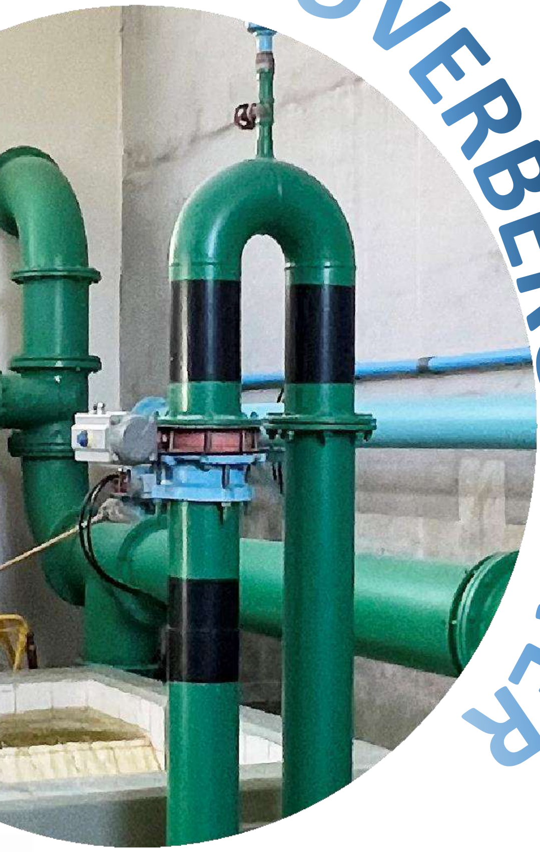

OVERBERG WATER

2024/2025

ANNUAL REPORT

*"When the well is dry,
we know
the worth
of water".*

By Benjamin Franklin

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OVERBERG WATER

LETTER FROM THE ACCOUNTING AUTHORITY

P.O. Box 1005
Somerset Mall
7137

The Minister of Water and Sanitation
Private Bag X313
PRETORIA
0001

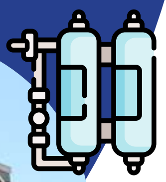
Dear Honourable Minister

On behalf of the Overberg Water Board, it is with pleasure to present to you Minister the 2024/25 Annual Report of the Overberg Water Board for the year ended 30 June 2025.

Yours faithfully

ACCOUNTING AUTHORITY

OVERBERG WATER'S STRATEGY



Overberg Water's strategy comprise of five outcomes and long-term sustainability. The sustainability is about both financial and geographical expansion. In order to reach its desired state of being the following strategic positions are enablers:

Strategic Position:

1. Provide reliable and sustainable bulk water services provision to all current clients in the Overberg Area and the rest of the Western Cape Province.
2. Reposition Overberg Water Board as the implementing agent of choice to DWS and Municipalities in the Western Cape.
3. Pursue revenue and geographical growth to cover the Western Cape Province (water management areas) of the Republic of South Africa.
4. Ensure financial sustainability by maintaining current client base while investing in business development which aims at securing management and maintenance of bulk water services provision in municipalities within the Western Cape Province (water management areas).
5. Ensure aggressive investment in communications and stakeholder involvement programmes of Overberg Water throughout the Western Cape and beyond.
6. Invest in business process mapping and management (internal processes and operations)
7. Invest in human capital development / succession planning to ensure organisational continuity.
8. Consolidate resources by pursuing strategic partnerships with all key stakeholders in the Western Cape Province.
9. Utilise infrastructure delivery as a vehicle for contributing to local economic growth in the project areas.
10. Investing and exploration in alternative sources of water and energy.

Strategic Actions

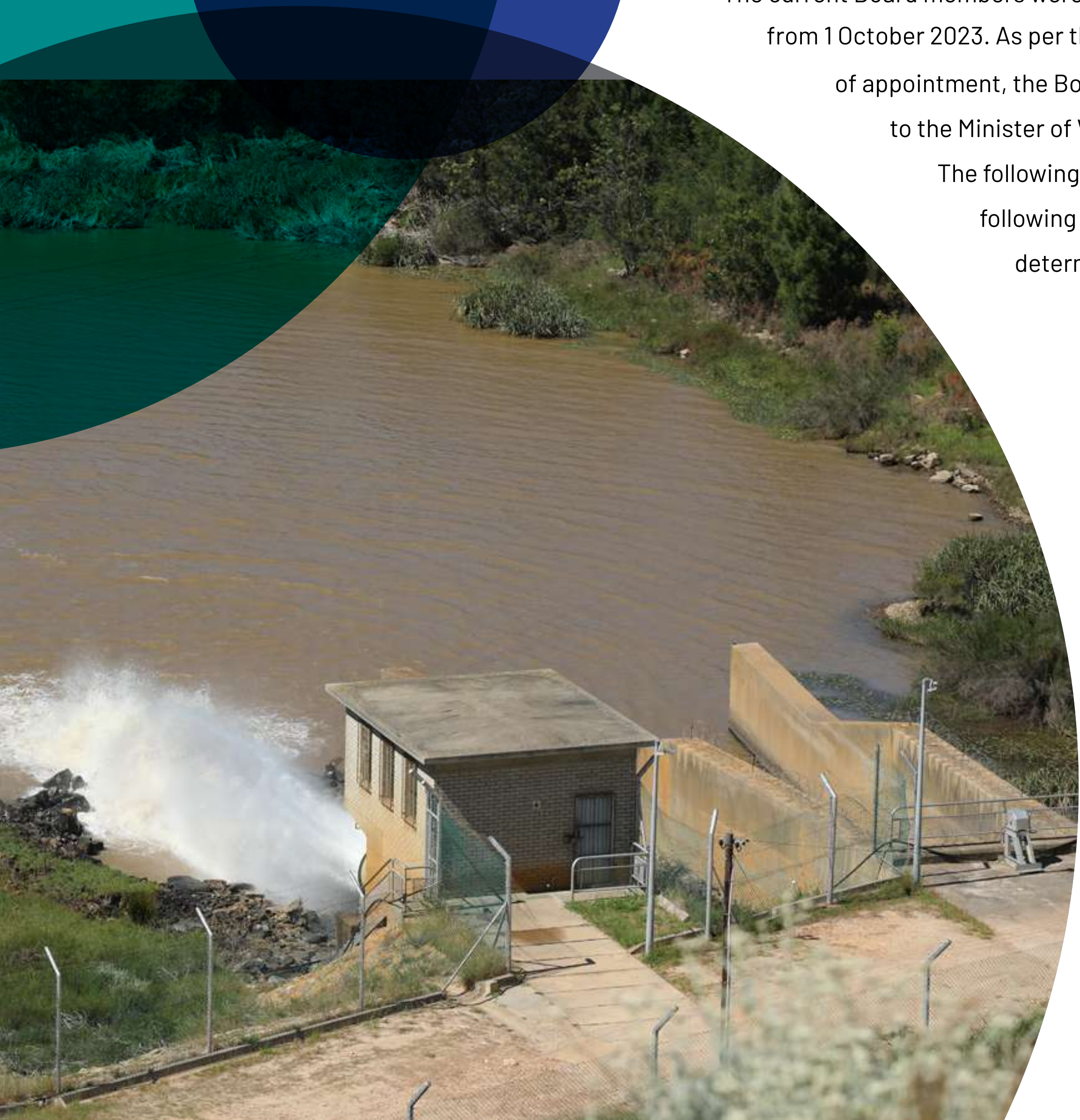
The strategic positions forms part of some of the key performance indicators as per the set strategic goals. The strategic goals are informed by the Department of Water and Sanitation key strategic areas, the National Development Plan and the overall National and Provincial Priorities.

IMPLEMENTATION OF STRATEGIC POSITIONS

SP 1	1.1	To develop, review and update annual maintenance plans as a means towards reliable water services provision.
	1.2	Ensure development of the implementation plans as per the repair and maintenance plans.
	1.3	Forge strategic partnership with the following municipalities: Beaufort West, Matzikama, Cederberg, Swartland.
	1.4	Enter into a memorandum of agreement with the Breede-Gouritz Catchment Management Agency as a means towards integrated water management approach with an intention to mobilise more water volumes through water use authorisation licenses.
SP 2	2.1	Secure RBIG and WRIG projects through working with the DWS Western Cape Regional Office.
	2.2	Develop a working relationship with the Department of Public Works and Infrastructure as part of keeping the existing and future water related projects at Correctional Services Centres, Defence Bases and Public Hospitals.
SP 3	3.1	Ensure the rollout of the growth path strategy throughout the water management area.
	3.2	Secure revenue generating secondary functions as per the Water Services Act.
SP 4	4.1	Review the current tariff model to ensure reasonable returns of water services.
	4.2	Investigate a long-term financial model linked with capex.
SP 5	5.1	Maintain regular communication channels with current and potential customers.
	5.2	Maintain the bi-annual production of the Overberg Water Board Newsletter.
	5.3	Issue two national advertisements showing the work and capability of Overberg Water Board.
SP 6	6.1	Ensure adherence to internal controls.
	6.2	Implement sound systems aimed at improving efficiency and effectiveness of business processes.
SP 7	7.1	Create relevant training opportunities to staff.
	7.2	Develop succession planning (sub) policies and strategies throughout the organisation.
SP 8	8.1	Forge strategic engagements with the Western Cape Provincial Government through the Departments of Local Government and Agriculture.
	8.2	Enter into cooperative agreements with relevant public Entities / bodies based in the Western Cape and Northern Cape Provinces.
SP 9	9.1	Secure funding to the implementation of the Master Plan.
	9.2	Invest in infrastructure activities such as gradual asbestos replacement initiatives.
SP 10	10.1	Embark on alternative sources of water (such as groundwater and desalination) through scientific investigations.
	10.2	Embark on alternative sources of energy (such as solar and wind) through scientific investigations.

GOVERNANCE

Overberg Water Board is governed by the board of nine members and once ex-officio member. The Board is appointed in terms of the Water Services Act, Number 108 of 1997. It is appointed by the Minister of Water and Sanitation. The Public Finance Management Act, Number 01 of 1999 as amended, regulates the financial activities of the Board and remains the supreme legislation on financial and related matters. The Board is solely responsible for governance which includes oversight and accounting authority responsibilities. The current Board members were appointed effective from 1 October 2023. As per the legislation and letters of appointment, the Board reports directly to the Minister of Water and Sanitation. The following Board consists of the following diverse, skilled and determined individuals:



NAME	GENDER	ROLE	COMMITTEE
Mr Razeen Benjamin	Male	Board Chairperson	None
Ms. Sphiwe Doris Mayinga	Female	Board Deputy-Chairperson	Human Resources, Remuneration and Ethics
Pro Gregory Jerome Davids	Male	Committee Chairperson	Operations and Infrastructure
Mr David Lefutso	Female	Committee Chairperson	Human Resources, Remuneration and Ethics
Dr Nandipha Siwahla-Madiba	Female	Committee Chairperson	Audit, Risk and Business Strategy
Ms. Nalini Maharaj	Female	Member	Audit, Risk and Business Strategy
Mr. Bongani Mnisi	Male	Member	Audit, Risk and Business Strategy
Mr. Dirk van Panendorp	Male	Member	Audit, Risk and Business Strategy
Ms. Monica Malunga	Female	Member	Operations and Infrastructure
Mr. Louis Van Rheede Van Oudtshoorn	Male	Member	Operations and Infrastructure
Dr. Thavamoney Kelly	Female	Member	Operations and Infrastructure

The above-mentioned Board Members contract with the Executive Authority, the Minister, through an annually approved shareholder compact. The Board then actively engages with the shareholder through various platforms of communication during the year.

To have a system that regulates the Board activities, the Board adopted its Charter. It was further cascaded down to its Committees; namely, the Audit, Risk & Remuneration Committee, the Operations & Infrastructure Committee and Human Resources, Remuneration & Ethics Committee. These Committees used the Board Charter to develop their Terms of Reference / Sub-Charters. The Terms of Reference / Sub-Charters were duly approved by the Board. As previously stated, Board Charter provides a framework for fiduciary duties, responsibilities and overall functioning of the Board. The Board Charter has to be read in conjunction with:

- The Public Finance Management Act (Act 1 of 1999), as amended by the Public Finance Management Amendment Act (Act 29 of 1999), hereinafter referred to as the PFMA
- Treasury Regulations (GG 27338) as amended from time to time
- The Water Services Act (Act 108 of 1997), as amended,
- The National Water Act (Act 36 of 1998)
- National Environmental Management (Act 2 of 2022)
- B-BBEE Act (Act 53 of 2003)
- The King Code of Governance Principles, 2016 (King IV)
- The South African Bill of Rights as contained in the Constitution (Act 108 of 1996)

Compliance with King IV is not a legislative requirement, but the Board endeavours to abide by the recommendations of King IV insofar as practically possible to ensure good corporate governance.

The non-executive Board members received remunerative benefits and fees as determined by the Minister in line with their terms of appointment. Therefore, there was no Board member who was involved in determining his/her own remuneration. Board members' remuneration has been fully disclosed in the Overberg Water Board's Annual Financial Statements as contained in this Annual Report.

OUR BOARD MEMBERS

Name: Ms. Monica Malunga
Committee: Operations and Infrastructure

Name: Dr. Thavamoney Kelly
Committee: Operations and Infrastructure

Name: Ms. Nalini Maharaj
Committee: Audit, Risk and Business Strategy

Name: Ms. Sphiwe Mayinga
(Deputy Chairperson)
Committee: Human Resources, Remuneration and Ethics Committee

Name: Dr. Phakamani Buthelezi
Ex-officio member: Chief Executive Officer

Name: Dr. Nandipha Siwahla-Madiba
Committee: Audit, Risk and Business Strategy

Name: Mr. Bongani Mnisi
Committee: Audit, Risk and Business Strategy

Name: Prof. Gregory Davids
Committee: Operations and Infrastructure

Name: Mr. Dirk van Papendorp
Committee: Audit, Risk and Business Strategy

Name: Mr. David Lefutso
Committee: Human Resources, Remuneration and Ethics Committee

Name: Mr. Razeen Benjamin
(Chairperson)
Committee: Human Resources, Remuneration and Ethics Committee

Name: Mr. Louis van Oudtshoorn
Committee: Operations and Infrastructure

STRUCTURE OF OVERBERG WATER BOARD

The Overberg Water Board is one of the entities within the Department of Water and Sanitation. It is governed by the non-executive Board appointed by the Minister. The non-executive Board is the accounting authority and provides strategic leadership. It has its own Committees that meet on regular basis to discuss all matters in detail before being forwarded to the Board for further consideration.

Overberg Water as at 30 October 2025 comprised of:

- Board membership of 11 members
- 3 committees, namely; the Operations and Infrastructure, Human Resources, Remuneration and Ethic Committee, and the Audit, Risk and Business Strategy
- A head count of 106 employees
- Three executive directors; the CEO, CFO and Executive Manager: Water Services. However, the latter position is vacant due to reconfiguration and budgetary constraints.

"Water is an essential ingredient for social economic development"

A STRATEGIC KALEIDOSCOPE OF SUCCESS

Vision

It is often said that the vision of an Entity is important as the oxygen to the body. It provides life and determines both the current and future character of the Entity. In addition, it sets the tone and directs the Entity to a particular destination. At Overberg Water the vision is both the compass and the desired state of success. Hence, the vision compels Overberg to: "To become the leading regional water utility providing sustainable and competitive water and sanitation services". The recent drought that has engulfed many parts of the country primarily the Western Cape Province calls for dedicated water Entities like Overberg Water to innovatively and proactively look for better solutions in the provision of water and sanitation services. Therefore, becoming the regional water utility will mean ensuring continuous water and sanitation services to our current and future customers. Also, various alternative sources of water such as groundwater and desalination need to be explored so that the leading role becomes a reality as OW grows in revenue and geographical terms.

Mission statement

The above-mentioned vision is further operationalised by the mission statement that clearly articulates the desired outcome of the Entity. The Mission is:

"To supply and maintain reliable, affordable and good quality water and sanitation services for the region."

STRATEGIC OVERVIEW

Vision

To become the leading regional water utility providing sustainable and competitive water and sanitation services for the region.

Mission

To supply and maintain reliable, affordable and good quality water and sanitation services for the region.

Values

- Teamwork: Promoting a culture of collaborative behavior whilst pursuing individual organisational responsibilities.
- Respect: Serving with a positive attitude, courtesy, and mutual respect that engender a shared vision.
- Sustainability: Promoting environmentally sustainable practices as a commitment to protecting the natural resources.
- Accountability: Addressing challenges promptly, implement effective solutions by providing excellent service as a committed team.
- Integrity: Upholding honesty and moral principles.

Programmes

- Water services planning
- Water services management
- Institutional and stakeholder relations
- Resource protection
- Strategic support, which includes finance, human resources and administration
- Governance and management

Goals

- Organisational efficiency and effectiveness
- Improve and increase revenue and manage cost drivers
- Effective stakeholder and customer engagement
- Strengthen and develop quality human and organisations resources
- Provide oversight and take accountability

THE OVERBERG WATER BOARD

OVERBERG WATER

Introduction

Flowing from the Department of Water and Sanitation in the Ministry of Water and Sanitation motto that reads as follows:

"Water is Life and Sanitation is Dignity"

It becomes compelling for OWB to ensure that drinking water quality is in terms of the SAN241 standards and that every effort is being made towards ensuring water quality and quality in general in the provision of services. The assurance of quality is for the entire water services envelope.

Background

There are now seven national water boards offering essential water services to the end users. Overberg Water Board is one of those water boards which are not only offering water services but exist to advance the South African Constitution insofar as water access is concerned. The Overberg Water Board was established in 1993 with the amalgamation of Duivenhoks and Ruensveld water boards. The Overberg Water Board is one of the national water public Entities under the Department of Water and Sanitation (DWS). It also exists to complement the work of the Department and primarily supports the Minister as the shareholder. It is a water board providing bulk water services in terms of the Water Services Act 108 of 1997 and is subjected to a number of applicable laws such as the Constitution, the National Water Act 36 of 1998, Public Finance Management Act 1 of 1999. Overberg Water discharges its services by placing its customers ahead of the delivery menu. It has a long history of service delivery and placing customers in the forefront since its inception. Overberg Water has been a pillar of hope to its customers in terms of the quality of drinking water. The Head Office of OW is situated in Somerset West which is approximately 40 km from the Cape Town CDB and 30 km from Cape Town International Airport. It also has three water schemes functioning as satellite offices and these are Ruensveld West, Caledon: Ruensveld East Swellendam and Duivenhoks in Heidelberg.

The OWB is wholly owned by the State. The Minister of Water and Sanitation is the Executive Authority and the Board of Directors constitute the Accounting Authority. It is the only national water board operating in the Western Cape Province. It came out from its strategic session with the determination to grow and become the main partner in the provision of bulk water and sanitation services. Overberg Water's geographical location is within one of the six water management areas; namely, the Breede-Olifants Water Management Area. This is further illustrated by the following diagram showing all the six water management areas in the country.

Overberg Water provides bulk drinking water to Hessequa Municipality, Theewaterskloof Municipality, and its industrial customers. The Entity further provides potable water to the Rietkuil community within the Swellendam area as well as few communities in the Cape Agulhas area of jurisdiction. It intends to further extend its services to the nearest municipality and ultimately to the whole Western Cape Province, to water management areas and beyond.

The ever-increasing demand for water services is a clarion call for building partnerships. Partnerships build strengths which amongst other things facilitate the sharing of knowledge and expertise. Overberg Water shall endeavour to build more partnerships as means to water sustainability. It is the firm belief at Overberg Water that water services provision is largely dependent on other essential partners such as the civil society, the private sector and the public sector. The more these partnerships are built the greater we all become, and the winner is sustainability.

Jurisdictional area

The Overberg Water's area of jurisdiction is the south-western Cape in the west to the Heidelberg/ Riversdale districts in the east and bounded by the Langeberg Mountains in the north and by the Indian Ocean in the south. Its area includes the following towns: Caledon, Napier, Bredasdorp, Riviersonderend, Swellendam, Heidelberg, Riversdale and a number of other smaller areas. It is situated in one of the water management areas, namely, the Breede-Gouritz Catchment Management Agency which measures approximately 72 000 square kilometres. The BGCMA is the sole water resource authority in the catchment. The BGCMA "gives effect to its function to investigate and advise water users on the protection, conservation, management and control of water resources in a cooperative manner" (BGCMA, 2015).

The primary function of OWB is mainly the provision of bulk drinking water to its customers. Viewing the location of OW schemes within the BGCMA area of jurisdiction naturally creates a symbiotic relation with the BGCMA in managing the water use. The following map shows and facilitates cooperative governance of water resources through the linking of National, Provincial and Local Government as well as a host of sector partners and stakeholders.

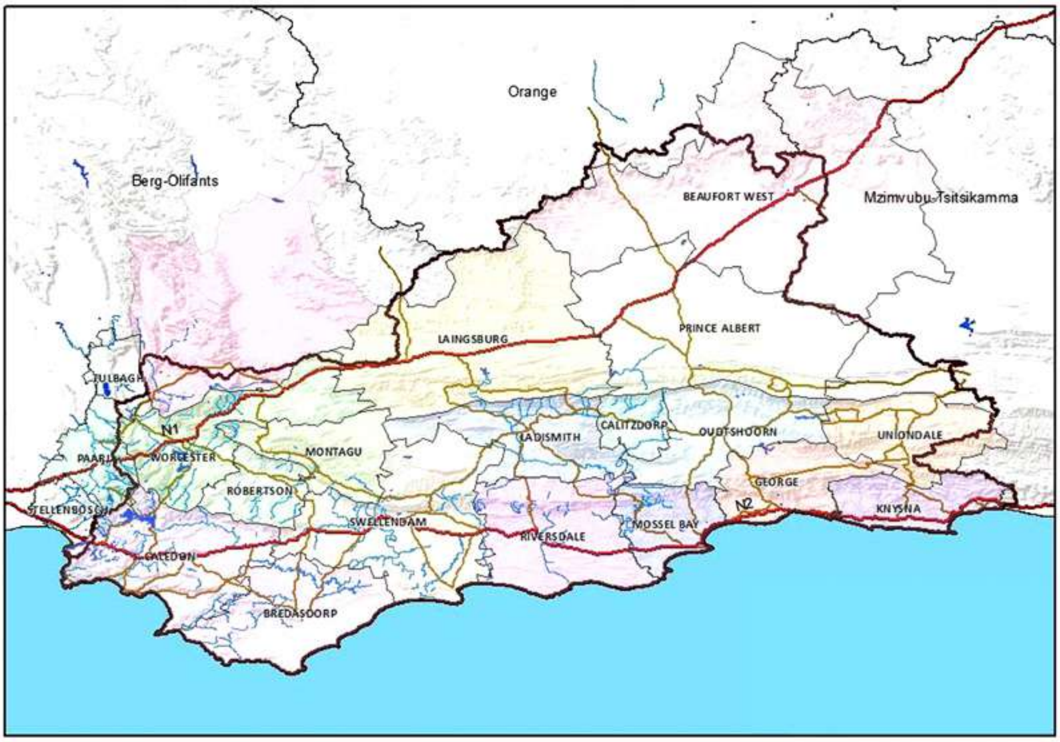


Figure 2: Map of Overberg Catchment Management Area

The Breede-Gouritz Catchment Management Area has widely varying precipitation levels which range from 160mm in the northern, more inland parts of the WMA to more than 3 000mm in the high mountains regions of the Hottentos Holland with Franschoek water dividing between the Berg and Breede water management areas (WMAs). The average rainfall over the Breede area is 200 mm, Overberg 400 mm, Gouritz Coastal 600mm and Klein Karoo / Great Karoo 150 mm. The Great Karoo and Olifants River catchment regions are classified as a very late summer rainfall region with a large proportion of annual precipitation falling between March and May as well as in October through storm events. Most of the rain in Breede Valley falls between the months of May and August. Parts of the Southern Coastal parts of the Gouritz WMA tends to experience all year-round rainfall.

Considering that OWB intends developing its growth path and in line with its vision that states the following: "To become the leading regional water utility providing sustainable and competitive water & sanitation services"; it stands to reason that knowing the rainfall patterns of the WMA is relevant for planning purposes. This will support OW in increasing its footprint through the Western Cape region and beyond. According to the BGCMA (2015) the rainfall patterns have, however, changed in the last few years, with the continuation of mildly wet to extremely wet conditions in the central Gouritz area and more recent within the Breede and Overberg areas. The rainfall patterns are depicted in the Seasonal Precipitation Index Maps supplied by the Agricultural Research Commission (Figures 3 and 4)

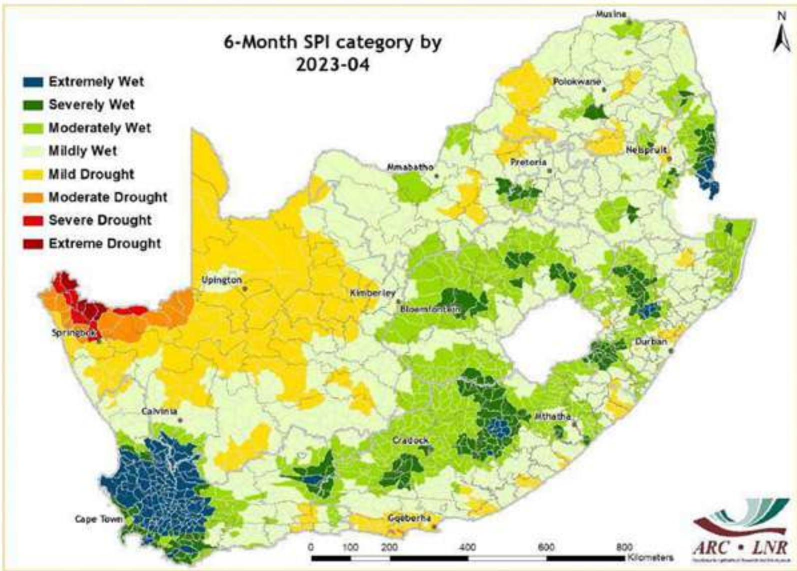


Figure 3: 6 month Seasonal Precipitation Map

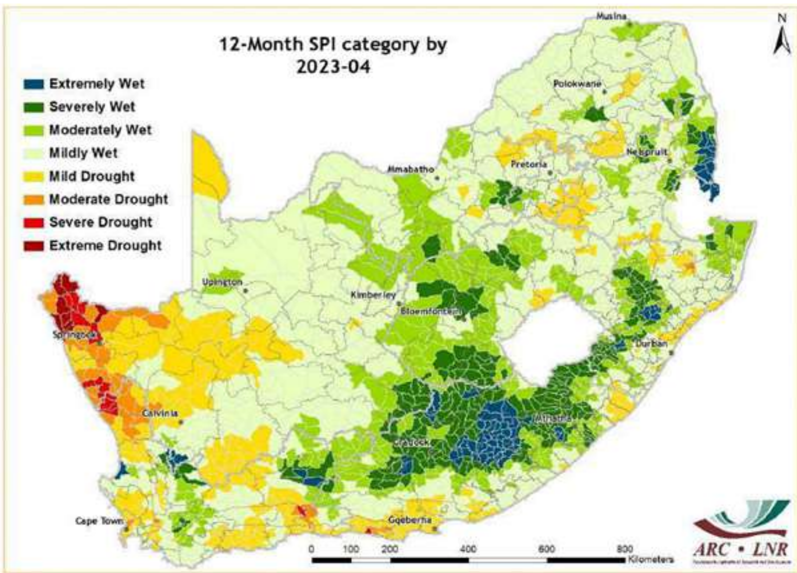


Figure 4: 12 month Seasonal Precipitation Map

The figures below show the population growth of the districts within the reach of Overberg Water. This is important for future planning so that Overberg Water can expand its business based on the growth path already developed. The population growth is based on comparing Census 2001 against 2011 as indicated in Figure 5.

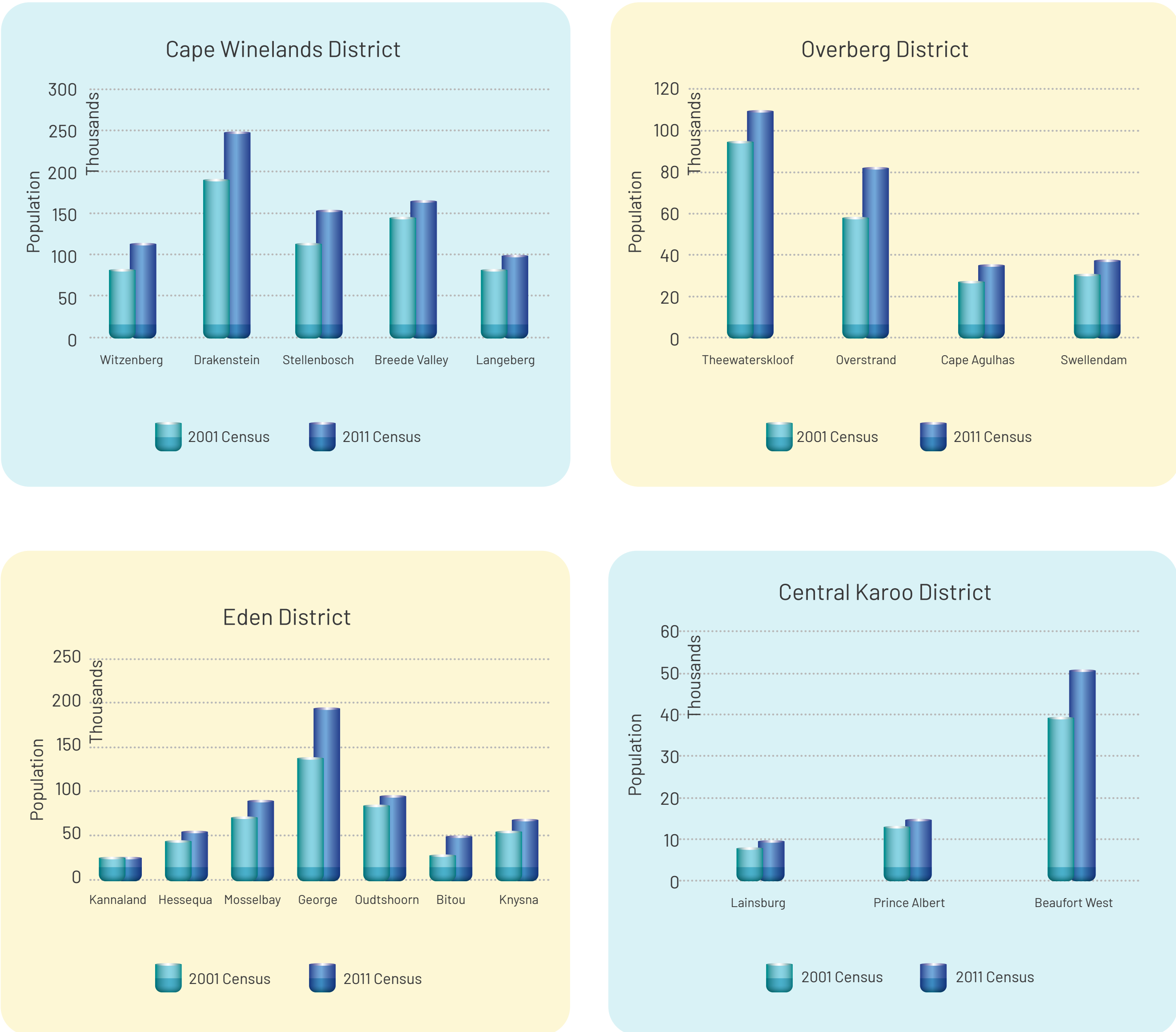


Figure 5: Population indicative growth in the Overberg DIstrict

It is therefore strategic for OW to focus in the above-mentioned districts in its endeavour to grow its business footprint. Growing the business requires a very close look and working with other institutions and government departments. The following diagram shows the institutional analysis of what must be taken into account whilst expanding the business.

Figure 6: Structure showing the environment of the Overberg Water Board

OVERBERG WATER LEGISLATIVE MANDATE AND PERFORMANCE

Overberg Water derives its mandate from the Water Services Act 108 of 1997 and the Public Finance Management Act 1 of 1999, amongst others and it is defined by the PFMA as a Schedule 3B public institution and categorised as a National Government Business Enterprise. It was established in 1993 to provide water services to the customers whereby water services include both bulk drinking water and sanitation services. The focus of OW over the years has largely been on drinking water and is currently exploring wastewater treatment opportunities with the aim to cover a wider area within the region if not becoming the main player in the provision of water and sanitation services.

OWB, like any other water board has to cope with the “new normal” which is about sustaining the business in a period of climate change and drought. The role played by OW during a period of drought was to ensure that quality drinking water is available by implementing the water restrictions and aligning itself with the conditions of DWS and other related drought governance initiatives. Such conditions included investing in temporal water storages such as constructing the beams in selected rivers and maintaining constant communication channels with its customers.

BUSINESS ACTIVITIES OF OVERBERG

As previously stated, the primary activities of OW in terms of section 29 of the Water Services Act, is to provide water services to other water services institutions in its service area. In line with OW's growth intention, section 30 of the Water Services Act enables OW to undertake other activities on condition that these activities do not affect the Entity's ability to perform its primary function. Such other activities in terms of section 30 of the Water Services Act include the following:

- Providing management services, training and other support services to other water services institutions, in order to promote co-operation in the provision of water services,
- Supplying untreated or non-potable water to end-users who do not use water for household,
- Providing catchment management services to or on behalf of the responsible authority,
- With the approval of the water services authority having jurisdiction in the area, OW maybe be charges with supplying water directly for industrial use, accepting industrial effluent and acting as a water services provider to consumers,

WATER RESOURCES MANDATE AND PERFORMANCE

Water availability – Catchment areas

As previously stated, the primary activities of OW in terms of section 29 of the Water Services Act, is to provide water services to other water services institutions in its service area. In line with OW's growth intention, section 30 of the Water Services Act enables OW to undertake other activities on condition that these activities do not affect the entity's ability to perform its primary function.

