



KOBWA

WATER FOR EVER

**ANNUAL REPORT
2023/24**

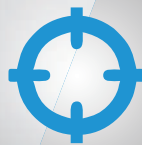


Vision



To be recognised as a leading entity; in sustainable integrated transboundary water resource development and management

Mission



KOBWA will achieve the vision by ensuring efficient water harvesting and bulk distribution, management of the environment, ensuring quality water, regulation compliance, socio-economic development, engagements with key stakeholders, optimizing our resources, and empowering our employees.

Values



-  **Teamwork and diversity;**
-  **Community and customer-focused;**
-  **Quality and safety;**
-  **Performance delivery; and**
-  **Communication and transparency.**

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List of Abbreviations

CMP	Comprehensive Mitigation Plan
CEO	Chief Executive Officer
CO	Communications Officer
CMP	Comprehensive Mitigation Plan
CSD	Corporate Services Director
CRIDF	Climate Resilient Infrastructure Development Facility
DFID	Department for International Development
DPP	Drought Preparedness Plan
DRMC	Driekoppies Relocation Management Committee
DSS	Decision Support System
DWA	Department of Water Affairs
EXCO	Executive Committee
EEC	Eswatini Electricity Company
FCDO	Foreign, Commonwealth and Development Office
FD	Finance Director
FDS	Future Development Studies
FRAC	Finance, Risk and Audit Committee
HA	High Assurance
HEC-RAS	Hydraulic Engineering Centre River Analysis System Model
HIRA	Hazard Identification and Risk Assessment
HR	Human Resources
THRC	Technical and Human Resources Committee
IMC	Information Management Centre
IMT	Infrastructure Maintenance Technologist
ISO	International Organisation of Standardisation
ISOTG	Inkomati System Operation Task Group
JSE	Johannesburg Stock Exchange
JPTC	Joint Permanent Technical Committee
JWC	Joint Water Commission
KJOF	Komati Joint Operations Forum
KOBWA	Komati Basin Water Authority
LA	Low Assurance
LMPC	Lake Matsamo Project Committee
NOSA	National Occupational Safety Association
SADC-GMI	Southern African Development Community-Groundwater Management Institute
UKAID	United Kingdom of Great Britain and Northern Ireland

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1 KOBWA MANDATE

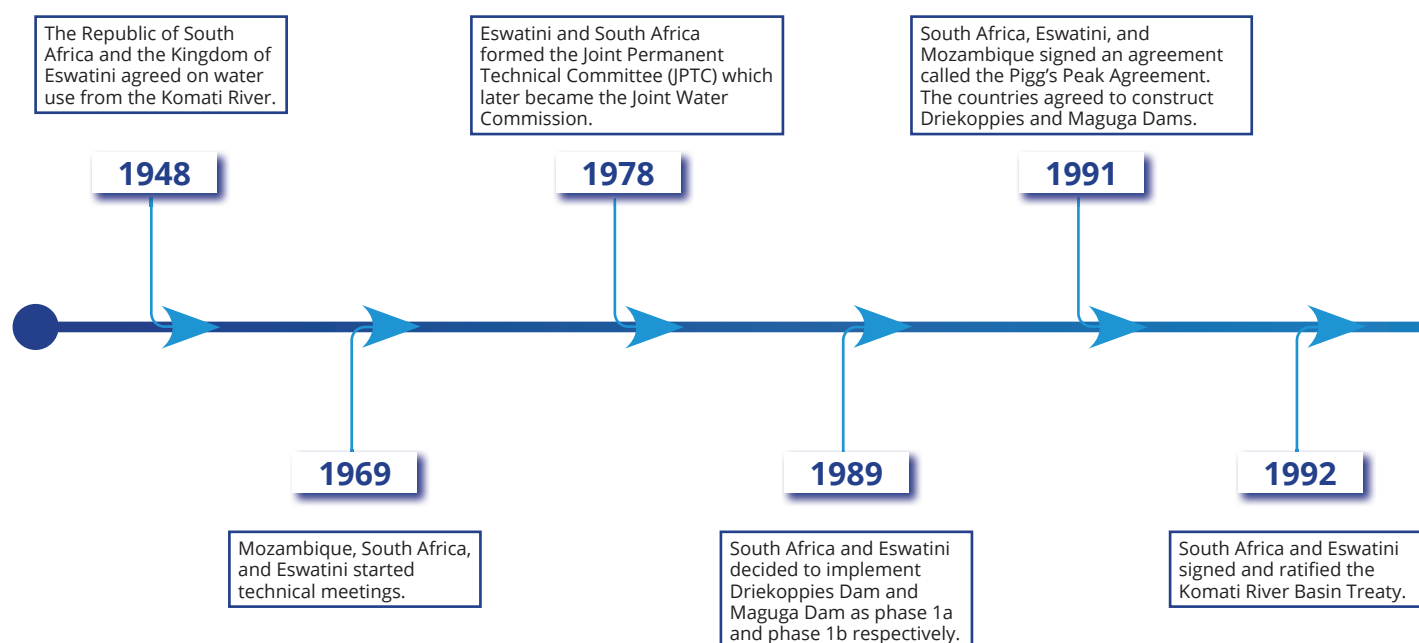
1.1 Background

The Komati Basin Water Authority (KOBWA) is a bi-national entity that was formed in 1993 through a Treaty on the Development and Utilisation of the Water Resources of the Komati River Basin. The Treaty was signed in 1992 by the Kingdom of Eswatini (KoE) and the Republic of South Africa (RSA). KOBWA operations also consider the cross-border flow obligations to the Republic of Mozambique as per the provisions of the Interim Incomati-Maputo Agreement (IIMA) and the ISOTG Rules. For our operations, KOBWA defines a water year as the period from the 1st of April to the 31st of March the following year.

The two Member States tasked KOBWA with designing, constructing, operating, and maintaining two dams and their associated infrastructure. As a result, in 1993 the construction of the Driekoppies Dam in Schoemansdal, South Africa commenced. The construction of the dam was completed in 1998 which saw the start of Maguga Dam construction which was completed in 2003. Currently, KOBWA is in the operation and maintenance phase where the focus is on managing the water resources of the Sub-Komati River Basin. Below are highlights of KOBWA's milestones since its establishment.

The purpose of the Annual Report is to provide information to our Member States and stakeholders on the management and administration of the KOBWA during the financial year 2023/2024. The principal aim of the KOBWA is to effectively and efficiently harvest and harness water through our dams in Maguga and Driekoppies and further supply it to our Members States, Eswatini and South Africa.

1.2 KOBWA's Milestones since inception



2 CORPORATE GOVERNANCE

2.1 Overview

The KOBWA Board continues to be guided by the principles of good corporate governance in the discharge of its duties and responsibilities by aligning with King IV principles. Thus, the Board has remained focused on ensuring that the Authority's vision, mission, and core values as well as its strategy and conduct are consistent with being a responsible corporate citizen. This was achieved by meeting at least once a quarter to monitor and track KOBWA's approved annual business plan and discuss other strategic issues. By so doing, the Board was able to steer and set the direction for the realization of KOBWA's core business and values through its strategy.

In addition, the KOBWA Board of Directors and its committees are responsible for corporate governance throughout the organization and developing policies in line with the needs of the Authority in fulfilling its mandate.

2.2 Corporate Governance Structure

KOBWA's corporate governance structure is indicated below:



Figure 1: KOBWA Corporate Governing Organogram

2.3 The Joint Water Commission (JWC)

The Joint Water Commission was established in 1992, following the signing of the Treaty on the Establishment and functioning of the JWC between Eswatini and South Africa. The Commission is responsible for water governance between the two countries in the Komati Basin. They provide technical advice to the Parties on issues that relate to the development and utilization of the shared water sources. The Commission comprises three members from each country.

In 2023 / 2024, the following were members of the Joint Water Commission:

Eswatini	
Ms. Dorcas Dlamini	Commissioner and Leader of the Eswatini Delegation, Principal Secretary in the Ministry of Natural Resources & Energy.
Mr. Sidney Simelane	Commissioner, Principal Secretary in the Ministry of Agriculture.
Mr. Makhosini Khoza	Commissioner, Director: Department of Water Affairs.
South Africa	
Ms. Duduzile Mthembu	Commissioner and Leader of the South African Delegation, Chief Director: Transboundary (Department of Water & Sanitation, N Office).
Mr. Gideon Siziba	Commissioner, Control Industrial Technician: Department of Water and Sanitation (Mpumalanga Province).
Mr. Fikile Guma	Commissioner and Chief Director of the Department of Water and Sanitation, Mpumalanga Province.

Table 1: JWC Delegates

Eswatini	South Africa
	
Leader of the KoE Delegation <i>Ms. Dorcas Dlamini</i>	Leader of SA Delegation <i>Ms. Duduzile Mthembu</i>

