to be placed in adapting to climate change imperatives and taking advantage of the technological advances in line with 4<sup>th</sup> industrial revolution.

South Africa remains a water scarce country and is facing a challenge in the delivery of water and sanitation services caused by among other factors, insufficient water infrastructure maintenance and investment, recurrent droughts driven by climatic variation, inequities in access to water and sanitation, deteriorating water quality, and a lack of skilled water engineers, scientists, hydrologists, geo-hydrologists and resource economist, etc. This crisis is already having significant impacts on economic growth and on the well-being of everyone in South Africa. This is exacerbated by climate change related impacts and the Covid-19 pandemic.

South Africa has an arid to semi-arid climate, with an average annual rainfall of 465 mm (half the world average), producing a total annual runoff of approximately 49 000 million m<sup>3</sup>/a is less than that of the Zambezi River. The current reliable yield of surface water at an acceptable assurance of supply is approximately 10 200 million m<sup>3</sup>/a nationally. The combined storage capacity of large dams is in the order of 31 000 million m<sup>3</sup>.

The evaporation rate is relatively high and as a country we do not have large rivers. Our country has a spatial availability of water that is unevenly spread with approximately 60 % of the river flow arising from 20% of our land. We share the four main rivers with our

neighbouring states within region. Regional cooperation is very crucial in our case because of the common source of water.

The spatial availability of water has serious impact on development, access to infrastructure and services. This legacy is still visible wherein most urban and industrial development took place far from water source mainly due to occurrence of mineral wealth or deposits and deliberate political decisions taken by the apartheid regime. The focus on spatial transformation by the ANC led government is an important intervention to reverse this legacy of uneven development.

One country continues to have skewed water allocation with respect to certain water use sectors. The biggest proportion of water sources were mainly directed to irrigation sector estimated at 60%, domestic use about 30% and the remainder to industries, mines and afforestation. This trend is unsustainable in a country that has to cater for the reserve and international obligations in the midst of scarcity of the resource. In other water management areas the water allocated has been far exceeded and to mitigate against this reality a large scale transfer of water across the catchments has been implemented.



Due to population growth, migration, urbanization and lack of infrastructure maintenance, we have experienced negative impact on the quality of the water resources. Water quality continues to deteriorate at an alarming rate. Results indicate that the source of pollution emanates from the lack of or inadequate sanitation, return affluent from industries, mines, rural settlements, agricultural run offs, ground water, pollution human settlement activities, and mining.

To increase the availability of water source, as a country we adopted a water mix policy and a set of measures to ensure security of the source. One of these measures includes Water reuse and in our country has added nearly 20% of water availability. Historically the economic centers of our country have experienced good and well managed water systems.

However South Africa has experienced major delays with respect to the planning, design and execution of a number of water resource projects due to lack of institutional capacity, corruption and financial constraints. Potentially those delays have a negatively affected our economic growth prospects. These delays has caused cost escalations that are always associated with the input cost in the built environment as witnessed with our current challenges of security of energy.

Inadequate or lack of waste water treatment and management of effluent discharges including agricultural and urban runoffs has impacted negatively to the health, environment and economic risks. This is due to lack of technical capacity for operations and maintenance of Waste Water Treatment Plants and lack of enforcement capability by regulators.

Every drop of water counts and someone somewhere is looking for that water drop. Water use efficiency requires as to be prioritized to curb water losses from municipal distribution systems (network) and irrigated agriculture. Infrastructure failure and service delivery protests are linked when citizens are frustrated by the unreliable supply. As a country certain water use sectors are using more water than they need. We have to change the culture and behavior by embracing water conservation and demand imperatives.

Over the last 26 years strides have been made. Around 95% of South African households live in areas where infrastructure to supply at least a basic level of water service is reported to have been provided (the remaining 5% are mainly in informal urban settlements or relatively remote scattered rural locations). Despite extensive

infrastructure provision, the reliability of domestic water supply is declining and many services have failed. We are full armed with very progressive and transformative water legislation leading to water resource technologies, well developed infrastructure, sound track record, and strong institutions/utilities.

This 6th administration led by President Cyril Ramaphosa has a political commitment and institutions with requisite capacity that can be improved to deliver on our mandate.

### In conclusion

The water security question in South Africa is invariably linked to food and energy security and as evident in the COVID response strategy, to the health and infection control in the era of the pandemic. This discussion document has quantified the present funding needs of the sector from a bulk raw perspective and the innovations that should be adopted for the investment to have a high impact in terms of direct job creation and future water security. It has also explored the multiplier effect of investment in major water projects into mining, agriculture and a catalyst post disasters historically.

For water resource infrastructure we need to promote collaborations to identify and scale up public private investments to accelerate implementation projects aimed in achieving sustainable development goal (SDG 6) on water and sanitation. Water is essential to life. We need to work hard to bring safe and sanitation to all. Let's provide families with hope, health and the opportunity to break the cycle of poverty, unemployment and reducing inequality.



**Mr David Mahlobo, MP**  
**DEPUTY MINISTER: WATER AND SANITATION**

**Date:** 10 February 2021



## 5 REPORT OF THE ACCOUNTING OFFICER

Mr Trevor Balzer  
Accounting Officer  
Department of Water and Sanitation



### 5.1 Overview of the operations of the department

In delivering on its mandate of ensuring water security for basic needs and economic development and also ensuring delivery of sanitation services for the dignity of South Africans, during the year under review the Department of Water and Sanitation (DWS) implemented its strategic priorities that positively contributed to the realisation of government's outcomes. Through its various programmes, it continued its commitment to effectively manage the country's water resources to ensure equitable and sustainable socio-economic development and universal access to water and dignified sanitation.

#### Administration

For the year under review, the AGSA audited the financial records for both accounts of the Department (i.e. Main and Water Trading) as required by the PFMA. The Department obtained an unqualified audit report for both accounts which is attributed to the improved control environment, effectiveness of the governance structure, improved control systems and monitoring mechanism

Section 40 of the Public Finance Management Act (PFMA) requires that full and proper records be maintained on the financial affairs of the Department. The AGSA is to conduct audits to ascertain the state of the Department's financial affairs and whether they fairly represent its operations, financial results, and performance against predetermined objectives and financial position, as at the end of the financial year.

To be acknowledged also, is that the audit for the year under review was challenging due to the Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), globally confirmed as the causative agent of 'Coronavirus Disease 2019' (COVID-19) pandemic and that had an impact on the personnel of the department.

With regard to the skills and capacity building for the sector, the Learning Academy was established in 2007 as a technical and scarce skills development programme to respond to specific skill shortages affecting the Department and the water sector as a whole. It is designed to meet specific organisational requirements, lead a sustained campaign to secure a steady supply of high-level skills in water-related science, engineering, and technical disciplines in order to meet projected demands. Its dual academic and professional development focus provides aspirants an opportunity to be exposed to real-time professional experiences and valuable work experience. This also allows these young graduates to register with relevant professional bodies such as the Engineering Council of South Africa (ECSA), the South African Council for Natural Science Professions (SACNSP) and the Geomatics Council for Surveyors (formerly PLATO).

Through the Learning Academy's academic component, memoranda of understanding (MoUs) have been signed with twenty three (23) institutions of higher learning nationally, with a provincial representation of: six (6) Gauteng, four (4) Western Cape, four (4) Eastern Cape, three (3) KwaZulu-Natal, two (2) Free State, two (2) Limpopo, one (1) Mpumalanga and one (1) in the North

West. Accordingly, a total of fifty (50) bursaries have been granted to learners at these institutions. Furthermore, a total of 300 learner interns had successfully completed their experiential training by December 2019. An additional fifteen (15) engineering learner interns joined the Learning Academy in January 2020 and are currently undergoing structured training programmes. Over and above this, support is provided to Izakhiwa Imfundo Trust interns to enable completion of experiential or practical training sessions for them to obtain their respective qualifications.

The Learning Academy's professional development component, has successfully placed a total of forty (40) graduate trainees in various directorates including the provincial offices of the Department. In addition to this, a total of fifty one (51) graduate trainees have been offered permanent or candidate occupational specific dispensation (OSD) posts in the Department. That is, after having completed their respective rotational training and development programmes and upon professional registration as per prescripts. There are currently 125 graduate trainees in the programme.

## Water Planning and Information Management

South Africa needs to sustain water security by continuing with among others, the development of water resources and increasing supply for a growing population and economic development. To this effect, the Executive Authority launched the updated National Water and Sanitation Master Plan (NWSMP) that identified a number of priorities that the Department and relevant stakeholders would have to implement.

A reconciliation strategy for the basin and its water users seeks to alleviate water deficits and ensure a sustainable water supply for the foreseeable future. For the period under review, the reconciliation strategy for the Algoa Water Supply System (WSS) was finalised as the five (5) dams serving the Nelson Mandela Bay were sitting at 18.9% compared to 39.9% at the same period last year. Worth noting is that the situation was critical for this system, particularly the Kouga/ Loerie subsystem that supplies water to Gamtoos valley and small towns like Hankey and Patensie.

The Department developed water supply systems guidelines for normal, drought and flood conditions. Further, formal operating rules using scientific methods have been developed for six (6) of the water supply systems

in the country, namely Vaal WSS, Western Cape WSS, Umgeni WSS, Algoa WSS, Amathole WSS and Polokwane WSS. The operating rules for the Crocodile West WSS and Orange WSS were not completed as planned as the modelling for the said systems was found to be extremely complex as a result of previous severe drought and aging infrastructure. External expertise is being sought to assist with modelling to complete operating rules for these systems.

In the light of increasing impacts of climate change, the Department has extensively assessed the risks and vulnerability of the country's current and future water resources. While climate change is considered as a global phenomenon, the nature and impact are specific to each location. In view of this, for the period under review, climate change risk and vulnerability assessments for the Mzimvubu-Tsitsikama water management area (WMA) (Fish-Tsitsikama & Mzimvubu-Keiskamma catchments) and the Vaal System were completed.

The country is faced with the challenge of protecting water resources on one hand and the need to utilise water for social and economic development on the other. In order to ensure sustainable water resource management, an accurate assessment of how much water can be taken out of the system without compromising the social, ecological and economic needs, is required. The classification system and the determination of the resource quality objectives are two mechanisms that are used to try and balance protection and development. For the financial year under review, the Department had planned to complete and gazette three (3) water resource classes and resource quality objectives in the Breede-Gouritz, Mzimvubu and the Berg river systems. However, only two (2) water resource classes and resource quality objectives (i.e. Breede-Gouritz and Mzimvubu) were gazetted. The Berg river system was not gazetted and plans are underway to finalise it during the 2020/21 financial year.

Effective water and sanitation information management is of utmost importance in informing key strategic interventions required to ensure water security through among others, regulation of water resources and water services in the country. This involves generation of water and sanitation data and information from a set of national water and sanitation monitoring programmes. In this period, the Department reviewed and maintained three (3) water resources monitoring programmes. Also, six (6) water information systems, which are critical platforms for storing water and sanitation data and information, were successfully maintained. The River Eco-status Monitoring Programme target of sixty six (66) rivers was exceeded, as

additional ten (10) rivers were monitored due to increased focus to this monitoring program.

Water conservation and demand management is a key component to the sustainable management of South Africa's scarce water resources and is a key strategic intervention to reconcile water requirements with water availability. One mechanism used and successfully implemented during the period under review was the monitoring of water losses in eight (8) large priority water supply systems as per set targets of reducing water losses in these major demand centres.

South Africa has progressed well in delivering access to basic water supply and sanitation services infrastructure. However, the reliability of these services remains a challenge in certain areas owing to some failures within water service authorities e.g. inadequate maintenance and management of water and wastewater infrastructure assets due to ,among others lack of technical skills, institutional capacity and funding.

The Department through the Municipal Strategic Self-Assessment (MuSSA), completed 108 assessments and is able to determine the vulnerability status of key functional business attributes such as financial management, water conservation & water demand management, operation & maintenance of assets within water service authorities (WSAs), metros and secondary cities.

With regards to the contribution to water services, the Department completed four (4) feasibility studies and three (3) implementation readiness studies for water and wastewater services projects.

The Conceptual Framework for the National Sanitation Integrated Plan has been developed. The National Sanitation Integrated Plan will provide a 10-year roadmap for eradicating open defecation, ensuring access to adequate sanitation services per province, providing innovative solutions, and creating a pathway to generate sanitation economic opportunities.

The National Water Act (NWA) requires that a National Water Resources Strategy (NWRS) be developed every five (5) years. As the NWRS second edition excluded much of the sanitation services function, the third edition would ensure the full integration of sanitation into the legislated strategy. The plans to develop the third edition of the National Water Resources Strategy (NWRS) and gazetting the National Water and Sanitation Bill for external public consultation were not met as internal and external consultation processes were extended due to a changed approach to the legislative review.

## Water Infrastructure Development

A 2018 Statistics South Africa (Stats SA) General Household survey indicated that the percentage of households with access to an improved source of water only increased by less than five percentage points between 2002 and 2018 growing from 84.4% to 89%). It also indicates that a percentage of households with access to improved sanitation increased by 21.3 percentage points between 2002 and 2018 (growing from 61.7% to 83%) .

To reduce the number of unserved, the Department had planned to construct four (4) and complete two (2) bulk raw water (e.g. dams); and through its Regional Bulk Infrastructure Grant (RBIG), construct ninety four (94) and complete twenty four (24) water and wastewater services project phases. Also, through the Water Services Infrastructure Grant (WSIG), the Department supported the construction of 254, of which 131 was completed, small water and wastewater services projects that address functionality and new infrastructure requirements within municipalities. In addition, the Department had planned to support the construction of seventy (70) drought relief projects and eradicate the remaining bucket sanitation systems in the Free State and Northern Cape provinces.

Although the Department did not complete any bulk raw water projects (i.e. dams), work continued to ensure that five (5) projects are ready for implementation; which entails finalising the appointment of a property valuer for phase 2D of the Olifants River Water Resource Development Project (ORWRDP); Scoping of the River Management System for phase 2A of the Mokolo Crocodile (West) Water Augmentation Project; finalising design reports for the Tzaneen Dam; appointment of environmental control officer (ECO) and professional service provider for the Hazelmere Dam and the construction of the access road for the Mzimvubu Water Project. The construction of the Clanwilliam Dam continued, however, the contractor for the Goedertrouw Transfer Scheme lodged a dispute and cancelled the contract.

Through the RBIG, a total of ninety-one (91) regional bulk infrastructure project phases were under construction with sixteen (16) project phases completed during the period under review. A further 263 WSIG projects were under construction, with 117 projects completed during the period under review. Also, a total of eighty-eight (88) drought relief projects were implemented exceeding the planned target by eighteen (18) projects as additional projects were implemented to mitigate and eradicate the impact of drought on affected communities. The lack of associated bulk infrastructure to connect the completed

internal reticulation network to the wastewater treatment works however resulted in the replacement of 692 bucket sanitation systems during the period under review.

For the period under review, the Department continued to implement its asset maintenance plans (AMP) by completing 39% of projects as per the AMP (i.e. a total of 428 of 1105 projects were completed) and unscheduled maintenance projects increased to twenty-five percent (i.e. 281 of 1105 projects completed as part of unscheduled maintenance) during the period under review. Projects within the Dam Safety Rehabilitation Programme (DSRP) experienced a number of challenges during the period under review resulting in the Department's inability to complete any of the planned projects. Further, the rehabilitation of the conveyance systems was affected as material was received eight months late. The evaluation of the safety of the Department's dams was successfully implemented through a concerted effort resulting in exceeding the thirty (30) planned evaluations by seventeen (17).

The Department also maintained its ninety-two percentage adherence to the water supply agreements.

The learners that completed training through the War on Leaks (WoL) programme were 4 396. This is below the planned target of 6 566 as some learners were lost due to attrition. Other reasons are delays in completion of training due to intermittent payments to Implementing Agents and inconsistency in the payment of stipends and training colleges.

Towards the end of the period under review, the President issued a statement requiring immediate response on the outbreak of the COVID-19 pandemic. In response to the President's call, an allocation of R306 538 000, from the Department's budget, was utilised to implement Phase 1 intervention of providing interim water supply in vulnerable communities not yet served with formal water supply or where reliability was significantly compromised.

## Water Sector Regulation

Improved regulation throughout the value chain is critical to achieve water security in South Africa. Functions such as the management of water quality e.g. in rivers, treatment plants and reticulation, ensuring the safety of dams, and being resilient to the impact of climate change and balancing demand and supply are to a large degree dependent on focused regulation. Various regulatory

instruments were used to safeguard the interests of all water users, whilst also ensuring the protection of water resources.

To support its regulatory function, the Department coordinates and monitors water users' compliance with licence conditions, regulations, and norms and standards regulations; and ensures enforcement against non-compliance across the value chain standards. For the period under review, the Department monitored the compliance of 317 water users within the agriculture, industry, mining, municipality, public entities and streamflow reduction sectors including dam safety. In addition, 84% of reported non-compliant cases were investigated and the concomitant or requisite action against transgressors is underway.

The Department oversees the regulation of water resources quality and water services quality across the water value chain. Among the priority focus of the water resources quality management is the assessment of mine water in all mining areas of South Africa to determine any current or potential acid mine drainage (AMD) and / or any other related mine water issues. For the period under review, the Department developed an acid mine drainage mitigation strategy for the Crocodile (West)-Limpopo catchment.

Another focus is on the of setting waste discharge standards so as to ensure that the aquatic ecosystem will not be compromised. It also seeks to ensure that the quality will always comply with the requirements for basic human needs and other economic uses, as, at least some basic treatment process will be applied before the water is discharged into the water resources.

The regulation of water services quality is on the provision of drinking water and the management of wastewater. Although no Blue Drop and Green Drop assessment were completed the year under review, 383 non-compliant wastewater and 389 non-compliant water systems were monitored.

The National Water Act (NWA) requires a user to apply for a water use licence for any new water use that is not listed in schedule 1 or not covered by a General Authorisation. Furthermore, the 2017 regulations require the Department to finalise applications for water use within 300 days. To comply with these requirements, the Department finalised 88% (i.e. 8% above the planned target) of water use licence applications within the regulated period.

The NWA and the National Water Policy for South Africa provide for the establishment of catchment management

agencies (CMAs) to facilitate the delegation of water resources management to a water management area level in support of the principles of integrated water resource management.

During the period under review, the proposal and roadmap for the establishment of six (6) CMAs were developed. Further, a draft roadmap for the establishment of proto-regional water utilities was developed.

In order to address the challenges of infrastructure such as funding and project management, a final concept note for the establishment of the National Water Resources and Water Services Authority was developed.

The establishment of an Independent Economic Regulator is still a matter for further discussions due to a number of considerations that are advanced from various and relevant stakeholders.

## 5.2 Overview of the financial results of the Department

### 5.2.1 Departmental receipts

Departmental receipts	2019/20			2018/19		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	2 084	1 977	107	2 634	2354	280
Fines, penalties and forfeits	1 580	1 310	270	400	400	0
Interest, dividends and rent on land	3 199	3 561	(362)	2 467	2 921	(454)
Sale of capital assets	247	379	(132)	0	1	(1)
Financial transactions in assets and liabilities	8 129	8 130	(1)	12 736	60 734	(47 998)
<b>Total</b>	<b>15 239</b>	<b>15 357</b>	<b>(118)</b>	<b>18 237</b>	<b>66 410</b>	<b>(48 173)</b>

### 5.2.2 Programme Expenditure

Programme Name	2019/20			2018/19		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 690 985	1 624 064	66 921	1 634 012	1 634 005	7
Water Planning and Information Management	835 264	753 553	81 711	689 717	689 717	-
Water Infrastructure Development	13 539 682	12 548 973	990 709	14 255 377	14 013 071	242 306
Water Sector Regulation	401 368	291 016	110 352	294 623	282 641	11 982
<b>Total</b>	<b>16 467 299</b>	<b>15 217 606</b>	<b>1 249 693</b>	<b>16 873 729</b>	<b>16 619 434</b>	<b>254 295</b>

### 5.2.3 Virements/rollovers

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

#### 5.2.3.1 Virements approved by the Accounting Officer

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

From			To		
Programmes	Reasons for virement	Amount	Programmes	Reasons for virement	Amount R'000
Administration	Underspending was due to ongoing Departmental reprioritisation of projects and budgets. The funds were used to defray over spending on under Accelerated Community Infrastructure Programme (ACIP)	(145 187)	Water Infrastructure Development	To defray over spending on goods and services under Accelerated Community Infrastructure Programme (ACIP) Sub-programme due to War on Leaks National Strategic Training Programme.  To defray excess expenditure under transfers and subsidies under Water Services Infrastructure Grant (WSIG) Sub-programme owing to payments of severance/exit packages benefits including leave gratuities to retired and/or deceased employees	252 721
Water Planning and Information Management	Savings were realised on goods and services due to the delayed projects which were mostly at the procurement and implementation planning stages The funds were used to defray over spending on under Accelerated Community Infrastructure Programme (ACIP)	(72 632)			
Water Sector Regulation	Savings were realised on goods and services due to the delayed projects which were mostly at the procurement and implementation planning stages	(34 902)			
<b>Total</b>		<b>(252 721)</b>	<b>Total</b>		<b>252 721</b>



### 5.2.3.2 Request for Rollover

The Department requested a total rollover amounting to R650.908 million on committed unspent for the completion of various identifiable projects which started in the previous financial year funds.

The table below summarises the details for rollover of funds.

<b>Goods and services</b>	<b>164 489</b>
Integrated Vaal River System (VRS) pollution assessments project	20 000
Northern Cape emergency drought relief interventions (Water tankering, stockwatering and project management fees)	144 489
<b>Payments for capital assets</b>	<b>486 419</b>
Bucket Eradication Programme (BEP)– RBIG	330 908
Emergency drought relief interventions (Drilling, equipping and reticulating of boreholes)	155 511
<b>Total</b>	<b>650 908</b>

The table below summarises the rollover request per programme:

Programmes	Amount in R'000
Programme 3: Water Infrastructure Development sub-programme: Regional Bulk Infrastructure Grant (RBIG)	650 908
<b>Total</b>	<b>650 908</b>

## 5.3 New or proposed activities

There are no new or proposed activities.

## 5.4 Supply chain management

The Department did not conclude any unsolicited bids for the 2019/20 financial year. However, challenges were experienced as some implementing agents did not adhere to Supply Chain Management (SCM) processes resulting in a number of cases of irregular expenditure.

The Department undertook various interventions to address irregular expenditure within the implementing agents including the enhancement of contractual arrangements and continuous engagements with emphasis on the uniformity in the application of policies and legislation. A circular was also issued to implementing agents highlighting the need to strengthen the SCM control within their respective organisations.

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

In an endeavour to further improve the SCM function, the Department undertook a review of the capacity of the SCM unit to deliver which, amongst other things, resulted in the improvement of capacity both at national and in the provincial finance offices.

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

No gifts and donations were received in-kind from different organisations during the financial year as reflected in Annexure 1 H of the Annual Financial Statements.

## 5.6 Exemptions and deviations received from the National Treasury

A total of 16 deviations for sole supplier applications were processed and finalised during the period under review. These deviations were firstly assessed by the Demand Management unit within SCM to determine the sole supplier status and a detailed market analysis was undertaken prior to the Departmental Bid Adjudication Committee and Accounting Officer's approval.

## 5.7 Events after the reporting date

There were no events after the reporting date.

## 5.8 Other: Water Trading

### 5.8.1 Background

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

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

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

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

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

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

### 5.8.1.2 Infrastructure branch

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

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

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

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

## 5.8.3 Analysis of operating performance

### 5.8.2.1 Operating surplus

The operating surplus increased from R2.217 billion in the financial year 2018/19 to R5.479 billion in the 2019/20 financial year. The financial statement on performance reflects an operating surplus of R5.479 billion for the period ended 31 March 2020 as reflected in figure 1 below. The expenditure reflects a reduction R1.858 billion when compared with prior financial year.



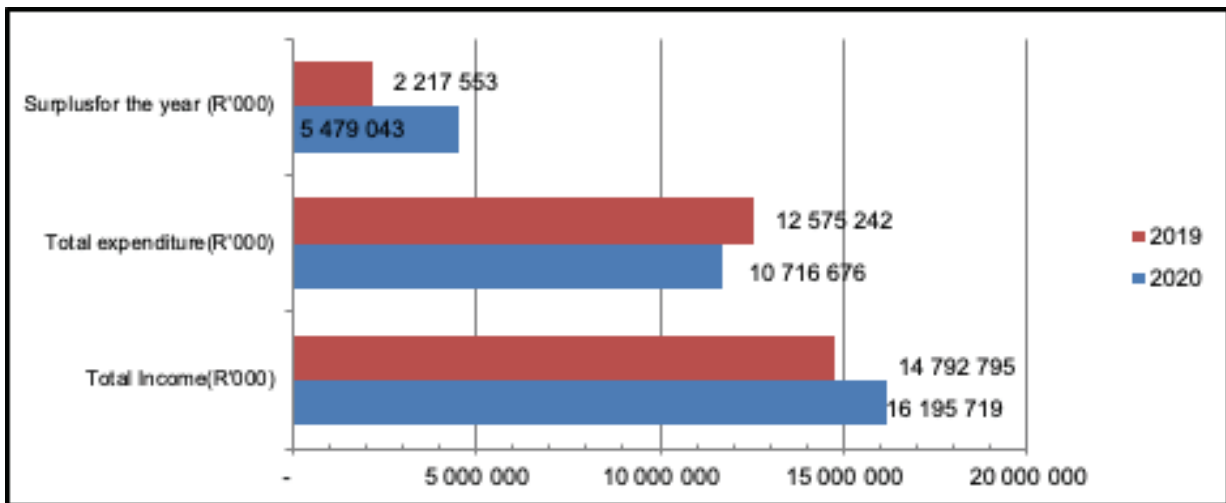


Figure 1: 2019/2020 Operating Surplus

### 5.8.2.2 Operating Surplus

Figure 2 below depicts that the revenue from sale of water reflected an increase of 10% when compared to the prior year. This is due to the increase on annual water tariff and to the efforts that the entity is making to ensure that the billing is efficient.

The construction revenue reflects an increase of 39% in the 2019/20 financial year due to the allocation of projects to then construction units. Construction sites however

experienced numerous delays on the external projects which affected certification of work.

The augmentation allocation for the financial year 2019/20 amounted to R2.058 billion and other revenue amounted to R1.719 billion. Other revenue includes interest charged on overdue debtors' accounts, lease revenue earned, commission earned, assets received or transferred and sale of goods such as scrap material.

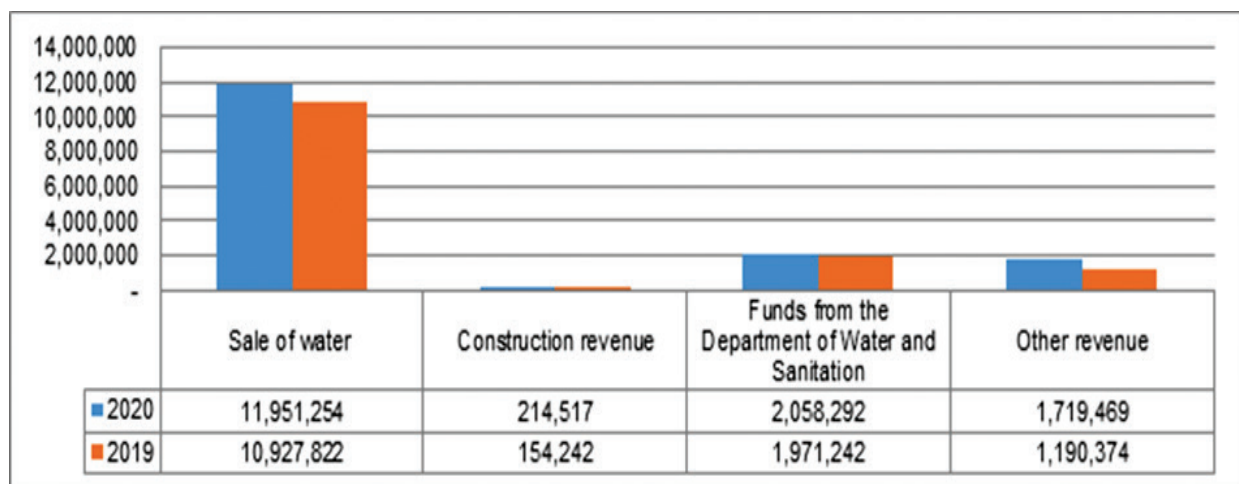


Figure 2: 2019/20 revenue analysis

### 5.8.2.3 Operating Income (Revenue) Analysis

Figure 3 below indicates that the total expenditure decreased by 15% during the 2019/20 financial year (i.e. from R12.575 billion in 2018/19 to R10.716 billion in 2019/20).

The operating expenditure for the 2019/20 financial year amounted to R3.156 billion which was 30% lower than the R4.525 spent in 2018/19. This decrease was due to under spending on maintenance and repair costs which can be

attributed to the fact that there was no maintenance term contract in place.

The employee costs decreased by 13% as a result of a larger portion of the construction unit salaries being capitalised to projects.

The depreciation, amortisation and impairment decreased by 36% from R2.708 billion in 2018/19 to R1.738 billion during 2019/20 whilst the impairment of financial assets increased from R432 million in 2018/19 to R2.008 billion in 2019/20.

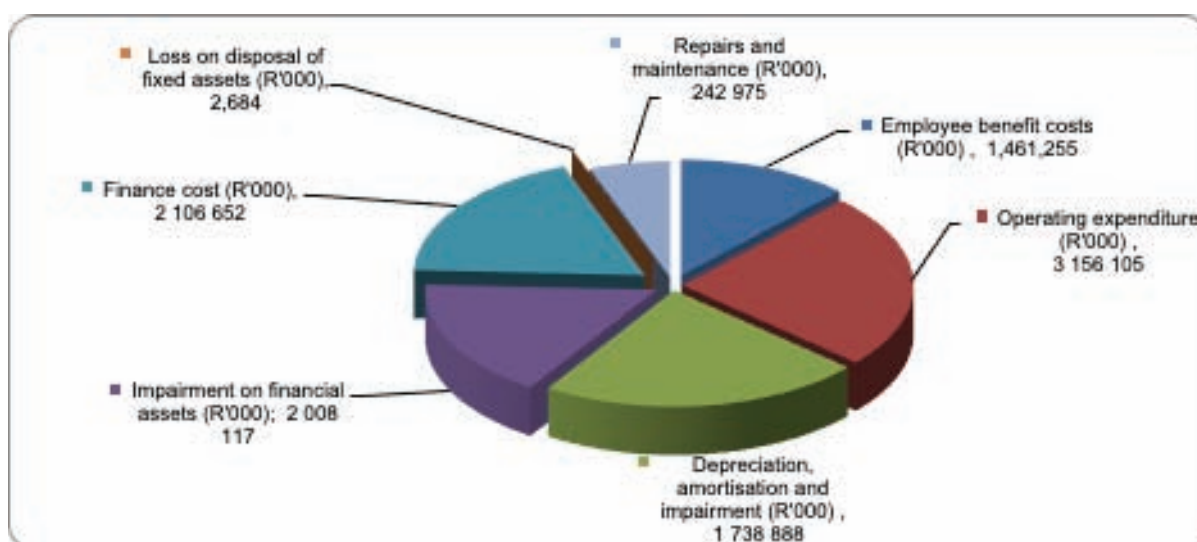


Figure 3: Total Expenditur

### 5.8.3 Liquidity

The current ratio of the entity has increased from 1.64:1 in the 2018/19 financial year to 3.78:1 in the 2019/20 financial year. However, the WTE still does not have sufficient liquid assets to meet short-term financial obligations. The cash flow is tied on the outstanding debts owed by mostly the municipalities and water boards.

	2019/20	2018/19
Current ratio	3.78 : 1	1.64 : 1

### 5.8.4 Cash Flow from Operating Activities

The entity has a positive cash flow from operating activities to the amount of R8.325 billion and this can be attributed to the increased augmentation allocation and revenue collection.

The cash and cash equivalent reflects a favourable balance of R1 063 billion at the end of the 2019/20 financial year. 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.

### 5.8.5 Debtors' Collection Days

	2019/20	2018/19
Debtor's days in sales (days)	199	205

The debtor's day's analysis reflects a slight improvement when compared to the prior year debtor's days of 205 days. This increase is attributed to the interest charged on outstanding accounts.

The debtor's collection days clearly indicates that the entity is still struggling to recover debts payable by the municipalities and water boards and its cash is thus tied on the outstanding accounts.

### 5.8.6 Accountability arrangements

The Water Trading Entity reports to the Director-General in her capacity as Accounting Officer of the Department. The entity strategic objectives form part of the broader Department's strategic plan but they have been ring fenced accordingly and the entity reports on the basis of its separate objectives on the Department's strategic plan.

## 5.9 Acknowledgement(s) / appreciation

In its endeavour to deliver on its mandate of ensuring water for basic human need, ecological need and economic development along with dignified sanitation there are a number of achievements that the Department has pointed to, in this report. Worth noting also, is that, in delivering services to South Africans, the Department collaborates with neighbouring countries through trans-boundary cooperation and agreements including the SADC protocols. This too, comes with some dynamics which require diplomacy in order to secure this co-operation and achieve end goals of water resource management.

It is on the strength of the achievements in the year under review that the personnel of the Department are acknowledged and appreciated for the sterling work done throughout this period and availing themselves for audits and preparing the report under difficult conditions of the COVID-19 pandemic.

## 5.10 Conclusion

The year ended on a difficult note of the COVID 19, yet the personnel of the Department, without losing focus of the primary functions of the Department, remain committed to ensuring access to water and sanitation at a high percentage of reliability in services by supporting Local Government, as mandated by the Constitution of our country. There is also concerted effort to ensure the implementation of the Water and Sanitation Master Plan by the sector and the relevant stakeholders.

## 5.11 Approval and sign-off

The programme performance information set out in 40 to 72 and Annual Financial Statements for the Main Account and Water Trading Entity set out in 160 to 310 and 323 to 385 respectively have been approved by the Accounting Officer.



**Mr Trevor Balzer**  
**Accounting Officer**  
**Department of Water and Sanitation**  
**Date:** 08 March 2021

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

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

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

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

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2020.

Yours faithfully



**Mr Trevor Balzer**  
**Accounting Officer**  
**Department of Water and Sanitation**  
**Date:** 08 March 2021

## 7 Strategic Overview

### 7.1 Vision

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

### 7.2 Mission

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

### 7.3 Values

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

## 8 LEGISLATIVE AND OTHER MANDATES

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

### 8.1 The Constitutional mandate

#### 8.1.1 Chapter 2 on the Bill of Rights makes the following provisions:

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

#### 8.1.1 Chapter 6 on Provinces makes the following provisions

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

#### 8.1.3 Chapter 7 on Local Government makes the following provisions

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

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

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

## 8.2 Water and Sanitation policy framework

### 8.2.1 National Water Policy Review (2013)

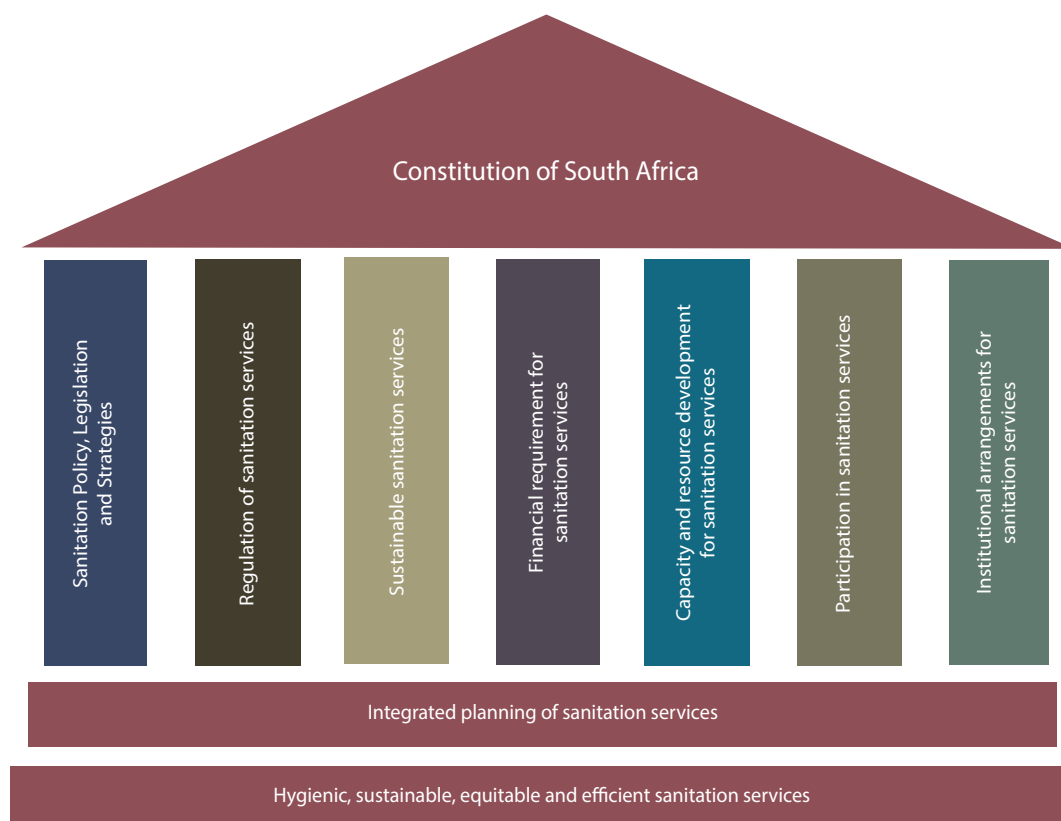
The policy review determined unintended oversight and gaps in the existing water policies to provide amendment to address the following:

- 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
- 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.
- 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.

- 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
- 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
- Free basic water supply to indigent households:** Free basic water supply will be provided to indigent households only

### 8.2.2 National Sanitation Policy (2016)

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



### 8.2.3 Other water and sanitation policies and strategies include the following:

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

## 8.3 The legislative mandates

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

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

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

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

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

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

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

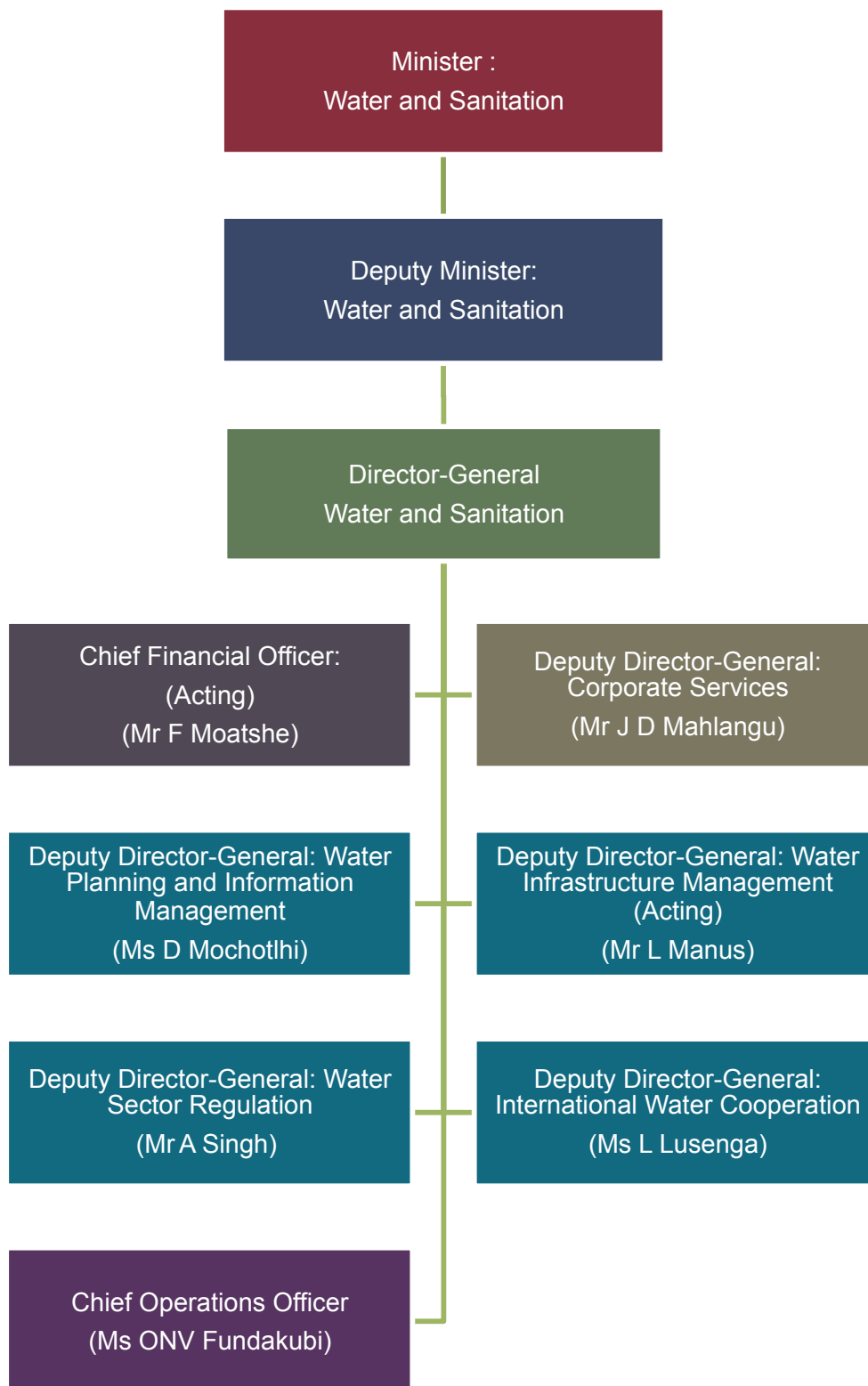
With reference to a “right to basic sanitation”, this is the primary legislation relating to sanitation in South Africa. It further defines basic sanitation as: ‘The prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic waste water and sewerage from households, including informal households’. Further regulations, norms and standards pertaining to sanitation can be found in the Housing Act (No.107 of 1997).It acknowledges that although municipalities have authority to administer water supply services and sanitation services, all government spheres are required to work towards this object, within the limits of physical and financial feasibility.

### **8.3.3 The Water Research Act, 1971 (Act No 34 of 1971).**

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



9 ORGANISATIONAL STRUCTURE



## 10 ENTITIES REPORTING TO THE MINISTER

The table below summarises the legislative mandate, the financial relationship and the nature of operation for the 13 entities that reported to the Minister during the period under review

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

# PART B



PERFORMANCE  
INFORMATION

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

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

Reference is made to the AGSA report for Vote 36; section 15 to 19 set out on 154 to 155 in Part E: Financial Information of this annual report.

## 2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

A number external and internal environment matters affect the department's ability to deliver on its mandate. Some of these present various challenges and opportunities impacting on its operations influencing planning decisions and the required trade-offs. This results in the prioritisation of certain interventions and programmes over others taking into consideration the required resourcing and associated risks.

### 2.1 Service delivery environment

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

Although these monitoring programs managed to afford some data, the efficiency of these programs continues to face serious challenges (mainly administrative and financial) leading to gaps in the data to understand the status of water resources South Africa. There result thereof

is a decline in the number of monitoring sites (including key stations) as well as changes in frequencies without considering the technical aspects of the stations and importance of data collected from such stations.

During the 2019/20 hydrological year (HY), a decrease in the number of stations with available groundwater level data, dam level data and reservoir storage data has been noticed together with changes in frequencies in most of the station of various monitoring networks. This report was compiled based on the available data in the first half of the 2019/20 hydrological year. For groundwater level monitoring out of all the active monitoring stations only 57% (October to December 2019) and 26% (January- March 2020) data was available for the first half of the HY 2019/20.

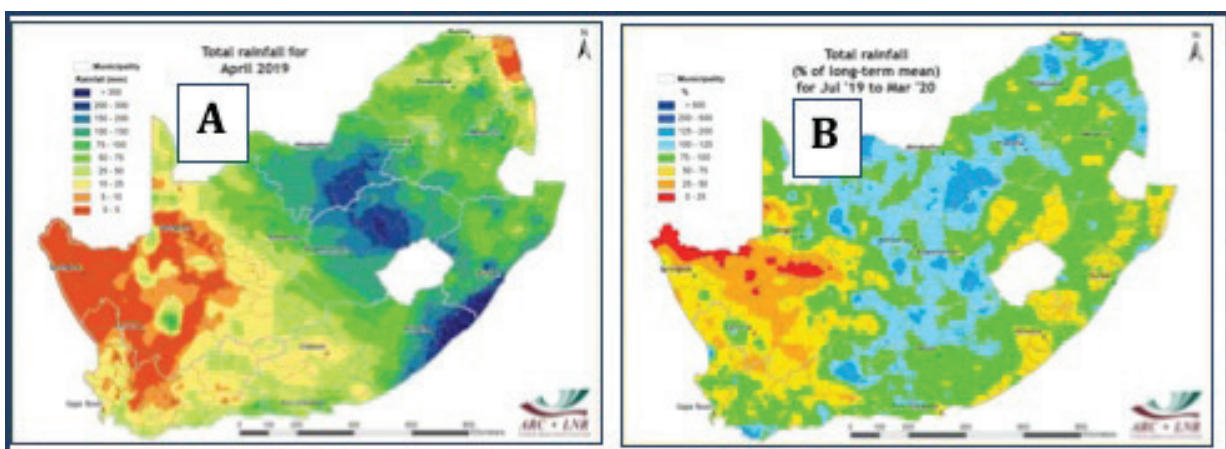
The 2019/20 financial year commenced with uncharacteristically good late summer rains in the summer rainfall regions, especially in the central interior. However, the long-term drought outlook depicted a drying trend and decreasing dam levels because the late rains were not enough to fill-up the cumulative precipitation deficiencies from previous years. The winter and spring regions remained dry and dam levels continued to decrease. Rains arrived late in December and continued till March. The overall reservoir water storage per province declined with the current dam levels below the national average water storage in the first half of the 2019/20 HY. There were no significant floods occurrences reported for this period.

Groundwater levels in most parts of the country have dropped massively. Despite the good rains that were received in the northern and eastern part of the country from November 2019 to February 2020 it did not make a significant impact on the groundwater levels as they remained low and the groundwater trend for the first half of the 2019/20 HY continued to mimic the declining trend as the previous hydrological year. There was no major improvement on the river flows. The eastern part of the country has high evaporation rate compared to the western part of the country. In such regions with high potential of evaporation a great percentage of the rainfall received is often lost through evaporation, therefore there is not enough recharge to the groundwater system and the dams do not get enough water for the level to increase hence the declining levels in the water resources of the country. A very good recharge is required for the groundwater system to recover in terms of groundwater levels, dam levels and reservoirs storage.



### Climatic trends and their implications on water resources

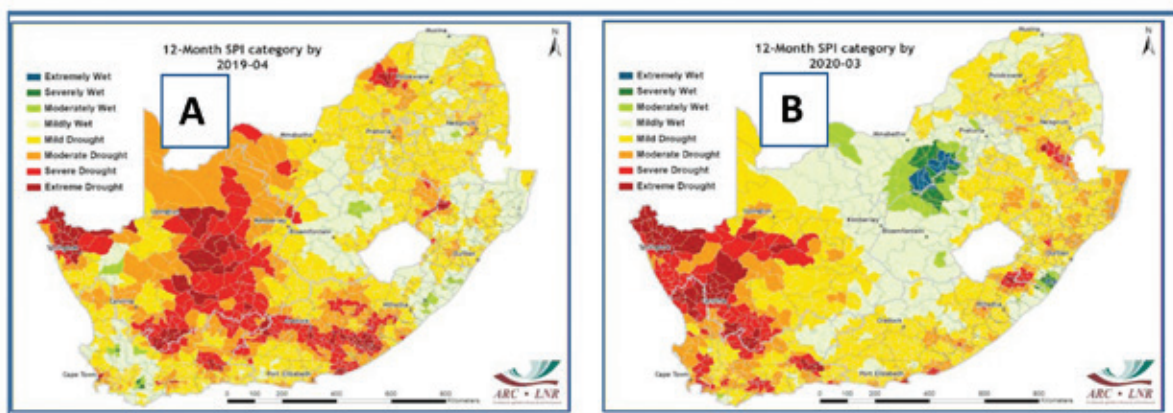
The 2019/20 financial year commenced with uncharacteristically good late summer rains in the summer rainfall regions, especially in the central interior (see Figure 4-1A). However, the long-term drought outlook depicted a drying trend (Figure 4-2A) and decreasing dam levels because the late rains were not enough to fill-up the cumulative precipitation deficiencies from previous years. The winter and spring remained dry and dam levels continued to decrease. Rains arrived late in December and continued till the end of the year in March. Monthly rainfall totals were near the long-term average (see Figure 4-1B) resulting in the improvement of drought conditions from severely dry to wet in most parts of the eastern half of the country (Figure 4-2B). Some places, especially near the central interior were even extremely wet at the end of the year. Dam levels gradually improved during the mid and late summer months ending up higher than the previous year. Despite the increased levels at some dams and some even filling-up, all water supply systems were not full at the end of the year except for the Crocodile West and the Luvuvhu Water Supply Systems.



**Figure 4-1: Total rainfall for Apr'19 (A) and total rainfall as average percentage of long term mean for Jul'19 to Mar'20**

Winter rainfall regions started the year with a better drought scenario than in previous years. Monthly rainfall totals were near long-term averages. Dam levels also improved as the winter progressed such that the Cape Town Water Supply System reached higher levels at the end of the season than at the same time in recent years.

Throughout the year, El Nino Southern Oscillation (ENSO) trends and forecasts favoured normal Sea Surface Temperature (SST) anomalies which are associated with uncertain climate/precipitation forecasts. This was confirmed by the unreliability



**Figure 4-2: 12-month SPI for Apr'19 (A) and Mar'20 (B)**

Overall, the year had near-normal rainfall which resulted in the abating of the dry conditions of previous years. Water shortage eased slightly following the increase of water in storage to higher levels by the end of the year than those measured at the same time of the previous year, albeit without filling-up most water supply systems.

Other than isolated incidents of mild localised riverine flooding in Free State and ponding in the Cape Flats, there were no occurrences of serious floodplain inundation across the country. Although there were reports of flash floods in Kwa-Zulu Natal and Gauteng, those occurred in urban areas where they were aggravated by inadequate and poorly maintained storm drainage infrastructure (i.e. encroachment to marginal ecosystem fatalities in Durban and Nellmapius, Pretoria). In the former, they were caused by the collapse of homes built on unstabilised foundations

on hillslopes. The washing away of homes built along the course of intermittent streams, which had dried and became overgrown with vegetation due extended dry periods over the past few years, led to the humanitarian crisis in the informal settlement in Pretoria East.

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

Rainfall in South Africa is not evenly distributed, the western part of the country normally receives very late summer rainfalls, whereas the south-western part receives winter rainfall and the southern part receives late summer and all-year round rainfall (Figure 5).

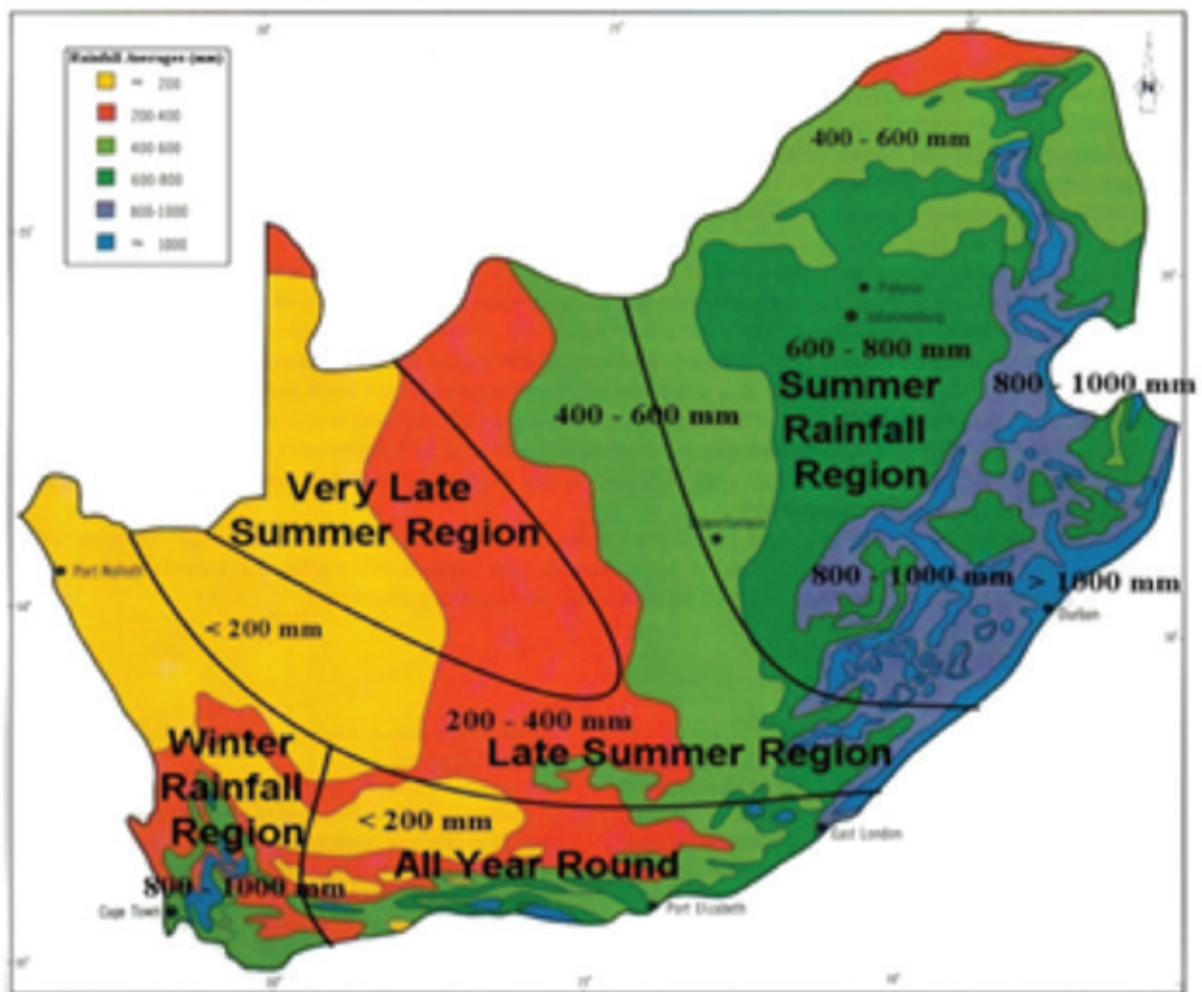


Figure 5-1: Rainfall patternal year

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

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

The summer rainfall season started with below normal monthly rainfall totals in all the provinces. Above normal rains occurred sporadically in different parts of the country from December until the end of the season in March. However, dry conditions persisted in the western part of the country in particular the Northern Cape Province as a result of low to no rainfall received during October 2019 to March 2020. Overall average rainfall was near normal for the year with some places slightly above and others slightly below normal.

Despite the significant rains received during this reporting period, the elongated severe droughts experienced during the past years has caused so much strain in the

water resources of the country, and the evidence is from the declining groundwater levels, river discharge, and reservoir storages. The overall reservoir water storage per province was below the national average water storage for most of the reporting period, only peaking up significantly from December 2019. The significant rainfall events experienced in the country between January and March 2020 brought about incidences of localised flooding in Kwa-Zulu Natal and Gauteng. The severity of the flood events may also be attributed to poor drainage in urban areas, which destroyed some infrastructure such as roads.

Although the country received significant rainfall during the year resulting in most parts of the country recovering from the previous drought conditions, the impact on the river flows was minimal. The flows significantly increased during the latter half of the year in most parts of the country but remained below the 10 year average for the entire hydrological year. From figure 5-2 below, the river flows in Western Cape, Northern Cape, and Limpopo are still very critically low, whilst some parts of Kwa-Zulu Natal, Eastern Cape and Mpumalanga have critical low flows. Most parts of Gauteng, North West and Free States have moderate to high flows.

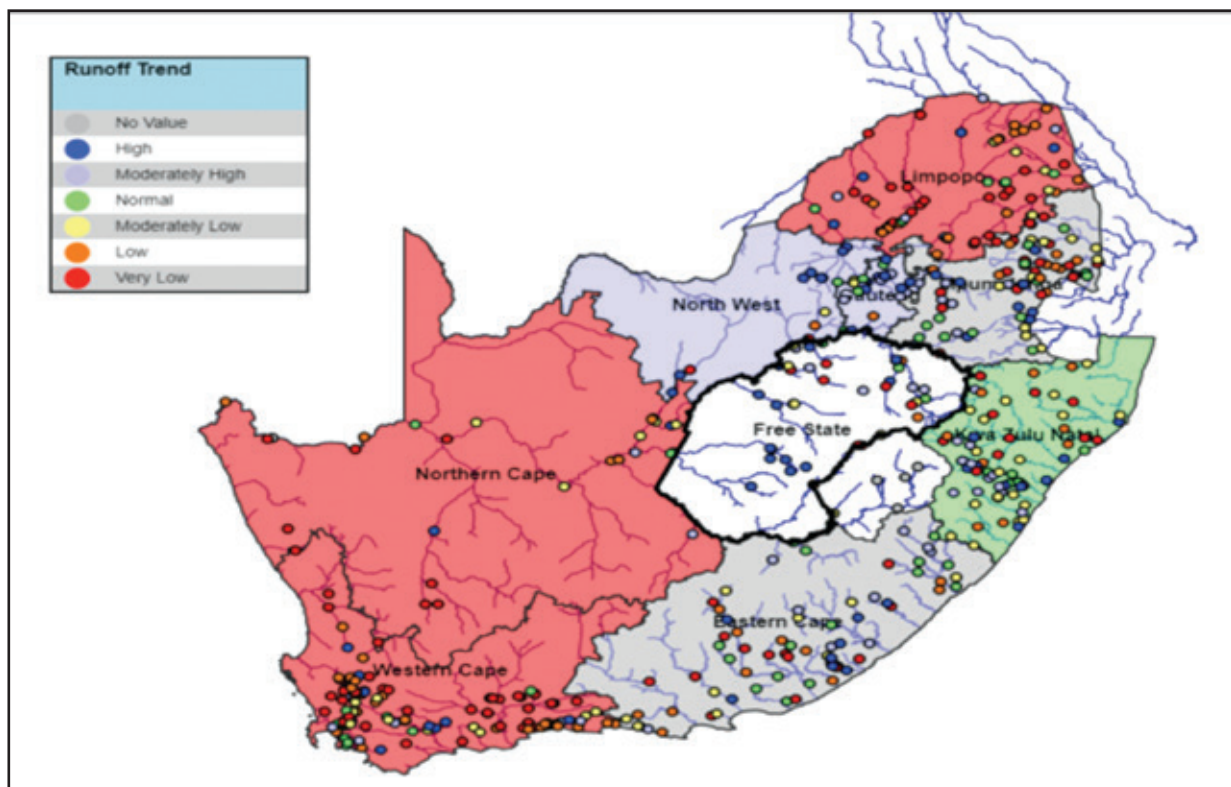


Figure 5-2: The runoff status overview per province



The below normal rainfall experienced by the country during the 2018/19 hydrological year resulted in the national dam’s levels being below the National Average for the first half of the 2019/2020 hydrological year. The water storage increased significantly from December 2019 and by March 2020 had exceeded the national average due to the above normal rains the country received during this time. Therefore by March 2020 all the provincial dam average levels were above 50% except the Western Cape which experiences winter rainfall. Gauteng has the highest water storage with a combined dam capacity of 100.5%. Figure 3 below shows the national trend in dam storage for the past years.

The situation in some parts of Eastern Cape (EC) is still a cause of concern. EC provincial dams as of March 2020 were 57.4% full. However, the Algoa System with 5 dams serving Nelson Mandela Bay was 22.1% full. Last year the system was at 45.8% showing a decrease of 23.7% from last year. Kouga Dam was sitting at 12.7%. Impofu Dam, Nqweba Dam, Groendal Dam and Katriver Dam were at 16.7%, 20.5%, 35.4% and 57.4%, respectively. The Amathole System which has six dams that serve East London had a combined storage of 46.5%.

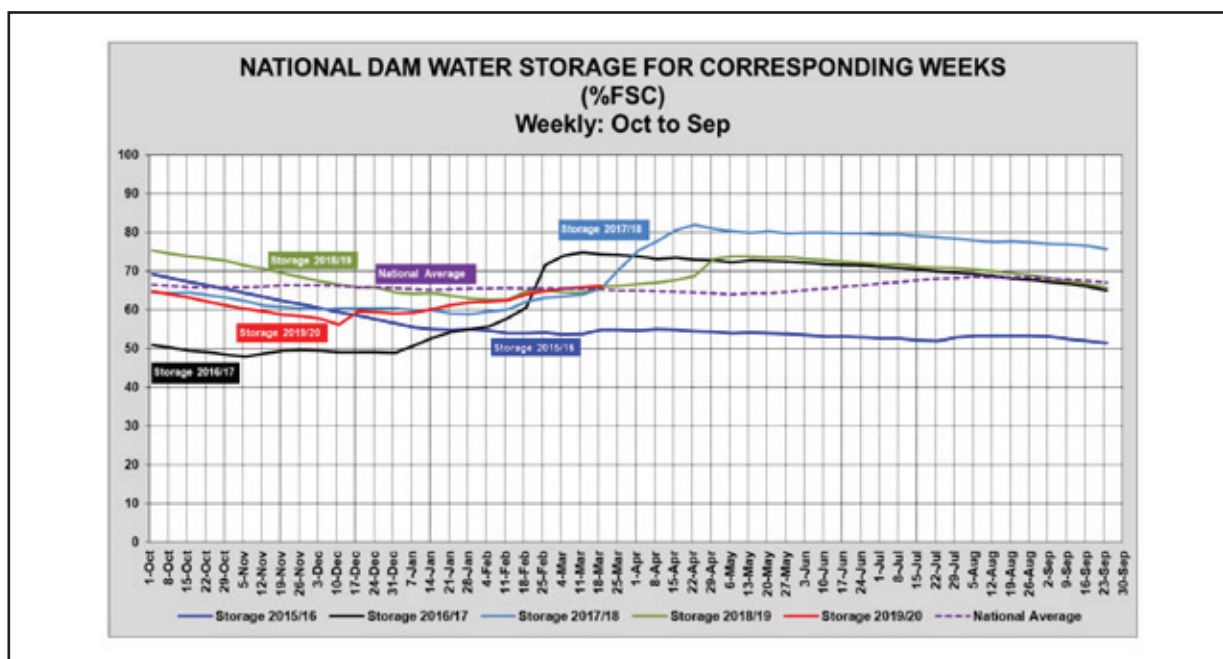


Figure 5-3: National Dam Water Storage for corresponding weeks (% Full Supply Capacity (FSC))

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

Overall this year the groundwater levels in the country displayed a declining trend, although there are few Provinces where a slight recovery is observed however is not strong. Limpopo, Western Cape, North West the groundwater level continued to decline during this period and there is not sign of recovery. On the contrary Gauteng and Kwa-Zulu Natal show good recovery compared to the other provinces this is because these provinces received very good rainfall during this period of the HY 2019/20. In Mpumalanga, Free State and the Eastern Cape Province there was a declining trend but with slight sign of recovery.



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


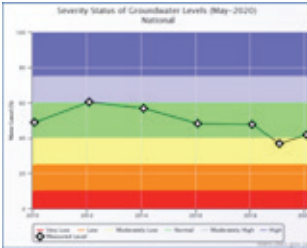
Map coverage: grid severity	Groundwater level status trend (over 10 years)	Groundwater level status comments	Challenges
		<p>The national view shows a normal groundwater level status 1,220,813 Km<sup>2</sup>. Generally groundwater levels status in the country shows a declining trend, although the current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

Figure 5-4. Groundwater level status over past ten years

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

### Operations of water resource systems

The Department developed guidelines for water supply systems during normal, drought and flooding conditions. Also, formal operating rules using scientific methods have been developed for a number of water supply systems in the country such as the Integrated Vaal River, the Orange River, the Algoa, the Amathole, the Western Cape, the Greater Bloemfontein, the Umgeni, the Umhlathuze and the Polokwane water supply systems. An operating rule is a guide for governing the regulation of water resources for a particular system/dam in order to reconcile expected water requirements with availability and protect the resource from complete failure to supply.

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

- **Algoa system:** the five (5) dams serving the Nelson Mandela Bay are sitting at 18.9% compared to 39.9% same period last year. The situation remains critical for this system, particularly the Kouga/ Loerie subsystem supplying water to Gamtoos valley and small towns like Hankey and Patensie. Restrictions of 15% across the board during 2019/20 for urban and irrigation were in place. Restrictions of 25% for domestic and industrial use and 60% on irrigation use were in place during the period of review.
- **Amathole system:** the six (6) dams serving the Buffalo City are at 37.3% compared to 52.5% the same period last year, there were no restrictions in place during the period of review as the system was still able to supply its allocated water use.
- **Greater Bloemfontein system:** the four (4) dams serving mainly Mangaung recorded 49.1% in storage compared to 52.5% at the same period last year. There is still inflow in Caledon River and pumping from Tienfontein pump station is still continuing. There were restrictions of 15% for urban water use during the period of review.
- **Western Cape system:** the six (6) dams serving mainly the City of Cape Town and the irrigation sector recorded a storage level of 95.6% compared to 81.4% the same period last year. There is no restrictions

currently in place on this system and 10% restrictions were in place during the period of review.

- **Crocodile West system:** the six (6) dams serving mainly Tshwane, Madibeng and Rustenburg. The system storage is at 94.4% compared to 86.7% at the same time last year. No restriction during the period of review.
- **Integrated Vaal River system:** the fourteen (14) dams serving mainly Gauteng, Sasol and Eskom. The system storage is at 59.7% compared to 65.7% the same time last year. There are no restrictions currently and no restrictions were in place during the period of review.
- **Polokwane system:** the dams in this system recorded a storage level of 71.2% compared to 56.2% the previous year. There are on-going restrictions of 20% for domestic and industrial water users in place due to infrastructural constraints from this system.
- **Umgeni system:** the five (5) dams mainly serving eThekweni and Msunduzi reflected a storage of 64.9% compared to 66.1% the same period last year. There are no restrictions in place.
- **Umhlathuze system:** comprises of Goedertrouw Dam and several lakes within the KwaZulu-Natal (KZN) coastline, supplies water to irrigation and domestic and industrial use within King Cetshwayo Municipality. Goedertrouw Dam storage is currently at 52.2% compared to 43.4% at the same time last year. Water restrictions of 20% for domestic, 7.5% for industrial and 26% for irrigation use remain in place. 40% restriction on domestic use, 15% restriction on Industrial use, and 80% restriction on Irrigation were in place during the period of review.