Water availability – Drought implications

Rainfall patterns within South Africa are one of great variability. South Africa's mean annual precipitation is estimated at 450mm compared to the global average of 860mm. Seasonal rainfall percentage deviations since 1960 has shown that the wide fluctuations about the long-term average and it is in this context that large rainfall deficits must be assessed. As an example, between July of 1960 and June of 2004, there have been 8 summer- rainfall seasons where rainfall for the entire summer-rainfall area has been less than 80% of normal. It can be safely assumed that a shortfall of 20% from normal rainfall will cause crop and water shortfalls in many regions accompanied by social and economic hardship.

Current observations still show the persistence of a strong El-Niño. However, most models are confidently sowing a gradual decay of El-Niño and the development of a neutral ENSO (El-Niño Southern Oscillation) state towards the winter season (SAWS, 2016). The forecast shows a huge disparity in the rainfall and temperature forecast for the coming seasons, therefore the likelihood of climate conditions for the coming winter season is overshadowed by the growing uncertainty in the forecast. It is very difficult to look at the entire summer-rainfall region and deduce that drought affected all of these areas equally. On the contrary, some of the provinces in South Africa appear to suffer more harshly than others at times of rainfall deficit

In the Overberg Region the impact of the drought has been particularly harsh, and the Department of Water and Sanitation is considering declaring the area a national disaster. Water Conservation and Demand Management must be a priority during this time especially looking at the state of the major dam that feeds two of Overberg Water's schemes:

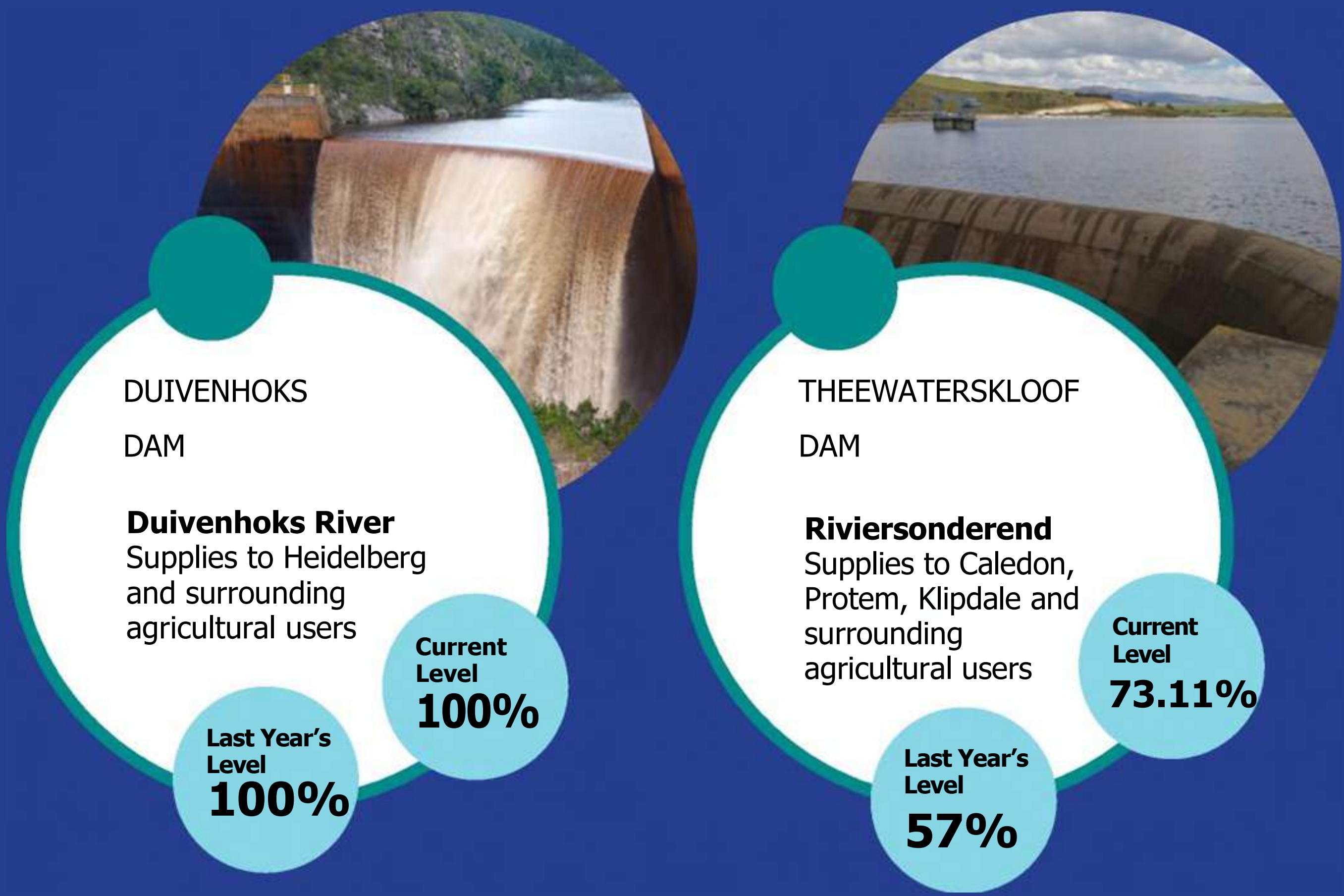


Figure 7: Major dams feeding two schemes of OW

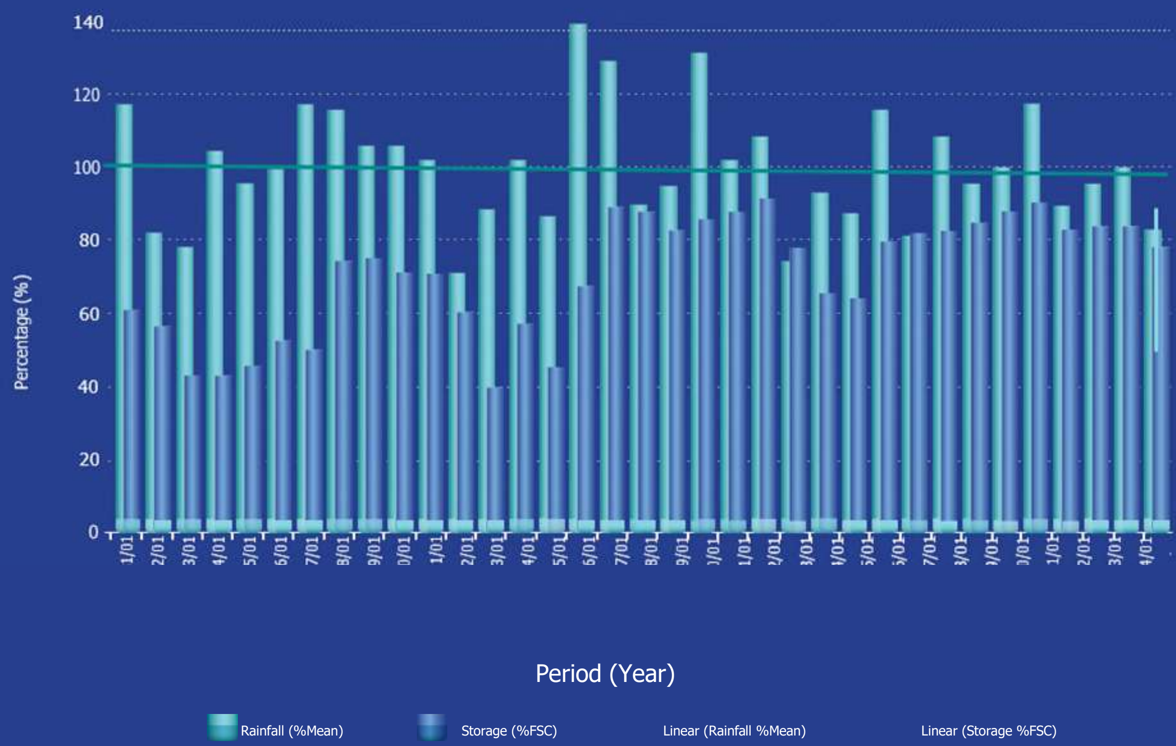


Figure 8: Rainfall and storage percentage trend since 1980

Source, DWS (2017)

Raw water quality

The quality of raw water remains a challenge throughout the region, particularly at the source and catchment. The raw water quality status of each source/catchment is determined by comparing key determinants against Overberg Water's quality criteria for each water supply catchment. The Table overleaf provides an overview of the water quality of raw water over the years.

Further discussions with the Catchment Management Agencies (CMAs) will be explored to improve the quality of water sources.

Geographical Area	System	Catchment	Impound-ment	River	Owner	Manager	Gross Capacity (million m3)
Overberg Region	Rûensveld-Wes	Breede-Gouritz	Theewaters-kloof Dam	Sonderend	DWA	BGCMA	479.3
	Rûensveld-Oos	Breede-Gouritz	Theewaters-kloof Dam	Sonderend	DWA	BGCMA	479.3
	Duivenhoks	Breede-Gouritz	Duiwenhoks Dam	Duiwenhoks	DWA	BGCMA	6.2
	Total for Water Systems						**964.8**

Table 1: Capacity of water resources

Geographical Area	System	Catchment	Impoundment	Water Quality status			Description of Raw Water Quality Problem
				2023	2024	2025	
Overberg Region	Rûensveld-Wes	Breede-Gouritz	Theewaterskloof Dam	Good	Good	Good	Eutrophication with occasional high turbidity
	Rûensveld-Oos	Breede-Gouritz	Theewaterskloof Dam	Good	Good	Good	Eutrophication with occasional high turbidity. High conductivity. High organic matter, exacerbated by the rapid floods
	Duivenhoks	Breede-Gouritz	Duivenhoks Dam	Good	Good	Good	Eutrophication with occasional high turbidity

Table 2: Raw water quality

Water resource assurance and supply security per water services authority

The El Nino and protracted drought period experienced in 2015 to 2017 had a severe impact on the water security in the region. The TWK Dam had been at an all-time low during that period, reaching levels below 30%. Overberg Water was cognisant of this decline and reduced its volumes for financial year 2017/18. Since that time, the Entity has been very cautious on how water is conserved and invested in various activities.

Direct abstractions from the Sonderend River, Berg and Breede River as well as many smaller streams and rivers form an important source supplying many smaller towns and villages. Many municipal and rural water supply schemes are reliant on groundwater for potable water supply and groundwater also forms an important supplementary source to many surface water abstractions. Farms within the region make use of groundwater to a great extent, mainly through private boreholes and wells.

The Overberg region is characterised by east-west mountain ranges and valleys. The area is characterised by large, relatively flat, coastal plains with undulating hills reaching up to the Riviersonderend, Langeberg and Outeniqua mountain ranges to the north. Historically, surface water has been the most important resource for water supply to towns in the Overberg region and, in many cases, settlements in the region developed near accessible surface water sources such as rivers and dams.

The Breede, Gouritz and Sonderend Rivers are the prominent rivers in the Overberg region and many of the larger towns are situated close to these river systems. The Overberg region is situated in the coastal rainfall region of the Western Cape which has a mean annual rainfall of 324 mm. Evaporation is high and exceeds rainfall in most areas; consequently, runoff is mostly restricted to the larger rivers with many smaller streams and rivers drying up partially or completely in summer. The Overberg region is generally classified as a water-scarce region with varying rainfall.

The lower reaches of the Breede River are significantly impacted by return flows from agricultural areas, leading to high salinity. Large volumes of water are transferred from the Breede River catchment to the Berg River catchment from Theewaterskloof Dam, which form a significant portion of the potable water supply to the Cape Town Metropolitan area and irrigation along the Berg River. The coastal plains between Botrivier and Witsand are characterised by large wetlands and lakes. Several commercial forests are located in the western parts of the Overberg and impact significantly on runoff. Alien species invasion is particularly evident in the Overberg, especially in riparian areas.

Municipalities are generally responsible for their own bulk water supplies for towns while Overberg Water supplies some towns and mostly retail customers including farms and industries. Several smaller retail and private water schemes also exist in the region.

Potable water needs are mostly concentrated in larger towns and specifically coastal towns impacted by tourism and seasonal high-water demand during the drier summer months. The coastal towns in the Overberg region such as Roo Els, Bettiesbay, Kleinmond, Hermanus, Gansbaai, Franskraal, Pearly Beach, Struisbaai, Arniston, Infanta, and Witsand experience a high influx of holiday makers during summer and particularly over December and Easter holidays. This impacts significantly on the peak water demands for these towns and requires special measures to be taken by municipalities to ensure adequate potable water supply as the peak demand coincides with the peak summer and driest period.

According to the All Towns Study, the combined water demand in 2007 for the towns and villages in the Overstrand, Hessequa, Cape Agulhas, Theewaterskloof, and Swellendam Municipalities was 52.7 Ml/d and is projected to increase to a maximum of 197.9 Ml/d in accordance with the high growth scenario.

Overstrand Municipality

The current raw water sources for the Greater Hermanus Area consist of the De Bos Dam (licenced 2.8 mcm/a) and the Gateway Well field (licenced 1.6 mcm/a – note sustainable abstraction rate is only 1.2 mcm/a).

Two new well field developments are underway in the Hemel and Aarde Valley, i.e. the Camp hill and Welmoedwellfields, which will provide a further 1.6 mcm/a raw water source capacity bringing the total safe yield for the Greater Hermanus area sources to 5.6 million mcm/a.

The Overstrand Municipality has identified that the Greater Hermanus Area is projected to experience an annual average daily demand of 9.25 mcm/a by 2032 and a shortfall of 3.65 mcm/a (10 Ml/day average day demand). The Greater Hermanus Area experiences a significant influx of holiday makers during the peak summer months and the Municipality has therefore indicated that investigations into an alternative water source must be based on the estimated peak week demand with a peak week factor of 1.75; i.e. 17.5 Ml/day. AECOM (previously BKS) were appointed to carry out a feasibility study into the development of a new supply to the Greater Hermanus Area from the Mariasdal Water Treatment Works (WTW) (Rûensveld West Water Supply Scheme) situated downstream of Theewaterskloof Dam (TWKD) with a new pipeline to Hawsten or Fisherhaven and a new service reservoir or water treatment works.

Overberg Water abstracts water from the Sonderend River downstream of Theewaterkloof Dam from where it is treated at the Mariasdal WTW and distributed to Caledon and surrounding farms via the Rûensveld West Scheme. Although it was determined that very little spare capacity exists at the Mariasdal WTW and in the rising main from the WTW to the Noordekloof Reservoir, an increased abstraction from the Sonderend River and upgraded treatment capacity at Mariasdal WTW together with using the spare capacity in the existing rising main would provide a sensible scheme which could be expanded via a new pipeline. This option would require an agreement between Overberg Water and Overstrand Municipality for the possible joint development and operation of the scheme. The study concluded and recommended that the Overstrand Municipality and Overberg Water engage with the DWA to understand what costs other than licence fees would be associated with an immediate allocation from the Berg River / TWKD in terms of capital down payment.

The scheme presents an opportunity for Overberg Water to increase its presence as a bulk water provider to a major municipality in the Overberg Region and would allow Overberg Water to engage with the DWS in terms of the future management of the Berg River / TWKD source.

Preliminary discussions between Overberg Water and Overstrand Municipality have indicated a preference for Overberg Water to develop the additional abstraction and treatment capacity as well as the bulk pipeline and associated reservoir and pump stations.

Overstrand Water would construct a new receiving reservoir near Fisherhaven/ Hawston and Overstrand Municipality would purchase the water at an agreed tariff at the inflow to the new reservoir and distribute to their network to service the Greater Hermanus Area. The layout of the proposed scheme is reflected in the figure below.

Figure 10: Greater Hermanus bulk water provision proposal

Hessequa Municipality

Hessequa Municipality already has an agreement with Overberg Water for bulk water supply from the Duivenhoks WSS to the towns of Heidelberg, Witsand, and Slangrivier with a combined import of nearly 2.0 Ml/d. Except for a small groundwater supply for Witsand, these towns are entirely dependent on the bulk water supply from the Duivenhoks WSS. Rainwater harvesting and water reuse is being implemented by the Municipality for these towns but on a small scale, and it is reasonable to expect that future water demands for these towns would be supplied by Overberg Water, provided that capacity exists in the Duivenhoks WSS. The Duivenhoks WSS is currently has spare capacity at the source and treatment works. The All Towns Study indicates a possible high scenario shortfall of 4.5 Ml/d for Heidelberg, Witsand, and Slangrivier combined. A more detailed investigation into the projected future water demand for these towns must be carried out to inform Overberg Water and Hessequa Municipality and aid in the discussions on future water supply infrastructure planning.

Expansion of Overberg Water's supply toward Riversdale could also be considered if spare capacity is available in the Duivenhoks WSS although this would require new pipelines and increased treatment capacity. Riversdale is currently supplied from the Korentepoort Dam (Korente-Vette Government Water Scheme).

The 2035 high scenario projection indicates a possible shortfall of 3.59 Ml/d for Riversdale which presents an opportunity for the developed of a new pipeline between Heidelberg and Riversdale which could be jointly developed by Overberg Water and Hessequa Municipality.

Stilbaai is currently supplied by groundwater and the Olive Grove Dam while Jongensfontein is supplied from springs. Although Stilbaai and Jongensfontein have substantial water demand and are especially influenced by seasonal increased water demand, these towns are far away from the existing Duivenhoks WSS network and it would be advisable to investigate the feasibility of developing an off-channel winter runoff scheme from the Goukou River system to ensure water is available for the peak holiday periods.

The opportunity also exists to link the Duivenhoks and Rûensveld East Schemes between Swellendam and Suurbraak. This could improve security of supply to both schemes and also presents an opportunity to link in a possible potable water supply from the Buffeljags Dam which is currently utilised for irrigation only. This opportunity requires a detailed assessment and feasibility study to be completed in the future.

Expansion of the scheme east of Riversdale is not considered feasible due to the distances to Gouritzmond and Albertinia; however, the feasibility to construct a new water treatment works will be explored in the long term.

Overberg Water has also been approached to consider being a role-player in the upgrade of the Duivenhoks Canal.

Duivenhoks Canal

Overberg Water provides water to the town of Heidelberg, Slangrivier and Witsand as well as the rural areas (household and stock water). Raw water is abstracted via a pump station from the Duivenhoks River which is fed primarily by the Duivenhoks Dam. The dam was constructed by the Department of Water and Sanitation between 1962 and 1965 and the water abstraction weir and the irrigation canal were built by the farmers around 1910.

Forty to fifty percent of the water stored in the Duivenhoks dam is lost due to the leakage in the canal when water is conveyed in the old canal system to the irrigation fields. The amount of leakage is estimated at between 1, 53 million m^3/a (30%) and 2, 55 million m^3/a (50%) of the canal flow. Water is the economic driver in the agrarian community of Heidelberg and these water losses are the cause that the agricultural potential of the 1270ha of irrigation lands is not farmed to its full potential. The combined future water needs for irrigation and domestic (towns and rural) use in 2030, according to the Reconciliation Strategy for the area, ranges from 8,315million m^3 / annum to 9,815million m^3/ annum. While the total irrigation water allocation from the Duivenhoks water system is only 7,638million m^3/ annum – a shortfall of at least 0.680 million m^3/ annum which cannot be increased given the constraints on the dam.

A feasibility study was conducted in 2016, recommending a gravity pipeline be constructed from the Duivenhoks dam to the town of Heidelberg. Overberg Water, situated between these two points, will be able to draw water from this pipeline that is much cleaner than the current form. This should save significant purification costs and lead to less water being wasted through natural river flow. The study recommends the construction of a pipeline made up of various pipe sizes ranging between 800mm ductile iron and 50mm uPVC. The total cost of the project is estimated at R195 million (incl VAT) of which Overberg Water intends being a funding partner. While the funding model is still being finalised, Overberg Water believes the realisation of this project should bring about much more sustainable water use practices along the Duivenhoks Water Supply System, especially considering current water supply challenges. Long term benefits include less water wasted, increased crop production, lower purification costs and better water management overall.

Kannaland Municipality

Kannaland Municipality is considered as an expansion opportunity of the existing Overberg Water infrastructure and resources; however, further discussion with the Kannaland Municipality is required to identify possibilities for the development of new bulk water supplies where Overberg Water could play a role in the development, operational and maintenance of the infrastructure or through the provision of institutional support.

Cape Agulhas Municipality

Cape Agulhas Municipality already has an agreement with Overberg Water for bulk water supply from the Rûensveld East WSS to the settlements of Protem, Klipdale, and the town of Arniston. Protem and Klipdale are totally reliant on Overberg Water's supply while Arniston's water is supplemented from a local borehole. No significant water demand growth is expected in Klipdale and Protem; however, it can be expected that a reasonable growth in demand in Arniston can be expected due to tourism and the development of low cost housing which is underway at present, and it would make sense to increase Overberg Water's capacity to supply this demand.

Bredasdorp is currently supplied from Klein Sandrif Dam and groundwater. According to the high growth scenario, the All Towns Study identified a possible shortfall of 2.46 Ml/d for Bredasdorp by 2035.

The Municipality plans to implement measures for the optimisation of the aquifer and wellfield management that could meet the water demand of the town until 2035. It should, however, be noted that Overberg Water's pipelines supplying water to Arniston run very close to Bredasdorp and the Rûensveld East WSS has 2.7 Ml/d spare capacity that could be utilised to supplement the supply to Bredasdorp.

Napier is also a substantial town located to the west of Bredasdorp and the town is supplied from groundwater. According to the high growth scenario, the All Towns Study identified a possible shortfall of 0.83 Ml/d for Napier by 2035. Incremental groundwater development and possible import from the Rûensveld West WSS/East WSS are being considered.

Struisbaai, located to the south, has six (6) existing boreholes and further groundwater development is proposed to cater for future demands and no shortfall is envisaged by 2035. Agulhas, on the other hand, has limited groundwater supplies and high unaccounted-for water use. The Municipality plans to implement water conservation and demand management measures and develop additional groundwater capacity to cater for future demand. Surplus groundwater from Struisbaai could also be directed to Agulhas. Suiderstrand has adequate groundwater supplies.

Strategic links between the Rûensveld West and East Schemes will be needed to be considering in the future between Napier and Bredasdorp. This will both provide capacity to supply water to Napier and Bredasdorp without adding significant capacity to the existing schemes and provide security of supply.

Theewaterskloof Municipality

The Theewaterskloof Municipality already has an agreement with Overberg Water for bulk water supply from the Rûensveld West WSS to Caledon. Caledon is also reliant on groundwater supplies but it can reasonably be expected that an increased supply from the Rûensveld West WSS will be required to cater for future demand growth.

As discussed under the Overstrand Municipality section, Overberg Water and the Overstrand Municipality are planning to jointly develop a new bulk water supply for the Greater Hermanus Area based on increased abstraction from the Sonderend River downstream of Theewaterskloof Dam and an upgrade of the existing Rûensveld West WTW. The scheme will provide a capacity of 20 Ml/d.

Currently the Rûensveld West WTW has spare capacity available of around 3.9 Ml/d (subject to water licences being approved) which should be sufficient to supply in the future water requirements of Caledon and the retail customers in the Rûensveld West WSS.

Langeberg Municipality

Langeberg Municipality is considered too far away for expansion of the existing Overberg Water infrastructure; however, further discussion with the Langeberg Municipality will be required to identify possibilities for the development of new bulk water scheme where Overberg Water could play a role in the development of the infrastructure or through the provision of institutional support.

Swellendam Municipality

The towns of Swellendam and Barrydale are the only significant urban centres in the Swellendam Municipal area. Swellendam town has sufficient raw water sources in the form of the existing abstraction from the Klip River even beyond 2035 for the high growth scenario. The town of Barrydale, however, does require interventions to accommodate future demand growth. One of the intervention strategies is to implement water conservation and demand management programme and to increase abstraction from the Huis River. The Buffeljags Dam is, however, currently utilised only for irrigation.

Existing water use rights, licences by resource

Overberg Water's registered abstractions and licence applications are shown in Table 3.

System	Abstraction Point	Registered Abstraction (m3/year)
Rûensveld-Wes	Sonderend River	1 914 000
Rûensveld-Oos	Sonderend River	897 000
Duivenhoks	Duivenhoks River	1 232 000

Table 3: Water use rights, licenses by resources

Overberg Water submitted a water licence application for the Duivenhoks system in 2002 in Afrikaans. The application was rejected, and a request was made to submit in English. Overberg made application in 2007 (English) for the initial application to abstract more water from system at their current authorised intake point. DWS is still evaluating the licence application. Further discussions with DWS are to take place on this matter.

Future water use rights, licences by resource required

With Overberg Water's trajectory, having changed toward growing its footprint strategically, several new opportunities or potential growth areas have been identified. Firstly, for the schemes operated and owned by Overberg Water will require the future abstraction and licence requirements based on the future expansion and growth scenarios (see Table below). For the future schemes or opportunities, it is envisaged that strategic stakeholder engagements need to be complete with the Municipalities and DWS. The future abstraction and licence requirements will need to be determined as and when such needs or schemes are required. Table 4 below indicates the future licence and abstraction requirements that need approval by DWS and the respective CMAs.

System	Abstraction Point	Registered Abstraction (m3/annum)	Future Abstraction & Licence requirements and approvals by DWS (m3/annum) *
Rûensveld-Wes	Sonderend River	1 914 000	3 680 568
Rûensveld-Oos	Sonderend River	897 000	1 745 424
Duivenhoks	Duivenhoks River	1 232 000	2 086 920

** All of the future volumes have not been allowed for in the financial model as licences need to be approved*

Table 4: Future water use rights by resources required

Water demand of major consumers by resource

With the view to growing its footprint, Overberg Water has identified several major potential consumers based on the growth and allocation requirements. Table 5 gives a breakdown of Overberg Water's existing major consumers and the future major consumers where the additional potable water will be distributed. Overberg Water will therefore engage the major consumers and when the necessary water licenses are approved, so that new Service Level Agreements are established to provide the revised or new allocations.

Existing: Major Consumers				
System	**Catchment**	**Impoundment**	**Major Consumers**	**Total Allocation - m3/annum**
Rûensveld-Wes	Breede-Gouritz	Theewaterskloof Dam	TWK	2 409 000
Rûensveld-Oos	Breede-Gouritz	Theewaterskloof Dam	Cape Agulhas	91 250
Duivenhoks	Breede-Gouritz	Duivenhoks Dam	Hessequa	892 425

Future: Major Consumers				
System	**Catchment**	**Impoundment**	**Major Consumers**	**Total Allocation - m3/annum**
Rûensveld-Wes	Breede-Gouritz	Theewaterskloof Dam	TWK	3 381 953
		Theewaterskloof Dam (Berg River Scheme)	Overstrand	7 300 000
Rûensveld-Oos	Breede-Gouritz	Theewaterskloof Dam	Cape Agulhas	139 582
Duivenhoks	Breede-Gouritz	Duiwenhoks Dam	Hessequa	1 249 098

Future: Major Consumers - Dependent on engagements with Municipalities and DWS				
System	**Catchment**	**Impoundment**	**Major Consumers**	**Total Allocation - m3/annum**
New Scheme - West Coast	Breede-Olifants	Groundwater Sources / Clanwilliam Dam	WDC LM	930 000
New Scheme - Klein Karoo	Breede-Gouritz	Groundwater Sources	Oudtshoorn LM & Kannaland	1 860 000

Table 5: Water dams of major consumers by resource

KEY PRIORITIES FOR OVERBERG WATER

1. Strategic programmes

The following are **strategic programmes** that will define the activities of OW over a five-year period:

- Water services planning
- Water services management
- Institutional and stakeholder relations
- Resource protection
- Strategic support, which includes finance, human resources and administration
- Governance and management

The above-mentioned programmes are translated into the following **strategic goals**:

- Organisational efficiency and effectiveness
- Improve and increase revenue and manage cost drivers
- Effective stakeholder and customer engagement
- Strengthen and develop quality human and organisations resources
- Provide oversight and take accountability

2. Alignment with Government

The OW's mandate and functional responsibilities are aligned to achieve and support the strategic priorities of the Department of Water and Sanitation that are aligned with the fourteen Outcomes of National Government. **Table 6 Alignment of OW strategic objectives with those of National Government** below shows the alignment, such as constructing the beams in selected rivers and maintaining constant communication channels with its customers.

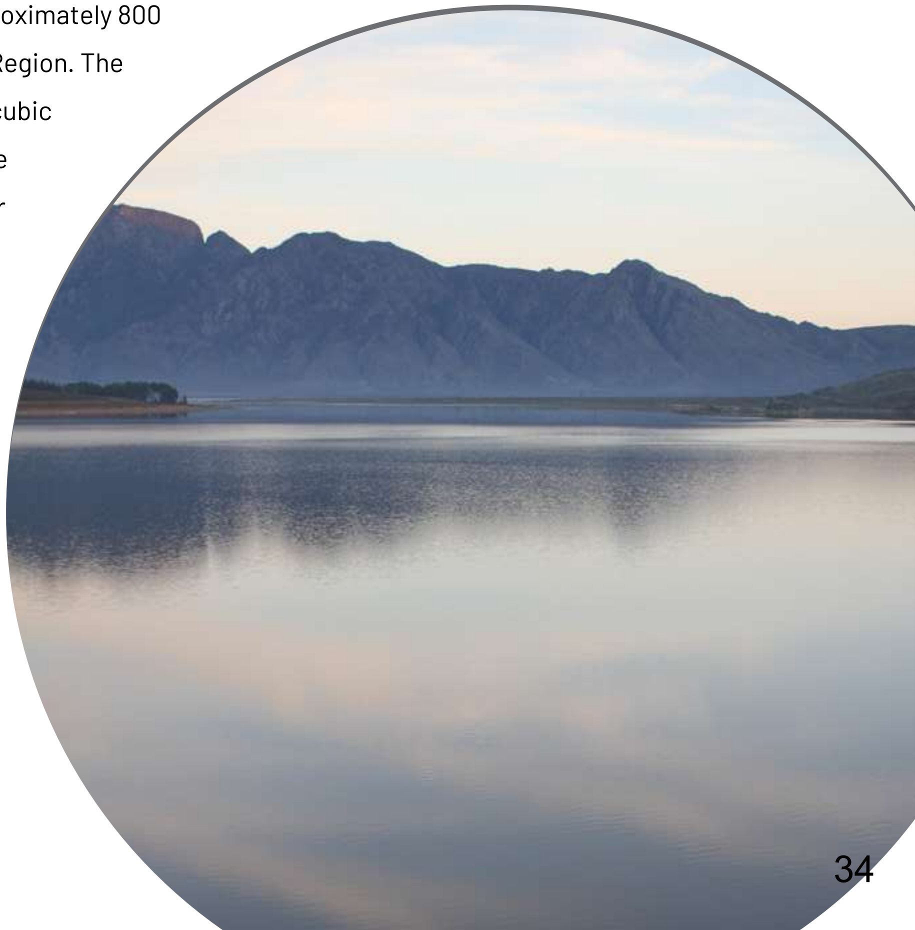
Government outcomes	No.	DWS Strategic outcome-oriented goals	No.	DWS Strategic objectives	No.	OW Strategic programmes aligned with objectives of DWS
Outcome 12 (Public service) Outcome 4 (Employment) Chapter 13 of National Development Plan (NDP) New growth path 2 (job creation	4.	An efficient, effective and development oriented sector leader	4.4	Coordinated development of the skills pool across the sector	6	Governance and management
			4.3	Effective and efficient internal control environment	6	Governance and management
			3.4	Job opportunities created that expand economic opportunities for historically excluded and vulnerable groups	6	Governance and management
Outcome 6 (Infrastructure) New growth path 2 Chapter 4 of the National Development Plan (NDP)	2.	Equitable access to reliable, sustainable and acceptable water resources and water and sanitation services	2.2	Targeted and aligned planning for adequate water availability and the enhanced provision of water supply and sanitation services	1	Water services planning
			2.5	Enhanced provision of sustainable and dignified basic sanitation	2	Water services management
			3.1	Equitable water allocation and availability for socio-economic development	2	Water services management
			1.4	Enhanced water use efficiency and management of water quantity	2	Water services management
Outcome 9 (Local Government) Outcome 10 (Environment) Chapter 5 of the National Development Plan (NDP)			1.1	Water resources protected through water supply and sanitation services regulation, compliance monitoring and enforcement	4	Resource protection
			1.3	The integrity of freshwater ecosystems protected	4	Resource protection
			1.2	Enhanced management of water and sanitation information	6	Governance and management

Table 6: Alignment of OW strategic objectives with those of National Government

Table 6 illustrates that OW's Corporate Plan is informed by the operating business environment as reflected in State of the Nation Address and National Budget Address of February 2017, the fourteen Government Strategic Outcomes of Government and Pertinent Outputs cascading to the Executive Authority, the National Development Plan (NDP) 2030, the Medium Term Strategic Framework (MTSF2014 – 2019) and the DWS's National Water Resources Strategy (NWRS II, 2013), key focus areas highlighted by the DWS Minister in March 2018 and the DWS' five-year Strategy Plan and Annual Performance Plan and the Presidential Review Committee Report of 2013 on reshaping state-owned Entities including DWS institutional realignment exercise.