Eswatini



KoE Commissioner
Mr. Sydney Simelane

South Africa



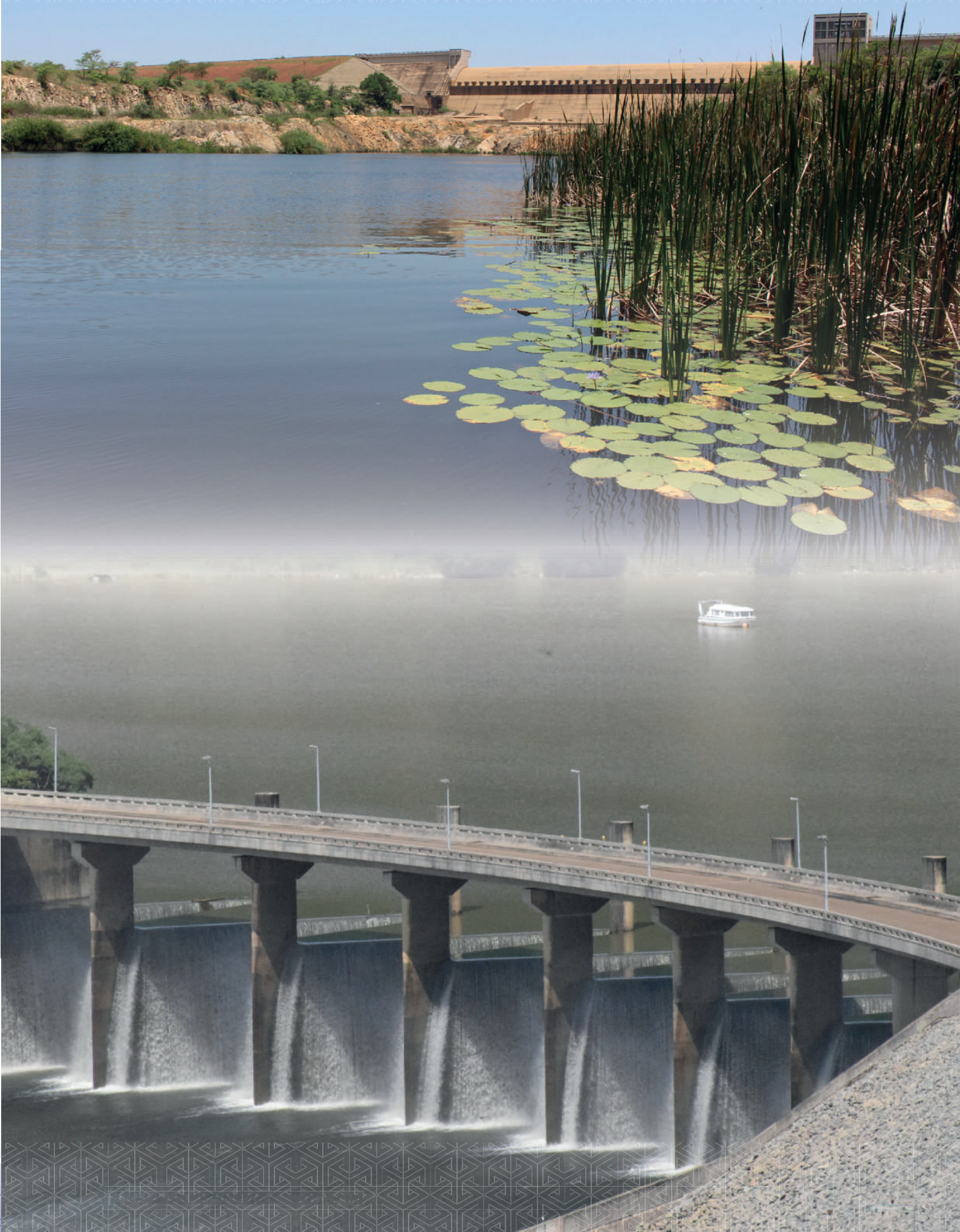
SA Commissioner
Mr. Fikile Guma



KoE Commissioner
Mr. Makhosini Khoza



SA Commissioner
Mr. Gideon Siziba



2.4 The Board of Directors

KOBWA Board of Directors consists of six (6) members; each country is represented by three (3) members appointed by the two governments. South Africa representation is appointed by the Honourable Minister of the Department of Water and Sanitation and Eswatini representation is appointed by the Honourable Minister for Natural Resources and Energy. The Board also has a Company Secretary as an *Ex Officio* Member. The Board reports to the Joint Water Commission on all proceedings of Board meetings, strategic issues, and corporate governance.

The KOBWA Board of Directors for the year 2023/2024 was as follows:

Eswatini	
Mrs. Emelda Magagula	Non-Executive Member, Chief Water Engineer: Department of Water Affairs. Mrs. Magagula is a Chief Water Engineer in the Department of Water Affairs within the Ministry of Natural Resources and Energy. She assumed this role in 2008 and has experience in the development of water resources management tools including the development of the Integrated Water Resources Master Plan and the National Water Policy. Over the years Mrs Magagula has been extensively engaged in the identification of potential dam sites, supervising water resources development feasibility studies and ensuring that dam safety measures are undertaken for existing dams by Dam Managers. She joined the Board of the Komati Water Basin Authority (KOBWA) in 2019 and has been on the Board since then. She also serves as a member of the Technical Team for the Joint Water Commission between Eswatini and Mozambique as well as a Technical Advisor in the Technical Steering Committee between the three Riparian States of South Africa, Eswatini and Mozambique. Previously, she was involved with the Joint Water Commission between Eswatini and South Africa. Mrs Magagula holds a BSc in Biology, Geography, Environmental Science and Planning obtained from the University of Eswatini, an MSc in Integrated Water Resources Management from the University of Zimbabwe and an MSc in Leadership and Change Management from Leeds Metropolitan University in the UK.
Mr. Lloyd Mzaizi	Deputy Chairperson, Legal Advisor: Ministry of Natural Resources and Energy. Mr. Mzizi possesses an LLB qualification obtained in the year 2005. In the year 2006 he was admitted as an Attorney in Law and had been in private practise from 2006 to 2018 when he joined the Offices of the Attorney General within the Ministry of Justice and Constitutional Affairs in the Kingdom of Eswatini.

	He served as a Legal Advisor in the Ministry of Natural Resources and Energy from 2018 to October 2023 when he was assigned the same role of Legal Advisor of the Ministry of Economic Planning and Development in the Kingdom of Eswatini.
Ms. Nelisiwe Mabuza	Non-Executive Member, Chief Executive Officer (African Alliance). Ms. Mabuza is a Partner of the African Alliance Group of Companies and serves as the Chief Executive Officer (CEO) of African Alliance Eswatini (AA). Her time at African Alliance started in 2001. As CEO, she has gained diverse and extensive corporate finance experience ranging from sourcing finance through bond and equity issuances, listings, hedging currency portfolios, investment, and advisory services. Ms. Mabuza also serves as a director of many of the African Alliance Group Companies, is a member of the governing body of the Komati Water Basin Authority (KOBWA) and a member of the Institute of Directors South Africa (IODSA). She holds a Master of Philosophy in Business Management Corporate Strategy from the University of Pretoria's Gordon Institute of Business Science, an MSC in Mathematical Modelling with an emphasis in Finance, a Certificate in Financial Management from UNISA, Leadership Certification by GIBS, as well as the Executive Program for Growing Companies with Stanford Business School.
South Africa	
Mr. Archinton Thobejane	Chairperson, Non-Executive Member Director: Hydrological Engineering, Department of Water and Sanitation. Mr. Thobejane is a Director in the Directorate: Infrastructure Capacity Analysis under the Department of Water and Sanitation, Pretoria, South Africa. Having started as an Assistant Hydrologist in Flood Studies, Mr. Thobejane has vast experience in flood frequency calculations, documenting extraordinary flood events, development work and improving flood frequency methodologies. He has also served as a Water Resource Planner where he gained experience in developing national strategies and procedures for the reconciliation of water availability (and resources quality) and requirements to meet national social and economic development objectives, including strategic requirements, resources quality objectives and international obligations.

	Furthermore, he has extensive experience in the provision of hydrological engineering and scientific services for drought/ flood management, hydrological analyses, and the design of hydraulic structures. Mr. Thobejane currently serves as the Komati Water Basin Authority (KOBWA) Board Chairperson. He holds a BSc. from the University of Venda, B.Sc. (Hon.) (Water Resource Management.) from the University of Pretoria, and the Graduate Diploma in Engineering. (Civil Engineering) from Wits University and Certificate in Postgraduate Programme in Executive Leadership from North-West University and National School of Government.
Mr. Lucky Mohalaba	Non-Executive Member, Chief Executive Officer – Inkomati-Usuthu Catchment Management Agency (IUCMA). Mr. Mohalaba is currently the Chief Executive Officer of the Inkomati and Usuthu Catchment Management Agency having joined the institution in 2021. He was once a Chief Operations Officer at the Public Protector in South Africa which he joined in 2020. Having begun his career in 2003 as a Candidate Attorney, Mr. Mohalaba has extensive experience in National and Regional Service having served diligently on behalf of the Public Protector South Africa, State Security Agency – Magallies Water, Mpumalanga Housing Finance Company, and the Mpumalanga Department of Education. Currently, Mr. Mohalaba serves as a Board Member of the Komati Water Basin Authority (KOBWA) where he was appointed on the 1st of February 2023. Previously he also served as a Chairperson in the Human Resources and Remuneration Committee of the Independent Communications Authority of South Africa (ICASA), a Board Member at the Health Professions Council of South Africa (HPCSA), a Member of the Audit Committee of the Mpumalanga Provincial Treasury. Mr. Mohalaba holds an LLB Degree obtained from the University of Zululand, a Certificate in Legislative Drafting from the University of Johannesburg, a Post Graduate Diploma in Public Management from Regenesys, a Post Graduate Diploma in Corporate Law from the University of Johannesburg and an Executive Development Programme obtained from the University of South Africa (UNISA).
Mr. Blessing Singwane	Non-Executive Member, Partner (Singwane and Partners)
Mr. Trevor Sithole	Company Secretary, First Corporate Secretaries (Pty) Limited.

Table 2: KOBWA Board of Directors

THE BOARD OF DIRECTORS



Board Chairperson
Mr. Archinton Thobejane



Deputy Chairperson
Mr. Llyod Mzizi



Non-Executive Member
Mrs. Emelda Magagula



Non-Executive Member
Ms. Nelisiwe Mabuza



Non-Executive Member
Mr. Lucky Mohalaba



Non-Executive Member
Mr. Blessing Singwane



Company Secretary
Mr. Trevor Sithole

2.5 Board of Directors Meetings

To effectively and efficiently discharge its roles and responsibilities, the Board meets quarterly. In promoting independent judgment and assisting with the balance of power within its structure, the Board has delegated some of its duties to two committees, the Finance, Risk and Audit Committee (FRAC), and Technical and Human Resources Committee (THRC).

To keep abreast of Risk Management issues, the Board of Directors attended a training on, Risk Appetite And Tolerance offered by The Institute of Risk Management South Africa. The training capacitated the Board on dealing with the level of risk that the organization can pursue to meet organizational objectives. The upper and lower levels that an organization can deal with or absorb, without significantly impacting the achievement of the strategic objectives were discussed. In addition, two (2) Board members attended the 10th SADC River Basin Organisations/Shared Watercourse Institutions Workshop which was held from 4 – 7 October 2023 in Maputo, Mozambique.

A total of six Board meetings (4 ordinary and 2 special meetings) were convened during the reporting period as indicated below:

BOARD MEETINGS				
NAME	DATE			
	31.05.23	23.08.23	22.11.23	27.02.24
*T. Sithole	✓	✓	✓	✓
B. Singwane	✗	✓	✗	✓
N. Mabuza	✓	✓	✓	✗
T. Shongwe	✓	✓	✓	✓
A.Thobejane	✓	✗	✓	✓
L. Mzizi	✓	✓	✓	✓
E. Magagula	✓	✓	✓	✓
L. Mohalaba	✓	✗	✓	✗

Table 3: Board of Directors' attendance record

NAME	Special Board Meeting	
	16.06.23	23.10.23
N. Mabuza	✓	✓
T.A. Thobejane	✓	✓
L. Mzizi	✓	✓
E. Magagula	✓	✓
M Singwane	✓	✗
T. Shongwe	✓	✓
L. Mohalaba	✓	✓
*T. Sithole	✓	✓

Table 4: Board of Directors attendance record of special meetings

***Company Secretary - T. Sithole**

2.6 Finance, Risk and Audit Committee (FRAC) Meetings

The role of the FRAC is to guide KOBWA on the financial and technical reporting process, internal control systems, audit processes, and the organization's procedures for monitoring compliance with applicable legislation. The Committee also advises on Corporate Risk Management including health and safety, environmental, and quality management. The Committee met four (4) times in the reporting period.

2.7 Technical and Human Resources Committee (THRC) Meetings

The role of THRC is to deal with policies relating to the management of human resources, organizational structure, terms and conditions of service, remuneration, appointment of senior staff, and technical elements of the organization. The committee met four (4) times in the financial year.

NAME DATE	FRAC				THRC			
	18.05.23	03.08.23	03.11.23	07.02.24	17.05.23	02.08.23	02.11.23	14.02.24
N. Mabuza	✓	✓	✓	✗	✓	✓	✓	✓
T.A. Thobejane	✗	✓	✓	✓	✗	✓	✓	✓
L. Mzizi	✓	✓	✓	✓	✓	✗	✓	✓
E. Magagula	✗	✓	✓	✓	✓	✓	✗	✓
M Singwane	✓	✓	✓	✓	✓	✗	✓	✓
T. Shongwe	✓	✓	✓	✓	✓	✓	✓	✓
L. Mohalaba	✓	✓	✓	✗	✗	✓	✗	✗
*T. Sithole	✓	✓	✓	✓	✓	✓	✓	✓

Table 5: FRAC and THRC attendance records

2.8 Executive Management

The Executive Committee is responsible for assisting the Chief Executive Officer in overseeing the day-to-day operations of KOBWA. The Committee through the CEO recommends policies and strategies to the Board and once approved, monitors and tracks the implementation of the KOBWA Business Plan.