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

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

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

For the period under review, the registered dams increased from 5 551 during the 2018/19 financial year to 5 569 due to new registration received and some corrections in the database which were identified during the process of reviewing dam coordinates. The table below indicates the current registered ownership by the end of the 2029/20 financial year:

**Table 1: Number of registered dams and associated ownership**

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

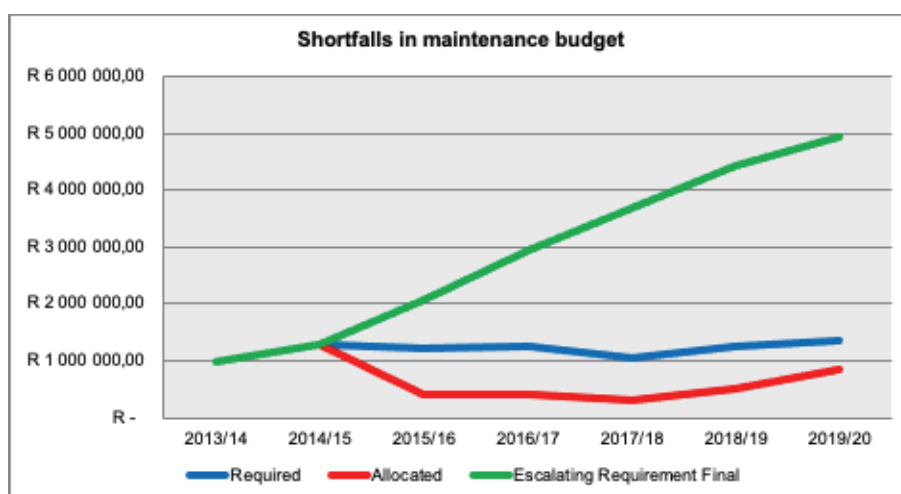
Department has an Operations and Maintenance (O & M) unit that is responsible for the management of 255 Government Water Schemes (GWSs). The operations thereof are funded by revenue obtained through the tariff charges to users. The pricing strategy dictates that the O & M charges comprise of:

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

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

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

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



**Figure 6: Backlog on maintenance due to decreasing budget allocation**

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

### Compliance monitoring and enforcement

Figures 7 and 8 below reflect that trend analysis for compliance inspections and investigation capacity have been gradually declining over the past three (3) financial years due to human and capital resources that were proportionally in decline over the same period.

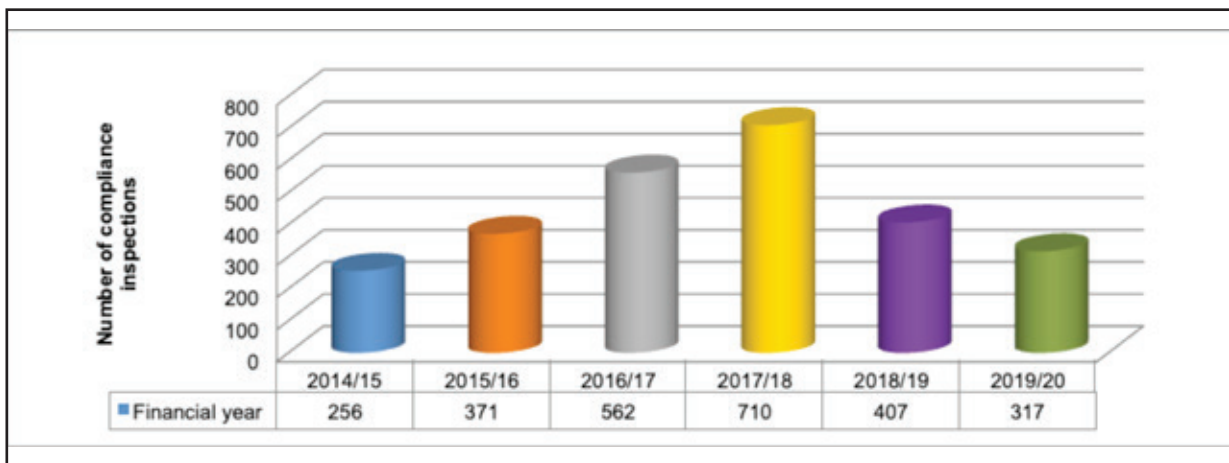


Figure 7: Trend analysis of compliance inspections per financial year from 2014/15 to 2019/20 financial years

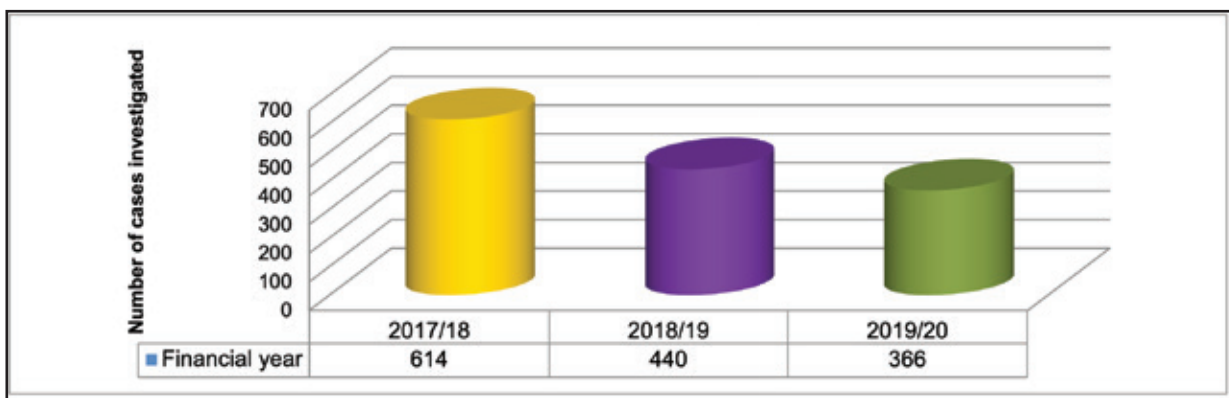
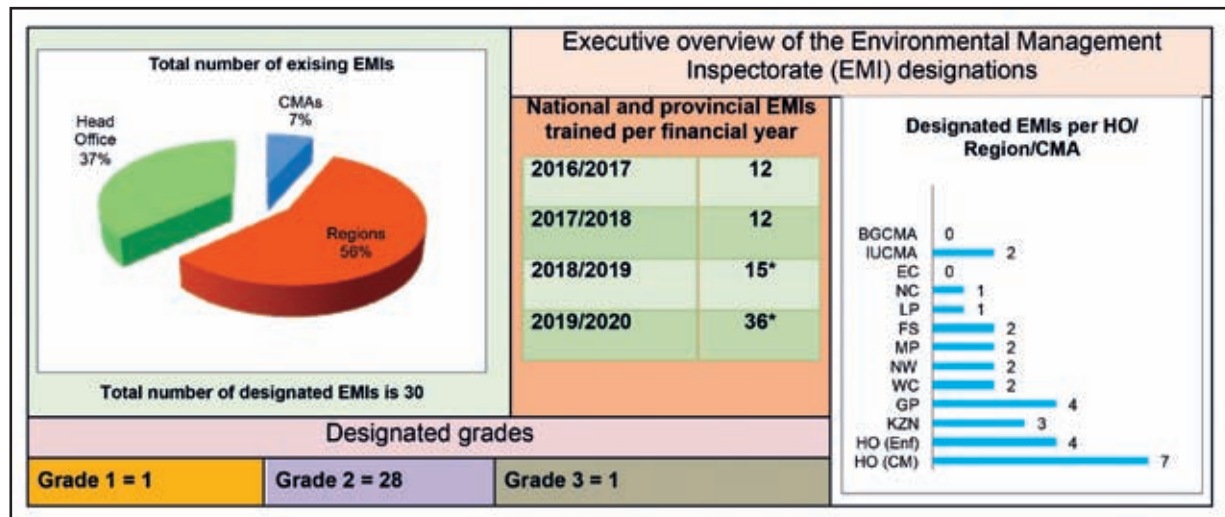


Figure 8: Trend analysis on the number cases investigated from 2017/18 to 2019/20

To mitigate the aforementioned and strengthen the compliance monitoring and enforcement capacity of the Department, a total of thirty six (36) environmental management inspectors (EMIs) were trained during the period under review. The progress on establishing a designated environmental inspectorate is indicated below:



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

Training dates	Number of Officials and offices	Total passed but designation letters awaited
Training done in Oct 2018	6 KwaZulu-Natal; 3 Inkomati-Usuthu Catchment Management Agency (IUCMA)	Total = 9
Training done in Aug 2019	16 Head Office (10 Compliance Monitoring and 6 Enforcement); 2 IUCMA; 1 Limpopo; 2 Mpumalanga; 3 Eastern Cape; 8 Gauteng; 1 Northern Cape; 2 Breede-Gouritz Catchment Management Agency (BGCMA) and 1 Free State	Total = 36

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

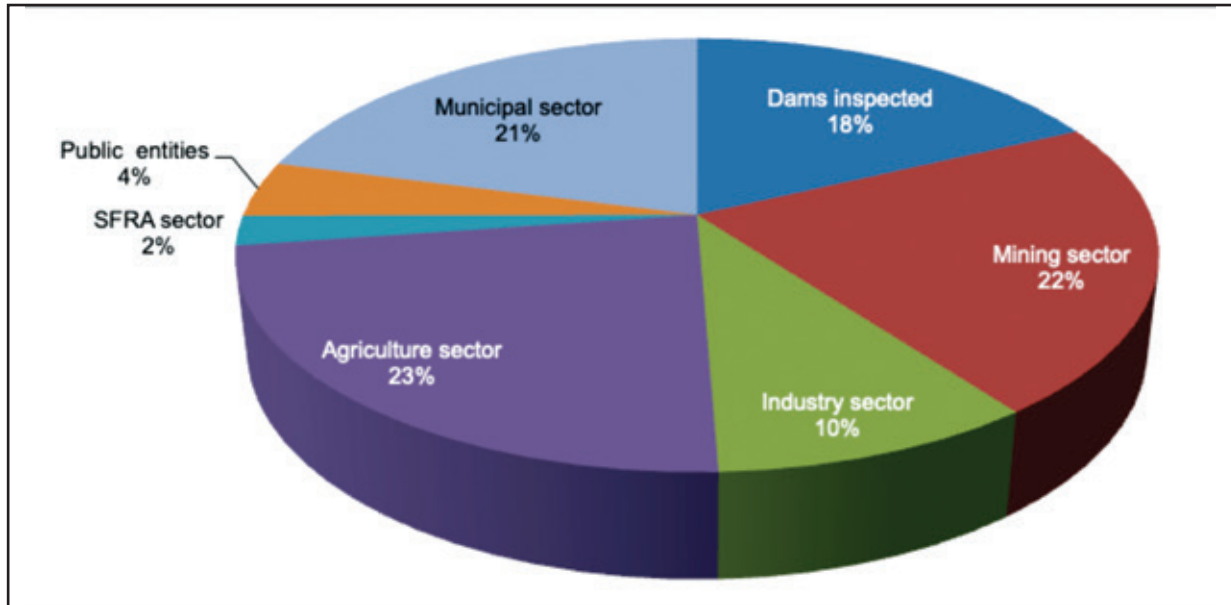


Figure 9: Compliance inspections per sector for the 2019/20 financial year

The agricultural sector also accounted for more cases within the enforcement area as it accounted for more cases reported during the period under review. The figure below reflects the enforcement cases dealt with within the various sectors:

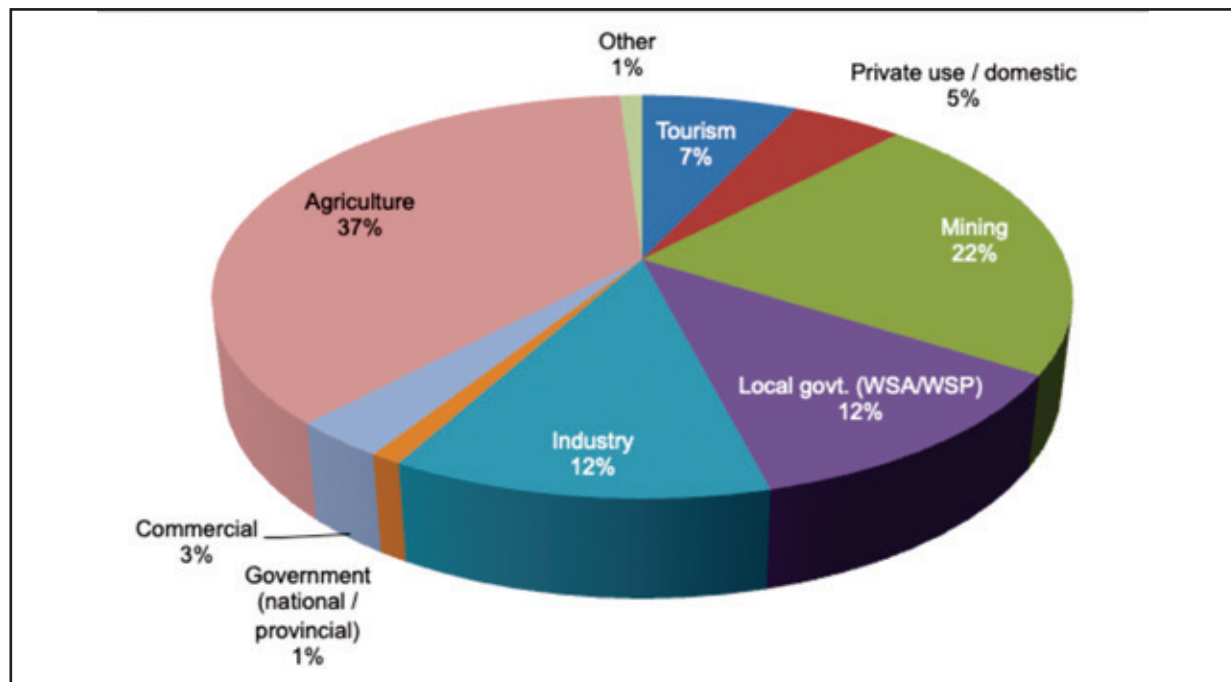


Figure 10: Enforcement cases per sector for the 2019/20 financial year

## 2.2 Service Delivery Improvement Plan

**Table 2: Main services and standards**

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Adherence to water supply agreements / when operating the Government Water Schemes	Domestic, industry and irrigation users	80% adherence to water supply agreements / when operating the Government Water Schemes	A total of 80% adherence to water supply agreements / when operating the Government Water Schemes in all four clusters	A total of 92% adherence to water supply as per agreements and operating rules
Finalise applications for water use authorisation within regulatory timelines	Agriculture, forestry, local government, mines and industry users as well as state owned entities	95% of applications for water use authorisation finalised within 300 days	80% of applications for water use authorisation finalised within 300 days	88% of applications for water use authorisation finalised within 300 days
Investigate reported non-compliant water uses	All water users	80% of reported non-compliant cases investigated	80% of reported non-compliant cases investigated	84% of reported non-compliant cases investigated

**Table 3: Batho Pele arrangements with beneficiaries**

Current/actual arrangements	Desired arrangements	Actual achievements
Media briefings	Interactive engagements with members of the press about organisational matters	A total of 31 media briefings were convened
Media products	Develop material on the activities of the Department	A total of 1109 media products were developed
Marketing and advertising campaigns	Implement campaigns to make people aware of the Department's activities	A total of 8 marketing and advertising campaigns were conducted
Public participation programme	Conduct public participation programmes to interact with people on the Department's activities	A total 19 public participation programmes were conducted

**Table 4: Complaints mechanism**

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



## 2.3 Organisational environment

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

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

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

By the end of March 2020, the Department's overall vacancy rate stood at 18.4% while the vacancy rate for specifically the engineers and scientists was below 10%. It should be noted that the higher than usual vacancy rate includes unfunded posts on the structure. As part of a structure review process that the Department is currently undertaking, all unfunded vacancies will be abolished. The department is still faced with the challenge of attracting and retaining experienced technical expertise owing to uncompetitive salaries and / or unsuitable working environment. The lack of experienced engineers and scientists affects the Department's ability to mentor and train graduate trainees as well as their ability to register as professionals. In view of this, a detailed assessment of sector skills and capacity building is required.

### Managing data and information

Effective information management, monitoring and evaluation is crucial for the successful management and regulation of water resources or water services as it creates the platform to initiate interventions / actions, understand trends, adapt management plans appropriately or plan

effectively for the future. This is particularly critical in an environment facing significant change. The lack of data and information resulting from weak monitoring systems, information systems that are outdated or not maintained, pose a high risk. In addition, monitoring and reporting has also been compromised by the high staff turnover in the Department, resulting in the lack of technically qualified staff. Also, this is affected by budget constraints whilst the costs for running the programmes are increasing. Therefore, improved and modernised information systems must be developed.

The use of ICT in the department continues to play an enabling role in order to support the business processes. One of the key ICT strengths is, that the Department had developed and approved the ICT strategic plan and maintained a high availability of ICT systems due to effective service level agreements (SLAs) with vendors. However poor implementation of the ICT strategic plan due to funding constraints as well as the ageing ICT infrastructure and applications contributes to weaknesses of ICT. The lack of internal capacity on critical ICT posts resulting in overreliance on consultants poses a threat to the Department. Digital transformation present the Department with new opportunities that integrates digital platforms, products and services as new ways and approaches for improving water resource management efficiently and provides new insights from data in service delivery.

### 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 a number of factors including but not limited to a funding gap; high non-revenue water; degradation of existing asset value; tariffs not cost reflective.

The Department funds and implements new bulk water resource infrastructure from the fiscus or through the Trans Caledon Tunnel Authority (TCTA) and collects revenue from its raw water provisioning.

Raw water billing is substantial, but revenue collection is failing. Water pricing is based on the "user-pays" principle



and tariffs from users provide a significant cash inflow to the sector with billing of raw water of about R 16 billion per annum to more than 85,000 users. Billing and collection is a major administrative and operating challenge with such a large user base

Revenue management within the Department is not optimal and not properly structured/geared to address the billing and collection challenges that exist.

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

Municipal accounts represent about 50% of the accumulated raw water debt at DWS, while water boards add another R1,7 billion, which is mostly also due to non-payment by local municipalities

Irrigation water revenue is at 46% of billable amount. Irrigation water is poorly metered, and billing is at best described as “ad-hoc”. The large irrigation schemes have established water user associations (WUAs) and irrigation boards (IRBs), who assist the Department with operation and maintenance of water distribution to irrigable farm areas and selected towns and industries located along the canals. Currently, 47 of the 240 WUAs are also assisting the Department with revenue collection through signed “billing agent agreements”.

## 2.4 Key policy developments and legislative changes

### 2.4.1 Policies under development

a) **Mine Water Management:** the policy seeks to balance the mining sector’s economic development with the protection and ensuring sustainable use of water resources in a manner that is beneficial to all. It will provide a coherent and integrated South African approach for sustainable mine water management by building on existing strengths; addressing gaps / weaknesses and seizing identified opportunities relating to mine water management (including acid mine drainage).

- b) **Sustainable Hydropower Generation:** the policy aims to support the long term energy master plan that pursues hydropower as part of the energy mix. In addition, it would provide policy positions on the establishment and development of hydropower from infrastructure owned by the DWS as part of long term interventions that support and contribute towards sustainable power supply in South Africa.
- c) **Integrated Water Quality Management:** the policy seeks to develop an intergovernmental water quality management approach which would facilitate an integrated response to address water quality management challenges in the country. The policy would strengthen the existing integrated water quality management strategy that identified priority programmes to be implemented country-wide.

### 2.4.2 Development of the National Water and Sanitation Act

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

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

### 3 STRATEGIC OUTCOME ORIENTED GOALS

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

#### Enhanced and protected water as a resource across the value chain

To ensure the realisation of this goal, the Department had planned to develop a draft regulatory framework; measure 65% of mines against individual water use entitlements; review and maintain three (3) water resources monitoring programmes and six (6) water information systems; determine water resource classes and resource quality objectives for three (3) river systems; monitor water losses in eight (8) large water supply systems; and develop a mine water management strategy for two (2) catchment areas.

Of these planned annual deliverables, the three (3) that were achieved during the period under review are review and maintenance of three (3) water resources monitoring programmes and six (6) water information systems; monitoring of water losses in eight (8) large water supply systems; and develop a mine water management strategy for two (2) catchment areas.

Although the terms of reference for the regulatory framework had been developed in the previous financial year the process as the focus was on improving the individual regulatory requirements. Also, the compliance level for mines against individual water use entitlements had slightly improved to 66% by the end of the financial year. Although water resource classes and resource quality objectives were completed for two (2) river systems the submission took longer than anticipated in the Office of Chief State Law Advisor for the remaining river system.

In view of the above, the Department's performance for this goal is at 60%.

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

To ensure the realisation of this goal, the Department had planned to update the National Water and Sanitation Master Plan; complete five (5) implementation readiness studies; provide 95234 households provided with sustainable and reliable water supply and sanitation services; and implement the National Asset Management

Plan (NAMP) to increase functionality of bulk raw water infrastructure whilst ensuring adherence to least 80% water supply as per agreements and operating rules.

During the period under review, the three (3) annual deliverables that were achieved are the updated National Water and Sanitation Master Plan; 502 221 households were provided with sustainable and reliable water supply and sanitation services; and the NAMP was implemented towards increased functionality of bulk raw water infrastructure, with average of 92% adherence to water supply as per agreements and operating rules.

Although three (3) implementation readiness studies were developed the delays in the procurement process affected the achievement of the other two (2) milestones.

In view of the above, the Department's performance for this goal is at 75%.

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

To ensure the realisation of this goal, the Department had planned to conduct validation and verification of existing lawful use in two (2) Water Management Areas; support black entrepreneurs in the sector with targeted procurement at 30% per annum; and create 1 340 job opportunities to expand economic opportunities for historically excluded and vulnerable groups.

For the period under review, the Department supported black entrepreneurs in the sector with targeted procurement at 57% per annum. The use of Preferential Procurement Regulation 2017 implementation guide has assisted in exceeding the targeted procurement from qualifying entrepreneurs.

Although validation and verification of existing lawful use was conducted in 852 properties within two (2) WMAs, the process was not completed as capacity challenges and an additional 11 411 properties that were discovered when the project implementation was underway. Also, as the delayed implementation of bulk raw water infrastructure projects and dam safety rehabilitation projects resulted in the creation of few job opportunities. Therefore, the Department managed to create a total of 1 166 job opportunities.

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

### An efficient, effective and development oriented water and sanitation sector

To ensure the realisation of this goal, the Department had planned to gazette the draft Water and Sanitation Bill for public consultation; attain an unqualified audit outcome for 2019/20; and conduct annual appraisals of shareholder compacts and business plans for 13 entities.

For the period under review, the annual deliverables that were achieved are annual appraisals of shareholder compacts and business plans for 13 entities were conducted.

The Department managed to attain an unqualified audit opinion for the Main Account and the Water Trading. Extensive internal and external consultations had to be conducted and hence the gazette of the Water and Sanitation Bill was put on hold.

In view of the above, the Department's performance for this goal is at 67%.

### Sound cooperative governance and an active and engaged citizenry

To ensure the realisation of this goal, the Department had planned to conduct an annual analysis on the implementation of the approved international relations programme; and implementation of the annual communications programme. For the period under review, both annual milestones were achieved.

In view of the above, the Department's performance for this goal is at 100%.

## 4 PERFORMANCE INFORMATION OF PROGRAMMES

### 4.1 Programme 1: Administration

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

#### 4.1.1 Sub-programmes

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

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

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

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

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

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

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

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

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

4.1.2.1 Programme strategic objectives

Programme name		Administration				
No	Strategic objectives	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
3.3	Targeted procurement that supports black entrepreneurs in the sector	76% per annum	30% per annum	57% per annum	Over by 27%	<b>Target exceeded</b> The use of Preferential Procurement Regulation 2017 implementation guide has assisted in exceeding the targeted procurement from qualifying entrepreneurs
4.3	An efficient, effective and high performing organisation	Unqualified audit outcome for the Main Account for 2018/19	<b>Main Account:</b> Unqualified audit outcome for 2019/20	Unqualified audit outcome for the Main Account for 2019/20	-	<b>Target met</b>
		Qualified audit outcome for the Water Trading for 2018/19	<b>Water Trading:</b> Unqualified audit outcome for 2019/20	Unqualified audit outcome for the Water Trading for 2019/20		
5.1	Targeted and sustained African and Global cooperation in support of the national water and sanitation agenda	Signed terms of reference sent to Water Aid for perusal and further action.	Annual analysis on the implementation of the approved international relations programme	Annual analysis on the implementation of the approved international relations programme	-	<b>Target met</b>
5.2	Informed and empowered communities and responsive government securing integrated and sustainable partnerships to support the water and sanitation development agenda	Communications related activities implemented	Implementation of Partnerships; Communications and Stakeholder Relations Programme	Implementation of Partnerships; Communications and Stakeholder Relations Programme	-	<b>Target met</b>

4.1.2.2 Sub-programme performance indicators

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
<b>Sub-programme name</b> Departmental Management						
4.3.1	Percentage compliance with MPAT standards at the minimum targeted level 3	38% compliance (i.e. 8 of 21)	100%	63% compliance	Under by 37%	<b>Target partially met</b> HR plan and HRP implementation report are not approved The whistle-blowing policy and ethics management strategy are not approved No evidence of invoice tracking system Investigations for invoices paid after 30 days
<b>Sub-programme name</b> Corporate Services						
4.3.4	Percentage vacancy rate for engineers and scientists	117% filled (i.e. 738 filled out of 629 permanent posts).	≤10%	112 % filled (742 posts filled out of 662 permanent posts)	Over by 22 <sup>2</sup> %	<b>Target exceeded</b> Additional posts for candidate engineers and scientists were filled. These will be converted into permanent posts when the professional status is achieved from relevant statutory bodies.
5.2.1	Percentage implementation of the 2019/20 Annual Communications Programme	Communications related activities implemented	95%	133%		Target exceeded There was a demand for more activities during the financial year

<sup>2</sup> The deviation is explained as follows: The Department's annual target was to maintain the vacancy rate at 10% or below (i.e. the posts filled should be at 90% or higher). In this case, the actual achievement of 112% minus 90% = 22%

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
<b>Sub-programme name</b>						
<b>Financial Management (Main Account)</b>						
3.3.1.1	Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	11%	15%	32%	Over by 17%	<b>Target exceeded</b> A concerted effort to award contracts to QSEs
3.3.2.1	Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	46%	15%	50%	Over by 35%	<b>Target exceeded</b> A concerted effort to award contracts to EMEs
4.3.2	Percentage expenditure on annual budget	98%	100%	92%	Under by 8%	<b>Target partially met</b> The under spending is mainly on: <b>Compensation of employees</b> across programmes <b>Goods and services</b> is due mainly to delayed spending on planned activities <b>Transfers and Subsidies</b> : mainly due to withholding of the Regional Bulk Infrastructure Grant (RBIG) schedule 5B allocations to the three (3) municipalities
<b>Sub-programme name</b>						
<b>Financial Management (Water Trading)</b>						
3.3.1.2	Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	38%	15%	17%	Over by 2%	<b>Target exceeded</b> A concerted effort to award contracts to QSEs
3.3.2.2	Percentage of targeted procurement budget spent on exempted micro enterprises (EME)	43.42%	15%	34%	Over by 34%	<b>Target exceeded</b> A concerted effort to award contracts to EMEs

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
4.3.3	Number of debtor days	191 days	150 days	207 days	Over by 57 days	<b>Target not met</b> Mainly due to the persistent problem of municipalities and water boards not settling their debts
Sub-programme name						
International Water Support						
5.1.1	Analyses on progress against the approved annual International Relations Implementation Plan	Signed terms of reference sent to Water Aid for perusal and further action.	Annual analysis on the implementation of the approved international relations programme	Annual analysis on the implementation of the approved international relations programme	-	Target met



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

The Management Performance Assessment Tool (MPAT) has been discontinued and the compliance related activities have been individually indicated in the 2020/21 annual performance plan.

To mitigate the under expenditure, the Department will continuously monitor and evaluate project implementation by the appointed implementing agents; speedy resolution of disputed invoices and contractual disputes; fast tracking of certification and verification of all work done in order to process invoices, accelerating the implementation of emergency drought relief interventions and rollout and completion of the remaining Bucket Eradication Projects.

To improve the debtor days, the Department will continue participating in the Inter-Ministerial Task Team Committee (with COGTA, and SALGA) whilst the debt management systems are being developed to allow for constant, timeous communication with customers.

#### 4.1.3 Sub-programme expenditure

Sub-programme name	2018/19			2019/20		
	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	57 187	57 089	98	54 148	41 781	12 367
Departmental Management	67 077	65 731	1 346	96 783	94 147	2 636
Internal Audit	32 619	32 562	57	28 322	27 700	622
Corporate Services	701 270	671 429	29 841	696 576	670 029	26 547
Financial Management	256 269	254 111	2 158	254 161	243 056	11 105
Office Accommodation	439 180	474 994	(35 814)	457 066	457 066	-
Programme Management Unit	41 241	40 341	900	54 674	44 226	10 448
International Water Support	39 169	37 749	1 420	49 242	46 046	3 196
<b>Total</b>	<b>1 634 012</b>	<b>1 634 005</b>	<b>7</b>	<b>1 690 972</b>	<b>1 624 051</b>	<b>66 921</b>

## 4.2 Programme 2: Water Planning and Information Management

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

### 4.2.1 Sub-programmes

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

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

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

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

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

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

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

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

4.2.2.1 Programme strategic objectives

Programme name		Water Planning and Information Management				
No	Strategic objectives	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
1.2	Enhanced management of water and sanitation information	0	3 water resources monitoring programmes reviewed and maintained 6 water information systems maintained	3 water resources monitoring programmes reviewed and maintained 6 water information systems maintained	-	<b>Target met</b>
1.3	The integrity of fresh water ecosystems protected	0	3 river systems with water resource classes and resource quality objectives	2 river systems with water resource classes and resource quality objectives	Under by 1 river system with water resource classes and resource quality objectives	<b>Target partially met</b> The submission took longer than anticipated in the Office of Chief State Law Advisor
1.4	Enhanced water use efficiency and management of water quantity	0	8 large water supply systems monitored for water losses	8 large water supply systems monitored for water losses	-	<b>Target met</b>
2.1	A coordinated approach to water and sanitation infrastructure planning and monitoring and evaluation	National Water and Sanitation Master Plan (NWSMP) developed	Annual update of the National Water and Sanitation Master Plan	Annual update of the National Water and Sanitation Master Plan	-	<b>Target met</b>
2.2	Targeted and aligned planning for adequate water availability and the enhanced provision of water supply and sanitation services	1 IRS (i.e. Sterkspruit)	5 IRS	3 IRS	Under by 2	<b>Target partially met</b> Delays in the procurement process affected the achievement of the milestones
4.1	An enabling environment for the management of water resources and the provision of basic water and sanitation services across the sector	Draft Water and Sanitation Bill	Draft Bill gazetted for external public consultation	Internal stakeholder consultation on the Draft Bill	Draft Bill gazetted for external public consultation	<b>Target not met</b> An extensive internal and external consultations is underway

4.2.2.2 Sub-programme performance indicators

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
<b>Sub-programme name</b>						
<b>Integrated Planning</b>						
2.1.1	National Water and Sanitation master plan (NWSMP) adopted	Master Plan developed	Annual update of the Water and Sanitation Master Plan (NWSMP) Operation Phakisa Implementation	Updated National Water and Sanitation Master Plan Operation Phakisa Implementation Plan	-	<b>Target met</b>
2.2.4	Number of reconciliation strategies completed for various systems (WSS)	-	1 (Algoa WSS)	1 (Algoa WSS)	-	<b>Target met</b>
2.2.5	Number of reconciliation strategies completed for various systems (WSS)	-	8	6 Vaal WSS Western Cape WSS Umgeni WSS Algoa WSS Amathole WSS Polokwane WSS	Under by 2 Crocodile West WSS Orange WSS	<b>Target partially met</b> The modelling for the two systems was found to be extremely complex as a result of previous severe drought and aging infrastructure
2.2.6	Number of updates climate change for Risk and Vulnerability Assessments completed annually for various water supply systems	-	2	2 Mzimvubu-Tsitsikama WMA (Fish-Tsitsikama & Mzimvubu-Keiskamma catchments) Vaal System	-	<b>Target met</b>

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
<b>Water Ecosystems</b>						
<b>Sub-programme name</b>						
1.3.1	Number of river systems with water resources classes and determined resource quality objectives	0	3	2 Breede Gouritz Mzimvubu	Under by 1 Berg	<b>Target partially met</b> The submission took longer than anticipated in the Office of Chief State Law Advisor
<b>Water Information Management</b>						
<b>Sub-programme name</b>						
1.2.1	Number of water resources monitoring programs reviewed and maintained	-	3 water resources monitoring programmes reviewed and maintained	3 water resources monitoring programmes reviewed and maintained	-	<b>Target met</b>
1.2.2	Number of water and sanitation information systems maintained	-	6 water information systems maintained	6 water information systems maintained	-	<b>Target met</b>
1.3.2	Number of rivers in which the River Eco-status Monitoring Programme is implemented	71	66	76 rivers in which the River Eco-status Monitoring Programme is implemented	Over by 10	Target exceeded Additional capacity sourced in WC resulted in the monitoring of more rivers.

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
<b>Water Services and Local Water Management</b>						
1.4.1	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	-	<b>Target met</b>
2.1.2	Number of district municipalities (DMs) with completed 5 year water and sanitation services master plans	3 priority DMs complete phase 2	17 priority DMs complete phase 2	Development of structure documentation	17 priority DMs complete phase 2	<b>Target not met</b> The process of refining the ToRs to ensure efficiency took longer than expected and had a knock on effect on all milestones
2.1.4	Number of Municipal Strategic Self-Assessments (MuSSA) completed within the WSAs, metros and secondary cities	58 MuSSAs completed within the WSAs, metros and secondary cities	58 MuSSAs completed within the WSAs, metros and secondary cities	108 MuSSAs completed within the WSAs, metros and secondary cities	Over by 50	<b>Target exceeded</b> Additional municipalities volunteered to participate in the process
2.2.2	Number of feasibility studies for water and wastewater services projects (RBI(G) completed	0	5	4 Kagisano Molopo Bulk Water Supply (Ganyesa) (Bulk Thapeng) Postmasburg WWTW Postmasburg Bulk Water Supply Beaufort West Ground Water	Under by 1 Kinira Regional BWSS	<b>Target partially met</b> Delays in the appointment of an implementing agent delayed the completion of the feasibility study

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
2.2.3	Number of implementation readiness studies for water and wastewater services projects (RBIG) completed	1 IRS (i.e. Sterkspruit)	5	3 Matjhabeng LM Thabong WWTW Kagisano Molopo Bulk Water Supply (Bulk Tlhapeng) Beaufort West Ground Water	Under by 2 Postmasburg WWTW Postmasburg Bulk Water Supply	<b>Target partially met</b> The legal issues encountered with the implementing agent delayed the completion of the IRS
<b>Sanitation Planning and Management</b>						
<b>Sub-programme name</b>						
2.1.3	WSAs assessed for socio-economic impact	Draft socio-economic impact assessment report compiled	Final socio-economic impact assessment report compiled	Preliminary Socio Economic Impact Assessment Report	Final socio-economic impact assessment report compiled	<b>Target not met</b> There is a mediation process underway with the service provider
2.1.5	National Sanitation Integrated Plan	-	Conceptual Framework for National Sanitation Integrated Plan	Conceptual Framework for National Sanitation Integrated Plan	-	<b>Target met</b>
<b>Policy and Strategy</b>						
<b>Sub-programme name</b>						
4.1.1	Approved National Water Resources Strategy Edition 3 (NWRS-3)	Draft version 2.2 of the NWSRSS and the submission to Minister and letter to portfolio committee was prepared on the delays to finalise the NWSRSS due to delays in legislative review.	National Water Resources Strategy Edition 3 (NWRS3) developed	Version 2.3 of the NWRS-3	National Water Resources Strategy Edition 3 (NWRS3) developed	<b>Target not met</b> The internal consultation process was extended
4.1.2	National Water and Sanitation Bill developed	The process to finalise the Water and Sanitation Bill was put on hold and hence the development of the regulations	Draft Bill gazetted for external public consultation	Internal stakeholder consultation on the Draft Bill	Draft Bill gazetted for external public consultation	

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

External expertise are being sought to assist with completing the operating rules and specialist strategy studies for the Orange and Crocodile West water supply systems.

As feedback from Office of Chief State Law Advisor has since been received, the Berg river system water resources classes and determined resource quality objectives will be finalised during the 2020/21 financial year.

The completion of the district municipalities (DMs) 5 year water and sanitation services master plans will be finalised during the 2020/21 financial year.

The completion of the Kinira feasibility study for water and wastewater services projects (RBIG) will be finalised during the 2020/21 financial year.

Plans are underway to complete the implementation readiness studies of Postmasburg WWTW and Postmasburg Bulk Water Supply during the second quarter of the 2020/21 financial year.

The project on assessing the WSAs socio-economic impact will be completed when the mediation process with the service provider is finalised.

The approved third edition of the National Water Resources Strategy (NWRS-3) is planned for the 2020/21 financial year.

The plan for 2020/21 financial year is to fast track the process so that the draft National Water and Sanitation Bill is submitted to Cabinet for approval.



## 4.2.3 Sub-programme expenditure

Sub-programme name	2018/19			2019/20		
	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 Planning, Information Management and Support	6 081	6 070	12	6 911	6 197	714
Integrated Planning	68 978	68 806	172	81 046	75 394	5 652
Water Ecosystems	47 958	47 946	12	38 507	35 513	2 994
Water Information Management	433 500	434 459	(959)	588 069	540 668	47 401
Water Services and Local Water Management	108 752	108 710	42	92 145	72 544	19 601
Sanitation Planning and Management	11 433	11 384	49	12 658	9 615	3 043
Policy and Strategy	13 013	12 342	671	15 928	13 622	2 306
<b>Total</b>	<b>689 717</b>	<b>689 717</b>	<b>-</b>	<b>835 264</b>	<b>753 553</b>	<b>81 711</b>

### 4.3 Programme 3: Water Infrastructure Development

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

#### 4.3.1 Sub-programmes

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

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

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

**Water Services Infrastructure Grant** provides for the construction of new infrastructure and the rehabilitation of existing water and sanitation infrastructure through the grant transfer of water services schemes to water service institutions. The allocation prioritises the 27 poorest district municipalities.

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

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

4.3.2.1 Programme strategic objectives

Programme name		Water Infrastructure Regulation				
No	Strategic objectives	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
2.3	Adequate water availability and enhanced provision of sustainable and reliable water supply and sanitation services	262 796 households	95 234 households	502 221 households	Over by 406 987 households	<b>Target exceeded</b> The completion of 3 mega projects during the financial year resulted in the increased number of households
2.4	Safe, reliable and sustainable water supply and water and sanitation services infrastructure	46% National Asset Management Plan (NAMP) implemented with unscheduled maintenance at 27% and below	Implement the NAMP towards increased functionality of bulk raw water infrastructure, to ensure at least 80% water supply as per agreements and operating rules	NAMP implemented towards increased functionality of bulk raw water infrastructure, with average of 92% adherence to water supply as per agreements and operating rules	-	<b>Target met</b>
3.2	Targeted rural development initiatives that support smallholder farmers	-	Implement rural development initiatives that will provide access to 100 million m3 of water to smallholder farmers	-	-	-
3.4	Job opportunities created that expand economic opportunities for historically excluded and vulnerable groups	907 job opportunities created	1 340 job opportunities created	1 166 job opportunities created	Under by 174	<b>Target not met</b> Delayed implementation of bulk raw water infrastructure projects and dam safety rehabilitation projects resulted in the creation of few job opportunities

4.3.2.2 Sub-programme performance indicators

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
2.3.1	Number of bulk raw water projects ready for implementation	0	2 ORWRDP 2D	0 The MOU is being processed Request to appoint a property valuer submitted to the Valuer-General Office.	Under by 2 Land acquisition and resettlement	<b>Target not met</b> Protracted negotiations with the relevant municipalities delayed signing of the MoU. The appointment of the property valuer has not been finalised
			Mokolo Crocodile (West) Water Augmentation Project - Phase 2A	Tender for the Health and Safety Agent evaluated. The topographic survey is complete. The geotechnical investigations are complete. Scoping of the River Management System underway. Specialist proposals are being evaluated. The draft Guidelines for Technical Implementation (GTI) and design criteria	Contractor prequalification not commenced	The service provider underperformed resulting in delayed achievement of milestones

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
2.3.2	Number of bulk raw water projects under construction	0	4 Tzaneen Dam	1 The design reports are being finalised	Under by 3 Construction not started	<b>Target not met</b> The delay in the procurement of professional service providers (i.e. Environmental Control Officer, Occupational Health and Safety Officer and Approved Professional Person) that are required for the supervision and monitoring of construction
			Clanwilliam Dam	Construction	-	-
			Hazelmere Dam	Appointment of ECO and PSP	Construction not started	Although, the PSP was appointed, the protracted negotiations on finalising the conditions of the SLA delayed the construction
			Mzimvubu	Construction of access roads continues.	Construction of Ntabelanga Dam not started	Although the dispute with the PSP was resolved by arbitration, the PSP is awaiting the conclusion of discussions on details of the implementation of the award.

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
2.3.3	Number of bulk raw water projects completed	-	2	0	Under by 2	<b>Target not met</b> The contractor lodged a dispute and cancelled the contract
			Goedertrouw Transfer Scheme		Project completion	
			Hazelmere Dam		Project completion	Although, the PSP was appointed, the protracted negotiations on finalising the conditions of the SLA delayed the construction and completion of the project
3.4.1.1	Number of job opportunities created through implementing augmentation infrastructure projects	125	265	148	Under by 117	<b>Target not met</b> Delayed implementation of bulk raw water infrastructure projects
<b>Sub-programme name</b>						
<b>Operations of Water Resources</b>						
2.4.1	Number of dam safety rehabilitation projects completed	0	5	0	Under by 5	<b>Target not met</b> Community unrests delayed the project construction
			Morgenstond Dam	Construction did not commence	Project completion	
			Nkadameng Dam	Excavation on the spillway (i.e. 35%)	Project completion	Procurement delays and community unrests delayed the project completion
			Rietspruit Dam	Construction did not commence	Project completion	Delayed appointment of the ECO. Also, the tender was cancelled due to the bidder's quotations that exceeded the budgeted amount



No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
			Kalkfontein Dam	Work on gauging weir and mechanical works (i.e. 96%)	Project completion	Delay in procurement of PSP for the supply and installation of mechanical equipment at outlet works
			Marico Bosveld Dam	Construction did not commence	Project completion	Delays in contractor commencing with the works
2.4.2	Percentage of projects completed as per AMP aligned Maintenance Plan (Planned Maintenance)	46% (i.e. 267 of 579 projects completed)	80%	39% (i.e. A total of 428 of 1105 projects were completed)	Under by 41%	<b>Target not met</b> Lack of maintenance term contract
2.4.3	Percentage unscheduled maintenance projects completed as a proportion of planned maintenance projects	27% (i.e. 153 of 579 projects completed as part of unscheduled maintenance)	≤20%	25% (i.e. 281 of 1105 projects completed as part of unscheduled maintenance)	Over by 5%	<b>Target partially met</b> Lack of maintenance term contract
2.4.4	Number of kilometres of conveyance systems rehabilitated per annum	3.4km	7km	2.202 km	Under by 4.798km	<b>Target partially met</b> The procured aggregate material was received eight months late.
2.4.5	Number of dam safety evaluated	-	30	47	Over by 17	<b>Target exceeded</b> A concerted effort was put in completing the reports
2.4.6	Percentage adherence to Water Supply Agreements/ Authorisations and Operating Rules (Water Resource Operations)	92%	80%	92%	Over by 12%	<b>Target exceeded</b> The desire is to ensure that water supply is not below 80%

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
3.4.1.2	Number of job opportunities created through implementing operations of water resources infrastructure projects	133 job opportunities created	670 job opportunities	395 job opportunities created	Under by 275	<b>Target partially met</b> Delayed implementation of dam safety projects
<b>Sub-programme name</b> Regional Bulk Infrastructure Grant						
2.3.4	Number of mega regional bulk infrastructure project phases under construction	10	9	9	-	<b>Target met</b>
2.3.5	Number of mega regional bulk infrastructure project phases completed	1 (i.e. Mogalakwena phase 1)	2	3 O R Tambo King Sabata Dalindyebo (KSD) Water Supply Phase 2 of 2 Umshwathi BWS Phase 3 Jozini Bulk Water Supply	Over by 1 Jozini Bulk Water Supply	<b>Target exceeded</b> This is a recovery for the 2018/19 under achievement
2.3.6	Number of large regional bulk infrastructure project phases under construction	46	54	55	Over by 1	<b>Target exceeded</b> The project was implemented ahead of planned schedule

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
2.3.7	Number of large regional bulk infrastructure project phases completed	5	12	6	Under by 6	<p><b>Target partially met</b></p> <p><b>Greytown BWS:-</b> Project was stopped by local community who made various demands.</p> <p><b>Greater Mpofana BWS Phase 1:-</b> Project delayed as the main contractor went under business rescue.</p> <p><b>Greater Mamusa BWS Phase 3 (Bloemhof WTW):-</b> Delayed due to community unrest and SMMEs demands for 30% of the project cost.</p> <p><b>Taug /Naledi BWS Phase 2:-</b> Delay in Delayed due to community unrest and SMMEs demands for 30% of the project cost.</p> <p><b>Mafikeng BWS upgrade of WTW phase 2 (Mmabatho):-</b> There were constant stoppages due to community and labour unrests.</p> <p><b>Ratlou BWS Phase 1 (Setlagole):-</b> There were constant stoppages due to community and labour unrests.</p>

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
2.3.8	Number of small regional bulk infrastructure project phases under construction	24	31	27	Under 4	<p><b>Target partially met</b></p> <p><b>Tulbagh BWS Phase 12 of 13:</b> - Delays in appointment of the contractor and finalisation of approval of the variation order.</p> <p><b>Warrenton WTW-Delays</b> in finalisation in procurement process for appointment of contractor.</p> <p><b>Winsorton to Holpan BWS Phase 2 of 2-</b> The contractor has left site due to insufficient budget</p>
2.3.9	Number of small regional bulk infrastructure project phases completed	9	10	7	Under by 3	<p><b>Target partially met</b></p> <p><b>Mantsopa BWS Phase 2 of 2-</b> The project is on hold due to delays in appointment of a contractor</p> <p><b>Rouxville/ Smithfield/ Zastron BWS (Mohokare)-</b> Delays in completion of the project was as a result of community unrests at the project</p> <p><b>Koster WWTW Phase 1 of 1:</b> delays by the contractor to finalise mechanical works</p>

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
3.4.1.3	Number of job opportunities created through implementing RBIG infrastructure projects	649 job opportunities created	370	623 job opportunities created	Over by 253	<b>Target exceeded</b> More job opportunities were created from the projects that were under construction based on the required labour force.
<b>Sub-programme name</b> Water Services Infrastructure Grant						
2.3.12	Number of small WSIG projects under construction	181	254	263	Over by 9	<b>Target exceeded</b> Additional projects were implemented to address water and sanitation backlog challenges experienced by municipalities
2.3.13	Number of small WSIG projects completed	-	131	117	Under by 14	<b>Target partially met</b> Delayed appointments of contractors by municipalities deferred the project start dates and completion
2.3.14	Number of drought relief projects under construction	-	70	88	Over by 18	<b>Target exceeded</b> More projects were implemented to mitigate and eradicate the drought impacts for affected communities

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
2.3.15	Number of existing bucket sanitation backlog systems in formal settlements replaced with adequate sanitation services per year	2 019	12 221	692	Under by 11 529	<b>Target not met</b> The associated bulk infrastructure is needed to connect the completed internal reticulation network to the wastewater treatment works. Also, slow procurement processes delay the purchasing of material for outfall sewer lines and pump stations.
<b>Sub-programme name</b> Accelerated Community Infrastructure Programme						
2.4.7	Number of learners that complete training through the WoL programme	1 689	6 566	4 396	Under by 2 170	<b>Target partially met</b> Some learners were lost due to attrition and delays in completion of training have been experienced due to intermittent payments to implementing agents, which impacted the consistency in the payment of stipends and training colleges

### 4.3.2.3 Strategy to overcome areas of under performance

To get the projects ready for implementation, the following is being done:

- **Olifants River Water Resource Development Project Phase 2D:** a variation order to appoint the social facilitation / RAP tasks is being considered. Also, an aerial survey of the pipe route and reservoir site will be conducted to determine the effect of community encroachment on the servitude; this will be valuable for planning for land acquisition / RAP development.
- **Mokolo Crocodile (West) Water Augmentation Project Phase 2A:** a turnaround strategy was developed to manage under-performance of the Professional Service Provider; whilst a Notice of Correct Letter was also issued to the concerned PSP.

To ensure that the bulk raw water projects under construction, the following is being done:

- **Tzaneen Dam:** the procurement process for the appointment of the professional service providers and the acquisition of construction materials is being fast tracked to allow for commencing with site establishment. In addition, the design and design report are being finalised in order to obtain the license to construct.
- **Hazelmere Dam:** The signing of the SLAs with service providers is being fast tracked to allow for site re-establishment. In addition, a conditional appointment is issued to a specific service provider subject to the finalisation of the due diligence.
- **Mzimvubu Dam:** the discussions with discussions with PSP to obtain deliverables are underway. In addition, the contractor is required to accelerate the procurement of goods and service for the project. Also, the procurement of ECO is being finalised to satisfy the requirements of the EIA process.

To ensure the completion of the Goedertrouw Transfer Scheme the arbitration process will be followed to resolve the dispute raised by the contractor. The other contract management avenues are being explored.

To complete the dam safety rehabilitation projects, the following is being done:

- **Morgenstond Dam:** The contractor will be requested to resume works and to accelerate progress by increasing resources.
- **Nkadimeng Dam:** explore the options of replacing the project site agent. In addition, procure the remaining materials through the Framework for Infrastructure Delivery and Procurement Management (FIDPM).
- **Rietspruit Dam:** Procure the ECO through the FIDPM and also request the contractor to add more resource and accelerate the completion of works.
- **Kalkfontein Dam:** The contractor will be requested to resume works and the remaining materials will be procured through the FIDPM.
- **Marico Bosveld Dam:** The contractor will be requested to resume works and to accelerate progress by increasing resources

To implement projects as per Asset Maintenance Plan and maintain unscheduled maintenance to below 20%, the advertisement for the term contract was published and bids are being reviewed.

The rehabilitation of the conveyance systems is being accelerated after receiving the aggregate material with a slight improvement observed during the last quarter of the financial year.

To mitigate the underperformance of certain regional bulk infrastructure project phases, funds were reprioritised to projects that required acceleration for provision of sustainable water supply within respective provinces.

To accelerate the replacement of the existing bucket sanitation backlog systems in formal settlements, the Department's construction unit is being used to complete the required bulk infrastructure that will connect the completed systems to wastewater treatment works. Also, a service provider has been appointed to also fast track the implementation of four (4) projects in the Free State (namely Reitz, Petrus Steyn, Arlington and Dealesville).

To support the learners' completion of the training through the WoL programme, the Department will align with the higher education school calendar.



### 4.3.3 Sub-programme expenditure

Sub- Programme Name	2018/19			2019/20		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Strategic Infrastructure Development and Management	2 292 133	2 292 133	-	2 393 652	2 393 652	-
Operation of Water Resources	183 034	183 034	-	193 284	193 284	-
Regional Bulk Infrastructure Grant	5 608 285	5 083 262	525 023	6 001 821	5 152 526	849 295
Water Services Infrastructure Grant	5 551 873	5 508 133	43 740	4 518 055	4 389 534	128 521
Accelerated Community Infrastructure Programme	620 052	946 509	(326 457)	432 883	419 977	12 906
<b>Total</b>	<b>14 255 377</b>	<b>14 013 071</b>	<b>242 306</b>	<b>13 539 695</b>	<b>12 548 973</b>	<b>990 722</b>

## 4.4 Programme 4: Water Sector Regulation

Ensure the development, implementation, monitoring and review of regulations across the water supply value chain.

### 4.4.1 Sub-programmes

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

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

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

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

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

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

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

4.4.2.1 Programme strategic objectives

Programme name		Water Sector Regulation				
No	Strategic objectives	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
1.1	Water resources protected through water and sanitation services regulation, compliance monitoring and enforcement	The terms of reference for the regulatory framework have been developed	Draft regulatory framework developed	No achievement	Draft regulatory framework developed	<b>Target not met</b> The process was not finalised as the focus was on improving the individual regulatory requirements
		58% compliance level for mines measured against individual water use entitlements	65% compliance level for mines measured against individual water use entitlements	66% compliance level for mines measured against individual water use entitlements	Over by 1%	There was a slight increase in compliance by the sectors to their authorisation conditions
1.5	Freshwater eco-systems protected from wastewater impacts	Mine water management strategy developed for one catchment	Mine water management strategy developed for two catchments	Mine water management strategy developed for two catchments	-	<b>Target met</b>
3.1	Equitable water allocation and availability for socio-economic development	Validation and Verification of existing lawful use in 3 WMAs	Validation and Verification of existing lawful use in 2 water management areas (WMAs)	V & V for 2 WMAs in progress Gouritz (BGCMA): 93 of 15 411 properties have been verified Usutu (IUCMA): 759 of 1 437 properties were verified	Validation and Verification of existing lawful use in 2 water management areas (WMAs)	<b>Target not met</b> The capacity challenges and an additional 11 411 properties that were discovered when the project implementation was underway
4.2	Sound governance and oversight of the DWS public entities	Annual appraisals of shareholder compacts and business plans for 13 entities	Annual appraisals of shareholder compacts and business plans for 12 entities	Annual appraisals of shareholder compacts and business plans for 13 entities	-	<b>Target met</b>

4.4.2.2 Sub-programme performance indicators

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
<b>Economic and Social Regulation</b>						
1.5.1	Number of strategies developed for AMD mitigation	Mitigation strategy developed for the Pongola- Mtamvuna WMA	1	1 (i.e. Crocodile (West) -Limpopo AMD mitigation strategy)	-	<b>Target met</b>
1.5.2	Waste Discharge Charge System (WDCS) Implemented country wide	-	Review of existing gap analysis on WDCS	Review of existing gap analysis on WDCS	-	<b>Target met</b>
4.2.4	Water economic regulator established	Held working session with WTE and incorporation of additional comments from NT	Consultation plan for the draft business case of the independent economic regulator developed	The project is on hold	Consultation plan for the draft business case of the independent economic regulator developed	<b>Target not met</b> The project is on hold
4.2.5	Water pricing regulations implemented	2019/20 raw water charges and bulk tariffs approved	2020/21 raw water charges and bulk tariffs approved	2020/21 raw water charges and bulk tariffs approved	-	<b>Target met</b>
<b>Water use Authorisation and Administration</b>						
3.1.1	Percentage of applications for water use authorisation finalised within 300 days	81% (i.e. 476 out of 588)	80%	88%	Over by 8%	<b>Target exceeded</b> The increase in the efficiency of processing applications by certain regions resulted in the over achievement
<b>Water Supply Services and Sanitation Regulation</b>						
1.1.2	Number of non-compliant wastewater systems monitored against the Regulatory Standards	585	327	383	Over by 56	<b>Target exceeded</b> Additional plants were monitored due to proximity to other plants

No	Performance indicator	2018/19 actual achievement	Planned target for 2019/20	Actual achievement for 2019/20	Deviation from 2019/20 target	Comment
1.1.3	Number of non-compliant water supply systems monitored against the Regulatory Standards	0	371	389	Over by 18	Target exceeded Additional plants were monitored due to proximity to other plants
<b>Sub-programme name</b> <b>Compliance Monitoring and Enforcement</b>						
1.1.5	Number of water users monitored for compliance	407	309	317	Over by 8	<b>Target exceeded</b> Additional audits were done to respond to complaints and referrals that were received during the course of the financial year
1.1.6	Percentage of reported non-compliant cases investigated	94% (i.e. 441 of 471)	80%	84%	Over by 4%	<b>Target exceeded</b> Additional investigations conducted due to a concerted effort to curb non compliance
<b>Sub-programme name</b> <b>Institutional Oversight</b>						
4.2.1	National Water Resources and Water Services Authority established	No achievement	Final concept note for establishment of the Authority	Final concept note for establishment of the Authority	-	<b>Target met</b>
4.2.2	Number of Catchment Management Agencies gazetted for establishment	No achievement	0 (Boards appointed for Vaal, Olifants, Limpopo-North West and Phongola-Mzimkhulu CMAs)	Proposal for the establishment of six CMA and roadmap	Boards appointed for Vaal, Olifants, Limpopo-North West and Phongola-Mzimkhulu CMAs	<b>Target not met</b> Changes in the reconfiguration of CMAs from 9 to 6
4.2.3	Number of regional water utilities gazetted for establishment	No achievement	0 (Roadmap for the establishment of proto-regional water utilities developed (Sedibeng; Magalies and Bloem))	Draft roadmap for the establishment of proto-regional water utility developed	Approved roadmap for the establishment of proto-regional water utility	<b>Target not met</b> The approval process took longer than anticipated

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

The establishment of an independent economic regulator has been put on hold to allow for further engagement with the relevant stakeholders and for the Executive Management to decide on the project status.

The roadmap for the establishment of proto-regional water utilities has since been approved during the first quarter of the 2020/21 financial year.

#### 4.4.3 Sub-programme expenditure

Sub- Programme Name	2018/19			2019/20		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Water Sector Regulation Management and Support	29 706	28 177	1 529	38 363	36 247	2 116
Economic and Social Regulation	18 116	17 402	714	22 531	20 981	1 550
Water Use Authorisation and Administration	59 234	58 864	370	61 996	57 705	4 291
Water Supply Services and Sanitation Regulation	12 118	10 862	1 256	62 527	12 893	49 634
Compliance Monitoring Enforcement	110 513	103 862	6 651	116 232	112 345	3 887
Institutional Oversight	64 937	63 475	1 461	99 719	50 845	48 874
<b>Total</b>	<b>294 623</b>	<b>282 641</b>	<b>11 982</b>	<b>401 368</b>	<b>291 016</b>	<b>110 352</b>

## 5 TRANSFER PAYMENTS

### 5.1 Transfer payments to public entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	
Amatola Water Board	Implementation of Nooitgedagt BWS	185 000	120 000	<b>Nooitgedagt BWS</b> – overall progress is 65%
Sedibeng Water Board	Replacement of Namakwa Bulk Water Supply and implementation of Vaal Gamagara Groundwater Resource Development	277 891	277 891	88% Complete for phase 1 of <b>Vaal Gamagara pipeline</b> . 55% complete for phase 2 of <b>Namakwa BWS</b>
Umgeni Water Board	Implementation of Greater Mpofana, Umshwathi Bulk Water Supply System and Maphumulo BWS	320 000	320 000	<b>Greater Mpofana</b> - overall progress is 87% complete and the due completion date is now December 2020, due COVID 19 extension of time claims granted by the engineer. <b>Umshwathi Regional Bulk Scheme</b> Phase 3 complete (100%) <b>Maphumulo BWS</b> – phase 1 100%, phase 2 Design for the Upgrade of WTW 88% complete.
<b>Total</b>		<b>782 891</b>	<b>717 891</b>	

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

The table below reflects the transfer payments made for the period 1 April 2019 to 31 March 2020.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount		Reasons for the funds unspent by the entity
				transferred (R'000)	spent by the entity (R'000)	
Regional Bulk Infrastructure Grant	Municipalities	To develop new, refurbish, upgrade and replace ageing water and waste water infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality.  To pilot regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements.	Yes	2 028 516	1 240 303	Municipalities are allowed to spend funds within their financial year which runs until end of June, so there is not under spending as municipalities are still within their financial year.



Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount transferred		Amount spent by the entity		Reasons for the funds unspent by the entity
				(R'000)	(R'000)	(R'000)	(R'000)	
Water Services Infrastructure Grant (WSIG)	Municipalities	Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities. Provide interim, intermediate water and sanitation supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes. Provide on-site sanitation solutions. Support the existing bucket eradication programme intervention in formal residential areas. Support drought relief projects in affected municipalities. Provide on-site sanitation solutions. Support the existing bucket eradication programme intervention in formal residential areas. Support drought relief projects in affected municipalities.	Yes	3 669 319	1 297 530	Municipalities are allowed to spend funds within their financial year which runs until end of June, so there is not under spending as municipalities are still within their financial year.		
Licences	Municipalities	Boats and Vehicles Licensing	Yes	7	7			
Energy Water Sector Education and Training Authority (EWSETA)	Departmental Entity	Payment of the Skills Levy in terms of the Skills Development Levy Act to the Energy and Water Sector Education Training Authority	Yes	2 986	2 986			

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount transferred		Amount spent by the entity		Reasons for the funds unspent by the entity
				(R'000)	(R'000)	(R'000)	(R'000)	
Water Trading Entity	Departmental Entity	Funds the Social portion of new infrastructure development and improvement of infrastructure, 2/3 of the Acid Mine Drainage costs, and it also covers the head office support function.	Yes	2 367 036	2 367 036	2 367 036	-	
Komati River Basin Water Authority (KOBWA)	Foreign Government/ International Organisation	The repayment of outstanding loans to various financial institutions for Driekoppies and Maguga dams; and operational overheads. Driekoppies Dam was funded 100% by South Africa while the Maguga Dam was funded on a 60:40 ratio by South Africa and Swaziland. The loan capital was the main source of funding for the project. All loans were raised by KOBWA. The loans for Driekoppies were guaranteed by the Government of South Africa alone, whereas loans for the Maguga Dam were guaranteed by South Africa with a back-to-back guarantee from Swaziland. The balance of the funds for the Project was provided directly by the Governments.	Yes	219 900	219 900	219 900	-	
Limpopo Watercourse Commission (LIMCOM)	Foreign Government/ International Organisation	The Limpopo Watercourse Commission (LIMCOM) Secretariat's operational costs. In order to fully discharge its mandate, the LIMCOM took a decision on 30 of November 2011 to establish a Secretariat as provided for in Article 4.2 of the LIMCOM agreement, to assist in the implementation of the Council decisions. Once established, the Secretariat should act as a focal point for the Commission's activities and to provide administrative and secretarial support.	Yes	800	800	800	-	

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
		The LIMCOM current interim Secretariat is hosted by the Republic of Mozambique, Maputo. The work to be done by the LIMCOM is considered essential and in line with the South African commitments to Integrated Water Resources Management (IWRM) in the SADC region as envisaged by the Revised SADC Protocol on Shared Watercourses, an agreement to which South Africa is a signatory to.	Yes			
Orange-Senqu River Basin Commission (ORASECOM)	Foreign Government/ International Organisation	The Orange-Senqu River Basin Commission (ORASECOM) Secretariat's operational costs.  The ORASECOM was established in the year 2000 through an agreement amongst the Republic of Botswana, the Kingdom of Lesotho, the Republic of Namibia and the Republic of South Africa. The Commission established the Permanent Secretariat in the year 2007 and is based in Centurion, Republic of South Africa.	Yes	6 202	6 202	-
African Ministers' Council on Water (AMCOW) Trust Fund	Foreign Government/ International Organisation	The African Ministers' Council on Water (AMCOW) Secretariat's operational costs.  The African Ministers' Council on Water (AMCOW) was formed in 2002 in Abuja Nigeria, primarily to promote cooperation, security, social and economic development and poverty eradication among member states through the management of water resources and provision of water supply services.	Yes	149	149	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
Farmer Support	Household	<p>The Department of Water and Sanitation offers resource poor farmers financial assistance to wards purchasing irrigation infrastructure through the existing Resource Poor Farmers (RPF) policy and its implementation framework.</p> <p>The financial assistance may be used for:</p> <ul style="list-style-type: none"> <li>• Capital cost of water distribution and/or storage infrastructure;</li> <li>• Operation and Maintenance, Water Resource Management and Depreciation charges;</li> <li>• Acquisition of Water Entitlement for irrigation;</li> <li>• Socio-Economic viability studies and investigations;</li> <li>• Training of management committees of the Water User Associations or any Legal Entity approved by the Minister or his/her delegated official;</li> <li>• Rainwater tanks for household productive uses by thye poor.</li> </ul>	Yes	501	501	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with S38 (1) (j) of the PFMA	Amount transferred	Amount spent by the entity	Reasons for the funds unspent by the entity
				(R'000)	(R'000)	
NEPAD Business Foundation	AU/NEPAD Southern African Network of Water Centre of Excellence (AU/NEPAD SANWATCE) – a network of universities and research institutions in Southern Africa Region.	Funds were used for water related research agendas and initiatives which will in turn be beneficial to the Sector. The University of Stellenbosch and DWS collaborated and combined their respective expertise for mutual interests in the development, research, innovation, education and training in the Southern African Development Community (SADC) region. It provided for support of on-going activities through the AU/NEPAD SANWATCE Secretariat, within the water and related sectors through the conclusion of appropriate agreements on a project by project basis.	Yes	1 000	1 000	-
South African Youth Water Prize	Star College in KZN, ZM Seatlholo in NW and Protea Glen High School in Gauteng	Cash prizes for position 1, 2 and 3 for the National SAYWP winners	Yes	25	25	-
Various Institution: 2020 Vision	Water and Sanitation Education Programme	2020 Vision for Water and Sanitation Education Programme hosted 2019 National Adjudication which is a culmination of 2020 VFWSEP provincial activities as per different Action Projects of the Programme.	Yes	1610	1610	-

## 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
Purpose of the grant	<ul style="list-style-type: none"> <li>To develop new, refurbish, upgrade and replace ageing water and waste water infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality</li> <li>Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>44 regional bulk water and sanitation projects phases under construction</li> <li>15 of projects/project phases completed</li> <li>69 521 households targeted to benefit from bulk water and sanitation supply</li> <li>A combined total of 370 (i.e. 5B and 6B) job opportunities created through implementation of bulk infrastructure projects</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>43 projects phases under construction</li> <li>11 project phases completed</li> <li>A total of 421 134 households benefitted</li> </ul>
Amount per amended DORA (R'000)	2 066 360
Amount transferred (R'000)	2 028 516
Reasons if amount as per DORA not transferred	Implementation Readiness Studies, which is very critical as it, ascertain the readiness of the implementation is not finalized in time for the projects. Municipalities would have not spent the budget and rollover would have not been approved.
Amount spent by the municipalities (R'000)	1 240 303
Reasons for the funds unspent by the municipalities	Delays in implementation of projects have negative effect of spending. Although the funds are committed, delays such as community unrest, labour unrest hinder onsite progress
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports. Department try all the time to resolve the risks that have negative impact on implementation of projects

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

Municipality to which the grant has been transferred	Various municipalities
Purpose of the grant	<ul style="list-style-type: none"> <li>• To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities</li> <li>• Provide interim, intermediate water supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes</li> <li>• To support drought relief projects in affected municipalities</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>• Number of household provided with water and sanitation</li> <li>• 244 projects under construction</li> <li>• 131 projects completed</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>• 28 031 households</li> <li>• 259 projects under construction</li> <li>• 58 projects completed</li> </ul>
Amount per amended DORA (R'000)	3 669 319
Amount transferred (R'000)	3 669 319
Reasons if amount as per DORA not transferred	Allocation fully transferred
Amount spent by the municipalities (R'000)	1 297 530
Reasons for the funds unspent by the municipalities	Municipalities are allowed to spend funds within their financial year which run until end of June, so there is not under spending as municipalities are still within their financial year
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports



## 6.2 Conditional grants and earmarked funds received

The tables below details the conditional grants and ear marked funds received during for the period 1 April 2019 to 31 March 2020.