Figure 11: Area of supply

Figure 11 shows the Overberg Water area of jurisdiction supplying bulk drinking water to two municipalities and approximately 800 individual industrial farmers in the Overberg Region. The yearly volume of supply is approximately 4m cubic metres, the two main sources of water are the Theewaterskloof Dam on the Sonderend River and the Duivenhoks Dam on the Duivenhoks River. OW owns and operates three water supply schemes; namely, the Ruensveld West, Ruensveld East and the Duivenhoks Water Supply Scheme. The primary activity is the provision of potable water. The area supplied over 6 000 square kilometres in the Overberg and Eden District Municipalities and the pipe network covering these areas is approximately 1 450 kilometres.



FOREWORD FOR 2024/25 BY THE HONOURABLE MINISTER OF WATER AND SANITATION

It is with pleasure to write this foreword for the Water Overberg Water Board. It is one of the entities within the Department of Water and Sanitation. It was established in 1993 to provide potable water to customers. Overberg Water has been evolving from a disclaimer to a set of unqualified audit opinions over the past eight years. The financial year 2015/16 was a turning year for the Entity. The work done by the current Management and the Board shall continue to live as a mirror of hope for years to come. It is a remarkable achievement! There is no doubt that over the years the Entity has been working hard in improving its internal control systems, and overall organizational performance. The improvements yielded the following results as shown in Table 1 below:

Financial Year	Audit Outcome	Legend
2015/16	Disclaimer	🔴
2016/17	Qualified audit	🟣
2017/18	Unqualified audit	🟡
2018/19	Unqualified audit	🟡
2019/20	Unqualified audit	🟡
2020/21	Unqualified audit with no findings – clean audit	🟢
2021/22	Unqualified audit	🟡
2022/23	Unqualified audit	🟡
2023/204	Unqualified audit	🟡
2024/25	Unqualified audit with no findings – clean audit	🟢

The results shown were due to the changes in governance structures since 2017. There is no doubt that the last Board appointed in 2019 has laid down a sound foundation for Management to continuously implement in its endeavor to deliver the required service. Furthermore, the current Board has put all its direct deck to continuously improve the overall financial and performance. Profoundly, the new executive management which started mid-2017 supported by the Entity's overall staff has been hard at work too. This is against the financial constraints, ageing infrastructure, low customer base, and skills deficiencies in certain critical areas. The work of the new executive management team and the new board is acknowledged for such a change of direction. The Ministry and the Department are expecting more from the Entity.

In past years, the Entity had experienced a myriad of water supply interruptions. These were due to ageing infrastructure, funding constraints, and technical challenges. Management under the stewardship of the Board has swung a pendulum to a zenith point of noticeable performance. Whilst some of the challenges such as non-revenue water and low customer base remain my concern, I am satisfied that the Entity's intervention plan and the support from my department have resulted in reasonable and tangible results. The work remains which is to grow Overberg Water both in terms of revenue and geographical expansion.

I am satisfied that the Entity has finally concluded its Growth Path Strategy aimed at promoting efficiency, revenue, and growth. The next step is to implement the Plan. Hence, I remain committed to support it. My expectations in my capacity as the Minister are well-oiled machinery that takes the interest of its customers to heart. In tandem it is to completely reduce any water supply interruptions, non-revenue water and improve the financial performance of the Entity. The Department of Water and Sanitation is fully committed to supporting the Entity. The Entity is unique in the sense that it also provides bulk water to municipalities and directly to individual farmers who are a dominant economic component of the Overberg Region. The water is used for agro-processing and related activities. Water supply must always be made of excellent quality and readily available.

Overberg Water has been asked by my department to develop its cost recovery plan for implementation purposes. It is important for me to see it in a healthy financial position. Also, every effort is being made to solicit blended financing. I acknowledge that there is already a funding agreement between Overberg Water, Development Bank of Southern Africa, and the Infrastructure Fund. The next step is to translate the agreement to tangible results aimed at ensuring another 30 years of Overberg Water's existence.

I am also pleased to note that Overberg Water has completed its Growth Path Strategy which does not only focus on the future but deals with the current water supply challenges. In addition, I have directed my department to do all that is humanely possible to support Overberg Water towards achieving its growth plan initiatives, attending to its water supply issues, and ensuring water remains in the pipeline. The ultimate destination is to support Overberg Water in achieving its growth path initiatives which are geographically, and revenue determined. However, the first focus must be on existing Infrastructure challenges.

In addition to individual farmers, Overberg Water provides bulk drinking water to its municipal customers, namely the TheeWatersKloof and Hessequa Municipalities. Thus, the Entity must continually take its stakeholders on board and enhance its communication with all the affected and interested parties. In conclusion, my word of appreciation goes to the Board, executive management, staff, and all affected parties. Let the wheel of service delivery be a unifying force as the Entity discharges its mandate.

MISS PEMMY C.P. MAJODINA, MP
MINISTER OF WATER AND SANITATION
DATE: 03 | 11 / 2025

CHAIR PERSONS FOREWORD FOR 2024/25

Introduction

This is the Board Chairperson's 2024/25 financial year foreword. It is written on behalf of the Board of Directors serving the Overberg Water Board (OW). OW is one of the entities within the Department of Water and Sanitation. The Board reports to the Honorable Minister of Water and Sanitation, Ms Pemmy Majodina. Hence, it is essential to firstly acknowledge the Minister of Water and Sanitation for her water sector leadership and her part in supporting Overberg Water. Equally, Chief Executive Officer has been a bridge between the Board, Staff and the Department of Water Sanitation. Through working with other layers of management, it is the role that has managed to bring in synergy to attain the 2024/25 clean audit. Notably, all the written statements in the forewords starting from the Minister and that of the OW Chief Executive Officer are written within the spirit of ubuntu. Promoting interdependency and interconnectedness emphasizes that working with everyone is the recipe for success as umuntu ungumuntu ngabantu / a person achieves more through working with others.

Overview of Performance

Overberg Water has been evolving from a disclaimer to a set of unqualified audit opinions over the past eight years. The financial year 2015/16 was a turning year for the Entity. The work done by the current Management and the Board shall continue to live as a mirror of hope for years to come. It is a remarkable achievement! There is no doubt that over the years the Entity has been working hard in improving its internal control systems, and overall organizational performance. The improvements yielded the following results as shown in Table 1 below:

Financial Year	Audit Outcome	Legend
2015/16	Disclaimer	
2016/17	Qualified audit	
2017/18	Unqualified audit	
2018/19	Unqualified audit	
2019/20	Unqualified audit	
2020/21	Unqualified audit with no findings – clean audit	
2021/22	Unqualified audit	
2022/23	Unqualified audit	
2023/204	Unqualified audit	
2024/25	Unqualified audit with no findings – clean audit	

Table 1 shows that OW can become a pillar of support in the provision of water services not only for the Overberg Region but for all those areas that require its services. There has been impressive improvement during thet2024/25 audit as all business units produce good results with areas of improvement. There was no material findings identified, instead there were recommendations made by the Office of the Auditor-General aimed at strengthening OW's internal controls, compliance and presentation of information.

It is worth noting that the results shown in Table 1 were cumulative benefits due to the changes in governance structures since 2017 up to date. As meticulously stated in the Minister's Forword, it stands to reason that the last Board appointed in 2019 has laid down a sound foundation for Management to continuously implement the required turn-around plan and continue with its endeavor to deliver the required service. Furthermore, the current Board has put all its direct deck to continuously improve the overall financial and performance. Profoundly, the new executive management which started mid-2017 supported by the Entity's overall staff has been hard at work too. This is against the financial constraints, ageing infrastructure, low customer base, and skills deficiencies in certain critical areas.

Challenges

In past years, the Entity had experienced a myriad of water supply interruptions. These were due to ageing infrastructure, funding constraints, and technical challenges. Management under the stewardship of the Board has swung a pendulum to a zenith point of noticeable performance. Whilst some of the challenges such as non-revenue water and low customer base remain a concern, the Board did its best to arrest the water supply challenges including the development of the Intervention Plan and consistent Maintenance Plan. The remaining work is to grow Overberg Water both in terms of revenue and geographical expansion.

The Board is satisfied that the Entity has finally concluded its Growth Path Strategy aimed at promoting efficiency, revenue, and growth. The next step is to implement the Plan. It was encouraging to note from the Minister's Foreword of the commitment in supporting the Growth Plan. The Department of Water and Sanitation is fully committed to supporting the Entity. The Entity is unique in the sense that it also provides bulk water to municipalities and directly to individual farmers who are a dominant economic component of the Overberg Region. In line with the Growth Path Plan, there is every reason to grow the current water supply footprint as part of reducing production costs which would eventually lead to tariff system that is sustainable and predictable. The current production costs require OW to continually explore alternatives ways of producing quality water, invest more in its infrastructure, embrace ICT and digital transformation as the new business norm.

OW Board is fully committed to source alter funding mechanisms to improve not only the water supply network but be a center of excellence and production of knowledge.

Strategic direction

Overberg Water is working towards implementing its Growth Path Initiative that Overberg Water completed during the 2024/25 financial year. As previously stated, the Growth Path Strategy does not only focus on the future but deals with the current water supply challenges. The ultimate destination is to support Overberg Water in achieving its growth path initiatives which are geographically, and revenue determined. However, the first focus must be on existing infrastructure challenges.

The next important action is to finalize the reviewed organogram as it is an enabler towards achieving the strategic objectives which were identified by the Board during its strategic session. The strategy sets the tone and directs the Entity to achieve the expectations and go beyond.

Call to action

OW is looking forward to productive engagements and collaborations with all affected and interested stakeholders within the Western Cape Province and South Africa at large to make OW a water service provider of choice. OW invites all its customers, who are farmers, the Theewaterskloof and Hessequa Municipalities, to join hands in accelerating service delivery. Let us all act now for a better tomorrow.

Conclusion

In conclusion, my word of appreciation goes to my fellow Board Members, Executive & Senior Management, staff, and all affected parties. A special vote of thanks goes to the Minister of Water and Sanitation for her leadership role.

CHAIRPERSON OF THE BOARD

RAZEEN BENJAMIN

Chief Executive Officer

CHIEF EXECUTIVE OFFICER REPORT

CEO FOREWORD

Introduction

"There was never a night or a problem that could defeat sunrise or hope". – Author unknown

"There was never a night or a problem that could defeat sunrise or hope" at Overberg Water. The Entity has always been hopeful to address every challenge it was facing. This annual report is for the Organization that was established in 1993 with the amalgamation of several small water boards to constitute the Overberg Water. The 2024/25 financial year provides a statement which reviews the year by focusing on past and current performance, challenges, 2024/25 overall audit outcomes, socio-economic growth, infrastructure, identifying future goals, and unreservedly expresses gratitude primarily to the Overberg Water Board, employees, customers, Department of Water & Sanitation, and stakeholders. The word of gratitude will be incomplete without passing words of appreciation to the Minister of Water & Sanitation, Deputy-Ministers, Director-General and the entire leadership and water family.

Past Performance

Overberg Water has faced several water supply challenges due to its ageing infrastructure. Every effort was made to ensure that water remains in the pipeline and that the Entity is continually attaining its going concern status. The performance results over the years depicted in the following Figure 1 confirm that there have been no stones that were never turned into an opportunity.

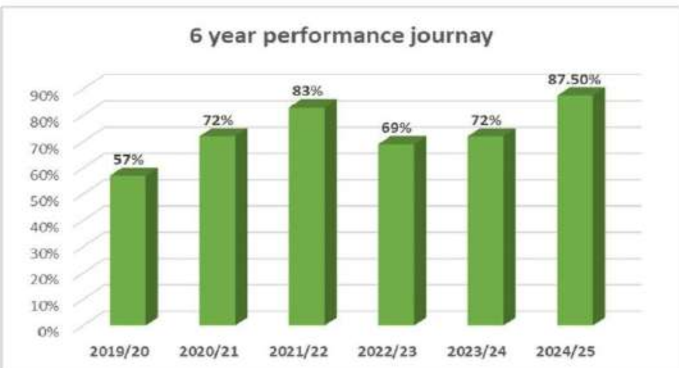


Figure 1: 6 Year Performance Journey

Figure 1 further confirms that since 2029/20 financial year the focus has

Figure 1 further confirms that since 2029/20 financial year the focus has been improving the Entity's internal control by investing in IT systems that enable OW's efforts to do better. It did not come on its own without capacitating all the business units including the creation of the Supply Chain Management Business Unit and employing technical people. Of course, appointing a diverse board was the Entity's oyster. The Board collaborates with the following Committees: The Audit, Risk, & Business Strategy, Operations & Infrastructure, and Human Resources, Remuneration and Ethics.

Current Performance

OW is one of those water service providers that remain untouched by challenges posed by both the aged infrastructure and ageing infrastructure. There have been sporadic pipe bursts which increase the Entity's water losses. There has always been a commitment to address every water leak and repair every pipe burst. Due to the vastness of the pipeline network, it creates a challenge to address everything. Regardless, the OW team has been there with its limited resources to burn both the midday and mid-night oil to fix any disturbance. Nevertheless, OW continually works towards the reduction of its non-revenue water to be below 20% per annum. The aim fits in well with infrastructure investment. Hence, there has been a drastic increase in the maintenance budget in 2024/25. The repairs and maintenance plan remains the blueprint for water investment. Water is not just a colorless liquid, instead it is a socio-economic enabler in the Overberg Region. It is about doing good and making a positive impact. Therefore, the 2024/25 audit by the Office of the Auditor-General has found no material findings. This is OW's testimony that the Entity is on track to addressing its water supply challenges.

In an environment where funding is in abundance, OW would have done far better. The limited financial resources have enabled the Entity to address most of its challenges including buying new pumps and pipe replacements. If it were not due to the sound financial management controls in place the task would have been a pie in the sky. In the past three financial years, OW's annual financial statements have been with no material findings. It is a mirror of goodwill aimed at doing great with limited resources. Every recommendation from the Office of the Auditor-General is a catalyst for improvement. Going forward, there will be a dedicated review, mid-year annual financial statements, oversight and investing in the ERP system for effective and efficient business financial activities.

activities. Procurement in simple terms is about the acquisition of goods and services within the Entity's approved Supply Chain Management Policy and relevant National Treasury instruments. There were no material findings during the audit other than internal control matters for improvement purposes. The focus is to translate those findings into an action plan. Notably, the results have shown improvement compared to prior two financial years.

There is no doubt that any achievement is based on human capital. The Human Resources Business Unit at OW, amongst other things, facilitates training and development of staff who then transform the acquired knowledge into performance. The Human Resources Business Unit has been showing a level consistency in the last three financial years. There were no material findings and there were less findings than in the previous financial years.

2024/25 Overall audit outcomes

The above-mentioned performance outcomes were audited by the Office of the Auditor-General. The audit was based on the following outcome areas:

	Movement	2024-25			2022-23
Financial statements					
Annual performance report					
Strategic goal 1 – Organisational Efficiency and effectiveness					
Compliance with legislation					
Procurement and contract management					
Revenue management					
Expenditure management					
Assets management					
Consequence management					
Strategic Planning and performance management					
Annual financial Statement, performance reports and annual report					

	Unqualified / No material findings		Qualifie d		Adverse		Disclaimed		Material findings		Not audited

Improvement		Regression		Unchanged	

Figure 2: Auditor-General of South Africa (2025)

Figure 2 shows that there has been a lot of effort into improving not just internal control processes but OW was an entity that decided to put its hands on the deck. The focus now is now on working on any identified area that requires enhancement

Socio-economic growth

There is no doubt that Overberg Water Board's performance in delivering bulk water in general and water distribution in particular contributes to socio-economic development. Water is central in our daily activities and none of us can live without water. It is often said that "water is the driving force of all nature." The word nature refers to the phenomena of the physical world collectively including plants, animals, the landscape, and other features and products of the earth. Water is life to both fauna and flora.

It becomes evident in drinking water. Drinking water must always be of quality not just meeting the prescribed standards as stated in the SANS241 but to the health of the consumers as well. Quality water is linked to primary healthcare. This, however, does not happen on its own. It requires dedicated Entities like the Overberg Water Board which are given the task of providing water services to ensure that they have sound internal controls, financial sustainability, clearly defined performance indicators and are aligned with the Constitution. The Constitution makes water access the human right issue. Without any word of contradiction water services provision is a constitutional mandate which is a mantle that promotes human

dignity and sustainable development. The Overberg Water Board in 2024/25 did all what it could to live up to expectations. It is a commitment that defines its performance culture and organisational architecture. The winds of change have been blowing since 2015/16 and led OWB to consistently retain its unqualified audit opinion up to date.

Before discussing the kaleidoscope pictorial view, it is important to provide a summary of challenges that has been facing Overberg Water during the year under review. These are:

-Intermittent water supply interruptions
-Professional service providers fees
-Ageing infrastructure
-ICT investment deficiencies
-Chemical cost
-Energy cost
-Cost of doing business

The above-mentioned challenges are grouped into two areas:

infrastructure and key cost drivers. The Entity is defined as 3B business enterprise.

It relies on its own revenue to discharge its business activities. The challenges as indicated in the bullet forms have a direct impact on the overall business processes in terms of revenue and water supply. The focus has been on running an Entity on a going concern basis and continually providing superior performance.

Infrastructure

OW has been in existence for over 30 years now, being established in 1993. The age of the Entity has a direct relationship with infrastructural performance. The current infrastructure is depressed due to ageing and design. The Entity had to request DWS financial injection to improve infrastructure services. The funding was ringfenced for the following projects:

(a)Refurbishment of telemetry
(b)Replacement of sandfilters
(c)Acquisition of pumps
(d)Design of Duivenhoks storage dam
(e)Ultrasonic flow meters
(f)Replacement of pressure reducing valve
(g)Phase 3 – 5 pipeline replacement

The projects have an eighteen-month completion period. There has been steady progress despite the usual project snags. The current Board is geared towards improving the level of delivery service. The ringfenced funding became an enabler to improving water supply service delivery

Future goals

There is every reason to be believe that Overberg Water is making its contribution towards meeting the South African Constitutional imperatives, which include amongst other access to water through bulk water supply to municipalities. Also, the role played by the Overberg Region farmers is vital for Western Cape Province economic growth and to the National Gross Domestic Product. Overberg Water since its inception has been supplying water directly to approximately 800 individual farmers who use the same water for agro-processing activities. Therefore, it is essential to craft future tangible goals that will make OW to be a pillar of water supply.

The following goals are put together as enablers to the Corporate Plan and the Shareholder Compact:

(a)OW's future goals are to ensure that water supply remains reliable and predictable.

(b)Maintain excellent drinking water performance in terms of the 241 standards including water quality risk assessments.

(c)The future of any water service provider lies with its infrastructure investment. Hence, there is an intentional will to invest in infrastructural activities and prioritize maintenance.

(d)Explore alternatives sources of energy and water.

(e)Enhance digital transformation including automation and artificial intelligence where possible.

(f)Diversify sources of revenue.

(g)Progressively, implement the Growth Path Strategy Initiative as approved by the Board

Overberg Water

Overberg Water is one of the national water boards within the Department of Water and Sanitation. It is the only board that provides water directly to individual farmers who in turn use the water for their agro-processing activities. It is a vital Entity to support agriculture within the Overberg Region and the country. In 2023/24 financial years, there were nine water boards which are now reduced to seven water boards. Umngeni Water was merged with Mhlathuze to form uMngeni-uThukela Water Board. Another water boards which were merged were the Bloem Water and Sedibeng to form the Central Vaal Water Board. Overberg Water was not merged with any water boards. The following diagram still shows the sizes still indicating the old names.

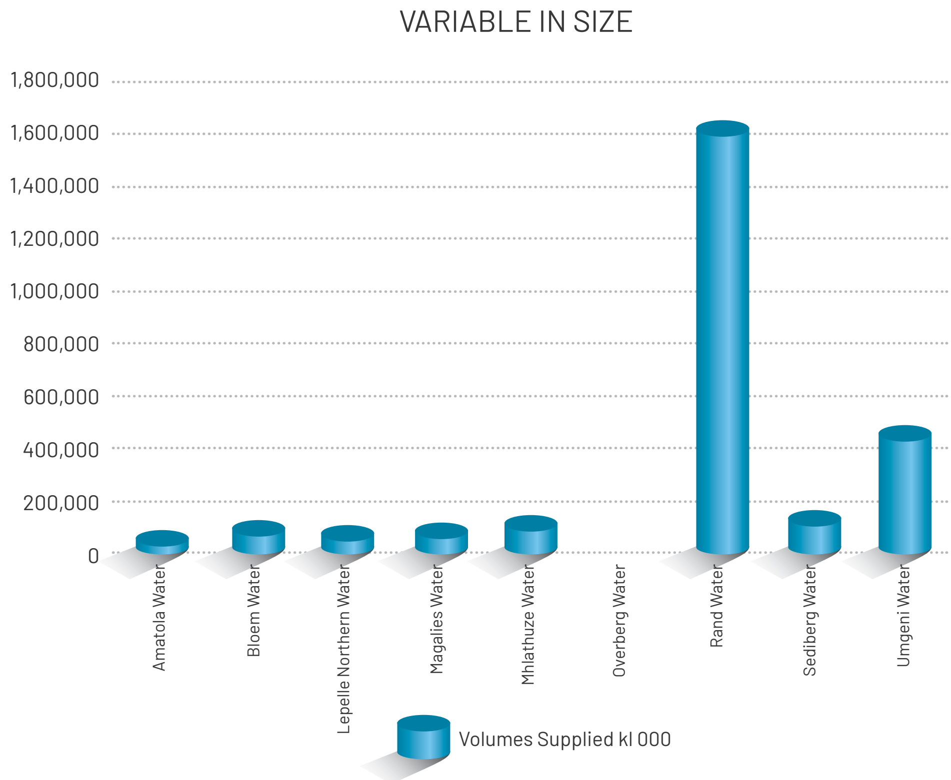
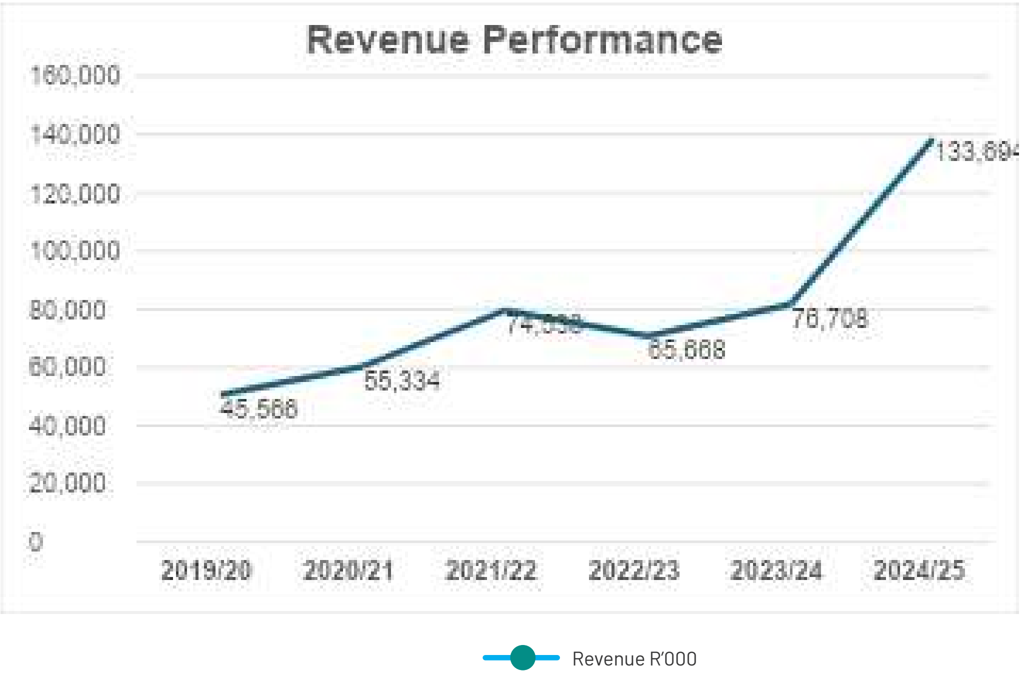


Figure 13 Volumes of supplied water (depicting old figuration)

The above figure indicates that Overberg Water is the smallest water board and yet capable to reach the same level of water services provision. It is subjected to the very same processes such as meeting the required water services standards and audit requirements. The growth of Overberg Water will also be advantageous to the province and the country as there will be a dedicated water service provider supporting all other municipalities and interested parties. The focus is to change the current volumes supplied to be higher than what it is at the moment. There is a ray of hope that Overberg Water will reach its zenith point of growth. Since inception, the Entity has been the main water service provider in the Overberg Region and has been providing good quality of drinking water. The current business status shows that the Entity has gone beyond its traditional area of operation.

Revenue

There is no doubt that over the years the overall financial performance has been steadily improving but not sufficient to upgrade the ageing infrastructure. The graph below tells a strong of an Entity that has potential to grow and better service its customers:



Legislation

The provision of bulk water services other than the Water Services, is also guided by the South African Constitution and other acts such as the National Water Act of 1998, National Environmental Management Act, Number 107 of 1998, the Biodiversity Act, Number 10 of 2004, Municipal Systems Act, Number 32 of 2000, Development Facilitation Act, Number 67 of 1995. The provision of the services has to comply with the Audit Act and the Public Finance Management Act as amended from time to time. Various pieces of legislation assist the overall performance of the Entity. From these Acts the message is water services provision is an interconnected and intersectoral service. It requires collaboration with other relevant parties. Overberg Water shall continue engaging all the parties and stakeholders not only in terms of growing the business but in terms of finding alternative sources of water and exploring water storage. The effects of climate change and drought make a compelling clarion call to all water Entities and water management institutions. It is the right time to think ahead moving beyond a five year planning horizon but to a 30 year one.

Achievements

During the 2024/25 has achieved the following:

- Resilience as water supply continued throughout the financial years
- Appointment of its preferred due diligence service provider regarding the growth path initiative
- Conclusion of the skills audit
- Improved the Corporate Plan with tangible performance information with their technical descriptors
- Improved the collection rate above 66.5%
- Submitted the Annual Financial Statements on time as stipulated by the PFMA
- Remain financially healthy whilst most organisations were affected by loadshedding despite the deficit
- Water services provision remained
- Policies development and management
- The Board through its Committees, namely; Operations & Infrastructure, Human Resources, Remuneration & Ethics as well as the Audit, Risk and Business Strategy, continued with its excellent oversight and accountability role
- Achieved the unqualified audit opinion ad maintained for the past seven years

All of the above-mentioned were done successfully with effort, skill and courage by all at Overberg Water Board. The Overberg Water Board is indeed the water services hub for the Western Cape Province and beyond. Investing in its Growth Path Initiatives is the right thing to do! We shall continue with our efforts of making a difference to all our communities insofar as water provision and associated / ancillary services are concerned.

Action Plan

In order to respond to the above-mentioned challenges, the first thing to be done was to develop an action plan that has seen a number of changes being effected such as the appointment of the internal audit services as well as tariff increase for 2016/17 and 2017/18. There is still more to be done but progress has been made with the support of the Department of Water and Sanitation. The following are some of the achievements met and emanating from the Action Plan:

- Appointment of the permanent Chief Executive Officer, Chief Finance Officer and other critical staff.
- Stakeholder and client relations being initiated
- Appointment of the internal audit service
- Supply chain management systems and procedures revival including reviewing the policy
- Organogram review

- Improve the control environment
- Initiating the BBBEE and SMMEs development
- The Overberg Water Master Plan being developed
- The Growth Path strategy was developed as an anchor to the Entity

Conclusion

The CEO Forword is written in terms of that "there was never a night or a problem that could defeat sunrise or hope" as the OW was committed to meeting its mandate.The conclusion of the year has been flowered by the role played by the Overberg Water Board, Board Committees, Executive Management, Senior Management, and every staff member.
The Entity remains indebted to all who played their part in achieving an unqualified audit opinion without any material findings (clean audit). OW's special words of gratitude go to the Ministry, Department of Water & Sanitation, customers and all our stakeholders. In our humble works, all the following:

Thank you,
Dankie,
eNkosi,
Inkomu,
Rea leboga,
Siyabonga,
Siyathokoza,

Let us all put our hands on the deck for success!

CHIEF EXECUTIVE OFFICER
DR PHAKAMANI BUTHELEZI

Acting Executive Manager Water Services Report

INTRODUCTION

Access to clean and reliable water is a constitutional right, and Overberg Water, as the only Water Board in the Western Cape, remains committed to fulfilling this mandate. In 2024/25, our focus was on strengthening operational efficiency, ensuring resilience against infrastructure challenges, and maintaining excellent product quality, all while balancing financial sustainability and service delivery imperatives.

Our operations are aligned with the National Development Plan (NDP) 2030, which calls for universal access to safe and affordable water and sanitation services. Water continues to play a pivotal role in driving socio-economic growth and development in the Overberg region, and our efforts are directed toward supporting this national vision.

WATER RESOURCE

Western Cape dam levels rebounded significantly thanks to a wetter-than-usual winter season running from mid-2024 through mid-2025. While dam levels did not return to the above-90% fullness seen the prior year, they recovered to over 80% capacity by mid-2025, marking a clear positive trajectory from earlier low reserves. Nonetheless, current levels remain below saturation point and underscore the need for sustained water-saving practices by consumers and institutions alike (EWN August 2025).

are intensifying our water conservation initiatives, balancing the need for sustainable practices with the

PRODUCT QUALITY

Overberg Water's core business of providing bulk potable water to our customers remains a top priority, and we are proud to report that our performance in delivering water fit for drinking, domestic use, and industrial applications has been exceptional over the past year. Our commitment to maintaining high standards of water quality is reflected in the consistent achievement of the SANS

The Western Cape dam levels continue to increase as the region experiences its rainfall season. Ms.

Ntombizanele Bila-Mupariwa, Department of Water and Sanitation Western Cape Provincial Head, had

To ensure the integrity and safety of our water supply, Overberg Water conducted comprehensive water sampling and analyses utilising accredited laboratories. This rigorous approach underscores our dedication to excellence in water quality compliance. Our team works diligently to monitor and assess water quality parameters, ensuring that our systems are not only compliant but also leading in quality assurance.

The results for the 2024/2025 financial year demonstrate our unwavering commitment to excellence,

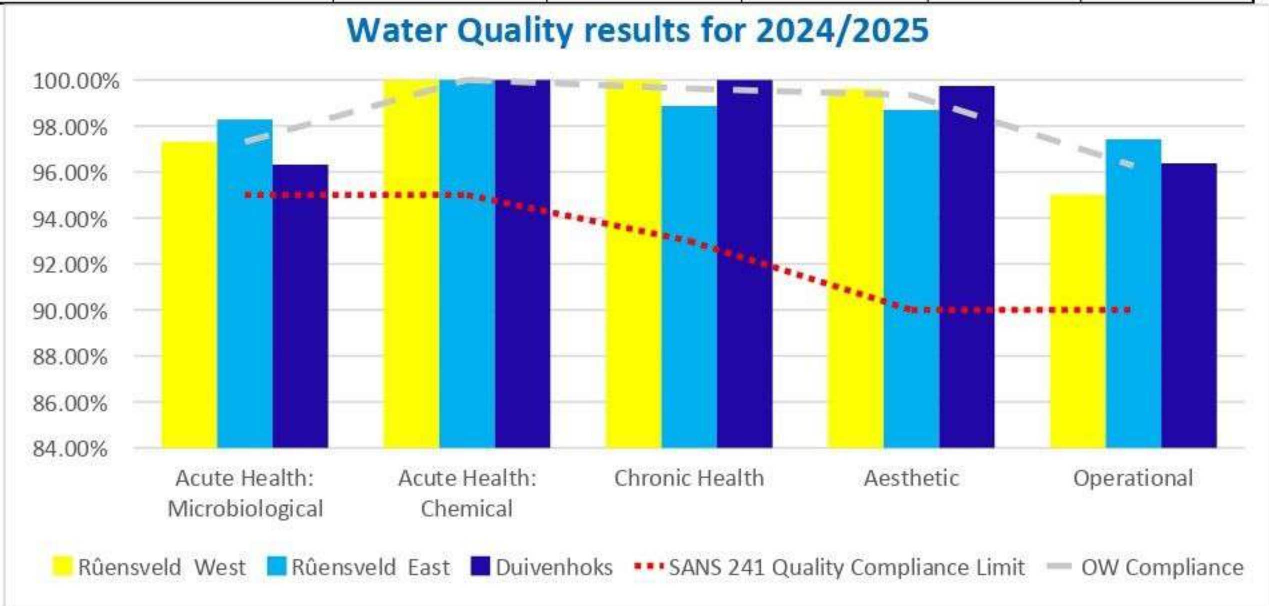
This brings an optimistic approach to the future of our continued water supply. in all compliance fields. These results are detailed in Table 1 , showcasing the effectiveness of our operational strategies.

In addition to our stringent compliance measures, we are also exploring innovative solutions to further enhance water quality and sustainability. This includes ongoing investments in advanced treatment technologies and infrastructure upgrades aimed at optimising our operations while reducing our environmental impact.

As we move forward, Overberg Water remains committed to not only meeting but exceeding the expectations of our customers and stakeholders. Our focus on water quality will continue to be a cornerstone of our operations, ensuring that we deliver safe, reliable, and high-quality water that supports the health and well-being of our communities and contributes to sustainable development in the region. These results show a slight improvement from last Financial Year's results which were already above average.