EXECUTIVE MANAGEMENT



Chief Executive Officer
Mr. Trevor Shongwe



Operations Director
Mr. Sakiwe Nkomo



Finance Director
Mr. Juan De Wet



Corporate Services Director
Mr. Monde January



2.9 Statement of the Board Chairperson



Board Chairperson
Mr. Archinton Thobejane

It gives me delight to present the Komati Basin Water Authority (KOBWA) Annual Report for the financial year spanning from 1st April 2023 to 31st March 2024. This report demonstrates our continued commitment to comply with good Corporate Governance standards as encapsulated in the King IV Code of Good practice. The report indicates that KOBWA is committed to executing its mandate by ensuring a proper administration of transboundary water resource management.

During this year KOBWA allocated 303.7 million cubic meters of low-assurance water to the Republic of South Africa and 256.5 million cubic meters of low assurance water to the Kingdom of Eswatini respectively. We also ensured that the Komati Basin had sufficient water to fulfil the water requirement of the Republic of Mozambique which stands at 2.6 cubic meters per second of continuous flow measured at the Ressano Garcia Weir.

KOBWA continued to demonstrate excellent project management and development capabilities by constructing the Mananga river gauging station at Mananga in Eswatini. This project was implemented through the financial support of the Government of the United Kingdom of Great Britain and Northern Ireland (UKAID) and the Climate Resilient Infrastructure Development Facility (CRIDF). The gauging station was constructed through a directive from the Joint Water Commission between the two countries of South Africa and Eswatini. It was constructed within a one (1) year period from November 2022 to December 2023 and was handed over to the Member States on the 13th of February 2024. The construction of this structure was to the tune of R/E 28 million and the structure can measure a maximum flow of 260 cubic metres per second of water which is a great improvement from the 28 cubic metres per second which was measured by the old structure. The capability has improved by over 9 times. As an institution, we are very humbled to have been trusted as an implementing agent for the construction of such a critical structure which brought confidence to the sharing of the water resources of the Komati River. We remain available to respond to the needs of the Member States as they implement the phase two developments under the Komati River Basin future developments as envisaged by the Treaty on the Development and Utilisation of the Water Resources of the Komati River Basin.

Furthermore, in our quest to facilitate business initiatives within our two dams, KOBWA through the “*kukhonta*” custom, acquired land at the Maguga Dam to put up strategic projects for revenue generation. This land was consequently formally handed over to KOBWA by the local Chief, Chief Mabaleka Mncina on the 2nd of May 2023.

“...in our quest to facilitate business initiatives within our two dams, KOBWA through the “kukhonta” custom, acquired land at the Maguga Dam to put up strategic projects for revenue generation”

On the 5th of October 2023, we solidified our commitment to fostering sustainable water resources development and management through the signing of a memorandum of understanding (MOU) with the Southern African Development Community - Groundwater Management Institute (SADC-GMI) a function that was witnessed by Member States and River Basin Organisations during the 10th River Basin Organisation's workshop held in Maputo, Mozambique. Through this partnership, KOBWA aims to gain the necessary expertise required to better manage her underground aquifers.

On the 23rd of February 2024, we had the honour to be among the key stakeholders who welcomed His Majesty King Mswati III to the Lake Matsamo Tourism Project which lies on the Eswatini side of the Driekoppies Dam. This project was constructed by the Lake Matsamo Trust through support from the Ministry of Tourism and Environmental Affairs in the Kingdom of Eswatini. During the construction, KOBWA through her Corporate Social Responsibility (CSR) program supported the provision of crush stones and payment of labourers engaged during the construction

of the project. KOBWA also funded the installation of the electricity line to provide power to the project.

I on behalf of the Board, am once again proud to indicate that we obtained an unqualified audit which indicates our commitment to good corporate standards. This of course is a result of the great leadership provided by the Board in steering the Authority to deliver on its mandate. I take this opportunity to extend our heartfelt appreciation to the entire KOBWA team for their commitment to achieving our mission.

The Board remains committed to the delivery of the organization's mandate and recognizes with great appreciation the support of the Member States. I would like to acknowledge their expertise and counsel which has contributed to the growth and success of the Authority throughout the year.



Mr. Archinton Thobejane
Board Chairperson



2.10 Statement of the Chief Executive Officer



Chief Executive Officer
Mr. Trevor Shongwe

The purpose of the Annual Report is to provide information to our members and stakeholders on the management and administration of the KOBWA during the financial year 2023/2024. The principal aim of the KOBWA is to effectively and efficiently harvest and harness water through our dams in Maguga and Driekoppies and further supply it to our Member States, Eswatini and South Africa as per their needs, guided by the ISOTG Rules.

Operations (Water Management)

It is encouraging to report that we continued to drive the vision and mission of the Authority and delivered on its mandate. To efficiently serve the Member States, KOBWA continued to regularly meet with stakeholders through the Komati Joint Operation Forum (KJOF) which ensured that KOBWA's system operation was effective. It is through this forum that water

use reconciliation, cross-border flows, and other operational matters are discussed. As we closed the year in March 2024, both dams were at full capacity and had elevated storage capacities throughout the water year. These levels ensured that Member States were allocated their full Treaty water allocations by the beginning of the water year which starts in April of each year.

Quality, Health, Safety and Risk

KOBWA is committed to complying with both Eswatini and South Africa's national environmental regulations and safety policies when all operations are undertaken. Consequently, we have set up processes that ensure the safety of our employees and the public. In April 2023, KOBWA underwent the Close of Findings exercise and the stage 2 audits which revealed several findings which were successfully addressed during the year. Moreover, the Board of Directors attended a training on, Risk Appetite And Tolerance offered by The Institute Of Risk Management South Africa. The training capacitated the Board on dealing with the level of risk that the organization can pursue to meet organizational objectives.

Campaigns

KOBWA continued to partner with stakeholders in both South Africa and Eswatini in the celebration of events like World Water Day in March 2024, World Environmental Day in June 2023, and Arbor Month in September 2023 to advocate for the sustainable management of freshwater resources and promote the planting of trees to encourage land restoration which plays a critical role in ensuring biodiversity conservation and addressing climate change impact.

Customer Service

To enhance stakeholder engagement, KOBWA introduced an online customer service platform that seeks to obtain feedback from both internal and external stakeholders. The feedback obtained has enabled us to improve our service delivery and work ethic. Our appreciation goes out to our valued stakeholders for their continued feedback which is a key driver in the betterment of the institution.

New Staff

In the reporting year, we welcomed the new Corporate Services Director Mr. Monde January who joined us in October 2023, Communications Officer, Ms. Phumzile Hlatshwayo who joined us in August 2023, and Internal Auditor Assistant Mr. Victor Mahwayi who has been with us since 2020 as an intern.

Training and Development

Our staff are an asset and are part of the core competencies of the institution. As a result, we continue to demonstrate our commitment to our people by supporting their career and professional growth through the Training and Development program. The year under review saw many employees benefiting from the Authority's study assistance where KOBWA furthered their studies in various disciplines that relate to their work. Furthermore, some staff underwent training as per the approved Work Skills Plan.

Employee Relations

The Authority recognizes that its success is built on the well-being and motivation of employees. Therefore, as an employer, the institution tries to offer a healthy and conducive work environment since the long-term goal is to become the employer of choice

among our employees as well as potential employees. During the year under review, KOBWA appointed an independent consultant who conducted an organizational culture transformation process. The process included an organization-wide survey which included focus group and one-on-one discussions, and the development of a culture transformation strategy. Also, KOBWA with its counterparts NAPSAWU & NEHAWU (Unions) concluded the 2023/24 salary negotiations amicably.

Corporate Social Responsibility

In compliance with the KOBWA mandate under which the Authority's operations are regulated, the Authority is to provide for social responsibility initiatives targeted at the water and sanitation within her catchment area. In the year under review, the Board approved R/E 623,040 which was utilized in various initiatives ranging from the rehabilitating and construction of ablutions in public facilities including schools and clinics, funding education bursaries, donating branded bottled still water for various activities, and more.

Conclusion

Considering these and many other achievements that KOBWA underwent this year, the KOBWA Management and staff extend their sincere appreciation to the governments of both Member States for the continued support and trust that has been bestowed upon us to deliver the mandate of managing the water harvested and harnessed in both dams.



Mr. Trevor Shongwe
Chief Executive Officer

ANNUAL PERFORMANCE PLAN IMPLEMENTATION REPORT FOR 2023/24



3 ANNUAL PERFORMANCE PLAN IMPLEMENTATION REPORT FOR 2023/24

3.1 SUMMARY REPORT

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	% (KPA's)
1.	ACHIEVED		29	43.9
2.	PARTIALLY ACHIEVED		19	28.8
3.	NOT ACHIEVED		18	27.3
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		66	100

3.2 OVERALL PERFORMANCE PER STRATEGIC FOCUS AREA

3.2.1 WATER RESOURCE DEVELOPMENT AND MANAGEMENT (35%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		8	40
2.	PARTIALLY ACHIEVED		5	25
3.	NOT ACHIEVED		7	35
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		20	100

3.2.2 FINANCIAL MANAGEMENT & OTHER SOURCES OF INCOME (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		6	40
2.	PARTIALLY ACHIEVED		2	13.3
3.	NOT ACHIEVED		7	46.7
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		15	100

3.2.3 CUSTOMER AND STAKEHOLDER FOCUS (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		3	60
2.	PARTIALLY ACHIEVED		1	20
3.	NOT ACHIEVED		1	20
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		5	100

3.2.4 PEOPLE (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		0	0
2.	PARTIALLY ACHIEVED		4	100
3.	NOT ACHIEVED		0	0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		4	100

3.2.5 TECHNOLOGY AND BUSINESS PROCESS (15%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		12	60.0
2.	PARTIALLY ACHIEVED		6	30.0
3.	NOT ACHIEVED		2	10.0
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		20	100

3.2.6 SOCIO ECONOMIC INITIATIVES (10%)

#	KEY PERFORMANCE ACTIVITIES	LEGEND	NUMBER OF ACTIVITIES	%
1.	ACHIEVED		0	0
2.	PARTIALLY ACHIEVED		1	50
3.	NOT ACHIEVED		1	50
4.	TOTAL NO. OF KEY PERFORMANCE ACTIVITIES		2	100

3.3 FOCUS AREA: WATER RESOURCE DEVELOPMENT AND MANAGEMENT (35%)

OBJECTIVE: To optimise the development and management of water and infrastructure in an effective and efficient manner to achieve KOBWA's current and future mandate