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

Purpose of the grant	<ul style="list-style-type: none"> <li>To develop new, refurbish, upgrade and replace ageing water and waste water infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality</li> <li>Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>50 regional bulk water and sanitation projects phases under construction</li> <li>9 projects/project phases completed</li> <li>25 713 households targeted to benefit from bulk water and sanitation supply</li> <li>A combined total of 370 (i.e. 5B and 6B) job opportunities created through implementation of bulk infrastructure projects</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>48 projects phases under construction</li> <li>5 project phases completed</li> <li>A total of 81 087 households benefitted</li> </ul>
Amount per amended DORA (R'000)	3 094 450
Amount received (R'000)	3 094 450
Reasons if amount as per DORA was not received	N/A
Amount spent by the Department (R'000)	2 292 382
Reasons for the funds unspent by the entity	Delays by implementing agents in implementing projects, which mainly caused by slow SCM processes, litigations process due to SCM processes. Community unrest also delays progress on site.
Reasons for deviations on performance	Delays by implementing agents in implementing projects, which mainly caused by slow SCM processes, litigations process due to SCM processes. Community unrest also delays progress on site.
Measures taken to improve performance	Implementing Agents to report urgently on risks that will have negative effect on the implementation of projects. Where possible reallocate budget to avoid under spending.
Monitoring mechanism by the receiving department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports. Department try all the time to resolve the risks that have negative impact on implementation of projects

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

Purpose of the grant	<ul style="list-style-type: none"> <li>To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities</li> <li>Provide interim, intermediate water supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes</li> <li>To support drought relief projects in affected municipalities</li> </ul>
Expected outputs of the grant	<ul style="list-style-type: none"> <li>Number of household provided with water and sanitation</li> <li>10 projects under construction</li> <li>0 projects completed</li> </ul>
Actual outputs achieved	<ul style="list-style-type: none"> <li>28 031 households</li> <li>4 projects under construction</li> <li>0 projects completed</li> </ul>
Amount per amended DORA (R'000)	644 085
Amount received (R'000)	644 085
Reasons if amount as per DORA was not received	N/A
Amount spent by the department (R'000)	548 285
Reasons for the funds unspent by the entity	Delay in the finalisation of service level agreements as well as non-availability locally of some of the materials
Reasons for deviations on performance	Delay in the finalisation of service level agreements
Measures taken to improve performance	Departmental Bid Adjudication Committee meeting to be held regularly to deal with service level agreement
Monitoring mechanism by the receiving department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports

## 7 DONOR FUNDS

### 7.1 Donor funds received

- None

## 8 CAPITAL INVESTMENT

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

Infrastructure projects	2018/19				2019/20		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
New and replacement assets	3 417 741	2 524 358	893 383	2 959 151	2 035 140	924 011	
Existing infrastructure assets	109 548	54 176	55 372	195 945	133 225	62 720	
Upgrades and additions	25 317	18 379	6 938	59 123	8 345	50 778	
Rehabilitation, renovations and refurbishments	80 454	32 020	48 434	75 668	63 868	11 800	
Maintenance and repairs	3 777	3 777	-	61 154	61 012	142	
Infrastructure transfer	9 910 149	9 910 149	-	9 105 506	9 067 662	37 844	
Current	391 273	391 273	-	413 184	413 184	-	
Capital	9 518 876	9 518 876	-	8 692 322	8 654 478	37 844	
<b>Total</b>	<b>13 437 438</b>	<b>12 488 683</b>	<b>948 755</b>	<b>12 260 602</b>	<b>11 236 027</b>	<b>1 024 575</b>	

# PARTIC



GOVERNANCE



## 1 INTRODUCTION

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

## 2 RISK MANAGEMENT

Risk Management is an integral part of our business model.

Embedded throughout the business, our Risk Management function ensures an integrated approach to managing current and emerging threats. Risk Management plays an integral role in business strategy and planning discussions, where our risk appetite framework facilitates risk-return discussions and sets boundaries to the Department -wide risk-taking.

Taking and managing risk is central to the Department's business. The Department's risk management framework sets out how Department organises and applies its risk management practices to ensure that all activities are conducted in line with the principles and limits mandated by the Department Risk Policy.

The Department Risk Policy describes Department's risk mandate, including our risk appetite framework, and articulates the Department's four fundamental risk management principles. We strive to apply these four principles consistently across all risk categories at Department, Branch level, Regional level and Cluster level:

- **Controlled risk-taking:** financial strength and sustainable value creation are central to Department's value proposition. The Department thus operates within a clearly defined risk policy and risk control framework.
- **Clear accountability:** The Department's operations are based on the principle of delegated and clearly defined authority. Individuals are accountable for the risks they take on, and their incentives are aligned with Department's overall strategic objectives.
- **Independent risk controlling:** Dedicated units within Risk Management control all risk-taking activities. They are supported by independent Department Internal Audit function.
- **Transparency:** risk transparency, knowledge sharing and responsiveness to change are integral to the risk control process. The central goal of risk transparency is to create a culture of mutual trust, and reduce the likelihood of surprises in the source and potential magnitude of losses.

The Department has an Independent Risk Management Committee chaired by an external person, and an Operational Risk Management Committee chaired by a Deputy Director General. There is also a Risk Management forum for all the risk champions. All the risk governance structures are holding their meetings quarterly. The Department Risk Management Committee had produced four reports which were shared with the Department Audit Committee and submitted to the Accounting Officer.

## 3 FRAUD AND CORRUPTION

During the risk assessment process, the Department has also considered its fraud risks exposure. In an attempt to minimize and to ensure their subsequent elimination, the Department put various measures in place. The Department has adopted zero tolerance to fraud and corruption and has approved a fraud policy as well as an anti-corruption and fraud prevention plan. In its fraud policy, the Department subscribes to the Protected Disclosure Act. This means employees who have reported incidents of fraud and corruption are protected from any form of occupational detriment. The anti-corruption and fraud prevention plan is an overall plan that sets out how the Department will reduce fraud and corruption. It sets out the activities that the Department will carry out to limit or eliminate the exposure of corruption and fraud. This was implemented during the financial year and is reviewed annually.

The Directorate: Forensic Audit & Quality Assurance investigated irregularities amounting to R3 billion utilising internal resources. As part of the Department's pro-active fraud prevention measures, pro-active work carried out by the Internal Audit Unit also averted irregular expenditure to the amount of R1.360 billion. The Directorate held 22 fraud awareness sessions to various Directorates within the Department and 900 officials were in attendance. This was done to ensure that the officials are kept abreast of different ways in which the Department could be exposed to the risk of fraud and corruption and to deter officials from engaging in fraud and corrupt activities.

The awareness sessions are targeted at new officials during their induction programme and existing officials throughout the Department (including the Regions and Clusters). These workshops are aimed at increasing vigilance of the officials. The Department uses internal and external sources for identifying incidents of fraud and corruption. The external source is mainly the National Anti-Corruption Hotline (NACH), coordinated by the Public Service Commission (PSC) to ensure that all cases of fraud and corruption are reported centrally and redirected to the Department for investigation. Feedback is then provided to the Public Service Commission on how the reported matters have been handled.

The internal source is mainly through the officials reporting the incidents of fraud and corruption to the Office of the

Director-General (ODG). Subsequent to the DG's approval, the Department's Forensic Investigation Unit located within Internal Audit investigates and issues reports to the DG to implement the recommendations as well as the DWS Audit Committee for noting and subsequent monitoring. The Department's Forensic Investigations Unit remains independent, free of bias and aspires to remain free of any kind of influence. All managers and employees within their areas of responsibilities are responsible for the detection and prevention of fraud and corruption.

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

## 4 MINIMISING CONFLICT OF INTEREST

The Public Service Code of Conduct sets standards for ethical conduct in the Public Service and is supported by the Financial Disclosure Framework that requires various categories of employees to declare their financial interests annually. During the 2019/2020 financial year the following categories of employees declared their financial interests as indicated in the table below:

Group	Submitted	Not submitted	Total	% compliance
Senior Management Service - SMS	188	0	188	100%
Employees equivalent to level 12 and above through the OSD.	361	62	424	85.1%
Employees on level 12				
Employees on salary level 11 and OSD equivalent	724	420	1144	63.3%
Branch: Finance (Main) and WTE required to submit				



Verification of disclosures needs to take place by Ethics officers. Verification process will identify if there are possible conflicts of interest. Letters of non-compliance will be prepared for those that have not complied and sent to Branch Heads to issue to employees that have not submitted by the deadline.

## 5 CODE OF CONDUCT

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

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

## 6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

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

## 7 PORTFOLIO COMMITTEES

Parliament is vested with legislative authority as well as overseeing delivery of services to all South African citizens by government. Parliament comprises of two Houses; the National Assembly (NA) as well as the National Council of Provinces (NCOP) mandated with the responsibility for law-making, oversight, public participation and facilitation of co-operative government within all spheres of government. Parliament appropriates funding on

behalf of government following scrutiny of government plans for implementation of service delivery programmes. It is through the NCOP that the interests of provinces are represented in law making and oversight.

Parliament ensures that government remains accountable to the people through the work of its multi-party committees in the National Assembly and the National Council of Provinces. The Committees hold government accountable by monitoring the expenditure of funds and implementation of programmes in line with the priorities that government commits to in terms of their Annual Performance Plans. Parliamentary committees also undertake oversight visits to different provinces to interact with different communities and verify whether services are delivered in accordance with plans tabled before Parliament. The oversight visits also affords Parliamentary Committees an opportunity to assess the impact of service delivery.

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

- There were fifteen (15) meetings with the Portfolio Committee of Human Settlements, Water and Sanitation (PCHSWS)
- There were three (3) engagements with the Select Committee on COGTA
- There were two (2) engagements with Standing Committee on Appropriations (SCoA)
- There were three (3) engagements with the Standing Committee on Public Accounts (SCOPA)
- There was one (1) engagement with the Portfolio Committee on Public Service Management and Administration (PSMA)

There were three (3) oversight visits conducted by the Committee as follows:

- Two (2) visits to Gauteng Province
- One (1) visit to Limpopo Province

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

- Department's performance which includes performance of the department and related entities, including the Water Boards
- Conformance, in terms of which the department accounts on the extent to which it has complied with legal requirements
- Matters of community interests such as how the department is addressing challenges arising in relation to delivery of water and sanitation services.

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

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
<b>Department's performance</b>			
10 September 2019	Engagement with Stakeholders on challenges experienced at the Rooiwal WWTW	Committee was concerned about reports that water supplied by the Tshwane Metro to the residents of Hammanskraal was polluted due to the release of non-compliant effluent into Apies River and other water sources in the area and invited DWS, Tshwane Metro and other stakeholders to provide a progress report on measures to be implemented to turn the situation around	<p>The Department indicated that it was working together with the Tshwane Municipality to implement short to long medium term interventions at the Rooiwal WWTW and to improve water quality in the Apies River and the Leeukraal Dam as follows:</p> <ul style="list-style-type: none"> <li>• Upgrade of the Rooiwal WWTW commenced in October 2019 at a cost of R290 million over a 36 month period to provide 80 Ml/d of additional treatment capacity</li> <li>• Rehabilitation of the Apies River to improve the raw water quality</li> <li>• Dredging of the Leeuwkraal Dam to remove the sludge that had settled over at least 10 years, at an estimated cost of R120 million over a three-year period</li> <li>• Water tankers had been deployed to provide potable water to the residents of Hammanskraal affected by polluted water.</li> <li>• The interventions at the Rooiwal WWTW and Temba WTW would enable the sustained provision of drinking water that met the SANS 241 standard to the residents of Hammanskraal.</li> </ul>
29 October 2020; and 05 November 2020	Joint meeting of the Portfolio Committee on Human Settlements, Water and Sanitation and Portfolio Committee on Cooperative Governance and Traditional Affairs to consider Municipal Debt owed to Water Boards	Members were concerned about the lack of consensus between the recommendations of SALGA, COGTA, DWS and Treasury on the approach to effectively address municipal debt to Water Boards; particularly with the municipalities' water-use debt which had escalated by 14%, from R13.1 billion in September 2018, to R14.9 billion in September 2019	<p>Proposed way forward at a policy and operational level tabled SALGA, COGTA, DWS and National Treasury to the Joint Committee as follows:</p> <ul style="list-style-type: none"> <li>• Targeting infrastructure grants and equitable share to service historical debt is not a sustainable solution;</li> <li>• Multi-year tariff determinations will promote stability and predictability of water tariffs;</li> <li>• Common tariff methodologies to determine water costing and pricing.</li> </ul> <p>DWS indicated that it was in discussion with National Treasury and COGTA as well as SALGA and an action plan to ring-fence funds to pay water, consider top slicing of municipal grants and the deferral of interest payments is under consideration.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
12 November 2019; and 26 November 2020	Department of Water and Sanitation Turnaround Strategy	<p>Committee raised concerns about the financial burden of accruals and commitments on the Department and that it would negatively the functioning of the Department and the ability to implement infrastructure projects. In this regard, the Committee resolved that the Department should develop a turnaround strategy which would effectively address the challenges affecting the financial viability and sustainability of the Department.</p>	<p>The Department had entered into debt restructuring arrangements with creditors which improved the cash position by the end of September 2019. Key elements of the Turnaround Strategy include;</p> <ul style="list-style-type: none"> <li>Strengthening governance by enhancing the operations of Department through appropriate and comprehensive system of delegations, capacity building, improved governance and political oversight</li> <li>Human resource management, training and organisational restructuring by assessing the service delivery model, appropriately aligning structures and the filling of critical posts, contractually or through secondments;</li> <li>Improved cash flow management and financial sustainability with revenue protection, enhancement, growth and management together with stricter expenditure management and administration through proper supply chain management, risk management and addressing audit related issues, amongst others;</li> <li>Re-prioritisation of the budget to ensure a credible, balanced and cash backed budget. With tariff restructuring and a review of all functions, negotiation and settlement of</li> </ul>
<b>Department's conformance</b>			
05 July 2020	Briefing on the Annual Performance Plan of the DWS	<p>The committee resolved that the department, in consultation with National Treasury should develop and implement a financial recovery plan for the improvement of the Department's financial position and service delivery performance with reference to accruals, under-expenditure, and fruitless and wasteful expenditure.</p> <p>Concerns were raised about the Bucket Eradication Programme and when the project would be concluded</p>	<p>Department informed the committee that a Financial Recovery Plan had been developed by a joint task team including officials from National Treasury and the Department, and the specialists contracted to the Department to advice on a wide spectrum of focus areas.</p> <p>Department also reported on ongoing internal Investigations alongside investigations being undertaken by the Special Investigating Unit (SIU) to ensure that those responsible for irregularities are held to account.</p> <p>The DWS Construction unit will be instrumental in completing the outstanding Bucket Eradication Project in the Free State and the Northern Cape; supported by the internal Engineering Services doing the design work and project oversight. A budget of R637 million was allocated for the programme in 2019/20.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
20 August 2020	Quarter 1 Performance Report	Members were concerned about how the Department was going to deal with the Accruals, and how the department would ensure that planned projects would not be affected negatively.	<p>Financial recovery plan had been developed by working with National Treasury. It had also been presented to the water boards. The plan would address the sector as a whole, including challenges involving the water boards.</p> <p>Furthermore, the department indicated that there were meetings scheduled with Treasury twice a month to track the plan. The key elements of the plan include governance and compliance, asset and liability management to ensure the department is able to account for its commitments, revenue enhancement and community participation. The Department had engaged the Chief Procurement Officer.</p>
13 November 2019	SCOPA briefing on the non-submission of the Annual Report	The Department was asked to furnish the Committee with reasons for non-submission of the Annual report in accordance with the legislated timelines	<p>The Department explained that its main account had been audited. The delay had been with a separate water trading account linked to the Trans-Caledon Tunnel Authority. There had been a difference in interpretation with the Auditor-General over the nature of the documents required to substantiate payments made to various entities involved in the Lesotho Highlands Water Project. This would have resulted in a qualified audit opinion. The outstanding issues had been resolved and it had submitted its annual financial statements, which were expected to be fully audited by 31 December 2019.</p>
<b>Matters of community interest</b>			
03-07 February 2020	Oversight visits to the Gauteng and Limpopo	Members enquired on the progress on SIU investigation on Lepelle Northern Water	<p>DWS indicated that an internal investigation relating to Giyani project was finalized and the disciplinary process is underway. In relation to investigation by the SIU the process is in progress and that the SIU preliminary report was tabled to SCOPA in the 5th Administration</p>
		In relation to vandalization and theft of infrastructure, DWS to provide details for prevention measures that will be put in place to protect the infrastructure in Giyani	<p>The department reported the following progress:</p> <ul style="list-style-type: none"> <li>• Theft cases have been opened with the police and measures have been put in place by engaging with the Traditional Leaders to facilitate buy-in and ownership of the infrastructure by the communities</li> <li>• In addition to the safeguarding of the infrastructure the structures implemented by the former Minister to communicate with local communities are working properly</li> </ul>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>The committee enquired as to whether there are boreholes to augment water supply to Polokwane and Seshego</p>	<p>The Polokwane Municipality, through the Water Services Infrastructure Grant (WSIG) administered by DWS, is currently developing groundwater sources to address water challenges in Polokwane and Seshego. The wellfield development project is anticipated to be completed by July 2021.</p>
		<p>Members enquired about partnerships in place to ensure water supply to communities without any water infrastructure</p>	<p>The DWS indicated collaborating with the Municipalities, Provincial COGTA, Water Boards and Water Users Associations to ensure supply of water to all communities.</p> <p>The Department is funding the municipalities through the RBIG and WSIG to address bulk infrastructure needs and also complements MIG in addressing reticulation and boreholes development in areas without bulk water</p>
		<p>Members raised the issue of the pollution in the Vaal River which poses serious health risk for the communities. The committee called for project implementation to be scaled up to improve water quality in the Vaal River</p>	<p>The department reported that pollution of the Vaal River is caused by spillages of raw sewage and industrial waste into the Vaal River has negative environmental and health impact.</p> <p>The department is implementing the Vaal River System Intervention the purpose of which is to resuscitate all wastewater treatment infrastructure to an operational state and curb pollution in the Vaal River without any major structural upgrades</p> <p>The department also reported that Netherlands has offered to assist with the dredging of the Vaal River and also have offered the funding to RSA for the project.</p>

Date of meeting	Topic/ Agenda	Matters raised by the committee	Response by the department
		<p>Legislation should be tightened to deal with pollution issues including implementation of the Polluter Pays Principle, so that the interventions by DWS to curb pollution can be effective</p> <p>The Committee requested the department to furnish reasons why the WWTW in Gauteng in the West Rand were not fully compliant/ operational</p> <p>Committee visited the Rooiwal WWTW to determine whether there were improvements in the effluent and whether lab test results had given any indication of the condition of the effluent released into the Apies River (February 2020) compared to October 2019?</p>	<p>The department is playing its role in terms of issuing Directives to non-compliant municipalities as part of consequence management in line with the Inter-governmental Framework</p> <p>Department indicated that reasons for non-functionality of the Wastewater Treatment Works (WWTW) in the West Rand include theft and vandalism of infrastructure by Zama Zamas; damage to sanitation Infrastructure caused by sinkholes in the West Rand area.</p> <p>Department reported that it was in the process of implementing the Westonia Regional Sanitation Scheme (WRSS). The projects were intended to provide additional wastewater treatment capacity within West Rand due to anticipated number of developments in the area.</p> <p>When the Committee visited the Rooiwal WWTW improvements were identified at the plant in line with the report to the committee that chlorine was available and being utilized at the plant to disinfect the effluent prior to discharge into the Apies River and Leeukraal Dam.</p>

## 8 SCOPA RESOLUTIONS

There were no resolutions for the period under review.

## 9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
<b>Department of Water and Sanitation</b>		
<p><b>Material uncertainty relating to going concern</b></p> <p>I draw attention to the matter below. My opinion is not modified in respect of this matter.</p> <p>As stated in note 2 of the accounting policies to the financial statements, the department had an overdraft of R119 million (2016-17: R193 million), cumulative unauthorised expenditure of R933 million (2016-17: R406 million), and accruals and payables to the value of R2,005 billion (2016-17: R1,572 billion) as at 31 March 2018. As further stated in note 2, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the department's ability to continue as a going concern (thus its ability to undertake its objectives where the vote has been depleted).</p>	2016/17	<p><b>Resolved</b></p> <p>The Department closed with a favourable bank balance of R 204 390 000 for 2019/20 financial year.</p> <p><b>Management interventions:</b></p> <ul style="list-style-type: none"> <li>Enforced compliance with the PFMA and Treasury Regulations by settling the bank overdraft and ensuring consequence management for any contravention on banking arrangements.</li> <li>Strict capital commitments, liability and cash flow management whilst ensuring compliance with 30 days payment requirement.</li> <li>Reinforced of governance, compliance and internal control culture including consequence management</li> <li>Turnaround strategy incorporating financial recovery plan.</li> </ul>
<b>Water Trading</b>		
<p><b>Receivable from exchange transactions</b></p> <p>The entity did not disclose all receivables from exchange transactions in accordance with the requirement of GRAP 104, Financial instruments and financial liabilities. The entity offset receivable against liabilities not in accordance with the requirement of GRAP 1, Presentation of financial statement, which only allows for the practice where it is between the same two parties and an agreement is in place to settle the amounts net. Consequently, receivables from exchange transactions stated at R5 118 402 000 and Financial liabilities: TCTA stated at R20 729 271 000, were misstated by R1 034 113 000, as disclosed in notes 13 and 22 to the annual financial statement.</p>	2018/19	<p><b>Resolved</b></p> <p>Management Interventions:</p> <ul style="list-style-type: none"> <li>TCTA clearing account wherein posting to permanent accounts is processed upon validation of supporting schedules (Revenue, expenditure, assets &amp; liabilities).</li> <li>DWS and TCTA implemented proactive process, allocations and recons review mechanism.</li> <li>The errors have been rectified.</li> </ul>



Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
<p><b>Financial liabilities: TCTA</b></p> <p>The entity did not disclose all the financial liabilities to the Trans-Caledon Tunnel Authority (TCTA) in accordance with GRAP 104, financial Instruments, as the entity did not adequately disclosed the two thirds portion of the Acid Mine Drainage liability. The entity did not have adequate systems to determine the full extended and account for their portion of the liability, which originates from TCTA, and as a result I was unable to determine the full extent of the liability. In addition, the financial liabilities disclosed in the financial statement do not agree to the underlying financial models which form the basis of the liabilities. As a result, the financial liabilities: TCTA were misstated by an amount of R583 884 000. I was unable to confirm the carrying amount of Financial Liabilities: TCTA by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to financial liabilities: TCTA stated at R20 729 271 000(2018: R24 106 102 000), disclosed in note 22 to the annual financial statement. As the entity did not maintain adequate records, and did not perform appropriate reconciliation on the records of TCTA thereon, it was impracticable to determine the consequential impact on the related items(s) of expenditure and/or assets.</p>	2018/19	<p><b>Resolved</b></p> <p>Management Interventions:</p> <ul style="list-style-type: none"> <li>• The WTE performs various recons on a monthly and annual basis with TCTA supported by quarterly statutory reports.</li> <li>• Process shortcomings exacerbated by time constraints impacted reviews.</li> <li>• WTE has put in proactive recons, review and monitoring mechanism of TCTA Accounts.</li> </ul>
<p><b>Material uncertainty relating to going concern</b></p> <p>I draw attention to the matter below. My opinion is not modified in respect of this matter.</p> <p>As stated in Note 1.6 of the accounting policies in the financial statements, the entity incurred a deficit of R573 million (2016-17: R3,764 billion) during the year ended 31 March 2018. Furthermore, the entity incurred an overdraft of R1.412 billion (2016-17: R2.187 billion) as disclosed in note 19 to the financial statement, accruals and payables to the value of R1.424 billion (2016-17: R1.519 billion) as disclosed in note 18 to the financial statement. As stated in Note 1.6 of the accounting policies, these events or conditions, along with other matters as set forth in Note 1.6, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Furthermore the entity's budget for 2018-19 was only approved on the 3rd of August 2018.</p>	2016/17	<p><b>Resolved</b></p> <p>The overdrawn account has reduced significantly in subsequent periods. The WTE closed with a favourable bank balance of R 1 040 905 000 for 2019/20 financial year.</p> <p>Management interventions:</p> <ul style="list-style-type: none"> <li>• Enforced compliance with the PFMA and Treasury Regulations by settling the bank overdraft and ensuring consequence management for any contravention on banking and cash management regulations.</li> <li>• Reinforced of debt management policy including accurate timely billing, credit control and recovery initiatives.</li> <li>• Strict capital commitments, liability and cash flow management whilst ensuring compliance with 30 days payment requirement.</li> <li>• Turnaround strategy incorporating financial recovery plan.</li> <li>• Daily bank reconciliation is performed to ascertain the bank balance before committing the funds.</li> </ul>



## 10 INTERNAL CONTROL UNIT

The key function of the Internal Control unit is to assist management through monitor and conduct an on-going evaluation to ascertain that adequate and effective internal control systems are in place and the department compliance with the financial management prescripts in its pursuit to achieve the strategic objectives.

The Unit performed activities that were in its Annual Operation Plan for the financial year end 31 March 2020. The activities during the period under review are summarised below:

### Assurance services facilitation

The Unit played a vital role in facilitation of audits conducted by both the Office of the Auditor-General and the Internal Audit Unit of the Department. It administered audit queries raised by the Auditor-General and Internal Audit, and developed audit implementation action plans to address internal control deficiencies identified by these assurance services providers in their reports.

During the financial year, the Unit monitored the audit implementation of action plans to address internal control deficiencies and reported progress to the branch managers and Audit Committee to ensure that corrective actions are taken.

### Internal control systems

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

### Risk management

The Unit further facilitated the activities of the Risk Management Unit within the Finance Branch and conducted quarterly risk reporting follow-up to monitor progress on the implementation of the risk mitigation controls put in place reduce the risks that may impose threats to the department in achieving its objectives.

Furthermore the Unit provided support to Risk Management Unit to expedite investigations on cases related to irregular, fruitless and wasteful expenditures.

## 11 INTERNAL AUDIT AND AUDIT COMMITTEES

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

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

Key activities of the Internal Audit Activity included:

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

For the reporting period under review, no work performed by the Internal Audit Unit was outsourced for the 2019/2020 financial year.

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

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

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

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

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
<b>Dr. Charles Motau</b>	Doctor Technologiae: Computer Sc & Data Processing, MBL, MIT, BCom, Higher Diploma in Computer Auditing, Certificate in Digital Transformation Strategy	External	N/A	1 July 2020	N/A	6/6
Mr. Japie du Plessis <b>(Chairperson – March 2020)</b>	National Diploma in State Accounts and Finance. Registered Government Auditor – The South African Institute of Government Auditors.	External	N/A	April 2016 - March 2020 Reappointed: 1 April 2020	N/A	9/9
Ms Nontlaza Sizani	Bachelor of Accounting Science Honours; Bachelor of Commerce; Senior Teachers Diploma; Post Graduate Diploma in Management; Certificate in the Theory of Accountancy (CTA), AGA (SA)	External	N/A	1 July 2020	N/A	6/6
Mr Sindile Faku	Master of Science Degree; Bachelor of Education (Hons); Bachelor of Arts; Senior Teachers Diploma; Human Resource Programme; Graduate Diploma in Company Direction; Housing Finance Course; Real Estate Qualification, Leadership in Local Government Certification	External	N/A	1 July 2020	N/A	6/6
Ms. Annah Badimo	B.Sc Computer Science; B.Sc Hons. Computer Science; Master in Business Administration; Master of Science CISM; CGEIT; CRISC; COBIT 5; Cobol Programming Diploma; Project Management Diploma; Certificate IT Auditing; F. Inst. D (IoDSA).	External	N/A	April 2013 – March 2016 April 2016 – March 2020	March 2020	9/9



# PART



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

At the start of the 6th Administration, the Minister commissioned an overall review of the department's organisational structure in line with the strategy of the Department. The Ministerial initiative directed that both the 2014 and the 2019 organisational structures need to be re-examined, with special emphasis on the alignment of functional outputs of each Branch, Provincial and Cluster Operations to the mandate and strategic direction of the Department. This also resulted in the reformulation of the Departmental strategic goals, objectives and plans on which the functional structure should be based on. The design of the Departmental structure was guided by the five strategic pillars of the Department in line with government priorities. The review and its objectives are driven, amongst others, by government targets set out in the NDP Vision 2030, Medium Term Strategic Framework, the National Water Resource Strategy, the National Water Act, the National Water Services Act, Presidential Directives and State of the Nations Address. The Department's review of its services, capabilities and institutional configuration was informed by the following strategic pillars:

- i) National Water Resources Management;
- ii) Water Services Management;
- iii) Water Resources Infrastructure Management;
- iv) Regulations, compliance and enforcement; and
- v) Local service delivery (Provincial level support in the delivery of services).

Final consultation (including seeking concurrence from the Minister for the Public Service and Administration) is currently taking place and it is planned that the revised structure will be fully implemented by the 1st of April 2021. This includes the migration of all employees from the old to the new structure.

The Department continued to fill critical vacancies during the period under review and recorded a 18.4% vacancy rate as at 31 March 2020. It should, however, be noted that the vacancies include all vacancies (funded and unfunded). As part of the structure review process referred to above, the Department will abolish all unfunded vacancies and

only those positions that have been funded in the MTEF, will be retained.

The Learning Academy managed to place 26 Engineers and Scientists through absorption into permanent positions. During the last quarter of the period under review, the Department revised the process of absorption whereby Candidates who have attained professional registration now have to apply for vacant entry level positions. The new Public Service Regulations no longer allow for the absorption of persons without following an open recruitment and selection process. Entry level positions in these categories are only advertised internally in the department. The department continued to increase the intake of new graduate trainees with the aim of closing the skills gap in the water sector and also to continue to fill critical vacant positions. The Department has also been successful in the implementation of training interventions in line with the departmental Workplace Skills Plan whereby a total of 1624 employees benefitted from training and development interventions during the period under review.

The female representation at Senior Management level has decreased to 41% as at 31 March 2020. The current vacancies that are being filled within the department should improve female representation by March 2021.

The Department continued to consult with organised labour in the Departmental Bargaining Chamber (DBC) on a number of HR policies and it is expected that these policies will be finally approved and implemented before the end of the 2020/21 financial year.

### 3 HUMAN RESOURCES OVERSIGHT STATISTICS

#### 3.1 Personnel related expenditure

Table 3.1.1: Personnel expenditure by programme for the period 1 April 2019 to 31 March 2020

Programme	Total expenditure	Personnel expenditure	Training expenditure	Professional and special services expenditure	Personnel expenditure as a % of total expenditure	Average personnel cost per employee	Employment (including periodical and abnormal appointments)
	(R'000)	(R'000)	(R'000)	(R'000)	%	(R'000)	
Administration	1 647 878	765 257	0	0	46	508	1505
Water Planning and Information Management	758 185	463 970	0	0	61	525	883
Water Infrastructure Development	12 292 384	216 794	0	0	2	577	376
Water Sector Regulation	297 495	237 304	0	0	80	636	373
<b>Total</b>	<b>14 995 942</b>	<b>1 683 324</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>537</b>	<b>3137</b>

Table 3.1.2: Personnel costs by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Personnel expenditure including transfers	% of total personnel cost	Average personnel cost per employee	Number of employees
	(R'000)	%	(R'000)	
Lower skilled (Levels 1-2)	16 029	0.90	176 143	91
Skilled (Levels 3-5)	150 052	8.60	261 415	574
Highly skilled production (Levels 6-8)	457 360	26.10	417 680	1095
Highly skilled supervision (Levels 9-12)	792 726	45.30	802 354	988
Senior management (Levels >= 13)	184 145	10.50	1 296 796	142
Contract (Levels 1-2)	3 978	0.20	94 714	42
Contract (Levels 3-5)	1 018	0.10	254 500	4
Contract (Levels 6-8)	40 793	2.30	388 505	105
Contract (Levels 9-12)	41 560	2.40	629 697	66
Contract (Levels >= 13)	11 041	0.60	1 104 100	10
Contract other	2 302	0.10	121 158	19
Periodical remuneration	244	0	244 000	1
<b>Total</b>	<b>1 701 248</b>	<b>97.20</b>	<b>542 317</b>	<b>3137</b>



Table 3.1.3: Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2019 to 31 March 2020

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid		Total cost per programme (R'000)
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs	
		%		%		%		%	
Administration	645 548	82.00	2 416	0.30	20 140	2.60	33 685	4.30	786 893
Water Planning and Information Management	390 236	80.50	36	0	12 550	2.60	18 669	3.90	484 610
Water Infrastructure Development	182 966	78.60	438	0.20	5 244	2.30	8 199	3.50	232 724
Water Sector Regulation	202 717	82.50	465	0.20	5 061	2.10	8 257	3.40	245 809
<b>Total</b>	<b>1 421 466</b>	<b>81.20</b>	<b>3 355</b>	<b>0.20</b>	<b>42 996</b>	<b>2.50</b>	<b>68 811</b>	<b>3.90</b>	<b>1 750 036</b>

Table 3.1.4: Salaries, overtime, home owners allowance and medical aid by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid		Total personnel cost per salary band (R'000)
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs	
		%		%		%		%	
Lower skilled (Levels 1-2)	11 032	63.90	187	1.10	1 337	7.70	1 998	11.60	17 275
Skilled (Levels 3-5)	109 268	70.30	901	0.60	9 326	6.00	14 071	9.10	155 471
Highly skilled production (Levels 6-8)	360 249	77.90	1 603	0.30	17 016	3.70	31 282	6.80	462 240
Highly skilled supervision (Levels 9-12)	680 990	83.10	620	0.10	12 441	1.50	19 648	2.40	819 956
Senior management (Levels >= 13)	160 289	83.10	0	0	2 789	1.40	1 797	0.90	192 934
Contract (Levels 1-2)	3 939	96.50	20	0.50	0	0	0	0	4 082
Contract (Levels 3-5)	1 006	98.80	0	0	0	0	0	0	1 018
Contract (Levels 6-8)	40 750	98.40	26	0.10	0	0	0	0	41 417
Contract (Levels 9-12)	41 046	97.80	0	0	81	0.20	10	0	41 975
Contract (Levels >= 13)	10 352	93.20	0	0	7	0.10	4	0	11 107
Contract other	2 302	99.40	0	0	0	0	0	0	2 317
Periodical remuneration	244	99.60	0	0	0	0	0	0	245
<b>Total</b>	<b>1 421 466</b>	<b>81.20</b>	<b>3 355</b>	<b>0.20</b>	<b>42 996</b>	<b>2.50</b>	<b>68 811</b>	<b>3.90</b>	<b>1 750 036</b>

## 3.2 Employment and vacancies

Table 3.2.1: Employment and vacancies by programme as at 31 March 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administration	2150	1701	20.90	127
Water Planning and Information Management	1037	883	14.90	41
Water Infrastructure Development	485	376	22.50	13
Water Sector Regulation	427	373	12.60	24
Water Resource Management	3828	3345	12.60	870
<b>Total</b>	<b>7927</b>	<b>6678</b>	<b>15.80</b>	<b>1075</b>

Table 3.2.2: Employment and vacancies by salary band as at 31 March 2020

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (levels 1-2)	735	595	19.00	0
Skilled (levels 3-5)	1817	1470	19.10	108
Highly skilled production (levels 6-8)	2667	2276	14.70	378
Highly skilled supervision (levels 9-12)	1988	1691	14.90	192
Senior management (levels >= 13)	254	180	29.10	0
Other	19	19	0	19
Contract (levels 1-2)	42	42	0	40
Contract (levels 3-5)	44	44	0	40
Contract (levels 6-8)	226	226	0	174
Contract (levels 9-12)	124	124	0	117
Contract (levels >= 13)	11	11	0	7
<b>Total</b>	<b>7927</b>	<b>6678</b>	<b>15.80</b>	<b>1075</b>

Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2020

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administrative related	562	468	16.70	73
Agriculture animal oceanography forestry & other sciences	3	3	0	0
Agriculture related	2	2	0	0
All artisans in the building metal machinery etc.	141	121	14.20	0
Appraisers-valuers and related professionals	1	1	0	0
Architects town and traffic planners	1	1	0	1
Artisan project and related superintendents	16	11	31.30	0
Auxiliary and related workers	429	354	17.50	1
Biologists botanists zoologists & related professional	1	1	0	0
Building and other property caretakers	52	41	21.20	0
Bus and heavy vehicle drivers	11	9	18.20	0
Cartographers and surveyors	20	19	5.00	2
Cartographic surveying and related technicians	21	21	0	5
Chemical and physical sciences technicians	11	11	0	0
Civil engineering technicians	115	99	13.90	4
Cleaners in offices workshops hospitals etc.	131	114	13.00	0
Client inform clerks (switchboard reception information clerks)	9	7	22.20	0
Communication and information related	31	27	12.90	0
Community development workers	85	73	14.10	0
Computer programmers	1	1	0	0
Computer system designers and analysts	1	1	0	0
Economists	1	1	0	0
Electrical and electronics engineering technicians	4	4	0	3
Engineering sciences related	553	359	35.10	130
Engineers and related professionals	137	106	22.60	43
Farm hands and labourers	11	10	9.10	0
Finance and economics related	228	189	17.10	4
Financial and related professionals	27	22	18.50	1
Financial clerks and credit controllers	416	343	17.50	2
Food services aids and waiters	18	16	11.10	0
Food services workers	1	1	0	0
General legal administration & related professions	17	13	23.50	0
Geologists geophysicists hydrologists & related professions	177	156	11.90	6

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Head of department/chief executive officer	1	0	100.00	0
Health sciences related	1	1	0	0
Horticulturists foresters agriculture.& forestry technicians	1	1	0	0
Household and laundry workers	6	6	0	0
Household food and laundry services related	3	3	0	0
Housekeepers laundry and related workers	1	1	0	0
Human resources & organisational development & related professions	35	26	25.70	0
Human resources clerks	136	124	8.80	0
Human resources related	135	110	18.50	6
Information technology related	34	32	5.90	4
Language practitioners interpreters & other communicators	28	21	25.00	0
Legal related	1	1	0	0
Librarians and related professionals	3	2	33.30	0
Library mail and related clerks	40	36	10.00	0
Light vehicle drivers	77	67	13.00	1
Logistical support personnel	103	88	14.60	0
Material-recording and transport clerks	163	141	13.50	0
Mechanical engineering technicians	12	10	16.70	8
Messengers porters and deliverers	70	55	21.40	0
Meteorologists statistical & related technicians	1	1	0	0
Mining geology & geophysical & related technicians	21	19	9.50	0
Motor vehicle drivers	19	10	47.40	0
Motorised farm and forestry plant operators	13	12	7.70	0
Natural sciences related	452	389	13.90	62
Nature conservation and oceanographical related technical	3	1	66.70	0
Operational planning	2	1	50.00	0
Other administrators & related clerks and organisers	476	421	11.60	36
Other administrative policy and related officers	84	76	9.50	0
Other information technology personnel	8	7	12.50	2
Other machine operators	7	5	28.60	0
Other occupations	936	906	3.20	673
Photographic lithographic and related workers	1	0	100.00	0
Physicists	1	1	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Quantity surveyors & related professions not class elsewhere	3	2	33.30	1
Regulatory inspectors	33	27	18.20	0
Risk management and security services	86	80	7.00	0
Road workers	1	1	0	0
Safety health and quality inspectors	11	10	9.10	0
Secretaries & other keyboard operating clerks	168	149	11.30	0
Security guards	14	12	14.30	0
Security officers	100	92	8.00	0
Senior managers	228	159	30.30	7
Social sciences related	61	53	13.10	0
Social work and related professionals	9	7	22.20	0
Statisticians and related professionals	1	1	0	0
Trade labourers	887	737	16.90	0
Trade related	12	7	41.70	0
Trade/ industry advisers & other related professions	7	6	14.30	0
Water plant and related operators	198	156	21.20	0
<b>Total</b>	<b>7927</b>	<b>6678</b>	<b>15.80</b>	<b>1075</b>

### 3.3 Filling of Senior Management Service (SMS) posts

Table 3.3.1: SMS post information as at 31 March 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	13	8	61.5	5	38.5
Salary Level 14	55	35	63.6	20	36.4
Salary Level 13	185	137	74.1	48	25.9
<b>Total</b>	<b>254</b>	<b>180</b>	<b>70.9</b>	<b>74</b>	<b>29.1</b>

Table 3.3.2: SMS post information as on 30 September 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	13	8	61.5	5	38.5
Salary Level 14	55	34	61.8	21	38.2
Salary Level 13	186	139	74.7	47	25.3
<b>Total</b>	<b>255</b>	<b>181</b>	<b>71</b>	<b>74</b>	<b>29</b>

Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2019 to 31 March 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department				1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	1	0	0	5	38.5
Salary Level 14	8	2	9.5%	21	38.2
Salary Level 13	17	14	29.7%	47	25.3
<b>Total</b>	<b>26</b>	<b>16</b>	<b>21.6%</b>	<b>74</b>	<b>29</b>

**Table 3.3.4: Reasons for not having complied with the filling of funded vacant SMS - advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2019 to 31 March 2020**

Reasons for vacancies not advertised within six months
Due to lack of funding most posts were put in abeyance only funded posts and natural attrition posts are receiving attention and advertised

**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 2019 to 31 March 2020**

None
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### 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 2019 to 31 March 2020**

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (levels 1-2)	735	0	0	0	0	3	100
Skilled (levels 3-5)	1817	0	0	1	0	5	100
Highly skilled production (levels 6-8)	2667	0	0	1	0	0	0
Highly skilled supervision (levels 9-12)	1988	0	0	3	100	9	100
Senior management service band A	179	0	0	0	0	0	0
Senior management service band B	62	0	0	0	0	0	0
Senior management service band C	11	0	0	0	0	0	0
Senior management service band D	2	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Contract (levels 1-2)	0	0	0	0	0	0	0
Contract (levels 3-5)	0	0	0	0	0	0	0
Contract (levels 6-8)	0	0	0	0	0	0	0
Contract (levels 9-12)	0	0	0	0	0	0	0
Contract band A	0	0	0	0	0	0	0
Contract band B	0	0	0	0	0	0	0
Contract band C	0	0	0	0	0	0	0
<b>Total</b>	<b>7461</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>100</b>	<b>17</b>	<b>100</b>

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

**Table 3.4.2: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 to 31 March 2020**

Gender	African	Asian	Coloured	White	Total
Female	22	0	0	1	23
Male	24	1	1	0	26
<b>Total</b>	<b>46</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>49</b>
Employees with a disability					2

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

**Table 3.4.3: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2019 to 31 March 2019**

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

**Table 3.4.4: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2019 to 31 March 2020**

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

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

**Table 3.5.1: Annual turnover rates by salary band for the period 1 April 2019 to 31 March 2020**

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (levels 1-2)	614	21	9	1.50
Skilled (levels 3-5)	1501	79	74	4.90
Highly skilled production (levels 6-8)	2325	43	90	3.90
Highly skilled supervision (levels 9-12)	1642	49	46	2.80
Senior management service band A	129	1	10	7.80
Senior management service band B	42	1	2	4.80
Senior management service band C	6	0	0	0
Senior management service band D	3	1	2	66.70
Other	57	20	2	3.50
Contract (levels 1-2)	7	1	19	271.40
Contract (levels 3-5)	50	39	39	78.00
Contract (levels 6-8)	264	91	115	43.60
Contract (levels 9-12)	143	64	66	46.20
Contract band A	6	4	6	100
Contract band B	1	0	0	0
Contract band C	1	2	1	100
Contract band D	1	0	1	100
<b>Total</b>	<b>6792</b>	<b>416</b>	<b>482</b>	<b>7.10</b>

Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2018 to 31 March 2020

Critical occupation	Number of employees on 1 April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	487	36	55	11.30
Agriculture animal oceanography forestry & other sciences	4	0	1	25.00
Agriculture related	2	0	0	0
All artisans in the building metal machinery etc.	103	8	4	3.90
Appraisers-valuers and related professionals	1	0	0	0
Architects town and traffic planners	1	0	0	0
Artisan project and related superintendents	12	0	0	0
Auxiliary and related workers	364	11	15	4.10
Biologists botanists zoologists & related professional	1	1	1	100
Building and other property caretakers	47	0	4	8.50
Bus and heavy vehicle drivers	9	2	1	11.10
Cartographers and surveyors	18	1	0	0
Cartographic surveying and related technicians	16	5	0	0
Chemical and physical sciences technicians	11	0	0	0
Civil engineering technicians	102	5	5	4.90
Cleaners in offices workshops hospitals etc.	123	8	9	7.30
Client inform clerks (switchboard reception information clerks)	6	0	1	16.70
Communication and information related	29	0	2	6.90
Community development workers	72	3	5	6.90
Computer programmers	1	0	0	0
Computer system designers and analysts	1	0	0	0
Economists	1	0	0	0
Electrical and electronics engineering technicians	6	1	3	50
Engineering sciences related	389	83	93	23.90
Engineers and related professionals	94	33	19	20.20
Farm hands and labourers	9	2	1	11.10
Finance and economics related	197	2	7	3.60
Financial and related professionals	20	1	1	5
Financial clerks and credit controllers	360	16	16	4.40
Food services aids and waiters	14	2	0	0
Food services workers	1	0	0	0
General legal administration & related professions	14	0	1	7.10

Critical occupation	Number of employees on 1 April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Geologists geophysicists hydrologists & related professions	167	12	18	10.80
Health sciences related	1	0	0	0
Horticulturists foresters agriculture.& forestry technicians	1	0	0	0
Household and laundry workers	4	2	0	0
Household food and laundry services related	2	1	0	0
Housekeepers laundry and related workers	1	0	0	0
Human resources & organisational development & related professions	25	0	0	0
Human resources clerks	125	6	3	2.40
Human resources related	114	5	6	5.30
Information technology related	32	1	0	0
Language practitioners interpreters & other communicators	23	0	1	4.30
Legal related	1	0	0	0
Librarians and related professionals	2	0	0	0
Library mail and related clerks	34	1	0	0
Light vehicle drivers	1	0	1	100
Logistical support personnel	65	4	7	10.80
Material-recording and transport clerks	87	2	1	1.10
Mechanical engineering technicians	139	9	7	5
Messengers porters and deliverers	10	1	2	20
Meteorologists statistical & related technicians	54	1	1	1.90
Mining geology & geophysical & related technicians	1	0	0	0
Motor vehicle drivers	18	0	0	0
Motorised farm and forestry plant operators	11	0	1	9.10
Natural sciences related	15	0	3	20
Nature conservation and oceanographical related technical	377	54	36	9.50
Operational planning	1	0	0	0
Other administrators & related clerks and organisers	1	0	0	0
Other administrative policy and related officers	428	37	41	9.60
Other information technology personnel	75	1	1	1.30
Other machine operators	9	0	1	11.10
Other occupations	6	0	0	0

Critical occupation	Number of employees on 1 April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Photographic lithographic and related workers	940	4	38	4
Physicists	1	0	0	0
Quantity surveyors & related professions not class elsewhere	2	1	0	0
Regulatory inspectors	27	0	4	14.80
Risk management and security services	75	4	1	1.30
Road workers	1	0	0	0
Safety health and quality inspectors	10	0	0	0
Secretaries & other keyboard operating clerks	146	6	7	4.80
Security guards	12	0	0	0
Security officers	82	11	2	2.40
Senior managers	152	13	17	11.20
Social sciences related	52	2	1	1.90
Social work and related professionals	7	0	0	0
Statisticians and related professionals	1	0	0	0
Trade labourers	770	13	31	4
Trade related	8	0	2	25
Trade/ industry advisers & other related professions	6	0	0	0
Water plant and related operators	155	5	5	3.20
<b>Total</b>	<b>6792</b>	<b>416</b>	<b>482</b>	<b>7.10</b>

#### Notes

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

- in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
- for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

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 2019 to 31 March 2020**

Termination type	Number	% of total resignations	% of total employment
Death	29	6	0
Resignation	108	22	2
Expiry of contract	226	47	3
Discharged due to ill health	7	2	0
Retirement	109	23	2
Other	3	1	0
Total	482	100	7
<b>Total number of employees who left as a % of total employment</b>	<b>29</b>	<b>6</b>	<b>0</b>

**Table 3.5.4: Promotions by critical occupation for the period 1 April 2019 to 31 March 2020**

Occupation	Number of employees on 1 April 2019	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	487	20	4.10	308	63.20
Agriculture animal oceanography forestry & other sciences	4	0	0	4	100
Agriculture related	2	0	0	2	100
All artisans in the building metal machinery etc.	103	2	1.90	75	72.80
Appraisers-valuers and related professionals	1	0	0	1	100
Architects town and traffic planners	1	0	0	0	0
Artisan project and related superintendents	12	0	0	8	66.70
Auxiliary and related workers	364	5	1.40	253	69.50
Biologists botanists zoologists & related professional	1	0	0	0	0
Building and other property caretakers	47	0	0	27	57.40
Bus and heavy vehicle drivers	9	0	0	4	44.40
Cartographers and surveyors	18	0	0	6	33.30
Cartographic surveying and related technicians	16	0	0	13	81.30
Chemical and physical sciences technicians	11	0	0	10	90.90
Civil engineering technicians	102	1	1	76	74.50

Occupation	Number of employees on 1 April 2019	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
Cleaners in offices workshops hospitals etc.	123	0	0	83	67.50
Client inform clerks(switchboard reception information clerks)	6	1	16.70	5	83.30
Communication and information related	29	0	0	20	69
Community development workers	72	4	5.60	50	69.40
Computer programmers	1	0	0	0	0
Computer system designers and analysts	1	0	0	1	100
Economists	1	0	0	0	0
Electrical and electronics engineering technicians	6	0	0	1	16.70
Engineering sciences related	389	2	0.50	120	30.80
Engineers and related professionals	94	3	3.20	47	50
Farm hands and labourers	9	0	0	6	66.70
Finance and economics related	197	6	3	129	65.50
Financial and related professionals	20	1	5	11	55
Financial clerks and credit controllers	360	14	3.90	255	70.80
Food services aids and waiters	14	0	0	11	78.60
Food services workers	1	0	0	1	100
General legal administration & related professions	14	0	0	8	57.10
Geologists geophysicists hydrologists & related professions	167	0	0	129	77.20
Health sciences related	1	0	0	1	100
Horticulturists foresters agriculture.& forestry technicians	1	0	0	1	100
Household and laundry workers	4	0	0	4	100
Household food and laundry services related	2	0	0	2	100
Housekeepers laundry and related workers	1	0	0	1	100
Human resources & organisational development & related professions	25	2	8	19	76
Human resources clerks	125	7	5.60	87	69.60
Human resources related	114	3	2.60	74	64.90
Information technology related	32	1	3.10	19	59.40



Occupation	Number of employees on 1 April 2019	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
Language practitioners interpreters & other communicators	23	2	8.70	19	82.60
Legal related	1	0	0	1	100
Librarians and related professionals	2	0	0	0	0
Library mail and related clerks	34	1	2.90	32	94.10
Light vehicle drivers	1	0	0	0	0
Logistical support personnel	65	0	0	46	70.80
Material-recording and transport clerks	87	4	4.60	75	86.20
Mechanical engineering technicians	139	4	2.90	110	79.10
Messengers porters and deliverers	10	0	0	1	10
Meteorologists statistical & related technicians	54	0	0	46	85.20
Mining geology & geophysical & related technicians	1	0	0	0	0
Motor vehicle drivers	18	0	0	11	61.10
Motorised farm and forestry plant operators	11	0	0	6	54.50
Natural sciences related	15	0	0	3	20.00
Nature conservation and oceanographical related technical	377	9	2.40	245	65
Operational planning	1	0	0	1	100
Other administrators & related clerks and organisers	1	0	0	1	100
Other administrative policy and related officers	428	3	0.70	293	68.50
Other information technology personnel	75	2	2.70	52	69.30
Other machine operators	9	0	0	3	33.30
Other occupations	6	0	0	5	83.30
Photographic lithographic and related workers	940	207	22	37	3.90
Physicists	1	0	0	1	100
Quantity surveyors & related professions not class elsewhere	2	0	0	1	50.00
Regulatory inspectors	27	4	14.80	20	74.10
Risk management and security services	75	2	2.70	39	52.00
Road workers	1	0	0	1	100

Occupation	Number of employees on 1 April 2019	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
Safety health and quality inspectors	10	0	0	8	80
Secretaries & other keyboard operating clerks	146	7	4.80	104	71.20
Security guards	12	1	8.30	12	100
Security officers	82	2	2.40	79	96.30
Senior managers	152	8	5.30	97	63.80
Social sciences related	52	0	0	43	82.70
Social work and related professionals	7	0	0	4	57.10
Statisticians and related professionals	1	0	0	1	100
Trade labourers	770	1	0.10	538	69.90
Trade related	8	0	0	7	87.50
Trade/ industry advisers & other related professions	6	0	0	6	100
Water plant and related operators	155	8	5.20	98	63.20
<b>Total</b>	<b>6792</b>	<b>337</b>	<b>5</b>	<b>3918</b>	<b>57.70</b>

Table 3.5.5: Promotions by salary band for the period 1 April 2019 to 31 March 2020

Salary Band	Number of employees on 1 April 2019	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (levels 1-2)	614	0	0	325	52.90
Skilled (levels 3-5)	1501	65	4.30	1014	67.60
Highly skilled production (levels 6-8)	2325	172	7.40	1362	58.60
Highly skilled supervision (levels 9-12)	1642	86	5.20	1034	63
Senior management (level >=13 )	180	13	7.20	124	68.90
Other	57	0	0	0	0
Contract (levels 1-2)	7	0	0	0	0
Contract (levels 3-5)	50	1	2	3	6
Contract (levels 6-8)	264	0	0	21	8
Contract (levels 9-12)	143	0	0	34	23.80
Contract (level >=13 )	9	0	0	1	11.10
<b>Total</b>	<b>6792</b>	<b>337</b>	<b>5</b>	<b>3918</b>	<b>57.70</b>

### 3.6 Employment equity

**Table 3.6.1: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2020**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	72	3	10	10	51	2	3	9	160
Professionals	518	22	23	119	481	26	18	37	1244
Technicians and associate professionals	656	63	19	70	644	20	22	59	1553
Clerks	316	19	6	13	701	56	15	95	1221
Service shop and market sales workers	150	2	1	4	57	2	0	1	217
Craft and related trade workers	105	6	0	16	12	0	0	0	139
Plant and machine operators and assemblers	759	66	4	106	154	18	3	50	1160
Labourers and related workers	646	60	1	7	256	14	0	0	984
<b>Total</b>	<b>3222</b>	<b>241</b>	<b>64</b>	<b>345</b>	<b>2356</b>	<b>138</b>	<b>61</b>	<b>251</b>	<b>6678</b>
Employees with disabilities	32	3	0	10	29	1	2	5	82

Table 3.6.2: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	0	1	0	4	0	0	0	7
Senior management	79	3	10	9	57	2	3	10	173
Professionally qualified and experienced specialists and mid-management	735	53	27	225	530	25	22	74	1691
Skilled technical and academically qualified workers, junior management, supervisors, foremen	935	58	9	66	958	73	26	151	2276
Semi-skilled and discretionary decision making	880	99	6	14	432	24	6	9	1470
Unskilled and defined decision making	397	18	0	0	169	11	0	0	595
Not available	11	0	1	0	6	0	1	0	19
Contract (top management)	1	0	1	0	0	0	0	0	2
Contract (senior management)	6	0	0	1	1	0	0	1	9
Contract (professionally qualified)	43	4	5	19	45	0	3	5	124
Contract (skilled technical)	101	5	4	11	101	3	0	1	226
Contract (semi-skilled)	17	1	0	0	26	0	0	0	44
Contract (unskilled)	15	0	0	0	27	0	0	0	42
<b>Total</b>	<b>3222</b>	<b>241</b>	<b>64</b>	<b>345</b>	<b>2356</b>	<b>138</b>	<b>61</b>	<b>251</b>	<b>6678</b>

Table 3.6.3: Recruitment of employees (including employees with disabilities) as on 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	0	0	0	0	1
Senior management	0	0	0	0	1	0	0	1	2
Professionally qualified and experienced specialists and mid-management	32	0	0	4	12	0	1	0	49
Skilled technical and academically qualified workers, junior management, supervisors, foremen	21	1	0	1	19	0	0	1	43
Semi-skilled and discretionary decision making	31	2	2	0	38	1	0	0	74
Unskilled and defined decision making	11	0	0	0	10	0	0	0	21
Not available	12	0	1	0	6	0	1	0	20
Contract (top management)	1	0	1	0	0	0	0	0	2
Contract (senior management)	7	0	0	0	1	0	0	1	9
Contract (professionally qualified)	22	2	2	5	29	0	2	2	64
Contract (skilled technical)	48	1	2	3	37	0	0	0	91
Contract (semi-skilled)	13	1	1	0	24	0	0	0	39
Contract (unskilled)	0	0	0	0	1	0	0	0	1
<b>Total</b>	<b>199</b>	<b>7</b>	<b>9</b>	<b>13</b>	<b>178</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>416</b>
Employees with disabilities	0	0	0	0	2	0	0	0	2

Table 3.6.4: Promotion of employees (including employees with disabilities) as on 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	1	0	0	0	2
Senior management	59	3	7	5	49	1	4	7	135
Professionally qualified and experienced specialists and mid-management	466	29	21	118	403	18	16	49	1120
Skilled technical and academically qualified workers, junior management, supervisors, foremen	525	29	6	36	763	51	21	103	1534
Semi-skilled and discretionary decision making	667	67	3	11	300	19	4	8	1079
Unskilled and defined decision making	224	10	0	0	87	4	0	0	325
Contract (senior management)	1	0	0	0	0	0	0	0	1
Contract (professionally qualified)	13	1	0	13	5	0	2	0	34
Contract (skilled technical)	13	0	1	2	5	0	0	0	21
Contract (semi-skilled)	2	0	0	0	2	0	0	0	4
<b>Total</b>	<b>1971</b>	<b>139</b>	<b>38</b>	<b>185</b>	<b>1615</b>	<b>93</b>	<b>47</b>	<b>167</b>	<b>4255</b>
Employees with disabilities	20	3	0	9	22	1	2	4	61

Table 3.6.5: Termination of employees (including employees with disabilities) as on 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	1	0	0	0	0	2
Senior management	6	1	0	0	4	0	1	0	12
Professionally qualified and experienced specialists and mid-management	16	1	1	15	9	1	0	3	46
Skilled technical and academically qualified workers, junior management, supervisors, foremen	44	3	0	4	34	0	2	3	90
Semi-skilled and discretionary decision making	50	10	0	0	12	1	0	1	74
Unskilled and defined decision making	7	0	0	0	3	0	0	0	10
Contract (top management)	1	1	0	0	0	0	0	0	2
Contract (senior management)	4	0	0	0	3	0	0	0	7
Contract (professionally qualified)	23	2	1	9	28	0	2	1	66
Contract (skilled technical)	63	2	1	4	43	0	1	1	115
Contract (semi-skilled)	14	1	2	0	22	0	0	0	39
Contract (unskilled)	6	0	0	1	12	0	0	0	19
<b>Total</b>	<b>235</b>	<b>21</b>	<b>5</b>	<b>34</b>	<b>170</b>	<b>2</b>	<b>6</b>	<b>9</b>	<b>482</b>
Employees with disabilities	2	0	0	2	3	0	0	0	7

Table 3.6.6: Disciplinary action of employees as on 31 March 2020

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	20	1	0	2	4	0	0	0	27

Table 3.6.7: Skills development of employees as on 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	95	8	2	12	65	8	2	12	238
Professionals	682	30	19	140	562	15	28	13	1411
Technicians and associate professionals	808	35	15	101	745	25	8	24	1338
Clerks	354	59	10	33	867	88	45	16	1730
Service and sales workers	157	2	3	6	60	0	0	0	208
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	127	4	2	2	12	0	0	3	154
Plant and machine operators and assemblers	935	20	0	3	225	0	0	0	459
Elementary occupations	714	94	0	5	270	10	2	0	1140
Employees with disabilities	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3872</b>	<b>305</b>	<b>49</b>	<b>376</b>	<b>2364</b>	<b>190</b>	<b>82</b>	<b>265</b>	<b>6678</b>



### 3.7 Signing of performance agreements by SMS members

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

**Table 3.7.1: Signing of performance agreements by SMS members as at 31 May 2020**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department				
Salary Level 16				
Salary Level 15	8	8	2	25%
Salary Level 14	35	35	30	86%
Salary Level 13	136	136	128	94%
<b>Total</b>	<b>179</b>	<b>179</b>	<b>160</b>	<b>89%</b>

#### Notes

In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above would have been change to 31 July 2020.