Table 1: 2024/2025 Potable Water Quality Compliance with SANS 241:2015

Water Quality results for 2024/2025					
	Acute Health: Microbiological	Acute Health: Chemical	Chronic Health	Aesthetic	Operational
SANS 241 Quality Compliance Limit	*95.00%*	*95.00%*	*93.00%*	*90.00%*	*90.00%*
Rûensveld West	97.31%	100.00%	100.00%	99.60%	95.02%
Rûensveld East	98.28%	100.00%	98.87%	98.69%	97.42%
Duivenhoks	96.32%	100.00%	100.00%	99.74%	96.38%
OW Compliance	**97.30%**	**100.00%**	**99.62%**	**99.34%**	**96.27%**



OPERATIONAL RESILIENCE

Operational resilience remains central to Overberg Water's ability to provide uninterrupted services in the face of multiple pressures. In 2024/25, our performance demonstrated that robust systems, proactive planning, and strong partnerships are essential to sustaining reliable water supply.

Despite the persistent challenge of ageing infrastructure, no service interruptions exceeded 24 hours during the year. This outcome reflects the combined effect of accelerated preventative maintenance programmes, the stabilising role of the orifice project in pressure management, and the ability of teams to respond quickly to bursts and leaks.

Overberg Water has continued to strengthen its preventative maintenance strategy, moving from reactive to more predictive approaches. Key elements include scheduled inspections, real-time monitoring of critical points, and rapid escalation processes for faults. External contractors were engaged to increase agility, allowing urgent repairs to be completed with reduced turnaround times.

Our crisis response capacity has also been enhanced. Overberg Water has established contingency plans that allow for continuity of supply under adverse conditions. Backup power capacity and mobile pumping units, form part of this resilience framework.

Equally important is stakeholder collaboration, which has provided an additional layer of resilience. Strong working relationships with suppliers, contractors, and local government partners ensured that operational bottlenecks could be addressed more swiftly. These partnerships have become crucial in mitigating risks that extend beyond Overberg Water's direct control.

Finally, Overberg operational teams are well-equipped to manage unexpected disruptions. Building internal expertise and maintaining institutional knowledge are critical for long-term resilience, particularly in high-pressure environments where swift, informed decisions are required.

Together, these measures demonstrate Overberg Water's evolving capability to resist, absorb, and recover from operational shocks, ensuring consistent service delivery to our customers even under testing circumstances.

OPERATIONAL OPTIMISATION

Overberg Tackling water loss is a key performance focus. Although Overberg Water has historically aimed for NRW levels below 15%, structural constraints remain a challenge.

In 2024/25, non-revenue water measured 23.9%, a modest improvement from 24.3% the prior year. While still above internal targets, our performance remains considerably better than the national average 47% NRW per the Blue Drop Report, 2023.

Water-loss mitigation strategies included improved metering accuracy, enhanced unit-process management, and operational tweaks aligned with water conservation protocols. These efforts will be bolstered by upcoming infrastructure upgrades and advanced monitoring systems. The overall production losses across all schemes amounted to 8.8%. The total raw water abstraction was 4 776 813m^3, total system input amounts to 4 356 055 m^3 whereas the total volume of water being sold amounts to 3 312 781m^3.

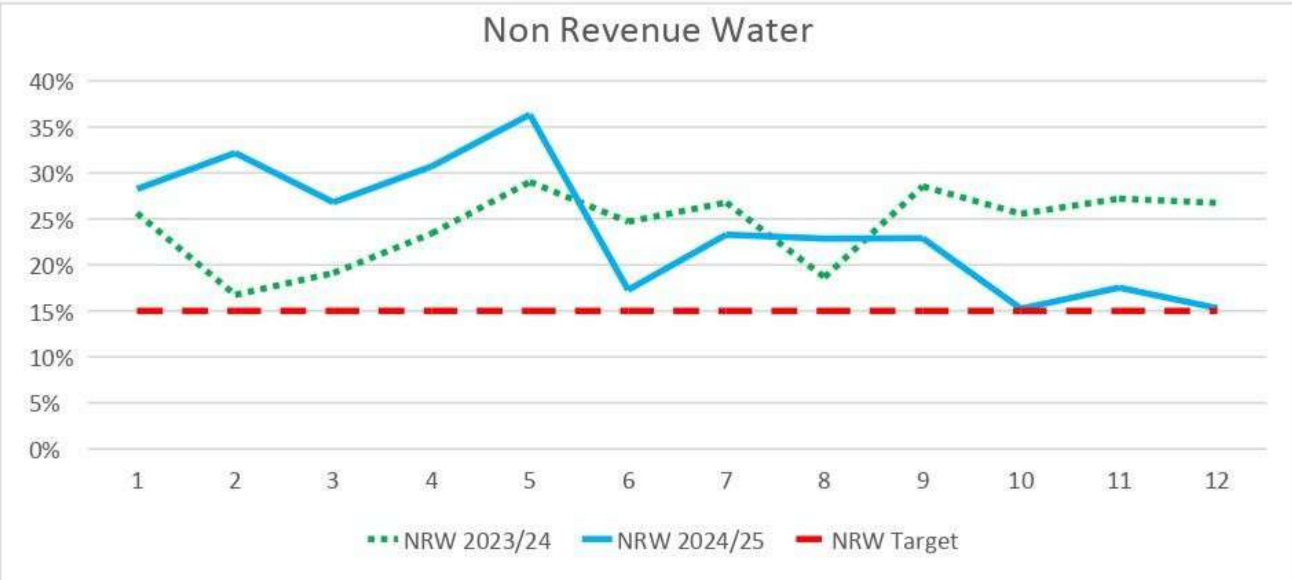


Figure 1: Non-Revenue water for 2024/2025 FY

INFRASTRUCTURE STABILITY

For the year under review, we had 265 pipe breaks and leaks events that were reported, which is much more than the 174 pipe breaks of the previous financial year and 106 the year before that. This number has been steadily increasing but seems to have leaped again this financial year. Several of the bursts were related to aging infrastructure structural pipe defects and ground conditions. The have been a few damaged pipes due to servitude encroachment. The lack of adequate funding for capital infrastructure upgrades has resulted in the deterioration of water treatment works and distribution infrastructure. Overberg Water has improved on its maintenance target through upgrading of short sections of pipeline, changing of water meters and air valves as well as procuring large pumps and generators. While the number of pipe breaks has increased the NRW has remained steady at about 24% signalling a faster response time from the maintenance team.

THE FUTURE

Looking forward, Overberg Water is focused on sustainable growth and infrastructure renewal. Importantly, we received funding from the Department of Water and Sanitation (DWS) to upgrade ageing infrastructure. These funds will be directed towards critical pipelines, telemetry systems, and pump sets that require urgent overhaul. This investment will improve network efficiency, reduce water losses, and strengthen long-term operational reliability.

Overberg Water's growth strategy has now been completed, and the entity will move into the planning phase in the upcoming financial year. This will involve aligning expansion opportunities including jurisdictional growth and wastewater management initiatives with detailed implementation frameworks to ensure readiness for execution.

By combining infrastructure rehabilitation with a clear, forward-looking growth path, Overberg Water is well-positioned to deliver improved efficiency, resilience, and sustainable services for the region.

CONCLUSION

The 2024/25 financial year demonstrated Overberg Water's continued commitment to delivering safe, reliable, and high-quality water services in line with its constitutional mandate. Despite pressures associated with ageing infrastructure and resource constraints, the organisation maintained full compliance with SANS 241:2015 standards, underscoring its dedication to protecting public health and service excellence.

Operational resilience was reinforced through preventative maintenance, rapid response capacity, and strengthened partnerships, which together ensured uninterrupted supply and effective risk management. While pipe breaks and infrastructure deterioration remain challenges, the modest reduction in non-revenue water highlights progress in operational optimisation.

The allocation of funding from the Department of Water and Sanitation provides a critical opportunity to accelerate infrastructure renewal and enhance long-term reliability. With a completed growth strategy and forward-looking planning underway, Overberg Water is strategically positioned to advance sustainability, expand responsibly, and continue supporting socio-economic development across the Western Cape.

Xolani Mdletshe

Acting Executive Manager Water Services

REPORT OF THE CHIEF FINANCIAL OFFICER

It is my pleasure to present the Chief Financial Officer’s (CFO) report for the financial year ended 30 June 2025. The year under review was marked by the continued rollout of the entity’s financial turnaround strategy, focusing on revenue diversification, cost containment, and securing sustainable funding. These measures have strengthened our financial position and established a more resilient foundation.

Throughout this period, we remained committed to prudent resource management, financial sustainability, and, most importantly, delivering reliable services to the communities and stakeholders we serve.

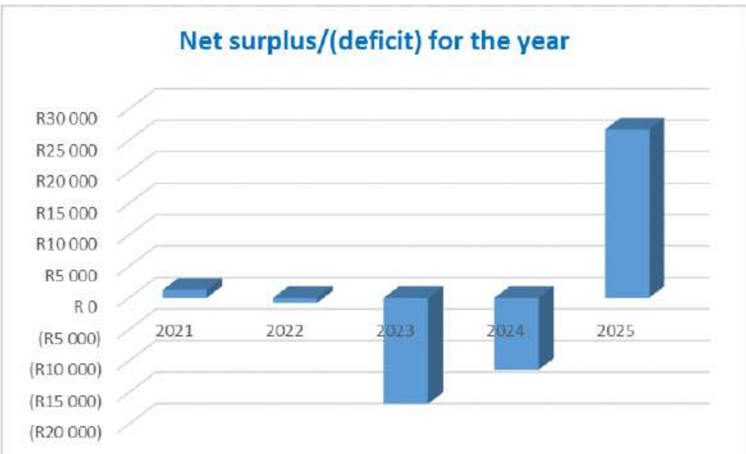
I am also pleased to report that the entity achieved an unqualified audit opinion with no findings (Clean Audit) for the year under review—an important milestone that reflects our commitment to sound financial governance, transparency, and accountability.The Annual Financial Statements provide a comprehensive overview of the year’s \
results (refer pages 94 and 146).

Financial Performance Overview

After three consecutive years of deficits, the entity has achieved its first surplus in four years.

This milestone reflects the successful implementation of the growth path strategy, which included securing a project with the Department of Public Works and Infrastructure, introducing a more cost-reflective tariff, and benefiting from grant funding received from the Department of Water and Sanitation. These measures have stabilised the entity’s financial position and laid the foundation for long-term sustainability and enhanced service delivery.

	2021	2022	2023	2024	2025
Net income/loss for the year	**R1 237**	**(R747)**	**(R16 829)**	**(R11 413)**	**R26 704**

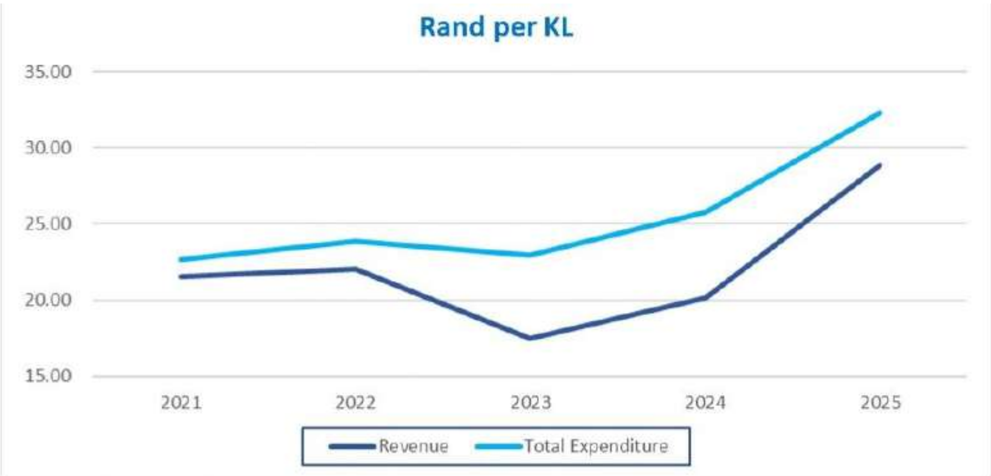


Revenue and Cost per Kilolitre

During the year, the entity continued to address the structural gap between the revenue per kilolitre (KL) and the expenditure cost per KL—a challenge that has historically impacted financial sustainability. Through cost-containment measures, a more cost-reflective tariff path, and improved operational efficiency, this gap was reduced by 38% compared to the prior year, representing meaningful progress toward full cost recovery.

Despite this positive trajectory, the cost of delivering water services still exceeds revenue, underscoring the importance of continued efficiency initiatives, reductions in non-revenue water (NRW), and aligning future tariff adjustments with the actual cost of service delivery.

	2021	2022	2023	2024	2025
Revenue	21.52	22.01	17.48	20.14	28.83
Total Expenditure	22.71	23.85	22.95	25.73	32.28
Gap	1.19	1.84	5.47	5.59	3.44



Revenue and Non-Revenue Water (NRW)

Total water volumes sold during the year were 5% below budget and 3% lower than the prior year, directly linked to NRW levels. Encouragingly, significant progress was made in reducing NRW:

- For the first six months, NRW averaged 28.3%.
- Through targeted interventions, this was reduced to 19.7% in the second half of the year.
- The year-end outcome was 23.95%.

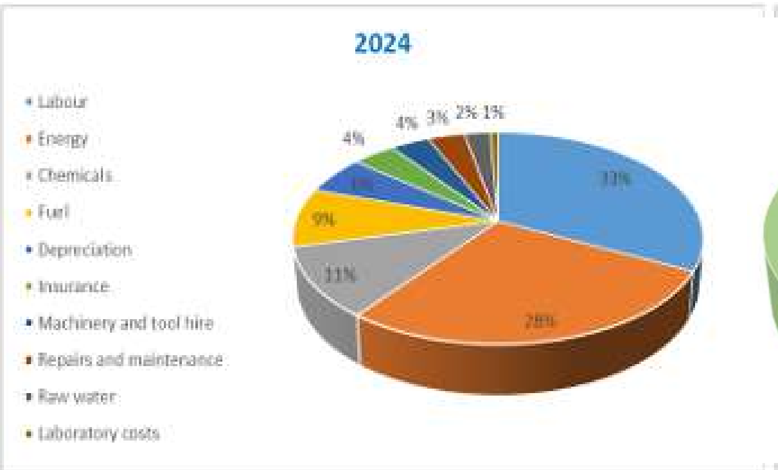
Cost of Potable Water

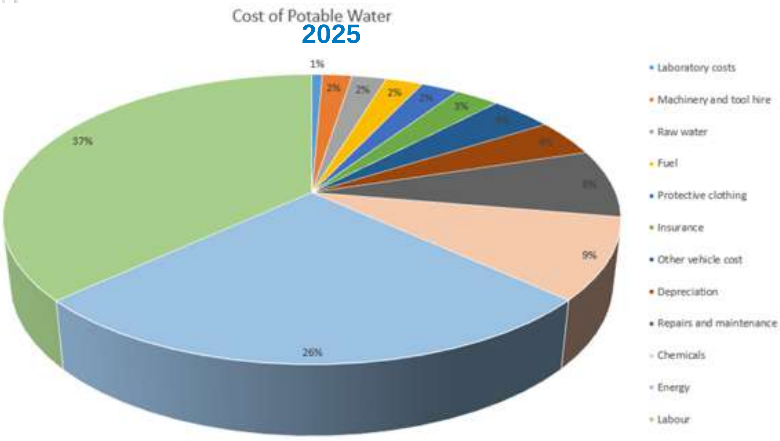
The cost of potable water encompasses all expenditure required to treat, produce, and deliver safe, clean water. Effective management of these costs is critical to narrowing the gap between revenue and expenditure per KL.

During the year, four primary cost drivers accounted for approximately 80% of total costs:

1. **Repairs and Maintenance** – Ensuring system reliability and addressing ageing infrastructure.
2. **Chemical Costs** – Driven by water quality requirements and fluctuating input prices.
3. **Energy Costs** – Influenced by electricity tariffs and reliance on alternative energy sources during load shedding.
4. **Labour Costs** – Supporting skilled staff to operate, maintain, and safeguard water supply operations.

Ongoing initiatives to optimise energy consumption, extend asset life through preventative maintenance, and improved procurement are aimed at reducing cost pressures and supporting long-term sustainability.



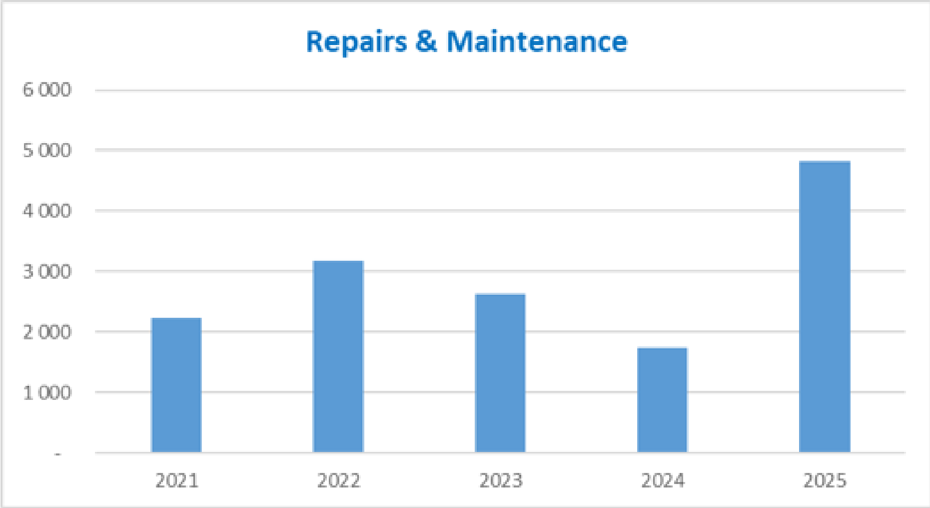


Repairs and maintenance expenditure increased by 117% compared to the prior year, reflecting deliberate investment in operational resilience. Key interventions included:

- Orificing of pipelines to reduce system losses,
- Replacement of valves to improve network reliability,
- Repairs to critical pumps, and
- Maintenance of sand filters to sustain water quality standards.

These investments contributed to the reduction in NRW and strengthened the long-term sustainability of the water supply system. The increase in maintenance costs should be viewed as proactive investment rather than recurring cost escalation.

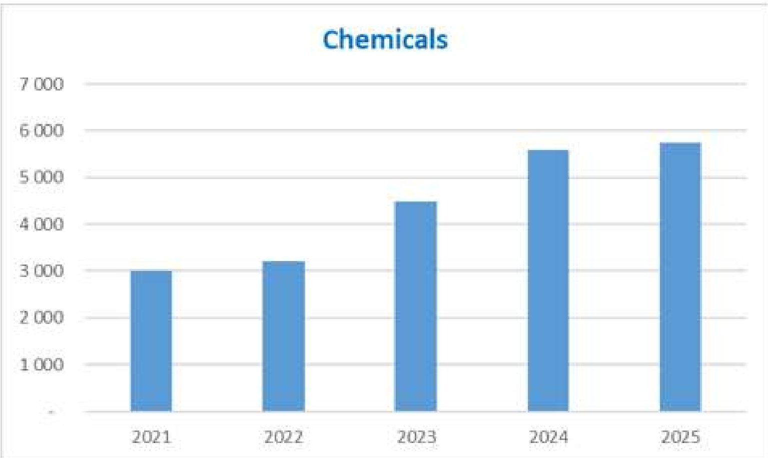
(R'000)	2021	2022	2023	2024	2025
Repairs & Maintenance	2 225	3 170	2 630	1 739	4 816
%Increase		42%	-17%	-34%	177%
Cost per kl	0.64	0.94	0.70	0.51	1.46



Chemical Costs

Chemical costs increased by only 3% year-on-year, a substantial improvement compared to the 24% and 40% increases recorded in 2024 and 2023, respectively. This reflects the effectiveness of cost-containment measures, particularly direct contracting with manufacturers to secure competitive pricing while maintaining water quality standards. Ongoing procurement optimisation and supplier management are expected to further stabilise chemical costs.

(R'000)	2021	2022	2023	2024	2025
Chemicals	3 002	3 214	4 485	5 579	5 747
%Increase		7%	40%	24%	3%
Cost per kl	0.87	0.95	1.19	1.64	1.74



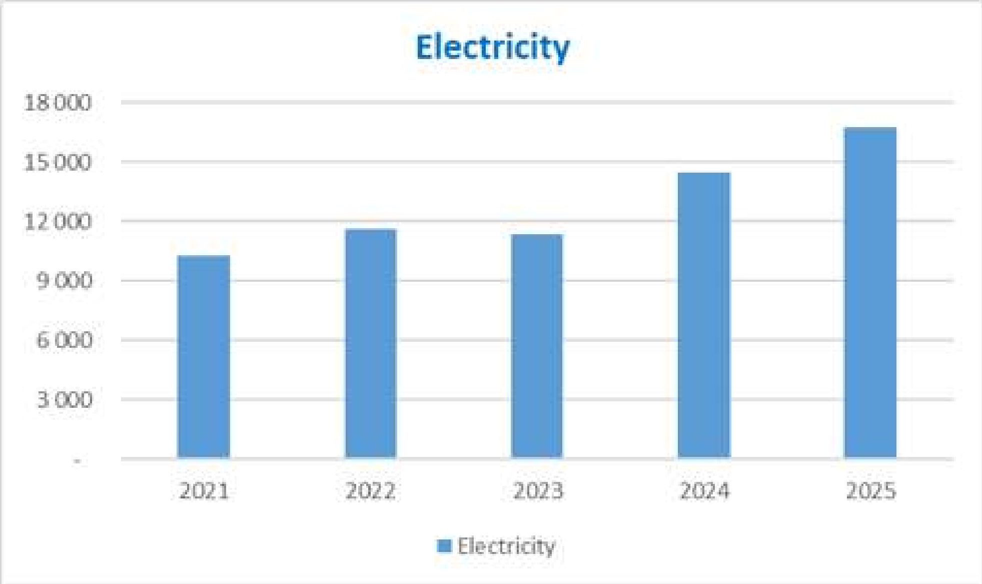
Energy Costs

Energy costs increased by 16% year-on-year, primarily due to electricity tariff adjustments. To manage energy expenditure, the entity implemented initiatives including:

- Transitioning to the Ruraflex tariff, a cost-effective electricity pricing option, and
- Investigating a Public-Private Partnership (PPP) to implement solar energy solutions, reducing reliance on grid electricity.

These measures support cost control, service delivery standards, and long-term financial sustainability

(R'000)	2021	2022	2023	2024	2025
Electricity	10 292	11 617	11 371	14 459	16 730
%Increase		13%	-2%	27%	16%
Cost per kl	2.97	3.43	3.03	4.24	5.07



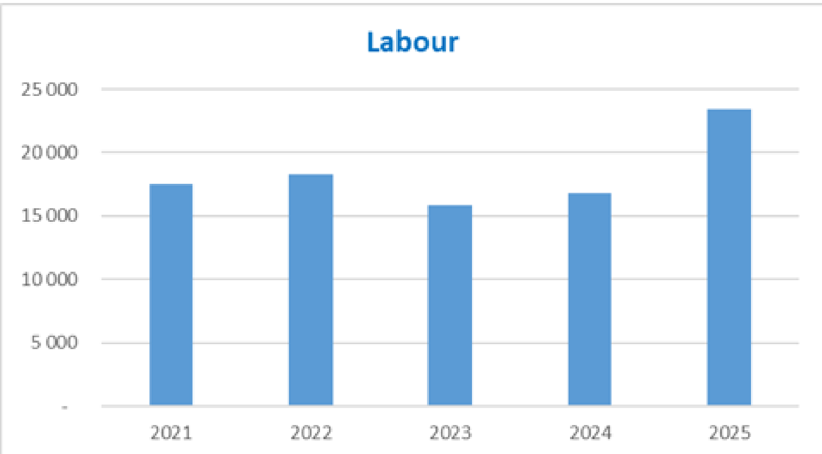
Labour Costs

Labour costs increased due to strategic investments to support projects and organisational capacity:

- Inclusion of payroll costs for the DPWI project,
- Appointment of temporary staff to complete the orificing project,
- Filling management vacancies, including the System Area 1 Scheme Manager, and
- Accruals for staff bonuses.

These costs reflect deliberate allocation of resources to ensure timely project delivery, maintain operational efficiency, and strengthen service delivery.

(R'000)	2021	2022	2023	2024	2025
Labour	17 510	18 286	15 900	16 832	23 387
%Increase		4%	-13%	6%	39%
Cost per kl	5.05	5.40	4.23	4.94	7.09



Property, Plant, and Equipment (PPE) Additions

There were no significant increases in Property, Plant, and Equipment during the year. Additions to water purification schemes included essential assets such as pumps, control panels, motors, valves, and water meters. The bulk of the funding received from the Department of Water and Sanitation (DWS) will be expensed in the new financial year, and these investments are expected to yield benefits, particularly in the further reduction of non-revenue water.

Debtors and Debt Recovery

Overberg Water continues to strengthen debt recovery controls with a focus on long-outstanding accounts. Structured strategies to recover overdue payments have minimised financial losses.

During the year, settlement negotiations led to the write-off of irrecoverable debts while improving cash flow, contributing to a reduction in the provision for doubtful debts.

Timing factors also influenced debtors' balances, including:

- The entity's largest customer paying May and June invoices at the end of July, and
- Revenue billed for the DPWI project only received after year-end.

Overall, the entity's approach to debt management reflects a strong commitment to collections, improved cash flow, and financial sustainability.

Creditors

At year-end, six creditors accounted for 85% of the total R9.7 million outstanding creditors balance. The largest creditor was the Auditor-General, representing 43% of the balance. A payment arrangement has been agreed with the Auditor-General, and the outstanding balance is expected to be settled in the new financial year.

Conclusion

The financial results for the year reflect the positive impact of disciplined cost and cash flow management, targeted investment in operational resilience, and a strategic focus on reducing non-revenue water. Achieving a surplus after four years demonstrates the effectiveness of the entity's turnaround strategy. This achievement is further reinforced by the attainment of a clean audit, underscoring the entity's commitment to sound financial management, governance, and accountability.

Looking forward, it is clear that reliance on tariff increases alone cannot close the gap between revenue and expenditure per kilolitre. Continued diversification of revenue sources, combined with cost containment and operational efficiency initiatives, will be critical to ensuring long-term financial sustainability, improved service delivery, and the capacity to meet the needs of our communities.

I would like to express my sincere appreciation to all staff members for their dedication, professionalism, and commitment to excellence. Their continued efforts and teamwork have been instrumental in achieving these positive outcomes and strengthening the organisation's financial sustainability

Emmeritia Jeffries
Chief Financial Officer

Financial Performance

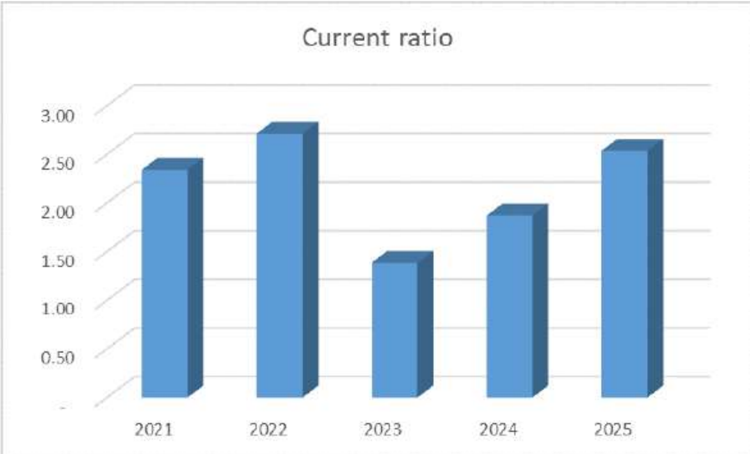
Financial Reporting Compliance
Overberg Water Board received an unqualified audit opinion with no findings (Clean Audit) for the 2024/25 financial year. This serves as evidence of the Board's ongoing commitment to good governance, sound financial management, and accountability to its stakeholders.

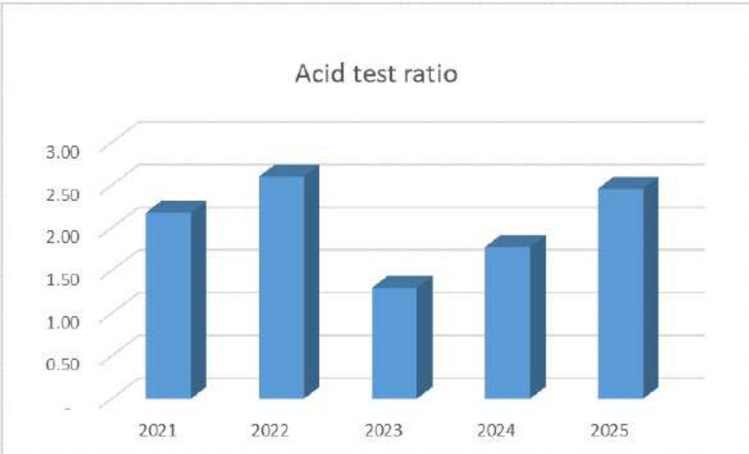
Key Financial Ratio's

Below are the financial ratio's which reflect the entities performance

Liquidity Ratios

The entity's liquidity, as reflected by the current and acid-test ratios, demonstrates a generally healthy capacity to meet short-term obligations. Both ratios experienced a dip in 2023, with the current ratio decreasing to 1.38 and the acid-test ratio to 1.30, indicating a tighter liquidity position during that year. However, the subsequent recovery in 2024 and 2025, with the current ratio rising to 2.54 and the acid-test ratio to 2.46, reflects improved cash and near-cash resource management, providing assurance of the entity's ability to cover immediate liabilities. Overall, the trend illustrates resilience and an effective approach to managing working capital over the period.





Profitability Analysis

The gross profit margin decreased from 47% in 2021 to 25% in 2024, reflecting rising costs and reduced economies of scale. In 2025, the margin improved to 68%, demonstrating stronger underlying operational performance independent of non-exchange transactions such as grants. This recovery highlights the positive impact of tariff adjustments and cost containment measures on the entity's financial sustainability.