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st March 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
System Operation	Submit Final Water Allocations.	JWC approved allocations for 2023/24	Approved annual allocations by Jun'23	Achieved Submission of annual water allocations to the Joint Water Commission.	Minutes of the Joint Water Commission	N/A	N/A	N/A	
	Monthly analysis of compliance to transboundary flows at Lebombo and Komatipoort.	Quarterly compliance reports for 2023/24	Approved compliance report produced on the 15 th day of the following month.	Achieved Quarterly water use reconciliation reports submitted to the Board and Joint Water Commission.	Board and Joint Water Commission quarterly technical reports.	N/A	N/A	N/A	
	Co-operation with IUCMA towards compliance with Transboundary flows at Ressano Garcia	Report on collaboration mechanisms for Komati and Crocodile Rivers	Quarterly reports on collaboration mechanisms for Komati and Crocodile Rivers	Not achieved No meetings were held to facilitate compliance on transboundary flows at Ressano Garcia.	N/A	No team was appointed to work on the assignment.	Two officers from each institution have been appointed to advance the assignment in 2024/2025.	Jun'24	
	Survey of River Gauging Stations	Twelve (12) gauging stations awaiting surveying.	Final report of river gauging calibration produced by Mar'24	Not achieved The project was put on hold due to staff shortage.	N/A	The vacancy in the position of System Technician led to the deferment of this assignment.	The System Technician in now in the office, and the project is to start in the 2024/25 financial year.	Appointment of service provider by Sept'24.	
Water Resources Risk Management	Build capacity for climate change management in the basin	Approved KOBWA Climate Change Strategy and Action Plan	Finalise and implement the KOBWA Climate Change Action Plan by Mar'24	Achieved Climate change strategy and action plan were discussed with the Department of Environment in RSA in order to align with provincial activities.	Minutes of meeting with Department of Environment in RSA and attendance register.	No activities performed from the annual Climate Change Action Plan	Annual Plan of action with budget for implementation	Mar'25	
Establishment of a KOBWA groundwater monitoring network.	Installation of two (2) groundwater monitoring boreholes in the basin	Existing KOBWA & other institution's groundwater monitoring sites	Two (2) groundwater monitoring stations established by Mar'24	Not achieved	N/A	The identified borehole site at Buhleni, Eswatini could not be secured.	Engagement with traditional authorities has been initiated to secure identified borehole sites.	Mar'25	
Establishment of a KOBWA meteorological measuring stations network.	Installation of at least one (1) meteorological measuring station in the basin	One (1) station installed at Vusweni in 2022/23	One (1) meteorology station established by Dec'24	Achieved The rainfall station is in operation.	Fully functional station established in Tonga.	N/A	N/A	N/A	
Progressive Implementation of Resource Management Plan – Key water resource protection measures at Driekoppies Dam	Mitigation of Encroachment of community households within the dam-fenced areas.	Four (4) illegal structures on dam land.	Stop additional structures from encroaching on the 1:100-year flood line. Initiate the implementation of the RMP.	Achieved No new structures on the surrounding dam land. DWS signed survey maps for the 1:100-year flood line. Letter written to Driekoppies Dam Boat Cruise to stop further construction of permanent structures on dam land. Six (6) dam patrols were conducted in the year on the Driekoppies Dam water surface.	Signed survey maps for the 1:100-year flood. Warning letter to Driekoppies Dam Boat Cruise owner. Dam Patrol reports	N/A	N/A	N/A	
	Mitigation of Unlawful sand mining along the Driekoppies Dam bank embankment	Existing local community engagement fora established through the Department of Minerals & Energy.	Quarterly enforcement operations till Mar'24	Not achieved There were no community activities during the quarter. The department responsible for mines needs to be urged to participate to get positive results from community engagements.	N/A	The principal stakeholders for enforcement are not available hence meetings were not fruitful.	KOBWA will continue to discuss with stakeholders in the various forums.	Jun'24	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st March 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Infrastructure Management	Implementation of recommendations - Statutory dam inspection – Maguga Dam	Newly approved Maguga Dam inspection report.	Full implementation of the annual program by Mar'24	Achieved Dam safety maintenance activities have been implemented in line with recommendations of the dam safety inspections and annual plan. A budget for the 2024/25 financial year was submitted and approved.	Implementation reports. Approved budget for 2024/25 Board and JWC minutes	N/A	N/A	N/A	
	Implementation of recommendations - Statutory Inspection for Driekoppies Dam	Progressive implementation of implementation plan as per APP recommendations.	Full implementation of the annual plan of Statutory Dam Inspection recommendations by Mar'24	Achieved Dam safety maintenance activities have been implemented in line with the recommendations of the dam safety inspections. A budget for the 2024/25 financial year was submitted and approved.	Implementation reports Approved Budget 2024/25 Board and JWC minutes	N/A	N/A	N/A	
	Key dam infrastructure maintenance plan for the two dams developed.	Integrated Annual Maintenance system	Driekoppies Dam key infrastructure maintenance plan developed. Maguga dam key infrastructure maintenance plan developed.	Achieved Maintenance plans have been completed for both dams for the maintenance of key infrastructure and mechanical installations in the dams.	Maintenance Plan for key Maguga Dam and Driekoppies Dam infrastructure produced. Q4 Maintenance Reports	N/A	N/A	N/A	
	Establish contracts and service level agreements for specialised dam infrastructure and components.	Use of three (3) quotes system	Updated contracts// SLAs for dam maintenance by Mar'24	Not achieved	N/A	Other tendering processes are still in progress	The tenders for both dams will be advertised in the first quarter of 2024/25.	Mar'25	
	Replacement of the remaining four (4) butterfly valve gear boxes at Driekoppies Dam.	One (1) butterfly valve gearbox was replaced.	The remaining four (4) butterfly gearboxes are to be replaced by Mar'24	Partially Achieved The quotation for the work and a submission has been prepared for the Board's consideration.	Quotation and submission to the Board	The procurement process is still on-going	To issue the purchase order to the supplier by Jun'24	Sep'24	
Implementation of Driekoppies dam special projects	Appointment of Engineering Consultant and construction of the Driekoppies Dam Workshop and new Staff houses	One (1) existing workshop and 8 staff houses.	Engineering consultant appointed and construction completed by Mar'25	Not achieved Tender processes could not be done in the year.	N/A	N/A	Finalise tender document and procure Engineering Consultant early in 2024/25.	Jun'24	
	New bathymetric survey at Driekoppies Dam	The last bathymetric survey was done in 2011	A complete bathymetric survey by Dec'23	Not achieved	ToRs and scope definition has been finalised and sent to DWS.	Awaiting a response from the DWS team.	Alternative means will be considered.	Nov'24	
	Driekoppies Dam Boat Washing Bay	No wash bay	Construction of boat wash bay by Mar'24	Partially Achieved Appointment of a contractor to carry out the assignment.	Contractor appointment letter and wash bay approved designs.	There were some modifications to the design that needed further approval.	Modifications were approved and the project is in progress.	Jun'24	
	Assessment of Driekoppies Dam wall behaviour	Dam Safety Statutory report with recommendations	The final report produced by Mar'24	Partially Achieved ToRs for the work has been finalised for circulation to APPs in a limited bidding process.	Terms of Reference for assignment approved.	The procurement process still on-going.	Appointment of APP in Aug'24	Dec'24	
	Review of Operations and Maintenance (O&M) Manual for Driekoppies Dam	Old Operations and Maintenance Manual	Revised manual to be produced by Mar'24	Partially Achieved ToRs for the work has been finalised for circulation to APPs in a limited bidding process.	Terms of Reference for the project approved.	The procurement process is still on-going	Appointment of APP in Aug'24	Dec'24	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st March 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Environmental Monitoring	KOBWA Laboratory certification for ISO17025 standard.	No certification for ISO17025	Application for certification by Mar'24	Partially Achieved The National Laboratory Association (NLA) is currently on site assisting KOBWA and they have submitted their initial gap report.	The National Laboratory Association appointment letter Gap analysis report.	The process has suffered some delay due to staff shortages at the Lab.	KOBWA closed the gaps identified. Recruitment of Lab Technologist to be fast-tracked.	Sep'24	

3.4 FOCUS AREA: FINANCIAL MANAGEMENT & OTHER SOURCES OF INCOME (15%)

OBJECTIVE: To proactively source, secure and diversify our revenue streams.

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st Mar. 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Financial Management	Expenditure Control	100.46% budget expenditure	Within 5% over/underspend, 12 Committed Cost meetings held	Achieved 96.1% Overall Budget Spent.	Q4 Finance JWC and Board report	N/A	N/A	N/A	
	Asset Management	2022/23 Organisational FAR.	Accurate and updated organizational FAR.	Not achieved	N/A	FAR not included in Financial Reporting	FAR recon to form part of quarterly interim financial statements.	Jun'24	
	Insurance of Assets	Ingwe (RSA) – Dec'23 Glen MIB (KoE) – Sep'23	New Broker RSA - Jan'24 New Broker KoE – Oct'23	Achieved RSA & KoE Assets are insured, and contracts are in place.	Indwe and Glenrand MIB contracts	N/A	N/A	N/A	
External Audit	Annual External Audits	2021/22 External Audit performed	External Audit completed by Oct'23	Achieved AFS published on the website and annual report.	2022/23 AFS posted on the website and annual report.	N/A	N/A	N/A	
Budget Preparation	Approved 2024/25 Budget	2023/24 Budget approved in Mar 2023	24/25 budget approved by Mar'24	Achieved SAGE 200 Budget Report	Minutes of Board and JWC.	N/A	N/A	N/A	
	Application of Generally Recognized Accounting Practices (GRAP) to accounting processes, reporting and policies.	Annual Financial Statements (AFS) for 22/23 compliant with GRAP	Annual Financial Statements (AFS) for 23/24 compliant with GRAP	Achieved Quarterly Financial Statements drafted and submitted.	Board & JWC Report and Minutes	N/A	N/A	N/A	
Accounting software	Accounting software	SAGE Evolution accounting package primary modules implementation by Mar'23	Implement SAGE 300 people by Sep'23 Implement debtors, advanced procurement, segmented GL, BI reporting and FAR by March'24	Not achieved	None	Advanced Procurement implementation used up more resources.	Review of finance/reporting systems to enable integration between SAGE modules for reporting purposes.	Jul'24	
Review of Finance Policies and Procedure Manuals	Review Supply Chain Management (SCM) Policy and Processes	Approved SCM Policy	Revised Supply Chain Management Policies by Mar'24	Not achieved	None	The revised SCM policy is still within the finance unit undergoing reviews.	PAMA to finalize review of SCM Policy, workshop and present policy for approval.	Augt'24	
		Finance Policies and Procedures	New Finance Management Policy & Procedures Manual by Sep'23	Not achieved	None	Advanced Procurement prioritized.	Finance department to prioritise assignment in 2024/25.	Oct'24	
Cost Containment measures	New Cost containment Policy developed	No Policy	Policy developed by Mar'24	Not achieved	None	Advanced Procurement assignment prioritized.	Finalize, workshop and present policy for approval	Augt'24	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st Mar. 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Revenue Generation	Identified Commercial activities around the Dams	N/A	Identification of revenue generation projects around the dams	Not achieved	None	The Business Development Director position is not filled.	Recruitment of a Business Development Director	Oct'24	
	Increased use of KOBWA Recreational Areas in both dams	N/A	Increased use of KOBWA Recreational Areas in both dams by Mar'24	Achieved	Approval letter for event. Pictures taken during the event	N/A	N/A	N/A	
	Promotion of Business Developments around the Maguga dam	Dam zoning plans	One Business venture being promoted by Mar'24	Partially achieved	Minutes of Board and JWC Approved job profile	No approved budget to enable engagement	Budget for position in the 2024/25 budget request	Jun'24	
	Promotion of Business Developments around the Driekoppies dam	Dam zoning plans	One Business venture being promoted by Mar'24	Partially achieved	Minutes of Board and JWC Approved job profile	No approved budget to enable engagement	Budget for position in the 2024/25 budget request	Jun'24	
	Provision of relevant Training and consulting services in Dam construction, Water and Environmental Management at KOBWA	Information on training provided by other Water Management Institutions	Feasibility study on the viability of a Water and Environmental Management Training opportunities based at KOBWA	Not Achieved	None	Still developing a concept note on how to conduct the training	Engage academic institutions on assistance on how to undertake the assignment	Mar'25	