**Table 3.7.2: Reasons for not having concluded performance agreements for all SMS members as at 31 May 2020**

Reasons
Some managers were on extended leave. In other instances non-compliance

#### Notes

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

**Table 3.7.3: Disciplinary steps taken against SMS members for not having concluded performance agreements as at 31 May 2020**

Reasons
Managers were required to enforce compliance and take disciplinary action where necessary

#### 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 2019 to 31 March 2020**

Race and Gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost	Average cost per employee
<b>African</b>	<b>1866</b>	<b>5517</b>	<b>34%</b>	<b>58 736.30</b>	<b>31 477.00</b>
<b>Female</b>	<b>715</b>	<b>2327</b>	<b>31%</b>	<b>19 947.13</b>	<b>27 899.00</b>
Male	1151	3190	36%	38 789.17	33 702.00
<b>Asian</b>	<b>43</b>	<b>123</b>	<b>35%</b>	<b>1 635.68</b>	<b>38 039.00</b>
Female	24	59	41%	932.11	38 838.00
Male	19	64	30%	703.57	37 030.00
<b>Coloured</b>	<b>134</b>	<b>375</b>	<b>36%</b>	<b>5 022.92</b>	<b>37 484.00</b>
Female	44	137	32%	1 533.41	34 850.00
Male	90	238	38%	3 489.51	38 772.00
<b>White</b>	<b>288</b>	<b>581</b>	<b>50%</b>	<b>15 125.57</b>	<b>52 519.00</b>
Female	123	246	50%	4 906.58	39 891.00
Male	165	335	49%	10 218.99	61 933.00
<b>Employees with disability</b>	<b>26</b>	<b>82</b>	<b>32%</b>	<b>833.84</b>	<b>32 071.00</b>
<b>Total</b>	<b>2357</b>	<b>6678</b>	<b>35%</b>	<b>81 354.31</b>	<b>34 517.00</b>

**Table 3.8.2: Performance rewards by salary band for personnel below SMS for the period 1 April 2019 to 31 March 2020**

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Lower skilled (levels 1-2)	114	595	19.20	1 016.76	8 919.00	114
Skilled (levels 3-5)	507	1470	34.50	8 482.52	16 731.00	507
Highly skilled production (levels 6-8)	1004	2276	44.10	30 912.09	30 804.00	1004
Highly skilled supervision (levels 9-12)	698	1691	41.30	38 997.03	55 861.00	698
Other	0	19	0	0	0	0
Contract (levels 1-2)	0	42	0	0	0	0
Contract (levels 3-5)	1	44	2.30	13.09	13 085.00	1
Contract (levels 6-8)	4	226	1.80	83.46	20 866.00	4
Contract (levels 9-12)	5	124	4	186.35	37 270.00	5
<b>Total</b>	<b>2333</b>	<b>6487</b>	<b>36</b>	<b>79 691.29</b>	<b>34 164.00</b>	<b>2333</b>

Table 3.8.3: Performance rewards by critical occupation for the period 1 April 2019 to 31 March 2020

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Administrative related	130	468	27.80	4041.52	31 012.00
Agriculture animal oceanography forestry & other sciences	0	3	0	0.00	0.00
Agriculture related	0	2	0	0.00	0.00
All artisans in the building metal machinery etc.	40	121	33.10	662.49	16 562.00
Appraisers-valuers and related professionals	1	1	100	24.85	24 852.00
Architects town and traffic planners	0	1	0	0.00	0.00
Artisan project and related superintendents	3	11	27.30	69.22	23 073.00
Auxiliary and related workers	49	354	13.80	795.02	16 225.00
Biologists botanists zoologists & related professional	0	1	0	0.00	0.00
Building and other property caretakers	25	41	61	143.93	5 757.00
Bus and heavy vehicle drivers	2	9	22.20	24.87	12 433.00
Cartographers and surveyors	5	19	26.30	124.57	24 914.00
Cartographic surveying and related technicians	4	21	19.00	99.87	24 967.00
Chemical and physical sciences technicians	0	11	0	0.00	0.00
Civil engineering technicians	18	99	18.20	739.82	41 101.00
Cleaners in offices workshops hospitals etc.	42	114	36.80	424.36	10 104.00
Client inform clerks (switchboard reception information clerks)	2	7	28.60	28.81	14 405.00
Communication and information related	10	27	37	299.03	29 903.00
Community development workers	16	73	21.90	625.87	39 117.00
Computer programmers	0	1	0	0.00	0.00
Computer system designers and analysts.	0	1	0	0.00	0.00

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Economists	0	1	0	0.00	0.00
Electrical and electronics engineering technicians	0	4	0	0.00	0.00
Engineering sciences related	35	359	9.70	1848.16	52 805.00
Engineers and related professionals	15	106	14.20	843.70	56 247.00
Farm hands and labourers	3	10	30	11.96	3 986.00
Finance and economics related	64	189	33.90	1983.17	30 992.00
Financial and related professionals	4	22	18.20	88.32	22 081.00
Financial clerks and credit controllers	116	343	33.80	2496.27	21 520.00
Food services aids and waiters	9	16	56.30	143.91	15 990.00
Food services workers	0	1	0	0.00	0.00
General legal administration & rel. Professionals	4	13	30.80	189.62	47 405.00
Geologists geophysicists hydrologists & related professions	26	156	16.70	950.57	36 560.00
Health sciences related	1	1	100	50.32	50 319.00
Horticulturists foresters agriculture.& forestry technicians	0	1	0	0.00	0.00
Household and laundry workers	3	6	50	31.07	10 356.00
Household food and laundry services related	2	3	66.70	54.11	27 056.00
Housekeepers laundry and related workers	0	1	0	0.00	0.00
Human resources & organisational development & related professions	13	26	50	592.28	45 595.00
Human resources clerks	67	124	54	1438.46	21 470.00
Human resources related	57	110	51.50	2277.08	40 189.00
Information technology related	9	32	28.10	279.17	31 019.00
Language practitioners interpreters & other communicators	5	21	23.80	197.46	39 492.00

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Legal related	0	1	0	0.00	0.00
Librarians and related professionals	0	2	0	0.00	0.00
Library mail and related clerks	17	36	47.20	338.43	19 908.00
Light vehicle drivers	21	67	31.30	319.06	15 193.00
Logistical support personnel	24	88	27.30	771.41	32 156.00
Material-recording and transport clerks	29	141	20.60	472.00	16 276.00
Mechanical engineering technicians	3	10	30	93.21	31 069.00
Messengers porters and deliverers	26	55	47.30	323.73	12 451.00
Meteorologists statistical & related technicians	0	1	0	0.00	0.00
Mining geology & geophysical & related technicians	3	19	15.80	93.70	31 232.00
Motor vehicle drivers	3	10	30	44.57	14 857.00
Motorised farm and forestry plant operators	3	12	25	43.91	14 637.00
Natural sciences related	74	389	19	2763.70	37 347.00
Nature conservation and oceanographical related technicians	1	1	100	26.73	26 734.00
Operational planning	0	1	0	0.00	0.00
Other administrators & related clerks and organisers	114	421	27.10	2333.05	20 465.00
Other administrative policy and related officers	25	76	32.90	729.80	29 192.00
Other information technology personnel.	0	7	0	0.00	0.00
Other machine operators	2	5	40	33.82	16 912.00
Other occupations	919	906	101.40	44759.04	48 705.00
Physicists	0	1	0	0.00	0.00
Quantity surveyors & related professions not class elsewhere	1	2	50	118.52	118 521.00

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Regulatory inspectors	6	27	22.20	195.88	32 646.00
Risk management and security services	28	80	35	651.42	23 265.00
Road workers	0	1	0	0.00	0.00
Safety health and quality inspectors	3	10	30	90.30	30 101.00
Secretaries & other keyboard operating clerks	54	149	36.20	1120.88	20 757.00
Security guards	3	12	25	30.32	10 105.00
Security officers	7	92	7.60	130.96	18 708.00
Senior managers	23	159	14.50	1609.33	69 971.00
Social sciences related	7	53	13.20	312.07	44 582.00
Social work and related professionals	4	7	57.10	131.41	32 852.00
Statisticians and related professionals	0	1	0	0.00	0.00
Trade labourers	135	737	18.30	1441.61	10 679.00
Trade related	5	7	71.40	165.72	33 145.00
Trade/industry advisers & other related profession	0	6	0	0.00	0.00
Water plant and related operators	37	156	23.70	629.85	17 023.00
<b>Total</b>	<b>2357</b>	<b>6678</b>	<b>35.30</b>	<b>81 354.31</b>	<b>34 517.00</b>

#### Notes

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

- in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
- for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

**Table 3.8.4: Performance related rewards (cash bonus), by salary band for SMS for the period 1 April 2019 to 31 March 2020**

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure	SMS personnel cost (R'000)
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee		
Band A	19	136	14.20	1 283.05	66 375.90	0.80	167 819.27
Band B	5	46	10.90	379.97	75 994.00	0.60	66 646.84
Band C	0	8	0	0	0	0	12 916.40
Band D	0	1	0	0	0	0	6 407.74
<b>Total</b>	<b>24</b>	<b>191</b>	<b>12.70</b>	<b>1 663.02</b>	<b>68 352.50</b>	<b>0.70</b>	<b>253 790.25</b>

### 3.9 Foreign workers

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

**Table 3.9.1: Foreign workers by salary band for the period 1 April 2019 to 31 March 2020**

Salary band	01 April 2019		31 March 2020		Change		Total employment		
	Number	% of total	Number	% of total	Number	% Change	01 April 2019	31 March 2020	Change
Highly skilled production (level 6-8)	3	10.30	3	10.30	0	0	3	3	0
Highly skilled supervision (level 9-12)	21	72.40	20	69	-1	0	21	21	0
Contract (level 13-16)	5	17.20	6	20.70	1	0	5	5	0
<b>Total</b>	<b>29</b>	<b>100</b>	<b>29</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>29</b>	<b>0</b>

Table 3.9.2: Foreign workers by major occupation for the period 1 April 2019 to 31 March 2020

Major occupation	01 April 2019		31 March 2020		Change		Total employment		
	Number	% of total	Number	% of total	Number	% Change	01 April 2019	31 March 2020	Change
Administrative office workers	4	13.80	4	13.80	0	0	4	4	0
Other occupations	1	3.40	1	3.40	0	0	1	1	0
Information technology personnel	20	69	20	69	0	0	20	20	0
Professionals and managers	2	6.90	2	6.90	0	0	2	2	0
Technicians and associated professionals	2	6.90	2	6.90	0	0	2	2	0
<b>Total</b>	<b>29</b>	<b>100</b>	<b>29</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>29</b>	<b>29</b>	<b>0</b>

### 3.10 Leave utilisation

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

Table 3.10.1: Sick leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Contract (levels 1-2)	85	56.50	31	0.60	3	48.00
Contract (levels 3-5)	171	52.60	35	0.70	5	153.00
Contract (levels 6-8)	971	61.90	183	3.60	5	1 274.00
Contract (levels 9-12)	425	58.20	94	1.80	5	932.00
Contract (levels 13-16)	7	71.40	3	0.10	2	32.00
Contract other	52	51.90	22	0.40	2	27.00
Highly skilled production (levels 6-8)	20806	83.60	1889	36.70	11	25 699.00
Highly skilled supervision (levels 9-12)	12113	80.80	1330	25.80	9	28 784.00
Lower skilled (levels 1-2)	3574	88.70	398	7.70	9	2 086.00
Senior management (levels 13-16)	871	80.60	115	2.20	8	3 759.00
Skilled (levels 3-5)	10717	85.10	1052	20.40	10	8 303.00
<b>Total</b>	<b>49791</b>	<b>82.70</b>	<b>5152</b>	<b>100.00</b>	<b>10</b>	<b>71 097.00</b>



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

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Contract (levels 3-5)	3	100	1	1.60	3	3.00
Contract (levels 6-8)	66	100	2	3.20	33	85.00
Contract (levels 9-12)	42	100	1	1.60	42	86.00
Highly skilled production (levels 6-8)	706	100	23	36.50	31	1 065.00
Highly skilled supervision (levels 9-12)	615	100	12	19	51	1 557.00
Lower skilled (levels 1-2)	398	100	5	7.90	80	244.00
Skilled (levels 3-5)	844	100	19	30.20	44	709.00
<b>Total</b>	<b>2674</b>	<b>100</b>	<b>63</b>	<b>100</b>	<b>42</b>	<b>3 749.00</b>

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

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

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Contract (levels 1-2)	369	7	51
Contract (levels 3-5)	823	14	59
Contract (levels 6-8)	4767	16	293
Contract (levels 9-12)	2514	16	158
Contract (levels 13-16)	84	12	7
Contract other	264	6	42
Highly skilled production (levels 6-8)	57550	24	2439
Highly skilled supervision (levels 9-12)	41599	24	1750
Lower skilled (levels 1-2)	13052	21	622
Senior management (levels 13-16)	4253	22	193
Skilled (levels 3-5)	34724	22	1592
<b>Total</b>	<b>159999</b>	<b>22</b>	<b>7206</b>

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

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2020
Contract (levels 1-2)	0	0	0	0
Contract (levels 3-5)	0	0	0	0
Contract (levels 6-8)	0	0	0	0
Contract (levels 9-12)	0	0	0	0
Contract (levels 13-16)	0	0	0	0
Contract other	0	0	0	0
Highly skilled production (levels 6-8)	81	4	72	21
Highly skilled supervision (levels 9-12)	66	4	61	15
Lower skilled (levels 1-2)	0	0	46	0
Senior management (levels 13-16)	1	1	55	1
Skilled (levels 3-5)	165	6	63	27
<b>Total</b>	<b>313</b>	<b>5</b>	<b>66</b>	<b>64</b>

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

Table 3.10.5: Leave pay-outs for the period 1 April 2019 to 31 March 2020

Reason	Total amount (R'000)	Number of employees	Average per employee (R)
Annual - discounting with resignation (work days)	2 252	85	26 494
Annual - discounting: unused vacation credits (work days)	380	8	47 500
Annual - gratuity: death/retirement/medical retirement (work)	3 134	110	28 491
Capped - gratuity: death/retirement/medical retirement (work)	10 016	106	94 491
Other - discounting Water Affairs construct with transfer	3 134	84	37 310
Other - gratuity (general) (calendar days)	2 176	16	136 000
<b>Total</b>	<b>21 092</b>	<b>409</b>	<b>51 570</b>

### 3.11 HIV/AIDS & Health Promotion Programmes

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

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Confidential	Health and wellness screening, HCT, Peer Education Programme and Health and Wellness campaigns

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

	Question	Yes	No	Details, if yes
1	Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/ his name and position.	X		Sam Moyi Director: Organizational Development
2	Does the Department have a dedicated unit or have you designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available.	X		Three members and R4m budgeted for the EHWP
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.	X		HIV/AIDS & TB Management Programme.  Health and Productivity Management. Health and Wellness Management Support and Lifestyle Management
4	Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Sam Moyi, Eric Ramaswi, Ngoako Maphoto, Motshidisi Baloyi, Matome Makweba and Noxolo Ncapayi
5	Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		HIV/AIDS & TB Management Programme.  Health and Productivity Management. Health and Wellness Management Support and Lifestyle Management
6	Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		HIV/AIDS & TB Management Programme.  Health and Productivity Management. Health and Wellness Management Support and Lifestyle Management
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		Health Risk Assessment, HIV Counselling & Testing and HCT
8	Has the department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	X		Employee / Manager inductions and road shows on health and wellness

### 3.12 Labour Relations

**Table 3.12.1: Collective agreements for the period 1 April 2019 to 31 March 2020**

Subject matter	Date
None	-
<b>Total</b>	<b>-</b>

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 2019 to 31 March 2020**

Outcomes of disciplinary hearings	Number	% of total
Dismissal	8	29.63
Suspension without pay	9	33.33
Final written warning	8	29.63
Verbal warning	2	7.41
Demotion	0	0.00
<b>Total</b>	<b>27</b>	<b>100.00</b>

**Table 3.12.3: Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 to 31 March 2020**

Type of misconduct	Number	% of total
Misuse of state vehicle	2	7.41
Dishonesty	2	7.41
Insubordination	2	7.41
Fraud	1	3.70
Financial mismanagement/ unauthorised expenditure	3	11.11
Fighting	1	3.70
Theft	3	11.11
Negligence	6	22.22
Abusive behaviour	1	3.70
Racism	1	3.70
Misuse of state resources	3	11.11
Assault	1	3.70
Sexual abuse	1	3.70
<b>Total</b>	<b>27</b>	<b>100.00</b>

**Table 3.12.4: Grievances lodged for the period 1 April 2019 to 31 March 2020**

Grievances	Number	% of total
Number of grievances resolved	61	21.60
Number of grievances not resolved	222	78.40
Total number of grievances lodged	<b>283</b>	<b>100.00</b>

**Table 3.12.5: Disputes lodged with Councils for the period 1 April 2019 to 31 March 2020**

Disputes	Number	% of total
Number of disputes resolved	20	11.76
Number of disputes not resolved	150	88.24
Total number of disputes lodged	<b>170</b>	<b>100.00</b>

**Table 3.12.6: Strike actions for the period 1 April 2019 to 31 March 2020**

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

**Table 3.12.7: Precautionary suspensions for the period 1 April 2019 to 31 March 2020**

Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	254.8
Cost of suspension(R'000)	<b>R3,016,892</b>

### 3.13 Skills development

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

**Table 3.13.1: Training needs identified for the period 1 April 2019 to 31 March 2020**

Occupational category	Gender	Number of employees	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	65	0	1	0	1
	Male	95	0	3	3	6
Professionals	Female	562	0	244	75	319
	Male	682	0	312	105	417
Technicians and associate professionals	Female	745	0	358	18	376
	Male	808	0	397	35	432
Clerks	Female	867	0	410	84	494
	Male	354	0	157	24	181
Service and sales workers	Female	60	0	26	3	29
	Male	157	0	103	44	147
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	12	0	8	0	8
	Male	127	0	64	43	107
Plant and machine operators and assemblers	Female	225	0	23	0	23
	Male	935	0	85	46	131
Elementary occupations	Female	270	0	144	3	147
	Male	714	0	44	35	79
Sub-total	Female	2806	0	1214	187	1401
	Male	3872	0	1165	339	1504
<b>Total</b>		<b>6678</b>	<b>0</b>	<b>2379</b>	<b>1044</b>	<b>3423</b>

Table 3.13.1: Training needs identified for the period 1 April 2019 to 31 March 2020

Occupational category	Gender	Number of employees	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	65	0	128	35	163
	Male	95	0	119	20	139
Professionals	Female	562	0	83	39	122
	Male	682	0	75	76	151
Technicians and associate professionals	Female	745	0	95	58	153
	Male	808	0	113	73	186
Clerks	Female	867	0	198	30	228
	Male	354	0	113	43	156
Service and sales workers	Female	60	0	2	0	2
	Male	157	0	5	0	5
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	12	0	7	8	15
	Male	127	0	49	12	61
Plant and machine operators and assemblers	Female	225	0	7	0	7
	Male	935	0	109	58	167
Elementary occupations	Female	270	0	39	23	62
	Male	714	0	116	53	169
Sub-total	Female	2806	0	0	0	0
	Male	3872	0	0	0	0
<b>Total</b>		<b>6678</b>	<b>0</b>	<b>1258</b>	<b>528</b>	<b>1786</b>

### 3.14 Injury on duty

The following tables provide basic information on injury on duty.

**Table 3.14.1: Injury on duty for the period 1 April 2019 to 31 March 2020**

Nature of injury on duty	Number	% of total
Required basic medical attention only	15	71.43
Temporary total disablement	6	28.57
Permanent disablement	0	0
Fatal	0	0
<b>Total</b>	<b>21</b>	<b>100.00</b>

### 3.15 Utilisation of Consultants

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

- 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 2019 to 31 March 2020**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Appointment of a PSP to provide a mobile phone based incident response activation system (including a five year incident location and support data service as part of the incident response activation programme (IRAP) at all department of water and sanitation government water works		60 months	R8 554 370.47
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration Work days</b>	<b>Total contract value in Rand</b>
<b>1</b>			<b>R8 554 370.47</b>

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 to 31 March 2020**



Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Appointment of a PSP to provide a mobile phone based incident response activation system (including a five year incident location and support data service as part of the incident response activation programme (IRAP) at all department of water and sanitation government water works	0%	0%	

### 3.16 Severance Packages

**Table 3.16.1: Granting of employee initiated severance packages for the period 1 April 2019 to 31 March 2020**

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 (levels 3-5)	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0
Senior management (levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# BOARD OF DIRECTORS



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

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

We are pleased to present our report for the financial year ended 31 March 2020.

## Audit Committee Responsibility

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

## Audit Committee Members and Attendance

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

Name	Qualifications	Internal or external	Date appointed	Resigned	No. of Meetings attended
Dr. Charles Motau	Doctor Technologiae: Computer Sc & Data Processing, MBL, MIT, BCom, Higher Diploma in Computer Auditing, Certificate in Digital Transformation Strategy	External	1 July 2020	-	5
Mr. Japie du Plessis (Chairperson – March 2020)	National Diploma in State Accounts and Finance. Registered Government Auditor – The South African Institute of Government Auditors	External	April 2016 - March 2020 Reappointed 1 April 2020	-	5
Ms Nontlaza Sizani	Bachelor of Accounting Science Honours; Bachelor of Commerce; Senior Teachers Diploma; Post Graduate Diploma in Management; Certificate in the Theory of Accountancy (CTA), AGA (SA)	External	1 July 2020	-	5
Mr Sindile Faku	Master of Science Degree; Bachelor of Education (Hons); Bachelor of Arts; Senior Teachers Diploma; Human Resource Programme; Graduate Diploma in Company Direction; Housing Finance Course; Real Estate Qualification, Leadership in Local Government Certification	External	1 July 2020	-	5

Name	Qualifications	Internal or external	Date appointed	Resigned	No. of Meetings attended
Ms. Annah Badimo	B.Sc Computer Science; B.Sc Hons. Computer Science; Master in Business Administration; Master of Science CISM; CGEIT; CRISC; COBIT 5; Cobol Programming Diploma; Project Management Diploma; Certificate IT Auditing; F. Inst. D (IoDSA).	External	April 2013 – March 2016 April 2016 – March 2020	March 2020	3

## The Effectiveness of Internal Control

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

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

## Resolution of Internal Control Findings

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

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

## Combined Assurance

The Audit Committee reviewed the plans and reports of the AGSA and IA and other assurance providers including

Management, and concluded that these were adequate to address all significant financial risks facing the Department.

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

## Internal Audit Effectiveness

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

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

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

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

functions, IA Coverage and Three Year Rolling Plans were approved by the Audit Committee.

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

The Audit Committee has overseen a process by which IA has performed audits according to a risk-based audit plan where the effectiveness of the risk management and internal controls were evaluated. These evaluations were the main input considered by the Audit Committee in reporting on the effectiveness of internal controls. The Audit Committee is satisfied with the independence and effectiveness of the IA function.

The Audit Committee is concerned with current vacancies in senior management and the impact it has on the business of the Department. However, the Audit Committee has noted corrective measures instituted by the Acting Accounting Officer to address this concern and related internal audit reported matters. The Department did implement certain of the recommendations made by the Audit Committee. The main concerning areas to the Audit Committee that require urgent consequence management interventions are:

- Key vacancies - The instability at Director-General and Chief Financial Officer Levels must be attended to as a matter of urgency.
- Low performance achievements of strategic goals and indicators.
- Budget and financial management resulting in irregular and fruitless and wasteful expenditure and increased liquidity risk at the Department.

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

## Performance Information

The performance information was presented to the Audit Committee during the meeting of 27 July 2020. The Audit Committee supported the submission of the information. Quarterly auditing of performance information by the IA unit of all APP targets took place. An improvement was noted in this with regard.

A major concern is the annual performance achievement of only 51% of the set targets, while the Department spent 92.4% of the approved budget for 2019/20 financial year.

## Risk Management

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

The Department assessed strategic and operational risks on a quarterly basis that could have an impact on the achievement of its objectives, both strategically and on a programme level. Risks were prioritised based on its likelihood and impact (inherently and residually) and additional mitigations were agreed upon to reduce risks to acceptable levels. New/emerging risks were identified during the quarterly review processes.

Internal Audit also performed their own assessment of the risk environment of the Department and included the strategic and operational risks as part of this assessment.

## Governance and Ethics

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

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

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

## Information and Communication Technology (ICT) Governance

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



Although there was progress on the ICT Internal Control the Audit Committee report its dissatisfaction with minimal progress made with the implementation of the Information Technology Steering Committee, Disaster Recovery Plan, the Business Continuity Plan, ICT Steering Committee meeting attendance and the monitoring of access in the servicer control room. The Department also experienced a data breach during February 2020. This continued to be a high risk for the Department.

### Audit Committee Responsibility

The Audit Committee is pleased to report that it has complied with its responsibility arising from its terms of reference, including relevant legislative requirements.

The Audit Committee and relevant stakeholders also completed an annual Audit Committee assessment to evaluate the efficiency and effectiveness of the Audit Committee.

For the financial year ended 31 March 2020, the Audit Committee reviewed:

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

### Review and Evaluation of the Annual Financial Statements

The Audit Committee is satisfied with the content and quality of certain of the financial and non-financial quarterly reports prepared and submitted by the Acting DG of the Department during the financial year under review and confirms that the reports were mostly in compliance with

the statutory reporting framework. The Audit Committee had the opportunity to review the Annual Financial Statements and discussed it with Management. The Annual Financial Statements were presented to the AGSA on 27 and 30 July 2020. However, due to the Covid-19 pandemic, lead to the AGSA's Audit Report and Management Report for the DWS only being concluded on 3 September 2020. The Audit Committee has the following comments:

- Improvement in the audit opinion. The Department's audit opinion improved from qualified with findings on non-compliance with legislation and performance information in 2017/18 to an unqualified audit opinion with findings on non-compliance with legislation in 2018/19 as well as during the 2019/20 financial years.
- The completeness of fruitless and wasteful and irregular expenditure. Improvement has been noted during the 2018/2019 financial year; however this process would require renewed effort from Management with a specific focus on condonement processes to be followed in this regard. The system to identify irregular expenditure and the completeness of irregular expenditure should be strengthened. As mentioned in note 24.1 to the Annual Financial Statements the total irregular expenditure as at 31 March 2019 was R9.286 billion of which R5.821 billion was incurred by implementing agents and R3.465 billion by the Department. The Chairperson had two meetings in 2018/19 with Water Boards to discuss irregular expenditure incurred by implementing agents on behalf of the Department.
- Inadequate controls over appointments of contractors (including implementing agents of the Department) who do not follow supply chain management processes. This is mainly linked to projects procured in previous years that are still under construction.
- Predetermined Objectives. The Department has shown an improvement in the area of performance information year on year as no material findings were included in the AGSA's audit report.
- The Department to continue as a going concern. Due to challenges still applicable to the Department as projects are being paid for that were not originally budgeted for. Inadequate and ineffective monitoring of funds transferred to implementing agents. Payables exceeded the payment term of 30 days. The internal controls have improved from the 2018/2019 to the 2019/2020 financial year.
- Historical Emergency projects. The Department does not have adequate project methodology including processes and procedures, resulting in the Department

incurring irregular, fruitless and wasteful expenditure as well as non-compliance with the Division of Revenue Act (Act no. 3 of 2017) (DORA).

- Consequence management. Efforts to be strengthened to ensure the speedy resolution process and implementation of both Internal and AGSA recommendations.

No new material irregularities were identified during the 2019/2020 financial year. The two material irregularities that were identified in the 2018/2019 financial year were also followed-up and progress was noted in addressing the concerns raised by the AGSA.

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

### Conclusion

The Audit Committee is pleased with the outcome of the audit and somewhat concerned with progress made by the Department in improving and progressing with the areas outlined in this report. Management is positive in their commitment to good governance and a clean administration.

The Audit Committee noted non-compliance with prescribed policies and procedures up to 31 March 2020. From observations, analyses and reports presented to the Audit Committee by Management and assurance providers, including Internal Audit and the AGSA, as well as the Audit Committee's evaluation of the Risk

Management processes, the Audit Committee concludes that the systems of internal control tested were found to be inadequate and ineffective for certain of the areas tested. These controls require further improvement and we have received assurance that the matter is being addressed. Attention has also been given in addressing prior years' concerns noted by the AGSA.

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



**Dr C Motau**

Chairperson of the Audit Committee  
29 January 2021



## 2 REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON VOTE 36: DEPARTMENT OF WATER AND SANITATION

### Report on the audit of the financial statements

#### Opinion

- 1 I have audited the financial statements of the Department of Water and Sanitation set out on 160 to 271 which comprise the appropriation statement, statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Water and Sanitation as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (DoRA).

#### Basis for opinion

- 3 I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- 4 I am independent of the department in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

- 5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

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

#### Restatement of corresponding figures

- 7 As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the department at, and for the year ended 31 March 2020.

#### Underspending the vote

- 8 As disclosed in the appropriation statement, the department materially underspent the budget by R1 250 million which included R82 million on programme 2, R991 million on programme 3 and R110 million on programme 4. Refer to the notes to the appropriation statement – note 4, for the various reasons for these material underspending. The variance on payments for capital assets of R832 million was mainly attributable to the commitments that were still to be billed and invoices pending certification, verification and approval for payment of work done on the Indirect (DoRA Schedule 6B) Regional Bulk Infrastructure and Water Services Infrastructure grants.

#### Other matter

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

#### Unaudited supplementary schedules

- 10 The supplementary information set out on 272 to 310 does not form part of the financial

statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

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

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

- 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 is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

- 15 In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
- 16 My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 17 I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2020:

Programmes	Pages in the annual performance report
Programme 3 – water infrastructure development	56 to 67

- 18 I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 19 I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme

### Other matters

- 20 I draw attention to the matters below.

### Achievement of planned targets

- 21 Refer to the annual performance report on 41 to 72 for information on the achievement of planned targets for the year and explanations provided for the under achievement of a significant number of targets.

## Report on the audit of compliance with legislation

### Introduction and scope

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

### Annual financial statements

- 24 The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (a) of the PFMA.

- 25 Material misstatements on commitments identified by the auditors in the submitted financial statement were corrected subsequently, resulting in the financial statements receiving an unqualified opinion.

### Conditional grants

- 26 The Regional Bulk Infrastructure grant and Water Services Infrastructure grants were not spent in accordance with the applicable framework, as required by section 17(1) of the DoRA during the year as it was not supported by cash on hand.

### Expenditure management

- 27 Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R695 million disclosed in note 25 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by deviations from normal procurement processes which were not justifiable and extension of a contract without prior approval by the delegated official. Of the total irregular expenditure, R195 million related to the Bucket Eradication Programme and R162 million to the Emfuleni intervention project.

### Consequence management

- 28 In some instances, I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to proper and complete records not being maintained in all instances as evidence to support the investigations into irregular expenditure.

## Other information

- 29 The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
- 30 My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 31 In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 32 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

- 33 I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

- 34 The department had various acting director-generals as well as deputy director-generals for a period exceeding three years. The instabilities in leadership at the department contributed to a number of vacancies within other top management positions, including that of the chief financial officer; and some internal control deficiencies. The efforts of the acting incumbents, as noted from the audit outcome, are however acknowledged
- 35 Management processes to perform proper reconciliations related to commitments were inadequate.
- 36 Compliance matters were not properly reviewed and monitored by the respective officials to ensure compliance.

## Material irregularities

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

### Status of previously reported material irregularities

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

- 38 In 2018-19, a payment of R17 900 594 was made to a consulting firm appointed for financial management services, without the required progress report to support that the work had been performed.

The payment for services not delivered was as a result of ineffective internal controls relating to the approval and processing of payments, as required by treasury regulation 8.1.1.

- 39 The non-compliance with legislation was likely to result in a material financial loss if the amount paid is not recovered from the firm. A contingent asset of R17 900 594 in relation to this matter has been disclosed in note 20.2, of the financial statements.
- 40 The accounting officer was notified of the material irregularity on 17 July 2019. The following actions have been taken to resolve the material irregularity:

The department's internal audit unit investigated the matter and concluded its report on the 18th of July 2018. Based on the outcome of the investigation, the accounting officer initiated disciplinary proceedings on the 9th of October 2018 against officials involved and subsequently, all of the officials resigned from the department.

One official joined another department and a request was submitted to that department on the 9th of June 2020, to continue with the disciplinary process.

A criminal case was also opened on 17 July 2018 with the South African Police Service (SAPS).

The accounting officer filed a combined summons with the high court on the 22nd of November 2018, to declare the contract invalid and recover the amount paid. On the 22nd of January 2020, the court granted an order by agreement between the parties that the review application to declare the contract invalid, had become academic and it was therefore withdrawn. However, the court proceedings to recover the amount are still ongoing.

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

#### Amatola Water Board not paid within 30 days

- 42 In 2018-19, payments to the Amatola Water Board were not made within 30 days from receipt of the invoices, as required by treasury regulation 8.2.3. The water board is an implementing agent for a water infrastructure project in the Eastern Cape, funded by the Regional Bulk Infrastructure grant (RBIG). As a

result of the payment delays by the department, the invoices of the appointed contractor for the project could not be paid in time, which attracted interest. The construction was also suspended from 26 March 2018 until 4 June 2018, which resulted in the contractor claiming standing time, as provided for in the contract.

- 43 The interest and standing time charged as a result of the late payments resulted in a material financial loss of R13 413 942 as at the prior financial year-end, which formed part of the prior year disclosure in note 26, to the current annual financial statements.

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

The accounting officer referred the matter to the internal risk management unit on the 13th of August 2019 for investigation, which was completed on the 5th of August 2020. The investigation concluded that no official was responsible for the interest and standing time as the department did not have sufficient funds to pay the invoices.

The accounting officer subsequently re-evaluated all the projects and developed a financial turn-around strategy on 18 December 2018, to avoid similar losses in the future.

- 45 The material irregularity has therefore been resolved.

#### Other reports

- 46 In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

47 The special investigation unit (SIU) is currently conducting numerous forensic investigations, as per relevant proclamations issued, at the Department of Water and Sanitation or relevant water boards and the entity which is linked to the department. Most of these investigations were still in progress at the date of this auditor's report.

48 Several other investigations were also conducted, or were in progress, by the internal audit unit at the request of the accounting officer and/or the audit committee, and/or the executive authority arising from allegations of financial misconduct against officials of the department and other entities within the water portfolio. The completed investigations resulted in recommendations for disciplinary and/

or criminal proceedings to be instituted against the officials concerned, while others were still in progress at year-end.

*Auditor-General*

**Pretoria**

30 October 2020



## Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department’s compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department of Water and Sanitation to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures

are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### 3 ANNUAL FINANCIAL STATEMENTS

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## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

### Appropriation per programme

Programme	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Administration	1 836 172	-	(145 187)	1 690 985	1 624 064	66 921	96.0%	1 634 012	1 634 005
2 Water Planning and Information Management	907 896	-	(72 632)	835 264	753 553	81 711	90.2%	689 717	689 717
3 Water Infrastructure Development	13 286 961	-	252 721	13 539 682	12 548 973	990 709	92.7%	14 255 377	14 013 071
4 Water Sector Regulation	436 270	-	(34 902)	401 368	291 016	110 352	72.5%	294 623	282 641
<b>Total</b>	<b>16 467 299</b>	<b>-</b>	<b>-</b>	<b>16 467 299</b>	<b>15 217 606</b>	<b>1 249 693</b>	<b>92.4%</b>	<b>16 873 729</b>	<b>16 619 434</b>
<b>Reconciliation with statement of financial performance</b>									
<b>ADD</b>									
Departmental receipts				15 357				66 410	
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>16 482 656</b>				<b>16 940 139</b>	
<b>Actual amounts per statement of financial performance (total expenditure)</b>									<b>16 619 434</b>

## Appropriation per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>3 486 103</b>	<b>599 411</b>	-	<b>4 085 514</b>	<b>3 705 515</b>	<b>379 999</b>	<b>90.7%</b>	<b>3 280 885</b>	<b>3 625 271</b>
Compensation of employees	1 821 343	-	-	1 821 343	1 683 436	137 907	92.4%	1 717 982	1 604 040
Salaries and wages	1 566 662	(3 987)	-	1 562 675	1 468 216	94 459	94.0%	1 447 315	1 400 421
Social contributions	254 681	3 987	-	258 668	215 220	43 448	83.2%	270 667	203 619
Goods and services	1 664 760	599 411	-	2 264 171	2 022 079	242 092	89.3%	1 562 883	2 021 213
Administrative fees	14 912	(5 226)	(4 930)	4 756	4 756	-	100.0%	8 904	8 897
Advertising	33 397	(1 484)	(14 770)	17 143	17 143	-	100.0%	35 501	44 748
Minor assets	11 068	(3 640)	(4 475)	2 953	2 953	-	100.0%	2 074	2 074
Audit costs: External	35 227	-	(21)	35 206	35 206	-	100.0%	40 727	40 727
Bursaries: Employees	4 920	-	(2 540)	2 380	2 380	-	100.0%	2 761	2 761
Catering: Departmental activities	5 438	(2 034)	(1 959)	1 445	1 445	-	100.0%	1 617	1 617
Communication	31 473	(611)	(2 113)	28 749	28 749	-	100.0%	31 669	31 668
Computer services	148 851	(22 981)	(8 694)	117 176	117 176	-	100.0%	96 561	133 774
Consultants: Business and advisory services	227 624	148 790	(28 398)	348 016	265 457	82 559	76.3%	57 787	57 787
Infrastructure and planning services	232 043	39 336	(72 254)	199 125	184 437	14 688	92.6%	109 858	109 858
Laboratory services	5 327	(718)	(1 143)	3 466	3 466	-	100.0%	1 894	1 894
Legal services	25 049	6 088	(6)	31 131	31 131	-	100.0%	16 518	16 518
Contractors	17 553	272 027	(4 789)	284 791	140 681	144 110	49.4%	16 871	16 871
Agency and support / outsourced services	8 113	(1 756)	(2 277)	4 080	4 080	-	100.0%	7 644	7 643
Entertainment	404	(155)	(102)	147	147	-	100.0%	65	65

2019/20	2018/19									
	Economic classification	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services	23 079	525	(351)	23 253	23 253	23 253	-	100.0%	29 795	29 795
Inventory: Other supplies	3 399	123 512	-	126 911	126 911	126 911	-	100.0%	11 140	11 140
Consumable supplies	29 241	31 282	(5 039)	55 484	55 484	55 484	-	100.0%	10 979	10 979
Consumable: Stationery, printing and office supplies	26 832	(7 514)	(6 621)	12 697	12 697	12 697	-	100.0%	4 711	4 711
Operating leases	418 167	(376)	(15 023)	402 768	402 768	402 768	-	100.0%	378 710	414 524
Property payments	123 766	4 489	(19 561)	108 694	108 694	108 694	-	100.0%	111 474	111 475
Transport provided: Departmental activity	2 049	(1 626)	(324)	99	99	99	-	100.0%	460	460
Travel and subsistence	168 274	(12 074)	(31 348)	124 852	124 852	124 117	735	99.4%	121 765	121 766
Training and development	34 401	38 718	240 700	313 819	313 819	313 819	-	100.0%	450 842	826 904
Operating payments	23 491	(3 579)	(10 477)	9 435	9 435	9 435	-	100.0%	9 246	9 246
Venues and facilities	9 194	(1 305)	(3 056)	4 833	4 833	4 833	-	100.0%	2 816	2 816
Rental and hiring	1 468	(277)	(429)	762	762	762	-	100.0%	493	493
Interest and rent on land	-	-	-	-	-	-	-	-	19	19
Interest	-	-	-	-	-	-	-	-	19	19
<b>Transfers and subsidies</b>	<b>9 149 516</b>	<b>5 240</b>	<b>-</b>	<b>9 154 756</b>	<b>9 116 654</b>	<b>9 116 654</b>	<b>38 102</b>	<b>99.6%</b>	<b>9 941 858</b>	<b>9 933 884</b>
Provinces and municipalities	5 736 498	-	-	5 736 498	5 698 629	5 698 629	37 869	99.3%	6 740 979	6 740 979
Municipalities	5 736 498	-	-	5 736 498	5 698 629	5 698 629	37 869	99.3%	6 740 979	6 740 979
Municipal bank accounts	5 736 498	-	-	5 736 498	5 698 629	5 698 629	37 869	99.3%	6 740 979	6 740 979
Departmental agencies and accounts	2 370 022	7	-	2 370 029	2 370 029	2 370 029	-	100.0%	2 269 759	2 269 759

2019/20		2018/19							
Economic classification	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies and accounts	2 370 022	7	-	2 370 029	2 370 029	-	100.0%	2 269 759	2 269 759
Foreign governments and international organisations	227 020	-	-	227 020	227 051	(31)	100.0%	209 212	209 269
Public corporations and private enterprises	782 891	-	-	782 891	782 891	-	100.0%	694 715	694 715
Public corporations	782 891	-	-	782 891	782 891	-	100.0%	694 715	694 715
Other transfers to public corporations	782 891	-	-	782 891	782 891	-	100.0%	694 715	694 715
Non-profit institutions	2 899	-	-	2 899	2 635	264	90.9%	1 026	1 194
Households	30 186	5 233	-	35 419	35 419	-	100.0%	26 167	17 968
Social benefits	10 724	4 934	-	15 658	15 658	-	100.0%	10 356	9 897
Other transfers to households	19 462	299	-	19 761	19 761	-	100.0%	15 811	8 071
<b>Payments for capital assets</b>	<b>3 830 942</b>	<b>(604 651)</b>	-	<b>3 226 291</b>	<b>2 394 699</b>	<b>831 592</b>	<b>74.2%</b>	<b>3 650 986</b>	<b>3 060 279</b>
Buildings and other fixed structures	3 698 592	(604 651)	-	3 093 941	2 317 777	776 164	74.9%	3 523 512	2 977 412
Buildings	-	210 424	-	210 424	210 424	-	100.0%	406 369	402 656
Other fixed structures	3 698 592	(815 075)	-	2 883 517	2 107 353	776 164	73.1%	3 117 143	2 574 756
Machinery and equipment	98 908	-	-	98 908	47 583	51 325	48.1%	96 197	51 589
Transport equipment	21 498	341	-	21 839	14 545	7 294	66.6%	23 987	19 296
Other machinery and equipment	77 410	(341)	-	77 069	33 038	44 031	42.9%	72 210	32 292
Intangible assets	33 442	-	-	33 442	29 339	4 103	87.7%	31 278	31 278
<b>Payments for financial assets</b>	<b>738</b>	-	-	<b>738</b>	<b>738</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>16 467 299</b>	-	-	<b>16 467 299</b>	<b>15 217 606</b>	<b>1 249 693</b>	<b>92.4%</b>	<b>16 873 729</b>	<b>16 619 434</b>

## Statutory appropriation per economic classification

2019/20		2018/19							
Economic classification	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>3 486 103</b>	<b>599 411</b>	-	<b>4 085 514</b>	<b>3 705 515</b>	<b>379 999</b>	<b>90.7%</b>	<b>3 280 885</b>	<b>3 625 271</b>
Compensation of employees	1 821 343	-	-	1 821 343	1 683 436	137 907	92.4%	1 717 982	1 604 040
Goods and services	1 664 760	599 411	-	2 264 171	2 022 079	242 092	89.3%	1 562 883	2 021 213
Interest and rent on land	-	-	-	-	-	-	-	19	19
<b>Transfers and subsidies</b>	<b>9 149 516</b>	<b>5 240</b>	-	<b>9 154 756</b>	<b>9 116 654</b>	<b>38 102</b>	<b>99.6%</b>	<b>9 941 858</b>	<b>9 933 884</b>
Provinces and municipalities	5 736 498	-	-	5 736 498	5 698 629	37 869	99.3%	6 740 979	6 740 979
Departmental agencies and accounts	2 370 022	7	-	2 370 029	2 370 029	-	100.0%	2 269 759	2 269 759
Foreign governments and international organisations	227 020	-	-	227 020	227 051	(31)	100.0%	209 212	209 269
Public corporations and private enterprises	782 891	-	-	782 891	782 891	-	100.0%	694 715	694 715
Non-profit institutions	2 899	-	-	2 899	2 635	264	90.9%	1 026	1 194
Households	30 186	5 233	-	35 419	35 419	-	100.0%	26 167	17 968
<b>Payments for capital assets</b>	<b>3 830 942</b>	<b>(604 651)</b>	-	<b>3 226 291</b>	<b>2 394 699</b>	<b>831 592</b>	<b>74.2%</b>	<b>3 650 986</b>	<b>3 060 279</b>
Buildings and other fixed structures	3 698 592	(604 651)	-	3 093 941	2 317 777	776 164	74.9%	3 523 512	2 977 412
Machinery and equipment	98 908	-	-	98 908	47 583	51 325	48.1%	96 197	51 589
Intangible assets	33 442	-	-	33 442	29 339	4 103	87.7%	31 278	31 278
<b>Payments for financial assets</b>	<b>738</b>	<b>-</b>	<b>-</b>	<b>738</b>	<b>738</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>

### Programme 1: Administration

Sub-programme	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Ministry	56 410	(2 262)	-	54 148	41 781	12 367	77.2%	57 187	57 089
2 Departmental Management	104 306	2 262	(9 785)	96 783	94 147	2 636	97.3%	67 077	65 731
3 Internal Audit	38 491	-	(10 169)	28 322	27 700	622	97.8%	32 619	32 562
4 Corporate Services	764 236	-	(67 660)	696 576	670 029	26 547	96.2%	701 270	671 429
5 Financial Management	267 079	-	(12 905)	254 174	243 069	11 105	95.6%	256 269	254 111
6 Office Accommodation	481 378	-	(24 312)	457 066	457 066	-	100.0%	439 180	474 994
7 Programme Management Unit	65 588	-	(10 914)	54 674	44 226	10 448	80.9%	41 241	40 341
8 International Water Support	58 684	-	(9 442)	49 242	46 046	3 196	93.5%	39 169	37 749
<b>Total</b>	<b>1 836 172</b>	<b>-</b>	<b>(145 187)</b>	<b>1 690 985</b>	<b>1 624 064</b>	<b>66 921</b>	<b>96.0%</b>	<b>1 634 012</b>	<b>1 634 005</b>

### Programme 1: Administration per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>1 727 454</b>	<b>(3 389)</b>	<b>(145 176)</b>	<b>1 578 889</b>	<b>1 540 945</b>	<b>37 944</b>	<b>97.6%</b>	<b>1 542 096</b>	<b>1 571 629</b>
Compensation of employees	803 138	-	-	803 138	765 194	37 944	95.3%	751 550	736 033
Salaries and wages	683 527	994	-	684 521	666 702	17 819	97.4%	653 317	641 962
Social contributions	119 611	(994)	-	118 617	98 492	20 125	83.0%	98 233	94 071
Goods and services	924 316	(3 389)	(145 176)	775 751	775 751	-	100.0%	790 535	835 585
Administrative fees	7 184	47	(4 355)	2 876	2 876	-	100.0%	4 735	4 728
Advertising	30 034	-	(14 621)	15 413	15 413	-	100.0%	33 717	42 964
Minor assets	4 836	(57)	(3 785)	994	994	-	100.0%	831	831
Audit costs: External	35 227	-	(21)	35 206	35 206	-	100.0%	40 727	40 727
Bursaries: Employees	4 920	-	(2 540)	2 380	2 380	-	100.0%	2 713	2 713
Catering: Departmental activities	2 644	(158)	(1 672)	814	814	-	100.0%	710	710
Communication	18 910	2 300	(1 238)	19 972	19 972	-	100.0%	21 899	21 899
Computer services	85 068	(15 352)	(5 348)	64 368	64 368	-	100.0%	71 606	71 606
Consultants: Business and advisory services	27 125	(1 979)	(14 293)	10 853	10 853	-	100.0%	23 117	23 117
Infrastructure and planning services	-	3 173	-	3 173	3 173	-	100.0%	-	-
Legal services	25 049	6 088	(6)	31 131	31 131	-	100.0%	16 518	16 518
Contractors	11 425	1 366	(4 283)	8 508	8 508	-	100.0%	12 794	12 794
Agency and support / outsourced services	6 188	-	(2 263)	3 925	3 925	-	100.0%	5 277	5 277
Entertainment	202	(24)	(86)	92	92	-	100.0%	41	41
Fleet services	5 245	1 267	(201)	6 311	6 311	-	100.0%	7 826	7 826



Economic classification	2019/20							2018/19	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Other supplies	-	-	-	-	-	-	-	2 404	2 404
Consumable supplies	8 253	(42)	(3 386)	4 825	4 825	-	100.0%	4 648	4 648
Consumable: Stationery, printing and office supplies	13 967	(1 839)	(5 545)	6 583	6 583	-	100.0%	2 480	2 480
Operating leases	417 755	-	(14 987)	402 768	402 768	-	100.0%	378 707	414 521
Property payments	108 226	-	(19 435)	88 791	88 791	-	100.0%	95 420	95 420
Transport provided: Departmental activity	318	-	(312)	6	6	-	100.0%	-	-
Travel and subsistence	73 797	1 908	(23 904)	51 801	51 801	-	100.0%	54 629	54 629
Training and development	16 411	(368)	(10 512)	5 531	5 531	-	100.0%	3 190	3 186
Operating payments	13 953	(77)	(9 372)	4 504	4 504	-	100.0%	4 219	4 219
Venues and facilities	6 566	358	(2 582)	4 342	4 342	-	100.0%	1 880	1 880
Rental and hiring	1 013	-	(429)	584	584	-	100.0%	447	447
Interest and rent on land	-	-	-	-	-	-	-	11	11
Interest	-	-	-	-	-	-	-	11	11
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>35 140</b>	<b>3 389</b>	<b>(11)</b>	<b>38 518</b>	<b>38 535</b>	<b>(17)</b>	<b>100.0%</b>	<b>20 391</b>	<b>12 606</b>
Provinces and municipalities	89	-	(11)	78	64	14	82.5%	14	14
Municipalities	89	-	(11)	78	64	14	82.5%	14	14
Municipal bank accounts	89	-	(11)	78	64	14	82.5%	14	14
Municipal agencies and funds	-	-	-	-	-	-	-	-	-

Economic classification	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies and accounts	2 986	-	-	2 986	2 986	-	100.0%	2 829	2 829
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	2 986	-	-	2 986	2 986	-	100.0%	2 829	2 829
Foreign governments and international organisations	7 120	-	-	7 120	7 151	(31)	100.4%	973	1 030
Non-profit institutions	1 000	-	-	1 000	1 000	-	100.0%	-	-
Households	23 945	3 389	-	27 334	27 334	-	100.0%	16 575	8 733
Social benefits	4 685	3 389	-	8 074	8 074	-	100.0%	3 438	3 336
Other transfers to households	19 260	-	-	19 260	19 260	-	100.0%	13 137	5 397
<b>Payments for capital assets</b>	<b>72 857</b>	<b>-</b>	<b>-</b>	<b>72 857</b>	<b>43 863</b>	<b>28 994</b>	<b>60.2%</b>	<b>71 525</b>	<b>49 771</b>
Machinery and equipment	39 660	-	-	39 660	14 649	25 011	36.9%	40 247	18 493
Transport equipment	6 828	309	-	7 137	3 803	3 334	53.3%	9 133	5 184
Other machinery and equipment	32 832	(309)	-	32 523	10 846	21 677	33.3%	31 114	13 309
Intangible assets	33 197	-	-	33 197	29 214	3 983	88.0%	31 278	31 278
<b>Payments for financial assets</b>	<b>721</b>	<b>-</b>	<b>-</b>	<b>721</b>	<b>721</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 836 172</b>	<b>-</b>	<b>(145 187)</b>	<b>1 690 985</b>	<b>1 624 064</b>	<b>66 921</b>	<b>96.0%</b>	<b>1 634 012</b>	<b>1 634 005</b>

## Sub-programme 1.1: Ministry per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>50 295</b>	<b>(2 321)</b>	-	<b>47 974</b>	<b>38 138</b>	<b>9 836</b>	<b>79.5%</b>	<b>55 582</b>	<b>55 484</b>
Compensation of employees	34 130	(4 684)	-	29 446	19 610	9 836	66.6%	31 955	31 861
Goods and services	16 165	2 363	-	18 528	18 528	-	100.0%	23 627	23 623
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2 651</b>	<b>59</b>	-	<b>2 710</b>	<b>2 709</b>	<b>1</b>	<b>100.0%</b>	<b>78</b>	<b>78</b>
Provinces and municipalities	27	(20)	-	7	6	1	90.8%	14	14
Households	2 624	79	-	2 703	2 703	-	100.0%	64	63
<b>Payments for capital assets</b>	<b>3 437</b>	-	-	<b>3 437</b>	<b>907</b>	<b>2 530</b>	<b>26.4%</b>	<b>1 527</b>	<b>1 527</b>
Machinery and equipment	3 437	-	-	3 437	907	2 530	26.4%	1 527	1 527
<b>Payments for financial assets</b>	<b>27</b>	-	-	<b>27</b>	<b>27</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>56 410</b>	<b>(2 262)</b>	-	<b>54 148</b>	<b>41 781</b>	<b>12 367</b>	<b>77.2%</b>	<b>57 187</b>	<b>57 089</b>

## Sub-programme 1.2: Departmental Management per economic classification

Economic classification	2019/20							2018/19	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>99 346</b>	<b>2 282</b>	<b>(9 774)</b>	<b>91 854</b>	<b>91 854</b>	-	<b>100.0%</b>	<b>66 205</b>	<b>64 860</b>
Compensation of employees	62 531	4 684	-	67 215	67 215	-	100.0%	55 624	54 278
Goods and services	36 815	(2 402)	(9 774)	24 639	24 639	-	100.0%	10 581	10 582
<b>Transfers and subsidies</b>	<b>384</b>	<b>(20)</b>	<b>(11)</b>	<b>353</b>	<b>341</b>	<b>12</b>	<b>96.6%</b>	<b>36</b>	<b>36</b>
Provinces and municipalities	23	-	(11)	12	-	12	-	-	-
Households	361	(20)	-	341	341	-	100.0%	36	36
<b>Payments for capital assets</b>	<b>4 555</b>	<b>-</b>	<b>-</b>	<b>4 555</b>	<b>1 931</b>	<b>2 624</b>	<b>42.4%</b>	<b>836</b>	<b>835</b>
Machinery and equipment	4 555	-	-	4 555	1 931	2 624	42.4%	836	835
<b>Payments for financial assets</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>21</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>104 306</b>	<b>2 262</b>	<b>(9 785)</b>	<b>96 783</b>	<b>94 147</b>	<b>2 636</b>	<b>97.3%</b>	<b>67 077</b>	<b>65 731</b>

## Sub-programme 1.3: Internal Audit per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>37 721</b>	-	<b>(10 169)</b>	<b>27 552</b>	<b>27 519</b>	<b>33</b>	99.9%	<b>32 033</b>	<b>31 976</b>
Compensation of employees	23 611	-	-	23 611	23 578	33	99.9%	28 595	28 538
Goods and services	14 110	-	(10 169)	3 941	3 941	-	100.0%	3 438	3 438
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	<b>25</b>
Households	-	-	-	-	-	-	-	-	25
<b>Payments for capital assets</b>	<b>700</b>	-	-	<b>700</b>	<b>111</b>	<b>589</b>	<b>15.9%</b>	<b>560</b>	<b>561</b>
Machinery and equipment	700	-	-	700	111	589	15.9%	560	561
<b>Payments for financial assets</b>	<b>70</b>	-	-	<b>70</b>	<b>70</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>38 491</b>	-	<b>(10 169)</b>	<b>28 322</b>	<b>27 700</b>	<b>622</b>	<b>97.8%</b>	<b>32 619</b>	<b>32 562</b>

## Sub-programme 1.4: Corporate Services per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>686 664</b>	<b>(1 812)</b>	<b>(67 660)</b>	<b>617 192</b>	<b>607 236</b>	<b>9 956</b>	<b>98.4%</b>	<b>622 026</b>	<b>617 919</b>
Compensation of employees	404 883	-	-	404 883	394 927	9 956	97.5%	393 353	379 998
Goods and services	281 781	(1 812)	(67 660)	212 309	212 309	-	100.0%	228 672	237 920
Interest and rent on land	-	-	-	-	-	-	-	1	1
<b>Transfers and subsidies</b>	<b>23 173</b>	<b>1 812</b>	-	<b>24 985</b>	<b>24 984</b>	<b>1</b>	<b>100.0%</b>	<b>18 168</b>	<b>10 428</b>
Provinces and municipalities	39	-	-	39	38	1	97.4%	-	-
Departmental agencies and accounts	2 986	-	-	2 986	2 986	-	100.0%	2 829	2 829
Households	20 148	1 812	-	21 960	21 960	-	100.0%	15 339	7 599
<b>Payments for capital assets</b>	<b>53 813</b>	-	-	<b>53 813</b>	<b>37 223</b>	<b>16 590</b>	<b>69.2%</b>	<b>61 076</b>	<b>43 082</b>
Machinery and equipment	20 616	-	-	20 616	8 009	12 607	38.8%	29 798	11 804
Intangible assets	33 197	-	-	33 197	29 214	3 983	88.0%	31 278	31 278
<b>Payments for financial assets</b>	<b>586</b>	-	-	<b>586</b>	<b>586</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>764 236</b>	-	<b>(67 660)</b>	<b>696 576</b>	<b>670 029</b>	<b>26 547</b>	<b>96.2%</b>	<b>701 270</b>	<b>671 429</b>

## Sub-programme 1.5: Financial Management per economic classification

Economic classification	2019/20					2018/19			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>258 611</b>	<b>(1 394)</b>	<b>(12 905)</b>	<b>244 312</b>	<b>238 384</b>	<b>5 928</b>	<b>97.6%</b>	<b>250 065</b>	<b>250 056</b>
Compensation of employees	196 176	-	-	196 176	190 248	5 928	97.0%	179 113	179 113
Goods and services	62 435	(1 394)	(12 905)	48 136	48 136	-	100.0%	70 942	70 933
Interest and rent on land	-	-	-	-	-	-	-	10	10
<b>Transfers and subsidies</b>	<b>591</b>	<b>1 394</b>	-	<b>1 985</b>	<b>1 985</b>	-	<b>100.0%</b>	<b>791</b>	<b>691</b>
Provinces and municipalities	-	20	-	20	20	-	100.0%	-	-
Households	591	1 374	-	1 965	1 965	-	100.0%	791	691
<b>Payments for capital assets</b>	<b>7 860</b>	-	-	<b>7 860</b>	<b>2 683</b>	<b>5 177</b>	<b>34.1%</b>	<b>5 413</b>	<b>3 364</b>
Machinery and equipment	7 860	-	-	7 860	2 683	5 177	34.1%	5 413	3 364
<b>Payments for financial assets</b>	<b>17</b>	-	-	<b>17</b>	<b>17</b>	-	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>267 079</b>	-	<b>(12 905)</b>	<b>254 174</b>	<b>243 069</b>	<b>11 105</b>	<b>95.6%</b>	<b>256 269</b>	<b>254 111</b>

## Sub-programme 1.6: Office Accommodation per economic classification

Economic classification	2019/20							2018/19	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>481 378</b>	-	<b>(24 312)</b>	<b>457 066</b>	<b>457 066</b>	-	<b>100.0%</b>	<b>439 180</b>	<b>474 994</b>
Goods and services	481 378	-	(24 312)	457 066	457 066	-	100.0%	439 180	474 994
<b>Total</b>	<b>481 378</b>	-	<b>(24 312)</b>	<b>457 066</b>	<b>457 066</b>	-	<b>100.0%</b>	<b>439 180</b>	<b>474 994</b>



## Sub-programme 1.7: Programme Management Unit per economic classification

Economic classification	2019/20							2018/19	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>64 344</b>	<b>(144)</b>	<b>(10 914)</b>	<b>53 286</b>	<b>43 513</b>	<b>9 773</b>	<b>81.7%</b>	<b>40 197</b>	<b>40 197</b>
Compensation of employees	48 932	-	-	48 932	39 159	9 773	80.0%	33 435	33 435
Goods and services	15 412	(144)	(10 914)	4 354	4 354	-	100.0%	6 762	6 762
<b>Transfers and subsidies</b>	<b>134</b>	<b>144</b>	<b>-</b>	<b>278</b>	<b>278</b>	<b>-</b>	<b>100.0%</b>	<b>39</b>	<b>39</b>
Households	134	144	-	278	278	-	100.0%	39	39
<b>Payments for capital assets</b>	<b>1 110</b>	<b>-</b>	<b>-</b>	<b>1 110</b>	<b>435</b>	<b>675</b>	<b>39.2%</b>	<b>1 005</b>	<b>105</b>
Machinery and equipment	1 110	-	-	1 110	435	675	39.2%	1 005	105
<b>Total</b>	<b>65 588</b>	<b>-</b>	<b>(10 914)</b>	<b>54 674</b>	<b>44 226</b>	<b>10 448</b>	<b>80.9%</b>	<b>41 241</b>	<b>40 341</b>

## Sub-programme 1.8: International Water Support per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>49 095</b>	-	<b>(9 442)</b>	<b>39 653</b>	<b>37 235</b>	<b>2 418</b>	<b>93.9%</b>	<b>36 808</b>	<b>36 143</b>
Compensation of employees	32 875	-	-	32 875	30 457	2 418	92.6%	29 475	28 810
Goods and services	16 220	-	(9 442)	6 778	6 778	-	100.0%	7 333	7 333
<b>Transfers and subsidies</b>	<b>8 207</b>	-	-	<b>8 207</b>	<b>8 238</b>	<b>(31)</b>	<b>100.4%</b>	<b>1 253</b>	<b>1 309</b>
Foreign governments and international organisations	7 120	-	-	7 120	7 151	(31)	100.4%	973	1 030
Non-profit institutions	1 000	-	-	1 000	1 000	-	100.0%	-	-
Households	87	-	-	87	87	-	100.0%	280	279
<b>Payments for capital assets</b>	<b>1 382</b>	-	-	<b>1 382</b>	<b>573</b>	<b>809</b>	<b>41.5%</b>	<b>1 108</b>	<b>297</b>
Machinery and equipment	1 382	-	-	1 382	573	809	41.5%	1 108	297
<b>Total</b>	<b>58 684</b>	-	<b>(9 442)</b>	<b>49 242</b>	<b>46 046</b>	<b>3 196</b>	<b>93.5%</b>	<b>39 169</b>	<b>37 749</b>

## Programme 2: Water Planning and Information Managementt

Sub-programme	2019/20							2018/19	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
1 Water Planning, Information Management and Support	7 069	(158)	-	6 911	6 197	714	89.7%	6 081	6 070
2 Integrated Planning	84 158	(2 734)	(378)	81 046	75 394	5 652	93.0%	68 978	68 806
3 Water Ecosystems	40 023	(1 516)	-	38 507	35 513	2 994	92.2%	47 958	47 946
4 Water Information Management	519 379	68 690	-	588 069	540 668	47 401	91.9%	433 500	434 459
5 Water Services and Local Water Management	223 950	(59 551)	(72 254)	92 145	72 544	19 601	78.7%	108 752	108 710
6 Sanitation Planning and Management	15 098	(2 440)	-	12 658	9 615	3 043	76.0%	11 433	11 384
7 Policy and Strategy	18 219	(2 291)	-	15 928	13 622	2 306	85.5%	13 013	12 342
<b>Total</b>	<b>907 896</b>	<b>-</b>	<b>(72 632)</b>	<b>835 264</b>	<b>753 553</b>	<b>81 711</b>	<b>90.2%</b>	<b>689 717</b>	<b>689 717</b>

## Programme 2: Water Planning and Information Management per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>836 854</b>	<b>(7)</b>	<b>(72 254)</b>	<b>764 593</b>	<b>719 364</b>	<b>45 229</b>	<b>94.1%</b>	<b>622 204</b>	<b>644 478</b>
Compensation of employees	494 526	-	-	494 526	463 985	30 541	93.8%	443 922	428 982
Salaries and wages	433 943	(2 060)	-	431 883	404 439	27 444	93.6%	389 808	375 020
Social contributions	60 583	2 060	-	62 643	59 546	3 097	95.1%	54 114	53 963
Goods and services	342 328	(7)	(72 254)	270 067	255 379	14 688	94.6%	178 280	215 493
Administrative fees	2 599	(1 845)	-	754	754	-	100.0%	1 470	1 470
Advertising	80	(80)	-	-	-	-	-	418	418
Minor assets	2 036	(1 065)	-	971	971	-	100.0%	667	667
Bursaries: Employees	-	-	-	-	-	-	-	21	21
Catering: Departmental activities	431	(400)	-	31	31	-	100.0%	17	17
Communication	5 629	(1 302)	-	4 327	4 327	-	100.0%	4 816	4 816
Computer services	49 612	(7 894)	-	41 718	41 718	-	100.0%	11 722	48 935
Consultants: Business and advisory services	8 131	(3 731)	-	4 400	4 400	-	100.0%	7 107	7 107
Infrastructure and planning services	181 524	40 464	(72 254)	149 734	135 046	14 688	90.2%	91 942	91 942
Laboratory services	493	215	-	708	708	-	100.0%	482	482
Contractors	4 069	321	-	4 390	4 390	-	100.0%	1 116	1 116
Agency and support / outsourced services	375	(220)	-	155	155	-	100.0%	4	4
Entertainment	87	(74)	-	13	13	-	100.0%	5	5
Fleet services	11 977	(480)	-	11 497	11 497	-	100.0%	14 465	14 465
Inventory: Other supplies	3 227	(3 227)	-	-	-	-	-	-	-
Consumable supplies	11 955	(3 927)	-	8 028	8 028	-	100.0%	4 895	4 895

Economic classification	2019/20					2018/19			
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable:									
Stationery, printing and office supplies	5 149	(2 437)	-	2 712	2 712	-	100.0%	733	733
Operating leases	182	(182)	-	-	-	-	-	-	-
Property payments	3 682	(706)	-	2 976	2 976	-	100.0%	2 574	2 574
Transport provided: Departmental activity	1	(1)	-	-	-	-	-	-	-
Travel and subsistence	42 972	(8 673)	-	34 299	34 299	-	100.0%	32 403	32 403
Training and development	2 908	(2 435)	-	473	473	-	100.0%	220	220
Operating payments	4 423	(1 681)	-	2 742	2 742	-	100.0%	3 128	3 128
Venues and facilities	591	(459)	-	132	132	-	100.0%	44	44
Rental and hiring	195	(188)	-	7	7	-	100.0%	30	30
Interest and rent on land	-	-	-	-	-	-	-	2	2
Interest	-	-	-	-	-	-	-	2	2
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>4 610</b>	<b>7</b>	<b>(378)</b>	<b>4 239</b>	<b>4 226</b>	<b>13</b>	<b>99.7%</b>	<b>3 910</b>	<b>3 910</b>
Provinces and municipalities	730	-	-	730	719	11	98.5%	698	698
Municipalities	730	-	-	730	719	11	98.5%	698	698
Municipal bank accounts	730	-	-	730	719	11	98.5%	698	698
Departmental agencies and accounts	-	7	-	7	7	-	100.0%	2	2
Departmental agencies	-	7	-	7	7	-	100.0%	2	2
Non-profit institutions	27	-	-	27	25	2	92.6%	22	22
Households	3 853	-	(378)	3 475	3 475	-	100.0%	3 188	3 188
Social benefits	3 853	-	(378)	3 475	3 475	-	100.0%	3 138	3 138

Economic classification	2019/20					2018/19			
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to households	-	-	-	-	-	-	-	50	50
<b>Payments for capital assets</b>	<b>66 422</b>	-	-	<b>66 422</b>	<b>29 953</b>	<b>36 469</b>	<b>45.1%</b>	<b>63 603</b>	<b>41 330</b>
Buildings and other fixed structures	26 090	-	-	26 090	8 345	17 745	32.0%	25 317	18 379
Other fixed structures	26 090	-	-	26 090	8 345	17 745	32.0%	25 317	18 379
Machinery and equipment	40 102	-	-	40 102	21 483	18 619	53.6%	38 286	22 951
Transport equipment	9 652	-	-	9 652	7 230	2 422	74.9%	9 802	9 800
Other machinery and equipment	30 450	-	-	30 450	14 253	16 197	46.8%	28 484	13 151
Intangible assets	230	-	-	230	125	105	54.3%	-	-
<b>Payments for financial assets</b>	<b>10</b>	-	-	<b>10</b>	<b>10</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>907 896</b>	-	<b>(72 632)</b>	<b>835 264</b>	<b>753 553</b>	<b>81 711</b>	<b>90.2%</b>	<b>689 717</b>	<b>689 717</b>

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

Economic classification	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>6 966</b>	<b>(158)</b>	-	<b>6 808</b>	<b>6 128</b>	<b>680</b>	<b>90.0%</b>	<b>6 018</b>	<b>6 015</b>
Compensation of employees	6 280	-	-	6 280	5 600	680	89.2%	5 552	5 549
Goods and services	686	(158)	-	528	528	-	100.0%	466	466
<b>Payments for capital assets</b>	<b>103</b>	-	-	<b>103</b>	<b>69</b>	<b>34</b>	<b>67.0%</b>	<b>63</b>	<b>54</b>
Machinery and equipment	103	-	-	103	69	34	67.0%	63	54
<b>Total</b>	<b>7 069</b>	<b>(158)</b>	-	<b>6 911</b>	<b>6 197</b>	<b>714</b>	<b>89.7%</b>	<b>6 081</b>	<b>6 070</b>

## Sub-programme 2.2: Integrated Planning per economic classification

Economic classification	2019/20							2018/19	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>82 173</b>	<b>(1 791)</b>	-	<b>80 382</b>	<b>74 891</b>	<b>5 491</b>	<b>93.2%</b>	<b>67 739</b>	<b>67 572</b>
Compensation of employees	54 578	-	-	54 578	49 087	5 491	89.9%	40 203	40 036
Goods and services	27 595	(1 791)	-	25 804	25 804	-	100.0%	27 536	27 536
<b>Transfers and subsidies</b>	<b>1 500</b>	<b>(868)</b>	<b>(378)</b>	<b>254</b>	<b>254</b>	<b>-</b>	<b>100.0%</b>	<b>895</b>	<b>895</b>
Households	1 500	(868)	(378)	254	254	-	100.0%	895	895
Payments for capital assets	480	(75)	-	405	244	161	60.2%	344	339
Machinery and equipment	300	-	-	300	244	56	81.3%	344	339
Intangible assets	180	(75)	-	105	-	105	-	-	-
<b>Payments for financial assets</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>84 158</b>	<b>(2 734)</b>	<b>(378)</b>	<b>81 046</b>	<b>75 394</b>	<b>5 652</b>	<b>93.0%</b>	<b>68 978</b>	<b>68 806</b>



## Sub-programme 2.3: Water Ecosystems per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>38 549</b>	<b>(1 514)</b>	-	<b>37 035</b>	<b>34 154</b>	<b>2 881</b>	<b>92.2%</b>	<b>47 561</b>	<b>47 561</b>
Compensation of employees	31 999	-	-	31 999	29 118	2 881	91.0%	34 335	34 335
Goods and services	6 550	(1 514)	-	5 036	5 036	-	100.0%	13 226	13 226
<b>Transfers and subsidies</b>	<b>794</b>	<b>(2)</b>	-	<b>792</b>	<b>792</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
Households	794	(2)	-	792	792	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>680</b>	<b>-</b>	-	<b>680</b>	<b>567</b>	<b>113</b>	<b>83.4%</b>	<b>397</b>	<b>385</b>
Machinery and equipment	680	-	-	680	567	113	83.4%	397	385
<b>Total</b>	<b>40 023</b>	<b>(1 516)</b>	<b>-</b>	<b>38 507</b>	<b>35 513</b>	<b>2 994</b>	<b>92.2%</b>	<b>47 958</b>	<b>47 946</b>