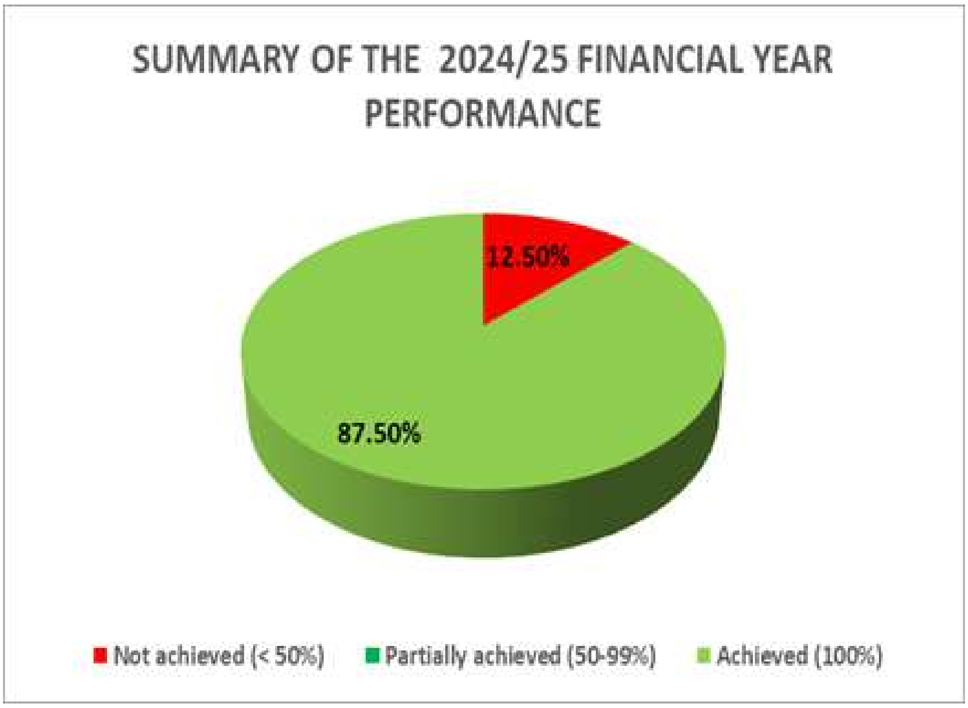
Financial performance key indicators	2024	2025
Financial performance (R'000)		
Revenue from Exhange Transactions	**68 657**	**95 124**
Revenue from Non- Exchange Transactions		**33 174**
Cost of potable water	**51 788**	**63 445**
Gross income	**16 869**	**64 853**
General and administration expenses	**36 172**	**43 034**
Operating income/loss	**-19 303**	**21 819**
Other income	**5 791**	**2 430**
Net interest income	**2 099**	**2 456**
Net income/loss for the year	**-11 413**	**26 704**
performance indicators		
Cost of sales percentage	75%	67%
Gross profit margin percentage	25%	68%
General and administration expenses percentage	53%	45%
Operating income percentage	-28%	23%
Net income percentage	-17%	28%
Water indicators		
Treated water volume (in kl '000)	**3 408**	**3 299**
Cost of production (R'000)	**51 788**	**63 445**
Cost of production (R'000) (excluding depreciation)	**55 622**	**67 005**
Average water cost/volume sold	25.81	32.28
Average water cost (excluding depreciation)/volume sold	26.93	33.35
Number of permanent employees	**58**	**106**
Kilolitres sold per employee	58 761	31 124

Financial performance key indicators	2024	2025
Operating risk indicators		
Operating costs (R'000)	**87 960**	**106 480**
Depreciation (R'000)	**-3 834**	**-3 560**
Working ratio	134%	116%
Gross profit margin percentage	25%	68%
Financial position (R'000)		
Funds and reserves	**66 753**	**93 457**
Total assets	**82 528**	**119 482**
Assets excluding investments	**82 528**	**119 482**
Current assets	**28 767**	**65 834**
Current liabilities	**15 388**	**25 952**
Cash and cash equivalents	**2 846**	**29 345**
Inventories	**1 459**	**1 991**
Trade debtors	**17 898**	**34 498**
Trade creditors	**12 536**	**20 025**
Financial position key indicators		

Financial performance key indicators	2024	2025
Financial risk indicators		
Current ratio	**1.87**	**2.54**
Acid test ratio	**1.77**	**2.46**
Operating risk indicators		
Revenue	**68 657**	**95 124**
Cost of potable water	**51 788**	**63 445**
Depreciation	**-3 834**	**-3 560**
Operating income/loss	**-19 303**	**21 819**
Bad debts and impairments of trade debtors	**5 191**	**6 658**
Net income for the year	**-11 413**	**26 704**
Return on assets	-14%	22%
Return on turnover	74%	115%
Debtors collection period (days)	95	132
Creditors (days)	50	66
Creditors days (Excluding VAT & PAYE)	46	41

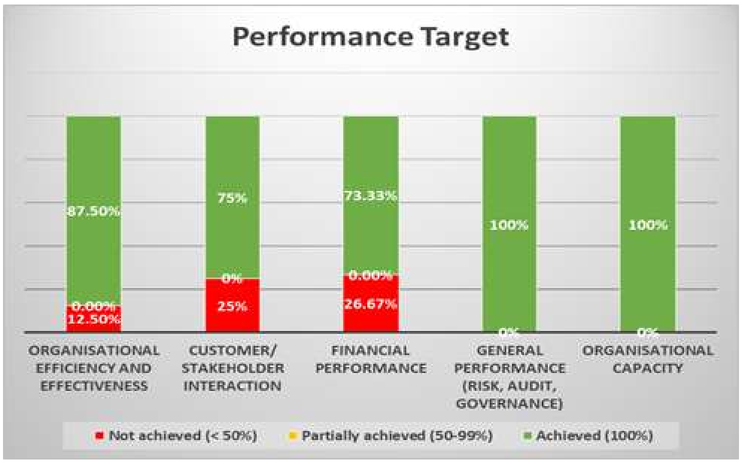
ANNUAL PERFORMANCE REVIEW REPORT

Below is the performance achieved on both the financial and non-financial strategic objectives as outlined in both the Annual Performance Plan and the Strategic Plan:



Overall performance is 87%

1. Organisational efficiency and effectiveness: 87.5%
2. Customer/ Stakeholder Interaction: 100%
3. Financial Performance: 73.33%
4. General Performance (Risk,Audit, Governance): 100%
5. Organisational capacity: 100%



Summary of Performance

The Water Board achieved 87.5% and did not achieve on 12.5% of its target in the financial year 2024/25. This is reflective of the Water Board's efforts and controls put in place to ensure that the strategic objectives as agreed withthe Minister of Water and Sanitation are achieved. This shows the effectiveness of the Board in overseeing the execution of the strategic plan.

Performance Objectives	Comments
Organisational efficiency and effectiveness	The Water Board has achieved 87.5% of its organizational efficiency and effectiveness targets and did not achieve 12.5% due to non-revenue water due to the ageing of the infrastructure that requires attention. However, the Water Board has initiated strategies to secure funding for the purpose of refurbishment, augmentation and replacement of aging infrastructure
Improve and Increase revenue and manage cost drivers (Financial Performance)	The Water Board achieved 73.33% and under achieved 26.67%. This is due to not meeting debt collection targets as a result of Overberg Water`s main customer defaulting on its payment for the last 2 months of the financial year. However, these payments were honored after yearend.
Effective stakeholder and customer engagement (Customer/Stakeholder interaction)	The Water Board achieved 75% as a result of a concerted efforts by the Water Board to effectively engage its stakeholders and customers on a regular basis. The Water Board however, under achieved by 25% due to inability to secure an MOU with the Theewaterskloof Municipality to assist with section 30 activities.
Organisational Capacity	The Water Board achieved 100% of its targets This achievement was as a result of filling of key vacancies, execution of planned training initiatives and ensuring staff retention.
General Performance/Governance	The Overberg Water Board achieved on all its targets on Governance. This is because the Water Board ensures that they fulfil all their fiduciary duties. This portray's the Board's commitment to ensuring that the strategy is implemented.

Organisational efficiency and effectiveness

NR	OW Strategic Goal	OW Strategic Objective	Performance perspective	Unit of Measure	Annual Target 2024/25	Actual 2024/25	Prior year Actual 2024/25	Variance 2024/25	Comment	Reasons for variance and corrective measures
1.	Goal 1	1,1	Percentage compliance with water quality standard SANS 241:2015, in terms of Acute Health microbiological compliance	%	95%	97,30%	97,46%	2,30%	Over-Achieved	Monthly review and monitoring of performance at management meetings by the chief executive officer.
2.	Goal 1	1,1	Percentage compliance with water quality standard SANS 241:2015, in terms of Acute Health chemical compliance	%	95%	100%	100%	5%	Over-Achieved	
3.	Goal 1	1,1	Percentage compliance with water quality standard SANS 241:2015, in terms of Chronic Health chemical compliance	%	93%	99,58%	99,48%	6,58%	Over-Achieved	
4.	Goal 1	1,1	Percentage compliance with water quality standard SANS 241:2015, in terms of Operational compliance	%	90%	96,34%	95,74%	6,34%	Over-Achieved	
5.		1,1	Percentage compliance with water quality standard SANS 241:2015, in terms of Aesthetic compliance	%	90%	99,23%	99.83%	9,23%	Over-Achieved	
6.		1,1	Percentage unavoidable losses of water purified	%	15%	23,90%	24,30%	-8.90%	Not Achieved	Aging infrastructure
7.		1,1	Number of days with water supply interruptions exceeding 24 hours	Number	20 days	0 days	4 days	0 days	Achieved	Monthly review and monitoring of performance at management meetings by the chief executive officer.
8.		1,1	Actual CAPEX spends on expansion related projects (initiatives by the Minister) as a % of budget.	%	0%	0%	0%	0%	Achieved	N/A

Improve and increase revenue and manage cost drivers

NR	OW Strategic Goal	OW Strategic Objective	Performance perspective	Unit of Measure	Annual Target 2024/25	Actual 2024/25	Prior year Actual 2024/25	Variance 2024/25	Comment	Reasons for variance and corrective measures
1.	Goal 2	2,2	Result of the annual external audit	AG's audit opinion	Unqualified Audit Report	Pending	Unqualified Audit Report	Pending	Over-Achieved	N/a
2.	Goal 2	2,2	Current ratio	Ratio	1,3	2,43	1,38	1,13	Over-Achieved	Increase in cashflow DWS + Increase in receivables DPWI
3.	Goal 2	2,2	Gross profit margin % (Primary activity)	%	37%	53%	30%	16%	Over-Achieved	Increase in revenue due to DPWI project & receipt of DWS Grant Revenue
4.	Goal 2	2,2	Gross profit margin % (Secondary activity)	%	0%	0%	0%	0%	Achieved	N/a
5.	Goal 2	2,2	Net profit margin % (Primary activity)	%	0%	20%	30%	20%	Over-Achieved	Increase in revenue due to DPWI project & receipt of DWS Grant Revenue
6.	Goal 2	2,2	Net profit margin % (Secondary activity)	%	0%	0%	0%	0%	Achieved	N/a
7.	Goal 2	2,2	Debit equity ratio	Ratio	1,015	0,3	0	0,72	Achieved	N/a
8.	Goal 2	2,2	Return on assets ratio	%	0%	22%	-25.80%	22%	Over-Achieved	Increase in revenue due to DPWI project,DWS Grant Revenue
9.	Goal 2	2,2	Debtor days	Nr	110 Days	115 Days	109 Days	-5 Days	Not Achieved	mproved debt collection
10.	Goal 2	2,2	Percentage of staff remuneration to operating expenditure	%	40%	40%	30%	0%	Over-Achieved	SCM focused more on finalisation of bid specifications for RPF and RFQ
11	Goal 2	2,2	Spend increased and increased new entrants awarded contracts in the financial year	%	5%	0%	0%	-5%	Not Achieved	
12.	Goal 2	2,2	Actual expenditure compared to budgeted expenditure for the quarter	%	100%	116%	110%	-16%	Not Achieved	Higher than expected Litigation settlement, audit fees and License fees Procurement process was initiated after successful transfer of funds by DWS
13.	Goal 2	2,3	Infrastructure availabilit to meet demands: Overall project expenditure within R targets	%	30%	31%	0%	1%	Over-Achieved	Procurement process was initiated after successful transfer of funds by DWS
14.	Goal 2	2,4	Infrastructure availability to meet demands: Overall completion dates within targets	%	30%	0%	0%	-30%	Not Achieved	N/A
15.	Goal 2	2,5	Percentage Growth in turnover from secondary activities	%	0%	0%	0%	0%	Over-Achieved	

Effective stakeholder and customer engagement

NR	OW Strategic Goal	OW Strategic Objective	Performance perspective	Unit of Measure	Annual Target 2024/25	Actual 2024/25	Prior year Actual 2024/25	Variance 2024/25	Comment	Reasons for variance and corrective measures
1.		3,1	Percentage of municipalities / other customers with bulk supply agreements	%	100%	100%	100%	0%	Achieved	OWB has bulk water agreements for with all its bulk water customers
2.		3,1	Implementation of Ministerial Directives.	Number	0	0	0	0	Achieved	No Directives issued
3.		3,1	Number of identified municipalities supported	%	1	0	N/A	-1	Not Achieved	MOU with TWK pending.
4.		3,1	% of statutory reports	%	100%	100%	100%	0%	Achieved	AFS, CP, SHC

Organisational Capacity

NR	OW Strategic Goal		Performance Objective	Performance Idicator	Unit of Measure	Annual Target 2024/25	Actual 2024/25	Actual	Variance	Comment	Reasons for variance and corrective measures
1.	Goal 4	4,3	Optimal staff retention	% Staff turnover	%	6%	1.93%	4	4.07%	Over Achieved	N/A
2.	Goal 4	4,2	Skills and capacity building	-Learnerships -Bursaries employees -Graduate Programmes	% Number Number	2 0 0	2 0 0	1 0 0	0 0 0	Achieved Achieved Achieved	N/A N/A N/A
3.	Goal 4	3,4	Good corporate citizenship	Number CSI initiatives undertaken	Number	1	1	0	0	Achieved	N/A
4.	Goal 4	4,2 4,2	Increase and improve human resources	-Permanent and contracts (direct) -Temporary indirect	Number Number	0 0	0 44	0 0	0 44	Achieved Over Achieved	N/A N/A

General Performance

NR	OW Strategic Goal	OW Strategic Objective	Performance perspective	Unit of Measure	Annual Target 2024/25	Actual 2024/25	Prior year Actual 2023/24	Variance 2024/25	Comment	Reasons for variance and corrective measures
1.		5,2	Percentage of board members attending of all Board and committee meetings	%	80%	100%	91%	20%	Over-Achieved Achieved	100% attendance in 4th quarter
2.		5,3	Decision making %: Number of resolutions taken by the board vs number of resolutions required	%	80%	100%	100%	20%	Over-	Approval of financial statements and annual performancereport to be issued for audit.
3.		5,4	Number of repeated internal audit findings within the annual audit cycle	Number	10	0	0	0	Achieved	No repeat internal audit findings identified

OPERATIONAL EFFICIENCY AND EFFECTIVENESS

Water quality produced (relative to SANS 241)

Overberg Water Board has consistently maintained high water quality standards across all its treatment plants, in full compliance with SANS 241: 2015. Water quality is rigorously managed through robust systems and stringent controls, supported by accredited laboratory testing (ISO 9001). In the year under review, all compliance limits were achieved, largely owing to the replacement of sand filters and proactive operational management. Key performance indicators (KPIs) remain aligned with Blue Drop certification requirements, and the Board's monitoring protocols continue to exceed the minimum SANS 241: 2015 requirements. Table X reflects potable water quality compliance across our schemes, while Table XX outlines the classification framework for compliance according to SANS 241: 2015.

Table 9: 2024/2025 Potable Water Quality Compliance with SANS 241:2015

Water Quality results for 2024/2025					
	Acute Health: Microbiological	**Acute Health: Chemical**	**Chronic Health**	**Aesthetic**	**Operational**
SANS 241 Quality Compliance Limit	**95.00%**	**95.00%**	**93.00%**	**90.00%**	**90.00%**
Rûensveld West	97.31%	100.00%	100%	99.60%	95.02%
Rûensveld East	98.26%	100.00%	98.87%	98.69%	97.42%
Duivenhoks	96.32%	100.00%	100%	99.74%	96.38%
OW Compliance	**97.30%**	**100.00%**	**99.62%**	**99.34%**	**96.27%**

Table 10: Key classification of drinking water supply systems according to SANS 241:2015

	Population up to 100 000			**Population > 100 000**		
	Proportion of samples compliant			**Proportion of samples compliant**		
	Excellent	**Good**	**Unacceptable**	**Excellent**	**Good**	**Unacceptable**
Microbiological Health	>97%	>95%	<95%	>99%	>97%	<97%
Chronic Health	>95%	>93%	<93%	>97%	>95%	<95%
Operational	>93%	>90%	<90%	>95%	>93%	<93%
Aesthetic	>93%	>90%	<90%	>95%	>93%	<93%

Reliability of supply

During the reporting period, Overberg Water Board experienced isolated service interruptions, but none exceeded 24 hours without supply. The implementation of the orifice project and accelerated maintenance interventions have strengthened network resilience and improved reliability of supply despite ongoing challenges linked to ageing infrastructure and external disruptions

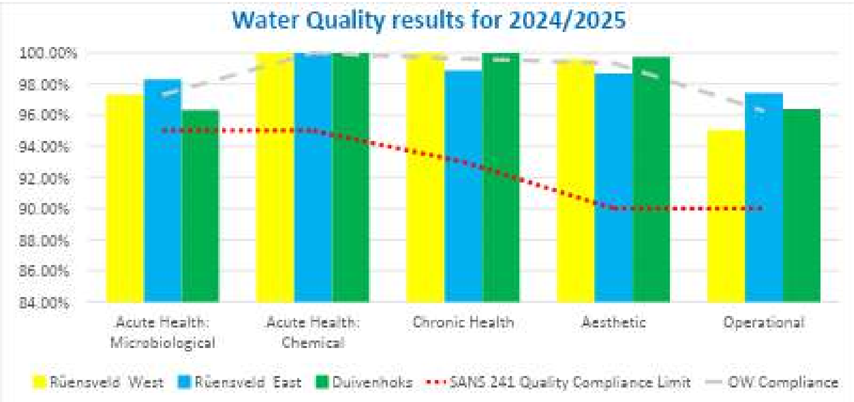
Manage avoidable water losses

Overberg Overberg Water has historically maintained non-revenue water (NRW) below 10%. However, in recent years the Entity has faced challenges due to pipe bursts from ageing infrastructure, incidents of water theft, and the absence of a telemetry contract. These factors continued to exert pressure on water loss management.

For the 2024/25 financial year, NRW was recorded at 23.9%, a slight improvement from the previous year's 24.3%. While the target was not achieved, performance remains within acceptable ranges relative to national benchmarks. Mitigation measures are being strengthened through infrastructure renewal, improved monitoring, and enhanced loss-control strategies.

Increase access services

During the year under review, the Department of Water and Sanitation did not issue directives for new infrastructure roll-out projects. However, Overberg Water secured a one-year contract from the Department of Public Works and Infrastructure (DPWI) to manage water purification and wastewater treatment facilities serving the Department of Correctional Services and the Department of Defence. This initiative broadened the Entity's service footprint and further demonstrated its capability to deliver reliable and compliant bulk water and wastewater management solutions in critical, high-security environments.



CORPORATE GOVERNANCE

Introduction

For the most part of the financial year there was no Board in place. The Board was only appointed in March 2019 and effective from 01 April 2019. There were originally nine individual members serving on Overberg Water Board. They were appointed in terms of the Water Services Act and carry their fiduciary duties in terms of the Public Finance Management Act

The term

The Board is appointed to serve for a four-year term, effective from the 1st April 2019. The term was due to end end in March 2022. However, the Minister decided to extend the term up September 2023. The Board comprise of professionals representing a diverse array of talent in administration, academic, business, accounting, engineering, governance, human resources, information systems and legal. Board members were chosen for their diversity of experience and perspective in order to support the Overberg Water through sharing best practices in the Entity. The most essential component is to grow the business of the Entity.

Focus areas

The Board is chaired by Mr Razeen Benjamin and deputised by Ms Ina Du Bruyn. It is further complemented by its Committee. The Committees exist to provide recommendation to the Board which then takes ultimate decision regarding the overall strategy and oversight responsibility. The Board is responsible for providing strategic leadership through ensuring that the vision, mission statement values strategic intent, policies, financial resources and stability and legal integrity of the organisation are exercised and implemented in an efficient and effective manner.

Fiduciary and oversight

In exercising its fiduciary and oversight responsibilities, the Board approved the strategic direction in a form of its Corporate Plan supporting the; Annual Performance Plan of the Department of Water and Sanitation but mainly the Ministry of Water and Sanitation. The responsibility includes oversight functions on the budgets; internal and external annual audits; a performance management system which support the overall compensation and personnel benefits. The Board Committees as appointed the Board met outside of board meetings and reported to the ordinary Board during its ordinary and special board meetings. The Audit, Risk and Business Strategy Committee reviewed the annual audit of the Entity, recommended the adoption of the Annual Financial Statements to the ordinary board meeting and ensured the Entity's adherence to the prescripts of the Public Finance Management Act (PFMA). During the year under review, the Board took a decision to combine the Audit, Risk and Business Strategy Committee. The Committee is also responsible for finance and procurement oversight. The Operations and Infrastructure Committee is responsible for the main mandate of the Entity which is the bulk drinking water supply. The Human Resources, Remuneration and Ethics Committee assist the Board to discharge its responsibilities regarding remuneration and HR policies and other related matters. As well as promoting sound ethical conduct and practices in the work place.

Ethical Leadership and Code of Ethics

Like in all water Entities, the Board of Overberg Water is aiming for the highest standards of business integrity, ethical leadership and good governance.

The role of the governing Board was focused on strategic matters and ensuring organisational conformance to legal, statutory and regulatory requirements. In addition, the Governing Board had a key role in ensuring performance of management in strategy implementation and ensuring that executives succession planning became the organisational culture.

Compliance with laws, Rules, Codes, Guidelines and Ethical Standards

The Governing of Overberg Water considered compliance with laws, rules, codes, guidelines and ethical standards to be the right way of doing business. It was for this reason that the draft Board Charter and Committees' Charters were drawn up in terms of the Water Services Act, Number 108 of 1997 and the Public Finance Management Act, Number 1 of 1999.

The Charter concisely articulates the overview of the following:

- The demarcation of the roles, functions, responsibilities and powers of the Board, individual board members, the executives of the Entity and shareholder of Overberg Water Board being the Ministry / Department
- The powers delegated to various committees of the Governing Board
- The policies and practices of the Governing Board in respect of matters such as corporate governance, declarations and conflicts of interest, board meeting documentation, procedures, nomination, appointment, induction, training and evaluation of directors and members of Board Committees
- The division of labour between the Governing Board and its committees, ensuring that risk exposure is sufficiently managed

Conclusion

Overberg Water has invested in its human capital as the success of any strategy is entirely dependent on the people. The Entity shall continue investing in its human capital as part of an overall approach to achieving the Growth Path initiatives. With the support of the Board, there is every reason to believe that the Entity is on the right course. The Board is capable of taking the organisation to the greater heights due to their skills from a diverse background and exposure.

RISK MANAGEMENT

Enterprise Risk Management

Enterprise Risk Management (ERM) is a critical component of effective corporate governance and a helpful method for achieving strategic goals in accordance with legislative regulations, according to the Overberg Water Board. Enterprise Risk Management comprises aligning an organisation's strategy, processes, people, technology, and knowledge to accomplish its risk management goals, as well as providing a systematic and integrated approach to identifying and responding to all types of risk. Its goal is to create a unified framework for dealing with all the risks that come with functioning in an ever-changing economic environment.

The Entity followed an approved risk management policy, strategy, and execution plan throughout the year under review. Risk Management remained a standing agenda item for the Board/Committees and Management Committee meetings while the implementation plan was implemented. This allowed the Board to maintain control of risk management while focusing on the most critical risks affecting the Entity, such as loadshedding.

Strategic Risks

The Entity recognises that some risk exposures at a corporate level cannot be totally removed, hence effective risk management and reduction have remained a top focus for the Board. The risk assessment approach revealed a few key risk exposures that required to be properly managed at the strategic level. Risks endangering the schemes' operations are among the exposures. In conclusion, the risk management maturity level has improved, but the strategic risk profile has not improved significantly in the year under review. The Board remains concerned about the risk triggers that jeopardise the Entity's long-term viability. For strategic risks, the Audit Committee examined and approved risk thresholds in accordance with the authorized risk appetite statement.

Risk No	Risk Description	Key Risk Indicator	Number of mitigations	Number implemented	Impact	Likelihood	Inherent Risk Rating		Current Controls
R1	Inability to modernise business systems and infrastructure resulting in limited data availability, poor decision-making capability, and reduced operational efficiency.	- % of business processes automated - Number of ICT system downtime incidents - Number of digitalisation projects delivered on schedule	3	0.00	5	4	20	High	-Quality standards; Operational manuals; -Staff training; -Organisational Performance monitoring tools (e.g. dashboards)
R2	Failure to maintain and upgrade infrastructure to ensure reliable service delivery	-% plant uptime - % of planned maintenance completed on time - Number of unplanned breakdowns per month	3	0.00	5	4	20	High	Infrastructure Plans and maintenance schedule is in place; Asset register is in place; Reactive and preventive maintenance teams; Infrastructure Master Plan Annual conditional assessments are conducted.
R3	Inability to maintain financial sustainability through a viable revenue model may result in cash flow challenges, service delivery interruptions, reduced organisational credibility, and inability to meet strategic obligations.	- Liquidity ratio (target ≥1) - Percentage of debtors older than 90 days - Budget variance (% over/under)	3	0.00	5	4	20	High	Financial policies and procedures; Annual budgeting; Treasury management; Tariff model; Revenue collection unit
R4	Inability to attract, retain, and develop technical and specialist skills may result in reduced service quality, compromised project execution, operational inefficiencies, and diminished organisational performance.	- Vacancy rate in critical positions - % of staff completing training - Staff turnover rate for key roles	3	0.00	5	4	20	High	-HR strategy; -Skills audits; Training plans; -Study assistance and bursary programmes
R5	Failure to meet growing customer water deman	- Water supply reliability % - % increase in water demand year-on-year - Gap between supply capacity and projected demand	3	0.00	5	4	20	High	-Water demand forecast models; -Infrastructure investment plan; -Non-Revenue Water (NRW) management programme
R6	Inability to retain and grow market share in the Western Cape causing decline in revenue, diminished regional influence, and reduced competitiveness in a key geographic area.	- % market share in Western Cape (volume or revenue) - Customer retention rate. - Number of new customers onboarded.	3	0.00	5	4	20	High	-Customer relationship management (CRM); - Localised marketing campaigns; -SLA monitoring
R7	Failure to adopt emerging technologies and drive digital transformation limits operational efficiency, reduce service delivery effectiveness, and hinder Overberg Water's ability to innovate and respond to evolving stakeholder expectations.	- % of IT budget allocated to innovation - Number of new technologies piloted - Number of digital user interactions (self-service portal usage, etc.)	3	0.00	5	4	20	High	-ICT Committee; -Pilot digital tools; -Cloud storage adoption; - Digital maturity assessments
R8	Failure to position the Overberg Water as a preferred implementing agent	- Number of partnerships/MOUs signed - Number of projects awarded to Overberg Water - Stakeholder satisfaction index	3	0.00	5	4	20	High	-Stakeholder engagement plan; -Participation in intergovernmental forums; -Reporting to sector stakeholders;
R10					3	3	9	Medium	

The Key risks are as follows:

- Revenue under-collection
- Ageing Infrastructure
- Servitude encroachment
- Inadequate funding for mega capital projects
- Water resource availability
- Protection and safeguarding of the asset
- Unsustainable tariff model
- Lack of technical skills
- Overberg Growth Path
- Fraud and Corruption
- Poor Financial Planning

6.3. Business Continuity Management

In ensuring that business continuity was placed at the forefront during the current loadshedding crises the country is facing the Entity has:

- Withdrawn Investments in order to invest in Generators to ensure business con.
- Minimising the adverse impact of the disruption on Overberg Water Board's operations.
- Continuity of the critical business processes to a predefined, acceptable level.

INTERNAL AUDIT AND INTERNAL CONTROL

In accordance with the prescripts of the Institute of Internal Auditors (IIA), Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

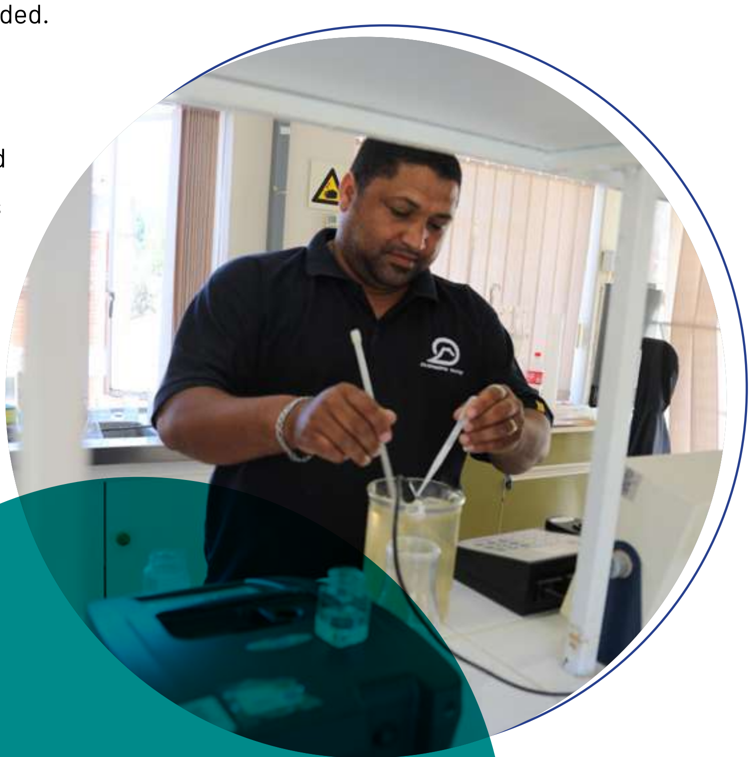
Internal Audit is an out-sourced function within Overberg Water Board and adheres to the prescripts and functions of an independent assurance provider to ensure optimum objectivity. To achieve this independence, the development of proper governance, and lines of reporting and authority remain paramount to the success of the internal audit function.

Key activities/reviews, as per the approved Internal Audit Plan for 2021/22 were concluded in the 2022/23 financial year, activities undertaken by Internal Audit included the following:

- Human Resource Management Review
- Predetermined Objectives Review (Quarter 1 up to Quarter 4)
- Asset Management Review
- Supply Chain Management Review
- Financial Management Review
- Irregular, wasteful, and fruitless expenditure Review
- Operations Management Review
- Performance Management Review
- Information and Communication Technology Review
- Annual Financial Statement Review
- Follow up Reviews

COMPLIANCE WITH LAWS AND REGULATIONS

Overberg Water Board Compliance Universe consists of a number of legislation with their associated regulations, codes, and guidelines. These require the attention of management on an ongoing basis. These applicable legislations include, but are not limited to, the Water Services Act 108 of 1997, National Water Act 27 of 2014, the Public Finance Management Act 1999 as amended, the Basic Conditions of Employment Act 1997 as amended, and the Employment Equity Act 1998 as amended.



Overberg Water Board provides access to information to stakeholders and other third parties in compliance with the provisions of section 32 of the Constitution of the Republic of South Africa (Act 108 of 1996) read with the Promotion of Access to Information Act 2 of 2000 (PAIA). During the 2020/21 financial year, the organisation received requests for information disclosure which were duly provided.

FRAUD AND CORRUPTION

The Board recognises that fraud and corruption continue to be a threat to public trust and confidence, and as a result, it has set the right tone for fraud and corruption prevention and management at the Overberg Water Board by ensuring that the Entity follows an approved anti-fraud and corruption policy and strategy. It should be noted that no allegations of fraud or corruption were lodged against the Overberg Water Board during the financial year under review.

An Independent Fraud and Ethics hotline continues to be operational at Overberg Water Board which is in partnership with Department of Water and Sanitation and the Presidency to provide employees and stakeholders with a mechanism for reporting unethical conduct.

MINIMISING CONFLICT OF INTEREST

Overberg Water Board, in line with relevant legislative provisions, has successfully integrated early identification of conflict of interest by making it a standing item on each Agenda of every meeting of the Board, Committees, and EXCO. In addition, other mechanisms such as the annual declaration of interest and of gifts are discussed.

CODE OF CONDUCT

The Board is continuously advocating for a high level of conduct from all employees. Ethics and Code of Conduct is seen as the best preventive measure by the Board in guiding decision-making processes. The adopted values are guidelines that are followed for the benefit of society at large. Overberg Water Board developed and approved a Code of Ethics that is applicable to the Board, management, and all employees. Contravention of the Code of Conduct is attended to through consequence management processes.

SECURITY, SAFETY, HEALTH, ENVIRONMENT & QUALITY

HEALTH AND SAFETY

Overberg Water Board takes high regard of the health and safety of its employees. The Entity has made strides in ensuring that there is a structured approach towards overall Health and Safety and measures in place to create a safe working environment for all employees and Stakeholders in general. The Health and Safety function continues to build and promote a safety culture among employees. The Health and Safety Policy, together with related standard operating procedures was reviewed to ensure alignment with legislation.

The Entity conducted Hazardous Risk Assessment for treatment, catchment, distribution (from WTP to distribution reservoirs), and distribution (household connection) works through all the Schemes. Based on these assessments, some of the Entity's Water Treatment Works will be declared Major Hazardous according to the Occupational Health and Safety Act Regulations.

ENVIRONMENTAL MANAGEMENT

The Entity subscribes to a vision that sees water resources as an integral component of the environment, a natural resource, and a social and economic good that is particularly important in playing a role of reparation and change. In fulfilling its mandate, Overberg Water Board works in collaboration with strategic partners and stakeholders to promote and enhance cooperation across all levels and sectors to ensure sustainable integrated management of water resources through the river health programme. The continued epidemic of urban waste disposal culminates in contamination of the water bodies in the sub Breede-Olifants Catchment Management Agency (BOCMA) under Duivenhoks, Caledon, and Swellendam Schemes. Overberg Water Board has participated in Stakeholder initiatives to manage several river clean-up and public education programmes. This included public education programmes for river safety, water quality, water hygiene, and sanitation.

SECURITY MANAGEMENT

Overberg Water Board has a legal duty of care to provide a safe and secure work environment for its employees and Stakeholders, as well as to safeguard assets including information. Security of water infrastructure is critical to ensure continuous provision of bulk water services. The water scarcity resulted in a heightened need to enhance security of water infrastructure. Corporate services have established Policies, Procedures, and Standards in line with the Minimum Information Security Standards and related government legislation.

During the year under review, a draft Security Plan was developed in collaboration with the Risk Management where risks inherent to the Entity were identified, and the strategies and resources required to mitigate the risks were established across the Schemes.

TECHNOLOGY AND INFORMATION GOVERNANCE

Information and Communication Technology is integral to the success of every business and remains on the Board's agenda. The Entity has established the ICT Steering Committee to support and advise the Chief Executive on ICT Operations and alignment of its strategies with the Entity's strategies.

The Entity was no different from the entire world in having to adopt virtual technology for business continuity in response to changing working enviroments. The Entity was able to seamlessly migrate the Board and management engagements through technology platforms facilitating internal and external engagements.

ORGANISATIONAL CAPACITY

Introduction

The Overberg Water Board embraces the principle that the organisational goals and Human Resource needs are matched, aligned and strongly interdependent. The Overberg Water Board recruits and retain competent and skilled employees who are motivated, adaptable to change and engaged who play key role in to creating value and long term sustainability for the Entity.

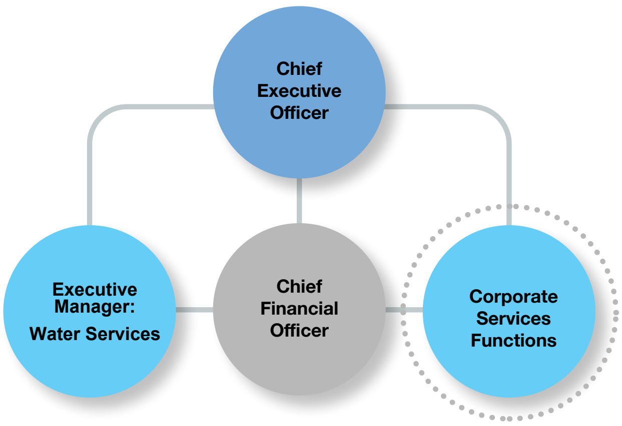
Furthermore, the Entity's objectives as well as Human Resources needs are mutual, compatible, and strongly interdependent to ensure successful execution of the Corporate Strategy. Therefore, the role of Human Resources is to create and maintain a supportive environment for employees to achieve the Entity's strategic objectives.