3.5 FOCUS AREA: CUSTOMER AND STAKEHOLDER FOCUS (10%)

OBJECTIVE: To anticipate and proactively meet current and future customer and stakeholder requirements. To attract new clients and expand our mandate (strengthen and position KOBWA as a preferred service provider)

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st Mar. 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Treaty Review Process	Revised KOBWA Treaty	Approved Implementation plan and budget. The first draft was developed by the Treaty Review Task Team and approved by JWC for stakeholder consultation.	Finalise all stakeholder consultation processes by Sept'23. Submission of final documents to Principals for signature by Mar'24	Partially Achieved The treaty was cleared by RSA and with KoE for final clearance	JWC minutes of 25th March 2024. Copy of approved revised Treaty.	Delayed clearance by Member States	Internal Member State processes to guide completion of the assignment.	Dependent on Member States' internal processes	
Establish Partnerships with other organisations.	Strengthen partnerships with existing stakeholders.	Signed MoUs with other organisations	Signed Memorandum of Understanding with KRBA/LRBA/JRBA (Eswatini) by Mar'2	Not achieved	None	Delayed gazetting of KRBA and LRBA	Prepare a draft MoU on which to engage, upon the gazetting of the institutions.	Dependent on the gazetting process	
		Existing MoUs with NDM, IUCM, Meteorology Department and WaterAid	Collaboration MoU signed with INMACOM, SADC – GMI and others by Mar'24	Achieved Attended a workshop on the management of transboundary groundwater aquifers from the 10th -12th 2024 in Johannesburg.	Invitation letter to the workshop. Back to office report	N/A	N/A	N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st Mar. 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
KOBWA Promotions	Publications / Conference Presentations	2 Conference Presentations	1 Publication / 1 Conference Presentations	Achieved Attended and presented a KOBWA paper in the 28 th SADC Regional Climate Outlook Forum in Maputo, held on 29-31 Jan. 2024	Attendance register. Group photo Copy of the presentation.	N/A	N/A	N/A	
Customer Service	Survey Report Satisfactory percentage level	Customer Feedback	3 Customer Service Surveys by June'23	Achieved	Staff Feedback Session Survey, 31 Jan'24 Human Resources Draft Policy Review Consultative Meeting Survey, 5-9 Feb'24	N/A	N/A	N/A	

3.6 FOCUS AREA: PEOPLE MANAGEMENT (15%)

OBJECTIVE: To attract, develop and retain competent staff who promote the vision and culture of KOBWA

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st Mar. 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Human Resources Management	Revised HR Policy Manual	Revised HR Policy Manual	Revised HR Policy Manual by Mar'24	Partially Achieved HR Policy Manual is currently being reviewed and is at the consultation stage for staff inputs.	Schedule of Consultation Attendance Registers	Consultations and inputs from staff taking longer than expected	Enable expedient consultation schedule developed and to be adhered to	Dec'24	
	Retention Strategy	KOBWA Retention strategy	Revised Retention strategy by Mar'24	Partially Achieved Due to the appointment of the new CSD, A reviewed draft retention strategy is ready for consultation.	The Retention Strategy is currently in a reviewed draft awaiting consultation processes for inputs.	Lack of internal capacity	Revised Retention strategy with an implementation plan to be approved by the end of Dec'24	Dec'24	
Skills Development	Annual Skills Development & Process Annual Training Report/ Work Skills Plan for Energy SETA	2022/23 Skills Development Plan & End of Term Performance Assessments	23/24 Skills Development Plan by Jun'23 70% staff trained by Jan' '24	Partially Achieved 23/24 Skills development plan for the year is being implemented as approved.	Trained human resources with relevant capacity to perform their roles.	N/A	Implementation of back-to-office after training report and training impact assessment.	Sept '24	
	Institute recognition of prior learning process in line with SAQA requirements	Certificates of Recognition for relevant employees	30 % technical staff certified	Appointed SDF and registration for WSP with EWSETA initiated Assessment process initiated	N/A	N/A Awaiting finalisation of the assessment process	Develop an action plan and Schedule engagements	Dec '24	
Corporate Values	Behaviour changes or practices	Monitor values roll-out effectiveness	Implement project – KOBWA Culture transformation initiative project by Dec '23	Partially achieved Culture Transformation Strategy Report with recommendations produced.	Culture Transformation Strategy Report with recommendations	Insufficient budget to implement mmdendations.	Develop an action plan with a budget for the implementation of the recommendations	Mar'26	

3.7 FOCUS AREA: TECHNOLOGY AND BUSINESS PROCESS (15%)

OBJECTIVE: To have technology systems and business processes that enable business efficiencies

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st Mar. 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Business Planning	Implementation of 23/24 APP	Approved Organizational Strategy	23/24 Annual Performance Plan approved and implemented by Mar'24	Achieved Approved Business Plan for 2024/25 available	Board and JWC quarterly reports Draft Business plan for 2024/25 to be tabled in May' 24 Board meeting	N/A	N/A	N/A	
Alignment of individual business plans with strategy	Organizational Performance Score (Average)	Ave 3.0	Achieve a 3.0 organizational average score	Achieved Quarterly reports submitted to the Board and JWC	Board and JWC quarterly reports	N/A	N/A	N/A	
Reporting	Annual Report for 22/23	Annual report approved in Dec '22	Approved by Sept'23	Achieved Printed 2022/23 annual report	Report on the KOBWA website Record of courier distribution to different stakeholders	N/A	N/A	N/A	
Corporate Governance	Compliance with Corporate Governance Policy	Outdated Corporate Governance Policy, Outdated Anti-Corruption Policy. Outdated Whistle Blowing Policy Lack of a KOBWA Services Charter	Revised old Policies by March'24 New KOBWA Service Charter by March'24	Partially achieved Draft KOBWA Service Charter	Draft KOBWA Service Charter	Delayed development of the documents. Whistleblowing Policy to follow after Service Charter	Have the assignment continued in 2024/25	Aug'24	
Organisational Restructuring	New KOBWA Organisational Structure	21 st Century Report and Structure	Proposed New Organisational Structure by Mar'24	Not achieved	None	The project awaits approval of the revised Treaty	Develop Terms of Reference for assignment while awaiting the Treaty review process	Mar'25	
Quality Control and Capacity Building	Certification on the ISO 9001:2015	Pre-certification Audit on SO 9001:2015	External Audit leading to certification on the 9001:2015 standard	Achieved Mapping of processes in incorporated in Quality Manual	Quality Manual	N/A	N/A	N/A	
Health & Safety Health and safety certification	Health and Safety certification in line with the ISO 45001:2018 standard.	Stage 1 and 2 Audits and Closing of Findings on the ISO 45001:2018.	Certification on ISO 45001:2018 by Oct' 23.	Partially achieved IMT trained. CSD was not trained but has been rescheduled to train in April 2024.	Attendance register. Certificate of attendance	No availability of CSD for the training	CSD scheduled for April'24	April'24	
Risk Management	Strategic Risk Register and quarterly monitoring reports.	Approved Strategic Risk Register (2023/24)	Approved updated Strategic Register for 2024/25) by Mar'23	Achieved Strategic Risk Registers with Report submitted and approved by Board.	Third Quarter Board Minutes Third Quarter Board minutes	N/A N/A	N/A N/A	N/A N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st Mar. 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
	Departmental Risk Register and quarterly monitoring reports.	Approved Departmental Risk Register (2022/23)	Approved updated Departmental Risk Register (2023/24) by 1st quarter of 2023/24	Achieved Departmental Risk Registers with Report submitted and approved by the Board.	Third Quarter Board Minutes Third Quarter Board minutes	N/A N/A	N/A N/A	N/A N/A	
Perform Monitoring and Evaluation for 2023/24 activities	Monitoring and Evaluation report for 2023/24 Business plan	Organizational Business Performance Report 2022/23	Performance of Information Report for 2023/24 by Mar'24	Achieved Development of a log-frame. Conducted workshop to Exco and 1 staff rep per department	Log-frame document Attendance register	N/A N/A	N/A N/A	N/A N/A	
Managing the Internal Audit Activity/ Strategic Deliverables (PS 2000)	2023/24 Internal Audit Charter. 2023/24-2025/26 Three (3) Year Strategic Rolling Plan & 2023/24 Annual Plan	2022/23 Internal Audit Charter. 2022/23-2024/25 Three (3) Year Strategic Rolling Plan & 2022/23 Annual Plan Approved by May '23	Approved 2023/24 Internal Audit Charter Approved 2023/24-2025/26 Three (3) Year Rolling Plan Approved 2023/24 Annual Internal Audit Plan	Achieved 2023/24 Internal Audit Charter, Three-Year Rolling Plan, and Annual Plan presented to FRAC and approved by the Board. Internal Audit software was procured, and a subscription agreement was signed in Feb'24.	Minutes of FRAC recommendation and of Board approval of the 2023/24 Internal Audit Charter, Three (3) Year Strategic Rolling & Annual Internal Audit Plan(s). Signed TeamMate audit software subscription agreement.	N/A N/A	N/A N/A	N/A N/A	
	Revised Internal Audit Policies & Procedures, presented to the Finance, Risk and Audit Committee (FRAC), and approved by the Board	Approved Internal Audit policies & procedures (four approved in Q3 of 2019/20)	Four (4) x revised and approved internal audit policies & procedures by end of Q3 of 2023/24, namely: - KOBWA Internal Audit Function Manual. - KOBWA Control Management Policy. - KOBWA Internal Audit Policy. - KOBWA Quality Assurance & Improvement Plan (QAIP).	Partially Achieved Four (4) x revised internal audit policies & procedures were presented to FRAC in the Aug' 23 FRAC meeting, and FRAC recommended an additional review by the Company Secretary (CS/ legal expert) prior to submission for Board approval.	Revised internal audit policies & procedures in the Aug' 23 FRAC Pack, and the minutes of the same FRAC meeting.	FRAC recommendation for the revised IA policies to go through the legal expertise of the Company Secretary (CS) prior to recommending them for Board approval	Re-submit the IAF edited policies & procedures, incorporating the CS input, for the recommendation, and eventually Board approval.	Q1 – 2024/25 (IA Manual, IA Policy, & Control management Policy) and Q2 (QAIP) of 2024/25 FRAC & Board meeting (s)	
Monitoring Progress (PS 2500)	Follow up reports	Follow-up audit reports. Updated audit report on management action plan progress. Quarterly reports to FRAC	Monitor progress on management action plans for previous audits	Achieved Q1 to Q4 Follow-up audit reports presented to FRAC/Board on previous Asset management, Infrastructure maintenance, ICT, HRM, Payroll, Governance & Risk Management, and Water Quality audits, as well as the current 2023/24 financial year Governance & Risk Management audit.	Q1 to Q4 Follow-up audit reports in the 2023/24 FRAC Packs, and the relevant FRAC minutes.	N/A N/A	N/A N/A	N/A N/A	