## Sub-programme 2.4: Water Information Management per economic classification

Economic classification	2019/20							2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	
<b>Current payments</b>	<b>453 451</b>	<b>67 696</b>	-	<b>521 147</b>	<b>509 561</b>	<b>11 586</b>	<b>97.8%</b>	<b>369 232</b>	<b>391 743</b>	
Compensation of employees	332 716	-	-	332 716	321 130	11 586	96.5%	307 088	292 387	
Goods and services	120 735	67 696	-	188 431	188 431	-	100.0%	62 141	99 354	
Interest and rent on land	-	-	-	-	-	-	-	2	2	
<b>Transfers and subsidies</b>	<b>2 114</b>	<b>919</b>	-	<b>3 033</b>	<b>3 022</b>	<b>11</b>	<b>99.6%</b>	<b>2 892</b>	<b>2 892</b>	
Provinces and municipalities	730	-	-	730	719	11	98.5%	698	698	
Departmental agencies and accounts	-	7	-	7	7	-	100.0%	2	2	
Households	1 384	912	-	2 296	2 296	-	100.0%	2 192	2 192	
<b>Payments for capital assets</b>	<b>63 809</b>	<b>75</b>	-	<b>63 884</b>	<b>28 080</b>	<b>35 804</b>	<b>44.0%</b>	<b>61 377</b>	<b>39 823</b>	
Buildings and other fixed structures	26 090	-	-	26 090	8 345	17 745	32.0%	25 317	18 379	
Machinery and equipment	37 669	-	-	37 669	19 610	18 059	52.1%	36 060	21 444	
Intangible assets	50	75	-	125	125	-	100.0%	-	-	
<b>Payments for financial assets</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>519 379</b>	<b>68 690</b>	<b>-</b>	<b>588 069</b>	<b>540 668</b>	<b>47 401</b>	<b>91.9%</b>	<b>433 500</b>	<b>434 459</b>	

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

Economic classification	2019/20							2018/19	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>222 823</b>	<b>(59 551)</b>	<b>(72 254)</b>	<b>91 018</b>	<b>71 614</b>	<b>19 404</b>	<b>78.7%</b>	<b>108 106</b>	<b>108 073</b>
Compensation of employees	44 196	-	-	44 196	39 480	4 716	89.3%	38 099	38 067
Goods and services	178 627	(59 551)	(72 254)	46 822	32 134	14 688	68.6%	70 007	70 007
<b>Transfers and subsidies</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>25</b>	<b>2</b>	<b>92.6%</b>	<b>65</b>	<b>65</b>
Non-profit institutions	27	-	-	27	25	2	92.6%	22	22
Households	-	-	-	-	-	-	-	43	43
<b>Payments for capital assets</b>	<b>1 100</b>	<b>-</b>	<b>-</b>	<b>1 100</b>	<b>905</b>	<b>195</b>	<b>82.3%</b>	<b>582</b>	<b>572</b>
Machinery and equipment	1 100	-	-	1 100	905	195	82.3%	582	572
<b>Total</b>	<b>223 950</b>	<b>(59 551)</b>	<b>(72 254)</b>	<b>92 145</b>	<b>72 544</b>	<b>19 601</b>	<b>78.7%</b>	<b>108 752</b>	<b>108 710</b>

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

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>14 859</b>	<b>(2 434)</b>	-	<b>12 425</b>	<b>9 482</b>	<b>2 943</b>	<b>76.3%</b>	<b>11 294</b>	<b>11 271</b>
Compensation of employees	10 395	-	-	10 395	7 452	2 943	71.7%	8 724	8 701
Goods and services	4 464	(2 434)	-	2 030	2 030	-	100.0%	2 570	2 570
<b>Transfers and subsidies</b>	<b>139</b>	<b>(6)</b>	-	<b>133</b>	<b>133</b>	<b>-</b>	<b>100.0%</b>	<b>58</b>	<b>58</b>
Households	139	(6)	-	133	133	-	100.0%	58	58
<b>Payments for capital assets</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>81</b>	<b>55</b>
Machinery and equipment	100	-	-	100	-	100	-	81	55
<b>Total</b>	<b>15 098</b>	<b>(2 440)</b>	<b>-</b>	<b>12 658</b>	<b>9 615</b>	<b>3 043</b>	<b>76.0%</b>	<b>11 433</b>	<b>11 384</b>

## Sub-programme 2.7: Policy and Strategy per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>18 033</b>	<b>(2 255)</b>	-	<b>15 778</b>	<b>13 534</b>	<b>2 244</b>	<b>85.8%</b>	<b>12 254</b>	<b>12 241</b>
Compensation of employees	14 362	-	-	14 362	12 118	2 244	84.4%	9 921	9 908
Goods and services	3 671	(2 255)	-	1 416	1 416	-	100.0%	2 333	2 333
<b>Transfers and subsidies</b>	<b>36</b>	<b>(36)</b>	-	-	-	-	-	-	-
Households	36	(36)	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>150</b>	-	-	<b>150</b>	<b>88</b>	<b>62</b>	<b>58.7%</b>	<b>759</b>	<b>101</b>
Machinery and equipment	150	-	-	150	88	62	58.7%	759	101
<b>Total</b>	<b>18 219</b>	<b>(2 291)</b>	-	<b>15 928</b>	<b>13 622</b>	<b>2 306</b>	<b>85.5%</b>	<b>13 013</b>	<b>12 342</b>

### Programme 3: Water Infrastructure Development

Sub-programme	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Strategic Infrastructure Development and Management	2 393 652	-	-	2 393 652	2 393 652	-	100.0%	2 292 133	2 292 133
2 Operation of Water Resources	193 284	-	-	193 284	193 284	-	100.0%	183 034	183 034
3 Regional Bulk Infrastructure Grant	6 033 057	(31 249)	-	6 001 808	5 152 526	849 282	85.8%	5 608 285	5 083 262
4 Water Services Infrastructure Grant	4 525 091	(7 451)	415	4 518 055	4 389 534	128 521	97.2%	5 551 873	5 508 133
5 Accelerated Community Infrastructure Programme	141 877	38 700	252 306	432 883	419 977	12 906	97.0%	620 052	946 509
<b>Total</b>	<b>13 286 961</b>	<b>-</b>	<b>252 721</b>	<b>13 539 682</b>	<b>12 548 973</b>	<b>990 709</b>	<b>92.7%</b>	<b>14 255 377</b>	<b>14 013 071</b>

## Programme 3: Water Infrastructure Development per economic classification

Economic classification	2019/20					2018/19			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>498 312</b>	<b>603 285</b>	<b>252 306</b>	<b>1 353 903</b>	<b>1 162 170</b>	<b>191 733</b>	<b>85.8%</b>	<b>833 725</b>	<b>1 132 975</b>
Compensation of employees	264 502	-	-	264 502	216 879	47 623	82.0%	288 643	211 827
Salaries and wages	220 049	-	-	220 049	188 929	31 120	85.9%	200 202	184 557
Social contributions	44 453	-	-	44 453	27 950	16 503	62.9%	88 441	27 270
Goods and services	233 810	603 285	252 306	1 089 401	945 291	144 110	86.8%	545 076	921 142
Administrative fees	2 489	(1 839)	-	650	650	-	100.0%	1 198	1 198
Advertising	3 119	(1 950)	-	1 169	1 169	-	100.0%	1 365	1 365
Minor assets	1 905	(1 653)	-	252	252	-	100.0%	316	316
Bursaries: Employees	-	-	-	-	-	-	-	27	27
Catering: Departmental activities	1 652	(1 198)	-	454	454	-	100.0%	316	316
Communication	3 543	(1 405)	-	2 138	2 138	-	100.0%	2 222	2 222
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	100 264	147 439	-	247 703	247 703	-	100.0%	22 072	22 072
Infrastructure and planning services	50 519	(4 301)	-	46 218	46 218	-	100.0%	17 269	17 269
Laboratory services	99	155	-	254	254	-	100.0%	-	-
Contractors	1 194	267 762	-	268 956	124 846	144 110	46.4%	2 772	2 772
Agency and support / outsourced services	1 534	(1 534)	-	-	-	-	-	1 401	1 401
Entertainment	46	(36)	-	10	10	-	100.0%	5	5
Fleet services	4 132	(367)	-	3 765	3 765	-	100.0%	5 116	5 116
Inventory: Other supplies	172	126 739	-	126 911	126 911	-	100.0%	8 736	8 736

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Consumable supplies	4 169	36 105	-	40 274	40 274	-	100.0%	765	765
Consumable: Stationery, printing and office supplies	3 901	(2 150)	-	1 751	1 751	-	100.0%	947	947
Operating leases	173	(173)	-	-	-	-	-	3	3
Property payments	11 380	5 409	-	16 789	16 789	-	100.0%	13 334	13 334
Transport provided: Departmental activity	1 711	(1 618)	-	93	93	-	100.0%	370	370
Travel and subsistence	25 703	(2 311)	-	23 392	23 392	-	100.0%	18 499	18 499
Training and development	12 794	42 472	252 306	307 572	307 572	-	100.0%	447 252	823 318
Operating payments	2 163	(1 282)	-	881	881	-	100.0%	850	850
Venues and facilities	893	(893)	-	-	-	-	-	225	225
Rental and hiring	255	(86)	-	169	169	-	100.0%	16	16
Interest and rent on land	-	-	-	-	-	-	-	6	6
Interest	-	-	-	-	-	-	-	6	6
<b>Transfers and subsidies</b>	<b>9 109 082</b>	<b>1 366</b>	<b>415</b>	<b>9 110 863</b>	<b>9 072 757</b>	<b>38 106</b>	<b>99.6%</b>	<b>9 915 514</b>	<b>9 915 682</b>
Provinces and municipalities	5 735 679	-	11	5 735 690	5 697 846	37 844	99.3%	6 740 267	6 740 267
Municipalities	5 735 679	-	11	5 735 690	5 697 846	37 844	99.3%	6 740 267	6 740 267
Municipal bank accounts	5 735 679	-	11	5 735 690	5 697 846	37 844	99.3%	6 740 267	6 740 267
Departmental agencies and accounts	2 367 036	-	-	2 367 036	2 367 036	-	100.0%	2 266 928	2 266 928
Departmental agencies	2 367 036	-	-	2 367 036	2 367 036	-	100.0%	2 266 928	2 266 928
Foreign governments and international organisations	219 900	-	-	219 900	219 900	-	100.0%	208 239	208 239
Public corporations and private enterprises	782 891	-	-	782 891	782 891	-	100.0%	694 715	694 715



Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Public corporations	782 891	-	-	782 891	782 891	-	100.0%	694 715	694 715
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	782 891	-	-	782 891	782 891	-	100.0%	694 715	694 715
Non-profit institutions	1 872	-	-	1 872	1 610	262	86.0%	4	172
Households	1 704	1 366	404	3 474	3 474	-	100.0%	5 361	5 361
Social benefits	1 502	1 362	404	3 268	3 268	-	100.0%	2 826	2 826
Other transfers to households	202	4	-	206	206	-	100.0%	2 535	2 535
<b>Payments for capital assets</b>	<b>3 679 560</b>	<b>(604 651)</b>	-	<b>3 074 909</b>	<b>2 314 039</b>	<b>760 870</b>	<b>75.3%</b>	<b>3 506 138</b>	<b>2 964 414</b>
Buildings and other fixed structures	3 672 502	(604 651)	-	3 067 851	2 309 432	758 419	75.3%	3 498 127	2 959 033
Buildings	-	210 424	-	210 424	210 424	-	100.0%	406 369	402 656
Other fixed structures	3 672 502	(815 075)	-	2 857 427	2 099 008	758 419	73.5%	3 091 758	2 556 377
Machinery and equipment	7 043	-	-	7 043	4 607	2 436	65.4%	8 011	5 381
Transport equipment	2 627	26	-	2 653	2 284	369	86.1%	3 048	3 047
Other machinery and equipment	4 416	(26)	-	4 390	2 323	2 067	52.9%	4 963	2 334
Intangible assets	15	-	-	15	-	15	-	-	-
<b>Payments for financial assets</b>	<b>7</b>	-	-	<b>7</b>	<b>7</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>13 286 961</b>	-	<b>252 721</b>	<b>13 539 682</b>	<b>12 548 973</b>	<b>990 709</b>	<b>92.7%</b>	<b>14 255 377</b>	<b>14 013 071</b>

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

Economic classification	2019/20							2018/19	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	<b>2 393 652</b>	-	-	<b>2 393 652</b>	<b>2 393 652</b>	-	<b>100.0%</b>	<b>2 292 133</b>	<b>2 292 133</b>
Departmental agencies and accounts	2 173 752	-	-	2 173 752	2 173 752	-	100.0%	2 083 894	2 083 894
Foreign governments and international organisations	219 900	-	-	219 900	219 900	-	100.0%	208 239	208 239
<b>Total</b>	<b>2 393 652</b>	-	-	<b>2 393 652</b>	<b>2 393 652</b>	-	<b>100.0%</b>	<b>2 292 133</b>	<b>2 292 133</b>

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

Economic classification	2019/20							2018/19	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	<b>193 284</b>	-	-	<b>193 284</b>	<b>193 284</b>	-	<b>100.0%</b>	<b>183 034</b>	<b>183 034</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	193 284	-	-	193 284	193 284	-	100.0%	183 034	183 034
<b>Total</b>	<b>193 284</b>	-	-	<b>193 284</b>	<b>193 284</b>	-	<b>100.0%</b>	<b>183 034</b>	<b>183 034</b>

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

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>167 679</b>	<b>573 314</b>	-	<b>740 993</b>	<b>578 802</b>	<b>162 191</b>	<b>78.1%</b>	<b>68 126</b>	<b>50 523</b>
Compensation of employees	59 209	-	-	59 209	41 128	18 081	69.5%	55 748	38 145
Goods and services	108 470	573 314	-	681 784	537 674	144 110	78.9%	12 378	12 378
<b>Transfers and subsidies</b>	<b>2 849 706</b>	<b>88</b>	-	<b>2 849 794</b>	<b>2 811 950</b>	<b>37 844</b>	<b>98.7%</b>	<b>2 657 763</b>	<b>2 657 763</b>
Provinces and municipalities	2 066 360	-	-	2 066 360	2 028 516	37 844	98.2%	1 963 000	1 963 000
Public corporations and private enterprises	782 891	-	-	782 891	782 891	-	100.0%	694 715	694 715
Households	455	88	-	543	543	-	100.0%	48	48
<b>Payments for capital assets</b>	<b>3 015 672</b>	<b>(604 651)</b>	-	<b>2 411 021</b>	<b>1 761 774</b>	<b>649 247</b>	<b>73.1%</b>	<b>2 882 396</b>	<b>2 374 976</b>
Buildings and other fixed structures	3 014 450	(604 651)	-	2 409 799	1 761 147	648 652	73.1%	2 880 922	2 374 530
Machinery and equipment	1 222	-	-	1 222	627	595	51.3%	1 474	446
<b>Total</b>	<b>6 033 057</b>	<b>(31 249)</b>	-	<b>6 001 808</b>	<b>5 152 526</b>	<b>849 282</b>	<b>85.8%</b>	<b>5 608 285</b>	<b>5 083 262</b>

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

Economic classification	2019/20							2018/19	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>194 445</b>	<b>(8 919)</b>	-	<b>185 526</b>	<b>167 253</b>	<b>18 273</b>	<b>90.2%</b>	<b>153 429</b>	<b>143 992</b>
Compensation of employees	107 318	-	-	107 318	89 045	18 273	83.0%	97 010	87 573
Goods and services	87 127	(8 919)	-	78 208	78 208	-	100.0%	56 413	56 413
Interest and rent on land	-	-	-	-	-	-	-	6	6
<b>Transfers and subsidies</b>	<b>3 669 741</b>	<b>1 468</b>	<b>415</b>	<b>3 671 624</b>	<b>3 671 624</b>	-	<b>100.0%</b>	<b>4 780 054</b>	<b>4 780 054</b>
Provinces and municipalities	3 669 319	-	11	3 669 330	3 669 330	-	100.0%	4 777 267	4 777 267
Households	422	1 468	404	2 294	2 294	-	100.0%	2 787	2 787
<b>Payments for capital assets</b>	<b>660 901</b>	-	-	<b>660 901</b>	<b>550 653</b>	<b>110 248</b>	<b>83.3%</b>	<b>618 390</b>	<b>584 087</b>
Buildings and other fixed structures	658 052	-	-	658 052	548 285	109 767	83.3%	614 054	581 353
Machinery and equipment	2 849	-	-	2 849	2 368	481	83.1%	4 336	2 734
<b>Payments for financial assets</b>	<b>4</b>	-	-	<b>4</b>	<b>4</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>4 525 091</b>	<b>(7 451)</b>	<b>415</b>	<b>4 518 055</b>	<b>4 389 534</b>	<b>128 521</b>	<b>97.2%</b>	<b>5 551 873</b>	<b>5 508 133</b>

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

Economic classification	2019/20							2018/19	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>136 188</b>	<b>38 890</b>	<b>252 306</b>	<b>427 384</b>	<b>416 115</b>	<b>11 269</b>	<b>97.4%</b>	<b>612 170</b>	<b>938 460</b>
Compensation of employees	97 975	-	-	97 975	86 706	11 269	88.5%	135 885	86 109
Goods and services	38 213	38 890	252 306	329 409	329 409	-	100.0%	476 285	852 351
<b>Transfers and subsidies</b>	<b>2 699</b>	<b>(190)</b>	-	<b>2 509</b>	<b>2 247</b>	<b>262</b>	<b>89.6%</b>	<b>2 530</b>	<b>2 698</b>
Non-profit institutions	1 872	-	-	1 872	1 610	262	86.0%	4	172
Households	827	(190)	-	637	637	-	100.0%	2 526	2 526
<b>Payments for capital assets</b>	<b>2 987</b>	-	-	<b>2 987</b>	<b>1 612</b>	<b>1 375</b>	<b>54.0%</b>	<b>5 352</b>	<b>5 351</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	3 151	3 150
Machinery and equipment	2 972	-	-	2 972	1 612	1 360	54.2%	2 201	2 201
Intangible assets	15	-	-	15	-	15	-	-	-
<b>Payments for financial assets</b>	<b>3</b>	-	-	<b>3</b>	<b>3</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>141 877</b>	<b>38 700</b>	<b>252 306</b>	<b>432 883</b>	<b>419 977</b>	<b>12 906</b>	<b>97.0%</b>	<b>620 052</b>	<b>946 509</b>

### Programme 4: Water Sector Regulation

Sub-programme	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Water Sector Regulation Management and Support	39 588	615	(1 840)	38 363	36 247	2 116	94.5%	29 706	28 177
2 Economic and Social Regulation	30 516	(553)	(7 432)	22 531	20 981	1 550	93.1%	18 116	17 402
3 Water Use Authorisation and Administration	75 160	(62)	(13 102)	61 996	57 705	4 291	93.1%	59 234	58 864
4 Water Supply Services and Sanitation Regulation	62 527	-	-	62 527	12 893	49 634	20.6%	12 118	10 862
5 Compliance Monitoring and Enforcement	128 760	-	(12 528)	116 232	112 345	3 887	96.7%	110 513	103 862
6 Institutional Oversight	99 719	-	-	99 719	50 845	48 874	51.0%	64 937	63 475
<b>Total</b>	<b>436 270</b>	<b>-</b>	<b>(34 902)</b>	<b>401 368</b>	<b>291 016</b>	<b>110 352</b>	<b>72.5%</b>	<b>294 623</b>	<b>282 641</b>

## Programme 4: Water Sector Regulation per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>423 483</b>	<b>(478)</b>	<b>(34 876)</b>	<b>388 129</b>	<b>283 036</b>	<b>105 093</b>	<b>72.9%</b>	<b>282 860</b>	<b>276 190</b>
Compensation of employees	259 177	-	-	259 177	237 378	21 799	91.6%	233 867	227 198
Salaries and wages	229 143	(2 921)	-	226 222	208 146	18 076	92.0%	203 988	198 882
Social contributions	30 034	2 921	-	32 955	29 232	3 723	88.7%	29 879	28 316
Goods and services	164 306	(478)	(34 876)	128 952	45 658	83 294	35.4%	48 993	48 993
Administrative fees	2 640	(1 589)	(575)	476	476	-	100.0%	1 501	1 501
Advertising	164	546	(149)	561	561	-	100.0%	1	1
Minor assets	2 291	(865)	(690)	736	736	-	100.0%	260	260
Catering: Departmental activities	711	(278)	(287)	146	146	-	100.0%	574	574
Communication	3 391	(204)	(875)	2 312	2 312	-	100.0%	2 732	2 731
Computer services	14 171	265	(3 346)	11 090	11 090	-	100.0%	13 233	13 233
Consultants: Business and advisory services	92 104	7 061	(14 105)	85 060	2 501	82 559	2.9%	5 491	5 491
Infrastructure and planning services	-	-	-	-	-	-	-	647	647
Laboratory services	4 735	(1 088)	(1 143)	2 504	2 504	-	100.0%	1 412	1 412
Contractors	865	2 578	(506)	2 937	2 937	-	100.0%	189	189
Agency and support / outsourced services	16	(2)	(14)	-	-	-	-	962	961
Entertainment	69	(21)	(16)	32	32	-	100.0%	14	14
Fleet services	1 725	105	(150)	1 680	1 680	-	100.0%	2 388	2 388
Consumable supplies	4 864	(854)	(1 653)	2 357	2 357	-	100.0%	671	671
Consumable: Stationery, printing and office supplies	3 815	(1 088)	(1 076)	1 651	1 651	-	100.0%	551	551
Operating leases	57	(21)	(36)	-	-	-	-	-	-
Property payments	478	(214)	(126)	138	138	-	100.0%	146	146



Economic classification	2019/20					2018/19			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Transport provided: Departmental activity	19	(7)	(12)	-	-	-	-	90	90
Travel and subsistence	25 802	(2 998)	(7 444)	15 360	14 625	735	95.2%	16 234	16 234
Training and development	2 288	(951)	(1 094)	243	243	-	100.0%	180	180
Operating payments	2 952	(539)	(1 105)	1 308	1 308	-	100.0%	1 049	1 049
Venues and facilities	1 144	(311)	(474)	359	359	-	100.0%	667	667
Rental and hiring	5	(3)	-	2	2	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>684</b>	<b>478</b>	<b>(26)</b>	<b>1 136</b>	<b>1 136</b>	-	<b>100.0%</b>	<b>2 043</b>	<b>1 686</b>
Non-profit institutions	-	-	-	-	-	-	-	1 000	1 000
Households	684	478	(26)	1 136	1 136	-	100.0%	1 043	686
Social benefits	684	183	(26)	841	841	-	100.0%	954	597
Other transfers to households	-	295	-	295	295	-	100.0%	89	89
<b>Payments for capital assets</b>	<b>12 103</b>	-	-	<b>12 103</b>	<b>6 844</b>	<b>5 259</b>	<b>56.5%</b>	<b>9 721</b>	<b>4 764</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	68	-
Other fixed structures	-	-	-	-	-	-	-	68	-
Machinery and equipment	12 103	-	-	12 103	6 844	5 259	56.5%	9 653	4 764
Transport equipment	2 391	6	-	2 397	1 228	1 169	51.2%	2 004	1 265
Other machinery and equipment	9 712	(6)	-	9 706	5 616	4 090	57.9%	7 649	3 499
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>436 270</b>	-	<b>(34 902)</b>	<b>401 368</b>	<b>291 016</b>	<b>110 352</b>	<b>72.5%</b>	<b>294 623</b>	<b>282 641</b>

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

Economic classification	2019/20					2018/19			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>37 936</b>	<b>52</b>	<b>(1 840)</b>	<b>36 148</b>	<b>34 032</b>	<b>2 116</b>	<b>94.1%</b>	<b>26 963</b>	<b>26 771</b>
Compensation of employees	26 560	-	-	26 560	24 444	2 116	92.0%	22 956	22 764
Goods and services	11 376	52	(1 840)	9 588	9 588	-	100.0%	4 007	4 007
<b>Transfers and subsidies</b>	<b>345</b>	<b>428</b>	<b>-</b>	<b>773</b>	<b>773</b>	<b>-</b>	<b>100.0%</b>	<b>497</b>	<b>140</b>
Households	345	428	-	773	773	-	100.0%	497	140
Payments for capital assets	1 307	135	-	1 442	1 442	-	100.0%	2 246	1 266
Buildings and other fixed structures	-	-	-	-	-	-	-	68	-
Machinery and equipment	1 307	135	-	1 442	1 442	-	100.0%	2 178	1 266
<b>Total</b>	<b>39 588</b>	<b>615</b>	<b>(1 840)</b>	<b>38 363</b>	<b>36 247</b>	<b>2 116</b>	<b>94.5%</b>	<b>29 706</b>	<b>28 177</b>

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

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>29 991</b>	<b>(492)</b>	<b>(7 432)</b>	<b>22 067</b>	<b>20 517</b>	<b>1 550</b>	<b>93.0%</b>	<b>17 319</b>	<b>17 206</b>
Compensation of employees	20 943	-	-	20 943	19 393	1 550	92.6%	16 648	16 534
Goods and services	9 048	(492)	(7 432)	1 124	1 124	-	100.0%	671	672
<b>Transfers and subsidies</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
Households	-	12	-	12	12	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>525</b>	<b>(73)</b>	<b>-</b>	<b>452</b>	<b>452</b>	<b>-</b>	<b>100.0%</b>	<b>797</b>	<b>196</b>
Machinery and equipment	525	(73)	-	452	452	-	100.0%	797	196
<b>Total</b>	<b>30 516</b>	<b>(553)</b>	<b>(7 432)</b>	<b>22 531</b>	<b>20 981</b>	<b>1 550</b>	<b>93.1%</b>	<b>18 116</b>	<b>17 402</b>

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

Economic classification	2019/20						2018/19		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>72 732</b>	-	<b>(13 102)</b>	<b>59 630</b>	<b>56 406</b>	<b>3 224</b>	<b>94.6%</b>	<b>58 344</b>	<b>58 344</b>
Compensation of employees	45 690	-	-	45 690	42 466	3 224	92.9%	39 140	39 141
Goods and services	27 042	-	(13 102)	13 940	13 940	-	100.0%	19 204	19 203
<b>Transfers and subsidies</b>	<b>6</b>	-	-	<b>6</b>	<b>6</b>	-	<b>100.0%</b>	-	-
Households	6	-	-	6	6	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>2 422</b>	<b>(62)</b>	-	<b>2 360</b>	<b>1 293</b>	<b>1 067</b>	<b>54.8%</b>	<b>890</b>	<b>520</b>
Machinery and equipment	2 422	(62)	-	2 360	1 293	1 067	54.8%	890	520
<b>Total</b>	<b>75 160</b>	<b>(62)</b>	<b>(13 102)</b>	<b>61 996</b>	<b>57 705</b>	<b>4 291</b>	<b>93.1%</b>	<b>59 234</b>	<b>58 864</b>

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

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>62 257</b>	-	-	<b>62 257</b>	<b>12 771</b>	<b>49 486</b>	<b>20.5%</b>	<b>11 084</b>	<b>9 828</b>
Compensation of employees	10 252	-	-	10 252	8 994	1 258	87.7%	9 833	8 577
Goods and services	52 005	-	-	52 005	3 777	48 228	7.3%	1 251	1 251
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	<b>1 000</b>	<b>1 000</b>
Non-profit institutions	-	-	-	-	-	-	-	<b>1 000</b>	<b>1 000</b>
<b>Payments for capital assets</b>	<b>270</b>	-	-	<b>270</b>	<b>122</b>	<b>148</b>	<b>45.2%</b>	<b>34</b>	<b>34</b>
Machinery and equipment	270	-	-	270	122	148	45.2%	34	34
<b>Total</b>	<b>62 527</b>	-	-	<b>62 527</b>	<b>12 893</b>	<b>49 634</b>	<b>20.6%</b>	<b>12 118</b>	<b>10 862</b>

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

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>124 403</b>	-	<b>(12 502)</b>	<b>111 901</b>	<b>109 891</b>	<b>2 010</b>	<b>98.2%</b>	<b>106 772</b>	<b>101 665</b>
Compensation of employees	98 803	-	-	98 803	97 528	1 275	98.7%	92 788	87 681
Goods and services	25 600	-	(12 502)	13 098	12 363	735	94.4%	13 984	13 984
<b>Transfers and subsidies</b>	<b>120</b>	-	<b>(26)</b>	<b>94</b>	<b>94</b>	<b>-</b>	<b>100.0%</b>	<b>534</b>	<b>534</b>
Households	120	-	(26)	94	94	-	100.0%	534	534
<b>Payments for capital assets</b>	<b>4 237</b>	-	-	<b>4 237</b>	<b>2 360</b>	<b>1 877</b>	<b>55.7%</b>	<b>3 207</b>	<b>1 663</b>
Machinery and equipment	4 237	-	-	4 237	2 360	1 877	55.7%	3 207	1 663
<b>Total</b>	<b>128 760</b>	-	<b>(12 528)</b>	<b>116 232</b>	<b>112 345</b>	<b>3 887</b>	<b>96.7%</b>	<b>110 513</b>	<b>103 862</b>

## Sub-programme 4.6: Institutional Oversight per economic classification

Economic classification	2019/20						2018/19		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as a % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>96 164</b>	<b>(38)</b>	-	<b>96 126</b>	<b>49 419</b>	<b>46 707</b>	<b>51.4%</b>	<b>62 378</b>	<b>62 377</b>
Compensation of employees	56 929	-	-	56 929	44 553	12 376	78.3%	52 502	52 501
Goods and services	39 235	(38)	-	39 197	4 866	34 331	12.4%	9 876	9 876
<b>Transfers and subsidies</b>	<b>213</b>	<b>38</b>	-	<b>251</b>	<b>251</b>	-	<b>100.0%</b>	<b>12</b>	<b>12</b>
Households	213	38	-	251	251	-	100.0%	12	12
<b>Payments for capital assets</b>	<b>3 342</b>	-	-	<b>3 342</b>	<b>1 175</b>	<b>2 167</b>	<b>35.2%</b>	<b>2 547</b>	<b>1 086</b>
Machinery and equipment	3 342	-	-	3 342	1 175	2 167	35.2%	2 547	1 086
<b>Total</b>	<b>99 719</b>	<b>-</b>	<b>-</b>	<b>99 719</b>	<b>50 845</b>	<b>48 874</b>	<b>51.0%</b>	<b>64 937</b>	<b>63 475</b>

## NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

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

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

### 3 Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on payments for financial assets to the Annual Financial Statements.

### 4 Explanations of material variances from Amounts Voted (after virement):

4.1	Per programme	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	<b>Administration</b>	<b>1 690 985</b>	<b>1 624 064</b>	<b>66 921</b>	<b>4%</b>

*The programme under-spending of R66.921 million was largely due to vacant posts during the greater part of the financial year within the programme across all sub-programmes and the delayed spending on office furniture, equipment and desktops/laptops which were mostly at various procurement stages.*

	<b>Water Planning and Information Management</b>	<b>835 264</b>	<b>753 553</b>	<b>81 711</b>	<b>10%</b>
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*The programme under-spending of R81.711 million is partly due to vacant posts during the greater part of the financial year within the programme across all sub-programmes. The under spending in goods and services was largely due to the delayed projects which were mostly at the procurement and implementation planning stages. The under spending in payments for capital assets was largely due to the slow progress in the construction of weirs and procurement of office furniture, equipment and desktops/laptops which were mostly at various procurement stages.*

	<b>Water Infrastructure Development</b>	<b>13 539 682</b>	<b>12 548 973</b>	<b>990 709</b>	<b>7%</b>
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*The programme under-spending of R990.709 million was partly due to vacant posts during the greater part of the financial year within the Programme across all Sub-programmes. The under spending in goods and services was largely due to the delayed spending in pollution assessment project and drought relief interventions which were mostly at the implementation stages. The Department has approached the National Treasury requesting roll-over of these unspent funds. Payments for capital assets: The under-spending is attributable to the commitments that were still to be billed and invoices pending certification, verification and approval for payment of work done on the Indirect (DoRA Schedule 6B) Regional Bulk Infrastructure and Water Services Infrastructure Grants. The delayed spending of office furniture, equipment and desktops/laptops which was mostly at various procurement stages also contributed to the under-spending.*

	<b>Water Sector Regulations</b>	<b>401 368</b>	<b>291 016</b>	<b>110 352</b>	<b>27%</b>
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*The programme under-spending of R110.352 million was partly due to vacant posts during the greater part of the financial year within the programme across all sub-programmes. The under spending in goods and services was largely due to the delayed projects which were mostly at the procurement and implementation planning stages. The delayed spending on office furniture, equipment and desktops/laptops which were mostly at various procurement stages also contributed to under-spending.*



4.2	Per economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	<b>Current payments</b>	<b>4 085 514</b>	<b>3 705 515</b>	<b>379 999</b>	<b>9%</b>
	Compensation of employees	1 821 343	1 683 436	137 907	8%
	Goods and services	2 264 171	2 022 079	242 092	11%
	<b>Transfers and subsidies</b>	<b>9 154 756</b>	<b>9 116 654</b>	<b>38 102</b>	<b>0%</b>
	Provinces and municipalities	5 736 498	5 698 629	37 869	1%
	Departmental agencies and accounts	2 370 029	2 370 029	-	0%
	Public corporations and private enterprises	782 891	782 891	-	0%
	Foreign governments and international organisations	227 020	227 051	(31)	0%
	Non-profit institutions	2 899	2 635	264	9%
	Households	35 419	35 419	-	0%
	<b>Payments for capital assets</b>	<b>3 226 291</b>	<b>2 394 699</b>	<b>831 592</b>	<b>26%</b>
	Buildings and other fixed structures	3 093 941	2 317 777	776 164	25%
	Machinery and equipment	98 908	47 583	51 325	52%
	Software and other intangible assets	33 442	29 339	4 103	12%
	<b>Payments for financial assets</b>	<b>738</b>	<b>738</b>	<b>-</b>	<b>0%</b>

**Current expenditure:** The under spending in compensation of employees was mainly due to the unfilled vacant posts during the greater part of the financial year across all the sub-programmes of the four Programmes within the Department. The under spending in goods and services was due mainly to delayed spending on planned activities/ projects which were mostly at the procurement and implementation planning stages during the greater part of the financial year across all the sub-programmes of the four Programmes. The Department has approached the National Treasury requesting roll-over of these unspent funds earmarked for the pollution assessment project and drought relief interventions.

**Transfers and subsidies:** The variance of R38.102 million is mainly due to withholding of the Regional Bulk Infrastructure Grant (RBIG) schedule 5B allocations to the three (3) municipalities in the Northern Cape, namely, Karoo Hoogland Local Municipality, Kgatelopele Local Municipality and Gamagara Local Municipality with amounts of R2 million, R12.644 million and R23.200 million respectively. The Department could not transfer to the three municipalities because there were no Implementation Readiness Studies (IRS) and no active projects being implemented by the municipalities. As a result to avert the risk of these funds being used for other purposes, the department resolved not to transfer the funds.

**Payments for capital assets:** The variance of R831.592 million was mainly attributable to the commitments that were still to be billed and invoices pending certification, verification and approval for payment of work done on the Indirect (DoRA Schedule 6B) Regional Bulk Infrastructure and Water Services Infrastructure Grants. The delayed spending on office furniture, equipment and desktops/ laptops which were mostly at various procurement stages.

4.2	Per economic classification	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%

**Payments for financial assets:** The Department spent 100% of the final appropriation.

4.3	Per conditional grant	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
		R'000	R'000	R'000	%
	Water Services Infrastructure Grant (WSIG)	3 669 319	3 669 319	-	0%
	Regional Bulk Infrastructure Grant (RBIG)	2 066 360	2 028 516	37 844	2%
	Regional Bulk Infrastructure Grant (RBIG): Indirect Grant	3 094 450	2 292 382	802 068	26%
	Water Services Infrastructure Grant (WSIG): Indirect Grant	644 085	548 285	95 800	15%

The variance of R37.844 million is mainly due to withholding of the Regional Bulk Infrastructure Grant (RBIG) schedule 5B allocations to the three (3) municipalities in the Northern Cape, namely, Karoo Hoogland Local Municipality, Kgatelopele Local Municipality and Gamagara Local Municipality with amounts of R2 million, R12.644 million and R23.200 million respectively. The Department could not transfer to the three municipalities because there were no Implementation Readiness Studies (IRS) and no active projects being implemented by the municipalities. As a result to avert the risk of these funds being used for other purposes, the department resolved not to transfer the funds. The combined variance of R897.868 million in both Indirect (DoRA Schedule 6B) of Regional Bulk Infrastructure and Water Services Infrastructure Grants was mainly attributable to the commitments that are still to be billed and invoices pending certification, verification and approval for payment of work done.

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	2018/19 R'000
<b>REVENUE</b>			
Annual appropriation	1	16 467 299	16 873 729
Departmental revenue	2	15 357	66 410
<b>TOTAL REVENUE</b>		<b>16 482 656</b>	<b>16 940 139</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	1 683 436	1 604 040
Goods and services		2 022 079	2 021 212
Interest and rent on land		-	19
<b>Total current expenditure</b>		<b>3 705 515</b>	<b>3 625 271</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies		9 116 654	9 933 884
<b>Total transfers and subsidies</b>		<b>9 116 654</b>	<b>9 933 884</b>
<b>Expenditure for capital assets</b>			
Tangible assets		2 365 360	3 029 001
Intangible assets		29 339	31 278
<b>Total expenditure for capital assets</b>		<b>2 394 699</b>	<b>3 060 279</b>
<b>Unauthorised expenditure approved without funding</b>	9	-	-
Payments for financial assets	6	738	-
<b>TOTAL EXPENDITURE</b>		<b>15 217 606</b>	<b>16 619 434</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1 265 050</b>	<b>320 705</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		1 249 693	254 295
Annual appropriation		1 249 693	254 295
Conditional grants		-	-
Departmental revenue and NRF receipts		15 357	66 410
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1 265 050</b>	<b>320 705</b>

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	2018/19 R'000
	Note		
<b>Current assets</b>		<b>1 302 531</b>	<b>923 368</b>
Unauthorised expenditure	9	641 109	641 109
Cash and cash equivalents	10	250 270	207 250
Prepayments and advances	11	357 255	15 128
Receivables	12	53 003	58 483
<b>Loans</b>	13	<b>894</b>	<b>1 398</b>
<b>Non-current assets</b>		<b>1 239</b>	<b>1 663</b>
Receivables	12	84	151
<b>Loans</b>	13	<b>1 155</b>	<b>1 512</b>
<b>TOTAL ASSETS</b>		<b>1 303 770</b>	<b>925 031</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>1 253 099</b>	<b>868 638</b>
Voted funds to be surrendered to the Revenue Fund	14	1 249 693	(37 916)
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	401	404
Bank overdraft	16	4	896 720
<b>Payables</b>	17	<b>3 001</b>	<b>9 430</b>
<b>TOTAL LIABILITIES</b>		<b>1 253 099</b>	<b>868 638</b>
<b>NET ASSETS</b>		<b>50 671</b>	<b>56 393</b>
Represented by:			
Recoverable revenue		50 671	56 393
<b>TOTAL</b>		<b>50 671</b>	<b>56 393</b>

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20	2018/19
		R'000	R'000
	Note		
<b>Recoverable revenue</b>			
Opening balance		56 393	94 388
Transfers:		(5 722)	(37 995)
Debts revised		893	3 832
Debts recovered (included in departmental receipts)		(8 344)	(56 612)
Debts raised		1 729	14 785
<b>Closing balance</b>		<b>50 671</b>	<b>56 393</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

		2019/20	2018/19
		R'000	R'000
	Note		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>16 482 277</b>	<b>16 940 138</b>
<b>Receipts</b>			
Annual appropriated funds received	1.1	16 467 299	16 873 729
Departmental revenue received	2	11 417	63 488
Interest received	2.3	3 561	2 921
		(343 076)	239 568
Net (increase)/decrease in working capital		22 556	(1 093 898)
Surrendered to Revenue Fund		(3 705 515)	(3 625 252)
Current payments	5	-	(19)
Interest paid		(738)	-
Payments for financial assets		(9 116 654)	(9 933 884)
Transfers and subsidies paid	18	<b>3 338 850</b>	<b>2 526 653</b>
<b>Net cash flow available from operating activities</b>			
	8	(2 394 699)	(3 060 279)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	2.4	379	1
Payments for capital assets		861	1 148
Proceeds from sale of capital assets	12	67	-
<b>(Increase)/decrease in loans</b>		<b>(2 393 392)</b>	<b>(3 059 130)</b>
(Increase)/decrease in non-current receivables			
<b>Net cash flows from investing activities</b>		(5 722)	(37 995)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		-	-
Increase/(decrease) in net assets		(5 722)	(37 995)
Increase/(decrease) in non-current payables			
<b>Net cash flows from financing activities</b>			
Net increase/(decrease) in cash and cash equivalents		939 736	(570 472)
Cash and cash equivalents at beginning of period		(689 470)	(118 998)
<b>Cash and cash equivalents at end of period</b>	19	<b>250 266</b>	<b>(689 470)</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### Summary of significant accounting policies

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

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

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

<b>1</b>	<p><b>Basis of preparation</b></p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
<b>2</b>	<p><b>Going concern</b></p> <ul style="list-style-type: none"> <li>• The financial statements have been prepared on a going concern basis. The department have reported a favourable bank balance as at 31 March 2020. The reported accruals and payables as at 31 March 2020 will be absorbed in the 2020/2021 financial year.</li> <li>• The department have provided water takers to household in a bit to alleviate water shortages throughout the country in a fight against COVID-19. Funding has been set aside to cater for the COVID-19 related expenditure in the 2020/21 financial year.</li> <li>• There are no principal events, activities or conditions that may cast significant doubt on the department's ability to continue as a going concern as the department has a mandate to carry out in line with the Constitution of the Republic of South Africa Act 108 of 1996, National Development Plan and the second National Water Strategy.</li> </ul>
<b>3</b>	<p><b>Presentation currency</b></p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
<b>4</b>	<p><b>Rounding</b></p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
<b>5</b>	<p><b>Foreign currency translation</b></p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.</p>

<b>6</b>	<b>Comparative information</b>
<b>6.1</b>	<p><b>Prior period comparative information</b></p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
<b>6.2</b>	<p><b>Current year comparison with budget</b></p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<p><b>Appropriated funds</b></p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
<b>7.2</b>	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>

<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
<b>8.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
<b>9.2</b>	<p><b>Aid assistance paid</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>



<b>10</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>11</b>	<p><b>Prepayments and advances</b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments and advances are recognised as expenditure in the financial statements when goods are delivered or in the case of services, when service is rendered to the Department.</p>
<b>12</b>	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
<b>13</b>	<p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
<b>14</b>	<p><b>Financial assets</b></p>
<b>14.1</b>	<p><b>Financial assets (not covered elsewhere)</b></p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
<b>14.2</b>	<p><b>Impairment of financial assets</b></p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
<b>15</b>	<p><b>Payables</b></p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
<b>16</b>	<p><b>Capital Assets</b></p>
<b>16.1</b>	<p><b>Immovable capital assets</b></p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>

16.2	<p><b>Movable capital assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<p><b>Intangible assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.4	<p><b>Project Costs: Work-in-progress</b></p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
17	<p><b>Provisions and Contingents</b></p>
17.1	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>

<b>17.3</b>	<p><b>Contingent assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
<b>17.4</b>	<p><b>Capital commitments</b></p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>21</b>	<p><b>Changes in accounting estimates and errors</b></p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
<b>22</b>	<p><b>Change in accounting policy</b></p> <p>Changes in accounting policy that are effected by the department have been applied retrospectively for each prior period presented in accordance with MCS requirements. The department adjusted the comparative amounts presented in the financial statements affected by the change in accounting policy to the extent that it is practicable to do so.</p>

23	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
24	<p><b>Principal-Agent arrangements</b></p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
25	<p><b>Departures from the MCS requirements</b></p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information; the department complied with the Standard with no exception and it has not departed from the MCS requirement.</p>
26	<p><b>Capitalisation reserve</b></p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
27	<p><b>Recoverable revenue</b></p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
28	<p><b>Related party transactions</b></p> <p>Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.</p>
29	<p><b>Inventories (Effective from date determined in a Treasury Instruction)</b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
30	<p><b>Public-Private Partnerships</b></p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>

<b>31</b>	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>
<b>32</b>	<p><b>Transfers of functions</b></p> <p>Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.</p> <p>Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>
<b>33</b>	<p><b>Mergers</b></p> <p>Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.</p> <p>Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.</p>

## 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):

	2019/20			2018/19		
	Final appropriation	Actual funds received	Funds not requested / not received	Final appropriation	Appropriation received	Funds not requested / not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 836 172	1 836 172	-	1 661 154	1 661 154	-
Water Planning and Information Management	907 896	907 896	-	689 630	689 630	-
Water Infrastructure Development	13 286 961	13 286 961	-	14 204 250	14 204 250	-
Water Sector Regulation	436 270	436 270	-	318 695	318 695	-
<b>Total</b>	<b>16 467 299</b>	<b>16 467 299</b>	<b>-</b>	<b>16 873 729</b>	<b>16 873 729</b>	<b>-</b>

### 1.2 Conditional grants

	Note	2019/20 R'000	2018/19 R'000
Total grants received	36	<u>9 474 214</u>	<u>10 229 364</u>

## 2 Departmental revenue

	Note	2019/20 R'000	2018/19 R'000
Sales of goods and services other than capital assets	2.1	1 977	2 354
Fines, penalties and forfeits	2.2	1 310	400
Interest dividends and rent on land	2.3	3 561	2 921
Sales of capital assets	2.4	379	1
Transactions in financial assets and liabilities	2.5	8 130	60 734
<b>Departmental revenue collected</b>		<b>15 357</b>	<b>66 410</b>

*R1 310 million reported in fines, penalties and forfeits relate to amount received from Tierhoek Boerdery (PTY) LTD (R1 250 million) and ALG Estates (PTY) LTD for the contravention of the Water Act.*

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

	Note	2019/20 R'000	2018/19 R'000
	2		
<b>Sales of goods and services other than capital assets</b>		<b>1 966</b>	<b>2 339</b>
Sales by market establishment		789	850
Other sales		1 177	1 489
Sales of scrap, waste and other used current goods		11	15
<b>Total</b>		<b>1 977</b>	<b>2 354</b>

## 2.2 Fines, penalties and forfeits

	Note	2019/20	2018/19
	2	R'000	R'000
Fines		1 310	400
<b>Total</b>		<b>1 310</b>	<b>400</b>

## 2.3 Interest, dividends and rent on land

	Note	2019/20	2018/19
	2	R'000	R'000
Interest		3 561	2 921
<b>Total</b>		<b>3 561</b>	<b>2 921</b>

## 2.4 Sale of capital assets

	Note	2019/20	2018/19
	2	R'000	R'000
<b>Tangible assets</b>			
Machinery and equipment	31.2	379	1
<b>Total</b>		<b>379</b>	<b>1</b>

## 2.5 Transactions in financial assets and liabilities

	Note	2019/20	2018/19
	2	R'000	R'000
Receivables		7 821	55 511
Other receipts including recoverable revenue		309	5 223
<b>Total</b>		<b>8 130</b>	<b>60 734</b>



### 3 Compensation of employees

#### 3.1 Salaries and wages

	<i>Note</i>	<b>2019/20</b>	<b>2018/19</b>
		<b>R'000</b>	<b>R'000</b>
Basic salary		1 187 205	1 128 591
Performance award		23 957	26 311
Service Based		2 879	2 909
Compensative/circumstantial		9 999	10 182
Periodic payments		254	1 012
Other non-pensionable allowances		243 921	231 416
<b>Total</b>		<b><u>1 468 215</u></b>	<b><u>1 400 421</u></b>

#### 3.2 Social contributions

	<b>Note</b>	<b>2019/20</b>	<b>2018/19</b>
		<b>R'000</b>	<b>R'000</b>
<b>Employer contributions</b>			
Pension		146 000	138 595
Medical		68 779	64 742
Bargaining council		299	282
Insurance		143	-
<b>Total</b>		<b><u>215 221</u></b>	<b><u>203 619</u></b>
<b>Total compensation of employees</b>		<b><u>1 683 436</u></b>	<b><u>1 604 040</u></b>
<b>Average number of employees</b>		<b><u>3 138</u></b>	<b><u>3 210</u></b>

## 4 Goods and services

	Note	2019/20 R'000	2018/19 R'000
Administrative fees		4,756	8 897
Advertising		17,143	44 748
Minor assets	4.1	2,953	2 075
Bursaries (employees)		2,380	2 761
Catering		1,445	1 617
Communication		28,748	31 668
Computer services	4.2	117,176	133 774
Consultants: Business and advisory services		265,456	57 787
Infrastructure and planning services		184,436	109 858
Laboratory services		3,465	1 894
Legal services		31,132	16 518
Contractors		140,682	16 872
Agency and support / outsourced services		4,081	7 643
Entertainment		147	66
Audit cost – external	4.3	35,206	40 727
Fleet services		23,252	29 794
Inventory	4.4	126,911	11 140
Consumables	4.5	68,181	15 688
Operating leases		402,768	414 524
Property payments	4.6	108,692	111 474
Rental and hiring		762	493
Transport provided as part of the departmental activities		99	460
Travel and subsistence	4.7	124,118	121 767
Venues and facilities		4,833	2 816
Training and development		313,820	826 904
Other operating expenditure	4.8	9,437	9 247
<b>Total</b>		<b>2,022,079</b>	<b>2 021 212</b>

## 4.1 Minor assets

	Note	2019/20	2018/19
	4	R'000	R'000
<b>Tangible assets</b>			
Machinery and equipment		2 925	2 061
Transport assets		28	14
<b>Total</b>		<u>2 953</u>	<u>2 075</u>

## 4.2 Computer services

	Note	2019/20	2018/19
	4	R'000	R'000
SITA computer services		23 272	25 789
External computer service providers		93 904	107 985
<b>Total</b>		<u>117 176</u>	<u>133 774</u>

## 4.3 Audit cost – External

	Note	2019/20	2018/19
	4	R'000	R'000
Regularity audits		26 287	34 839
Investigations		5 385	5 458
Computer audits		3 534	430
<b>Total</b>		<u>35 206</u>	<u>40 727</u>

## 4.4 Inventory

	Note	2019/20	2018/19
	4	R'000	R'000
Other supplies	4.4.1	126 911	11 140
<b>Total</b>		<u>126 911</u>	<u>11 140</u>

## 4.4.1 Other supplies

	Note	2019/20	2018/19
	4.4	R'000	R'000
<b>Assets for distribution</b>			
Other assets for distribution		126 911	11 140
<b>Total</b>		<b>126 911</b>	<b>11 140</b>

## 4.5 Consumables

	Note	2019/20	2018/19
	4	R'000	R'000
Consumable supplies		55 484	10 977
Uniform and clothing		13 887	2 447
Household supplies		33 050	3 825
Building material and supplies		1 345	331
IT consumables		651	258
Other consumables		6 551	4 116
Stationery, printing and office supplies		12 697	4 711
<b>Total</b>		<b>68 181</b>	<b>15 688</b>

## 4.6 Property payment

	Note	2019/20	2018/19
	4	R'000	R'000
Municipal services		60 475	59 595
Property maintenance and repairs		19 488	20 695
Other		28 729	31 184
<b>Total</b>		<b>108 692</b>	<b>111 474</b>

## 4.7 Travel and subsistence

	Note	2019/20	2018/19
	4	R'000	R'000
Local		115 082	111 512
Foreign		9 036	10 255
<b>Total</b>		<b>124 118</b>	<b>121 767</b>

## 4.8 Other operating expenditure

	Note	2019/20	2018/19
	4	R'000	R'000
Professional bodies, membership and subscription fees		1 665	263
Resettlement costs		2 313	1 002
Other		5 459	7 982
<b>Total</b>		<b>9 437</b>	<b>9 247</b>

**Other**

	4.8		
Laundry Services		41	64
Courier and Delivery Services		609	1 084
Competency Certificates		91	53
Voluntary Workers		2	8
Non-Life Insurance Premiums		845	1 304
Printing and Publication Services		3 764	5 353
Roadworthy Tests		4	3
Storage Of Files		103	113
<b>Total</b>		<b>5 459</b>	<b>7 982</b>

## 5 Interest and rent on land

	Note	2019/20 R'000	2018/19 R'000
Interest paid		-	19
<b>Total</b>		<u>-</u>	<u>19</u>

## 6 Payment for financial assets

	Note	2019/20 R'000	2018/19 R'000
Debts written off		738	-
<b>Total</b>		<u>738</u>	<u>-</u>

### 6.1 Debts written off

	Note	2019/20 R'000	2018/19 R'000
Nature of debts written off	6		
Recoverable revenue written off			
Disallowance fraud		248	-
Disallowance miscellaneous: CA		6	-
<b>Total</b>		<u>254</u>	<u>-</u>
Other debt written off			
Staff and supplier debt		484	-
<b>Total</b>		<u>484</u>	<u>-</u>
<b>Total debt written off</b>		<u>738</u>	<u>-</u>

## 7 Transfers and subsidies

	Note	2019/20 R'000	2018/19 R'000
<b>Provinces and municipalities</b>	37	5 698 629	6 740 979
Departmental agencies and accounts	Annexure1B	2 370 029	2 269 759
Foreign governments and international organisations	Annexure1E	227 051	209 269
Public corporations and private enterprises	Annexure1D	782 891	694 715
<b>Non-profit institutions</b>	Annexure1F	2 635	1 194
Households	Annexure1G	35 419	17 968
<b>Total</b>		<b>9 116 654</b>	<b>9 933 884</b>

*The balances on note 7 reflect actual expenditure incurred in the period whilst the related annexures reflects details of appropriated transfer figures and actual expenditure balances*

## 8 Expenditure for capital assets

	Note	2019/20 R'000	2018/19 R'000
<b>Tangible assets</b>		<b>2 365 360</b>	<b>3 029 001</b>
Buildings and other fixed structures	33.1	2 317 777	2 977 413
Machinery and equipment	31.1	47 583	51 588
<b>Intangible assets</b>		<b>29 339</b>	<b>31 278</b>
Software	32.1	29 339	31 278
<b>Total</b>		<b>2 394 699</b>	<b>3 060 279</b>

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

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

## 8.1 Analysis of funds utilised to acquire capital assets – 2019/20

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>2 365 360</b>	-	<b>2 365 360</b>
Buildings and other fixed structures	2 317 777	-	2 317 777
Machinery and equipment	47 583	-	47 583
<b>Intangible assets</b>	<b>29 339</b>	-	<b>29 339</b>
Software	29 339	-	29 339
<b>Total</b>	<b>2 394 699</b>	-	<b>2 394 699</b>

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

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

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

	Note	2019/20 R'000	2018/19 R'000
<b>Tangible assets</b>			
Machinery and equipment		19 677	24 697
<b>Total</b>		<b>19 677</b>	<b>24 697</b>



## 9 Unauthorised expenditure

### 9.1 Reconciliation of unauthorised expenditure

	2019/20 R'000	2018/19 R'000
	<b>Note</b>	
Opening balance	641 109	641 109
Prior period error	-	-
As restated	641 109	641 109
<b>Closing balance</b>	<b>641 109</b>	<b>641 109</b>
Analysis of closing balance		
Unauthorised expenditure awaiting authorisation	641 109	641 109
<b>Total</b>	<b>641 109</b>	<b>641 109</b>

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

	2019/20 R'000	2018/19 R'000
	<b>Note</b>	
Capital	292 269	292 269
Current	348 840	348 840
Transfers and subsidies	-	-
<b>Total</b>	<b>641 109</b>	<b>641 109</b>

### 9.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2019/20 R'000	2018/19 R'000
	<b>Note</b>	
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	641 109	641 109
<b>Total</b>	<b>641 109</b>	<b>641 109</b>

## 10 Cash and cash equivalent

	Note	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General Account		204 364	-
Disbursements		31	(1)
Cash on hand		70	62
Investments (Domestic)		45 805	207 189
<b>Total</b>		<b>250 270</b>	<b>207 250</b>

Cash and cash equivalent comprise of Paymaster General Account (PMG), petty cash on hand and money in the commercial bank account available for use.

Money in the commercial bank represents net cash receipts or deposits on/before the end of March 2020 but not yet interphase on BAS, the interface only took place in April 2020.

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

## 11 Prepayments and advances

	Note	2019/20 R'000	2018/19 R'000
Staff advances		-	-
Travel and subsistence		46	379
Prepayments (Not expensed)	11.2	9 809	10 237
Advances paid (Not expensed)	11.1	347 400	4 512
<b>Total</b>		<b>357 255</b>	<b>15 128</b>

Prior year error on classification: Prepayments and advances (the prepayment to private entity) was erroneously classified as advance paid instead of prepayment. Effect of the prior year error is that the opening balance on advances paid was overstated by R10.237 million. Advances paid were adjusted from R14.749 million to R4.512 million. The prepayment was adjusted From R0.00 to R10.237 million. The overall closing balance of Prepayment and advances remain the same at R15.128 million.

## 11.1 Advances paid (not expensed)

	Balance as at 1 April 2019	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2020
Note	R'000	R'000	R'000	R'000	R'000
11					
National departments	512	(3 998)		4 486	1 000
Public entities	4 000	(339 578)		681 978	346 400
Other entities	-	-	-	-	-
<b>Total</b>	<b>4 512</b>	<b>(343 576)</b>	<b>-</b>	<b>686 464</b>	<b>347 400</b>

	Balance as at 1 April 2018	Less: Amount expensed in current year	Add or less: other	Add: current year advances	Balance as at 31 March 2019
Note	R'000	R'000	R'000	R'000	R'000
11					
National departments	226	(3 192)	-	3 478	512
Public entities	-	-	-	4 000	4 000
Other entities	-	-	-	-	-
<b>Total</b>	<b>226</b>	<b>(3 192)</b>	<b>-</b>	<b>7 478</b>	<b>4 512</b>

## 11.2 Prepayments (not expensed)

	Balance as at 1 April 2019	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2020
Note	R'000	R'000	R'000	R'000	R'000
11					
Transfers and subsidies	10 237	(10 237)	-	9 809	9 809
<b>Total</b>	<b>10 237</b>	<b>(10 237)</b>	<b>-</b>	<b>9 809</b>	<b>9 809</b>

	Balance as at 1 April 2018	Less: Amount expensed in current year	Add or less: other	Add: current year advances	Balance as at 31 March 2019
Note	R'000	R'000	R'000	R'000	R'000
11					
Transfers and subsidies	-	-	-	10 237	10 237
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 237</b>	<b>10 237</b>

## 11.3 Prepayments (not expensed)

	Balance as at 1 April 2019	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2020
Note	R'000	R'000	R'000	R'000	R'000
Public entities	-	-	-	306 534	306 534
<b>Total</b>	-	-	-	<b>306 534</b>	<b>306 534</b>

*The Department paid advances to Rand Water to implement COVID-19 expenditure for water tankers and tankering*

## 12 Receivables

	Note	2019/20			2018/19		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	12.1	202	-	202	892	-	892
Recoverable expenditure	12.2	193	-	193	281	-	281
Staff debt	12.3	8 401	84	8 485	7 350	151	7 501
Fruitless and wasteful expenditure	12.5	12 960	-	12 960	12 963	-	12 963
Other receivables	12.4	31 247	-	31 247	36 997	-	36 997
<b>Total</b>		<b>53 003</b>	<b>84</b>	<b>53 087</b>	<b>58 483</b>	<b>151</b>	<b>58 634</b>

## 12.1 Claims recoverable

	Note	2019/20	2018/19
		R'000	R'000
	12 and Annex 4		
National departments		128	809
Provincial departments		55	42
Public entities		19	41
<b>Total</b>		<b>202</b>	<b>892</b>

## 12.2 Recoverable expenditure (disallowance accounts)

	Note	2019/20	2018/19
		R'000	R'000
	12		
Disallowance dishonoured cheque		-	1
Sal: tax debt		25	2
Sal: deduction disallowance account: CA		-	18
Disallowance payment fraud: CA		-	248
Disallowance miscellaneous: CA		4	12
Sal GEHS refund		164	-
<b>Total</b>		<b>193</b>	<b>281</b>

## 12.3 Staff debt

	Note	2019/20	2018/19
		R'000	R'000
	12		
Salary overpayment & leave without pay		5 039	3 703
Tax debt		2	3
Bursary (breach of contract)		1 321	1 310
Petty Cash		9	7
T & S advance domestic		325	381
GG accidents		(1)	4
Telephone / cell phone debt		416	412
Subsidies transport		1 025	1 320
Departmental debt/ employee/ ex-employee/ traffic fine		37	60
Loss and damages		312	301
<b>Total</b>		<b>8 485</b>	<b>7 501</b>

## 12.4 Other receivables

	Note	2019/20	2018/19
	12	R'000	R'000
Municipal & supplier debt		20 818	26 749
External debt		10 429	10 248
<b>Total</b>		<b>31 247</b>	<b>36 997</b>

## 12.5 Fruitless and wasteful expenditure

	Note	2019/20	2018/19
	12	R'000	R'000
Opening balance		12 963	13 359
Less amounts recovered		(7)	(407)
Less amounts written off		-	-
Transfers from note 26 fruitless and wasteful expenditure		4	11
Interest		-	-
<b>Total</b>		<b>12 960</b>	<b>12 963</b>

## 12.6 Impairment of receivables

	Note	2019/20	2018/19
		R'000	R'000
Estimate of impairment of receivables		4 948	5 508
<b>Total</b>		<b>4 948</b>	<b>5 508</b>

## 13 Loans

	Note	2019/20 R'000	2018/19 R'000
Public corporations		2 049	2 910
<b>Total</b>		<b>2 049</b>	<b>2 910</b>
<b>Analysis of Balance</b>			
Opening balance		2 910	4 058
New Issues		109	108
Repayments		(970)	(1 256)
<b>Closing balance</b>		<b>2 049</b>	<b>2 910</b>

### 13.1 Impairment of loans

	Note	2019/20 R'000	2018/19 R'000
Estimate of impairment of loans		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

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

	Note	2019/20 R'000	2018/19 R'000
<b>Opening balance</b>		(37 916)	735 382
Prior period error		-	-
As restated		(37 916)	735 382
Transfer from statement of financial performance (as restated)		1 249 693	254 295
Paid during the year		37 916	(1 027 593)
<b>Closing balance</b>		<b>1 249 693</b>	<b>(37 916)</b>

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

	Note	2019/20 R'000	2018/19 R'000
Opening balance		404	299
Prior period error			-
As restated		404	299
Transfer from statement of financial performance (as restated)		15 357	66 410
Paid during the year		(15 360)	(66 305)
<b>Closing balance</b>		<b>401</b>	<b>404</b>

## 16 Bank overdraft

	Note	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General Account		-	896 715
Overdraft with commercial banks (Local)		4	5
<b>Total</b>		<b>4</b>	<b>896 720</b>

*The overdraft represents standard bank charges for the month of March 2020, which will be paid in the month of April 2020.*



## 17 Payables - current

	Note	2019/20 R'000	2018/19 R'000
Amounts owing to other entities		31	-
Clearing accounts	17.1		
2 970		9 430	
<b>Total</b>		<b>3 001</b>	<b>9 430</b>

### 17.1 Clearing accounts

	Note	2019/20 R'000	2018/19 R'000
	17		
Sal: Income tax		2 800	5 965
Sal: Pension fund		31	2 904
Sal: Garnishee order		20	1
Sal: ACB recalls		79	4
Sal: Reversal control		36	553
Sal: Medical		4	-
Sal: Rent non recoverable		-	3
<b>Total</b>		<b>2 970</b>	<b>9 430</b>

## 18 Net cash flow available from operating activities

	Note	2019/20 R'000	2018/19 R'000
Net surplus/ (deficit) as per statement of financial performance		1 265 050	320 705
Add back non cash/ cash movements not deemed operating activities		2 073 800	2 205 948
(Increase)/ decrease in receivables		5 480	245 658
(Increase)/ decrease in prepayments and advances		(342 127)	(14 609)
Increase/ (decrease) in payables – current		(6 429)	8 519
Proceeds from sale of capital assets		(379)	(1)
Expenditure on capital assets		2 394 699	3 060 279
Surrenders to Revenue Fund		22 556	(1 093 898)
<b>Net cash flow generated by operating activities</b>		<b>3 338 850</b>	<b>2 526 653</b>

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

	Note	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General account		204 364	(896 715)
Disbursements		31	(1)
Cash on hand		70	62
Cash with commercial banks (local)		45 801	207 184
<b>Total</b>		<b>250 266</b>	<b>(689 470)</b>

## 20 Contingent liabilities and contingent assets

### 20.1 Contingent liabilities

Liable to	Nature	Note	2019/20 R'000	2018/19 R'000
Housing loan guarantees	Employees	Annex 3A	95	206
Other guarantees		Annex 3A	13 993 621	14 856 631
Claims against the department		Annex 3B	963 560	809 348
Intergovernmental payables (unconfirmed balances)		Annex 5	16 482	248 028
<b>Total</b>			<b>14 973 758</b>	<b>15 914 213</b>

#### Prior year error:

- Other guarantees: During the accounting period under review, the department has identified errors. Effect of the error is that the opening balance was understated by R366,425 million and adjusted from R14,490 billion to R14,856 billion.
- Claims against the state: During the accounting period under review, the department has identified errors. Effect of the error is that the opening balance was overstated by R75,687 million and adjusted from R885,035 million to R809,348 million.
  - *The above error attributed from errors on matter on cases, such as OBO HD Lyons // DWS & Rouletti Investments (these matters relate to WTE, however were incorrectly reported under Main Account); Chumie trading, Rubbytat Management was finalised as per court order, Banafrica was awarded a contract, SJ Tabane was upgraded to level 4 and Geldenhuys interest was incorrectly calculated at 15.5% instead of 9%.*

Contingent liabilities have been based on the best estimate available. Contingent liabilities relating to litigation have been based on the assessment of the estimated claim against the Department of Water & Sanitation.

Contingent liabilities: Other guarantees relates to guarantees issued by the Department on behalf of Public Entities (Trans-Caledon Tunnel Authority (TCTA), Komati Basin Water Authority (KOBWA), Land bank) as financial support in the execution of their borrowing plans. Note: In terms of section 70 of the PFMA, Act 1 of 1999 (as amended by Act 29 of 1999) the Department is responsible for reporting on all guarantees that were issued to Public Entities under its control. Any payment under a guarantee will be a direct charge against the National Revenue fund via the Department. The amount disclosed in respect of other guarantees consists of closing balance and guaranteed interest as at 31 March 2020 reflected in Annexure 3A.