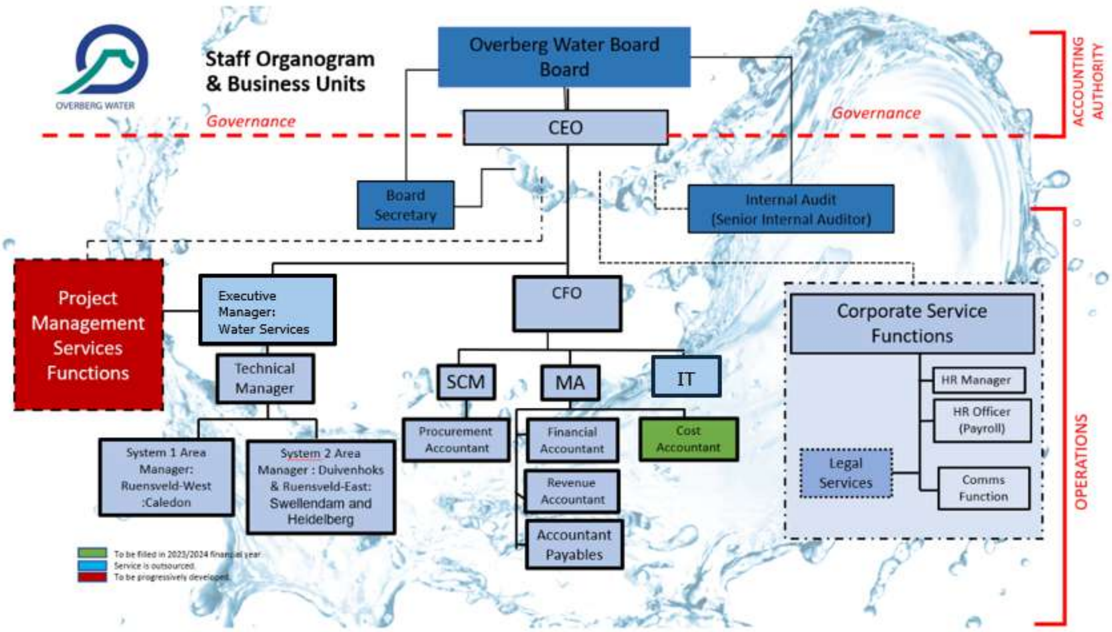
Organisational Capacity

Introduction

The Overberg Water Board employs a workforce with various qualifications, skills and experiences that are key to create value and long-term sustainability for the Entity. The Entity's goals as well as Human Resources needs are mutual, compatible, and strongly interdependent. Therefore the role of Human Resources is to create and maintain a supportive environment for employees to achieve the Entity's strategic objectives.

Functional Structure





OVERBERG WATER
Staff Organogram
& Business Units
Overberg Water Board
Board
ACCOUNTING AUTHORITY
Governance
Governance
CEO
Board Secretary
Internal Audit
(Senior Internal Auditor)
OPERATIONS
Project Management Services Functions
Executive Manager: Water Services
Technical Manager
System 1 Area Manager: Ruensveld-West :Caledon
System 2 Area Manager : Duivenhoks & Ruensveld-East: Swellendam and Heidelberg
CFO
SCM
MA
IT
Procurement Accountant
Financial Accountant
Revenue Accountant
Accountant Payables
Cost Accountant
Corporate Service Functions
HR Manager
HR Officer (Payroll)
Legal Services
Comms Function
To be filled in 2023/2024 financial year
Service is outsourced
To be progressively developed

Introduction

Overberg Water Board employs employees who have a mix of qualifications, skills and experience instrumental to creating value and long term sustainability for the organisation.

The Entity's goals and Human Resources needs are mutual, compatible, and strongly interdependent. The role of Human Resources is therefore, to create and maintain an environment that is supportive for employees to enable the Entity to achieve its strategic objectives.

Employee Profile

At the end of the financial year under review, the Entity had a staff compliment of 61 permanent employees, and 8 temporary employees. The Table below shows the representation Of employees per occupational levels as at the 30 June 2025.

Sound progress is being made on the Overberg Water employment equity profile. Overberg Water is still falling short of reaching its 2024/2025 target for people with disability and African females' representation overall.

The Entity is committed to continue addressing this situation, by putting more emphasis on recruiting and promoting employees from the African female groups as well as employees with disabilities.

	African		Coloured		Indian		White		Total
Occupational Level	Male	Female	Male	Female	Male	Female	Male	Female	
Top Management	1	0	0	1	0	0	0	0	2
Senior Management	2	1	0	1	0	0	0	0	4
Professionally Qualified and Experienced Specialists and Mid-Management	1	1	2	0	0	0	0	0	4
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen and Superintendents	2	0	1	1	0	0	0	0	4
Semi-skilled and Discretionary Decision Making	5	3	11	12	0	0	0	0	31
Unskilled and Defined Decision Making	1	2	6	4	0	0	0	0	13
Total Permanent	12	7	20	19	0	0	0	0	58
Temporary Employees	15	6	25	2	0	0	0	0	48
Grand Total	27	13	45	21	0	0	0	0	106

Appointments

In the reporting period (2024/2025) the Entity filled a total of eight (8) permanent positions. These were the Financial Accountant, Area Systems 1 Manager, Admin Clerk, three (3) general workers Senior Manager Human Resources and Senior Manager Supply Chain .
The fixed term contractor appointments were a total of five. These were the Supply Chain Practitioner, two (2) general workers and two (2) Human Resources Interns.
In March 2025 Overberg Water also received the Public works project for the initial term of 12 months. This project entailed a number of 44 employees at end of June 2025

Permanent Appointments	African		Coloured		Indian		White		Total
Occupational Level	Male	Female	Male	Female	Male	Female	Male	Female	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	1	0	1	0	0	0	0	2
Professionally Qualified and Experienced Specialists and Mid-Management	1	1	0	0	0	0	0	0	2
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen and Superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and Discretionary Decision Making	0	1	0	0	0	0	0	0	1
Unskilled and Defined Decision Making	0	0	2	1	0	0	0	0	3
Grand Total	1	3	2	2	0	0	0	0	8

Graduate Internship Programme

For the financial year under review, the Entity employed two (2) Human Resources graduate interns. The remainder of the business units' interns had been advertised and will be appointed in the first quarter of the new financial year.

Terminations

During the 2024/2025 there was a total of 8 terminations of which four (4) were resignations, two (2) were expiring fixed term contracts and two (2) were dismissals.

Staff turnover

The Entity's labour turnover percentage for the year 2024/2025 1.93% during the last quarter which is 8.07% below the set target of **10%** in the Corporate Plan for the financial year. The annual turnover for the financial year under review was 9.87% due to the eight overall terminations .

	African		Coloured		Indian		White		Total
Types of Terminations	Male	Female	Male	Female	Male	Female	Male	Female	
Resignations	0	3	1	0	0	0	0	0	4
Dismissals	0	2	0	0	0	0	0	0	2
Abscondment	0	0	0	0	0	0	0	0	0
Deaths	0	0	0	0	0	0	0	0	0
Ill-Health	0	0	0	0	0	0	0	0	0
Retirements	0	0	0	0	0	0	0	0	0
Expiry of Fixed-term Contract	0	0	2	0	0	0	0	0	2
Total	**0**	**5**	**3**	**0**	**0**	**0**	**0**	**0**	**8**

Labour Relations

The Overberg water Board strives to create an environment in which employees feel valued and support the Entity's values, strategies, and priorities. The rights and wellbeing of all employees are safe guarded and protected through alignment of corporate policies with relevant legislation and regulations in partnership with the majority Union.

Union and Management actively engaged on a regular basis for key information sharing, to always provide reasonable response to the Union regarding any significant operational changes that affect employees. During the sessions, employee concerns were raised and the parties sought to achieve resolution of issues without disputes as far as possible.

Training and Skills Development

The Overberg Water Board complies and submits the Workplace Skills Plan (WSP) and the Annual Training Report (ART) to the Energy and Water Sector Education Training Authority (SETA) which guides the implementation of skills and development initiatives through the identification of the key and critical skills needed by the Entity and ensures the effectiveness of skills development plans.

The implementation of training and development initiatives is aligned with the Skills Development Act 97 of 1998 and other related legislation for purposes of developing key and critical skills required to improve the Entity's performance and to respond to the water sector skills requirements.

For the 2024/2025 financial year, the Entity witnessed a slight increase in training initiatives offered compared to the previous financial year. The Table below provides an overall number of employees trained per occupational category for the financial year under review and the various training programmes implemented to further develop the employees 'capacity.

	African		Coloured		Indian		White		Total
Training Programs	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	
National Youth Water Indaba	1	2	1	0	0	0	0	0	4
WISA Candidacy Program	0	0	1	0	0	0	0	0	1
Basic First Aid	1	1	1	1	0	0	0	0	4
Basic Firefighting	4	0	1	0	0	0	0	0	5
SHE Rep Training	0	1	3	2	0	0	0	0	6
Safe Handling of Chlorine	3	0	5	4	0	0	0	0	12
Solar and Storage Ops Training	3	0	2	1	0	0	0	0	6
Motors Operations Training	1	0	1	2	0	0	0	0	4
Seapro Cla Val Training	0	1	1	1	0	0	0	0	3
CFW11 and CFW500 Ops	1	1	6	1	0	0	0	0	9
Employment Equity in the workplace	4	0	5	4	0	0	0	0	13
Water and Waste Water NQF2	1	0	2	1	0	0	0	0	4
SCM BidCommitees Training	7	6	4	4	0	0	0	0	21
Grand Total	26	12	33	21	0	0	0	0	92

	African		Coloured		Indian		White		Total
Training Programs	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	
Water Summit	2	0	1	0	0	0	0	0	3
Welding	0	0	3	0	0	0	0	0	3
Water Treatment NQF3/4	1	0	0	2	0	0	0	0	3
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Grand Total	29	12	37	23	0	0	0	0	101

Governance

Policies seek to ensure a competent, motivated, and engaged workforce. Policies are reviewed every two/three years with the new review date falling in the next financial year. Updating policies regularly assists to further improve the operational requirements of the Entity and to work towards achieving the organizational goals.

Conclusion

The year under review presented many challenges for the Human Resources Division, however these were consistently met with the required passion and enthusiasm by employees.

Board member attendance

The new Overberg Water Board members were appointed in March 2019 effective from 01 April 2019. The Board had its first meeting on the 28 May 2019. It resolved to create and nominate individual members to serve on the following committees:

(a) Audit, Risk and Business Strategy Committee
(b) Operations and Infrastructure Committee
(c) Human Resources, Remuneration and Ethics Committee

Board member attendance was satisfactory during the year under review. The Overberg Water will first outsource the Company Secretary responsibilities due to its size and nature of the work at hand. The long-term plan is to appoint the permanent Company secretary. The following table indicate attendance for Board and Committees' meetings:

Table 17: Board Committee Meeting

BOARD MEMBERS	BOARD MEETINGS	Audit, Risk & Business Strategy Committee	Operations and Infrastructure Committee	Human Resources, remuneration and Ethics Committee
Mr R Benjamin	✓ ✓ ✓ ✓			✓ ✓ ✓ ✓
Ms. S Mayinga	✓ ✓ ✓ ✓			✓ ✓ ✓ ✓
Mr M Malunga	✓ ✓ ✓ ✓		✓ ✓ ✓ ✓	
Mr D Lefutso	✓ ✓ ✓ ✓			✓ ✓ ✓ ✓
Mr. B Mnisi	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓		
Dr N Madiba	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓		
Dr G Davids	✓ ✓ ✓ ✓		✓ ✓ ✓✓	
Dr. T Kelly	✓ ✓ ✓ ✓		✓ ✓ ✓ ✓	
Mr D. PapenDorp	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓		
Mr. L Van Oudshoorn	✓ ✓ ✓ ✓		✓ ✓ ✓✓	
Ms., N Maharaj	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓		

The following table indicate the overall attendance in terms of the number of meetings, type, number of members for the Board and Committees as well as the overall attendance percentage.

Table 18: Board Committee Meetings Attendance

TOTAL MEETINGS	MEETING TYPE	NUMBER OF MEMBERS	NUMBER OF ATTENDEES	ATTENDANCE PERCENTAGE
2	Ordinary Board	8	8, 7, 8, 7	94%
1	Special Board	8	8	100%
2	Audit, Risk & Business Strategy	3	3, 3, 2, 3	92%
1	Operations and Infrastructure	3	3, 3, 3, 3	100%
1	Human Resources, Remuneration & Ethics	3	3, 3, 2, 3	92%
7				

Effective controls and risk management

During the year under review, several interventions were introduced. These include, inter alia: the introduction of the new internal controls systems by the Chief Financial Officer, the advertisement for the Supply Chain Manager and the appointment of the Internal Auditor.

Good governance

Due to limited internal audit function, no bridges of materiality and significance were reported by the Combined Audit, Risk and Finance Committee and the Chief Financial Officer.

Corporate Social Responsibility Initiatives

The Corporate Social Responsibility Initiatives is one of the Entity's cornerstone. However, due to financial constraints the Entity opted to partner with the Regional Office in some of their programs.

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ANNUAL FINANCIAL STATEMENTS

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Report of the auditor-general to Parliament on Overberg Water Board

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Overberg Water Board set out on pages 6 to 38, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Overberg Water Board as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 33 of the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the public entity at, and for the year ended 30 June 2025.

Going concern

8. I draw attention to note 5 included in page 4 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the public entity's prospects, performance, and cash flows. Management have also described how they plan to deal with these events and circumstances. My opinion is not modified in respect of this matter.

Contingent liability

9. With reference to note 29 to the financial statements, the public entity is the defendant in compensation for loss lawsuit. The public entity is opposing part of the claim, as it believes that the claim is not fully supported. The ultimate outcome of the matter could not be reliably determined.

Subsequent Event

10. I draw attention to note 33 in the financial statements, which deals with subsequent events and specifically the possible effects of R1 523 010 on net assets and R3 996 582 on the deficit of the public entity. My opinion is not modified in respect of this matter.

Responsibilities of the accounting authority for the financial statements

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA); and for such internal control as the accounting authority 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 authority is responsible for assessing the public 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 public entity or to cease operations or has no realistic alternative but to do so.

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

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

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at pages 8-9 , forms part of our auditor's report.

Report on the audit of the annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected strategic goal presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

16. I selected the following strategic goal presented in the annual performance report for the year ended 30 June 2025. I selected strategic goal that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic goal	Page numbers	Purpose
Strategic Goal 1 - Organisational efficiency and effectiveness	3 – 4	Equitable access to reliable, sustainable, and acceptable water resources and water and sanitation services

17. I evaluated the reported performance information for the selected strategic goal against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

18. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives;
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included;
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements;
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents;
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable and
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

20. I did not identified material findings on the reported performance information for the Strategic goal 1 Organisation efficiency and effectiveness.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

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

23. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 3 to 4.

Strategic goal 1 - Organisational efficiency and effectiveness

Targets achieved: 88% *Budget spent: 100%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Percentage unavoidable losses of water purified	15%	23.9%

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

27. I did not identify material non-compliance with the selected legislative requirements.

Other information in the annual report

The accounting authority is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected strategic goals presented in the annual performance report that have been specifically reported on in this auditor's report.

My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected strategic goals presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

28. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

31 October 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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Contents	**Page**

GENERAL INFORMATION

Country	South Africa
Nature of business and principal activities	Overberg Water is a water board established in terms of section 28 of the Water Services Act (Act 108 of 1997) and is an unincorporated government business entity according to Schedule 3B of the Public Finance Management Act (Act 1 of 1999), as amended.
Accounting Authority / Board members	Mr R Benjamin (Chairperson) Ms S. Mayinga (Deputy Chairperson) Dr D. Lefutso Prof G Davids Dr N. Siwahla-Madiba Dr. T. Kelly Ms. M. Malunga Mr. D van Papendorp Mr B. Mnisi Ms. N. Maharaj Mr. L Van Rheede Van Oudshoorn Pr Eng
Executive Management	Dr P Buthelezi (Chief Executive Officer) Ms. E. Jeffries (Chief Financial Officer) Mr X Mdletshe (Acting Executive Manager: Water Services, Infrastructure and New Business Development)
Corporate Office & Business Address	1st Floor, Trident Park 3 1 Niblick Way Somerset West 7130
Postal address	P O Box 1005 Somerset Mall 7137
Bankers	ABSA Bank Ltd
Auditors	Auditor-General South Africa
Company Secretary	Resolve Secretariat
Entity registration number	22078092 in terms of the National Water Act (Act 36 of 1998)
Reporting Currency	The Annual Financial Statements are presented in South African Currency (ZAR) and are rounded off to the nearest Rand.
Preparer of the financial statements	The Financial Statements have been prepared under the supervision of the CFO Emmeritia Jeffries CA (SA)

BOARD RESPONSIBILITIES AND APPROVAL

The Board members are required in terms of the Public Finance Management Act of South Africa, 1999 (Act No .1 of 1999) "PFMA" to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with Generally Recognised Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements and performance information.

The annual financial statements are prepared in accordance with Generally Recognised Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board has reviewed the entity's cash flow forecast contained in the corporate plan for the year to 30 June 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented.

Razeen Benjamin
Chairperson of the Board

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REPORT OF THE GOVERNING BOARD / ACCOUNTING AUTHORITY

The members of the Governing Board submit their report for the year ended 30 June 2025

1. Review of activities

Main business and operations

The entity supplies bulk water to municipalities and agricultural customers.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Compliance with legislation

The financial statements are prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), approved by National Treasury in terms of section 79 of the Public Finance Management Act (Act No.1 of 1999) (PFMA), and the following relevant statutes:

- Water Services Act (Act 108 of 1997),
- Public Finance Management Act (Act 1 of 1999); and
- Public Audit Act (Act 25 of 2004).

3. Corporate Governance

The Board supports the Code of Good Governance Practice.

4. Share Capital

The Entity has no share capital and the Minister of Water and Sanitation as the Executive Authority is the sole shareholder.

5. Going concern and sustainability

The financial statements has been prepared on the basis of accounting policies applicable to a going concern. The basis presume that resources will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and, commitments will occur in the ordinary course of business.

The Entity is reporting a net surplus of R26.7 million for the period ended 30 June 2025 which is a major improvement from the net deficit of R11.4 million realised in the prior financial that ended 30 June 2024. The net surplus is driven by is driven by the implementation of Overberg Water`s growth path strategy which includes diversification of revenue streams. In implementing this strategy, the water board realised organic revenue growth of almost R10 Million. Revenue was further increased by the receipt of a grant amounting to R38.1 million from the Department Water and Sanitation that is to be invested in the refurbishment of aging infrastructure. The Water Board also improved on its debt collection and maintenance of its assets which led to both a reversal of impairment of debtors and impairment of infrastructure assets. The solvency and liquidity ratios indicate that the Water Board remains commercially solvent and can discharge its short-term obligations which reiterates that the entity remains a going concern.

Taking into account all of the above mentioned factors, the Governing Board is confident that the entity is resilient and financially stable enough to withstand all external shocks (economic and climatic conditions) in the long and short term, however, further engagements with its stakeholder will be required to discuss the long term strategy and funding requirements. In particular additional projects to supplement its income like the projects related to Section 30 activities as outlined in the Water Services Act, such as managing infrastructure projects on behalf of DWS, managing water infrastructure assets on behalf of Government departments & Municipalities. The Entity will continue in its drive to ensure good governance and financial management whilst executing it mandate as outlined in the Water Services Act.

REPORT OF THE GOVERNING BOARD / ACCOUNTING AUTHORITY (CONTINUED)

Overberg Water remains a key instrument in the contribution of economic growth in the Overberg Region and therefore the Western Cape through its contribution of the sustenance of the agricultural industry which is the main source of employment in the Overberg Region. A region that contributes also to food security and the Gross Domestic Product of South Africa through its exports of commodities. The survival of this sector largely depend on the provision of clean potable water which is provided by the Overberg Water Board.

It is therefore on this basis when considering the principle of Going Concern, the Governing Board resolved that it does not foresee any financial or solvency implications in the short term that will impact the entity based on its financial position and reserves. This means the entity will not be forced to halt operations and liquidate its assets in the near or foreseeable future.

6. Events after the reporting period

None

7. Non-current assets

There are no major changes in the nature of the non-current assets or the policy relating to the use of the non-current assets of the entity, during the year under review.

8. Appointment of board members

The Board members were appointed in October 2023.

9. Directors' interests

There were no director's interests in contracts with stakeholders declared during the year.

10. Directors' emoluments

The directors emoluments is set out in note 18 to the financial statements in terms of Treasury Regulation 28.1, issued in terms of the Public Finance Management Act (Act 1 of 1999).

11. Directors service contracts

The executive directors serve a five year term.

12. Board Secretary

At the present the entity is using Resolve Secretariat as board secretariat.

13. Committees of the Board

The Governing Body of Overberg Water consisted of mainly 3 committees:
- The Audit, Risk & Business Strategy Committee
- The Human Resources, Remuneration & Ethics Committee
- The Operations & Infrastructure Committee

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2025 R	2024 R
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	49 697 464	49 358 841
Intangible Assets	4	3 950 326	4 402 073
		53 647 790	53 760 914
Current Assets			
Inventories	6	1 991 452	1 458 744
Receivables from exchange transactions	7	34 498 383	21 307 416
Cash and cash equivalents	8	29 344 588	6 001 233
		65 834 423	28 767 393
TOTAL ASSETS		119 482 213	82 528 307
RESERVES AND LIABILITIES			
Net Assets	9	93 457 489	66 753 001
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	20 024 767	12 536 376
Employee benefits	11	5 873 463	2 610 901
Provisions	12	-	474 208
Finance lease Liability	24	54 013	27 481
		25 952 243	15 648 966
Non-current Liabilities			
Finance lease Liability	24	72 481	126 340
		72 481	126 340
TOTAL NET ASSETS AND LIABILITIES		119 482 213	82 528 307

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STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2025

	Notes	2025 R	2024 R
Revenue		**133 694 105**	76 707 534
Revenue from exchange transactions	13	**100 520 192**	76 707 534
Revenue from non-exchange transactions	14	**33 173 913**	
Expenditure		**(106 989 617)**	(88 120 910)
Costs of potable water	15	**(63 445 090)**	(51 787 903)
Operating expenditure	16	**(43 034 437)**	(36 171 993)
Finance cost	19.3	**(510 090)**	(161 014)
Surplus(deficit) for a year		**26 704 488**	(11 413 376)

STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2025

	Notes	ACCUMULATED SURPLUS R	NET ASSETS R
Balance at 1 July 2023		**78 166 377**	**78 166 377**
Surplus(deficit) for a year		**(11 413 376)**	**(11 413 376)**
Prior Period Error	33	(260 861)	
As previously stated		(11 152 515)	**(11 152 515)**
Balance at 1 July 2024		**66 753 001**	**66 753 001**
Surplus(deficit) for a year		**26 704 488**	**26 704 488**
Surplus(deficit) for a year		26 704 488	**26 704 488**
Balance at 30 June 2025		**93 457 489**	**93 457 489**

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2025

	Notes	2025 R	2024 R
Operating activities			
Cash receipts from customers		**121 313 979**	67 427 768
Water sales		**80 734 364**	64 619 112
Government Grants & Subsidies		**38 150 000**	
Other income		**2 429 615**	2 808 656
Cash paid to suppliers and employees		**(96 052 966)**	(81 446 352)
Employee costs		**(38 754 829)**	(34 900 209)
Operating costs		**(57 298 137)**	(46 546 143)
Cash generated from operations	21	**25 261 013**	(14 018 584)
Interest paid		**(489 452)**	(161 014)
Interest income		**2 048 921**	1 475 820
Net cash from operating activities		**26 820 482**	(12 703 778)
Investing activities			
Acquisition of property, plant and equipment and intangible assets		**(3 449 800)**	(1 764 261)
Proceeds on Sale of Property, Plant & Equipment			1 315 691
Net cash from investing activities		**(3 449 800)**	(448 570)
Financing activities			
Finance leases		**(27 327)**	(4 428)
Net cash from financing activities		**(27 327)**	**(4 428)**
Net increase/(decrease) in cash and cash equivalents		**23 343 355**	(13 156 776)
Cash and cash equivalents at the beginning of the year		**6 001 233**	19 158 009
Cash and cash equivalents at the end of the year	8	**29 344 588**	**6 001 233**

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30 JUNE 2025

	Notes	Approved Budget R	Annual Budget R	Actual Amounts R	Variance Amounts R	
Financial Performance						
Revenue	13,14	**92 128 059**	**92 128 060**	**133 694 105**	**41 566 046**	**45%**
Water sales		89 439 940	89 439 940	85 303 763	(4 136 177)	-5%
Project revenue		-	-	9 820 725	9 820 725	100%
Government Grants & Subsidies		-	-	33 173 913	33 173 913	100%
Other income		357 380	357 380	2 429 615	2 072 235	580%
Interest on investments		759 800	759 800	165 168	(594 632)	-78%
Interest income		1 570 939	1 570 939	2 800 921	1 229 982	78%
Total Expenses	15,16	**(91 514 826)**	**(91 514 826)**	**(106 989 700)**	**(15 474 874)**	**17%**
Costs of potable water	15	**(56 280 928)**	**(56 280 928)**	**(63 445 090)**	**(7 164 162)**	**-13%**
Chemicals		(6 164 286)	(6 164 286)	(5 746 664)	417 622	7%
Energy		(16 655 987)	(16 655 987)	(16 729 582)	(73 595)	0%
Fuel		(2 554 978)	(2 554 978)	(1 469 714)	1 085 264	42%
Insurance		(1 992 900)	(1 992 900)	(1 765 909)	226 991	11%
Laboratory costs		(282 507)	(282 507)	(418 160)	(135 653)	-48%
Labour		(18 265 065)	(18 265 065)	(23 387 342)	(5 122 277)	-28%
Machinery and tool hire		(1 112 008)	(1 112 008)	(1 175 258)	(63 250)	-6%
Movement in potable water inventory		(221 130)	(221 130)	-	221 130	100%
Protective clothing		(252 720)	(252 720)	(1 482 049)	(1 229 329)	-486%
Raw water		(1 209 523)	(1 209 523)	(1 368 413)	(158 890)	-13%
Repairs and maintenance		(5 416 988)	(5 416 988)	(4 815 544)	601 444	11%
Cylinder rental		(210 600)	(210 600)	-	210 600	100%
Vehicle Hire			-	(2 398 782)	(2 398 782)	0%
Other vehicle cost		(36 488)	(36 488)	(85 098)	(48 610)	-133%
Depreciation		(1 905 749)	(1 905 749)	(2 602 575)	(696 826)	-37%
Operating expenditure	16	**(33 890 250)**	**(33 890 250)**	**(43 034 520)**	**(9 144 270)**	**-27%**
Auditors remuneration		(3 128 198)	(3 128 198)	(4 599 754)	(1 471 556)	-47%
Consulting and professional fees		(4 428 079)	(4 428 079)	(6 321 559)	(1 893 480)	-43%
Board Costs		(1 425 997)	(1 425 997)	(1 992 437)	(566 440)	-40%
Depreciation		(709 706)	(709 706)	(953 975)	(244 269)	-34%
Employee costs		(17 360 604)	(17 360 604)	(18 630 049)	(1 269 445)	-7%
Impairment of financial assets		(1 579 500)	(1 579 500)	(1 550 136)	29 364	2%
Bad debt write-off		-	-	(591 652)	(591 652)	0%
(Profit) / Loss on scrapping of property plant and equipment		-	-	(97 798)	(97 798)	0%
Office Rent		(968 954)	(968 954)	(853 080)	115 874	12%
Operating lease charges Equipment		(110 310)	(110 310)	(131 887)	(21 577)	-20%
IT expenses		(1 606 744)	(1 606 744)	(3 279 169)	(1 672 425)	-104%
Travel and accommodation costs		(538 787)	(538 787)	(1 909 989)	(1 371 202)	-254%
Consumables		-	-	(337 070)	(337 070)	0%
Stationery		(86 690)	(86 690)	(151 933)	(65 243)	-75%
Recruitment costs		(6 995)	(6 995)	(8 679)	(1 684)	-24%
Insurance		(397 273)	(397 273)	(431 165)	(33 892)	-9%
Municipal Services		(481 292)	(481 292)	(431 913)	49 379	10%
Telephone costs		(467 314)	(467 314)	(224 304)	243 010	52%
Bank charges		(56 623)	(56 623)	(44 207)	12 416	22%
Postage and Courier		(1 446)	(1 446)	-	1 446	100%
Subscriptions & Literature		(43 137)	(43 137)	-	43 137	100%
Occupational safety		-	-	(21 110)	(21 110)	0%
Training		(210 600)	(210 600)	(228 873)	(18 273)	-9%
Facilities Management		-	-	-	-	0%
** operating expenses		(282 000)	(282 000)	(243 781)	38 219	14%
Finance costs		**(1 343 648)**	**(1 343 648)**	**(510 090)**	**833 558**	**-62%**
Surplus/(deficit)		**613 233**	**613 234**	**26 704 405**	**26 091 172**	**4255%**

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1. Presentation of Financial Statements

1.1 Basis of preparation of the Annual Financial Statements

The annual financial statements have been prepared in accordance with General Recognised Accounting Practice (GRAP), including any interpretation and directives issued by the Accounting Standards Board (ASB) in accordance to the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) "PFMA".

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 7	Investments in Associates
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, plant and equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related party disclosures
GRAP 21	Impairment of Non-cash- generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget information in Financial Statements.
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash generating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Services concession arrangements:Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of functions between entities under common control
GRAP 106	Transfers of functions between entities not under common control
GRAP 107	Mergers
GRAP 108	Statutory receivables
GRAP 109	Accounting by principals and agents
GRAP 110	Living and Non-living Resources

1.2.1 Standards of GRAP issued but not yet effective and early adopted by the entity

The Standards of GRAP issued by the ASB, for which the Minister has not yet determined an effective date, have not been adopted by Overberg Water, except for the early adoption of GRAP 104 on Financial Instruments.

1.3 Statement of compliance

The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands. These accounting policies are consistent with the previous year, where there are differences, these has been explained in note 32.

The annual financial statements are prepared on a basis that the entity will continue to be a going concern. This principle was applied in the preparation of the annual financial statements for the year ended June 2025.

SIGNIFICANT ACCOUNTING POLICIES

1.4 Off-setting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.5 Changes in accounting , accounting estimates and errors

Where the entity changes its accounting policy or policies during the accounting period and the change has an effect on the current or any prior period, the Entity will disclose the nature of the change in the accounting policy, the reasons why the new accounting policy is applied and the extent and amount of the adjustment for both current and prior periods.

The entity discloses the nature and amount of accounting estimates that has an effect in the current period or which is expected to have an effect in future periods. Revisions to estimates are recognised prospectively.

In correcting prior period errors the entity discloses the nature of the prior period error, the amount of the correction for each prior error and amount of correction for each period at the beginning of the earliest prior period presentation.

1.6 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
• it is probable that future economic benefits associated with the item will flow to the entity; and
• the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all expenditure that is directly attributable to the acquisition or construction of the asset, including the cost of replacing part of the asset, if the recognition criteria are met. Where a part of an item of property, plant and equipment is replaced, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are are assessed as cash-generating assets, as they are used to provide goods or services in exchange for cash or other consideration. These assets are held with the intention of earning a commercial return, and the inflows from each significant class of assets are considered to be largely independent of other assets.

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is stated at cost.

The estimated useful lives of items of property, plant and equipment are as follows:

Item	Average useful life
Water purification schemes	
- Buildings	15 - 60 Years
- Structures	7 - 100 Years
- Pipes / network	10 - 80 Years
- Mechanical equipment	10 - 20 Years
- Electronic and electrical equipment	3 - 50 Years
Movable equipment and furniture	
- Movable equipment (including leased assets)	5 - 10 Years
- Furniture	5 - 10 Years
Motor vehicles	5 - 10 Years
Offices	5 - 60 Years
Land	Indefinite

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the statement of comprehensive income 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.

1.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs associated with researching or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable software products controlled by the Overberg Water, that will probably generate economic benefits beyond one year that can be measured reliably, are recognised as intangible assets.

SIGNIFICANT ACCOUNTING POLICIES

Costs include employee costs incurred as a result of developing software and an appropriate proportion of relevant overheads. The useful life of the servitudes will remain in force as long as the relevant infrastructure underlying the servitude is still in use. A servitude will only become impaired if the infrastructure to which the servitude is linked is derecognised, therefore servitudes are rights granted to the Overberg Water for an indefinite period of time.

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.

The estimated useful lives of items of intangible assets are as follows:

Item	**Average useful life**
Computer Software	2 - 15 Years
Servitude	Indefinite

Servitudes are not amortised but are assessed by means of an annual impairment test. The recoverable amount is determined through the results of the value in use and fair value less costs to sell impairment tests.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories shall be Recognised as an asset if, and only if,
(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity.
(b) the cost of the inventories can be measured reliably.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of selling expenses. The net realisable value of raw materials and supplies held to be used in the production of inventories will not be written down if the finished goods are expected to be sold or exchanged at or above cost.