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st Mar. 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
Annual Plan Implementation (PS 2100, 2200, 2300 & 2400)	2023/24 Internal Audit reports	2022/23 Internal Audit reports Undertake Audits as per the approved Annual Internal Audit Plan.	Undertake Q1 to Q4 audits as per the approved 2022/23 Annual Internal Audit Plan.	Achieved 2023/24 annual plan audits undertaken and completed.	Internal Audit reports issued: 2023/24 Governance & Risk Management audit report 2023/24 SCM & Contract Management audit report 2023/24 Water risk & uncertainties audit report	N/A	N/A	N/A	
Quality Assurance & Improvement (AS 1300) and Proficiency & Due Professional Care (AS 1200)	2023/24 quarterly QAR Action Plan progress reports	Quarterly QAR action plan progress reports to Finance, Risk and Audit Committee and Board	Quarterly QAR action plan progress reports to Finance, Risk and Audit Committee and Board	Achieved QAR Action plans progress reports for reporting in the February 2024 FRAC meeting.	Q1 to Q4 QAR action plan progress reports in 2023/24 FRAC Pack(s)	N/A	N/A	N/A	
Information Management Systems	New Electronic Document Management System (EDMS)	Electronic document management	Implement a new document management system fully functional by Aug'23	Not Achieved	EDMS cloud-based approach through support from external support. Contractual obligations to be finalized.	Scope for the cloud-based EDMS	EDMS cloud-based Go-Live	Mar'25	
ICT Strategy formalization	Implementation of ICT Strategy, Framework & Policy Manual	ICT Audit Recommendations	Staff sensitization to KOBWA ICT Policies	Partially Achieved Draft ICT Framework and Strategy developed and receiving professional review.	Draft ICT Framework and Strategy	Lack of Internal Capacity and Financial constraints	Develop consultation schedule	Mar'25	
Disaster Recovery Plan (DRP)	Develop & implement Disaster Recovery Plan (DRP)	ICT Audit Recommendation	Test & rollout comprehensive DRP by Mar'24	Partially Achieved Draft ICT Framework and Strategy developed and receiving professional review. DRP to follow immediately after approval of strategic documents	Draft ICT Framework and Strategy	Lack of Internal Capacity and Financial constraints	Develop a consultation schedule immediately after approval of strategic documents	Mar'25	
Website and intranet	Offsite intranet accessibility	EDMS Rollout	Intranet portal Improved website by Mar'24	Partially Achieved Draft ICT Framework and Strategy developed and receiving professional review.	Draft ICT Framework and Strategy	Lack of Internal Capacity and Financial constraints	Develop a consultation schedule immediately after approval of strategic documents	Mar'25	
	Improved KOBWA website			Achieved Website functionality adequately achieved	Improved Website	N/A	Website assessment tool	Sept'24	

3.8 FOCUS AREA: SOCIO ECONOMIC INITIATIVES (10%)

OBJECTIVE: To facilitate socio-economic development within the basin through socio-economic initiatives

Performance Area (KPA)	Performance Indicator (KPI)	Baseline (2023/24)	Target (2023/24)	Actual performance as of 31 st Mar. 2024	Portfolio of evidence reference	Reasons for deviations	Corrective measures	New target date	Coding
CSR Projects	Implementation of Corporate Social Responsibility projects	Three (3) CSR projects completed in 2022/23	Assessment of four (4) previously completed projects and evaluation of newly implemented projects By Mar'24	Partially Achieved Evaluation of 3 CSR projects conducted at: - Schoemansdal Clinic - Ekufikeni El Shaddai Primary School. At least one CSR Committee meeting held	Evaluation Reports Minutes and attendance register	Lack of an annual program to guide activities for the year	Establishment of a monitoring and evaluation approach of completed projects Develop meeting schedule and ensure compliance.	Sept'24 Sept'24	
Socio-economic baseline for the basin	Undertake a study on the KOBWA water-related socio-economic contribution in the project area.	None	Finalise study by Mar'24	Not achieved Consultation with the University of Mpumalanga is ongoing to enable the development of MOU.	Preliminary Assessment outcomes and Draft topic of study	Lack of internal capacity	To develop an MOU between KOBWA and the University of Mpumalanga and conduct the study	Mar'25	

4 FOCUS AREA: WATER RESOURCE DEVELOPMENT AND MANAGEMENT

Objective: To optimize the development and Management of water and infrastructure effectively and efficiently to achieve KOBWA's current and future mandate

4.1 INTRODUCTION

The Komati River Basin covers approximately 11,209 square kilometres, including 1,493 square kilometres of the Komati River. About 2,560 square kilometres of the river basin falls in the northern part of Eswatini, the remainder being in South Africa. The total length of the Komati River Basin from its source to the confluence with the Crocodile River is 450 km.

KOBWA's area of operation starts from the two dams, moving down to the confluence of the Komati and Crocodile Rivers at Komatipoort. The length of the river around the area of operation from Driekoppies and Maguga dams is about 117 km and 192 km, respectively to Komatipoort and the associated catchment area is approximately 4,000 square kilometres.

KOBWA supplies water to water users in the Komati River downstream of the dam. The users are made up of predominantly irrigated agriculture, most of which are sugar cane

plantations. The water used for agriculture is supplied at a defined Low Assurance. A smaller portion of the water is used for domestic water supply and is supplied at a defined High Assurance.

The Operations Department is responsible for the maintenance and operation of the bulk water supply infrastructure, system operation, emergency preparedness, water quality, and other functions related to water management. The key focus areas are:

- System Operation
- Infrastructure Operation and Maintenance
- Dam Safety
- Risk and Uncertainty Management
- Aquatic Ecosystem Monitoring

4.2 SECTION: SYSTEM OPERATION

4.2.1 Water Allocations for the 2023/24 Water Year

At the beginning of every month, KOBWA utilizes river flow data collected from river gauging stations as well as water use data provided by the water users for the computation of water use and dam storage reconciliation. This process culminates in the discussion of the reconciliation with the water users to ensure agreement about water usage.

The short-term yield of the river system must be determined to decide on sustainable water allocations for the Parties. The water use

and dam storage reconciliation forms part of the information needed for that analysis to be done. Since the reconciliations as of the end of the water year (31st March) were still being computed by the time the new water year started (1st April), it was necessary for interim water allocations to be determined and approved to enable water to be released to water users. The interim water allocations were determined using the information at the end of February and were approved by KOBWA Management before the commencement of

the new water year. As soon as reconciliations were done as at the end of March, the final water allocations were computed and approved for implementation. The approval was obtained at the JWC level.

The Komati River unrationed interim water allocations were approved on the 31st of March 2023 to enable water releases for the new water year beginning on the 1st of April 2023. The final water allocations were thereafter determined and remained un-rationed after the approval from the Joint Water Commission in their meeting held on the 22nd of June 2023.

The dams were both at high levels of storage throughout the water year, hence, water availability was good and there was no need to consider curtailments. The water allocations for the 2023/24 water year are as shown in Table 6(a), as well as Table 6(b) for the non-rationed High Assurance (HA) allocation.

Party	Low Assurance Water Allocations (Mm ³)	Transmission Losses (Mm ³)	Total (Mm ³)
South Africa	278.3	25.4	303.7
Eswatini	239.9	16.6	256.5

Table 6(a): Low Assurance (Irrigation) Water Allocations for 2023/24 water year in million cubic per year (Mm³/a) downstream of Maguga and Driekoppies Dams.

Party	High Assurance Allocations (Mm ³ /annum)
South Africa	18.2
Eswatini	17.5

Table 6(b): High Assurance Water Allocations for 2023/24 water year in million cubic per year (Mm³/a) downstream of Maguga and Driekoppies dams.

4.2.2 Historical Dam Levels and Inflows

The 2023/24 water year commenced on the 1st of April 2023. Figures 2 and 3 below show the historical dam levels as well as the levels for the 2023/24 water year in percentages.