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

Arbitration award has been granted against the Department to implement the salary levels 6 and 7 to salary level 8, claiming unfair labour practices. Department sought relieve from the higher court to set aside the award.

## 20.2 Contingent assets

	Note	2019/20	2018/19
		R'000	R'000
<b>Nature of contingent asset</b>			
S J Dube		2 108	2 108
J S Nkuna		1 447	1 253
Fumile Advisor		17 900	17 900
Giyani Project		2 883 232	2 609 260
<b>Total</b>		<b>2 904 688</b>	<b>2 630 521</b>

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

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

## 21 Commitments

	Note	2019/20	2018/19
		R'000	R'000
Computer equipment		3 506	-
Furniture and office equipment		882	-
Other machinery and equipment		569	198
Other fixed structures (infrastructure projects)		4 837 846	4 775 009
Software			18
<b>Total</b>		<b>4 842 803</b>	<b>4 775 225</b>

### Change in accounting policy:

During the accounting period under review, the department has changed its accounting policy on commitment in line with the Modified Cash Standards. Previous policy required the recognition of both Capital and Current expenditure and whilst current policy requires the disclosure of only capital expenditure.

The effect of change is that; the accounting policy will be implemented or applied retrospectively.

Consequently, department has adjusted all comparative amounts presented in the financial statements affected by the change in accounting policy for each prior period presented.

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

It also includes capital commitments (computer equipment, furniture, etc) from open orders, where the items have not been delivered and payment will be effected once received.

Current commitments approved & contracted R332,3 million and approved not contracted R9,1 million.

**Prior year error:** The opening balance for Other fixed structure (Infrastructure) assets has been adjusted from R4,361 billion to R4,775 billion. The net effect is an increase by R413.8 million.

## 22 Accruals and payables not recognised

### 22.1 Accruals

Listed by economic classification	2019/20			Total
	30 days	30+ days	Total	
				R'000
Goods and services		15 629	161 803	115 240
Interest and rent on land		-	-	-
Transfers and subsidies		-	20	-
Capital assets		68 870	215 875	298 020
Other		-	-	-
<b>Total</b>	<b>293 199</b>	<b>84 499</b>	<b>377 698</b>	<b>413 260</b>

Listed by programme level	Note	2019/20	2018/19
		R'000	
Administration		16 086	30 756
Water Planning and Information Management		1 392	3 136
Water Infrastructure Development		359 463	378 580
Water Sector Regulation		757	788
<b>Total</b>		<b>377 698</b>	<b>413 260</b>

Prior year balance for accrual was adjusted from R398.664 million reported in 2018/2019 to restated amount of R413,260 million. The net effect of prior year error is that the opening balance has increased by R14,596 million.

## 22.2 Payables not recognised

	2019/20			2018/19
		R'000		R'000
<b>Listed by economic classification</b>	<b>30 days</b>	<b>30+ days</b>	<b>Total</b>	<b>Total</b>
Goods and services		505 748	510 338	865 692
Interest and rent on land		-	-	-
Transfers and subsidies		-	-	61 104
Capital assets		17 588	41 743	342 411
Other		-	-	-
<b>Total</b>	<b>28 745</b>	<b>523 336</b>	<b>552 081</b>	<b>1 269 207</b>
		<b>Note</b>	<b>2019/20</b>	<b>2018/19</b>
<b>Listed by programme level</b>			R'000	R'000
Administration			2 418	7 589
Water Planning and Information Management			118 832	253 344
Water Infrastructure Development			430 817	1 008 250
Water Sector Regulation			14	24
<b>Total</b>			<b>552 081</b>	<b>1 269 207</b>
		<b>Note</b>	<b>2019/20</b>	<b>2018/19</b>
			R'000	R'000
<b>Included in the above totals are the following:</b>				
Confirmed balances with other departments	Annex 5		1 435	67 103
Confirmed balances with other government entities	Annex 5		24 786	151 265
<b>Total</b>			<b>26 221</b>	<b>218 368</b>

## 23 Employee benefits

	Note	2019/20 R'000	2018/19 R'000
Leave entitlement		85 335	67 657
Service bonus		44 449	41 773
Performance awards		22 659	23 501
Capped leave		73 243	78 522
Other		2 281	1 822
<b>Total</b>		<b>227 967</b>	<b>213 275</b>

*Prior year error: The opening balance for employee benefits was overstated as a result of negative leave balances that were omitted in calculation of the capped leave and leave entitlement liability disclosed. It was adjusted from R214.9 million to R213.2 million. The net effect of prior year error is that the opening balance has decreased by R 1.721 million.*

*Included in the capped leave reported is an amount of R70 thousand (R66 thousand 2018/19) resulting from 129 number of leave day over - granted on capped leave*

## 24 Lease commitments

### 24.1 Finance leases

2019/20	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	2 977	2 977
Later than 1 year and not later than 5 years	-	-	-	1 626	1 626
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 603</b>	<b>4 603</b>

## 2018/19

Not later than 1 year	-	-	-	5 593	5 593
Later than 1 year and not later than 5 years	-	-	-	1 733	1 733
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	<b>7 326</b>	<b>7 326</b>

	Note	2019/20 R'000	2018/19 R'000
Rental earned on sub-leased assets		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

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

- Copy machines - 3 years - fixed @10.00 % linked to Government borrowing rate
- Vehicles - 5 years - fixed @10.00 % linked to Government borrowing rate

## 25 Irregular expenditure

### 25.1 Reconciliation of irregular expenditure

	Note	2019/20 R'000	2018/19 R'000
Opening balance		9 285 547	6 156 025
Prior period error		-	-
As restated		9 285 547	6 156 025
Add: Irregular expenditure – relating to prior year		124 479	1 279 631
Add: Irregular expenditure – relating to current year		570 145	1 849 891
Less: Prior year amounts condoned		(347 229)	-
<b>Closing balance</b>		<b>9 632 942</b>	<b>9 285 547</b>
<b>Analysis of awaiting condonation per age classification</b>			
Current year		570 145	1 849 891
Prior years		9 062 797	7 435 656
<b>Total</b>		<b>9 632 942</b>	<b>9 285 547</b>

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

Incident	Disciplinary steps taken / criminal proceedings	2019/20 R'000
<b>Goods and services</b>		
HO-Three quotations not obtained for travel and accommodation - Travel with Flair	Case still under investigation	4 714
LIM-Proper processes not followed in appointing an official – 22304215	Case still under investigation	897
HO-Inappropriate disqualification of a bidder - CAPS Trading	Case still under investigation	13 436
Discrepancies with the Bid Specifications( Limiting the market and contravention of Section 217 of the Constitution) -EOH Mthombo	Case still under investigation	75 370
Conflict of Interest (BJE/IX/WRP Joint Venture)	Case still under investigation	952
EC-DG approval for Catering obtained after service has been rendered (Ndiyaza Matshawe Trading)	Case still under investigation	68
EC-Services rendered without an official order (SAQA)	Case still under investigation	3
EC-Services for rendered outside contract (Konica Minolta)	Case still under investigation	1
HO-Security Services (Sakhile Ezweni) -	Case still under investigation	8 908
FS - Security Services (Eastern Guard Security) -	Case still under investigation	399
NW-Security Services (Batlhokomedi Security) -	Case still under investigation	1 695
GP-Security Services (Batlhokomedi Security	Case still under investigation	1 018
NC-Security Services (Fidelity Security )	Case still under investigation	914
WC-Security Services (Xhobani Security )	Case still under investigation	1 343
EC-Security Services (Xhobani Security)	Case still under investigation	2 023
<b>LIM-Security Services (Khayalami Security)</b>		9 894
MPU-Security Services (Mafoko Security)	Case still under investigation	1 981
<b>Infrastructure</b>		
BEP Northern Cape Reasons for deviation from normal procurement processes not justifiable – NJR	Case still under investigation	10 001
BEP Free State Reasons for deviation from normal procurement processes not justifiable -Vharanani	Case still under investigation	184 993
Contract extended without prior approval by the delegated official: Immediate Electrical, PCISA, S.A.M.E Water, Enzani Electrical works, Department of Defence and others	Case still under investigation	162 133
KZN: (RBIG projects) Professional fees were revised and exceeded the 20%threshold without seeking prior approval from National Treasury as per the Treasury Regulations- Nako Iliso	Case still under investigation	2 408
NW-Deviation: Shorter period to advertise not approved: IA-Bigen Africa	Case still under investigation	4 625
Bushbuckridge Implementation of Reticulation Phase 2	Case still under investigation	51 093



Incident	Disciplinary steps taken / criminal proceedings	2019/20 R'000
LIMP-Proper procurement procedures were not followed when appointing contractors (Lepelle Northern Water)	Case still under investigation	12 820
Free State-Contract value exceeded and variation order approved late (Raubex)	Case still under investigation	13 218
NW-Expenditure exceeded the commitment balance (Axton Matrix)	Case still under investigation	5 238
<b>Prior year goods and services</b>		
HO-Security Services (Sakhile Ezweni)	Case still under investigation	14 346
FS - Security Services (Eastern Guard Security)	Case still under investigation	562
NW-Security Services (Batlhokomedi Security)	Case still under investigation	1 915
GP-Security Services (Batlhokomedi Security)	Case still under investigation	1 948
NC-Security Services (Fidelity Security)	Case still under investigation	1 325
WC-Security Services (Xhobani Security)	Case still under investigation	2 326
EC-Security Services (Xhobani Security)	Case still under investigation	2 737
LIM-Security Services (Khayalami Security)	Case still under investigation	15 197
MPU-Security Services (Mafoko Security)	Case still under investigation	3 625
Discrepancies with the Bid Specifications (Limiting the market and contravention of Section 217 of the Constitution) -EOH Mthombo (various payments)	Case still under investigation	78 011
<b>Prior year infrastructure</b>		
NW-Expenditure exceeded the commitment balance-PFP project	Case still under investigation	2 281
NW-Expenditure exceeded the commitment balance- Thalami Civils	Case still under investigation	208
<b>Total</b>		<b>694 624</b>

### 25.3 Details of irregular expenditure condoned

Incident	Condoned by relevant authority	2019/20 R'000
Provision of IT Services-Business Connection	National Treasury	347 229
<b>Total</b>		<b>347 229</b>

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

Incident	2019/20 R'000
Infrastructure project payments	9 858
3 quotations not sourced (goods & services)	991
<b>Total</b>	<b>10 849</b>

## 26 Fruitless and wasteful expenditure

### 26.1 Reconciliation of fruitless and wasteful expenditure

	2019/20 R'000	2018/19 R'000
Note		
Opening balance	76 288	16 175
Prior period error	-	-
As restated	76 288	16 175
Fruitless and wasteful expenditure – relating to prior year	-	46 777
Fruitless and wasteful expenditure – relating to current year	20	13 347
Less: amounts recoverable	(4)	(11)
Less: amounts written off	-	-
<b>Closing balance</b>	<b>76 304</b>	<b>76 288</b>

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

Incident	Disciplinary steps taken / criminal proceedings	2019/20 R'000
<b>No show on transport</b>	An amount of R525 was recovered and balance of R16,500 still under investigation	17
No show on accommodation	An amount of R1,024 was recovered from the official	1
<b>Interest on overdue account</b>	An amount of R83.95 was recovered from the officials balance of R492.06 still under investigation	1
Cancelation fees	Amount still under investigation	1
<b>Total</b>		<u><u>20</u></u>

## 26.3 Details of fruitless and wasteful expenditure recoverable

Incident	2019/20 R'000
No show on transport	1
No show on accommodation	3
<b>Total</b>	<u><u>4</u></u>

*Prior year error: During the annual report printing the heading for details of current and prior year fruitless and wasteful expenditure was incorrectly typed as details of current and prior year irregular expenditure. The amounts, incidents and steps reported were correct.*

## 27 Related party transactions

	2019/20	2018/19
	R'000	R'000
<b>In kind goods and services provided/ received</b>		
Umngeni Water	-	155
Rand Water	-	140
<b>Water Research Commission</b>	-	90
<b>Bloem Water &amp; Mangaung Metropolitan Municipality</b>	-	11
<b>Total</b>	<u>-</u>	<u>396</u>

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

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

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

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

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

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

## 28 Key management personnel

	Number of individuals	2018/19 R'000	2018/19 R'000
Political office bearers (provide detail below)	4	5 214	4 379
Officials:			
Level 15 to 16	11	12 268	13 879
Level 14 (including CFO if at a lower level)	51	52 920	45 915
Family members of key management personnel	2	958	1 387
<b>Total</b>		<b>71 360</b>	<b>65 560</b>

*Included in key management personnel numbers is the Acting Director General and the Honourable Minister whose salary costs are covered by the Department of Human Settlement.*

Three Ministerial Advisory Committees were established in the 2019/20 financial year as follows:

### Ministerial Committees - National Rapid Response Task Team

	2019/20	2018/19
	R'000	R'000
Thami ka Plaatjie	-	-
Xolile Burns Ncamashe	667	-
Suliwe Ancedile Sihlwayi	315	-
Chumani Maxwele	364	-
Mogomotsi Mogodiri	358	-
Ms Noli Qunta	315	-
Likhaya Nqgezana	354	-
Carla Motau	306	-
Mahle Khuzani	328	-
Gado Dichoetlise	259	-
<b>Total</b>	<b>3 266</b>	<b>-</b>

### Ministerial Committees - Water Advisory Committee

	2019/20	2018/19
	R'000	R'000
T Balzer	471	-
AM Muller	363	-
B Schreiner	156	-
MA Diedricks	205	-
M Sirenya	-	-
MC Zondo	-	-
J Kogel	658	-
<b>Total</b>	<b>1 853</b>	<b>-</b>

### Ministerial Committees - Stabilisation and efficient functioning of the water sector committee

	2019/20	2018/19
	R'000	R'000
M Dlabantu	-	-
B Chaplog	466	-
W Dukuza	488	-
D Mgaga	488	-
J De Lange	32	-
S Shabangu	244	-
M Shaik	77	-
CF Kellerman	524	-
Dr M Kruger	425	-
MJT Ndlovu	418	-
M Van Eck	438	-
R Crown	523	-
A Mbatsha	383	-
D Mnguni	355	-
<b>Total</b>	<b>4 861</b>	<b>-</b>

## 29 Provisions

	Note	2019/20 R'000	2018/19 R'000
Implementation Protocol for Emfuleni LM Intervention		-	1 038 622
		-	-
<b>Total</b>		<b>-</b>	<b>1 038 622</b>

### 29.1 Reconciliation of movement in provisions – 2019/20

	Provision 1 R'000	Provision 2 R'000	Emfuleni LM intervention R'000	Total provisions R'000
Opening balance	-	-	1 038 622	1 038 622
Unused amount reversed	-	-	(1 038 622)	(1 038 622)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*The provision has been reversed following confirmation of funding allocation for the Vaal River intervention system project.*

### Reconciliation of movement in provisions – 2018/19

	Provision 1 R'000	Provision 2 R'000	Emfuleni LM intervention R'000	Total provisions R'000
Increase in provision	-	-	1 100 000	1 100 000
Reimbursement expected from third party	-	-	(61 378)	(61 378)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>1 038 622</b>	<b>1 038 622</b>

*Prior year error: During the annual report printing the heading for details of reconciliation of movement in provision was incorrectly typed as details of current and prior year irregular expenditure. The amounts and disclosed details were correct.*



### 30 Non-adjusting events after reporting date

	2019/20	
	R'000	
<b>Nature of event</b>		
Include an estimate of the financial effect of the subsequent non-adjusting events or a statement that such an estimate cannot be made.	_____	-
<b>Total</b>	=====	-

*No events after the reporting date were identified that require adjustment or disclosure in the financial statements. Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. The Department placed measures in place to ensure compliance with the WHO and Department of Health guidelines by minimising the number of officials within the offices and encourage working remotely, provide operational tools ie Laptops, Phones, 3Gs.*

*The Department also had to respond urgently to its National Responsibilities of providing access to Water and Sanitation. Rand Water was appointed to implement the COVID-19 Response Intervention project.*

*The Department considered the impact and determined that it is not possible to reliably estimate the duration and severity of the consequences associated with the COVID19 pandemic, as well as the impact on its financial position and results for future periods. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect the impact.*

*The on-going impact of the COVID-19 lockdown on the Department's income and expenditure and working capital, will be assessed on a continuous basis but currently there is no uncertainty over the entity's ability to continue as a going concern.*

### 31 Movable tangible capital assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2020

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>Machinery and equipment</b>					
Transport assets	18 382	799	1 827	3 508	17 500
Computer equipment	144 547	(85)	15 416	7 696	152 182
Furniture and office equipment	54 938	71	2 453	747	56 715
Other machinery and equipment	234 394	(94)	16 343	9 212	241 431
<b>Total movable tangible capital assets</b>	<b>452,261</b>	<b>691</b>	<b>36,039</b>	<b>21,163</b>	<b>467,828</b>

#### Movable tangible capital assets under investigation

	Number	Value R'000
<b>Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:</b>		
Machinery and equipment	93	1 440

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

## 31.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2020

	Cash*	Non-cash**	(Capital work in progress current costs and finance lease payments)	Received current, not paid (paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>					
Transport assets	14 544	1 771	(14 488)	-	1 827
Computer equipment	14 512	471	-	433	15 416
Furniture and office equipment	2 419	53	-	(19)	2 453
Other machinery and equipment	16 108	5 396	(5 189)	28	16 343
<b>Total additions to movable tangible capital assets</b>	<b>47 583</b>	<b>7 691</b>	<b>(19 677)</b>	<b>442</b>	<b>36 039</b>

## 31.2 Disposals

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2020

	Sold for cash	Non-cash disposal	Total disposals	Cash received actual
	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>				
Transport assets	3 508	-	3 508	287
Computer equipment	7 696	-	7 696	56
Furniture and office equipment	747	-	747	17
Other machinery and equipment	1 794	7 418	9 212	19
<b>Total disposal of movable tangible capital assets</b>	<b>13 745</b>	<b>7 418</b>	<b>21 163</b>	<b>379</b>

## 31.3 Movement for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>Machinery and equipment</b>					
Transport assets	16 525	-	1 857	-	18 382
Computer equipment	139 833	329	6 150	1 765	144 547
Furniture and office equipment	54 149	(164)	1 039	86	54 938
Other machinery and equipment	219 153	69	15 425	253	234 394
<b>Total disposal of movable tangible capital assets</b>	<b>429 660</b>	<b>234</b>	<b>24 471</b>	<b>2 104</b>	<b>452 261</b>

## 31.3.1 Prior period error

	Note	2018/19 R'000
<b>Nature of prior period error</b>		
Relating to 2018/19 [affecting the opening balance]		234
<b>Total prior period errors</b>		234

*Prior year error: The opening balance adjustment relates to correction of formula errors and rounding on the register. The net effect is that the movable Tangible Assets increased by R234 thousand from R452.027 million to R452.261 million*

## 31.4 Minor assets

	Specialised military assets	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	58	-	80 230	-	80 288
Value adjustments	-	-	-	101	-	101
Additions	-	-	-	9 091	-	9 091
Disposals	-	-	-	(7 364)	-	(7 364)
<b>Total minor assets</b>	-	58	-	82 058	-	82 116
Number of R1 minor assets	-	-	-	29 243	-	29 243
Number of minor assets at cost	-	19	-	51 113	-	51 132
<b>Total number of minor assets</b>	-	19	-	80 356	-	80 375

**Minor capital assets under investigation**

	Number	Value R'000
<b>Included in the above total of the minor capital assets per the asset register are assets that are under investigation:</b>		
Machinery and equipment	121	355

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

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
		R'000	R'000	R'000	R'000	R'000
Opening balance	-	102	-	78 214	-	78 316
Prior period error	-	-	-	(1)	-	(1)
Additions	-	-	-	2 353	-	2 353
Disposals	-	(44)	-	(336)	-	(380)
<b>Total minor assets</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>80 230</b>	<b>-</b>	<b>80 288</b>
Number of R1 minor assets	-	-	-	28 701	-	28 701
Number of minor assets at cost	-	19	-	46 576	-	46 595
<b>Total number of minor assets</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>75 277</b>	<b>-</b>	<b>75 296</b>

*Prior year error: The opening balance adjustment relates to rounding on the register. The net effect is that Minor Assets decreased by R1 thousand from R78,316 million to R78,315 million*

## 31.5 Movable assets written off

## Movable assets written off for the year ended as at 31 March 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
		R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	28 023	-	28 023
<b>Total movable assets written off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 023</b>	<b>-</b>	<b>28 023</b>

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

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

## 31.6 S42 movable capital assets

## Major assets to be transferred in terms of S42 of the PFMA - 31 March 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
		R'000	R'000	R'000	R'000	R'000
No. of assets	-	-	-	117	-	117
Value of the assets (R'000)	-	-	-	10 378	-	10 378

## Minor assets to be transferred in terms of S42 of the PFMA - 31 March 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
		R'000	R'000	R'000	R'000	R'000
No. of assets	-	-	-	6	-	6
Value of the assets (R'000)	-	-	-	24	-	24

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

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

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

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

## 32 Intangible capital assets

### Movement in intangible capital assets per asset register for the year ended 31 March 2020

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	177 299	-	29 339	-	206 638
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-	5 468
<b>Total intangible capital assets</b>	<b>182 767</b>	<b>-</b>	<b>29 339</b>	<b>-</b>	<b>212 106</b>

### 32.1 Additions

#### Additions to intangible capital assets per asset register for the year ended 31 March 2020

	Cash R'000	Non-cash R'000	(Development work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
Software	29 339	-	-	-	29 339
<b>Total intangible capital assets</b>	<b>29 339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29 339</b>

### 32.2 Movement for 2018/19

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	146 534	2	31 278	(515)	177 299
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-	5 468
<b>Total intangible capital assets</b>	<b>152 002</b>	<b>2</b>	<b>31 278</b>	<b>(515)</b>	<b>182 767</b>

*Prior year error: The opening balance adjustment relates to rounding on the register. The net effect is that Intangible assets increased by R2 thousand from R182,765 million to R182,767 million*



### 33 Immovable tangible capital assets

#### Movement in immovable tangible capital assets per asset register for the year ended 31 March 2020

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>Buildings and other fixed structures</b>	<b>7 171 968</b>	<b>-</b>	<b>2 917 471</b>	<b>(3 504 576)</b>	<b>6 584 863</b>
Dwellings	3 001	-	-	-	3 001
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	7 162 044	-	2 917 471	(3 504 576)	6 574 939
<b>Land and subsoil assets</b>	<b>11 503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 503</b>
Land	11 503	-	-	-	11 503
<b>Total immovable tangible capital assets</b>	<b>7 183 471</b>	<b>-</b>	<b>2 917 471</b>	<b>(3 504 576)</b>	<b>6 596 366</b>

#### 33.1 Additions

#### Additions to immovable tangible capital assets per asset register for the year ended 31 March 2020

	Cash R'000	Non-cash R'000	(Development work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
Building and other fixed structures					
Other fixed structures	2 317 777	2 917 471	(2 317 777)	-	2 917 471
<b>Total additions to immovable tangible capital assets</b>	<b>2 317 777</b>	<b>2 917 471</b>	<b>(2 317 777)</b>	<b>-</b>	<b>2 917 471</b>

### 33.2 Disposals

#### Disposals of immovable tangible capital assets per asset register for the year ended 31 March 2020

	Sold for cash	Non-cash disposal	Total disposals	Cash received actual
	R'000	R'000	R'000	R'000
<b>Buildings and other fixed structures</b>				
Other fixed structures	-	3 504 576	3 504 576	-
<b>Total immovable tangible capital assets</b>	<b>-</b>	<b>3 504 576</b>	<b>3 504 576</b>	<b>-</b>

### 33.3 Movements for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>Buildings and other fixed structures</b>	<b>7 270 309</b>	<b>46 319</b>	<b>874 568</b>	<b>(1 019 228)</b>	<b>7 171 968</b>
Dwellings	3 001	-	-	-	3 001
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	7 260 385	46 319	874 568	(1 019 228)	7 162 044
<b>Land and subsoil assets</b>	<b>11 503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 503</b>
Land	11 503	-	-	-	11 503
<b>Total immovable tangible capital assets</b>	<b>7 281 812</b>	<b>46 319</b>	<b>874 568</b>	<b>(1 019 228)</b>	<b>7 183 471</b>

#### 33.3.1 Prior period error

	Note	2018/19 R'000
<b>Nature of prior period error</b>		
Relating to 2018/19 [affecting the opening balance]		
Relating to completed project previously not reported		46 319
<b>Total prior period errors</b>		<b>46 319</b>

*Prior year error: The opening balance adjustment relates to completed fixed structure projects/ assets previously not reported. The net effect is that the Immovable Tangible Assets increased by R46.319 million from R7.137 billion to R7.183 billion.*

## Capital work-in-progress as at 31 March 2020

	Opening balance 1 April 2019	Current year capital WIP	Ready for use (Asset register)/ contract terminated	Closing balance
Note	R'000	R'000	R'000	R'000
Annexure 7				
Buildings and other fixed structures	24 456 867	2 317 777	(2 917 471)	24 456 867
<b>Total</b>	<b>24 456 867</b>	<b>2 317 777</b>	<b>(2 917 471)</b>	<b>24 456 867</b>

## Age analysis on on-going projects

	Number of projects		2019/20
	Planned, construction not started	Planned, construction started	Total R'000
0 to 1 year	-	3	236 283
1 to 3 years	6	6	1 689 046
3 to 5 years	5	12	5 630 692
Longer than 5 years	12	62	27 653 541
<b>Total</b>	<b>23</b>	<b>83</b>	<b>35 209 562</b>

**Projects longer than 5 years – There are a variety of reasons to longer lifespans of projects**

- Moutse Bulk Water Supply which stretches over a number of years due to the phases of the project.
- Components of project funded via different sources i.e. Social component funded by RBIG funds and Economic component funded by other partners.
- Cases were due to progress of certain pressing projects (political and performance), funds are relocated to other projects resulting in others going unfunded for a while and only later the halted projects are allocated funding.

## Payables not recognised relating to capital WIP

	Note	2019/20 R'000	2018/19 R'000
[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]		32 974	655 167
<b>Total</b>		<b>32 974</b>	<b>655 167</b>

### 33.4 Capital work-in-progress

#### Capital work-in-progress as at 31 March 2019

		Opening balance 1 April 2018	Prior period error	Current year capital WIP	Ready for use (Asset register)/ contract terminated	Closing balance
	Note	R'000	R'000	R'000	R'000	R'000
	Annexure 7					
Buildings and other fixed structures		22 406 479	(52 457)	2 977 413	(874 565)	24 456 867
<b>Total</b>		<b>22 406 479</b>	<b>(52 457)</b>	<b>2 977 413</b>	<b>(874 565)</b>	<b>24 456 867</b>

#### Age analysis on on-going projects

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

### 33.5 S42 immovable assets

#### Assets to be transferred in terms of S42 of the PFMA – 2019/20

	Number of assets	Value of assets R'000
Buildings and other fixed structures		
Other fixed structures	346	6 549 717
<b>Total</b>	<b>346</b>	<b>6 549 717</b>

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

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

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

## 34 Principal-agent arrangements

### 34.1 Department acting as principal agent

	2019/20 R'000	2019/20 R'000
Regional Bulk Infrastructure Grant (RBIG)	37 997	78 044
Water Services Infrastructure Grant (WSIG)	2 965	4 640
<b>Total</b>	<b>40 962</b>	<b>82 684</b>

The Department is party to a principal-agent arrangement for implementation of the water and sanitation projects through arrangements with various water boards and municipalities. In terms of the arrangement the Department is the principal and is responsible for project funding and accountability to Parliament. During the financial year under review the Department paid management fee R40.962 million (R82.684million 2018/19) to various implementing agents (municipalities and water boards). The nature circumstances and terms relating to the arrangements differ from one implementing agents to another

Implementing Agent	Amount R'000
Amatola Water	1 491
Lepelle Northern Waters	20 555
Magalies Water	8 113
Mhlathuze Water	891
Rand Water	5 460
Sedibeng	4 452
<b>Total</b>	<b>40 962</b>

## 35 Prior period errors

### 35.1 Correction of prior period errors

		Amount before error correction	Prior period error	Restated amount
		2018/19	2018/19	2018/19
	Note	R'000	R'000	R'000
<b>Assets:</b>				
Advances paid	11	14 749	(10 237)	4 512
Prepayments	11	-	10 237	10 237
Movable tangible assets (machinery and equipment)	31.3	452 027	234	452 261
Minor Assets (machinery and equipment)	31.4	80 231	(1)	80 230
Building and other fixed structure	33.3	7 125 649	46 319	7 171 968
Immovable tangible assets (Capital WIP)	33.4	24 509 324	(52 457)	24 456 867
Intangible Capital Assets	32.2	182 765	2	182 767
<b>Net effect</b>		<b>32 364 745</b>	<b>(5 903)</b>	<b>32 358 842</b>

#### Prior year error on classification:

- *Prepayments and advances: the prepayment to private entity was classified as advance paid instead of prepayment. Effect of the prior year error - Opening balance on advances paid was overstated by R10.237 million and adjusted from R14.749 million to R4.512 million. The prepayment was adjusted From R0.00 to R10.237 million. There was no net effect on the overall opening balance of Prepayment and advances*
- *Machinery and Equipment: Opening balance was understated by R234 thousand; adjusted from R452,027 million to R452,261 million.*
- *Building and other fixed structure: Opening balance was understated by R46,319 million; adjusted from R7,125 billion to R7,171 billion.*
- *Capital WIP: Opening balance was overstated by R52,457 million; adjusted from R24,509 billion to R24,456 billion.*
- *Rounding: there were rounding errors identified in the current financial period on Machinery & equipment, Minor assets and Intangible*

		Amount before error correction	Prior period error	Restated amount
		2018/19	2018/19	2018/19
	Note	R'000	R'000	R'000
<b>Liabilities:</b>				
Claims against the Department	20	885 035	(75 687)	809 348
Other Guarantees	20	14 490 206	366 425	14 856 631
Accruals	22	398 664	14 596	413 260
Capital Commitments: Other fixed structures(infrastructure projects)	21	4 361 189	413 820	4 775 009
Employee Benefits	28	214 996	(1 721)	213 275
<b>Net effect</b>		<b>20 350 090</b>	<b>717 433</b>	<b>21 067 523</b>

**Prior year error on classification:**

- *Claims against the state: During the accounting period under review, the department has identified errors. Effect of the error is that the opening balance was overstated by R75,687 million and adjusted from R885,035 million to R809,348 million.*
- *Other guarantees: During the accounting period under review, the department has identified errors. Effect of the error is that the opening balance was understated by R366,425 million and adjusted from R14,490 billion to R14,856 billion.*
- *Accrual was adjusted from R398.664 million reported in 2018/2019 to restated amount of R413,260 million. The net effect of prior year error is that the opening balance has increased by R14,596 million.*
- *Prior year error: The opening balance for Other fixed structure (Infrastructure) assets has been adjusted from R4,361 billion to R4,775 billion. The net effect is an increase by R413.8 million.*
- *Employee benefits: The opening balance for employee benefits was overstated as a result of negative leave balances that were omitted in calculation of the capped leave and leave entitlement liability disclosed. It was adjusted from R214.9 million to R213.2 million. The net effect of prior year error is that the opening balance has decreased by R 1.721 million.*

## 36 Statement of conditional grants received

Name of grant	Grant allocation						Spent			2018/19	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (Over-spending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Water Services Infrastructure Grant (WSIG)	3 669 319	-	-	-	3 669 319	3 669 319	3 669 319	-	100%	4 777 267	4 777 267
Regional Bulk Infrastructure Grant (RBIG)	2 066 360	-	-	-	2 066 360	2 066 360	2 028 516	37 844	98%	1 963 000	1 963 000
Regional Bulk Infrastructure Grant (RBIG): Indirect Grant	3 094 450	-	-	-	3 094 450	3 094 450	2 292 382	802 068	74%	2 880 922	2 367 131
Water Services Infrastructure Grant (WSIG): Indirect Grant	644 085	-	-	-	644 085	644 085	548 285	95 800	85%	608 175	578 398
	<b>9 474 214</b>	-	-	-	<b>9 474 214</b>	<b>9 474 214</b>	<b>8 538 502</b>	<b>935 712</b>		<b>10 229 364</b>	<b>9 685 796</b>



## 37 Statement of conditional grants and other transfers paid to municipalities

Name of municipality	2019/20					2018/19				
	Grant allocation	Transfer	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Water Services Infrastructure Grant (WSIG)</b>	<b>3 669 319</b>	-	-	<b>3 669 319</b>	<b>3 669 319</b>	-	-	<b>4 777 267</b>	<b>4 777 267</b>	
<b>Eastern Cape Province</b>	<b>520 461</b>	-	-	<b>520 461</b>	<b>520 461</b>	-	-	<b>1 135 214</b>	<b>1 135 214</b>	
EC101 Dr Beyers Naude Local Municipality	7 000	-	-	7 000	7 000	-	-	30 020	30 020	
EC102 Blue Crane Route Local Municipality	13 000	-	-	13 000	13 000	-	-	92 300	92 300	
EC104 Makana Local Municipality	20 000	-	-	20 000	20 000	-	-	57 000	57 000	
EC105 Ndlambe Local Municipality	-	-	-	-	-	-	-	26 809	26 809	
EC106 Sundays River Valley Local Municipality	-	-	-	-	-	-	-	900	900	
EC108 Kouga Local Municipality	10 000	-	-	10 000	10 000	-	-	151 228	151 228	
EC109 Kou-Kamma Local Municipality	10 000	-	-	10 000	10 000	-	-	23 761	23 761	
DC12 Amatole District Municipality	102 000	-	-	102 000	102 000	-	-	164 088	164 088	
DC13 Chris Hani District Municipality	84 461	-	-	84 461	84 461	-	-	137 300	137 300	
DC14 Joe Gqabi District Municipality	84 000	-	-	84 000	84 000	-	-	66 673	66 673	
DC15 O.R Tambo District Municipality	100 000	-	-	100 000	100 000	-	-	275 135	275 135	
DC44 Alfred Nzo District Municipality	90 000	-	-	90 000	90 000	-	-	110 000	110 000	
<b>Free State Province</b>	<b>307 323</b>	-	-	<b>307 323</b>	<b>279 823</b>	-	<b>(27 500)</b>	<b>301 375</b>	<b>301 375</b>	
FS161 Letsemeng Local Municipality	24 000	-	-	24 000	24 000	-	-	30 000	30 000	
FS162 Kopanong Local Municipality	28 000	-	-	28 000	20 000	-	(8 000)	16 000	16 000	
FS163 Mohokare Local Municipality	30 000	-	-	30 000	30 000	-	-	17 000	17 000	
FS181 Masilonyana Local Municipality	10 000	-	-	10 000	10 000	-	-	5 500	5 500	

Name of municipality	2019/20				2018/19				
	Grant allocation	Transfer	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
FS182 Tokologo Local Municipality	10 000	-	-	10 000	10 000	-	-	18 500	18 500
FS184 Matjhabeng Local Municipality	36 000	-	-	36 000	36 000	-	-	36 825	36 825
FS191 Setsoto Local Municipality	25 000	-	-	25 000	12 500	-	(12 500)	33 500	33 500
FS192 Dihlabeng Local Municipality	14 323	-	-	14 323	14 323	-	-	16 550	16 550
FS193 Nketoana Local Municipality	-	-	-	-	6 000	-	6 000	4 210	4 210
FS194 Maluti-a-phofung Local Municipality	35 000	-	-	35 000	35 000	-	-	25 000	25 000
FS195 Phumelela Local Municipality	20 000	-	-	20 000	17 000	-	(3 000)	15 000	15 000
FS196 Mantsope Local Municipality	10 000	-	-	10 000	8 000	-	(2 000)	10 000	10 000
FS201 Mochaka Local Municipality	15 000	-	-	15 000	15 000	-	-	28 290	28 290
FS203 Ngwathe Local Municipality	25 000	-	-	25 000	13 000	-	(12 000)	20 000	20 000
FS204 Metsimaholo Local Municipality	15 000	-	-	15 000	15 000	-	-	10 000	10 000
FS205 Mafube Local Municipality	10 000	-	-	10 000	14 000	-	4 000	15 000	15 000
<b>Gauteng Province</b>	<b>184 891</b>	-	-	<b>184 891</b>	<b>169 891</b>	-	<b>(15 000)</b>	<b>185 000</b>	<b>185 000</b>
GT421 Emfuleni Local Municipality	-	-	-	-	-	-	-	20 000	20 000
GT422 Midvaal Local Municipality	15 000	-	-	15 000	15 000	-	-	15 000	15 000
GT423 Lesedi Local Municipality	15 000	-	-	15 000	15 000	-	-	25 000	25 000
DC42 Sedibeng District Municipality	15 000	-	-	15 000	-	-	(15 000)	-	-
GT481 Mogale City Local Municipality	40 000	-	-	40 000	40 000	-	-	25 000	25 000
GT484 Merafong City Local Municipality	35 000	-	-	35 000	35 000	-	-	45 000	45 000
GT485 Westonia/Randfontein Local Municipality	64 891	-	-	64 891	64 891	-	-	55 000	55 000
<b>Kwa-Zulu Natal Province</b>	<b>903 374</b>	-	-	<b>903 374</b>	<b>872 374</b>	-	<b>(31 000)</b>	<b>966 668</b>	<b>966 668</b>
DC21 Ugu District Municipality	50 000	-	-	50 000	50 000	-	-	55 000	55 000
KZN225 Msunduzi Local Municipality	41 000	-	-	41 000	53 000	-	12 000	42 760	42 760

Name of municipality	2019/20				2018/19				
	Grant allocation	Transfer	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
DC22 uMgungundlovu District Municipality	80 000	-	-	80 000	80 000	-	-	115 187	115 187
DC23 uThukela District Municipality	108 000	-	-	108 000	108 000	-	-	108 493	108 493
DC24 uMzinyathi District Municipality	68 374	-	-	68 374	68 374	-	-	70 800	70 800
KZN252 Newcastle Local Municipality	40 000	-	-	40 000	40 000	-	-	40 000	40 000
DC25 aMajuba District Municipality	46 000	-	-	46 000	46 000	-	-	84 400	84 400
DC26 Zululand District Municipality	100 000	-	-	100 000	100 000	-	-	87 828	87 828
DC27 uMkhanyakude District Municipality	80 000	-	-	80 000	80 000	-	-	73 000	73 000
KZN 282 uMhlatuze Local Municipality	40 000	-	-	40 000	25 000	-	(15 000)	-	-
DC28 uThungulu District Municipality	100 000	-	-	100 000	100 000	-	-	88 300	88 300
DC29 ILembe District Municipality	90 000	-	-	90 000	62 000	-	(28 000)	100 500	100 500
DC43 Harry Gwala District Municipality	60 000	-	-	60 000	60 000	-	-	100 400	100 400
<b>Limpopo Province</b>	<b>506 650</b>	<b>-</b>	<b>-</b>	<b>506 650</b>	<b>546 650</b>	<b>-</b>	<b>40 000</b>	<b>643 475</b>	<b>643 475</b>
DC33 Mopani District Municipality	40 000	-	-	40 000	40 000	-	-	191 500	191 500
DC34 Vhembe District Municipality	50 000	-	-	50 000	50 000	-	-	45 000	45 000
LIM354 Polokwane Local Municipality	96 650	-	-	96 650	96 650	-	-	90 000	90 000
DC35 Capricorn District Municipality	105 000	-	-	105 000	145 000	-	40 000	78 000	78 000
LIM 361 Thabazimbi Local Municipality	-	-	-	-	-	-	-	26 000	26 000
LIM 362 Lephalale Local Municipality	40 000	-	-	40 000	40 000	-	-	24 500	24 500
LIM 366 Bela Bela Local Municipality	45 000	-	-	45 000	45 000	-	-	45 500	45 500
LIM 367 Mogalakwena Local Municipality	60 000	-	-	60 000	70 000	-	10 000	52 975	52 975
DC47 Greater Sekhukhune District Municipality	70 000	-	-	70 000	60 000	-	(10 000)	65 000	65 000

Name of municipality	2019/20				2018/19				
	Grant allocation	Transfer	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
LIM 368 Modimolle/Mookgopong Local Municipality	-	-	-	-	-	-	-	25 000	25 000
<b>Mpumalanga Province</b>	<b>510 000</b>	-	-	<b>510 000</b>	<b>508 000</b>	-	<b>(2 000)</b>	<b>482 701</b>	<b>482 701</b>
MP301 Albert Luthuli Local Municipality	50 000	-	-	50 000	50 000	-	-	34 674	34 674
MP302 Msukaligwa Local Municipality	45 000	-	-	45 000	55 000	-	10 000	30 000	30 000
MP303 Mkhondo Local Municipality	30 000	-	-	30 000	30 000	-	-	35 000	35 000
MP304 Pixley Ka Seme Local Municipality	40 000	-	-	40 000	28 000	-	(12 000)	30 000	30 000
MP305 Lekwa Local Municipality	-	-	-	-	-	-	-	20 000	20 000
MP307 Govan Mbeki Local Municipality	20 000	-	-	20 000	20 000	-	-	10 000	10 000
MP312 Emalahleni Local Municipality	35 000	-	-	35 000	27 000	-	(8 000)	20 000	20 000
MP313 Steve Tshwete Local Municipality	30 000	-	-	30 000	30 000	-	-	16 800	16 800
MP314 Emakhazeni Local Municipality	50 000	-	-	50 000	50 000	-	-	38 000	38 000
MP315 Thembisile Local Municipality	60 000	-	-	60 000	60 000	-	-	64 000	64 000
MP316 Dr JS Moroka Local Municipality	-	-	-	-	-	-	-	18 000	18 000
MP321 Thaba Chweu Local Municipality	15 000	-	-	15 000	15 000	-	-	12 000	12 000
MP324 Nkomazi Local Municipality	45 000	-	-	45 000	53 000	-	8 000	56 227	56 227
MP325 Bushbuckridge Local Municipality	90 000	-	-	90 000	90 000	-	-	98 000	98 000
<b>Northern Cape Province</b>	<b>308 620</b>	-	-	<b>308 620</b>	<b>319 620</b>	-	<b>11 000</b>	<b>320 109</b>	<b>320 109</b>
NC451 Joe Morolong Local Municipality	50 000	-	-	50 000	50 000	-	-	57 500	57 500
NC452 Gasegonyana Local Municipality	95 000	-	-	95 000	110 000	-	15 000	45 000	45 000
NC453 Gamagara Local Municipality	25 000	-	-	25 000	25 000	-	-	20 000	20 000
NC061 Richtersveld Local Municipality	-	-	-	-	1 500	-	1 500	5 000	5 000
NC062 Nama Khoi Local Municipality	15 000	-	-	15 000	15 000	-	-	14 788	14 788
NC064 Kamiesberg Local Municipality	-	-	-	-	5 000	-	5 000	9 821	9 821
NC065 Hantam Local Municipality	20 000	-	-	20 000	20 000	-	-	7 500	7 500

Name of municipality	2019/20				2018/19				
	Grant allocation	Transfer	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NC066 Karoo Hoogland Local Municipality	-	-	-	-	-	-	-	9 500	9 500
NC067 Khaima Local Municipality	-	-	-	-	-	-	-	5 000	5 000
NC071 Ubuntu Local Municipality	-	-	-	-	5 200	-	5 200	4 000	4 000
NC072 Umsobomvu Local Municipality	16 320	-	-	16 320	16 320	-	-	10 000	10 000
NC073 Emthanjani Local Municipality	-	-	-	-	-	-	-	9 500	9 500
NC074 Kareeberg Local Municipality	-	-	-	-	-	-	-	5 000	5 000
NC075 Renosterberg Local Municipality	-	-	-	-	-	-	-	5 500	5 500
NC076 Thembelihle Local Municipality	-	-	-	-	-	-	-	10 500	10 500
NC077 Siyathemba Local Municipality	6 700	-	-	6 700	6 700	-	-	7 500	7 500
NC078 Siyancuma Local Municipality	7 000	-	-	7 000	7 000	-	-	7 500	7 500
NC082 iKai! Garib Local Municipality	-	-	-	-	-	-	-	5 000	5 000
NC084 iKheis Local Municipality	-	-	-	-	-	-	-	8 500	8 500
NC085 Tsantsabane Local Municipality	-	-	-	-	-	-	-	4 000	4 000
NC086 Kgatelopele Local Municipality	-	-	-	-	-	-	-	9 500	9 500
NC087 //Khara Hais/Mier Local Municipality	8 600	-	-	8 600	8 600	-	-	10 000	10 000
NC091 Sol Plaatjie Local Municipality	30 000	-	-	30 000	14 300	(15 700)	-	17 000	17 000
NC092 Dikgatlong Local Municipality	-	-	-	-	-	-	-	7 500	7 500
NC093 Magareng Local Municipality	-	-	-	-	-	-	-	5 000	5 000
NC094 Phokwane Local Municipality	35 000	-	-	35 000	35 000	-	-	20 000	20 000
<b>North West Province</b>	<b>328 000</b>	-	-	<b>328 000</b>	<b>328 000</b>	-	-	<b>646 806</b>	<b>646 806</b>
NW371 Moretele Local Municipality	80 000	-	-	80 000	80 000	-	-	60 000	60 000
NW372 Madibeng Local Municipality	-	-	-	-	-	-	-	21 800	21 800
NW373 Rustenburg Local Municipality	88 000	-	-	88 000	88 000	-	-	80 700	80 700

Name of municipality	2019/20				2018/19				
	Grant allocation	Transfer	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NW374 Kgetlengrivier Local Municipality	-	-	-	-	-	-	-	69 900	69 900
NW375 Moses Kotane Local Municipality	55 000	-	-	55 000	55 000	-	-	67 750	67 750
DC38 Ngaka Modiri Molema District Municipality	-	-	-	-	-	-	-	157 674	157 674
DC39 Dr Ruth Segomotsi Mompati District Municipality	105 000	-	-	105 000	105 000	-	-	131 982	131 982
NW403 City Of Matlosana Local Municipality	-	-	-	-	-	-	-	17 000	17 000
NW404 Maquassi Hills Local Municipality	-	-	-	-	-	-	-	20 000	20 000
NW405 Ventersdorp/Tlokwe Local Municipality	-	-	-	-	-	-	-	20 000	20 000
<b>Western Cape Province</b>	<b>100 000</b>	-	-	<b>100 000</b>	<b>124 500</b>	-	<b>24 500</b>	<b>95 919</b>	<b>95 919</b>
WC011 Matzikama Local Municipality	30 000	-	-	30 000	45 000	-	15 000	10 000	10 000
WC012 Cederberg Local Municipality	30 000	-	-	30 000	30 000	-	-	-	-
WC031 Theewaterskloof Local Municipality	-	-	-	-	-	-	-	28 919	28 919
WC041 Kannaland Local Municipality	10 000	-	-	10 000	10 000	-	-	8 000	8 000
WC043 Mossel Bay Local Municipality	-	-	-	-	-	-	-	4 000	4 000
WC045 Oudtshoorn Local Municipality	30 000	-	-	30 000	39 500	-	9 500	40 000	40 000
WC051 Laingsburg Local Municipality	-	-	-	-	-	-	-	2 000	2 000
WC052 Prince Albert Local Municipality	-	-	-	-	-	-	-	3 000	3 000
<b>Regional Bulk Infrastructure Grant (RBIG)</b>	<b>2 066 360</b>	-	-	<b>2 066 360</b>	<b>2 028 516</b>	<b>37 844</b>	-	<b>1 963 000</b>	<b>1 963 000</b>
<b>Eastern Cape Province</b>	<b>351 727</b>	-	-	<b>351 727</b>	<b>315 027</b>	-	<b>(36 700)</b>	<b>477 707</b>	<b>477 707</b>
EC105 Ndlambe Local Municipality	-	-	-	-	-	-	-	6 000	6 000

Name of municipality	2019/20				2018/19				
	Grant allocation	Transfer	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
DC13 Chris Hani District Municipality	105 329	-	-	105 329	105 329	-	-	162 000	162 000
DC15 O.R Tambo District Municipality	246 398	-	-	246 398	209 698	-	(36 700)	309 707	309 707
<b>Free State Province</b>	<b>143 121</b>	-	-	<b>143 121</b>	<b>160 621</b>	-	<b>17 500</b>	<b>108 500</b>	<b>108 500</b>
FS163 Mohokare Local Municipality	30 000	-	-	30 000	30 000	-	-	33 000	33 000
FS191 Setso Local Municipality	70 121	-	-	70 121	87 621	-	17 500	25 000	25 000
FS196 Mantsope Local Municipality	5 000	-	-	5 000	5 000	-	-	17 500	17 500
FS203 Ngwathe Local Municipality	38 000	-	-	38 000	38 000	-	-	33 000	33 000
<b>Kwa-Zulu Natal Province</b>	<b>340 293</b>	-	-	<b>340 293</b>	<b>340 293</b>	-	-	<b>481 944</b>	<b>481 944</b>
DC23 uThukela District Municipality	10 000	-	-	10 000	10 000	-	-	45 000	45 000
DC24 uMzinyathi District Municipality	20 000	-	-	20 000	20 000	-	-	40 000	40 000
DC26 Zululand District Municipality	163 774	-	-	163 774	163 774	-	-	131 498	131 498
DC28 uThungulu District Municipality	91 519	-	-	91 519	91 519	-	-	120 000	120 000
DC29 Ilembe District Municipality	35 000	-	-	35 000	35 000	-	-	75 446	75 446
DC43 Harry Gwala District Municipality	20 000	-	-	20 000	20 000	-	-	70 000	70 000
Limpopo Province	630 998	-	-	630 998	630 998	-	-	370 505	370 505
LIM354 Polokwane Local Municipality	630 998	-	-	630 998	630 998	-	-	370 505	370 505
<b>Mpumalanga Province</b>	<b>370 000</b>	-	-	<b>370 000</b>	<b>361 300</b>	-	<b>(8 700)</b>	<b>213 440</b>	<b>213 440</b>
MP301 Chief Albert Luthuli Local Municipality	187 000	-	-	187 000	130 000	-	(57 000)	-	-
MP302 Msukaligwa Local Municipality	25 000	-	-	25 000	11 300	-	(8 700)	-	-
MP306 Dipaleseng Local Municipality	118 000	-	-	118 000	180 000	-	57 000	-	-
MP325 Bushbuckridge Local Municipality	40 000	-	-	40 000	40 000	-	-	13 000	13 000
DC30 Gert Sibande District Municipality	89 057	-	-	89 057	79 113	-	-	200 440	200 440
Northern Cape Province	89 057	-	-	89 057	79 113	-	-	137 477	137 477
NC453 Gamagara Local Municipality	31 000	-	-	31 000	-	23 200	(7 800)	-	-

Name of municipality	2019/20				2018/19				
	Grant allocation	Transfer	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NC065 Hantam Local Municipality	21 503	-	-	21 503	57 503	-	36 000	49 247	49 247
NC066 Karoo Hoogland Local Municipality	20 000	-	-	20 000	-	2 000	(18 000)	27 000	27 000
NC073 Emthanjeni Local Municipality	3 910	-	-	3 910	21 610	-	17 700	26 689	26 689
NC074 Kareeberg Local Municipality	12 644	-	-	12 644	-	12 644	(12 644)	14 047	14 047
NC091 Sol Plaatjie Local Municipality	-	-	-	-	-	-	12 644	20 494	20 494
North West Province	121 693	-	-	121 693	121 693	-	-	163 927	163 927
DC39 Dr Ruth Segomotsi Mompati District Municipality	121 693	-	-	121 693	121 693	-	-	163 927	163 927
<b>Western Cape Province</b>	<b>19 471</b>	<b>-</b>	<b>-</b>	<b>19 471</b>	<b>19 471</b>	<b>-</b>	<b>-</b>	<b>9 500</b>	<b>9 500</b>
WC022 Witzenberg Local Municipality	19 471	-	-	19 471	19 471	-	-	9 500	9 500
Unconditional Grants	819	-	-	819	794	-	-	712	712
Mun B/Acc: Vehicle Licences Mun	819	-	-	819	791	-	-	702	702
Mun B/Acc:Fines & Penalties	-	-	-	-	3	-	-	10	10
<b>TOTAL</b>	<b>5 736 498</b>	<b>-</b>	<b>-</b>	<b>5 736 498</b>	<b>5 698 629</b>	<b>37 844</b>	<b>-</b>	<b>6 740 979</b>	<b>6 740 979</b>



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

Name of municipality	Grant allocation			Transfer			Spent				2018/19		
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000	% of available funds spent by municipality %	Division of Revenue Act R'000	Actual transfer R'000
Water Services Infrastructure Grant (WSIG)	3 669 319	-	-	3 669 319	3 669 319	-	-	3 669 319	1 325 311	2 304 027	36%	4 777 267	4 777 267
Eastern Cape Province	520 461	-	-	520 461	520 461	-	-	520 461	209 290	311 171	40%	1 135 214	1 135 214
EC101 Dr Beyers Naude Local Municipality	7 000	-	-	7 000	7 000	-	-	7 000	1 382	5 618	20%	30 020	30 020
EC102 Blue Crane Route Local Municipality	13 000	-	-	13 000	13 000	-	-	13 000	6 000	7 000	46%	92 300	92 300
EC104 Makana Local Municipality	20 000	-	-	20 000	20 000	-	-	20 000	3 229	16 771	16%	57 000	57 000
EC105 Ndlambe Local Municipality	-	-	-	-	-	-	-	-	-	-	-	26 809	26 809
EC106 Sundays River Valley Local Municipality	-	-	-	-	-	-	-	-	-	-	-	900	900
EC108 Kouga Local Municipality	10 000	-	-	10 000	10 000	-	-	10 000	517	9 483	5%	151 228	151 228
EC109 Kou-Kamma Local Municipality	10 000	-	-	10 000	10 000	-	-	10 000	5 402	4 598	54%	23 761	23 761

Name of municipality	Grant allocation				Transfer				Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	
DC12 Amatole District Municipality	102 000	-	-	102 000	102 000	-	-	102 000	62 704	39 296	61%	164 088	164 088	
DC13 Chris Hani District Municipality	84 461	-	-	84 461	84 461	-	-	84 461	16 615	67 846	20%	137 300	137 300	
DC14 Joe Gqabi District Municipality	84 000	-	-	84 000	84 000	-	-	84 000	36 980	47 020	44%	66 673	66 673	
DC15 O.R Tambo District Municipality	100 000	-	-	100 000	100 000	-	-	100 000	14 943	85 057	15%	275 135	275 135	
DC44 Alfred Nzo District Municipality	90 000	-	-	90 000	90 000	-	-	90 000	61 518	28 482	68%	110 000	110 000	
<b>Free State Province</b>	<b>307 323</b>	<b>-</b>	<b>-</b>	<b>307 323</b>	<b>279 823</b>	<b>-</b>	<b>(27 500)</b>	<b>279 823</b>	<b>151 052</b>	<b>128 771</b>	<b>54%</b>	<b>301 375</b>	<b>301 375</b>	
FS161 Letsemeng Local Municipality	24 000	-	-	24 000	24 000	-	-	24 000	10 847	13 153	45%	30 000	30 000	
FS162 Kopanong Local Municipality	28 000	-	-	28 000	20 000	-	(8 000)	20 000	10 126	9 874	51%	16 000	16 000	
FS163 Mohokare Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	24 427	5 573	81%	17 000	17 000	
FS181 Masilonyana Local Municipality	10 000	-	-	10 000	10 000	-	-	10 000	7 578	2 422	76%	5 500	5 500	
FS182 Tokologo Local Municipality	10 000	-	-	10 000	10 000	-	-	10 000	2 252	7 748	23%	18 500	18 500	
FS184 Matjhabeng Local Municipality	36 000	-	-	36 000	36 000	-	-	36 000	15 707	20 293	44%	36 825	36 825	
FS191 Setsovo Local Municipality	25 000	-	-	25 000	12 500	-	(12 500)	12 500	489	12 011	4%	33 500	33 500	

Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
FS192 Dikhabeng Local Municipality	14 323	-	-	14 323	14 323	-	-	14 323	10 718	3 605	75%	16 550	16 550
FS193 Nketoana Local Municipality	-	-	-	-	6 000	-	6 000	6 000	921	5 079	0%	4 210	4 210
FS194 Maluti-a-phofung Local Municipality	35 000	-	-	35 000	35 000	-	-	35 000	29 118	5 882	83%	25 000	25 000
FS195 Phumelela Local Municipality	20 000	-	-	20 000	17 000	-	(3 000)	17 000	9 759	7 241	57%	15 000	15 000
FS196 Mantsopa Local Municipality	10 000	-	-	10 000	8 000	-	(2 000)	8 000	495	7 505	6%	10 000	10 000
FS201 Mochaka Local Municipality	15 000	-	-	15 000	15 000	-	-	15 000	6 881	8 119	46%	28 290	28 290
FS203 Ngwathe Local Municipality	25 000	-	-	25 000	13 000	-	(12 000)	13 000	8 811	4 189	68%	20 000	20 000
FS204 Metsimaholo Local Municipality	15 000	-	-	15 000	15 000	-	-	15 000	4 782	10 218	32%	10 000	10 000
FS205 Mafube Local Municipality	10 000	-	-	10 000	14 000	-	4 000	14 000	8 141	5 859	0%	15 000	15 000
<b>Gauteng Province</b>	<b>184 891</b>	<b>-</b>	<b>-</b>	<b>184 891</b>	<b>169 891</b>	<b>-</b>	<b>(15 000)</b>	<b>169 891</b>	<b>44 829</b>	<b>125 062</b>	<b>26%</b>	<b>185 000</b>	<b>185 000</b>
GT421 Emfuleni Local Municipality	-	-	-	-	-	-	-	-	-	-	-	20 000	20 000
GT422 Midvaal Local Municipality	15 000	-	-	15 000	15 000	-	-	15 000	11 079	3 921	74%	15 000	15 000
GT423 Lesedi Local Municipality	15 000	-	-	15 000	15 000	-	-	15 000	1 144	13 856	8%	25 000	25 000
DC42 Sedibeng District Municipality	15 000	-	-	15 000	-	-	(15 000)	-	-	-	-	-	-

Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
GT481 Mogale City Local Municipality	40 000	-	-	40 000	40 000	-	-	40 000	-	40 000	0%	25 000	25 000
GT484 Merafong City Local Municipality	35 000	-	-	35 000	35 000	-	-	35 000	8 903	26 097	25%	45 000	45 000
GT485 Westonaria/Randfontein Local Municipality	64 891	-	-	64 891	64 891	-	-	64 891	23 703	41 188	37%	55 000	55 000
<b>Kwa-Zulu Natal Province</b>	<b>903 374</b>	<b>-</b>	<b>-</b>	<b>903 374</b>	<b>872 374</b>	<b>-</b>	<b>(31 000)</b>	<b>872 374</b>	<b>374 498</b>	<b>497 876</b>	<b>43%</b>	<b>966 668</b>	<b>966 668</b>
DC21 Ugu District Municipality	50 000	-	-	50 000	50 000	-	-	50 000	30 724	19 276	61%	55 000	55 000
KZN225 Msunduzi Local Municipality	41 000	-	-	41 000	53 000	-	12 000	53 000	30 251	22 749	0%	42 760	42 760
DC22 uMgungundlovu District Municipality	80 000	-	-	80 000	80 000	-	-	80 000	56 922	23 078	71%	115 187	115 187
DC23 uThukela District Municipality	108 000	-	-	108 000	108 000	-	-	108 000	43 389	64 611	40%	108 493	108 493
DC24 uMzinyathi District Municipality	68 374	-	-	68 374	68 374	-	-	68 374	42 427	25 947	62%	70 800	70 800
KZN252 Newcastle Local Municipality	40 000	-	-	40 000	40 000	-	-	40 000	13 176	26 824	33%	40 000	40 000
DC25 aMajuba District Municipality	46 000	-	-	46 000	46 000	-	-	46 000	13 004	32 996	28%	84 400	84 400
DC26 Zululand District Municipality	100 000	-	-	100 000	100 000	-	-	100 000	53 771	46 229	54%	87 828	87 828
DC27 uMkhanyakude District Municipality	80 000	-	-	80 000	80 000	-	-	80 000	28 953	51 047	36%	73 000	73 000

Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
KZN 282 uMhlatuze Local Municipality	40 000	-	-	40 000	25 000	-	(15 000)	25 000	-	25 000	0%	-	-
DC28 uThungulu District Municipality	100 000	-	-	100 000	100 000	-	-	100 000	4 349	95 651	4%	88 300	88 300
DC29 ILembe District Municipality	90 000	-	-	90 000	62 000	-	(28 000)	62 000	6 151	55 849	10%	100 500	100 500
DC43 Harry Gwala District Municipality	60 000	-	-	60 000	60 000	-	-	60 000	51 381	8 619	86%	100 400	100 400
<b>Limpopo Province</b>	<b>506 650</b>	<b>-</b>	<b>-</b>	<b>506 650</b>	<b>546 650</b>	<b>-</b>	<b>40 000</b>	<b>546 650</b>	<b>162 977</b>	<b>383 673</b>	<b>0%</b>	<b>643 475</b>	<b>643 475</b>
DC33 Mopani District Municipality	40 000	-	-	40 000	40 000	-	-	40 000	12 708	27 292	32%	191 500	191 500
DC34 Vhembe District Municipality	50 000	-	-	50 000	50 000	-	-	50 000	4 785	45 215	10%	45 000	45 000
LIM354 Polokwane Local Municipality	96 650	-	-	96 650	96 650	-	-	96 650	46 225	50 425	48%	90 000	90 000
DC35 Capricorn District Municipality	105 000	-	-	105 000	145 000	-	40 000	145 000	53 926	91 074	0%	78 000	78 000
LIM 361 Thabazimbi Local Municipality	-	-	-	-	-	-	-	-	-	-	-	26 000	26 000
LIM 362 Lephalale Local Municipality	40 000	-	-	40 000	40 000	-	-	40 000	5 175	34 825	13%	24 500	24 500

Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
LIM 366 Bela Bela Local Municipality	45 000	-	-	45 000	45 000	-	-	45 000	10 372	34 628	23%	45 500	45 500
LIM 367 Mogalakwena Local Municipality	60 000	-	-	60 000	70 000	-	10 000	70 000	12 989	57 011	0%	52 975	52 975
DC47 Greater Sekhukhune District Municipality	70 000	-	-	70 000	60 000	-	(10 000)	60 000	16 797	43 203	28%	65 000	65 000
LIM 368 Modimolle/Mookgopong Local Municipality	-	-	-	-	-	-	-	-	-	-	-	25 000	25 000
<b>Mpumalanga Province</b>	<b>510 000</b>	<b>-</b>	<b>-</b>	<b>510 000</b>	<b>508 000</b>	<b>-</b>	<b>(2 000)</b>	<b>508 000</b>	<b>235 354</b>	<b>232 665</b>	<b>46%</b>	<b>482 701</b>	<b>482 701</b>
MP301 Albert Luthuli Local Municipality	50 000	-	-	50 000	50 000	-	-	50 000	33 883	16 117	68%	34 674	34 674
MP302 Msukaligwa Local Municipality	45 000	-	-	45 000	55 000	-	10 000	55 000	42 177	12 823	0%	30 000	30 000
MP303 Mkhondo Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	25 065	4 935	84%	35 000	35 000
MP304 Pixley Ka Seme Local Municipality	40 000	-	-	40 000	28 000	-	(12 000)	28 000	16 229	11 771	58%	30 000	30 000
MP305 Lekwa Local Municipality	-	-	-	-	-	-	-	-	-	-	-	20 000	20 000
MP307 Govan Mbeki Local Municipality	20 000	-	-	20 000	20 000	-	-	20 000	7 019	-	35%	10 000	10 000

Name of municipality	Grant allocation				Transfer				Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	
MP312 Emalahleni Local Municipality	35 000	-	-	35 000	27 000	-	(8 000)	27 000	-	-	0%	20 000	20 000	
MP313 Steve Tshwete Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	12 674	17 326	42%	16 800	16 800	
MP314 Emakhazeni Local Municipality	50 000	-	-	50 000	50 000	-	-	50 000	12 583	37 417	25%	38 000	38 000	
MP315 Thembisile Local Municipality	60 000	-	-	60 000	60 000	-	-	60 000	25 531	34 469	43%	64 000	64 000	
MP316 Dr JS Moroka Local Municipality	-	-	-	-	-	-	-	-	-	-	-	18 000	18 000	
MP321 Thaba Chweu Local Municipality	15 000	-	-	15 000	15 000	-	-	15 000	3 162	11 838	21%	12 000	12 000	
MP324 Nkomazi Local Municipality	45 000	-	-	45 000	53 000	-	8 000	53 000	47 172	5 828	0%	56 227	56 227	
MP325 Bushbuckridge Local Municipality	90 000	-	-	90 000	90 000	-	-	90 000	9 859	80 141	11%	98 000	98 000	
<b>Northern Cape Province</b>	<b>308 620</b>	<b>-</b>	<b>-</b>	<b>308 620</b>	<b>319 620</b>	<b>-</b>	<b>11 000</b>	<b>319 620</b>	<b>110 802</b>	<b>208 818</b>	<b>0%</b>	<b>320 109</b>	<b>320 109</b>	
NC451 Joe Morolong Local Municipality	50 000	-	-	50 000	50 000	-	-	50 000	18 474	31 526	37%	57 500	57 500	
NC452 Gasegonyana Local Municipality	95 000	-	-	95 000	110 000	-	15 000	110 000	46 251	63 749	0%	45 000	45 000	
NC453 Gamagara Local Municipality	25 000	-	-	25 000	25 000	-	-	25 000	12 500	12 500	50%	20 000	20 000	

Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
NC061 Richtersveld Local Municipality	-	-	-	-	1 500	-	1 500	1 500	-	1 500	0%	5 000	5 000
NC062 Nama Khoi Local Municipality	15 000	-	-	15 000	15 000	-	-	15 000	625	14 375	4%	14 788	14 788
NC064 Kamiesberg Local Municipality	-	-	-	-	5 000	-	5 000	5 000	-	5 000	0%	9 821	9 821
NC065 Hantam Local Municipality	20 000	-	-	20 000	20 000	-	-	20 000	1 795	18 205	9%	7 500	7 500
NC066 Karoo Hoogland Local Municipality	-	-	-	-	-	-	-	-	-	-	-	9 500	9 500
NC067 Khaima Local Municipality	-	-	-	-	-	-	-	-	-	-	-	5 000	5 000
NC071 Ubuntu Local Municipality	-	-	-	-	5 200	-	5 200	5 200	-	5 200	0%	4 000	4 000
NC072 Umsobomvu Local Municipality	16 320	-	-	16 320	16 320	-	-	16 320	8 144	8 176	50%	10 000	10 000
NC073 Emthanjeni Local Municipality	-	-	-	-	-	-	-	-	-	-	-	9 500	9 500
NC074 Kareeberg Local Municipality	-	-	-	-	-	-	-	-	-	-	-	5 000	5 000
NC075 Renosterberg Local Municipality	-	-	-	-	-	-	-	-	-	-	-	5 500	5 500
NC076 Thembelihle Local Municipality	-	-	-	-	-	-	-	-	-	-	-	10 500	10 500
NC077 Siyathemba Local Municipality	6 700	-	-	6 700	6 700	-	-	6 700	75	6 625	1%	7 500	7 500



Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
NC078 Siyancuma Local Municipality	7 000	-	-	7 000	7 000	-	-	7 000	3 591	3 409	51%	7 500	7 500
NC082 !Kai! Garib Local Municipality	-	-	-	-	-	-	-	-	-	-	-	5 000	5 000
NC084 !Kheis Local Municipality	-	-	-	-	-	-	-	-	-	-	-	8 500	8 500
NC085 Tsantsabane Local Municipality	-	-	-	-	-	-	-	-	-	-	-	4 000	4 000
NC086 Kgatelopele Local Municipality	-	-	-	-	-	-	-	-	-	-	-	9 500	9 500
NC087 //Khara Hais/Mier Local Municipality	8 600	-	-	8 600	8 600	-	-	8 600	3 751	4 849	44%	10 000	10 000
NC091 Sol Plaatjie Local Municipality	30 000	-	-	30 000	14 300	-	(15 700)	14 300	-	14 300	0%	17 000	17 000
NC092 Dikgatlong Local Municipality	-	-	-	-	-	-	-	-	-	-	-	7 500	7 500
NC093 Magareng Local Municipality	-	-	-	-	-	-	-	-	-	-	-	5 000	5 000
NC094 Phokwane Local Municipality	35 000	-	-	35 000	35 000	-	-	35 000	15 596	19 404	45%	20 000	20 000
<b>North West Province</b>	<b>328 000</b>	<b>-</b>	<b>-</b>	<b>328 000</b>	<b>328 000</b>	<b>-</b>	<b>-</b>	<b>328 000</b>	<b>24 689</b>	<b>303 311</b>	<b>8%</b>	<b>646 806</b>	<b>646 806</b>
NW371 Moretele Local Municipality	80 000	-	-	80 000	80 000	-	-	80 000	8 407	71 593	11%	60 000	60 000
NW372 Madibeng Local Municipality	-	-	-	-	-	-	-	-	-	-	-	21 800	21 800

Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000	% of available funds spent by municipality	Division of Revenue Act R'000	Actual transfer R'000
NW373 Rustenburg Local Municipality	88 000	-	-	88 000	88 000	-	-	88 000	2 978	85 022	3%	80 700	80 700
NW374 Kgetlengrivier Local Municipality	-	-	-	-	-	-	-	-	-	-	-	69 900	69 900
NW375 Moses Kotane Local Municipality	55 000	-	-	55 000	55 000	-	-	55 000	13 304	41 696	24%	67 750	67 750
DC38 Ngaka Modiri Molema District Municipality	-	-	-	-	-	-	-	-	-	-	-	157 674	157 674
DC39 Dr Ruth Segomotsi Mompoti District Municipality	105 000	-	-	105 000	105 000	-	-	105 000	-	105 000	0%	131 982	131 982
NW403 City Of Matlosana Local Municipality	-	-	-	-	-	-	-	-	-	-	-	17 000	17 000
NW404 Maquassi Hills Local Municipality	-	-	-	-	-	-	-	-	-	-	-	20 000	20 000
NW405 Ventersdorp/Tlokwe Local Municipality	-	-	-	-	-	-	-	-	-	-	-	20 000	20 000
<b>Western Cape Province</b>	<b>100 000</b>	<b>-</b>	<b>-</b>	<b>100 000</b>	<b>124 500</b>	<b>-</b>	<b>24 500</b>	<b>124 500</b>	<b>11 820</b>	<b>112 680</b>	<b>0%</b>	<b>95 919</b>	<b>95 919</b>
WC011 Matzikama Local Municipality	30 000	-	-	30 000	45 000	-	15 000	45 000	7 024	37 976	0%	10 000	10 000

Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000	% of available funds spent by municipality	Division of Revenue Act	Actual transfer R'000
WC012 Cederberg Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	2 346	27 654	8%	-	-
WC031 Theewaterskloof Local Municipality	-	-	-	-	-	-	-	-	-	-	-	28 919	28 919
WC041 Kannaland Local Municipality	10 000	-	-	10 000	10 000	-	-	10 000	222	9 778	2%	8 000	8 000
WC043 Mossel Bay Local Municipality	-	-	-	-	-	-	-	-	-	-	-	4 000	4 000
WC045 Oudtshoorn Local Municipality	30 000	-	-	30 000	39 500	-	9 500	39 500	2 228	37 272	0%	40 000	40 000
WC051 Laingsburg Local Municipality	-	-	-	-	-	-	-	-	-	-	-	2 000	2 000
WC052 Prince Albert Local Municipality	-	-	-	-	-	-	-	-	-	-	-	3 000	3 000
<b>Regional Bulk Infrastructure Grant (RBIG)</b>	<b>2 066 360</b>	<b>-</b>	<b>-</b>	<b>2 066 360</b>	<b>2 028 516</b>	<b>37 844</b>	<b>-</b>	<b>2 028 516</b>	<b>708 140</b>	<b>1 320 376</b>	<b>35%</b>	<b>1 963 000</b>	<b>1 963 000</b>
<b>Eastern Cape Province</b>	<b>351 727</b>	<b>-</b>	<b>-</b>	<b>351 727</b>	<b>315 027</b>	<b>-</b>	<b>(36 700)</b>	<b>315 027</b>	<b>170 958</b>	<b>144 069</b>	<b>54%</b>	<b>477 707</b>	<b>477 707</b>
EC105 Ndlambe Local Municipality	-	-	-	-	-	-	-	-	-	-	-	6 000	6 000
DC13 Chris Hani District Municipality	105 329	-	-	105 329	105 329	-	-	105 329	58 859	46 470	56%	162 000	162 000

Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
DC15 O.R Tambo District Municipality	246 398	-	-	246 398	209 698	-	(36 700)	209 698	112 099	97 599	53%	309 707	309 707
<b>Free State Province</b>	<b>143 121</b>	<b>-</b>	<b>-</b>	<b>143 121</b>	<b>160 621</b>	<b>-</b>	<b>17 500</b>	<b>160 621</b>	<b>64 960</b>	<b>95 661</b>	<b>0%</b>	<b>108 500</b>	<b>108 500</b>
FS163 Mokare Local Municipality	30 000	-	-	30 000	30 000	-	-	30 000	17 843	12 157	59%	33 000	33 000
FS191 Setoto Local Municipality	70 121	-	-	70 121	87 621	-	17 500	87 621	36 622	50 999	0%	25 000	25 000
FS196 Mantsopa Local Municipality	5 000	-	-	5 000	5 000	-	-	5 000	798	4 202	16%	17 500	17 500
FS203 Ngwathe Local Municipality	38 000	-	-	38 000	38 000	-	-	38 000	9 697	28 303	26%	33 000	33 000
<b>Kwa-Zulu Natal Province</b>	<b>340 293</b>	<b>-</b>	<b>-</b>	<b>340 293</b>	<b>340 293</b>	<b>-</b>	<b>-</b>	<b>340 293</b>	<b>171 284</b>	<b>169 009</b>	<b>50%</b>	<b>481 944</b>	<b>481 944</b>
DC23 uThukela District Municipality	10 000	-	-	10 000	10 000	-	-	10 000	4 694	5 306	47%	45 000	45 000
DC24 uMzinyathi District Municipality	20 000	-	-	20 000	20 000	-	-	20 000	9 972	10 028	50%	40 000	40 000
DC26 Zululand District Municipality	163 774	-	-	163 774	163 774	-	-	163 774	91 643	72 131	56%	131 498	131 498
DC28 uThungulu District Municipality	91 519	-	-	91 519	91 519	-	-	91 519	23 589	67 930	26%	120 000	120 000
DC29 Ilembe District Municipality	35 000	-	-	35 000	35 000	-	-	35 000	21 394	13 606	61%	75 446	75 446

Name of municipality	Grant allocation				Transfer				Spent				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000	
DC43 Harry Gwala District Municipality	20 000	-	-	20 000	20 000	-	-	20 000	19 992	8	100%	70 000	70 000	
<b>Limpopo Province</b>	<b>630 998</b>	-	-	<b>630 998</b>	<b>630 998</b>	-	-	<b>630 998</b>	<b>176 439</b>	<b>454 559</b>	<b>28%</b>	<b>370 505</b>	<b>370 505</b>	
LIM354 Polokwane Local Municipality	630 998	-	-	630 998	630 998	-	-	630 998	176 439	454 559	28%	370 505	370 505	
<b>Mpumalanga Province</b>	<b>370 000</b>	-	-	<b>370 000</b>	<b>361 300</b>	-	<b>(8 700)</b>	<b>361 300</b>	<b>98 852</b>	<b>262 448</b>	<b>27%</b>	<b>213 440</b>	<b>213 440</b>	
MP301 Chief Albert Luthuli Local Municipality	187 000	-	-	187 000	130 000	-	(57 000)	130 000	35 056	94 944	27%	-	-	
MP302 Msukaligwa Local Municipality	25 000	-	-	25 000	11 300	-	(8 700)	11 300	-	11 300	0%	-	-	
MP306 Dipaleseng Local Municipality	118 000	-	-	118 000	180 000	-	57 000	180 000	53 796	126 204	0%	-	-	
MP325 Bushbuckridge Local Municipality	40 000	-	-	40 000	40 000	-	-	40 000	10 000	30 000	25%	13 000	13 000	
DC30 Gert Sibande District Municipality	-	-	-	-	-	-	-	-	-	-	-	200 440	200 440	
<b>Northern Cape Province</b>	<b>89 057</b>	-	-	<b>89 057</b>	<b>79 113</b>	<b>37 844</b>	<b>27 900</b>	<b>79 113</b>	<b>21 503</b>	<b>57 610</b>	<b>27%</b>	<b>137 477</b>	<b>137 477</b>	
NC453 Gamagara Local Municipality	31 000	-	-	31 000	-	23 200	(7 800)	-	-	-	-	-	-	
NC065 Hantam Local Municipality	21 503	-	-	21 503	57 503	-	36 000	57 503	21 503	36 000	0%	49 247	49 247	
NC066 Karoo Hoogland Local Municipality	20 000	-	-	20 000	-	2 000	(18 000)	-	-	-	-	27 000	27 000	

Name of municipality	Grant allocation				Transfer			Spent				2018/19	
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000	% of available funds spent by municipality	Division of Revenue Act R'000	Actual transfer R'000
NC073 Emthanjani Local Municipality	3 910	-	-	3 910	21 610	-	17 700	21 610	-	21 610	0%	26 689	26 689
NC074 Kareeberg Local Municipality	12 644	-	-	12 644	-	12 644	(12 644)	-	-	-	-	14 047	14 047
NC091 Sol Plaatjie Local Municipality	-	-	-	-	-	-	12 644	-	-	-	-	20 494	20 494
<b>North West Region</b>	<b>121 693</b>	<b>-</b>	<b>-</b>	<b>121 693</b>	<b>121 693</b>	<b>-</b>	<b>-</b>	<b>121 693</b>	<b>-</b>	<b>121 693</b>	<b>0%</b>	<b>163 927</b>	<b>163 927</b>
DC39 Dr Ruth Segomotsi Mompoti District Municipality	121 693	-	-	121 693	121 693	-	-	121 693	-	121 693	0%	163 927	163 927
<b>Western Cape Province</b>	<b>19 471</b>	<b>-</b>	<b>-</b>	<b>19 471</b>	<b>19 471</b>	<b>-</b>	<b>-</b>	<b>19 471</b>	<b>4 144</b>	<b>15 327</b>	<b>21%</b>	<b>9 500</b>	<b>9 500</b>
WC022 Witzenberg Local Municipality	19 471	-	-	19 471	19 471	-	-	19 471	4 144	15 327	21%	9 500	9 500
<b>TOTAL</b>	<b>5 735 679</b>	<b>-</b>	<b>-</b>	<b>5 735 679</b>	<b>5 697 835</b>	<b>37 844</b>	<b>-</b>	<b>5 697 835</b>	<b>2 033 451</b>	<b>3 624 403</b>	<b>71%</b>	<b>6 740 267</b>	<b>6 740 267</b>

## ANNEXURE 1B: STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2018/19 Final Appropriation R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Energy Water Sector Education and Training Authority (EWSETA)	2 986	-	-	2 986	2 986	100%	2 828
Water Trading Account: Augmentation (Capital)	2 367 036	-	-	2 367 036	2 367 036	100%	2 266 928
Com: Licences (Radio and TV)	-	-	-	-	7	-	3
<b>TOTAL</b>	<b>2 370 022</b>	<b>-</b>	<b>-</b>	<b>2 370 022</b>	<b>2 370 029</b>		<b>2 269 759</b>

## ANNEXURE 1D: STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2018/19 Final Appropriation	
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital		Current
<b>Public Corporations</b>									
Transfers									
Amatola Water Board	185 000	-	-	185 000	185 000	100%	185 000	-	92 386
Magalies Water	-	-	-	-	-	-	-	-	6 154
Sedibeng Water	277 891	-	-	277 891	277 891	100%	277 891	-	463 846
Umgeni Water	320 000	-	-	320 000	320 000	100%	320 000	-	132 329
<b>TOTAL</b>	<b>782 891</b>	<b>-</b>	<b>-</b>	<b>782 891</b>	<b>782 891</b>	<b>100.0%</b>	<b>782 891</b>	<b>-</b>	<b>694 715</b>



## ANNEXURE 1E: STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

Foreign government/ international organisation	Transfer allocation			Expenditure			2018/19 Final Appropriation R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
<b>Transfers</b>							
Komati River Basin Water Authority (KOBWA)	219 900	-	-	219 900	219 900	100%	208 239
Limpopo Watercourse Commission (Limcom)	800	-	-	800	800	100%	186
Orange-Senque River Basin Commission (ORASECOM)	6 202	-	-	6 202	6 202	100%	675
African Ministers' Council on Water (AMCOW) Trust Fund	118	-	-	118	149	126%	112
<b>TOTAL</b>	<b>227 020</b>	<b>-</b>	<b>-</b>	<b>227 020</b>	<b>227 051</b>		<b>209 212</b>

## ANNEXURE 1F: STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2018/19 Final Appropriation
	Adjusted Appropriation Act	Roll overs Available	Adjust-ments	Total	Actual Transfer	% of Available funds transferred	
<b>Transfers</b>							
South African Youth Water Prize	27	-	-	27	25	93%	26
VAR Inst:2020 Vision-Water ED PR	1 872	-	-	1 872	1 610	86%	-
Water Institution of SA	1 000	-	-	1 000	1 000	100%	1 000
<b>TOTAL</b>	<b>2 899</b>	-	-	<b>2 899</b>	<b>2 635</b>		<b>1 026</b>

## ANNEXURE 1G: STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION					EXPENDITURE		2018/19 Final Appropriation R'000
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred		
	R'000	R'000	R'000	R'000	R'000	%		
<b>Transfers</b>								
H/H:Bursaries (Non-Employees)	19 260	-	-	19 260	19 260	100%	13 014	
H/H:Claim Against the State (Cash)	-	-	-	-	-	-	333	
Farmer Support Household (Cash)	202	-	-	202	501	248%	4 136	
H/H Empl S/Ben: Leave Gratuity	8 131	-	-	8 131	13 116	161%	10 162	
H/H Empl S/Ben: Severance Package	51	-	-	51	-	0%	-	
H/H Empl S/Ben:PST Retirmt Benef	2 542	-	-	2 542	2 542	100%	-	
<b>TOTAL</b>	<b>30 186</b>	<b>-</b>	<b>-</b>	<b>30 186</b>	<b>35 419</b>		<b>27 645</b>	

## ANNEXURE 1H: STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2019/20	2018/19
		R'000	R'000
<b>Received in kind</b>		-	
Umngeni Water	Attending Stockholm Water Week: Flights, Accommodation, and Registration fees( Ms Ntsaluba and Mr Mkhize)	-	155
Umngeni Water	4 Rugby tickets (Sharks VS Blues) for Mr Starkey (KZN)	-	-
Japan International Cooperation Agency (JICA)	Benchmarking Session in Yokohama -Training and material fees Air and ground Travel for nine(9) officials for the duration of the two weeks visit Meals(Breakfast and dinner) R4100 daily allowance per official to cater for their lunches on the field and incidentals Health Insurance	-	550
Rand Water	Ministerial Award Ceremony - Venue and Facilities	-	140
Water Research Commission	Ministerial Award Ceremony - Intervention project cash prizes	-	90
Cobra	Ministerial Award Ceremony - Certificates, frames and trophies	-	40
Bloem water & Mangaung Metropolitan Municipality	Ministerial Award Ceremony - Accommodation and transport 20/20 Vision participants	-	11
<b>TOTAL</b>		-	<b>986</b>

## ANNEXURE 1J: STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2019/20	2018/19
	R'000	R'000
<b>Made in kind</b>		
Fruit basket/Flowers	2	6
Bags, wine and lunches for officials	-	13
Allowance for P. Ntsaluba - Stockholm Sweden Junior Water Prize	15	4
22 Laptops and S&T for learner attending Stockholm Junior Water Prize	297	-
Certificate	10	-
<b>TOTAL</b>	<b>324</b>	<b>23</b>

## ANNEXURE 1L: STATEMENT OF INDIRECT GRANTS BETWEEN NATIONAL DEPARTMENTS AND MUNICIPALITIES

NAME OF GRANT	Division of Revenue	Roll Overs	Adjustments	Total Available	Amount
	ct	R'000	R'000	R'000	R'000
Regional Bulk Infrastructure Grant (RBI(G): Indirect Grant	3 094 450	-	-	3 094 450	2 292 382
Water Services Infrastructure Grant (WSI(G): Indirect Grant	644 085	-	-	644 085	548 285
<b>TOTAL</b>	<b>3 738 535</b>	-	-	<b>3 738 535</b>	<b>2 840 667</b>

## ANNEXURE 2B: STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
<b>Controlled entities</b>									
Irrigation Boards									
Haarlem	Dam and pipelines	-	-	-	-	-	-	525	1 075
Illovo	For irrigation	-	-	-	-	-	-	13	27
Manchester Noordwyk	For irrigation	-	-	-	-	-	-	1 283	1 478
Noord Agter Paarl	For irrigation	-	-	-	-	-	-	228	281
Perdeberg	For irrigation	-	-	-	-	-	-	-	49
<b>TOTAL</b>		-	-	-	-	-	-	<b>2 049</b>	<b>2 910</b>

## ANNEXURE 3A: STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2020 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2019	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2020	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2020
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	<b>Housing</b>								
NP Dev. Corp	Loans	310	95	-	-	-	95	-	-
Standard bank	Loans	111	111	(111)	(111)	-	-	-	-
	<b>Subtotal</b>	<b>421</b>	<b>206</b>	<b>-</b>	<b>(111)</b>	<b>-</b>	<b>95</b>	<b>-</b>	<b>-</b>
	<b>Other</b>								
KOBWA (18)	<b>DBSA Driekoppies Dam</b>	488 401	75 795		(75 795)	-	-	-	-
KOBWA (21)	Hambros Maguga Dam	380 000	375 000		-	375 000			25 313
KOBWA	Rnd Mer Bnk Maguga D	380 000	25 572		(25 572)	-			
KOBWA	Nedcor Bnk Maguga D	233 000	15 979		(15 979)	-			
Land Bank (30)	Water Projts by WUA's	150 000	36 383		(848)	35 535			134
TCTA (13)	Call bills & Capital Bills	4 000 000	-			-			
TCTA (24)	Holders of L H W Projects	21 000 000	9 561 477		(32 380)	9 529 097			290 559
TCTA	Investec Long-term Loan	1 500 000	1 000 000			1 000 000			
TCTA	Investec Revolving cr Facility	-	-		-	-			-
TCTA	Std Bank Long-term Loan	4 000 000	2 900 000		(200 000)	2 700 000			37 983
TCTA	Std Bank Revolving cr Facility	-	-		-	-			-
TCTA	ABSA Revolving Credit	1 000 000	500 000		(500 000)	-			
TCTA	Unutilised guarantee facility	11 500 000	-		-	-			-
	<b>Subtotal</b>	<b>44 631 401</b>	<b>14 490 206</b>	<b>-</b>	<b>(850 574)</b>	<b>13 639 632</b>	<b>-</b>	<b>-</b>	<b>353 989</b>
	<b>TOTAL</b>	<b>44 631 822</b>	<b>14 490 412</b>	<b>-</b>	<b>(850 685)</b>	<b>13 639 727</b>	<b>-</b>	<b>-</b>	<b>353 989</b>



## ANNEXURE 3B: STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2020

Nature of Liability	Opening Balance		Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recover (Provide details hereunder)	Closing Balance
	1 April 2019	R'000				
	R'000		R'000	R'000	R'000	R'000
<b>Claims against the department</b>						
Stephan Mogohlwane & Others	186		29	-	-	215
Freddy Aphane	32		5	-	-	37
Black Child Productions	10 000		-	-	-	10 000
Nkondo GM	555		-	-	-	555
Ntsumi Communications	670		60	-	-	730
JJ Jordaan	28 254		4 379	-	-	32 633
Mariam Mangera	20		3	-	-	23
PSA OBO Surita Kriesling	178		28	-	-	206
Ibrahim Mahomed and Others	7 215		1 118	-	-	8 333
Geldenhuis	1 588		143	-	-	1 731
Tuscan Mood 2001(Pty)ltd	4 497		-	-	-	4 497
Minister of DWS/ Thembi J Shongwe	290		-	-	-	290
Given Legwabe & 505 Others	8 838		-	(8 838)	-	-
Metsa Kekana	623		-	-	-	623
L Sithuba // DWS	1 592		-	-	-	1 592
Olipa Maseko // Minister of Water and Sanitation	103		-	(103)	-	-
SA Satar / DWS and Mokgadi Hellen Maloba	39		4	-	-	43
Jan Hendrik George Blignault/ DWS	11		1	-	-	12
University of Limpopo v DG DWS	3 790		341	-	-	4 131
Kahlon Sylvia and 5 Others v DWS	38 065		3 902	-	-	41 967
Mulangaphuma HL VS DWS	3 235		307	-	-	3 542
Teffo Mashala/DWS	1 592		-	-	-	1 592
Trevor Manuel // Nomvula Mokonyane	111		8	(119)	-	-
Nevondo Azwihangwisi Andries	2 129		330	-	-	2 459

Nature of Liability	Opening Balance		Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recover (Provide details hereunder)	Closing Balance	
	1 April 2019	R'000				R'000	31 March 2020
ADI Investment (PTY)LTD	649 443		100 664	-	-		750 107
Ntombizodwa Maureen Dlamini	2 000			(2 000)	-		-
Nehawu Obo Tjeko Lischen Maja vs Minister of Water and Sanitation	246		-	-	-		246
EM Lamola / DWS	713		-	-	-		713
Minister of Water & Sanitation v Lydia Peter	-		496	-	-		496
M Shexane & M Myantasi vs Amatola Water Board & DWS	-		6 000	-	-		6 000
Manyana Nondidiana vs Amatola Water Board & DWS	-		3 350	-	-		3 350
Nehawu Obo Ivy Maboko vs Department of Water & Sanitation	-		2	-	-		2
Singata Ndkhonom LUC vs Amatola Water Boards & DWS	-		3 350	-	-		3 350
Fumile advisory	-		40 752	-	-		40 752
Urban Dynamics	43 333		-	-	-		43 333
<b>TOTAL</b>	<b>809 348</b>		<b>165 272</b>	<b>(11 060)</b>	<b>-</b>		<b>963 560</b>

Prior year error: Contingent liabilities Claims against the state- During the accounting period under review, the department has identified errors on the following cases: OBO HD Lyons // DWS & Roulet Investments relate to WTE which was incorrectly reported under Main Account and Chumie trading the department only received letter, Rubbytd Management was finalised as per court order, Banafrica was awarded a contract, SJ Tabane was upgraded to level 4, EM Lamola, Tjeko Lischen Maja and Urban Dynamics relate to previous years but only reported in the current year and Geldenhuis interest was incorrectly calculated at 15.5% instead of 9%. Effect of the prior year error - Opening balance was overstated by R75,687 million and adjusted from R885,035 million to R809,348 million.

## ANNEXURE 4: CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20 *	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
National Department of Labour (33)	-	-	-	77	-	77	-	-
National Department of Environmental Affairs	-	-	-	732	-	732	-	-
Department OF Roads and Public Works (EC)	-	-	-	42	-	42	-	-
Dept Govern Comm & Info System (21)	83	-	-	-	83	-	-	-
Government Printing (37)	10	-	-	-	10	-	-	-
National Department of Science and Technology (E6)	19	-	-	-	19	-	-	-
National Treasury	16	-	-	-	16	-	-	-
East Cape Health (D2)	-	-	29	-	29	-	-	-
East Cape Rural Development & Agr Reform (D7)	-	-	26	-	26	-	-	-
	128	-	55	851	183	851	-	-
<b>Other Government Entities</b>								
Water Trading Entity	19	41	-	-	19	41	-	-
	19	41	-	-	19	41	-	-
<b>TOTAL</b>	147	41	55	851	202	892	-	-

## ANNEXURE 5: INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2019/20 *	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>DEPARTMENTS</b>								
Current								
Department of Justice	1 409	5 508	-	-	1 409	5 508	-	-
Department of Defence	-	61 378	-	-	-	61 378	-	-
Western Cape Government: Education	-	217	-	-	-	217	-	-
Gauteng Department (Provincial Treasury)	26	-	-	-	26	-	-	-
<b>Subtotal</b>	<b>1 435</b>	<b>67 103</b>	<b>-</b>	<b>-</b>	<b>1 435</b>	<b>67 103</b>	<b>-</b>	<b>-</b>
<b>OTHER GOVERNMENT ENTITY</b>								
Current								
Water & Sanitation Trading Entity	21 481	147 643	16 482	248 028	37 963	395 671	-	-
Special Investigation Unit (SIU)	521	899	-	-	521	899	-	-
AGSA	2 784	2 722	-	-	2 784	2 722	-	-
Chief Register of Deeds	-	1	-	-	-	1	-	-
<b>Subtotal</b>	<b>24 786</b>	<b>151 265</b>	<b>16 482</b>	<b>248 028</b>	<b>41 268</b>	<b>399 293</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>26 221</b>	<b>218 368</b>	<b>16 482</b>	<b>248 028</b>	<b>42 703</b>	<b>466 396</b>	<b>-</b>	<b>-</b>

## ANNEXURE 7: MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2020				
	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Other fixed structures	24 456 867	2 317 777	(2 917 471)	23 857 173
<b>TOTAL</b>	<b>24 456 867</b>	<b>2 317 777</b>	<b>(2 917 471)</b>	<b>23 857 173</b>

*Include discussion where deemed relevant*

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019					
	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Other fixed structures	22 406 479	(52 457)	2 977 413	(874 568)	24 456 867
<b>TOTAL</b>	<b>22 406 479</b>	<b>(52 457)</b>	<b>2 977 413</b>	<b>(874 568)</b>	<b>24 456 867</b>

*The Opening balance for WIP: buildings and other fixed structures was overstated by R52,457 million resulting from the following: R6,138 million - Overstatement of WIP by project Mutasshi Musina Water Supply Goods & service: Feasibility Study costs that were incorrectly capitalised, R46,319 million - overstatement of WIP by costs related to completed assets that were ready for use (Mooihoek Water supply & Makula Water Supply). The net effect is that the Building and other fixed structure decreased from R24,509 billion to R24,456 billion.*

## ANNEXURE 8A: INTER-ENTITY ADVANCES PAID (note 14)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Department of International Relations & Cooperation	-	-	950	512	950	512
National School of Government	-	-	50	-	50	-
<b>Subtotal</b>	-	-	<b>1 000</b>	<b>512</b>	<b>1 000</b>	<b>512</b>
<b>PUBLIC ENTITIES</b>						
Bloem Water	4 000	-	-	4 000	4 000	4 000
Lepelle Northern Water	80 000	-	-	-	80 000	-
Amatola Water	70 000	-	-	-	70 000	-
Sedibeng Water	192 400	-	-	-	192 400	-
<b>Subtotal</b>	<b>346 400</b>	-	-	<b>4 000</b>	<b>346 400</b>	<b>4 000</b>
<b>TOTAL</b>	<b>346 400</b>	-	<b>1 000</b>	<b>4 512</b>	<b>347 400</b>	<b>4 512</b>

# PART B



ANNUAL FINANCIAL STATEMENTS  
FOR THE WATER TRADING

## 1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

In line with its strategic commitment to be a well-governed National Department, the Entity strives for effective oversight and monitoring of its governance regime. Vital to the achievement of this aim, is a competent and independent Audit Committee.

The Audit Committee is pleased to present its report for the financial year ended 31 March 2020.

### Audit Committee Members and Attendance

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

Name	Qualifications	Internal or external	Date appointed	Resigned	No. of Meetings attended
Dr. Charles Motau	Doctor Technologiae: Computer Sc & Data Processing, MBL, MIT, BCom, Higher Diploma in Computer Auditing, Certificate in Digital Transformation Strategy	External	1 July 2020	-	5
Mr. Japie du Plessis (Chairperson – March 2020)	National Diploma in State Accounts and Finance. Registered Government Auditor – The South African Institute of Government Auditors	External	April 2016 - March 2020 Reappointed 1 April 2020	-	5
Ms Nontlaza Sizani	Bachelor of Accounting Science Honours; Bachelor of Commerce; Senior Teachers Diploma; Post Graduate Diploma in Management; Certificate in the Theory of Accountancy (CTA), AGA (SA)	External	1 July 2020	-	5
Mr Sindile Faku	Master of Science Degree; Bachelor of Education (Hons); Bachelor of Arts; Senior Teachers Diploma; Human Resource Programme; Graduate Diploma in Company Direction; Housing Finance Course; Real Estate Qualification, Leadership in Local Government Certification	External	1 July 2020	-	5
Ms. Annah Badimo	B.Sc Computer Science; B.Sc Hons. Computer Science; Master in Business Administration; Master of Science CISM; CGEIT; CRISC; COBIT 5; Cobol Programming Diploma; Project Management Diploma; Certificate IT Auditing; F. Inst. D (IoDSA).	External	April 2013 – March 2016 April 2016 – March 2020	March 2020	3



## Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Audit Committee and relevant stakeholders also complete an annual Audit Committee assessment to evaluate the efficiency and effectiveness of the Audit Committee.

For the financial year ended 31 March 2020, the Audit Committee reviewed:

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

## Review and Evaluation of the Annual Financial Statements

The Audit Committee is satisfied with the content and quality of some of the financial and non-financial quarterly reports prepared and submitted by the Acting DG of the Entity during the financial year under review and confirms that the reports were mostly in compliance with the statutory reporting framework. It is important to note that the finalisation of the Trans Caledon Tunnel Authority (TCTA) 2019/20 Audit and Annual Financial Statements were only concluded in December 2020. As a result, the WTE was dependent on the finalised models from the TCTA prior to the finalisation of WTE 2019/20 Audit and

Annual Financial Statements. The Audit Committee had the opportunity to review the Annual Financial Statements and discussed same with Management.

The Audit Committee has the following comments:

- **Improvement in the audit opinion.** The Entity's audit opinion improved from qualified with findings on non-compliance with legislation and performance information in 2018/19 to an unqualified audit opinion with findings on non-compliance with legislation in the 2019/20 financial years.
- **Contingent assets** - As disclosed in note 32 to the financial statements, contingent assets have been disclosed to describe the overpayment of royalties emanating from the treaty between the governments of Lesotho and the Republic of South Africa.
- **Restatement of corresponding figures** - As disclosed in note 34 to the financial statements, corresponding figures for 31 March 2019 were restated as a result of an errors in the financial statements of the entity at, and for the year ended, 31 March 2020.
- **Material impairments** - As disclosed in note 8 to the financial statements, material impairments to the amount of R2 008 046 000 were provided for trade debtors and are potentially irrecoverable.
- **The completeness of fruitless and wasteful and irregular expenditure.** Improvement has been noted during the 2019/2020 financial year; however this process would require renewed effort from Management with a specific focus on condonement processes to be followed in this regard. The system to identify irregular expenditure and the completeness of irregular expenditure should be strengthened.
- **The Entity to continue as a going concern.** The financial opinion of the Entity has improved during the 2019/2020 financial year. The bank overdraft has been dealt with during the year under review. However, long outstanding debt owed to the Entity continues to put the Entity under financial pressure. Payables exceeded the payment term of 30 days. The internal controls have slightly improved from the 2018/2019 to the 2019/2020 financial year.
- **Consequence management.** Efforts to be strengthened to ensure the speedy resolution process and implementation of both Internal and AGSA recommendations.

No new material irregularities were identified during the 2019/2020 financial year. The two material irregularities that were identified in the 2018/2019 financial year were also followed-up and progress was noted in addressing the concerns raised by the AGSA.

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

### Efficiency and Effectiveness of Internal Control

Deficiencies in the system of internal control and deviations were reported in the Internal and AGSA Audit Reports. The internal control environment at the Entity had shown a slight improvement regarding the quality of the Financial Statements, Supply Chain Management and Financial Health Management. However, the increase in debt is alarming and has resulted in additional financial constraints on the Entity.

The Entity did not implement all key policies and procedure regarding the identification, prevention and disclosure of irregular and fruitless and wasteful expenditure. Some controls were not in place to ensure that quality and timely financial statements were submitted to the AGSA as material misstatements were identified.

The Audit Committee also reviewed the progress with respect to the ICT Governance in line with the ICT framework issued.

Material uncertainty related to going concern/ financial sustainability still exists. The ability to undertake its objectives where the budget is depleted is a concern.

The Entity did implement certain of the recommendations made by the Audit Committee. Inadequate or no actions are taken against employees responsible for contravening the internal control processes, policies, laws and regulations. The main concerning areas to the Audit Committee that require urgent consequence management interventions are:

- Low performance achievements of strategic goals and indicators
- Budget and financial management
- Project management remains a concern at the Entity
- Increased in non-compliance resulting in significant audit findings on irregular and fruitless and wasteful expenditure
- Effective and appropriate steps were not taken to collect all money due to the Entity
- Certain payments were not made within 30 days.

- Management did not implement adequate preventive internal controls to prevent non-compliance with legislation, especially those related to supply chain management.
- Inadequate implementation of internal and external audit recommendations to ensure the resolution of findings. Assertions were made by management, based on the action plan, to the Audit Committee that significant audit findings were addressed but the audit process has subsequently concluded that management actions were not adequate to resolve the issues that were reported in prior year.
- The instability at Director-General and Chief Financial Officer levels must be attended to as a matter of urgency.

### Resolution of Internal Control Findings

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

Overall the Audit Committee is concerned with the quality and timing of Management responses. The Audit Committee is continuously emphasising the importance that Management needs appropriately balancing delivery and continues improvement.

### Combined Assurance

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

The Office of the Chief Risk Officer in consultation with IA also developed the departmental Combined Assurance and Implementation Plan during 2017/18 and implementation commenced during the 2018/19 financial year.

### Internal Audit (IA) Effectiveness

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

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

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

The Audit Committee has overseen a process by which IA has performed audits according to a risk-based audit plan where the effectiveness of the risk management and internal controls were evaluated. These evaluations were the main input considered by the Audit Committee in reporting on the effectiveness of internal controls. The Audit Committee is satisfied with the independence and effectiveness of the IA function. During the 2019/20 financial year additional actions were implemented to ensure the IA function is adequately resourced.

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

The Audit Committee wishes to emphasise that in order for the Internal Audit Function to operate at an optimal level as expected by the Audit Committee, the shortage in human resources and skills must be addressed as a matter of urgency. From a resource point of view, the approved Internal Audit Structure for the Entity must be filled as a matter of urgency.

## Performance Information

The performance information was presented to the Audit Committee during the meeting of 27 July 2020. The Audit Committee supported the submission of the information. Quarterly auditing of performance information by the IA unit of all APP targets took place. An improvement was noted in this regard.

A major concern is the annual performance achievement of only 67% of the set targets, while the Department spent 66% of the approved budget for 2019/20 financial year.

## Risk Management

The Entity assessed strategic and operational risks that could have an impact on the achievement of its objectives, both strategically at a programme level, on a quarterly basis. Risks were prioritised based on its likelihood and impact (inherent and residual) and additional mitigations were agreed upon to reduce risks to acceptable levels. New/emerging risks were identified during the quarterly review processes.

A separate Risk Management Committee monitors and oversees the control of risk identification throughout the Entity. Feedback is also provided to the Audit Committee on a quarterly basis. An independent Chairperson was also appointed.

Internal audit also performs their own assessment of the risk environment of the organisation and this includes both the strategic and operational risks as part of this assessment.

## Governance and Ethics

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

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

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

## Information and Communication Technology (ICT) Governance

The Audit Committee reviewed progress with respect to the ICT Governance in line with the ICT Framework issued by the Department of Public Service and Administration. Although there was progress on the ICT Internal Control, the Audit Committee report its dissatisfaction with minimal progress made with the implementation of the Information Technology Steering Committee, Disaster Recovery Plan, the Business Continuity Plan, ICT Steering Committee

meeting attendance and the monitoring of access in the server room. The Department also experienced a data breach during February 2020. This continued to be a high risk for the Department.

## Conclusion

The Audit Committee is pleased with the outcome of the audit and somewhat concerned with progress made by the Department in improving and progressing with the areas outlined in this report. Management is positive in their commitment to good governance and a clean administration.

The Audit Committee noted non-compliance with prescribed policies and procedures in the financial year under review. From observations, analysis and reports presented to the Audit Committee by Management and assurance providers, including Internal Audit and the AGSA, as well as the Audit Committee's evaluation of the Risk Management processes, the Audit Committee concludes that the systems of internal control tested were found to be inadequate and ineffective for some of the areas tested. These controls require further improvement and we have received assurance that the matter is being addressed. Attention has also been given in addressing prior years' concerns reported by the AGSA.

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



**Dr C Motau**

Chairperson of the Audit Committee  
29 January 2021

## 2 REPORT OF THE AUDITOR GENERAL ON THE THE WATER TRADING ENTITY

### Report on the audit of the financial statements

#### Opinion

- 1 I have audited the financial statements of the Water Trading Entity set out on 323 to 385 which comprise the appropriation statement, statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, the financial statements present fairly, in all material respects, the financial position of the Water Trading Entity as at 31 March 2020, 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 of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### Basis for opinion

- 3 I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- 4 I am independent of the entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

- 5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matters

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

#### Contingent assets

- 7 As disclosed in note 32 to the financial statements, contingent assets have been disclosed to describe the overpayment of royalties emanating from the treaty between the governments of Lesotho and the Republic of South Africa.

#### Restatement of corresponding figures

- 8 As disclosed in note 35 to the financial statements, corresponding figures for 31 March 2019 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2020

#### Material impairments

- 9 As disclosed in note 8 to the financial statements, material impairments to the amount of R2 008 046 000 were provided for trade debtors and are potentially irrecoverable.

#### Other matter

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

#### 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 entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

- 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 is included in the annexure to this auditor's report.

### Report on the audit of 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 was reported in the annual performance report of the Department of Water and Sanitation. The usefulness and reliability of the reported performance information were tested as part of the audit of the Department of Water and Sanitation and any audit findings are included in the management and auditor's reports of Department of Water and Sanitation.

### Report on the audit of compliance with legislation

#### Introduction and scope

- 16 In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 17 The material findings on compliance with specific matters in key legislation are as follows:

#### Annual financial statements

- 18 The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(a) and (b) of the PFMA.
- 19 Material misstatements of non-current assets, liabilities and expenditure identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

#### Procurement and contract management

- 20 The terms and conditions were not the same for a contract that the entity participated into from another organ of state, which is therefore not in accordance with treasury regulation 16A6.6. This non-compliance was identified in the procurement process for IT consultants.

#### Expenditure management

- 21 Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R142 146 000 as disclosed in note 33 to the financial statements, as required by section 38(1) (c)(ii) of the PFMA and treasury regulation 9.1.1. Irregular expenditure amounting to R11 036 709 resulting from new contracts, was caused by similar transgressions to those identified in previous years.



- 22 Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R565 728 000 as disclosed in note 34 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure disclosed in the financial statements resulted from abnormal costs (salaries of the idle construction unit) incurred relating to internal projects.
- 23 Some payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

### Other information

- 24 The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
- 25 My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 26 In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 27 If, based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact. I have nothing to report in this regard

### Internal control deficiencies

- 28 I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
- 29 The department had various acting directors-general as well as deputy directors-general for a

period exceeding three years. These instabilities in leadership at the department contributed to a number of vacancies within other top management positions, including that of the chief financial officer and some internal control deficiencies. The efforts of the acting incumbents, as noted from the audit outcome, are however acknowledged.

- 30 Management also did not implement adequate preventive internal controls to prevent non-compliance with legislation particularly that related to when the entity participated in a contract secured by another organ of state, which resulted in irregular and fruitless and wasteful expenditure as well as payments not being made within 30 days.

### Material irregularities

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

### Status of previously reported material irregularities

#### Effective and appropriate steps not taken to collect all money due to the entity

- 32 Treasury regulation 7.2.1 requires the accounting officer to develop and implement appropriate processes that provide for identification, collection, recording, recognition and safeguarding of information about revenue.
- 33 Accrued revenue raised in prior years that should have been billed had not been invoiced to the customers for water they had actually consumed and/or used. This practice of accruing revenue but not invoicing for it occurred over a number of years. This non-compliance with legislation was likely to result in a material financial loss of R346 223 000.
- 34 The accounting officer was notified of the material irregularity on 18 July 2019. The accounting officer referred the matter to the Department of Water and Sanitation's internal risk management unit to finalise an investigation by 31 October 2019. The investigation was completed and finalised on the 8th of February 2021. The investigation identified that:

- there was no effective revenue management, governance and no effective oversight role by top management; and
  - the lack of record management system and ineffective implementation of water user licences authorisation contributed to the entity not billing revenue due to the entity.
- 35 The accounting officer will further request written responses from the officials found to be responsible and who are still within the entity. The officials will be afforded an opportunity to make representations on this matter by the end of March 2021. Based on the outcomes of the representations, the accounting officer will determine whether further investigations and actions are required against these officials.
- 36 The accounting officer had also now billed some of the customers previously recognised as accrued revenue, and had planned to bill the remaining customers by July 2020. In addition to billing the customers, the accounting officer has trained staff members responsible for billing customers throughout the 2019/20 financial year. For the billing processes relating to 2011/2012, a legal opinion was sought from the Chief Directorate Legal Services to establish whether the Prescription Act is applicable to these water debts. Legal services have referred to the pending case law on the matter and committed to provide a formal opinion by 1 March 2021.
- 37 I will follow up on the implementation of the planned actions during my next audit.

### Payment not made within 30 days resulting in additional interest

- 38 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.
- 39 The entity entered into a contract valued at R154 million (including VAT) with a service provider which required a 10% advance payment of the contract value. The entity did not make the advance payment as per the contract provisions. This resulted in the service provider issuing a letter of demand and, consequently, court proceedings. The court ordered the entity to pay the service provider interest of R2,2 million as well as the applicant's taxed party-to-party costs. The interest expenses result in a financial loss. The party-to-party costs have not yet been paid

by the entity as ordered by the court and therefore should be considered as a likely financial loss.

- 40 The accounting officer was notified of the material irregularity on the 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 officials responsible for incurring fruitless and wasteful expenditure which would have been avoided had reasonable care been exercised to prevent the financial loss.
- 41 The accounting officer further referred recommendations from the Department of Water and Sanitation's internal risk management unit to its legal services unit on 29 September 2020 to determine the appropriate steps to be taken the losses suffered. The legal opinion was obtained on the 17th of December 2020, stating that letters must be written to the former officials concerned to make payment within the period of thirty (30) days and that should these officials fail to do so, Legal Service should be instructed by the accounting officer to take this matter to the office of the State Attorney. The accounting officer plans to implement the recommendations noted in the internal risk management report and legal opinion to recover the final loss suffered by the entity. These actions will commence by end of February 2021.
- 42 I will follow up on the steps taken during my next audit.

### Other reports

- 43 In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
- 44 Currently, the special investigation unit is



investigating two projects that were proclaimed by the president in 2001 and 2016, respectively. Further two investigations which were proclaimed in 2018 and 2019, respectively:

A forensic investigation into the Vuwani steel pipeline as per Proclamation No. R118 of 2010 (Government Gazette 22531 of 331 July 2001). This investigation was still in progress.

- A forensic investigation into allegations of irregularities and possible losses by Lepelle Northern Water, which is linked to the Department of Water and Sanitation, as per Proclamation No. R22 of 2016 (Government Gazette 39935 of 18 April 2016). This investigation was still in progress.
- Proclamation No R27 of 2018 and R44 of 2019: The awarding of a contract by the Department of Water and Sanitation to SAP (SA). This investigation was still in progress.
- Proclamation R28 of 2019: WP0485 - WTE – Goudertrouw. This investigation was still in progress.

45 Several other investigations were also conducted, or were in progress, by the internal audit unit at the request of the accounting officer arising from allegations of financial misconduct against officials of the entity. The completed investigations resulted in recommendations for disciplinary and / or criminal proceedings to be instituted against the officials concerned, while others were still progress at year-end.

*Auditor-General*

**Pretoria**

26 February 2021



## Annexure – Auditor-general’s responsibility for the audit

- 1 As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the entity’s compliance with respect to the selected subject matters.

### Financial statements

- 2 In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Water Trading Entity 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 an entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

- 3 I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 4 I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### 3 ANNUAL FINANCIAL STATEMENTS

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## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 R'000	2019 Restated R'000
<b>Revenue</b>		<b>16 195 719</b>	<b>14 792 795</b>
Revenue from exchange transactions	3	13 885 240	12 272 438
Revenue from non-exchange transactions	4	2 310 479	2 520 357
<b>Expenditure</b>		<b>10 716 676</b>	<b>12 575 242</b>
Employee benefit costs	5	1 461 255	1 672 301
Operating expenditure	6	3 156 105	4 525 395
Repairs and Maintenance - Property, plant and equipment	7	242 975	220 382
Impairment on financial assets	8	2 008 117	432 520
Finance cost	9	2 106 652	2 773 636
Depreciation, amortisation and impairment	10	1 738 888	2 708 965
Loss on disposal of fixed assets	11	2 684	242 043
<b>Surplus/(deficit) for the year</b>		<b>5 479 043</b>	<b>2 217 553</b>

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 R'000	2019 Restated R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		9 033 945	7 395 035
Receivables from exchange transactions	12	1,063,048	197
Inventory	13	7 647 595	7 159 579
Construction Work In Progress	14	139 503	148 245
	15	183 799	87 014
<b>Non-current assets</b>			
Property, plant and equipment		92 778 279	92 876 754
Intangible assets	16	75 601 864	75 656 265
	17	17 176 415	17 220 489
<b>Total assets</b>		<b>101 812 224</b>	<b>100 271 789</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	18	1 225 118	1 368 272
Bank Overdraft	19	-	1 451 140
Employee benefits	20	206 985	180 646
Finance lease liability	21	3 087	2 695
Financial liabilities: TCTA	23	957 811	1 499 912
<b>Non-current liabilities</b>			
Finance lease liability	21	496	1 178
Financial liabilities: Income received in advance	22	2 559 765	1 941 383
Financial liabilities: TCTA	23	17 951 996	20 398 640
<b>Total liabilities</b>		<b>22 905 258</b>	<b>26 843 866</b>
<b>Total net assets</b>		<b>78 906 966</b>	<b>73 427 923</b>
<b>NET ASSETS</b>			
<b>Reserves</b>		<b>77 962 010</b>	<b>72 967 519</b>
Accumulated surplus		944 956	460 404
Pumping cost reserve			
<b>Net assets</b>		<b>78 906 966</b>	<b>73 427 923</b>

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2020

	Note	Accumulated surplus	Pumping Cost Reserve	Net Assets
<b>Balance at 1 April 2018</b>		<b>70 803 135</b>	<b>407 237</b>	<b>71 210 372</b>
As previously stated		<b>71 145 091</b>	<b>407 237</b>	<b>71 552 328</b>
Prior period error	35	<b>(341 956)</b>	-	<b>(341 956)</b>
<b>Surplus for the year</b>		<b>2 217 553</b>		<b>2 217 553</b>
As previously stated		<b>2 258 022</b>		<b>2 258 022</b>
Prior period error	35	<b>(40 469)</b>		<b>(40 469)</b>
<b>Net movement in reserves</b>		<b>(53 167)</b>	<b>53 167</b>	-
Transfers between reserves		<b>(53 167)</b>	<b>53 167</b>	-
<b>Balance at 31 March 2019</b>		<b>72 967 519</b>	<b>460 404</b>	<b>73 427 923</b>
As previously stated		<b>73 349 944</b>	<b>460 404</b>	<b>73 810 348</b>
Prior period error		<b>(382 425)</b>	-	<b>(382 425)</b>
<b>Surplus for the year</b>		<b>5 479 043</b>	-	<b>5 479 043</b>
<b>Net movement in reserves</b>		<b>(484 552)</b>	<b>484 552</b>	-
Transfers between reserves		<b>(484 552)</b>	<b>484 552</b>	-
<b>Balance at 31 March 2020</b>		<b>77 962 010</b>	<b>944 956</b>	<b>78 906 966</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020	2019 Restated
		R'000	R'000
<b>Cash flows from operating activities</b>			
Cash receipts		15 344 676	13 389 797
Taxes and transfers		2 058 319	1 971 287
Sale of water services		11 816 784	10 234 641
Income received in advance: LHWP		618 382	295 954
Construction and other revenue		757 271	793 939
Water research levies - receipts		91 908	86 910
Commission earned		885	5 883
Lease revenue earned		1 128	1 183
<b>Cash payments</b>		(7 019 399)	(8 530 542)
Employee benefits		1 487 638	1 482 871
Water Research Commissioner - payments		117 364	118 273
Goods and services		3 415 117	4 054 651
Finance cost paid		1 999 280	2 874 746
<b>Net cash flows from operating activities</b>		<b>8 325 277</b>	<b>4 859 255</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(358 273)	(172 603)
<b>Net cash flows used in investing activities</b>		<b>(358 273)</b>	<b>(172 603)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(1 605)	(2 034)
Repayments of other financial liabilities		(5 451 407)	(4 724 178)
<b>Net cash flows from financing activities</b>		<b>(5 453 012)</b>	<b>(4 726 212)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2 513 992</b>	<b>(39 559)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>(1 450 943)</b>	<b>(1 411 384)</b>
<b>Cash and cash equivalents at end of year</b>		<b>1 063 048</b>	<b>(1 450 943)</b>

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Approved Budget	Final Budget	Actual Amounts	Variance Amounts
		R'000	R'000	R'000	R'000
<b>Revenue</b>	<b>24.3</b>	<b>12 784 692</b>	<b>16 402 185</b>	<b>16 195 719</b>	<b>(206 466)</b>
Taxes and transfers		2 367 036	2 367 036	2 310 479	(56 557)
Sale of water services		10 347 656	13 965 149	11 951 254	(2 013 895)
Construction revenue		-	-	214 517	214 517
Commission earned		-	-	3 699	3 699
Lease revenue earned		-	-	1 177	1 177
Interest revenue		-	-	1 391 784	1 391 784
Other receipts		70 000	70 000	322 809	252 809
<b>Total revenue</b>		<b>12 784 692</b>	<b>16 402 185</b>	<b>16 195 719</b>	<b>(206,466)</b>
<b>Expenses</b>	<b>24.4</b>	<b>(10 246 412)</b>	<b>(13 863 905)</b>	<b>(9 976 598)</b>	<b>3 887 307</b>
Employee benefit costs		1 263 337	1 285 835	1 461 255	(175 420)
Operating expenditure		8 983 075	5 561 763	2 659 002	2 902 761
Impairment on financial assets		-	2 008 592	2 008 117	475
Finance cost		-	2 256 129	2 106 652	149 477
Depreciation, amortisation and impairment		-	2 751 586	1 738 888	1 012 698
Loss on disposal of fixed assets		-	-	2 684	(2 684)
<b>Total expenses</b>		<b>(10 246 412)</b>	<b>(13 863 905)</b>	<b>(9 976 598)</b>	<b>3,887,307</b>
<b>Surplus/(deficit) from operating activities</b>		<b>2,538,280</b>	<b>2,538,280</b>	<b>6,219,121</b>	<b>3,680,841</b>
<b>Projects expenditure</b>	<b>24.5</b>	<b>(2 538 280)</b>	<b>(2 538 280)</b>	<b>(855 315)</b>	<b>(1 682 965)</b>
Allocation from government grants		1 638 208	1 638 208	690 858	947 350
Refurbishment and Rehabilitation and ROCS -Rehabilitation of Conveyance System		900 072	900 072	164 457	735 615
<b>Budget surplus/(deficit)</b>		<b>0</b>	<b>0</b>	<b>5 363 806</b>	<b>1 997 876</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**1 Presentation of Financial Statements****1.1 Statement of compliance**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretation and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

**1.2 Adoption of GRAP**

The following amended Standards of GRAP became effective and were fully implemented in the current financial year:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated and separate financial statements
GRAP 9	Revenue from Exchange Transactions
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash- generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget information in Financial Statements.
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash generating assets
GRAP 31	Intangible Assets
GRAP 104	Financial Instruments

In addition to the Standards that have to be applied, the WTE has adopted the interpretations to the Standards of GRAP approved that entities are required to apply in terms of Directive 5 :

IGRAP 1	Applying the probability test on initial recognition of revenue
IGRAP 2	Changes in existing decommissioning restoration and similar liabilities
IGRAP 3	Determining whether an arrangement contains a lease
IGRAP 4	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IGRAP 8	Agreements for the construction of assets from exchange transactions
IGRAP 9	Distributions of non-cash assets to owners
IGRAP 10	Assets received from customers
IGRAP 13	Operating Leases - Incentives
IGRAP 14	Evaluating the substance of transactions involving the legal form of a lease
IGRAP 15	Revenue - Barter transactions involving advertising services
IGRAP 16	Intangible Assets - Website Costs

### 1.3 Standards of GRAP issued but not yet effective

The Standards of GRAP that has been issued by the ASB, but where the Minister has not determined an effective date, have not been adopted by the WTE. The WTE used the Standard of GRAP on Related Party Disclosures (GRAP 20) to develop its accounting policies on Related Party Disclosures and the extent of disclosures for related party transactions and balances.

#### 1.3.1 Standard utilised in developing accounting policies

The WTE has utilised the following Standard of GRAP to develop its accounting policies and disclosures when adopting GRAP:

GRAP 18	Recognition and Derecognition of Land
GRAP 19	Liabilities to pay Levies

As a result, there will be no impact on the disclosures of interest in other entities when the Standard becomes effective.

#### 1.3.2 Standards not yet applicable

It's unlikely that the following Standards and/or amendments to Standards, that have been issued but are not yet effective, will have a material impact on the financial statements of the WTE once they become effective and therefore accounting policies have not been developed for the following Standards:

GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Natural Resources

Based on the analysis of the transactions of the WTE, these Standards do not impact the WTE and the adoption of these Standards will thus have no impact on the current financial statements.

## 1.4 Basis of preparation

These annual financial statements have been prepared on the accruals basis and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous periods.

## 1.5 Functional currency

The financial statements are presented in South African Rand (R), also the functional currency of the Water Trading Entity. All values are rounded to the nearest thousand (R'000) except where otherwise indicated.

## 1.6 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Water Trading Entity incurred a surplus of R5.479 Billion (2018/19 R2.218 Billion Surplus). This has a positive impact on the liquidity ratio and solvency ratios, therefore an entity will be able to operate as a going concern and be able to honour its current obligations as they become due and payable.

In order to improve the liquidity and solvency ratios of the entity, the entity will implement the following initiatives in the immediate and short term:

- No additional expenditure (in the form of new projects or any other expenditure other than that reflected in the budget) will be incurred by the entity in the foreseeable future.
- Stringent measures will be put in place to curb and reduce expenditure to reasonable proportions in order to avoid an overdraft.
- Payments will be monitored and coordinated from head office to confirm availability of funds and budget.
- Normal monthly reporting and consequence management to address non-compliance with revised policies and procedures.

- Management is committed to adhere to measures put in place to restore financial sustainability of the entity.

## 1.7 Off-setting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

## 1.8 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

The effects of restatements are disclosed in note 33.

## 1.9 Significant judgments and sources of estimation uncertainty

### 1.9.1 Initial measurement of financial assets

Short-term financial assets have been measured initially at the transaction price unless there was an indication that the transaction was provided at terms that were longer than the normal credit term of 30 days. Where extended payment terms were given, the transaction prices are discounted at the rate applicable to debt owed to the State to determine the fair value for initial measurement purposes.

### 1.9.2 Impairment of financial assets

An impairment is recognised for estimated losses firstly on an individually significant receivables and secondly on a group of receivables with similar credit risk that are assessed to be impaired based on objective evidence as a result of one or more events that occurred during the reporting period. For debtors which have defaulted, management makes judgments based on an assessment of their ability to make future payments. Creditworthiness is not used in assessing debtor balances. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment losses recognised. The current year's provision for impairment

is based on management's best estimate of the expected cash flows for amounts that are outstanding for longer than the normal payment terms. A full provision was made for trade debtors that could not be traced after significant effort has been made.

### 1.9.3 Useful lives and impairment of assets

The useful life of an asset will approximate the economic life of an asset, except for certain construction equipment which is earmarked for sale. The review of the useful lives and residual values are performed annually based on a risk assessment approach. Where factors exist that indicate that the useful life needs to be amended, the remaining useful life is reviewed as a result. This estimate is based on reasonable judgement, taking into account historical usage patterns as well as the condition of the asset. As the WTE plans to use the assets for their entire economic life, the residual values on these assets are estimated to be zero. The estimated useful life of leased assets that are capitalised are usually equal to the term of the lease contract unless other factors exist that may indicate a shorter lease period.

Property, plant and equipment and intangible assets are assessed annually for indicators of impairment. The assessment takes into account utilisation, condition, functional performance and obsolescence. Changes in these factors may lead to either an impairment loss or a reversal of previous impairment losses recognised.

- Property, Plant and Equipment consists of the following classes:
- Land
- Infrastructure assets
- Assets under construction: Infrastructure assets
- Assets under construction - Equipment
- Construction machinery & equipment
- Vehicles
- Computer equipment
- Equipment
- Furniture and fittings
- Mobile homes
- Motor vehicles

**Whereas Infrastructure assets class consists of the following categories:**

- Buildings
- Canals
- Dams and weir
- Pipelines
- Pump stations
- Reservoirs
- Treatment works
- Tunnels
- Power Supply
- Roads and Bridges
- Boreholes
- Measuring Facilities
- Telemetry
- Servitudes

**Intangible assets consists of the following classes:**

- Software and licenses
- Enduring benefit

**The estimated useful lives of property, plant and equipment are as follows:**

#### Infrastructure assets

Buildings	1 - 75 years
Canals	1 - 298 years
Dams and weirs	1 - 496 years
Pipelines	1 - 60 years
Pump stations	1 - 75 years
Reservoirs	1 - 80 years
Treatment works	1 - 50 years
Tunnels	1 - 253 years
Power Supply	1 - 30 years
Roads and Bridges	15 - 71 years
Boreholes	8 - 50 years
Measuring Facilities	1 - 80 years
Telemetry	1 - 30 years
Servitudes	3 - 99 years

**Movable assets**

Vehicles	4 - 20 years
Computer equipment	3 - 5 years
Office equipment, Furniture and furniture	6 - 20 years
Construction equipment	Based on usage (kilometres, hours, months)
Machinery and equipment	5 - 59 years
Dwellings: mobile homes	20 years
Intangible assets	
Software and licenses	3 - 13 years
Enduring benefit	Infinite life span

Current assets of the WTE are non-cash generating, despite the fact that certain water users are classified as commercial users. The majority of these projects are funded through additional funds received through Augmentation from the Department of Water & Sanitation - main account. Therefore, any impairment that has been identified was calculated using the recoverable service amount of the asset.

The depreciation methods were assessed and are considered to be appropriate and will not change unless there is a change in the way that assets will be utilised, which is unlikely in the foreseeable future.

### 1.9.4 Recognition of servitudes

Servitudes on land are often acquired as part of construction of water infrastructure. Where the cost of servitudes can be measured reliably, these assets are included in the cost of infrastructure as it forms an integral part of the cost of the asset, and are recognised as separate components of the water infrastructure.

### 1.9.5 Agreements with Trans Caledon Tunnel Authority (TCTA)

As the DWS through WTE is responsible for the development, operation and maintenance of specific water resources infrastructure and managing water resources in specific water management areas, management concluded that the WTE controls the infrastructure assets that are constructed by the TCTA and has to assume the

related liabilities. The cost of the assets recognised includes all the cost attributable to the asset until the asset has been ready for its intended use.

### 1.9.6 Measurement of inventories on hand

Materials on hand are to be consumed in the production process. As all the cost incurred are recovered from users or through the augmentation grant, the price of the inventory items are subject to inflation. It is assumed that the net realisable value or replacement cost will be equal to or exceed the cost of the item at year-end. Therefore, there has been no provision made at year-end for losses in the value of stock due to price changes.

All inventories are shown at cost or net realisable value.

### 1.9.7 Commitments

Commitments included in disclosure note 27 have been based on orders relating to capital projects but where the goods or services have not been delivered.

### 1.9.8 Contingent liabilities and provisions

Contingent liabilities and provisions have been based on the best estimate available. Contingent liabilities relating to litigation have been based on the assessment of the estimated claim against the WTE as at 31 March 2019.

### 1.9.9 Capitalisation of expenses relating to constructed assets

The costs of inventory, property, plant and equipment produced internally include materials, depreciation and certain overheads incurred to produce these assets. The allocation of costs to the different items is based on judgment. The allocation usually occurs on a proportionate basis and where the items produced are to be used internally, exclude internal profits. Abnormal losses are determined based on judgment and is excluded from the cost of assets under construction.

### 1.9.10 Classification of leases

The WTE classifies lease agreements in accordance with risks and rewards incidental to ownership. Where the lessor transfers substantially all the risks and rewards to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

### 1.9.11 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance

### 1.9.12 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act, or
- (b) the State Tender Board Act, 1968, or any regulations made in terms of the Act.

This Act in section 1 of the PFMA includes any regulations and instructions issued in terms of section 69, 76, 85 or 91.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure that was classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

## 2 Significant accounting policies

### 2.1 Revenue

When the WTE receives value in the form of an asset and directly provides approximate equal value in exchange, the WTE classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable, net of any VAT, trade discounts and volume rebates and recognised when it becomes due to the WTE.

#### 2.1.1 Revenue from non-exchange transactions

The WTE recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions.

Where services are received in-kind, and a reliable estimate can be made, the WTE will recognise the related revenue. In all other cases, the WTE will only disclose the event.

#### 2.1.2 Revenue from exchange transactions

Revenue relating to the supply of water is recognised either on the consumption of water by the water users or in accordance with registered volumes, depending on the specific agreement with licensed water users.

Revenue from construction contracts is recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. The stage of completion is based on the cost to date and is assessed based on surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the Statement of Financial Performance in the period in which it was incurred.

Interest is recognised using the effective interest rate method.

Other revenue from exchange transactions is recognised in the statement of financial performance when the revenue becomes due to the WTE.

### 2.1.3 Agency fees and revenue

The WTE bills and collects water research levies on behalf of the Water Research Commissioner and earns 2% commission, excluding VAT, on the amount billed. The revenue collected (amounts billed less outstanding debt) is recognised as a liability and the payments made to the WTE decreases the liability. The net asset/liability is recognised in the statement of financial position.

The commission earned is recognised as revenue from exchange transactions in the statement of financial performance and the amount owed/overpaid on the commission is recognised in receivables/payables from exchange transactions.

## 2.2 Expenditure

Expenditure is classified in accordance with the nature of the expenditure.

The WTE recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability, other than those relating to distributions to owners, has arisen, that can be measured reliably.

The WTE recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

The WTE also recognises expenses in the statement of financial performance in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

Finance cost is recognised as an expense in surplus or deficit in the statement of financial performance in the period in which it is incurred, using the effective interest rate method.

## 2.3 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The WTE incurs borrowing costs as a result of the construction of infrastructure. The WTE capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are expensed in the period in which it is incurred.

## 2.4 Employee benefits

### 2.4.1 Short-term employee benefits

The WTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

- As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds the undiscounted amount of the benefits due, the entity recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.
- As an expense, unless the entity uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

### 2.4.2 Leave benefits

The WTE recognises the expected cost of short-term employee benefits in the form of compensated absences (paid leave) when the employees render service that increases their entitlement to future compensated absences.

The expected cost of accumulating compensated absences is measured as the additional amount that the WTE expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

### 2.4.3 Performance and service bonuses

The WTE recognises the expected cost of performance or service bonus payments where there is a present legal or



constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made. The WTE considers the present obligation to exist when it has no realistic alternative but to make the payments related to performance bonuses.

#### 2.4.4 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy for these benefits or resigns. The WTE recognises termination benefits when it is demonstrably committed either to terminate the employment of current employee(s) according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the financial year are discounted to present value.

#### 2.4.5 Retirement and medical benefits

The WTE contributes towards the pension fund and the medical aid for its employees through a defined contribution plan. Once the contributions are paid, the WTE has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

### 2.5 Leases

#### 2.5.1 The WTE as a lessee

The WTE classifies certain leases of equipment and vehicles as finance leases.

The assets acquired under finance leases are recognised as assets and the associated lease obligations as liabilities in the statement of financial position at the commencement of the lease term. The assets and liabilities is recognised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Where practicable, the discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Where this is not practical, the WTE's incremental borrowing rate is used. Any initial

direct costs are added to the amount recognised as an asset.

The WTE measures the liability as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest (i.e. the WTE recognises the capital portion of the obligation as a liability and recognises the interest over the lease term).