The cost of potable water and chemicals inventory is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

The cost of Emergency spares is assigned using the current replacement cost for the purpose of establishing cost and the subsequent measure is first in first out. The current replacement cost is used in the absence of actual cost. The same cost formula is used for all Emergency spares having a similar nature and use to the entity.

Emergency spares are held to repair leaks and other incidences in order to ensure an uninterrupted water supply to consumers.

1.9 Impairment of assets

The entity assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Impairment losses are recognised whenever the carrying amount of the asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Financial instruments

1.10.1 Initial Recognition

Financial assets and financial liabilities are recognised in the statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value.

For instruments not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are included in the initial measurement

For instruments measured at fair value through surplus or deficit, transaction costs are expensed in surplus or deficit.

1.10.2 Classification

At initial recognition, financial instruments are classified into the following categories, based on the entity's business model for managing the financial instruments and the contractual cash flow characteristics:

Financial assets measured at amortised cost

Financial assets measured at fair value through surplus or deficit (FVSD)

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial liabilities measured at amortised cost

Financial liabilities measured at fair value through surplus or deficit (if applicable)

The classification is determined at initial recognition and not subsequently reclassified unless the business model for managing financial instruments changes.

Overberg Water's financial instruments primarily comprise financial assets and liabilities measured at amortised cost, including trade receivables, payables, and loan arrangements.

1.10.2 Subsequent measurement

Financial assets

Financial assets are measured at amortised cost using the effective interest method, less any impairment losses. This classification includes trade receivables, other debtors, and short-term investments where the objective is to collect contractual cash flows.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method. This includes trade payables and other obligations.

The entity does not currently hold any financial instruments measured at fair value. All financial instruments are measured at amortised cost.

1.10.3 Impairment of Financial Assets

Financial assets measured at amortised cost are assessed for impairment using the expected credit loss (ECL) model.

Overberg Water recognises a loss allowance for expected credit losses on:

Trade receivables using the simplified approach (lifetime expected losses); and

Other receivables using the general approach (12-month or lifetime expected losses depending on credit risk deterioration).

Impairment losses are recognised in surplus or deficit. The entity applies a provisioning matrix based on historical loss rates, adjusted for forward-looking information and customer segments.

1.10.4 Derecognition

Financial assets

A financial asset is derecognised when:
* the contractual rights to the cash flows from the financial asset expire, are settled or waived;
* The entity transfers substantially all the risks and rewards of ownership; or
*The entity retains some risks but transfers control of the asset to a third party who has the practical ability to sell the asset in its entirety without restrictions.

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

A financial liability is derecognised when it is extinguished — i.e., when the obligation is discharged, cancelled, expired, or waived

An exchange or substantial modification of terms of an existing financial liability is accounted for as a derecognition of the original liability and recognition of a new liability.

Gains or losses arising from derecognition are recognised in surplus or deficit.

1.10.4 Offsetting

Financial assets and financial liabilities are only offset if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Investments

Investments are classified as financial instruments and are measured at amortised cost in accordance with GRAP 104.

They are initially recognised at fair value plus transaction costs and are subsequently measured using the effective interest method.
Interest income is recognised in surplus or deficit.
Investments are classified as non-current financial assets when the entity has the intention and ability to hold them for more than twelve months after the reporting date.

1.12 Receivables from exchange transactions

Receivables from exchange transactions are measured at amortised cost and arise from transactions with water users in the normal course of operations. These receivables represent amounts due to the entity for the supply of water services and related activities.

Prepayments and advances consist of amounts paid in advance to suppliers and employees for which the entity expects to receive future economic benefits in the form of goods or services. In accordance with GRAP 104, prepayments and advances are not classified as financial instruments, as they do not give rise to a contractual right to receive cash or another financial asset.

1.13 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 measured at initial recognition at fair value, and are subsequently measured at amortised cost.

1.14 Payables from exchange transactions

The Overberg Water 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.

1.15 Provisions, Accruals & Contingent Liabilities

Provisions and accruals are liabilities where uncertainty exists about the timing or amount of the future expenditure required to settle the liability. The entity recognises, in payables, an amount for accruals where an estimate is made of the amount due for goods or services that have been received of supplied, but the invoice is outstanding or a formal agreement with the supply has not been concluded. Provisions are liabilities, excluding accruals that are recognised where the entity 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 obligations and a reliable estimate of the amount of the obligation can be made. Provision 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.

A Contingent liability are not recognised as liabilities because they are either:
(i) possible obligations, as it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits or service potential; or
(ii) present obligations that do not meet the recognition criteria in this Standard (because either it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made).

SIGNIFICANT ACCOUNTING POLICIES

1.16 Revenue

Revenue relating to the supply of water is recognised on the consumption of water by the water users.
Revenue comprises amounts invoiced to customers for potable water, exclusive of value-added tax, at the declared tariffs

1.16.1 Revenue from exchange transactions

Revenue from the sale of water is recognised when all the following conditions have been met:
• the tariff has been set;
• the water allocation has been agreed;
• the water consumption has been measured; and
• the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for water supplied in the normal course of business.

Other revenue from exchange transactions is recognised in the statement of financial performance when the revenue becomes due to the Overberg Water.

Interest income from investment is recognised when it is earned. Interest is recognised using the effective interest rate method.

Revenue from the rendering of services is recognised when:
When the outcome of a transaction can be estimated reliably, revenue should be recognised by reference to the stage of completion of the transaction at the reporting date, provided that all of the following conditions are met:
> The amount of revenue can be measured reliably
> It is probable that the economic benefits or service potential associated with the transaction will flow to the entity
> The stage of completion at the reporting date can be measured reliably
> The costs incurred, or to be incurred, in respect of the transaction can be measured reliably

1.16.2 Revenue from non - exchange transactions

Government grants are recognized as revenue when:
• It is probable that the economic benefits or service potential will flow to the entity
•The grant has been formally approved and the entity has complied with any conditions attached to the grant
•The amount of the grant can be measured reliably

Revenue is recognised at the fair value of the assets received or receivable.

Government grants are measured at the fair value of the resources received or receivable. If the grant is receivable in cash, fair value is the nominal amount unless the time value of money is material.

Conditions attached to grants that require the entity to return the resources if not fulfilled are recognized as liabilities until the conditions are met. Revenue is recognised when the conditions of the Grant are met.

Restrictions that limit how the resources may be used (but do not require repayment) do not result in a liability. Since the grant has no conditions requiring repayment, it is recognized as revenue immediately upon receipt or when receivable. Restrictions attached to the grant — such as limitations on how the funds may be used (e.g., for specific programs or projects) — do not delay revenue recognition. These restrictions are disclosed but do not result in a liability.

1.17 Costs of potable water

The related cost of purifying and providing water that is recognised as revenue in the current period, is included in costs of potable water.

1.18 Employee benefits

Leave benefits due to employees are recognised as a liability in the financial statements.

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of financial performance as incurred.

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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SIGNIFICANT ACCOUNTING POLICIES

1.18 Employee benefits (continued)

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

The Overberg Water contributes towards the pension fund and the medical aid for its employees through a defined contribution plan. Once the contributions are paid, the Overberg Water has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

1.19 Expenditure

Expenditure is classified in accordance with the nature of the expenditure.

The Overberg Water 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 Overberg Water 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 Overberg Water 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.

1.20 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.20.1 Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under other income in the statement of comprehensive income.

1.20.2 Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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.

1.20.3 Finance lease

The Overberg Water classifies certain leases of equipment as finance leases.

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 the interest rate is not included on the lease agreement no interest charge will be calculated. Any initial direct costs are added to the amount recognised as an asset.

SIGNIFICANT ACCOUNTING POLICIES

1.20.3 Finance lease (continued)

The assets acquired under finance leases is 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.

The Overberg Water measures the liability as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest if applicable (i.e. the Overberg Water recognises the capital portion of the obligation as a liability and recognises the interest over the lease term). If no interest rate exist on the contract, the interest wont be recognised over the lease term contract.

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 is 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.

1.21 Capital Commitments

Capital commitments represent contracts or approved plans for the acquisition or construction of property, plant, and equipment that have not yet been recognised as assets in the statement of financial position.

Capital commitments are recognised at the contracted amount less any expenditure already incurred.

1.22 Irregular, fruitless and wasteful expenditure and material losses through criminal conduct

Irregular, fruitless and wasteful expenditure and material losses through financial misconduct is recognised as expenditure in the statement of financial performance according to the nature of the payment and disclosed separately in note 29. If the expenditure is recoverable it is treated as an assets until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

1.23 Related parties

Parties are considered to be related if one party has the ability to control the other party, exercise significant influence over the other party or jointly control the other party. Specific information with regard to related party transaction is included in note 25.

1.24 Budget information

The budget is prepared on an accrual basis. The Overberg Water Budget comprise of revenue received from bulk portable water sales.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. The approved budget is prepared on an accrual basis and presented by economic classification.

The Annual Financial Statements and the budget are prepared on the same basis of accounting; therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts. Material movements will be explained in the Statement of Comparison of Budget and Actual Amounts.

1.25 Judgements and estimates

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below:

1.25.1 Initial measurement of financial assets

Short-financial assets have been measured at the transaction price unless there was an indication that the transaction was provided at terms that were longer than the normal credit terms longer than 30 days. Where extended payment terms were given, the transaction prices are discounted at the rate applicable to debt owed to the entity to determine the fair value for initial measurement purposes.

1.25.2 Impairment of financial assets

Trade receivables are assessed at the date of the statement of financial position for any indication of impairment. If there is a reasonable indication that the future cash flows relating to the financial asset might not be recoverable the financial asset must be impaired at the day of the statement of financial position. 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. Grouping is assessed using the average collection rate of previous three years as a benchmark grouping considers only factors that indicate that the financial asset has been impaired. 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.

1.25.3 Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included.

1.25.4 Residual values and useful lives of plant and equipment

Residual values and useful lives of plant and equipment are assessed on an annual basis. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with the expected proceeds likely to be realised when assets are disposed of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of plant and equipment in the future. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.

1.26 *Events after reporting date*

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Adjusting events after the reporting date are those events that provide evidence of conditions that existed at the reporting date.

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2 *New Standards and Interpretations*

2.1 *Standards and interpretations not yet effective:*

At the reporting date, the following Standards of GRAP have been issued by the Accounting Standards Board (ASB), but are not yet effective, as the effective dates have not yet been determined by the Minister of Finance in accordance with the Public Finance Management Act (PFMA):

- GRAP 25 (Revised): Employee Benefits
- Amendments to GRAP 1: Presentation of Financial Statements
- Amendments to GRAP 103: Heritage Assets
- Amendments to GRAP 105, 106 and 107: Transfer of Functions
- Improvements to the Standards of GRAP (2023)

In terms of Directive 5 issued by the ASB, entities are required to disclose Standards issued but not yet effective, even if not yet approved for application by the Minister of Finance. These Standards are therefore not yet effective for public entities and have not been applied in preparing these financial statements.

Early adoption is not permitted unless explicitly approved by the Minister. The entity has not early adopted any of the above Standards.

Management has performed an initial assessment of the potential impact of these Standards and anticipates that their application is unlikely to have a material impact on the financial position, performance, or cash flows of the entity. A more detailed assessment will be conducted once the effective dates and related implementation guidance have been published.

3. Property plant and equipment

	2025		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Water purification schemes	110 666 515	(63 872 612)	**46 793 903**
Motor vehicles	1 049 828	(208 719)	**841 109**
Furniture and office Equipment	1 788 185	(1 438 620)	**349 565**
Computer Equipment	1 256 512	(870 769)	**385 743**
Machinery and equipment	1 820 686	(1 256 371)	**564 315**
Land	88 222	-	**88 222**
Buildings	2 061 560	(1 588 571)	**472 989**
Leased assets: Equipment	248 299	(161 684)	**86 615**
Capital work-in-progress	115 003	-	**115 003**
Total	**119 094 810**	**(69 397 346)**	**49 697 464**

	2024		
	Cost / Valuation	Accumulated	Carrying value
Water purification schemes	108 161 054	(61 447 961)	**46 713 093**
Motor vehicles	1 049 828	(90 676)	**959 152**
Furniture and office Equipment	1 737 668	(1 358 528)	**379 140**
Computer Equipment	1 163 315	(788 672)	**374 643**
Machinery and equipment	1 473 545	(1 287 599)	**185 946**
Land	88 222	-	**88 222**
Buildings	2 061 560	(1 555 663)	**505 897**
Leased assets: Equipment	1 328 909	(1 176 161)	**152 748**
Capital work-in-progress	-	-	-
Total	**117 064 101**	**(67 705 260)**	**49 358 841**

Reconciliation of property plant and equipment – 2025

	Opening balance	Additions	Disposals / Scrapped	Depreciation	Impairment	Impairment Reversal	Total
Water purification schemes	46 713 093	2 721 406	(70 929)	(2 254 782)	(429 751)	114 865	**46 793 903**
Motor vehicles	959 152	-	-	(118 043)	-		**841 109**
Furniture and office Equipment	379 140	65 828	(80)	(95 219)	(104)		**349 565**
Computer Equipment	374 643	164 492	(12 317)	(134 191)	(6 884)		**385 743**
Machinery and equipment	185 946	474 496	(4 777)	(91 078)	(273)		**564 315**
Work in Process	-	115 003	-	-	-		**115 003**
Intangible Assets	-	-	-	-	-		**-**
Land	88 222	-	-	-	-		**88 222**
Buildings	505 897	-	-	(32 908)	-		**472 989**
Leased assets: Equipment	152 748	-	(6 687)	(59 447)	-		**86 615**
	49 358 841	**3 541 225**	**(94 789)**	**(2 785 667)**	**(437 012)**	**114 865**	**49 697 464**

Reconciliation of property plant and equipment - 2024

	Opening balance	Additions	Disposals / Scrapped	Depreciation	Impairment	Impairment Reversal	Total
Water purification schemes	50 046 418	294 667	(864 697)	(2 722 564)	(53 426)	12 695	46 713 093
Motor vehicles	587 316	1 014 379	(449 707)	(180 028)	(12 808)	-	959 152
Furniture and office Equipment	412 910	102 676	(17 569)	(116 803)	(2 074)	-	379 140
Computer Equipment	543 942	156 581	(97 889)	(194 214)	(33 777)	-	374 643
Machinery and equipment	541 465	71 184	(223 939)	(193 372)	(9 392)	-	185 946
Computer Software	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-
Land	88 222	-	-	-	-	-	88 222
Buildings	416 749	124 774	(1 490)	(34 132)	(4)	-	505 897
Leased assets: Equipment	76 159	158 249	(34 594)	(46 341)	(725)	-	152 748
	52 713 181	**1 922 510**	**(1 689 885)**	**(3 487 454)**	**(112 206)**	**12 695**	**49 358 841**

3. Property plant and equipment (continued)

3.1 Useful lives

An entity shall assess at each reporting date, determines whether there is any indication that the expected useful life of an assets has changed since the previous reporting date. If any such indication exists, the entity shall revise the expected useful life accordingly. The change/(s) in the useful lives, shall be accounted for as a change in an accounting estimate in accordance to GRAP 3.

All remaining useful lives that were adjusted for the 2024/25 financial year are disclosed in the financial statements as a change in estimate in accordance with GRAP 3 (refer to note 5.1). All changes in estimates occurs prospectively and no prior year adjustments were made. All review of useful life adjustments occurred with effect from 1 July 2024.

3.2 Impairment and reversal of impairment

The carrying amounts of cash generating financial assets within the scope of GRAP 26 were reviewed during the year and we will continue to review them on the annual basis and adjusted for each reporting date to determine whether there is any indication of impairment.

During the 30 June 2025 financial year end impairment losses amounted to R437 012 (R7 261 for movable assets and R429 751 for infrastructure assets). The events and circumstances that lead to the impairment of these assets are based on the physical damage of the assets and whether the assets are being utilised. Based on the physical verification that was performed, assets were found that were not functional and no longer in use, indicating that they could no longer function at its intended capacity. This amount was recognised in the statement of financial performance under other operating expenses at 30 June 2025.

During the 30 June 2025 financial year end impairment reversals amounted to R114 865 for infrastructure assets. The events and circumstances that lead to the impairment reversal of infrastructure assets was a result of extensive repairs and maintenance of these assets which led to the increase in the recoverable amount of the asset based on the annual physical verification and condition assessment of the infrastructure assets. This amount will be recognised in the statement of financial performance under other income as at 30 June 2025.

3.3 Capital work in progress

The entity recognised work in process to the value of R115 003 for the period end 30 June 2025.

3.4 Assets pledged as security

The leased assets recognised under finance leases are subject to restrictions under the lease agreement, and effectively serve as security for the related lease obligations.

3.5 Repairs and maintenance

Details of repairs and maintenance are included in note 15.1

3.6 Details of properties

Overberg Water's area of service is in and around Heidelberg, Swellendam and Caledon in the Western Cape.

Properties:	**Nature of asset**	**Location**	**Size**
Property number: 591	Workshop	Caledon	0.2346 ha
Property number: 1358	Residential house	Caledon	0.0660 ha
Property number: 1359	Residential house	Caledon	0.0660 ha
Property number: 383	Office	Caledon	0.0501 ha
Property number: 1458	Reservoir R2	Heidelberg	1.2007 ha
Property number: 1494	Residential house	Heidelberg	0.0804 ha
Property number: 1925	Reservoir R8	Heidelberg	0.6248 ha
Property number: 150	Office	Heidelberg	0.0914 ha
Portion 32 & 33 of farm no. 7	Reservoir R3	Bredasdorp	0.2436 ha
Portion 13 of farm no. 9	Reservoir R5	Bredasdorp	0.4026 ha
Portion 5 & 6 of farm 87	Reservoir BRC9	Bredasdorp	0.1715 ha
Portion 3 of farm no. 95	Reservoir R4	Bredasdorp	0.4248 ha
Portion 1 of farm no. 157	Reservoir R6	Bredasdorp	0.3806 ha
Portion 1 of farm no. 254	Reservoir R4	Riversdale	0.4704 ha
Portion 31 of farm no. 80	Tailing dams	Swellendam	1.7046 ha
Portion 36 of farm no. 80	Treatment plant	Swellendam	5.0663 ha
Portion 24 of farm no. 88	Reservoir R1	Swellendam	0.4193 ha
Portion 8 & 9 of farm no. 243	Treatment plant	Swellendam	3.8581 ha
Portion 13 of farm no. 289	Reservoir R7	Swellendam	0.4729 ha
Portion 5 of farm no. 308	Reservoir R3	Swellendam	0.4831 ha
Portion 6 of farm no. 312	Reservoir R5	Swellendam	0.4802 ha
Portion 5 of farm no. 329	Reservoir R6	Swellendam	0.7053 ha
Portion 2 of farm no. 355	Reservoir BRE3	Swellendam	0.3551 ha
Portion 7 of farm no. 363	Reservoir R2	Swellendam	0.4796 ha
Portion 1 of farm no. 365	Reservoir R1	Swellendam	0.7441 ha
Portion 4 of farm no. 427	Reservoir BRW4	Swellendam	0.3248 ha
Portion 26 of farm no. 455	Reservoir R7	Swellendam	0.2507 ha
Portion 4 of farm 498	Reservoir R8	Swellendam	0.2610 ha

Servitudes and area in and around Caledon.

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4 Intangible Assets

	2025		
	Cost / Valuation	Accumulated amortisation	Carrying value
Computer Software	4 042 562	(648 891)	3 393 671
Servitude	556 655	-	556 655
Intangible assets under development	-	-	-
Total	**4 599 217**	**(648 891)**	**3 950 326**

	2024		
	Cost / Valuation	Accumulated	Carrying value
Computer Software	4 042 562	(197 144)	3 845 418
Servitude	556 655	-	556 655
Intangible assets under development	-	-	-
Total	**4 599 217**	**(197 144)**	**4 402 073**

Reconciliation of Intangible Assets– 2025

	Opening balance	Additions	Disposals / Scrapped	Amortisation	Impairment	Transfers	Total
Computer Software	3 845 418			(451 747)	-	-	3 393 671
Servitude	556 655	-	-	-	-	-	556 655
Intangible Assets under Development	-	-	-	-	-	-	-
Total	**4 402 073**	-	-	**(451 747)**	-	-	**3 950 326**

Reconciliation of Intangible Assets– 2024

	Opening balance	Additions	Disposals / Scrapped	Amortisation	Impairment	Transfers	Total
Computer Software	118 437	4 042 562	(68 800)	(246 781)	-	-	3 845 418
Servitude	556 655	-	-	-	-	-	556 655
Intangible Assets under Development	4 042 562	-	-	-	-	(4 042 562)	-
Total	**4 717 654**	**4 042 562**	**(68 800)**	**(246 781)**	-	**(4 042 562)**	**4 402 073**

The carrying amounts of cash generating financial assets within the scope of GRAP 26 are reviewed annually and adjusted (if required and at each reporting date to determine whether there is any indication of impairment).

Servitudes are rights granted to the Overberg Water for an indefinite period of time. These servitudes consist of land expropriated by Overberg Water containing infrastructure owned by the Overberg Water and used in the production of revenue. The life of the servitude will remain in force as long as the relevant infrastructure is still in use. Servitudes are not amortized but are assessed by means of an annual impairment test. The recoverable amount is determined through the results of the value in use and fair value less costs to sell impairment tests. The results of which have indicated that no impairment is required.

4.1 Intangible Assets

Intangible assets consist of a ERP (Enterprise Resource Planning) system with an expected useful life of an ERP of 10 to 15 years, though this can vary depending on several factors:

The entity is not expecting any rapid business growth or changes, that may outpace the capabilities of the existing ERP system, leading to a shorter useful life.

SAGE is not a highly customized ERP system that may become obsolete faster as maintaining and upgrading them can be more challenging compared to more standardised systems.

Based on the factors above, we expect to use the ERP system for 10 years. In terms of the GRAP requirements, the entity will re-assess the useful life of the ERP asset annually.

5 Depreciation, amortisation and impairment	2025 R	2024 R
Depreciation on property, plant and equipment	**(3 481 425)**	**(3 714 211)**
Water purification schemes	**(2 733 981)**	(2 784 711)
Motor vehicles	**(186 890)**	(162 658)
Furniture and office Equipment	**(118 260)**	(147 787)
Computer Equipment	**(189 274)**	(245 866)
Machinery and equipment	**(123 944)**	(267 580)
Land	-	-
Buildings	**(36 665)**	(42 821)
Leased: equipment	**(92 412)**	(62 787)
Amortisation on intangible assets	**(451 747)**	**(256 363)**
Computer Software	**(451 747)**	(256 363)
Impairment and Impairment reversal	**(322 146)**	**(99 511)**
Water purification schemes	**(314 885)**	(40 731)
Buildings	-	(4)
Motor vehicles	-	(12 808)
Furniture and office Equipment	**(104)**	(2 074)
Computer Equipment	**(6 884)**	(33 777)
Machinery and equipment	**(273)**	(9 392)
Leased: equipment	-	(725)
Change in estimate on depreciation	**695 758**	**236 339**
Water purification schemes	**479 199**	62 147
Buildings	**3 757**	8 689
Motor vehicles	**68 847**	(17 370)
Furniture and office Equipment	**23 041**	30 984
Computer Equipment	**55 083**	51 652
Machinery and equipment	**32 866**	74 208
Leased: equipment	**32 965**	16 446
Computer Software	-	9 582
	(3 559 560)	(3 833 746)

5.1 Change in estimate

Reconciliation on change in accounting estimate 2025

	Depreciation before Useful life adjustment	Depreciation Financial YTD	Effect of change in estimate
Water purification schemes	**(2 733 981)**	**(2 254 782)**	**(479 199)**
Buildings	**(36 665)**	**(32 908)**	**(3 757)**
Computer equipment	**(189 274)**	**(134 191)**	**(55 083)**
Furniture and Office Equipment	**(118 260)**	**(95 219)**	**(23 041)**
Computer Software	**(451 747)**	**(451 747)**	-
Machinery and equipment	**(123 944)**	**(91 078)**	**(32 866)**
Motor vehicles	**(186 890)**	**(118 043)**	**(68 847)**
Finance lease asset	**(92 412)**	**(59 447)**	**(32 965)**
	(3 933 173)	**(3 237 415)**	**(695 758)**

Reconciliation on change in accounting estimate 2024

	Depreciation before Useful life adjustment	Depreciation Financial YTD	Effect of change in estimate
Water purification schemes	(2 784 711)	(2 722 564)	(62 147)
Buildings	(42 821)	(34 132)	(8 689)
Computer equipment	(245 866)	(194 214)	(51 652)
Furniture and Office Equipment	(147 787)	(116 803)	(30 984)
Computer Software	(256 363)	(246 781)	(9 582)
Machinery and equipment	(267 580)	(193 372)	(74 208)
Motor vehicles	(162 658)	(180 028)	17 370
Finance lease assets	(62 787)	(46 341)	(16 446)
	(3 970 574)	(3 734 235)	(236 339)

During the current financial year, a physical verification and condition assessment of assets was undertaken, which resulted in the reassessment and adjustment of the useful lives of certain assets. The effect of this revision is as follows:

• Decrease in Water Purification Schemes depreciation expense amounting to	*(479 199)*
• Decrease in Buildings depreciation expense amounting to	*(3 757)*
• Decrease in Computer equipment depreciation expense amounting to	*(55 083)*
• Decrease in Furniture and Office Equipment depreciation expense amounting to	*(23 041)*
• Decrease in Computer Software depreciation expense amounting to	*-*
• Decrease in Machinery and equipment depreciation expense amounting to	*(32 866)*
• Decrease in Motor vehicles depreciation expense amounting to	*(68 847)*
•Increase in Finance lease assets depreciation expense amounting to	*(32 965)*

	2025 R	2024 R
6. Inventories		
Maintenance and emergency spares	**1 446 350**	753 561
Potable water	**383 250**	295 661
Chemicals	**161 852**	409 522
	1 991 452	1 458 744

The cost of raw water recognised as an expense during the period amounts to R1 456 002 (2024: R1 423 589)

6.1 Inventory pledged as security

Inventory was not pledged as security.

6.2 Maintenance and emergency spares

The cost of Emergency spares is assigned using the current replacement cost for the purpose of establishing cost and the subsequent measure is first in first out. The current replacement cost is used in the absence of actual cost. The same cost formula is used for all emergency spares having a similar nature and use to the entity.

	2025 R	2024 R
7. Receivables from exchange transactions		
Trade receivables	**37 206 055**	22 987 549
Impairment of trade receivables	**(4 515 957)**	(5 089 849)
Net trade receivables	**32 690 098**	17 897 700
Other receivables	**3 358 421**	3 409 716
Impairment of other income receivables	**(1 550 136)**	-
	34 498 383	21 307 416

Trade receivables are shown net of impairments amounting to R4 515 957 (2024: R5 089 849) recognised during the year determined by reference to past default experience. The major contributor to the impairment provision is the industrial and agricultural customers.

Refer to note 27.4 for further disclosure on receivable from exchange transactions and impairment allowances.

Other receivables are shown net of impairments amounting to R1 550 136(R1 545 553 - Buzaphi and R4 583 - impairment on deposits made). The R1 545 553 was recognised at year end due the outcome of an arbitration award in favour of Overberg Water which was disclosed as other receivable in the prior financial year being challenged in court by the plaintiff Buzaphi (Pty) Ltd.

	2025 R	2024 (Restated) R
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank accounts	**27 212 949**	2 842 112
Cash on hand	**4 894**	4 050
Short term investments	**2 126 745**	3 155 071
	29 344 588	6 001 233

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, and short-term investments that are readily convertible to cash. Comparative information has been restated due to the correction of a prior period error, where certain short-term investments were previously incorrectly classified as non-current investments (see Note 33). The carrying amount is considered to approximate amortised cost and is unrestricted and available for use as and when required.

8.1 Short term investments

2025	Opening Balance	Transfers	Investments withdrawn	Interest Earned	Admin Fees	Total
CCM 60 Day Call Money Fund	-	2 362 986	(1 189 637)	103 066	(3 355)	**1 273 060**
Masibambane Investment account	-	792 085		62 102	(503)	**853 684**
At amortised cost	-	**3 155 071**	**(1 189 637)**	**165 168**	**(3 858)**	**2 126 744**

2024	Opening	Transfers	Investments	Interest Earned	Admin Fees	Reclassification
CCM 60 Day Call Money Fund	**13 345 623**	(3 055 778)	(8 461 081)	549 910	(15 688)	2 362 986
CCM Call Money Fund	**446 285**	3 055 778	(3 503 276)	1 213	-	-
Masibambane Investment account	**1 447 659**	-	(755 659)	103 029	(2 944)	792 085
At amortised cost	**15 239 567**	-	**(12 720 016)**	**654 152**	**(18 632)**	**3 155 071**

Credit card facilities

The entity has the following banking facilities:- Petrol cards (ABSA) facility of R160 000,00.

Guarantee provided by ABSA Bank Ltd

Letter of guarantee number 36551301542 for the sum of R101 500 given by ABSA Bank Ltd in favour of Eskom Holdings Soc. Limited Reg. No. 2002/015527/06 (reference number SDRF012/13) for electricity supply at the Duivenhoks Water Scheme.

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		2025 R	2024 R
9.	**Net Assets**		
	Accumulated surplus	93 457 489	66 753 001
		93 457 489	66 753 001

10.	**Payables from exchange transactions**		
	Trade payables	9 759 962	8 175 331
	Accruals	1 063 457	1 431 050
	Amounts received in advance	256 386	438 251
	Salary payables	1 135 654	1 547 200
	Other payable	-	9 083
	Retention	83 120	-
	VAT and PAYE Payable	7 726 188	935 461
		20 024 767	12 536 376

11.	**Employee Benefits**		
	Opening balance	2 610 901	4 214 408
	Employee benefits for the year	3 262 562	(1 603 507)
	Closing balance	5 873 463	2 610 901

11.1 Reconciliation of employee benefits - 2025

	Opening balance	Increases	Utilised during the year	Unutilised	Total
Performance bonuses	-	2 940 877	-	-	**2 940 877**
Unpaid leave	2 610 901	3 182 891	(2 861 206)		**2 932 586**
	2 610 901	**6 123 768**	**(2 861 206)**	-	**5 873 463**

Reconciliation of employee benefits - 2024

	Opening balance	Increases	Utilised during the year	Unutilised	Total
Performance bonuses	1 145 062		-	(1 145 062)	-
Unpaid leave	3 069 346	2 688 667	(3 147 112)	-	**2 610 901**
	4 214 408	**2 688 667**	**(3 147 112)**	**(1 145 062)**	**2 610 901**

In terms of GRAP 25, Employee benefits include benefits provided to either employees or their dependents and may be settled by payments (or the provision of goods or services) made either directly to the employees, to their spouses, children or other dependents or to others, such as insurance companies. Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Performance bonuses

Overberg Water has in the past provided for bonuses due to a potential constructive obligation as a result of past events. Total provision for bonus as at 30 June 2025 is R2 940 877.

Unpaid leave

Overberg Water has a legal obligation to grant leave to employees in terms of their employment contract and the basic conditions of employment act . Employees are granted a minimum of 15 leave days to a maximum of 27 leave days depending on their seniority. Any leave not taken at a reporting date is provided for, leave taken during the year is reported as utilised. The timing of the outflow is uncertain as well as the related amounts as its unknown as to when will the leave be taken. The provision of leave amount to R2 932 586 (R2 610 901 for 2024).

		2025 R	2024 R
12	**Provisions**		
	Opening Balance	474 208	-
	Provision for claims against damages	-	474 208
	Utilised during the year	(474 208)	-
	Closing balance	-	**474 208**

12.1 Reconciliation of Provisions- 2025

	Opening balance	Increases	Utilised during the year	Total
Provision for claims against damages	474 208		(474 208)	-
	474 208	-	**(474 208)**	-

Reconciliation of Provisions- 2024

	Opening balance	Increases	Utilised during the year	Total
Provision for claims against damages	-	474 208	-	474 208
	-	**474 208**	-	**474 208**

After the prior reporting date, a claim for property damage lodged by a farmer was settled in the current financial year. The settlement exceeded the prior year provision of R474,208 with the difference recognised as an additional expense in the current year's surplus or deficit.

		2025	2024
13	**Revenue from exchange transactions**	**R**	R
13.1	**Water sales**	**85 303 763**	68 657 156
	Bulk water sales	**29 661 344**	23 484 130
	Industrial and agricultural water sales	**55 642 419**	45 173 026
13.2	**Project Revenue**	**9 820 725**	-
	Project revenue	**9 820 725**	-
13.3	**Other income**	**2 429 615**	5 790 661
	Other sundry revenue	**851 411**	28 064
	Servitude rent	**535 793**	125 615
	Insurance Claims Revenue and PPE	**-**	1 041 824
	Movement in deposit	**152 543**	-
	Rental - Employees	**99 102**	40 473
	Reversal of Impairment of debtors	**573 892**	-
	Miscellaneous Income	**216 874**	4 554 685

Included in other income is the following class of other revenue:
Other sundry revenue includes a lumpsum received from the Theewaterskloof Municipality for 2022/23 capital levy recovered.

		2025	2024
13.4	**Interest income**	**2 966 089**	2 259 717
	Interest on investments	**165 168**	654 152
	Bank accounts	**724 227**	89 663
	Trade and other receivables	**2 076 694**	1 515 902
		100 520 192	76 707 534

		2025	2024
14	**Revenue from non exchange transactions**		
	Government Grants & Subsidies	**33 173 913**	-
		33 173 913	-

Revenue from non-exchange transactions represents grant funding from the Department of Water and Sanitation to Overberg Water. The funds do not have any obligation attached, however the Water Board is restricted to spending the funds on the Refurbishment of aging infrastructure.