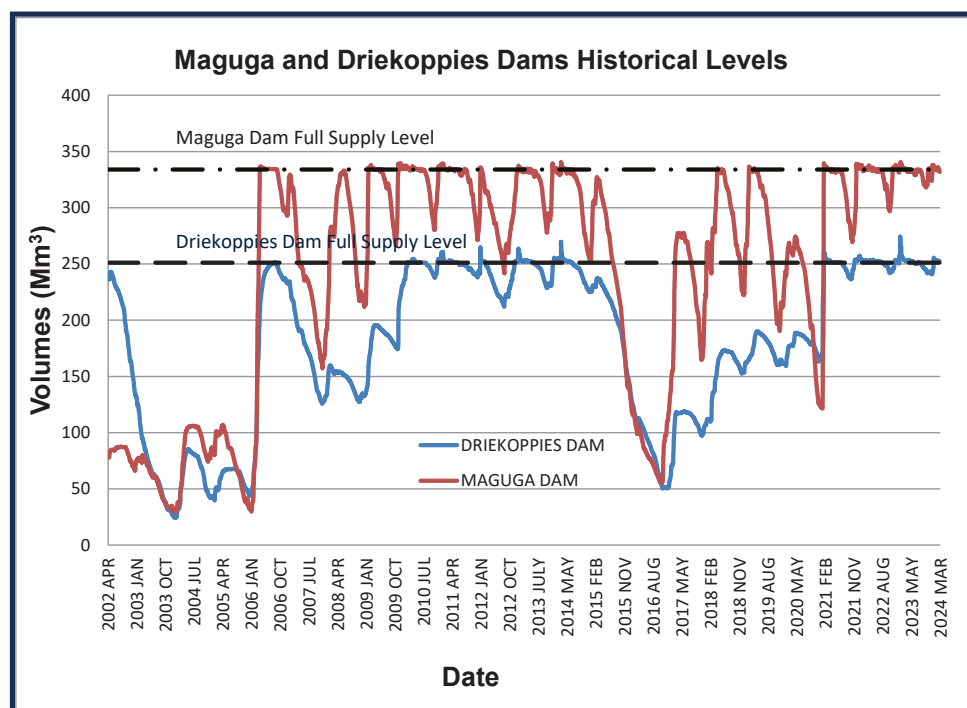


Figure 2: *Maguga and Driekoppies Dams Actual Gross Stored Volume (Mm3)*

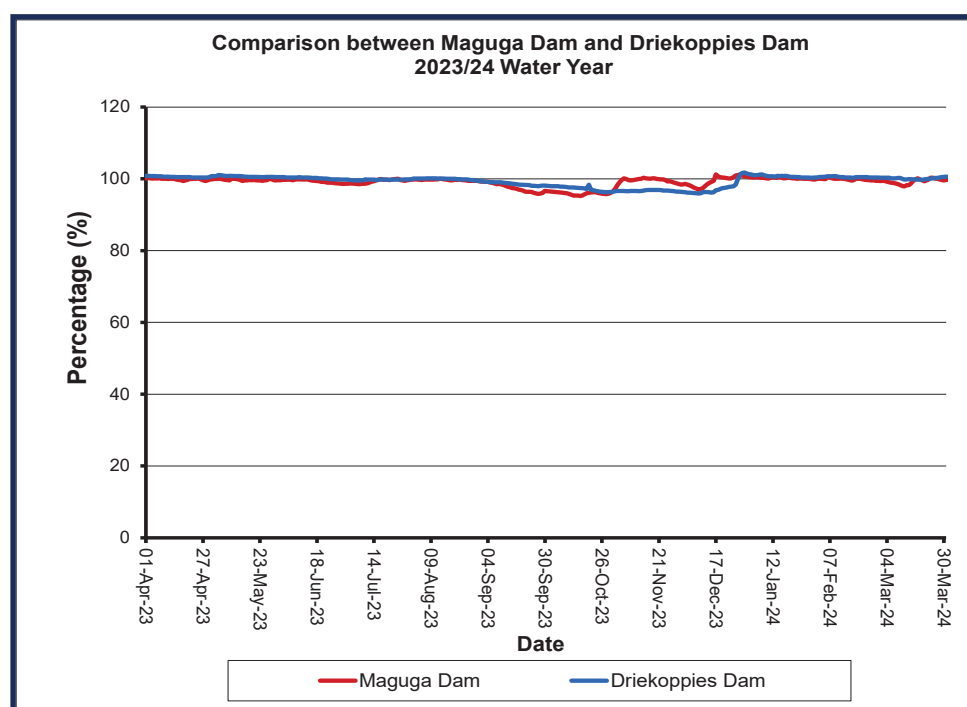


Figure 3: *Maguga and Driekoppies Dam level for the current water year*

Figures 4(a) and 4(b) below indicate a comparison of the reported water year with previous water years in terms of percentile levels. The observed (historical) inflows to the dams for 2023/24 indicate that the inflows for the period were higher than the 75th percentile for most of the months especially in Maguga Dam. Maguga Dam inflows for December were the highest on record since the dam was constructed. The highest percentile inflows were recorded in the month of December for both dams.

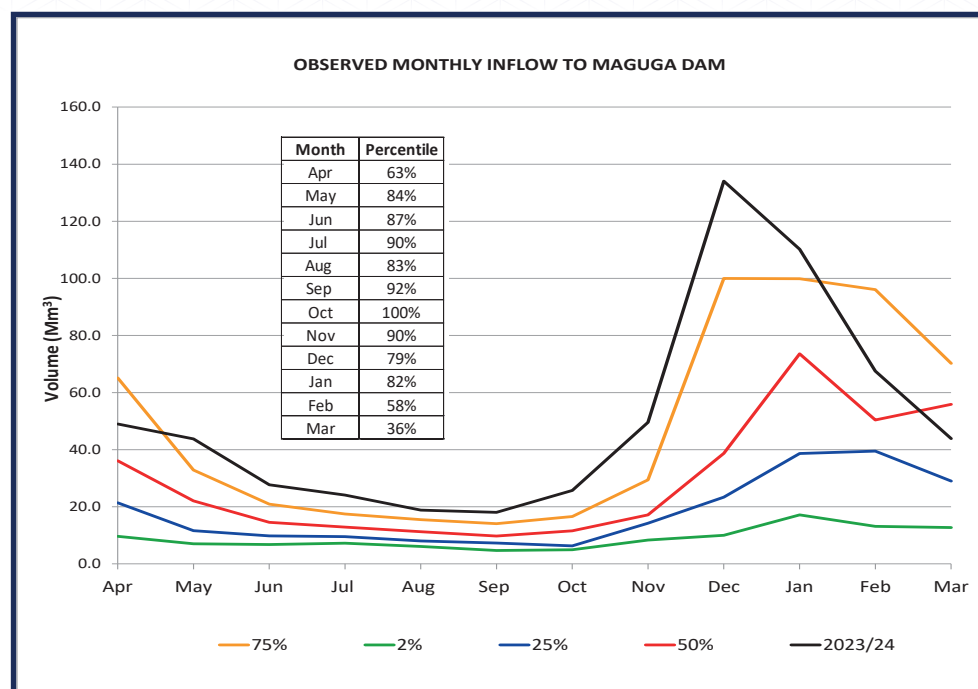


Figure 4(a): Graph showing the 2023/24 inflows into Maguga Dam compared with different percentiles of observed inflow since the dam was constructed.

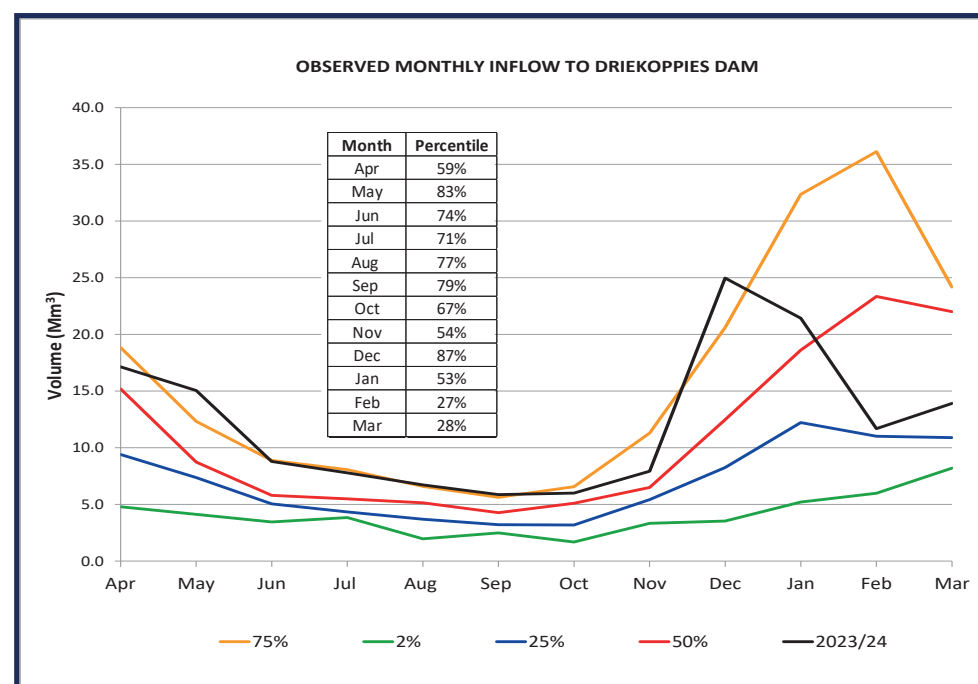


Figure 4(b): Graph showing the 2023/24 inflows into Driekoppies Dam compared with different percentiles of observed inflow since the dam was constructed.

4.2.3 Water Use by the Parties

Low Assurance Water Use by the Parties for the 2023/24 water year is shown in Table 7(a) for South Africa, and in Table 7(b) for Eswatini. As of the end of March 2024, South Africa had utilised **247.3Mm³ (81.4%)** of their allocation, and Eswatini, **208.9Mm³ (81.4%)** of their allocation. The total banked water lost through spillage was **47.7Mm³** for Eswatini and **56.4Mm³** for South Africa. Figures

5(a) and 5(b) indicate a comparison of the cumulative water use in comparison with the expected water use downstream of Driekoppies Dam and Maguga Dam respectively.

WATER USE DOWNSTREAM OF DRIEKOPPIES DAM AND MANANGA IN SOUTH AFRICA March 2024		
	AMOUNT (million m ³)	BALANCE (million m ³)
Water use from Driekoppies Dam	141.2	
Add flow across Mananga Border	547.1	
		688.4
Subtract releases for Mozambique	576.7	
		111.7
Subtract riverine losses	33.6	
		78.1
Subtract domestic and industrial use	18.2	
		59.9
Add gross accruals from:		
Driekoppies to Lebombo	113.9	
Mananga to Tonga	73.5	
		247.3
Add water used from storage in the weirs (assumed)	0.0	
Irrigation water use in 2023/24*		247.3
*Remaining Irrigation Water downstream of Mananga and Driekoppies Dam on March 31:		
- South Africa	=	56.4 Mm ³
Actual booked irrigation water use in 2023/24	=	247.3** Mm³
Which is:		
Less than (P2M4 Table 2)	=	303.7 Mm³
Less than (Average Irrigation Distribution Curve)	=	303.7 Mm³
**Actual booked irrigation use = 81.4% of 303.7 Mm³/a Non-Rationed Low Assurance water.		
KOBWA\ Water recon monthly summaries - March 2024 pg- 1		

Table7(a): Water Use downstream of Driekoppies Dam and Mananga in South Africa as of 31 March 2024.

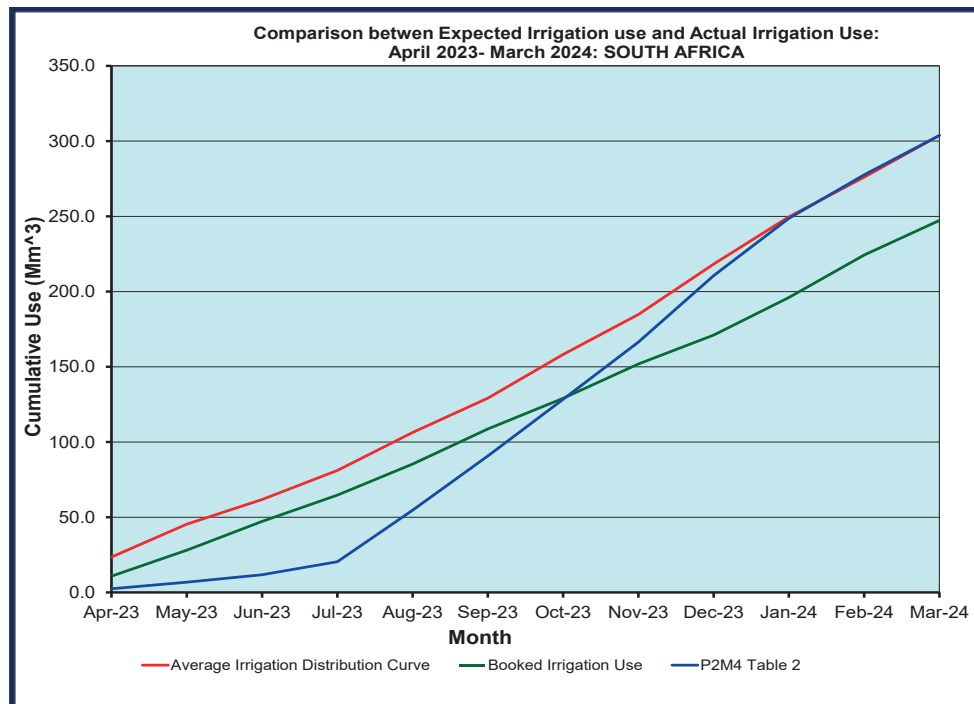


Figure 5(a): Graph of cumulative water use in comparison with expected water use downstream of Driekoppies Dam and Mananga in South Africa as of 31 March 2024.