The leased assets are subsequently measured at cost less accumulated depreciation and impairment. The leased assets are depreciated over the shorter of the lease agreement or the useful life of the asset. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases that are longer than 1 year are measured on a straight line basis as an expense, and the difference between the actual payments and the expense is accrued through payables or receivables. Where the lease is less than 1 year, the actual expenses is recognised in the statement of financial performance..

#### 2.5.2 The WTE as a lessor

The WTE receives lease revenue for the hiring out of equipment and renting of houses to its employees.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, where the lease term can be determined. The lease charge of construction equipment is based on a charge-out tariff determined on a cost recovery basis.

### 2.6 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the WTE, and the cost or fair value of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

After recognition as an asset, items of property, plant and equipment is carried at cost, less accumulated depreciation



and accumulated impairment losses, except for assets under construction. Subsequent costs are included in the assets carrying amount or recognised as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of that item can be reliably measured.

Assets under construction are stated at cost, excluding abnormal losses. Depreciation only commences on these assets when they are in the condition necessary for them to be capable of operating in the manner intended by management.

Cost comprises of the purchases price or construction cost of the asset (excluding internal profits), costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an estimate of the cost of dismantling or rehabilitation.

Where an intangible asset is an integral part of an item of property, plant and equipment, the cost of the intangible asset is not recognised separately from the cost of the asset, but rather, it is included as a separate component of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciable amount of an asset is allocated on a systematic basis over its useful life. Depreciation is calculated on a straight line basis over the expected life of each major component of an asset. Depreciation is charged to the statement of financial performance, unless it forms part of the cost of inventories or the cost of assets under construction.

The residual value and the useful life of an asset is reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate.

The WTE must assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the WTE will estimate the recoverable service amount of the asset. Items of property, plant and equipment are tested for impairment whenever there are impairment indicators. An impairment loss is recognised where the carrying amount exceeds recoverable service amount for non-cash generating assets and where the carrying amount exceeds the recoverable amount for cash-generating assets.

The WTE assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the WTE will estimate the recoverable service amount of that asset. An impairment loss recognised in prior periods for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

Impairment and reversals of impairment is recognised in the statement of financial performance at the time when the event occurred.

Gains or losses arising from the derecognition of an item of property, plant and equipment is recognised directly in surplus or deficit in the statement of financial performance when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

## 2.7 Intangible assets

Identifiable intangible assets are recognised if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the WTE, and the cost or fair value of the item can be measured reliably. An intangible asset is measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, is measured at its fair value as at that date.

An asset meets the identifiability criterion in the definition of an intangible asset when it is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, unless such useful lives are indefinite.

An intangible asset with an indefinite useful life is not amortised. Intangible assets with an indefinite useful life or an intangible asset not yet available for use, are tested for impairment at the end of each financial year and whenever there is any indication that the intangible asset could be impaired. Other intangible assets are only tested for impairment where there is an indication that impairment exists.

Gains and losses on intangible assets, including impairment and impairment reversals, are treated similarly to gains and losses for property, plant and equipment.

## 2.8 Non-current assets held for sale

The WTE classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable, i.e. a committed plan to dispose of the asset will exist.

The WTE measures non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell.

## 2.9 Inventory

Inventories are assets in the form of materials or supplies to be consumed in the production process; in the form of materials or supplies to be consumed or distributed in the rendering of services; held for sale or distribution in the ordinary course of operations; or in the process of production for sale or distribution.

Inventory is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the WTE; and the cost of the inventory can be measured reliably.

Inventory is initially measured at cost (or fair value if the item was acquired through a non-exchange transaction), and subsequently measured at the lower of cost or net realisable value. Costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition are included in the cost of inventories. Construction and building materials are measured using the First-In-First-Out method and all other inventories are measured using the Weighted Average Cost method. Where inventory is distributed at no

or a nominal charge, inventory is measured at the lower of cost or replacement cost.

## 2.10 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

The WTE classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable, i.e. a committed plan to dispose of the asset will exist.

The WTE measures non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

## 2.11 Construction work in progress

Construction Work-in-progress are the costs incurred that are directly attributable to the specific projects that are currently in progress and can be allocated to the project on a systematic and rationale basis.

## 2.12 Financial instruments

### 2.12.1 Initial recognition and classification

The WTE classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the WTE becomes a party to the contractual provisions of the instruments and WTE funds are committed or receive the benefits.

The WTE does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exists; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.12.2 Initial measurement

Financial instruments are initially measured at fair value.

### 2.12.3 Transaction costs

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. Transaction costs on other financial instruments are included in the cost of the instrument.

### 2.12.4 Subsequent measurement

All non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that has been designated at fair value or are held for trading, are measured at amortised cost. Instruments that do not meet the definition of financial assets or financial liabilities measured at amortised cost are measured at fair value unless fair value cannot be determined. Those instruments, where fair value cannot be measured reliably, is measured at cost.

Amortised cost is calculated based on the effective interest rate method.

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Net gains or losses on the financial instruments at fair value through profit or loss includes transaction costs, interest and foreign exchange gains or losses. A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

### 2.12.5 Impairment of financial assets

At each reporting date the WTE assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Impairment losses are recognised in the statement of financial performance as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed does not exceed the carrying amount that would have been recognised had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

The following items included in the statement of financial position contains financial instruments:

- Cash and cash equivalents;
- Receivables from exchange transactions;
- Other financial assets;
- Payables from exchange transactions; and
- Other financial liabilities(including bank overdraft).

## 2.12.6 Derecognition

### Financial assets

The WTE derecognises financial assets using trade date accounting.

The WTE derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the WTE transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the WTE, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the WTE :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the WTE transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the WTE adequately for performing the servicing, a servicing liability for the servicing obligation

is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the WTE obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the WTE recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the WTE has retained substantially all the risks and rewards of ownership of the transferred asset, the WTE continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the WTE recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

### Financial liabilities

The WTE removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly,

a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another WTE by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

### 2.14 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised cost arise from transactions with water users. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

### 2.15 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the WTE has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement in which the WTE is receiving non-exchange revenue. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

### 2.16 Other financial assets

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

### 2.17 Payables from exchange transactions

The WTE recognises payables from exchange transactions where liabilities result in counter performance by the respective parties.

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

### 2.18 Payables from non-exchange transactions

The WTE recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue as a result of outstanding obligations.

Payables from non-exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

### 2.19 Other financial liabilities

Included in other financial liabilities are the liability incurred to the TCTA. The liability is initially measured at fair value and is subsequently measured at fair value. Effective interest is capitalised against the amounts outstanding in accordance with the respective agreements.

### 2.20 Provisions and accruals

Provisions and accruals are liabilities where uncertainty exists about the timing or amount of the future expenditure required to settle the liability.

The WTE recognises, in payables, an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but the invoice is outstanding or a formal agreement with the supplier has not been concluded.

Provisions are liabilities, excluding accruals that are recognised where the WTE has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the amount to settle the present obligation at the reporting date, discounting to present value where the time value of money is expected to be material.

## 2.21 Contingents assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 31 and 32.

## 2.22 Reserves

The WTE classifies its reserves in two categories namely pumping cost reserve and accumulated reserves. None of these reserves are distributable reserves.

### 2.22.1 Pumping cost reserve

The WTE recovers an additional charge from specific water users in the Vaal River scheme to cover for pumping costs. This additional fee is charge to reduce the impact of price increases as a result of additional pumping cost incurred in times of emergencies, drought and other contingencies.

A transfer is made from the accumulated reserves to the pumping cost for amounts recovered from users for pumping cost and from pumping cost to accumulated reserves for the actual costs incurred.

### 2.22.2 Accumulated reserves

Accumulated reserves consist of the net assets less amounts transferred to other reserves. Accumulated reserves are mainly build up as a result of the depreciation and return on asset charge included in the pricing strategy and the capital portion of augmentation funds included in revenue recognised. This is to ensure adequate rehabilitation and maintenance of existing infrastructure and future infrastructure development.

## 2.23 Budget information

The budget is prepared on a modified accrual basis. The WTE Budget compromise of revenue from the transfer payment received from the Department of Water and Sanitation (Main Exchequer Account) as well as revenue received from raw water sales.

## 2.24 Related parties

Related parties are people (or a close member of that person's family) or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum the following are regarded as related parties of WTE, the minister, Department of Water and Sanitation, all other clients departments, all national public entities, Water boards and Water user associations and the management of the WTE.

## 2.25 Irregular, fruitless and wasteful expenditure and material losses through criminal conduct

Irregular, fruitless and wasteful expenditure and material losses through criminal conduct is recognised as expenditure in the statement of financial performance according to the nature of the payment and disclosed separately in notes 33 and 34. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Any receivable recognised as a result of irregular, fruitless and wasteful expenditure or material losses through criminal conduct, are subject to an annual impairment assessment.



## 2.26 Events after reporting date

The Accounting Authority is not aware of any matter or circumstances arising since the end of the financial year to the date of this report in respect of matters that would require adjustments to or disclosure in the annual financial statements.

3	Revenue from exchange transactions	2020	2019
		R'000	R'000
	<b>Notes</b>		
	Sale of water services	11 951 254	10 927 822
	Construction revenue	214 517	154 242
	Commission earned	3 699	5 883
	Receivables	2 814	5 093
	Short-term deposits and bank accounts	885	790
	Interest revenue	1 391 784	890 674
	Receivables	1 391 773	890 664
	Short-term deposits and bank accounts	11	10
	Lease revenue earned	1 177	1 183
	Property	1 177	1 183
	Sale of goods - scrap materials and waste paper	476	145
	Other revenue	322 333	292 489
		<b>13 885 240</b>	<b>12 272 438</b>

*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	2020	2019
		R'000	R'000
	<b>Transfer revenue includes:</b>		
	Funds from the Department of Water & Sanitation	2 058 292	1 971 242
	<b>Other revenue:</b>		
	Assets received/transferred	252 160	549 069
	Water usage license fees	27	46
		<b>2 310 479</b>	<b>2 520 357</b>

*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 cost	2020	2019
	R'000	R'000
<b>Employee benefits consists of:</b>		
Short term employee benefits	1,681,363	1,818,711
<i>Less: direct labour capitalised to assets under construction</i>	<i>( 114 049)</i>	<i>( 64 999)</i>
<i>Less: amounts capitalised to construction costs for third parties</i>	<i>( 106 059)</i>	<i>( 81 411)</i>
Basic salaries and wages	1 039 312	1 228 840
Car allowances	2 404	3 064
Housing allowances	43 209	39 722
Leave pay - adjustment	28 834	47 157
Long term service awards	4 693	3 598
Medical fund contributions	66 462	62 700
Overtime	28 918	22 166
Pension fund contributions	106 195	105 602
Performance bonuses	52 980	57 620
Service bonus (13th cheque)	78 097	89 964
UIF contributions	1 005	1 239
Other short term benefits	9 146	10 629
	<b>1 461 255</b>	<b>1 672 301</b>



6	Operating expenditure	2020	2019
		R'000	R'000
	<i>Construction costs incurred</i>	214 022	122 625
	Other operating expenditure		
	Administrative fees	928	3 945
	Audit cost	15 566	13 820
	Communication	58 382	9 914
	Computer services	5 880	5 655
	Electricity	376 329	341 529
	Administrative costs & LHWP Royalties: TCTA	1 611 146	2 301 438
	Materials consumed	104 746	46 429
	Maintenance, repairs and running costs	223 054	3 144
	Operating leases	157 401	275 680
	Owned and leasehold property expenditure	26 699	155 426
	Professional services: Business and advisory services, contractors and agency/outsourced services	123 072	199 226
	Professional services: Infrastructure and planning	40 691	890 118
	Printing, posting and stationery	8 927	22 694
	Travel and subsistence	107 482	100 799
	Training and staff development	6 815	3 494
	Venues and facilities	512	971
	Auxiliary	74 453	28 488
		<b>3 156 105</b>	<b>4 525 395</b>

<b>7 Repairs and maintenance - property, plant and equipment</b>	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
	<b>Notes</b>	
	<b>242 975</b>	<b>220 382</b>
Maintenance, repairs and running costs - property, plant and equipment	<b>242 975</b>	<b>220 382</b>
	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
	<b>Notes</b>	
<b>8 Impairment on financial assets</b>		
<b>Impairment relating to:</b>		
Trade receivables	<b>2 008 046</b>	<b>430 415</b>
Staff receivables	<b>71</b>	<b>2 105</b>
	<b>2 008 117</b>	<b>432 520</b>
	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
<b>9 Finance cost</b>		
Finance leases	<b>61</b>	<b>244</b>
Interest on amortised payables	<b>2 106 591</b>	<b>2 773 392</b>
	<b>2 106 652</b>	<b>2 773 636</b>

10 Depreciation, amortisation and impairment	2020	2019
	R'000	Restated R'000
<b><i>Depreciation on property, plant and equipment</i></b>	<b>1 257 036</b>	<b>1 527 941</b>
Computer equipment	7 251	6 181
Equipment	24 030	31 026
Furniture and Fittings	7 881	9 013
Infrastructure	1 214 358	1 477 615
Leased equipment	2 768	3 351
Mobile homes	404	355
Vehicles	343	400
<b><i>Amortisation and Impairment on intangible assets</i></b>	<b>53 923</b>	<b>91 728</b>
Computer software	53 923	91 728
<b>Change in estimate - depreciation</b>	<b>(22 970)</b>	<b>-</b>
Computer equipment	(2 767)	-
Equipment	(11 013)	-
Furniture and Fittings	(902)	-
Mobile homes	473	-
Vehicles	998	-
Computer software	(9 758)	-
<b>Impairment and impairment reversals</b>	<b>464 958</b>	<b>1 116 557</b>
Infrastructure	70 533	82 528
Infrastructure: Land	-	(383)
Assets under construction: Infrastructure assets	394 425	722 071
Uncertified Work	-	312 341
<b>Change in estimate - impairment</b>	<b>(14 059)</b>	<b>(27 261)</b>
Infrastructure	(14 059)	(27 261)
	<b>1 738 888</b>	<b>2 708 965</b>

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was effected in relation to assets whose Remaining useful life was increased/decreased for assets still in use. The effect of the change in accounting estimate on the current year's results was an decrease in the current year's surplus by R37.028 Million.

<b>11</b>	<b>Loss on disposal of fixed assets</b>	<b>2020</b>	<b>2019</b>
		<b>R'000</b>	<b>R'000</b>
	Loss on disposal of fixed assets	2 684	242 043
		<b>2 684</b>	<b>242 043</b>

<b>12</b>	<b>Cash and cash equivalents</b>	<b>2020</b>	<b>2019</b>
		<b>R'000</b>	<b>R'000</b>
	Cash and cash equivalents at fair value:		
	Current accounts at commercial banks	1,062,427	-
	Short-term deposits	160	149
	Cash on hand	461	48
		<b>1 063 048</b>	<b>197</b>

13 Receivables from exchange transactions	2020	2019
	R'000	R'000
<b>Current</b>		
Financial assets at amortised cost		
Trade receivables	17 755 696	14 582 850
Less: Provision for impairment	(11 176 296)	(8 867 043)
Carrying amount at the beginning of the period	(8 867 043)	(8 417 089)
Current year provision	(2 309 253)	(449 954)
	<b>6 579 400</b>	<b>5 715 807</b>
Advances to public entities: other	282 876	156 556
<b>Staff related receivables</b>	<b>8 654</b>	<b>7 764</b>
<b>Less: Provision for impairment</b>	<b>(6 138)</b>	<b>(6 067)</b>
Carrying amount at the beginning of the period	(6 067)	(3 962)
Current year provision	(71)	(2 105)
	<b>2 516</b>	<b>1 697</b>
Claims recoverable - Departments	372	240
Water Research Commission - receivables	464 391	419 369
<b>Other receivables</b>	<b>399 257</b>	<b>1 099 445</b>
<b>Less: Provision for impairment on other receivables</b>	<b>(81 217)</b>	<b>(405 258)</b>
Carrying amount at the beginning of the period	(405 258)	(695 866)
Change In Estimates	324 041	290 608
	<b>318 040</b>	<b>694 187</b>
	<b>7 647 595</b>	<b>6 987 856</b>
<b>VAT receivable</b>	<b>-</b>	<b>171 723</b>
	<b>7 647 595</b>	<b>7 159 579</b>

The fair value of the short term receivables approximates the carrying amount of the balances due to their short-term maturity.

	2020	2019
	R'000	R'000
<b>Amounts past due not impaired</b>		
Included in the financial assets at amortised cost - trade receivables above is an amount past due but not impaired:	644 036	373 159
		-
<b>Age analysis of financial assets that are past due but not impaired:</b>		
not more than two months;	425 960	217 167
more than two months and not more than three months;	70 089	24 731
more than three months and not more than four months;	148 299	62 157
more than four months and not more than five months;	(313)	(16 472)
more than five months;	-	85 576
	<u>644,036</u>	<u>373,159</u>

Below is the entity's age analysis as at **31 March 2020**. The entity system ages the number of days that the invoices are outstanding from the date of invoice.

### 31 March 2020

Customer category	Total	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days
Bulk Payers (BP)	196	0	3	-	-	-	194
Company (C)	2,591,076	439,980	576,303	(162,985)	(10,375)	(22,769)	1,770,923
District Municipalities (DM)	1,729,621	42,759	168,221	(507)	26,680	56,141	1,436,328
Individual (I)	676,148	50,870	47,897	(120)	2,334	3,807	571,360
Irrigation Boards (IB)	363,031	48,718	26,133	(423)	(1,060)	2,138	287,524
Local Municipalities (LM)	4,603,198	98,772	428,721	(39)	66,022	199,091	3,810,631
Metropolitan Municipalities (MM)	153,924	34,050	68,965	(1,128)	8,274	23,636	20,127
National Government (N)	239,499	12,265	16,430	-	655	6,108	204,040
Provincial Government (P)	16,585	221	1,543	-	197	314	14,310
Water boards (WB)	5,829,170	814,213	1,009,533	(31,785)	56,529	127,485	3,853,195
<b>Water User Association (A)</b>	<b>1,451,983</b>	<b>146,354</b>	<b>161,938</b>	<b>(2)</b>	<b>38,833</b>	<b>115,471</b>	<b>989,390</b>
<b>Grand Total</b>	<b>17,654,432</b>	<b>1,688,203</b>	<b>2,505,685</b>	<b>(196,989)</b>	<b>188,090</b>	<b>511,422</b>	<b>12,958,022</b>
<b>31 March 2019</b>							
Bulk Payers (BP)	194	1	2	-	-	-	191
Company (C)	2,230,748	474,657	83,859	(22,152)	782	(44,694)	1,738,297
District Municipalities (DM)	1,569,845	62,478	121,549	21,984	34,237	(2)	1,329,600
Individual (I)	557,431	48,910	27,040	586	3,234	(96)	477,756
Irrigation Boards (IB)	324,543	60,149	11,811	(132)	3,310	(9,296)	258,703
Local Municipalities (LM)	3,590,594	332,304	66,965	35,733	63,430	702	3,091,460
Metropolitan Municipalities (MM)	57,785	37,778	3,589	28	876	(196)	15,710
National Government (N)	197,899	13,458	9,772	557	1,490	-	172,622
Provincial Government (P)	15,485	492	1,323	97	292	-	13,281
Water boards (WB)	5,037,052	711,724	876,329	55,229	101,604	48	3,292,117
Water User Association (A)	968,621	139,085	50,726	11,727	16,457	(18)	750,644
<b>Grand Total</b>	<b>14,550,196</b>	<b>1,881,035</b>	<b>1,252,966</b>	<b>103,656</b>	<b>225,712</b>	<b>(53,553)</b>	<b>11,140,379</b>

<b>14</b>	<b>Inventory</b>	<b>2020</b>	<b>2019</b>
		<b>R'000</b>	<b>R'000</b>
	Construction and building materials	116 919	127 250
	Consumables	10 514	10 825
	Fuel and lubricants	8 679	6 501
	Stationery	3 391	3 669
		<u>139,503</u>	<u>148,245</u>
	Construction Work In Progress	<b>2020</b>	<b>2019</b>
		<b>R'000</b>	<b>R'000</b>
<b>15</b>	Construction Work In Progress	<u>183,799</u>	<u>87,014</u>
		<u>183,799</u>	<u>87,014</u>



## 16 Property, plant and equipment

Summary	31 March 2020				31 March 2019	
	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
<b>Owned assets</b>	<b>101 734 964</b>	<b>(26 134 994)</b>	<b>75 599 970</b>	<b>100 154 565</b>	<b>(24 501 939)</b>	<b>75 652 626</b>
Assets under construction: Infrastructure assets***	7 839 330	(1 116 496)	6 722 834	6 289 023	(722 071)	5 566 952
Assets under construction - Equipment	-	-	-	139	-	139
Computer equipment	67 217	(56 580)	10 637	63 362	(53 997)	9 365
Equipment	1 490 836	(902 380)	588 456	1 492 440	(897 411)	595 029
Furniture and fittings	95 298	(77 030)	18 268	95 469	(72 192)	23 277
Infrastructure assets**	84 208 737	(23 669 973)	<b>60 538 764</b>	84 186 399	(22 446 205)	61 740 194
Infrastructure: Land	7 960 110	(245 161)	7 714 949	7 955 389	(245 161)	7 710 228
Mobile homes	66 778	(61 782)	4 996	65 727	(60 439)	5 288
Motor vehicles	6 658	(5 592)	1 066	6 617	(4 463)	2 154
<b>Leased assets</b>	<b>7 141</b>	<b>(5 249)</b>	<b>1 892</b>	<b>9 799</b>	<b>(6 161)</b>	<b>3 638</b>
Equipment	7 141	(5 249)	1 892	9 799	(6 161)	3 638
	<b>101 742 105</b>	<b>(26 140 243)</b>	<b>75 601 864</b>	<b>100 164 364</b>	<b>(24 508 100)</b>	<b>75 656 265</b>

**\*\*Infrastructure assets consist of the following categories:**

31 March 2020				31 March 2019		
Asset Class Description	Accumulated Cost 31.03.2020	Accumulated depreciation 31.03.2020	Carrying amount	Accumulated Cost 31.03.2019	Accumulated depreciation 31.03.2019	Carrying amount
Buildings	2 981 750	(1 391 849)	1 589 901	2 926 278	(1 411 291)	1 514 986
Canals	12 092 363	(5 576 857)	6 515 506	12 092 363	(5 330 019)	6 762 344
Dams	40 362 324	(8 108 721)	32 253 603	40 362 406	(7 754 519)	32 607 888
Pipelines	10 872 682	(2 996 553)	7 876 130	10 872 682	(2 675 748)	8 196 934
Pump stations	3 827 903	(1 110 966)	2 716 938	3 827 903	(948 436)	2 879 468
Tunnels	8 907 636	(2 791 212)	6 116 424	8 940 453	(2 722 473)	6 217 980
Measuring facilities	3 173 472	(1 354 372)	1 819 099	3 173 472	(1 289 060)	1 884 412
Other	1 990 607	(339 444)	1 651 163	1 990 841	(314 659)	1 676 182
	<b>84,208,737</b>	<b>(23,669,973)</b>	<b>60,538,764</b>	<b>84,186,399</b>	<b>(22,446,205)</b>	<b>61,740,194</b>

**\*\*\*Assets under construction consist of the following categories:**

31 March 2020		31 March 2019	
Asset Class Description	Carrying amount	Asset Class Description	Carrying amount
Buildings	398 829	Buildings	499 813
Canals	960 239	Canals	957 268
Dams	5 009 365	Dams	3 616 080
Pipelines	67 335	Pipelines	56 773
Pump stations	156 844	Pump stations	181 888
Tunnels	19 522	Tunnels	19 852
Roads and Bridges	38 039	Roads and Bridges	65 787
Treatment Works	25 398	Treatment Works	105 506
Other	47 263	Other	63 985
	<b>6,722,834</b>		<b>5,566,952</b>

Leased assets are encumbered by finance lease liabilities. Refer Note 21.

Assets Under Construction were halted either during the current year or previous years mainly due to disputes with Contractors and the full amount has been impaired. The total accumulated Impaired to date amount to: R1 117 Billion.

Movement 2020	31 March 2019							31 March 2020	
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Change in Estimate	Impairment	Impairment Reversal	Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Owned assets</b>	<b>75 652 626</b>	<b>1 802 671</b>	<b>(187 687)</b>		<b>(1 254 268)</b>	<b>27 271</b>	<b>-464,958.00</b>		<b>75 599 970</b>
Assets under construction: Infrastructure assets	5 566 952	1 785 123	(184 968)	(59 876)	-	-	-394,425.00	-	6 722 834
Assets under construction - Equipment	139	-	-	(139)	-	-	-	-	( )
Computer equipment	9 365	5 956	(251)	51	(7 251)	<b>2 767</b>	-	-	10 637
Equipment	595 029	8 250	(1 732)	(90)	(24 030)	<b>11 013</b>	-	-	588 456
Furniture and fittings	23 277	2 459	(692)	179	(7 881)	<b>902</b>	-	-	18 268
Infrastructure assets	61 740 194	-	-	55 155	(1 214 358)	14 059	(70 533)	-	60 538 764
Infrastructure: Land	7 710 228	-	-	4 721	-	-	-	-	7 714 949
Mobile homes	5 288	575	-	10	(404)	<b>(473)</b>	-	-	4 996
Motor vehicles	2 154	307	(44)	(10)	(343)	<b>(998)</b>	-	-	1 066
<b>Leased assets</b>	<b>3 639</b>	<b>1 074</b>	<b>(51)</b>		<b>(2 768)</b>				<b>1 892</b>
Equipment	3 638	1 074	(51)	-	(2 768)	-	-	-	1 892
<b>Total assets</b>	<b>75 656 265</b>	<b>1 803 745</b>	<b>(187 738)</b>		<b>(1 257 036)</b>	<b>27 271</b>	<b>-464,958.00</b>		<b>75 601 864</b>

Movement 2019	31 March 2018							31 March 2019	
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Change in Estimate	Impairment	Impairment Reversal	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Owned assets</b>	<b>77 718 631</b>	<b>1 372 317</b>	<b>(247 769)</b>	<b>(907 371)</b>	<b>(1 524 590)</b>	<b>27 261</b>	<b>-804,599.00</b>	<b>383</b>	<b>75 652 626</b>
Assets under construction: Infrastructure assets	8 095 443	1 348 880	-	(3 168 499)	-	-	-722,071.00	-	5 566 952
Assets under construction - Equipment	139	-	-	-	-	-	-	-	139
Computer equipment	13 035	2 684	(172)	(1)	(6 181)	-	-	-	9 365
Equipment	623 120	4 037	(1 004)	(98)	(31 026)	-	-	-	595 029
Furniture and fittings	30 839	1 424	(72)	99	(9 013)	-	-	-	23 277
Infrastructure assets	61 239 511	15 269	(246 517)	2 259 650	(1 477 615)	27 261	-82,528.00	-	61 740 194
Infrastructure: Land	7 708 367	-	-	1 478	-	-	-	383	7 710 228
Mobile homes	5 620	22	-	-	(355)	-	-	-	5 288
Motor vehicles	2 556	-	-	-	(400)	-	-	-	2 154
<b>Leased assets</b>	<b>5 446</b>	<b>1 544</b>	<b>-</b>	<b>-</b>	<b>(3 351)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 638</b>
Equipment	5 445	1 544	-	-	(3 351)	-	-	-	3 638
	<b>77 724 077</b>	<b>1 373 861</b>	<b>(247 769)</b>	<b>(907 371)</b>	<b>(1 527 941)</b>	<b>27 261</b>	<b>-804,599.00</b>	<b>383</b>	<b>75 656 264</b>

- Leased assets in the prior year were restated as a result of a change in the method of calculating the present value of lease liabilities.
- The total addition on Property Plant and Equipment includes both Cash and No\_cash Items.

The WTE pledged assets in a transaction involving assets with a carrying value R 5.6 Billion for the National Treasury SUKUK loan agreement in September 2014. Although entity assets were used WTE is not the Obligor, and there is no encumbrance on the assets as the transaction is not asset-backed but asset-based. The entity is restricted as it may not encumber these assets over the duration of the bond, nor may they be disposed without notifying the investors through National Treasury. The transaction has a finite period which ends in September 2020.

17 Intangible assets	2020	2019
	R'000	R'000
<b>Notes</b>		
<b>Summary</b>		
<b>Enduring benefit</b>	17 113 926	17 113 926
Gross carrying amount : Lesotho Highlands	15 844 203	15 844 203
Gross carrying amount : Komati Basin Water Authority (KOBWA)	1 269 723	1 269 723
Computer software	62 489	106 563
Gross carrying amount	744 109	744 019
Accumulated amortisation and impairment	(681 620)	(637 456)
	<b>17 176 415</b>	<b>17,220,489</b>
<b>Reconciliation</b>		
	17,113,926	17,113,926
<b>Enduring benefit</b>	15 844 203	15 844 203
Gross carrying amount at the beginning : Lesotho Highlands	1 269 723	1 269 723
Gross carrying amount at the beginning : KOBWA		
	62,488	106,563
<b>Computer software</b>	106 563	189 873
Gross carrying amount at the beginning	90	8 418
Additions	(53 923)	(91 728)
Amortisation and impairment	9 758	-
Change in Estimate		
	<b>17 176 415</b>	<b>17 220 489</b>

In terms of a treaty between South Africa and Eswatini as well as a treaty that of South Africa and Lesotho, South Africa has a right to receive water in perpetuity and this right is capitalised as an enduring benefit. The enduring benefit is then assessed annually for impairment. The assessment is based on any indicators that may impact the delivery of the water in terms of the agreements with these two countries (i.e.Eswatini and Lesotho). Based on the assessment performed, no impairment has been identified.

18 Payables from exchange transactions	2020	2019
Notes	R'000	R'000
<b>Current</b>		
<b>Financial liabilities at amortised cost</b>	<b>614 270</b>	<b>1 141 825</b>
Trade payables	115 112	686 506
Accruals	312 307	257 336
Amounts due to customers: <b>trade debtors</b>	<b>97 837</b>	<b>108 386</b>
Retention creditors	89 014	89 597
Water Research Commission: payables	196 502	183 240
VAT payable	251 874	-
Other payables	158 031	26 646
	4 441	16 561
Unclaimed deposits	4 435	16 555
Advances received	6	6
	<b>1 225 118</b>	<b>1 368 272</b>
<b>19 Bank Overdraft</b>	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
<b>Current</b>	<b>-</b>	<b>1 451 140</b>
Current accounts at commercial banks (PMG)	-	1 451 140

20	Employee benefits Liability	2020	2019
		R'000	R'000
	Current obligations:		
	<b>Leave benefits due</b>	<b>133 545</b>	119 328
	Carrying amount at the beginning of the period	119 328	75 460
	Current service costs	231 649	217 432
	Less: benefits utilised	(217 432)	(173 564)
	<b>Performance bonuses</b>	<b>19 288</b>	18 277
	Carrying amount at the beginning of the period	18 277	14 582
	Current service costs	19 288	18 277
	Less: benefits utilised	(18 277)	(14 582)
	<b>Service bonuses - 13th Cheque</b>	<b>54 152</b>	43 041
	Carrying amount at the beginning of the period	43 041	24 034
	Current service costs	86 466	75 355
	Less: benefits utilised	(75 355)	(56 348)
		<b>206 985</b>	<b>180 646</b>

<b>21 Finance lease liability</b>	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
Current obligation	<b>3 087</b>	2 695
Non-current obligation	<b>496</b>	1 178
Carrying amount at the end	<b>3 583</b>	<b>3 873</b>
Reconciliation of the carrying amount:		
Future minimum lease payments due:	<b>3 905</b>	4 428
Later than 5 years	-	-
Later than 1 year but less than 5 years	<b>616</b>	1 438
Less than 1 year	<b>3 288</b>	2 989
Less: Future finance charges	<b>(322)</b>	(555)
Present value of minimum lease payments	<b>3 583</b>	<b>3 873</b>

The finance lease obligations consist of various leases. The incremental borrowing rate (effective interest) was determined based on the difference between the fair value of the asset and the future minimum lease payments. Where the fair value of the asset could not be determined, the incremental rate was based on the rate of similar instruments in the market and the fair value is assumed to estimate the present value of the minimum lease payments. The effective interest rates vary between 7% and 15%. The liability is secured by the leased assets disclosed in note 16.



22	<b>Financial liabilities: Income received in advance</b>	2020	2019
		R'000	R'000
	<b>Non-current obligation</b>		
	Gross amounts due to customers: <b>Income received in advance</b>	2 559 765	1 941 383
23	<b>Financial liabilities: TCTA</b>	2020	2019
		R'000	R'000
	<b>Current obligation</b>	957 811	1 499 912
	<b>Non-current obligation</b>	17 951 996	20 398 640
	<b>Reconciliation</b>		
	Carrying amount at the beginning of the period	21 898 552	24 106 102
	<b>Additions</b>	4 831 417	5 068 840
	Construction cost	1 240 778	205 300
	Interest accrued	1 920 705	2 562 093
	Administrative costs & LHWP Royalties: TCTA	1 669 935	2 301 447
	Payments specifically allocated to liability	(7 941 494)	(7 935 037)
	Other Movements	121 332	658 648
	<b>Financial liabilities at amortised cost</b>	<b>18,909,807</b>	<b>21,898,552</b>

The liability represents the amounts owed to TCTA in accordance with various construction contracts for the development and maintenance of infrastructure assets. The effective interest rate varies per agreement and range between 4.76% and 10% p.a.

Included under Payments is cash replenishment for the Olifants River Water Resources Development Projects (ORWRD) amounting to R 215.7 Million.

24 Net cash flows from operating activities	2020	2019
	R'000	R'000
Surplus for the year	5 479 043	2 217 553
<b>Adjusted for non-cash items</b>	<b>5 266 246</b>	<b>5 584 148</b>
Employee benefits liability provisions	337 403	311 064
Depreciation, amortisation and impairment	1 738 888	2 708 965
Assets transferred at no cost	(252 160)	(549 069)
Impairment on financial assets at amortised cost	2 008 117	432 520
Interest accrued: TCTA	801 556	1 334 979
Administrative costs: TCTA	629 758	1 103 646
Loss on disposal of fixed assets	2 684	242 043
<b>Additional cash items</b>	<b>(311 064)</b>	<b>(244 494)</b>
Employee benefits utilised	(311 064)	(244 494)
<b>Operating cash flows before working capital changes</b>	<b>10 434 225</b>	<b>7 557 207</b>
<b>Working capital changes:</b>	<b>(2 108 948)</b>	<b>(2 697 953)</b>
(Increase) in receivables from exchange transactions	(2 496 133)	(2 155 566)
(Increase)/decrease in inventories/Construction work in progress	(88 043)	222 822
(Decrease) in payables from exchange transactions	(143 154)	(1 033 339)
Increase/ in deferred revenue	618 382	268 130
<b>Net cash from operating activities</b>	<b>8 325 277</b>	<b>4 859 255</b>

25	<b>Budget information</b>	<b>2020</b>	<b>2019</b>
		<b>R'000</b>	<b>R'000</b>
	<b>Reconciliation between budget deficit and statement of financial performance</b>		
	Budget surplus (deficit)	<b>6 219 121</b>	2 849 659
	Project expenditure	<b>(855 315)</b>	(619 720)
	Surplus/(deficit) for the year per Statement of financial performance	<b>5 479 043</b>	2 229 939

#### 25.1 BASIS OF PREPARATION OF BUDGET COMPARISON STATEMENT

The Basis of preparation of the budget during 2019/20 financial year is not the same with preparation of the statement of financial performance. The project expenditure of R855 million funded from augmentation fund, Rehabilitation and Refurbishment and Rehabilitation of Conveyance System are reported on the Statement of Financial Position.

#### 25.2 REASON ON THE REVENUE VARIANCE

The favourable variance on revenue performance can be attributed the efforts made by the entity to improve the billing efficiency for water sales and interest charged on overdue customers' accounts

#### 25.3 REASON ON THE EXPENSES VARIANCE

The favourable variance is due to the fact that there was no travel agent appointed for a portion of the 2019/20 financial year and this has negatively affected spending on operational expenses. The maintenance, repairs and running costs reflect a low spending due to the lack of term contract(s) for maintenance and repairs.

#### 25.4 REASON ON THE PROJECTS EXPENDITURE VARIANCE

The under spending on revenue funded capital projects is due to the fact that there is no maintenance contractor in place to execute refurbishment and betterment projects.

26 Financial instruments		2020	2019
		R'000	R'000
<b>Carrying amounts per category</b>			
The total carrying values of the various categories of financial assets and financial liabilities at the reporting date are as follows:			
<b>Financial assets at fair value</b>			
Cash and cash equivalents	12	1,063,048	197
Financial assets at amortised cost		7 647 595	6 987 856
Receivables from exchange transactions	13	7 647 595	6 987 856
<b>Total financial assets</b>		<b>8 710 643</b>	<b>6 988 053</b>
<b>Financial liabilities at amortised cost</b>			
Payables from exchange transactions	18	1 225 118	1 368 272
Other financial liabilities	23	18 909 807	21 898 552
Bank Overdraft	19	-	1 451 140
<b>Total financial liabilities</b>		<b>20 134 925</b>	<b>24 717 964</b>
Net losses included in the statement of financial performance on amortised receivables		<b>2 008 117</b>	<b>432 520</b>

Exposure to continuously changing market conditions has highlighted the importance of financial risk management as an element of control for the WTE. The WTE finances its operations primarily from cash receipts from customers and augmentation income received from the government. There are primarily two financial risks that the WTE faces namely credit and interest rate risk.

### Interest rate risk exposure

The WTE has an obligation to settle the cost incurred by TCTA for the construction of infrastructure on its behalf. Due to the long term nature of these projects, the WTE is exposed to changes in the interest rates relating to these borrowings as the amounts to settle its obligation to the TCTA is dependent on the interest rates. The effective interest rate for the current period amounted to approximately 15.90% (2019: 23%). Finance leases are discounted at the interest rates implicit in the lease and do not expose the WTE to any further risk as the rates are fixed for the term of the lease. The short term payables expose the WTE to a very limited risk of losses as a result of fluctuations in interest rates. The WTE endeavours to comply with the PFMA requirements to settle its debt within 30 days of receipt of an invoice.

### Credit risk exposure

#### Receivables and prepayments

Potential areas of credit risk consist of trade accounts receivable and cash investments.

Accounts receivable consists mainly of government owned institutions and government owned entities.

The WTE monitors the ageing of debtors on an ongoing basis and engages their customers where there is an indication of possible problems with regard to recovery from customers. Provision is made for specific bad debts and at the end of the financial year management did not consider there to be any material credit risk exposure that was not already covered by the impairment provision.

## Cash and cash equivalents

Cash investments are investments made by the entity with the South African Reserve Bank and credit risk is considered to be acceptably low. Short-term deposits are held in the Corporation for Public Deposits (CPD) as required by the Treasury Regulations.

	2020	2019
	R'000	R'000
Maximum credit risk exposure		
<i>Cash and cash equivalents</i>	1,063,048	197
Receivables	7 647 595	6 987 856
	<b>8 710 643</b>	6 988 053
<b>% of total financial assets</b>	<b>100.0%</b>	100.0%

### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

### Contractual maturities of non-derivative financial liabilities are:

Due within 30 days	1,225,118	1,035,186
Later than one month but not later than 12 months	1,167,883	3,013,886
Later than one year but not later than 5 years	10,771,694	12,608,222
Later than 5 years	7,180,798	8,619,274

The amounts to be paid within 30 days relate mainly to trade and other payables. Amounts due after 30 days include payments due to TCTA that are measured at amortised cost. These payments may vary for certain projects as they are based on actual water sales and are subject to change due to changes in the interest rates. TCTA has various loans with commercial banks that expose the WTE to liquidity risk.

<b>27</b>	<b>Related party transactions</b>	<b>2020</b>	2019
		<b>R'000</b>	R'000

**27.1 Related party relationships and control**

The WTE is controlled through the Department of Water & Sanitation at National Government level.

As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.

<b>27.2</b>	<b>Related party transactions and outstanding balances</b>	<b>2020</b>	2019
		<b>R'000</b>	R'000

**27.2.1 Department of Water & Sanitation**

Revenue from non-exchange transactions	2 058 292	1 971 242
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The Water Trading Entity (WTE) operates within the Department and does not have its own Accounting Officer; its responsibilities are shared by different branches within the Department.

The Department of Water and Sanitation incurred some operating expenditure on behalf of the WTE which include, but is not limited to, rent for office space, internal audit cost, IT cost and other administrative costs (including cost related to the business restructuring process). A reliable estimate cannot be made for these services rendered.

<b>27.2.2</b>	<b>Water Research Commission</b>	<b>2020</b>	2019
		<b>R'000</b>	R'000

Revenue from exchange transactions	-	174 217
Outstanding balances - receivables from exchange transactions	464 391	419 369
WRL payment	117 364	118 273
Outstanding balances - payables from exchange transactions	-	182 162

Water Research Commission and WTE both report to the Minister of Water and Sanitation. WTE performs the billing and collection of revenue on behalf of Water Research Commission (i.e. Agent-Principal Relationship).

**27.2.3 Trans-Caledon Tunnel Authority (TCTA)** **2020** **2019**

The following transactions were carried out with TCTA:

Construction activities	<b>1 240 778</b>	205 300
Finance cost	<b>1 920 705</b>	2 562 093
Administrative costs & LHWP Royalties: TCTA	<b>1 669 935</b>	2 301 447

Outstanding balances - amount due to TCTA	<b>18 909 807</b>	21 898 552
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**27.2.4 Eskom** **2020** **2019**

**R'000** **R'000**

The following disclosable items were carried out with Eskom:

Revenue from exchange transactions	<b>1 782 646</b>	1 738 206
Outstanding balances - receivables from exchange transactions	<b>569 570</b>	-
Payment of electricity	<b>411 897</b>	417 106
Outstanding balances - payables from exchange transactions	<b>39 056</b>	21 098

The amounts billed for the above revenue received from Eskom is based on the actual operations and maintenance cost incurred and not the budgeted operations and maintenance cost included in the water tariffs applicable to other users.

Eskom receives 60 days to pay for water related services instead of the normal 30 days. WTE pays Eskom for pumping costs relating to water within 15 days.



<b>27.2.5</b>	<b>Rand Water</b>	<b>2020</b>	<b>2019</b>
		<b>R'000</b>	<b>R'000</b>

The following disclosable items were carried out with Rand Water:

**Sale of water services**

Revenue from exchange transactions	<b>5 848 885</b>	5 539 609
Finance revenue (discounting)	<b>49 563</b>	-
Gross amount billed	<b>5 898 449</b>	5 539 609
Outstanding balances - receivables from exchange transactions	<b>1 089 491</b>	1 012 329
Gross amount due	<b>1 098 723</b>	1 020 906
Less: Effect of discounting	<b>(9 232)</b>	(8 577)

Rand Water (a Water Board) and WTE both report to the Minister of Water and Sanitation. Rand Water receives 60 days to pay for water related services instead of the normal 30 days.

<b>27.2.6</b>	<b>Inkomati Catchment Management Agency</b>	<b>2020</b>	<b>2019</b>
		<b>R'000</b>	<b>R'000</b>

The following arm's length disclosable items were carried out with Inkomati Catchment Management Agency:

Inkomati Usuthu CMA: amount paid for the period	<b>80 357</b>	118 000
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Inkomati Catchment Management Agency and WTE both report to the Minister of Water and Sanitation. Inkomati Usuthu CMA was established as a vehicle to manage Water Resources at the Catchment level with the involvement of all stakeholders within the management area and in turn the Department through WTE augment their budget to cover their operational costs

27.2.7	<b>Breede-Gouritz Catchment Management Agency (BGCMA)</b>	<b>2020</b>	2019
		R'000	R'000

The following arm's length disclosable items were carried out with Breede-Gouritz Catchment Management Agency:

Breede Gouritz CMA: amount paid for the period	44 848	65 800
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Breede Gouritz Catchment Management Agency and WTE both report to the Minister of Water and Sanitation. Breede Gouritz CMA was established as a vehicle to manage Water Resources at the Catchment level with the involvement of all stakeholders within the management area and in turn the Department through WTE augment their budget to cover their operational costs.

#### 27.2.8 **Entities under control of the Minister of Water and Sanitation**

The following Water Boards and Agencies are under the common control of the Minister of Water and Sanitation. WTE bills the Water Boards under arm's length transactions in order to recover water infrastructure related charges. The following items were carried out with these entities:

Entity Name	Revenue from exchange transactions		Outstanding balances - receivables from exchange transactions		Payments made by WTE to the entity		Outstanding balances - payables from exchange transactions	
	2020	2019	2020	2019	2020	2019	2020	2019
Amatola & Albany Coast Water Board	56,265	118,471	145,995	175 003	14 129	14 458	-	-
Bloem Water Board	30,429	25,055	49,461	29 918	634	652	39	164
Mhlathuze Water Board	62,765	64,289	71,668	11 701	89 237	81 574	-	45 681
Overberg Water Board	418	422	327	1 004	-	-	-	-
Sedibeng Water Board	367,350	332,730	3,527,839	2 911 827	-	-	5 112	5 112
Lepelle Northern Water Board**	54,607	38,039	7,428,187	167 460	4 794	16 368	22 927	22 927
Magalies Water	78,274	51,677	159,239	167 460	-	-	-	-
Umgeni Water Board	884,076	480,820	179,392	215 251	4 145	4 850	-	194
Uthukela Water	36,086	31,146	341,151	286 860	-	-	-	-

\*\*The above project payment costs to Lepelle Northern Water Board include amounts paid for Mopani Municipality emergency project: Bambanana Bulk Pipeline project; raising of Nwamitwa dam and raising of Tzaneen dam.

**27.2.9 Komati Basin Water Authority (KOBWA)** - Is managed by the treaty between the South African Government and the eSwatini Government. The treaty resulted in KOBWA constructing Maguga and Driekoppies Dam. WTE has the right of use of water supply from Driekoppies dam.

**Water User Associations (WUAs)** - There are 222 WUAs under the common control of the Minister of Water and Sanitation. WTE bills the WUAs under arms' length transactions in order to recover water infrastructure related charges.

## 28 Key management personnel remuneration

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.

31 Mar 2020	Basic salary	Termination Benefits	Other short term employee benefits	Post-employment benefits	Total
R'000					
Ms Mathe ZY - Deputy Director General	966	-	519	126	1 611
Mr Swart HJ-Construction Manager	1 394	-	464	181	2 039
Arumugam S - Chief Director	876	-	321	114	1 311
Mr Manus LAV - Chief Director	820	-	549	107	1 475
Mr Mudau TN - Chief Director	-	-	-	-	-
Mr Nel P - Chief Director	902	-	303	117	1 322
Ms Nkomo RM - Chief Director	-	-	-	-	-
Ms Mkhabela GV - Chief Director	942	-	288	123	1 353
	<b>5 901</b>	<b>-</b>	<b>2 444</b>	<b>767</b>	<b>9 112</b>

31 Mar 2019	Basic salary	Termination Benefits	Other short term employee benefits	Post-employment benefits	Total
R'000					
Ms Mathe ZY - Deputy Director General	881	-	502	115	1 498
Mr Swart HJ-Construction Manager	1 278	-	390	166	1 834
Arumugam S - Chief Director	833	-	283	108	1 224
Mr Manus LAV - Chief Director	746	-	436	97	1 279
Mr Mudau TN - Chief Director	429	-	236	56	721
Mr Nel P - Chief Director	858	-	291	112	1 261
Ms Nkomo RM - Chief Director	429	-	243	56	728
Ms Mkhabela GV - Chief Director	858	-	260	112	1 229
	<b>6 311</b>	<b>-</b>	<b>2 643</b>	<b>820</b>	<b>9 773</b>

**Key management personnel remunerated through Department of Water & Sanitation - Main account**

The following officials are also considered to be key management personnel. These officials are paid by the Department of Water & Sanitation - Main account.

<b>Official</b>	<b>Position</b>
Mr M Tshangana	Acting Director General
Mr Frans Moatshe	Acting Chief Financial Officer
Mr Thabiso Toka	Acting Chief Director

The following key management personnel officials have terminated their services in the previous financial year that ended 31 March 2019.

<b>Official</b>
Mr TN Mudau
Ms MR Nkomo

29 Capital commitments	Notes	2020	2019
		R'000	R'000
Capital commitments		<b>1,546,233</b>	2 325 408
Operational commitments		<b>349,781</b>	236 740
Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.		<b>1 896 013</b>	<b>2 562 148</b>

**Commitments per category:****Operational and Capital commitments**

Inventory Commitments	<b>1,545</b>	1,049
Other Operating Commitments	<b>348,236</b>	235,691
<b>Total</b>	<b>349 781</b>	<b>236,740</b>

**Capital Commitments**

PPE: Assets Under Construction	<b>485,017</b>	1,137,495
PPE: Computer Equipments	<b>1,418</b>	451
PPE: Equipment	<b>2,554</b>	485
PPE: Furniture	<b>128</b>	403
PPE: Infrastructure Assets	<b>1,057,115</b>	1,186,574
	<b>1 546 233</b>	<b>2,325,408</b>
<b>Grand Total</b>	<b>1 896 013</b>	<b>2 562 148</b>

The amounts disclosed above for capital commitments exclude VAT.

<b>30</b>	<b>Operating lease commitments</b>	<b>2020</b>	<b>2019</b>
		<b>R'000</b>	<b>R'000</b>

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 2020 are as follows:

**Residential Buildings :**

Due within 1 year	3 923	6 976
Due later than 1 year but less than 5 years	-	-
Greater than 5 years	-	-
<b>Total minimum lease payments</b>	<b>3 923</b>	<b>6 976</b>

31	<b>Contingent liabilities</b>	2020	2019
		R'000	R'000
31.1	<b>Claims against the State</b>		
	<b>Legal claims against the department of water &amp; sanitation.</b>		
31.1.1	JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd	1,006	1,006
31.1.2	Neethling N. O. and Others vs. Department of Water and Sanitation	16,647	16,647
31.1.3	Mogotleng Kgophane vs. DWS	1,000	1,000
31.1.4	Londiwe Nokuphiwa Ngcambu/DWS and Bicanon (Pty) Ltd	13,121	13,121
31.1.5	Roelof Jacobs vs. DWS and Bloemwater	1,862	1,862
31.1.6	Seeletso vs. DWS	8,307	8,307
31.1.7	Old Mutual Insureobo of their client/DWS	223,647	223,647
31.1.8	Basfour 2944 (Pty) Ltd T/A Hamba Nathi Travel v DWS	1,722	-
31.1.9	Other claims against the state	4,122	4,657
		271,435	270,247

Several companies have laid claims against WTE of which the outcome is still uncertain and the summary of nature of the above cases is as follows :

- 31.1.1** JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd where the Plaintiff sues both Defendants (RBF Engineering and the Department) for services rendered in terms of a contract for the supply, manufacture, delivery, installation, testing and commissioning by the Plaintiff and RBF of MV and LV Electrical installation for Tugela-Mhlathuze Emergency Transfer following a tender process. The matter pertains to 1998; the department is defending the matter. The instructions to the State Attorney sent on 18/12/2014 to advise whether the Department should bring an application for dismissal for the delay in prosecuting this matter and to have this matter finalized. The State Attorney advised that DWS should pend this matter until such time there is a reaction from the Plaintiff.
- 31.1.2** Neethling N. O. and Others vs Department of Water and Sanitation. The Department has been joined as 3rd Party. The claim relates to misrepresentation of water rights and the 1st & 2nd Respondents have conceded to the merits of the case. Matter postponement for the settling of the quantum. Matter originated in 2013. The 1st & 2nd Defendants have conceded to the merits of the case and matter postponed sine die to determine quantum. The matter is set down for argument of the quantum from 11-15 September 2017 in the Kimberley High Court.
- 31.1.3** Mogotleng Kgophane v DWS Matter originated in 2016. Motor vehicle collision involving DWS employee. DWS is defending the matter, notice of intention to defend filed and consultation with Counsel, State Attorney and DWS officials confirmed for 6 April 2017 to prepare to draft our plea.



- 31.1.4** Lodiwe Nokuphiwa Ngcambu DWS/Bicanon (Pty) Ltd. The matter emanates from a contractual dispute between Bicanon (Pty) Ltd and Lodiwe Nokuphiwa Ngcambu for the payment of invoices. The Department entered into a Contract with Bicanon to address shortcomings of water services and infrastructures in Nongoma in Msinga District of KwaZulu Natal. Bicanon then appointed Lodiwe Nokuphiwa Ngcambu as sub- contractor to supply materials and to render services for the two Projects. The DWS has no contract with Ms Ngcambu but since the two Projects were for the DWS then the DWS was dragged to these proceedings.
- 31.1.5** Roelof Jacobs vs DWS. The applicant is suing the Department for damages caused to his property as a result of fire which allegedly started from property of the Department
- 31.1.6** Seeletso vs DWS. The Plaintiff served the Department with summons claiming damages following cancellation of contract due to non-performance.
- 31.1.7** Old Mutual legal claim for damages due fire that started in Cypherfontein farm no (T74351/2007). The farm is owned by DWS and its situated west of the city of Port Elizabeth. The fire spread to several properties of their clients.
- 31.1.8** Basfour 2944 (Pty) Ltd T/A Hamba Nathi Travel claim for payment of invoices in respect of services allegedly rendered to the DWS by the plaintiff and the DWS is still investigating the matter.
- 31.1.9** Other claims against the state - WTE is the defendant to various small claims below an amount of R1 million each against it instituted by various companies.

Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R271.435 million excluding interest of approximately R19.001 million at current lending rate of 7.00%.

32	Contingent assets	2020	2019
		R'000	R'000
	<b>Legal claims and possible receivables</b>		
32.1	Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr Bokhutlo Senokwane.	2,843	2,843
32.2	Department of Water and Sanitation vs. Metrics Industrial Supplies CC.	30,000	30,000
32.3	Department of Water and Sanitation vs. Bodust Trading Enterprise CC.	336	336
32.4	DWS vs Sehlagola Nko Ditedu Trading Enterprise CC.	-	2,765
32.5	DWS vs Martin Nero.	-	82
		<b>33,179</b>	<b>36,026</b>

The WTE have legal claims against several companies of which the outcome is still uncertain :

- 32.1 Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane - relates to fraud committed by Mr. Bokhutlo Senokwane against the Department whilst under the employment of DWS contractor (T-Systems (Pty) Ltd). The Department did not accept the settlement offered and has made a counter settlement.
- 32.2 DWS vs Metric Industrial Supplies cc. The department issued summons arising from fraudulent invoices in which the Defendant was paid money for services it did not render. Further consultation with Counsel will take place to amend the particulars of the claim.
- 32.3 DWS vs Bodust Trading. The Department issued summons against Bodust Trading as the Department had erroneously made a payment into the bank account of the Respondent who appears on the database of the Department.
- 32.4 DWS vs Sehlagole Nko Ditedu Trading Enterprise cc. The DWS has filed Review Application with the High to set aside the award awarded to Sehlagola Nko Ditedu Trading Enterprise in respect of the Contract. In turn the Respondent has filed an application to direct the DWS to issue a Purchase Order iro the award. DWS has filed notice to oppose the application. Sehlangola has applied to the High Court for the consolidation of the two cases.
- 32.5 DWS issued a letter of demand for the amount paid for petrol, toll gates and kilometres as a result of misuse of state vehicle.

It is worthy of noting that the treaty between Governments of Lesotho and RSA states that in the event of adjustments to the minimum annual quantities of water specified in annexure 2 of the Treaty, the net benefit shall be recomputed. However, the minimum annual quantities of water have been adjusted to an amount other than that which is specified in Annexure 2 of the Treaty, and there was not re-computation of the net benefit, which is a base of determining the royalties amounts payable. As a result, there is a probable receivable emanating from a possible overpayment to date of the fixed portion of the royalties paid and payable by RSA to Lesotho.

<b>33 Irregular expenditure</b>	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
<b>33.1 Reconciliation</b>		
Opening balance	7 586 887	5 564 313
Prior period error	-	( 519 157)
<b>As restated</b>	<b>7 586 887</b>	<b>5 045 156</b>
Add: Irregular expenditure - current year	142 146	616 026
Add: Irregular expenditure - prior year	-	1 948 772
Less: Condoned or written off by relevant authority	-	( 23 068)
Less: Transfer to receivables for recovery – not condoned	-	-
<b>Irregular expenditure awaiting condonation</b>	<b>7 729 033</b>	<b>7 586 887</b>
Analysis of expenditure awaiting condonation per age classification		
Current year	142 146	616 026
Prior years	7 586 887	6 970 860
<b>Total</b>	<b>7 729 033</b>	<b>7 586 887</b>

**33.2 Details of Irregular Expenditure**

Incident	Disciplinary steps taken/criminal proceedings	2020 R'000	2019 R'000
Services to support and maintain SAP ECC not procured through SITA	Under investigation	22 845	62 969
Deviations approved not in accordance with Treasury Regulations	Under investigation	-	148 035
Award of bid not in accordance with approved specification	Under investigation	71 042	94 150
The Departmental Bid Adjudication Committee quorum was not obtained	Under investigation	-	70 255
Change of scope of work after award and not all members of BEC were approved	Under investigation	-	25 700
No declarations were made by the directors that they are employed by the state	Under investigation	-	25 300
Procurement above R500 000 not done through competitive bidding (National Treasury is to provide further clarity regarding the definition of consultancy services)	Under investigation	-	979
Contract awarded with no end date	Under investigation	11	14
Expenditure exceeding original excess of the approved contract or quoted amount or no contract in place or contract expired	Under investigation	-	1 095
Bid evaluation not consistent with the approved evaluation criteria	Under investigation	3 353	2 410
Procurement approved by person not having delegations to approved the deviations	Under investigation	21	-
TCTA Procurement that did not follow the correct SCM process	Under investigation	1 505	36 909
SCM Process not followed- Winning bidder not awarded as they were not registered with CSD	Under investigation	-	24
Contract varied by more than 20% without National Treasury pre-approval	Investigation to be conducted	43 089	526

Kickbacks and irregular procurement	Disciplinary action to be taken		
Procurement through a quotation which exceeded the quotation threshold of R500 000	Under investigation	210	919
There was no provision of CPIX initially included in the principal contract and tender documents, however management agreed and signed an addendum for additional payments which are not justified	Investigation to be conducted	-	18 225
Not Annexure B of Finance Circular 1 of 2015 - Payment made through sundry	Under investigation	70	121 529
SCM Process followed not in line with SCM Prescripts	The official has since left the department	-	6 987
		<b>142 146</b>	<b>616 026</b>

The irregular expenditure amount was adjusted with prior year expenditure incurred in 2017/2018 of payments made through sundry.

### 33.3 Details of Irregular Expenditure

Incident	Condoned by (condoning authority)	2020 R'000	2019 R'000
Advanced payment was done whereas provision was not made for such in the conditions of contract. Officials did not have delegations to approve payments.	Director-General	-	-
Expenditure exceeding original contract amount/or no contract in place	Director-General	-	-
Use of transversal contract illegally	Director-General	-	-
Procurement of goods and services without following the proper SCM procedures	Director-General	-	(23 068)
Request for ex post facto approval	Director-General	-	-
Splitting of orders to circumvent SCM policies and procedures	Director-General	-	-
Non-compliance with Treasury Regulation for the procurement in excess of R500 000,00		-	-
		-	(23 068)

34 Fruitless and Wasteful expenditure	2020 R'000	2019 R'000
<b>Reconciliation</b>		
Opening balance	1,716,326	1,023,702
Prior period error	-	-
<b>As restated</b>	<b>1,716,326</b>	<b>1,023,702</b>
Add: Fruitless and wasteful expenditure - current year	565,728	692,624
Add: Fruitless and wasteful expenditure - prior year	-	-
Less: Condoned or written off by relevant authority	(1 427 740)	-
Less: Transfer to receivables for recovery (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
<b>Fruitless and wasteful expenditure closing balance</b>	<b>854,313</b>	<b>1,716,326</b>

Incident	Disciplinary steps taken/criminal proceedings		
Losses incurred relating to external projects	Transaction under investigation	223,010	168,500
Abnormal costs incurred relating to internal projects	Transaction under investigation	305,986	498,518
Interest expenditure incurred on overdue accounts paid to Eskom, municipalities, etc.	Transaction under investigation	248	121
Interest expenditure incurred on the expropriation of land	Transaction under investigation	19,423	8,929
Interest expenditure incurred on overdue accounts paid to banks for petrol cards	Transaction under investigation	34	63
Interest expenditure incurred on pension pay-out	Transaction under investigation	1	17
Mopani emergency project	Transaction to be investigated	16,892	13,864
Expenditure Incurred on the appointment of the approved professional person (APP)	Transaction to be investigated	-	2,265
Interest expenditure incurred on overdue accounts paid to Professional Service Providers (PSP)		134	347
		<b>565,728</b>	<b>692,624</b>

The interest expenditure incurred on overdue accounts to Eskom is under deliberation and the Department has engaged with Eskom to reverse the interest charged where the Department has paid within 15 days of receipt of Eskom invoices.

### 35 Adjustments from prior periods error

During the current year the WTE has discovered various omissions that relate to prior years. These omissions represent prior period accounting errors which in terms of GRAP standard must be accounted for retrospectively in the WTE Annual financial statements for the year that ended 31 March 2020. 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 relate to the following items:**

**Property, Plant and Equipment (PPE) - Infrastructure assets** - The infrastructure projects were completed in prior year but cost and depreciation relating to these were not transferred from AUC to the asset register due to insufficient documentation available to inform the necessary transfer. These costs and depreciation amounts were included as additions in the current financial period and then classified in the correct accounting period using adjustment journals. This resulted in the increase in PPE cost by R223.232 million where R155.878 million was for the 2016/17 financial year, R32.197 million was for the 2017/18 financial year and R35.157 million was for the 2018/19 and also an increase in Depreciation on PPE of where R232,267 million was for the 2016/17 financial year, R155,337, R37.863 million was for the 2017/18 financial year and R39.066 million was for the 2018/19.

**Finance cost** - The finance cost was adjusted in line with the financial models from TCTA in respect of Acid Mine Drainage and the interest portion has been included in the current liabilities.

**Impairment on financial assets** - In comparison with the previous financial years, the increased provision for Impairment is due mainly as a result of Covid-19 Provision and International Monetary Fund Economic Outlook for South Africa (-8% as at June 2020).

**Operating expenditure** - These are mainly TCTA Acid Mine Drainage project invoices accrued in 2017/18 period of R287.283 million that were erroneously not accrued and R1.149 billion for 2016/17 that was previously capitalised in error that in fact relate to repairs and maintenance. These adjustment(s) impacted on accumulated surplus/s opening balance.

**Other financial liabilities current and non-current** - The Trans Caledon Tunnel Authority (TCTA) made amendments to the projects financial models. The opening balances were restated as per 2018/19 restated financial models from TCTA. The adjustment is a re-allocation between current and non-current financial liabilities and it impacted the opening balance of liabilities in the statement of financial position.

**Income received in advance: non-current** - Water Trading Entity made adjustment, which is the re-allocation the entire current to non-current financial liabilities. This has impacted the opening balance of financial liabilities: Income received in advance in the statement of financial position.

**Payables from exchange transactions current** - These are mainly TCTA Acid Mine Drainage project invoices accrued in 2016/17 period of R76.488 million that were erroneously not accrued. R630.444 million is due to the contract closure, cancelled accounts, revenue accrual adjustments that impacted on Water Research liability. The adjustment(s) impacted on payables from exchange's opening balances. This has also been impacted by an increase in Income received in advance relating to the TCTA LHWP2 project.

**Construction work** - This is a loss on construction work performed in previous years on both internal and external work. The amount is for construction loss due to expenditure not to be recovered by construction unit within the department.

**Receivables from exchange transactions** - The decrease in trade receivables of R997.482 million for 2017/18 and R266.627 million for 2016/17 is due to the closed, contract closure, cancelled accounts, revenue accrual reversals and prior billings/adjustments that were accounted for in the current year that relate to prior years and this has been back dated back to prior years. The adjustment(s) impacted on Receivables from exchange transactions' opening balances.

**Revenue from exchange transactions** - The amount of R369.456 million for 2017/18 and R1.583 billion for 2016/17 is due to the closed, contract closure, cancelled accounts, revenue accrual reversals and prior billings/adjustments that were accounted for in the current year that relate to prior years and this has been back dated back to prior years. This has also been impacted by the reduction in revenue emanating from an increase in Income received in advance. The adjustment(s) impacted on accumulated surplus's opening balances.

**TCTA Capital commitment** - The inclusion of TCTA Capital Commitment of 2018/19 on the AFS disclosure note was due to the correction of prior year as per GRAP 17 since it the first time TCTA Capital Commitment has been included in the department financial report.

**Irregular expenditure** - The revise disclosure note that indicated the prior period error (TCTA) March 2018 irregular expenditure was misstated therefore will be corrected as soon we receive the 2018 TCTA AFS. This different is included in the AFS for 2019/2020 hence forth will be corrected backwards.

<b>The impact of these errors is summarised below and the details are as follows:</b>	<b>2020</b>	<b>2019</b>
	<b>R'000</b>	<b>R'000</b>
<b>Increase/(Decrease) in assets</b>	<b>1 010 821</b>	<b>174 051</b>
(Increase)/Decrease in liabilities	<b>890 093</b>	<b>(516 007)</b>
Increase/((Decrease) in net assets	<b>1 900 914</b>	<b>(341 956)</b>
 <b>Represented by:</b>		
(Increase)/Decrease in accumulated surplus:		
(Increase)/Decrease in revenue	<b>(523 454)</b>	<b>164 025</b>
Increase/(Decrease) in expenses	<b>563 923</b>	<b>177 932</b>
<b>Effect on surplus/deficit</b>	<b>40 469</b>	<b>341 956</b>
<b>Effect on opening reserves</b>	<b>341 956</b>	<b>-</b>
	<b>382 425</b>	<b>341 956</b>



**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	(120 507)	-
Other financial liabilities: non-current	(1 048 774)	-
Income received in advance: non-current	(1 941 383)	-
Payables from exchange transactions: current	2 059 373	(516 007)
Property, plant and equipment	(663 105)	(193 201)
Provisions: current	-	-
Receivables from exchange transactions_current	1 673 926	367 252
	<b>(40,469)</b>	<b>(341,956)</b>
Depreciation, amortisation and impairment	663 105	177 932
Finance cost	(85 016)	-
Impairment on financial assets	(630 780)	-
Operating expenditure	616 614	-
Revenue from exchange transactions	(51 043)	148 755
Revenue from non-exchange transactions	(472 411)	15 270
Profit/Loss on disposal of fixed assets	-	-
	<b>40,469</b>	<b>341,956</b>
Effect on opening reserves	341 956	-
	<b>382,425</b>	<b>341,956</b>

**DEPARTMENT OF WATER AND SANITATION**

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