		2025	2024
15	**Costs of potable water**	**R**	R
	Chemicals	**5 746 664**	5 579 486
	Chemicals usage	**4 551 558**	5 064 028
	Other chemicals and related cost	**1 195 106**	515 458
	Energy	**16 729 582**	14 458 715
	Fuel	**1 469 714**	4 657 627
	Insurance	**1 765 909**	2 069 923
	Laboratory costs	**418 160**	340 931
	Labour	**23 387 342**	16 832 377
	Machinery and tool hire	**1 175 258**	1 862 884
			-
	Protective clothing	**1 482 049**	6 125
	Raw water	**1 368 413**	1 246 244
	Raw water before movement in inventory	**1 456 002**	1 423 589
	Movement in potable water inventory	**(87 589)**	(177 345)
	Repairs and maintenance(note 15.1)	**4 815 544**	1 738 703
	Repairs and maintenance other (note 15.1)	**2 902 401**	1 191 426
	Repairs and maintenance spares usage (note 15.1)	**1 913 143**	547 277
	Other vehicle cost	**85 098**	4 621
	Vehicle hire	**2 398 782**	
	Depreciation and Impairment	**2 602 575**	2 990 267
		63 445 090	51 787 903

		2025	2024
15.1	**Repairs and Maintenance - Property, plant and equipment**		
	Repairs and maintenance other	**2 902 401**	1 191 426
	Repairs and maintenance spares usage	**1 913 143**	547 277
	Repairs and maintenance spares usage	**1 913 143**	547 277
	Spares capitalised	**-**	-
		4 815 544	1 738 703

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16	**Operating expenses**	**2025 R**	2024 R
	Surplus/ (Deficit) for the year is stated after accounting for the following:		
	Auditors remuneration	**4 599 754**	2 970 748
	- Audit fees	4 599 754	2 970 748
	Consulting and professional fees	**6 321 559**	5 065 925
	Depreciation on property plant and equipment	**953 975**	843 479
	Depreciation cost related to operating expenditure	**445 791**	549 632
	Depreciation intangible assets	**451 747**	246 781
	Depreciation cost leased equipment	**56 437**	47 066
	Directors emoluments (note 18)	**1 992 437**	1 358 600
	Employee costs	**18 630 049**	16 725 186
	Employee costs related to administration	**5 561 662**	6 212 993
	Executives and Senior Management (note 18)	**13 068 387**	10 512 193
	Impairment of financial assets	**1 550 136**	1 142 702
	Impairment of trade and other receivables	-	1 142 702
	Impairment other receivables	**1 550 136**	
	Bad debt write-off	**591 652**	101 301
	(Profit) / Loss on scrapping of property plant and equipment	**97 798**	442 994
	Operating lease charges	**984 967**	1 099 582
	- Premises	**853 080**	920 184
	- Equipment	**131 887**	179 398
	IT expenses	**3 279 169**	2 293 426
	Travel and accommodation costs	**1 909 989**	2 028 995
	Consumables	**337 070**	213 179
	Stationery	**151 933**	84 179
	Recruitment costs	**8 679**	10 573
	Insurance	**431 165**	460 773
	Municipal Services	**431 913**	421 853
	Telephone costs	**224 304**	566 062
	Facilities Management	-	1 385
	Other operating expenses	**537 888**	341 051
	Electricity	**135 155**	91 851
	Training costs	**228 873**	19 692
	Transport costs	**2 844**	17 904
	Bank costs	**44 207**	56 801
	Occupational Safety	**21 110**	29 643
	Other	**105 699**	125 160
		43 034 437	36 171 993

Decrease in operating cost noted due to implementation of cost saving initiatives. Increase in IT expenses is due to support provided for the implementation of the ERP system.

Included in operating expenses are the following class of expenditure:

16.1	**Impairment of financial assets**		
	Impairment of trade and other receivables	-	1 142 702
	Impairment other receivables	**1 550 136**	
		1 550 136	1 142 702
16.2	**Loss on disposal of fixed assets**		
	Loss on disposal of fixed assets	**97 798**	442 994
		97 798	442 994
16.3	**Bad debt write-off**		
	Trade receivables and other receivables	**591 652**	101 301
		591 652	101 301
16.4	**Consulting and Professional Fees**		
	Attorney fees	**1 416 473**	1 266 022
	Asset consultant	**1 798 255**	1 705 245
	Board facilitation	**226 087**	239 789
	Other professional fees	**1 441 233**	1 547 369
	Internal audit	**1 439 512**	307 500
		6 321 559	5 065 925

Other professional fees includes cost incurred for growth path initiative project.

17	**Number of employees**		
	- Permanent	**62**	54
	- Fixed term contracts	**44**	4
		106	58

18 Compensation to Directors, Executives and Senior Management

18.1

Accounting Authority (Non-executive directors)	Fee (stipend)	Additional fees	Travel expenses	Reimbursements	Total 2025
Mr R Benjamin (Chairperson)	172 798	153 871	15 491	270	**342 430**
Ms S. Mayinga (Deputy Chairperson)	137 473	55 133	7 718	419	**200 743**
Dr D. Lefutso	111 913	60 540	3 076	-	**175 528**
Prof G Davids	111 913	43 256	691	-	**155 859**
Dr N. Siwahla-Madiba	111 913	48 809	13 374	-	**174 096**
Ms. T. Kelly	111 913	40 219	10 868	-	**163 000**
Ms. M. Malunga	111 913	51 293	3 995	-	**167 201**
Mr. D van Papendorp	111 913	39 927	11 309	-	**163 149**
Mr B. Mnisi	111 913	25 657	-	-	**137 569**
Ms. N. Maharaj	111 913	36 139	726	3 283	**152 060**
Mr. L van Oudshoorn	111 913	45 719	3 170	-	**160 802**
	1 317 486	**600 563**	**70 417**	**3 972**	**1 992 437**

Accounting Authority (Non-executive directors)	Fee (stipend)	Additional fees	Travel expenses	Reimbursements	Total 2024
Mr R Benjamin (Chairperson)	171 015	72 752	6 985	-	**250 752**
Ina De Bruyn (Deputy Chairperson)	34 368		-	-	**34 368**
Ms S. Mayinga (Deputy Chairperson)	127 170	17 882	-	439	**145 492**
Dr D. Lefutso	110 130	5 829	146	585	**116 690**
Prof G Davids	91 478	-	-	1 001	**92 478**
Dr N. Madiba	111 913	3 259	667		**115 839**
Ms. T. Kelly	93 261	10 772	13 586	1 195	**118 814**
Ms. M. Malunga	83 935	6 412	9 867	435	**100 648**
Mr. D van Papendorp	74 608	1 749	5 770	-	**82 127**
Mr B. Mnisi	74 608	-	1 287	-	**75 896**
Ms. N. Maharaj	74 608	11 077	844	209	**86 738**
Mr. L van Oudshoorn	74 608	7 577	451	165	**82 802**
Mr. S. Nene	27 978	-	-	-	**27 978**
L. Seripe	27 978	-	-	-	**27 978**
	1 177 659	**137 309**	**39 603**	**4 029**	**1 358 600**

18.2

Executives and Senior Management	*Salaries	Performance bonuses	Contributions to retirement fund, medical aid, UIF and SDL	**Allowances	Gratuity	Other	Total 2025
PM Buthelezi (CEO)	2 214 310	788 249	532 652	120 547	-	666 673	**4 322 431**
EF Jeffries (CFO)	1 352 163	343 492	340 739	82 744	-	-	**2 119 137**
XS Mdletshe (EM)	1 352 163	343 492	302 913	275 914	-	-	**2 274 482**
MB Mokhele (Senior Manager)	1 207 590	305 578	273 400	161 031	-	109 744	**2 057 344**
E Nwamafela (Senior Manager)	299 822	55 720	128 472	305 760	-	-	**789 775**
S Mathunyane (Senior Manager)	598 826		160 925	42 561	-	-	**802 312**
M Batayi (Senior Manager)	553 084		85 987	63 836	-	-	**702 906**
	7 577 957	**1 836 531**	**1 825 088**	**1 052 394**	-	**776 417**	**13 068 387**

*Salaries include the following earnings: Basic Salary, 13th Cheque, backpay and travel allowance.
** Employees are allowed to structure for a travel allowance from the basic salary
*** Allowances include the following: Cell phone Allowance, Subsistence Allowance, Housing Allowance and Reimbursements
****E Nwamafela was acting senior manager supply chain for 6 months
*****S Mathunyane was appointed as senior manager human resources on 02 January 2025
******M Batayi was appointed as senior manager supply chain management on 02 January 2025

Executives and Senior Management	*Salaries	Performance bonuses	Contributions to retirement fund, medical aid, UIF and SDL	**Allowances	Gratuity	Other	Total 2024
PM Buthelezi (CEO)	2 004 768		292 743	292 743		-	2 590 254
EF Jeffries (CFO)	1 282 984		189 232	71 550		-	1 543 766
DT Rani (Senior Manager)	834 450		132 663	63 523		442 502	1 473 138
MB Mokhele (Senior Manager)	1 140 357		143 589	162 185		1 000	1 447 131
RN Lehutso (Senior Manager)	1 141 654		62 962	166 271		310 762	1 681 649
XS Mdletshe (Senior Manager)	1 312 878		188 234	275 142		-	1 776 255
	7 717 091	-	**1 009 424**	**1 031 414**	-	**754 264**	**10 512 193**

*Salaries include the following earnings: Basic Salary, 13th Cheque, travel allowance and backpay
** Employees are allowed to structure for a travel allowance from the basic salary
*** Allowances include the following: Cell phone Allowance, Subsistence Allowance, Housing Allowance and Reimbursements
**** Mrs DT Rani services were terminated during the month of May 2025
***** Mr RN Lehutsi resigned on the 30 June 2025

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		2025 R	2024 R
19	**Net interest income**		
19.1	**Interest on investments**	**165 168**	654 152
19.2	**Interest income**	**2 800 921**	1 605 565
	Bank accounts	724 227	89 663
	Trade and other receivables	2 076 694	1 515 902
	Interest income	**2 966 089**	2 259 717
19.3	**Finance cost**		
	Trade and other payables	**409 517**	158 730
	Interest paid-Bank	**100 573**	2 284
	Finance cost	**510 090**	161 014
	Net interest income	**2 455 999**	2 098 703

20. Taxation

As state owned entity, the Income Tax Act that has exempted State Owned Entities Section 10(1)(cA)(i) of the Income Tax Act, subsequently Overberg Water is not liable for any taxes except for value added taxes.

		2025 R	2024 R
21.	**Cash generated from operations**		
	Surplus(deficit) for a year	**26 704 488**	(11 413 376)
	Interest	**2 455 999**	2 098 703
	Surplus(deficit) before Interest	**24 248 489**	(13 512 079)
	Adjustments for non cash items:		
	Depreciation	**3 559 560**	3 833 746
	Transfers / (Write offs) of property, plant and equipment	**97 798**	442 994
	Impairment of (reversal of) trade receivables	**976 244**	1 142 702
	Movement in potable water	**(87 589)**	(177 345)
	Finance lease liability	**(27 327)**	25 651
	Employee benefits	**3 262 562**	(1 603 507)
	Provisions	**(474 208)**	474 208
	Bad debts written off	**591 652**	101 301
	Other Income	**(59 232)**	(4 363 105)
	Changes in working capital:		
	Inventories	**(532 708)**	(44 298)
	Trade and other receivables	**(13 782 619)**	(4 132 067)
	Trade and other payables	**7 488 391**	3 532 354
		25 261 013	(14 279 445)

		2025 R	2024 R
22	**Operating leases**		
22.1	**Operating leases – as lessee (expense)**		
	- within one year	**938 846**	883 395
	Premises	**908 532**	853 080
	Equipment	**30 314**	30 315
	- in second to fifth year inclusive	**25 262**	961 583
	Premises	-	908 532
	Equipment	**25 262**	53 051
	- Later than 5 years	-	-
	Minimum lease payments due : Equipment & Premises	**964 108**	**1 844 978**

The office lease contract is for an initial period of 2 years ending 30 June 2026 with an option to extend for a further 3 years. Printers are on a 36 months lease RT Contract ending 30 April 2027.

22.2 Operating leases – as lessor (income)

The entity receives rental income for servitudes. Servitude agreements are non-cancellable and have terms from 4 to 9 years. There are no contingent rents receivable. The escalation clause on the Vodacom contracts is CPI year on year.

	2025	2024
- within one year	**84 311**	80 680
- in second to fifth year inclusive	**172 186**	256 497
- Later than 5 years	-	-
Minimum lease payments due	**256 497**	337 177

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		2025 R	2024 R
23	**Capital commitments**		
23.1	**Capital commitment contracted for**		
	Commitments for the acquisition of Property Plant and Equipment: Water Purification Schemes	33 639 564	4 536 089
24	**Finance lease liability**		
	Current obligation	54 013	27 481
	Non-current obligation	72 481	126 340
	Carrying amount at the end	126 494	153 821
	Reconciliation of the carrying amount:		
	Future minimum lease payments due:	126 494	153 821
	Later than 5 years	-	-
	Later than 1 year but less than 5 years	72 481	126 340
	Less than 1 year	54 013	27 481
	Less: Future finance charges	-	-
	minimum lease payments	126 494	153 821

The finance lease obligations consist of I pads purchased for Board members and Executive Management for a period of 36 months (3 years). The interest implicit in the lease is 5.78%. as per the agreement and at the end of the contracts ownership of these devices shall be transferred to the Overberg Water Board. At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

25 Related parties

Overberg Water is a Schedule 3B Enterprise in terms of the Public Finance Management Act. It is 100% controlled by the Department of Water and Sanitation.

The related parties of Overberg Water consist mainly of government departments, state-owned enterprises and other public entities in the national sphere of government.

25.1 Transactions with the Executive Authority (Department of Water and Sanitation)

Overberg Water purchases raw water from the Department of Water and Sanitation ("DWS").

	2025 R	2024 R
Revenue from non exchange transactions		
• Government Grants & Subsidies	33 173 913	
- Purchases of Raw Water:		
• Transactions for the year	988 550	959 166
• Balances: Trade payables	66 107	(234 267)

25.2. Transactions with the Breede Gouritz Catchment Management Agency (BGCMA)

Overberg Water purchase raw water from the BGCMA, both the entities report to the Minister of Water and Sanitation.

	2025 R	2024 R
- Purchases of Raw Water:		
• Transactions for the year	137 471	128 665
• Balances: Trade payables	8 344	(14 528)

25.3. Transactions with the Duivenhoks Water User Association

Overberg Water purchase raw water from the Duivenhoks Water User Association both the entities report to the Minister of Water and Sanitation.

	2025 R	2024 R
- Purchases of Raw Water:		
• Transactions for the year	329 980	365 968
• Balances: Accruals	-	(30 211)
• Balances: Trade payables	26 195	(30 886)

25.4 Transactions with the Accounting Authority (Board of Directors)

	2025 R	2024 R
All the transactions with board members are set out in note 18.	1 992 437	1 358 600

25.5. Transactions with key management personnel

	2025 R	2024 R
All the transactions with key management personnel are set out in note 18.	13 068 387	10 512 193

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	2025 R	2024 Restated R
26 Financial assets and liabilities		
Financial assets		
Receivables from exchange transactions	**34 498 383**	21 307 416
Cash and cash equivalents	**29 344 588**	6 001 233
Financial assets at amortised cost	**63 842 971**	27 308 649
Financial liabilities		
Payables from exchange transactions - Financial liabilities at amortised cost	**12 042 193**	11 162 664

No financial instruments have been designated at fair value through surplus or deficit or through other comprehensive income.

27 Risk Management Framework

The entity's activities expose it to various financial risks, namely credit risk, liquidity risk, and interest rate risk. Risk management policies are approved by the Board and implemented by management to mitigate these risks.

27.1 Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to remain sustainable and to provide service delivery.

The capital structure of the entity consists of trade and other payables (note 10) and cash and cash equivalents (note 8) and funds as disclosed in the statement of financial position.

There were no borrowings for the 2024 and 2025 financial years.

27.2 Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future expenses and commitments. The entity manages liquidity risk through an ongoing review of the entity's available and projected cash flow.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal its carrying balances as the impact of discounting is not significant.

At 30 June 2025	Between 1 and 5 years	Less than 1 year	Total
Payables from exchange transactions'	-	12 042 193	**12 042 193**
Finance lease liability	72 481	54 013	**126 494**
	72 481	**12 096 206**	**12 168 687**

At 30 June 2024	Between 1 and 5 years	Less than 1 year	Total
Payables from exchange transactions'	-	11 162 664	11 162 664
Finance lease liability	126 340	27 481	153 821
	126 340	11 190 145	11 316 485

27.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the value of financial instruments or investment income. The entity's exposure to market risk primarily relates to interest rate fluctuations affecting investment returns.

The objective of market risk management is to manage and control exposures within acceptable parameters while optimising returns. Overberg Water mitigates interest rate risk by investing in fixed-term deposits with reputable institutions and reviewing interest rate performance periodically.

A 1% change in interest rates at year-end would result in an increase or (decrease) in investment income of approximately R65 278 (130 231). The sensitivity analysis assumes that all other variables remain constant and is based on financial instruments held at the reporting date.

Financial assets exposed to market risk at year end were as follows:	2025 R	2024 R
Financial assets		
Investec Private Bank (division of Investec Bank Ltd)	**2 126 745**	3 155 071
ABSA Bank Ltd	**25 619 637**	651 910
	27 746 382	**3 806 981**

27.4 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations. The entity is exposed to credit risk from:
Trade receivables (primarily from municipalities, agricultural users, and other public institutions),
Cash deposits with financial institutions.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The maximum exposure to credit risk is the carrying amount of the financial assets disclosed below.

27.4 Credit risk (Continued)

Financial assets exposed to credit risk at year end were as follows:

Financial assets	2025 R	2024 R
Investec Private Bank (division of Investec Bank Ltd)	**2 126 745**	3 155 071
ABSA Bank Ltd	**27 212 949**	2 842 112
Receivables from exchange transactions	**34 498 383**	21 307 416
Cash on hand	**4 894**	4 050

Receivables from exchange transactions

Trade receivables are assessed using the simplified approach in GRAP 104. The entity applies a provision matrix to calculate lifetime expected credit losses based on payment history, customer type, and forward-looking adjustments.

The collectability of receivables is assessed on an ongoing basis. A provision for impairment of receivables is established when there is objective evidence that Overberg Water will not be able to collect all amounts due according to the original terms of the receivable. We also provide for all receivables where customers are not paying due to unresolved disputes. Individually significant debtors which are considered to be a balance which accounts for at least 5% of the total book , are individually assessed for impairment. After the assessment of individually significant debtors, we consider debtors with similar characteristics and assess the collectability based on established payment patterns.

> Stage 1:Debtors are grouped per customer type and individual, significant debtors are assessed for impairment, these are debtors with a balance that is greater than 5% of the total debtors book.

> Stage 2: All debtors that do not show evidence of payment of their debtors account during the financial year are total impaired.

> Stage 3: The balance of the debtors book after deducting significant debtors and non paying debtors are impairment as a group using the average debt collection rate of three financial years.

The following tables shows receivables from exchange transactions and their related impairment values per customer group:

Bulk Customers	2025		2024	
	Gross	**Impairment**	Gross	Impairment
Current	**3 115 080**	-	2 196 568	-
1 month past due	**2 076 090**	-	1 510 855	-
2 month past due	**97 304**	-	398	-
Impairment		-	-	-
	5 288 474	-	3 707 821	-

No impairment was recognised on the Theewaterskloof Municipality debtor as the outstanding balance was subsequently settled in full after year-end, bringing the account up to date

Project Debtor (Public Works)	**Gross**	**Impairment**	Gross	Impairment
Current	**4 422 025**	-	-	-
1 month past due	**2 439 926**	-	-	-
2 month past due	**2 439 926**	-	-	-
3 months past due and older not impaired	**2 780 140**	-	1 085 499	-
Impairment		-	-	-
	12 082 017	-	1 085 499	-

For the Department of Public Works and Infrastructure, the outstanding historical debt is the subject of ongoing discussions with management. A positive response has been received; however the administrative processes relating to the invoicing still need to be finalised. The current year's outstanding balance was subsequently settled in full after year end.

Industrial and Agricultural Customers	**Gross**	**Impairment**	Gross	Impairment
Current	**5 472 341**	-	4 274 790	-
1 month past due	**1 232 230**	-	1 416 222	-
2 month past due	**789 578**	-	865 226	-
3 months past due and older not impaired	**7 830 422**	-	6 548 090	-
3 months past due and older impaired	**4 510 993**		5 089 849	
Impairment		**4 515 957**	-	5 089 849
	19 835 564	**4 515 957**	18 194 176	5 089 849

The decrease in the provision for bad debts is directly attributable to a reduction in the balances of non-paying customers, resulting from negotiations held with customers during the year under review. The provision for the remaining balances of agricultural and industrial customers is calculated by applying the average collection rate over the past three years to their outstanding balances.

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27.4 Credit risk (Continued)

	2025		2024	
Trade Receivables	**Gross**	**Impairment**	Gross	Impairment
Current	**13 009 446**	-	6 471 358	-
1 month past due	**5 748 246**	-	2 927 076	-
2 month past due	**3 326 808**	-	865 624	-
3 months past due and older not impaired	**10 610 562**		7 633 589	
3 months past due and older impaired	**4 510 993**		5 089 849	
Impairment		**4 515 957**	-	5 089 849
	37 206 055	**4 515 957**	22 987 497	5 089 849
Debtors turnover days		**115**		109

	2025		2024 (Restated)	
Other Receivables (Buzaphi)	**Gross**	**Impairment**	Gross	Impairment
Current	-		2 887 982	
3 months past due and older impaired	**3 090 140**			
Impairment		**1 545 553**		-
	3 090 140	**1 545 553**	2 887 982	-

Reconciliation of provision for impairment of trade and other receivables	**2025** **R**	2024 R
Opening balance	**5 089 849**	3 947 148
Provision for impairment of trade receivables	**(573 892)**	1 142 701
Bad debts written off against provision	-	-
Add impairment of other receivables	**1 550 136**	
Closing balance	**6 066 093**	**5 089 849**

The major contributors of impairment of trade receivables are farmers amounting to R4 515 957 due to bad economic conditions. Only 10% of Customers has long outstanding debt. A Comprehensive debt recovery program is under way, in order to decrease the negative effect of the long outstanding debt on debtors days.

Other receivables comprise of an arbitration award in favour of the entity. The counterparty applied to the court to set aside the arbitration award. Although the arbitrator's decision is final and binding, management considered it prudent to recognise a 50% impairment of the receivable due to the uncertainty relating to the outcome of the court proceedings. The impairment will be reassessed as the matter progresses.

28 Budget information

28.1 Explanation of variances on the approved budget versus actual expenditure

Revenue

Water sales: Is below budget due to water losses and a drop in bulk water sales.

Investment income: Is below budget due withdrawal of investments and reductions in the repo rate by the reserve bank

Interest income: the interest income is above budget due interest accumulated on the grant received and the interest charged to debtors for late payments.

Other Income: Is significantly above budget due to recovery of past capital debt from bulk water customer and the change of allocation requested by customers.

Government Grants & Subsidies: Increase due to Grant received from DWS.

Project revenue: Increase in Project Revenue due to DPWI project.

Operating Expenses

Overall Operating Expenses were over budget by 24% due to the following:

Audit fees are significantly over budget due to prior year audit expenditure that were higher than expected.

Consulting fees is higher than the budget due to legal costs, growth path due diligence project, increase in internal audit activities and asset register yearend

IT expenses is significantly above budget due to license fees and post implementation support associated with the ERP System.

Impairment of debtors resulted in a reversal of impairment loss due major improvement in debt collection.

Recruitment is over budget due to provision for possible bonus and verification checks performed on new employees.

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28 Budget information (Continued)

28.1 Explanation of variances on the approved budget versus actual expenditure (Continued)

Travel and accommodation was over budget due to more in-person board meeting and management strategic sessions held.

Board costs increased due to correct implementation of the Board remuneration policy and the increase in number of committee meetings.

Depreciation increased due to impairment of assets

Bad debts were written off on accounts deemed irrecoverable.

Loss on disposal is a result of scrapping of redundant assets

Office rent is below budget due to successful negotiation of the new lease contract.

Telephone cost is below budget due to switching to voice over internet

Cost of Portable Water

Overall Cost of Potable water is over budget by 13% due to the following:

Labour costs is over budget due to increase in over time work on northern pipeline and orifising project and the provision for the possible bonus, inclusion of payroll for the DPWI .

Chemicals is under budget due new chemicals supplier contract secured

Machinery & tool hire is slightly hire than budgeted due work on the northern pipeline plus responses to pipe bursts and hiring of tankers in respond to high demand of water in summer

Fuel is below budget due to less load shedding

Lab Costs over budget due additional tests requirements

Protective clothing is over budget due a response to health and safety assessments

Repairs and maintenance costs are below budget due on cancellation of services of the repairs and maintenance contractor.

Raw water is higher due to higher abstraction

Depreciation is higher than budgeted as a result of impairment in assets

Vehicle rentals costs were incurred due management decision to outsource the fleet

29 Fruitless & Wasteful, Irregular expenditure

Irregular expenditure 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-c below). Fruitless and wasteful expenditure is an expenditure which was made in vain and would have been avoided had reasonable care been exercised.
(a) the PFMA;
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of that Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

For the 2024/25 financial year the entity recorded R262 890 of irregular expenditure. Irregular expenditure arose from the awarding of a contract to a supplier who was subsequently found to have committed fraud in the procurement process. The fraudulent activity resulted in the supplier's bid being awarded on the basis of misrepresented information, which contravenes the applicable supply chain management regulations and rendered the award irregular.

For the 2024/25 financial year, the Entity incurred fruitless and wasteful expenditure of R605 344, comprising R388 879 relating to interest charges on late payments to creditors due to cash flow constraints, and R216 465 for vehicle-related costs arising from the hire of additional vehicles to supplement the Entity's fleet. The difficult terrain in which the vehicles operated resulted in tyre and windscreen damage, and the associated repair costs were invoiced by the supplier. Management is implementing measures to improve cash flow management and strengthen controls over the hiring and use of vehicles to prevent recurrence.

Fruitless & Wasteful, Irregular expenditure (continued)	2025 R	2024 R
Unauthorised expenditure	-	-
Irregular expenditure	262 890	-
Fruitless and wasteful expenditure	625 982	131 529
Total	888 872	131 529

Arbitration Matter and Payable

30 Contingent liabilities		1 025 792

Included in the prior year financial statements was a contingent liability relating to a claim for damages which was instituted against the Overberg Water Board (OWB) for damages to private property caused by an OWB pipe burst. The amount claimed by the plaintiffs was R1.8 Million. OWB had appointed an expert that assessed the value of the damages to be valued at R474 208, an offer of equivalent to the value of the damages was made to the plaintiff to compensate for the damages, however a counter offer of R1.5 Million was made by the plaintiff, OWB has settled the matter with amount of R930 000.

32 Change in accounting policy

None

33 Prior Period Errors

33.1 Employee Costs

During the preparation of the current year's financial statements, it was discovered that certain employee-related expenditure incurred in the prior financial year had been omitted from the accounting records. This included leave pay and salaries paid to a contract worker.

As a result, Employee Costs and Net Pay were understated by R260,861 in the prior year

The error has been corrected retrospectively in accordance with GRAP 3, and the comparative figures have been restated as follows:

	2024		
(a) Impact on the Statement of Financial Performance:	**As previously**	**Effects of**	**As reported**
Increase in Employee Costs:	5 952 132	260 861	6 212 993
(b) Impact on the Statement of Changes in Net Assets:			
Decrease in Surplus/(Deficit) for the year:	(11 152 515)	(260 861)	(11 413 376)
(c) Impact on the Statement of Financial Position			
Decrease in Accumulated Surplus:	67 013 862	(260 861)	66 753 001
Increase in Payables from Exchange Transactions:	12 275 515	260 861	12 536 376

33.2 Cash and Cash Equivalents

During the preparation of the current year's financial statements, management identified that an investment balance previously disclosed as a non-current asset met the definition of cash and cash equivalents in terms of GRAP 2 (Cash Flow Statements). The investment is readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

The investment has been reclassified to cash and cash equivalents. The error has been corrected retrospectively in accordance with GRAP 3, and the comparative figures have been restated as follows:

	2024		
(a) Impact on the Statement of Financial Position	**As previously**	**Effects of**	**As reported**
Decrease in Non Current Investments	3 155 071	(3 155 071)	-
Increase Cash and cash equivalents	2 846 162	3 155 071	6 001 233

The correction had no impact on total assets, liabilities, or net assets. It resulted only in a reclassification between non-current and current assets.

(b) Impact on Cash Flow Statement	**As previously**	**Effects of**	**As reported**
Restatement of the opening and closing balances of cash and cash equivalents.			
Opening Balance	3 918 442	15 239 567	19 158 009
Closing Balance	2 846 162	3 155 071	6 001 233
Reclassification of cash flows previously reported under investing activities relating to placements and withdrawals of the investment, as these are now part of cash and cash equivalents.			
Withdrawl of Investment	12 084 496	(12 084 496)	-
Interest received on investments was previously classified under investing activities. As the investment was reclassified to cash and cash equivalents, the interest received has been reclassified to operating activities.			
Interest on Investment	635 520	(635 520)	-
Interest income	840 300	635 520	1 475 820

The correction had no impact on the net increase or decrease in cash and cash equivalents, nor on the accumulated surplus/deficit.

The correction of the error has no impact on profit or loss as the error relates to a reclassification.

33.3 Risk Management Framework

The prior year credit risk disclosure excluded other receivables. Comparative information has been restated in the current year to include these receivables. The adjustment does not affect amounts recognised in the statement of financial position or impairment of receivables

Credit Risk	**As previously**	**Effects of**	**As reported**
Other Receivables	-	2 887 982	2 887 982

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FRUITLESS WASTEFUL, IRREGULAR EXPENDITURE COMPLIANCE REPORT

Fruitless & Wasteful, Irregular expenditure

Irregular expenditure 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-c below). Fruitless and wasteful expenditure is an expenditure which was made in vain and would have been avoided had reasonable care been exercised.

(a) the PFMA;

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of that Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

For the year under review, the 2024/25 financial year the entity recorded R 262 890 (2023/24: R 0) of expenditure as irregular expenditure. Irregular expenditure arose from the awarding of a contract to a supplier who was subsequently found to have committed fraud in the procurement process. The fraudulent activity resulted in the supplier's bid being awarded on the basis of misrepresented information, which contravenes the applicable supply chain management regulations and rendered the award irregular.

Irregular expenditure from the prior year, amounting to R207 266, was submitted to the Board in accordance with regulatory requirements. After due consideration of the supporting documentation and circumstances, the Board approved the condonation of this amount

For the 2024/25 financial year, the Entity incurred fruitless and wasteful expenditure of R605 344 (2023/24: R 131 529), comprising R388 879 relating to interest charges on late payments to creditors due to cash flow constraints, and R216 465 for vehicle-related costs arising from the hire of additional vehicles to supplement the Entity's fleet. The difficult terrain in which the vehicles operated resulted in tyre and windscreen damage, and the associated repair costs were invoiced by the supplier. Management is implementing measures to improve cash flow management and strengthen controls over the hiring and use of vehicles to prevent recurrence.

Fruitless and wasteful expenditure for the 2022/23 (R9 551), 2023/24 (R131 529) and 2024/25 (R218 072) financial years was submitted to the Board in accordance with regulatory requirements. After due consideration of the circumstances and supporting documentation, the Board approved the condonation of these amounts.

	2025 **R**	2024 R
Irregular expenditure	**262,890**	-
Fruitless and wasteful expenditure	**605,344**	131,529
	-	-
Total	**868,234**	131,529

The current expenditure is included in the following line items:		
Cost of potable water	**216,465**	-
General and administrative expenses	**651,769**	131,529
	868,234	131,529

	2025	2024

FRUITLESS WASTEFUL, IRREGULAR EXPENDITURE COMPLIANCE REPORT

Irregular expenditure (continued)	**R**	R
Reconciliation		
Opening balance	**207,266**	207,266
Add: Irregular expenditure - current year	**262,890**	-
Less: Amounts condoned	**(207,266)**	-
Less: Amounts recoverable (not condoned)	**-**	-
Less: Amounts not recoverable (not condoned)	**-**	-
Closing balance	**262,890**	207,266
Classification of irregular expenditure		
Deviations	**-**	15,261
Goods, works or service were not procured through a procurement process which is fair, equitable, transparent and competitive	**262,890**	126,331
Non compliance to treasury regulations	**-**	65,674
	262,890	207,266

Fruitless & Wasteful expenditure		
Reconciliation		
Opening balance	**141,080**	9,551
Add: Fruitless and Wasteful - total current year	**246,192**	131,529
Less: Fruitless and Wasteful - write-off	**(359,152)**	-
Add: Fruitless and Wasteful - current year	**605,344**	131,529
Less: Recovered from employees - current year	**-**	
Closing balance	**387,272**	141,080
Classification of Fruitless & Wasteful expenditure		
Interest paid on overdue creditors accounts	**388,879**	131,529
Other	**216,465**	
	605,344	131,529