WATER USE DOWNSTREAM OF MAGUGA DAM IN ESWATINI March 2024		
	AMOUNT (million m³)	BALANCE (million m³)
Releases from Maguga Dam	608.7	608.7
Subtract increase in stored volume in Hydropower Regulating weir from April 01 to March 31	0.0	
		608.7
Subtract net evaporation losses from Hydropower Regulating Weir	0.1	
		608.6
Subtract riverine losses	13.7	
		594.9
Subtract domestic and industrial use	17.4	
		577.4
Add gross accruals from Maguga to Mananga	178.6	
		756.0
Subtract flow at Mananga Border	547.1	
Irrigation water use in 2023/24*		208.9
*Remaining Irrigation Water Downstream of Maguga Dam on March 31:		
- Eswatini :	=	47.7 Mm³
Actual booked irrigation water use in 2023/24	=	208.9** Mm³
Which is:		
Less than (P2M4 Table 2)	=	256.6 Mm³
Less than (Average Irrigation Distribution Curve)	=	256.6 Mm³
**Actual booked irrigation use = 81.4% of 256.6 Mm³/a Non-Rationed Low Assurance water.		
KOBWA\Watercon monthly summaries - March 2024 pg-2		

Table 7(b) Water use downstream of Maguga Dam in Eswatini as of 31 March 2024.

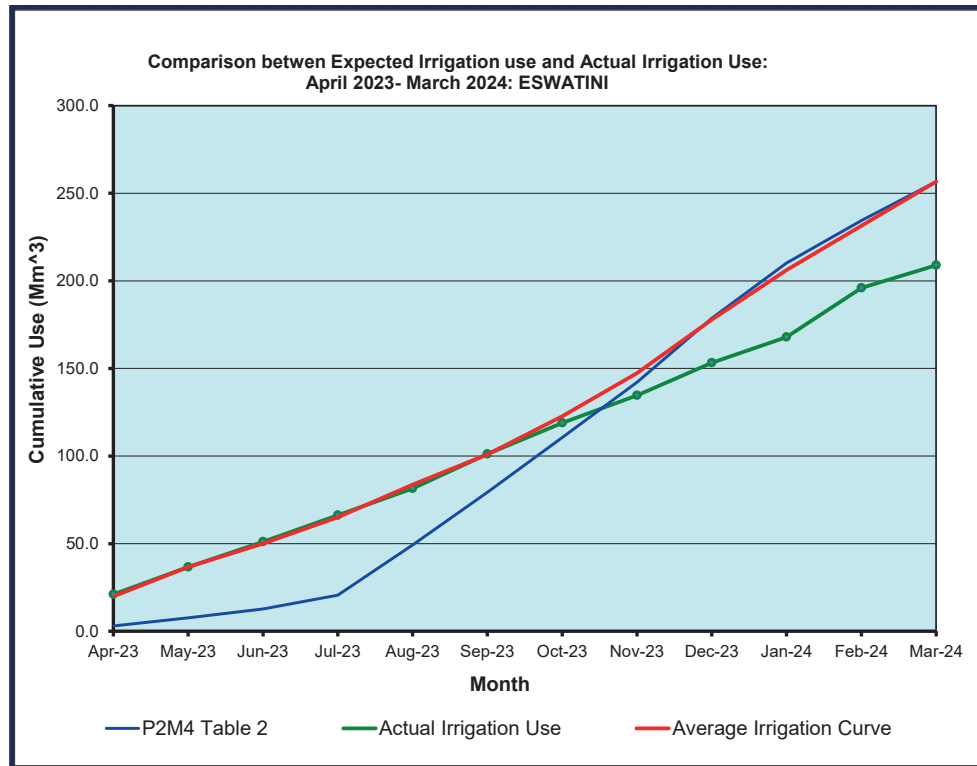


Figure 5(b): Graph of cumulative water use in comparison with expected water use downstream of Maguga Dam in Eswatini as of 31 March 2024.

Tables 7(c) and 7(d) show the storage reconciliation of Maguga and Driekoppies dams, respectively. The total system storage as at the end of March 2024 was **582.7Mm³**, 333.9Mm³ from Maguga Dam, and 248.8Mm³ from Driekoppies Dam. These are the Reference Storages and represent the available amount of water that can be allocated in the dams.

MAGUGA DAM STORAGE RECONCILIATION ON 1 April 2024		
	AMOUNT (million m³)	BALANCE (million m³)
Combined stored volume in Maguga Dam and Hydropower Regulating weir at start of water year	335.6	
Add Inflow to Maguga Dam for water year	612.4	
		948.0
Subtract:		
Net evaporation losses from Maguga Dam	5.3	
Releases from Maguga Dam	608.7	
Decrease in stored volume in Hydropower Regulating weir from April 01 to March 31	0.0	
Total stored volume in Hydropower Regulating Weir and Maguga Dam at end of water year	614.0	334.0
Subtract Eswatini share of Water in Reserve Cumulative for 2023/24	0.0	
	0.0	334.0
Subtract commitments from storage from 2022/23 water year to:		
South Africa	0.0	
Eswatini	0.0	
	0.0	334.0
Add water use above average use and/or from banking for 2023/24:		
South Africa along Middle and part of Lower Komati*	0.0	
Eswatini	0.0	
	0.0	334.0
Add back Transmission Losses resulting from incorrect water orders during 2023/24 water year by**:		
South Africa	0.0	
Eswatini	0.0	
	0.0	334.0
Add back additional water utilised by Eswatini for Hydropower Generation during 2023/24 water year:	0.7	334.7
Reference Storage Available in Maguga Dam and Hydropower Regulating Weir from 01 April 2024		334.7
Subtract water stored in Hydropower Regulating Weir on 01 April 2024	0.8	333.9
Reference storage available in Maguga Dam from 01 April 2024		333.9
Notes:		
*Water use above average use and/or use from banking of 0.0 Mm³ is reserved in Driekoppies Dam		
** Transmission Losses owed by Eswatini and South Africa.		
KOBWA\ Water recon monthly summaries - March 2024 pg-3		

Table 7(c): Maguga Dam Storage Reconciliation

DRIEKOPPIES DAM STORAGE RECONCILIATION ON 1 April 2024		
	AMOUNT (million m³)	BALANCE (million m³)
Total stored volume at start of water year	253.2	
Add Inflow for water year	147.3	
		400.5
Subtract:		
Net evaporation losses	6.8	
Releases from dam	141.2	
Total stored volume at end of water year	148.1	252.4
Subtract volume above non-overspill crest	1.3	
	1.3	251.0
Subtract share of water supplied for Mozambique from Komati River that was used by South Africa but replaced from Crocodile River: Net Cumulative for 2023/24	2.2	
	2.2	248.9
Subtract South African share of Water in Reserve Cumulative for 2023/24	0.1	
	0.1	248.8
Subtract commitments from storage from 2022/23 water year to South Africa	0.0	
	0.0	248.8
Add back water use above average use and/or from banking for 2023/24 along Lomati and Lower Komati*	0.0	
	0.0	248.8
Add back Transmission Losses resulting from incorrect water orders by South Africa during 2023/24 water year	0.0	
	0.0	248.8
Reference Storage Available in Driekoppies Dam on 01 April 2024		248.8
*Balance of South African water use above average use not held in Maguga Dam		
KOBWA\ Water recon monthly summaries - March 2024 pg-4		

Table 7(d): Driekoppies Dam Storage Reconciliation.

High Assurance water use is shown in Table 8 below.

HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF DRIKOPPIES DAM AND MANANGA IN SOUTH AFRICA March 2024				
	Lomati	Middle Komati	Lower Komati	Total
Non- rationed High Assurance Annual Allocation	8.6	9.3	0.3	18.2
Cumulative demand in 2023/24	8.6	9.3	0.3	18.2
Remaining High Assurance water downstream of Mananga and Driekoppies Dam on March 31	0.0	0.0	0.0	0.0
NB: Quantities in million m ³				
HIGH ASSURANCE WATER DEMAND DOWNSTREAM OF MAGUGA DAM IN ESWATINI March 2024				
	Maguga to IYSIS	IYSIS	IYSIS to Mananga	Total
Non- rationed High Assurance Annual Allocation	1.9	11.8	3.8	17.5
Cumulative demand in 2023/24	1.9	11.8	3.8	17.5
Remaining High Assurance water downstream of Maguga Dam on March 31	0.0	0.0	0.0	0.0
NB: Quantities in million m ³				
KOBWA Water recon monthly summaries - March 2024 pg-5				

Table 8: High Assurance demand downstream of Maguga and Driekoppies dams

4.2.4 Analysis of the Komati River contribution to Mozambique requirement (measured at Lebombo)

During the period from 1st April 2023 – 31st March 2024, the contribution by the Komati River (measured at Lebombo weir) to the Mozambique required flow was, for 85.5% of the time, above the 3-day- average minimum requirement of 1.43m³/s. Figure 6 below shows the observed daily hydrograph at Lebombo weir compared to the minimum required daily flow averaged over three days.

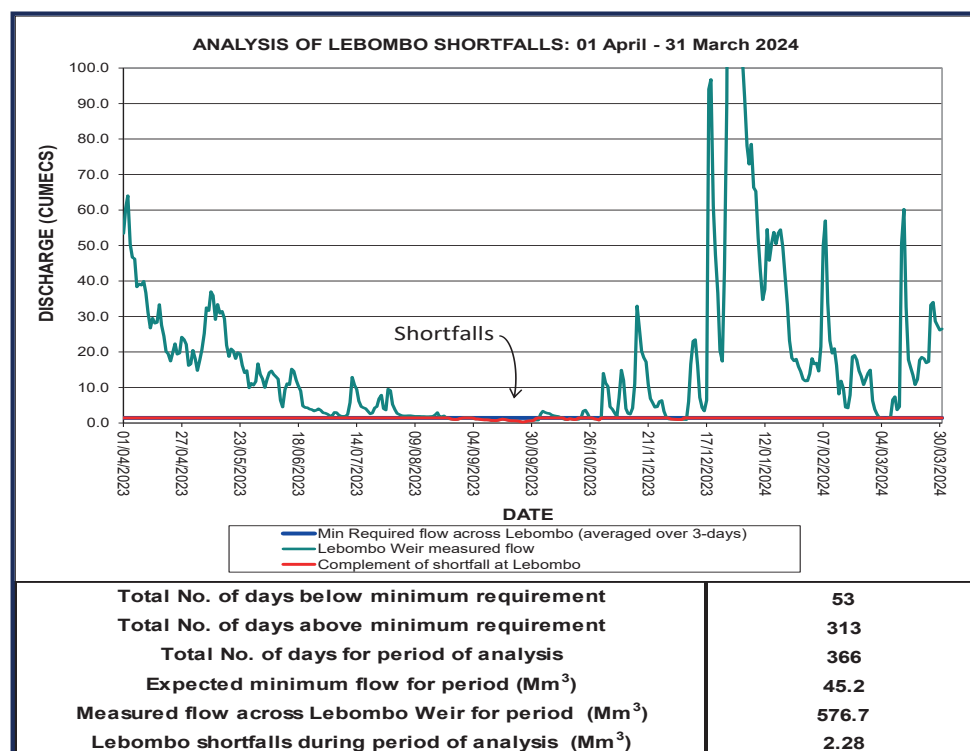


Figure 6: Analysis of Lebombo shortfalls (1st April 2023 – 31st March 2024)

4.2.5 Trans-boundary Flow Analysis

According to unverified data provided by The South African Department of Water and Sanitation and Inkomati-Usuthu Catchment Management Agency, the measured daily average flow over the Komatipoort gauge (1st April 2023– 31st March 2024) was 99.5% of the time above the minimum requirement of 2.6m³/s averaged over three days. Figure 7 below indicates the graph of flow in Komatipoort.

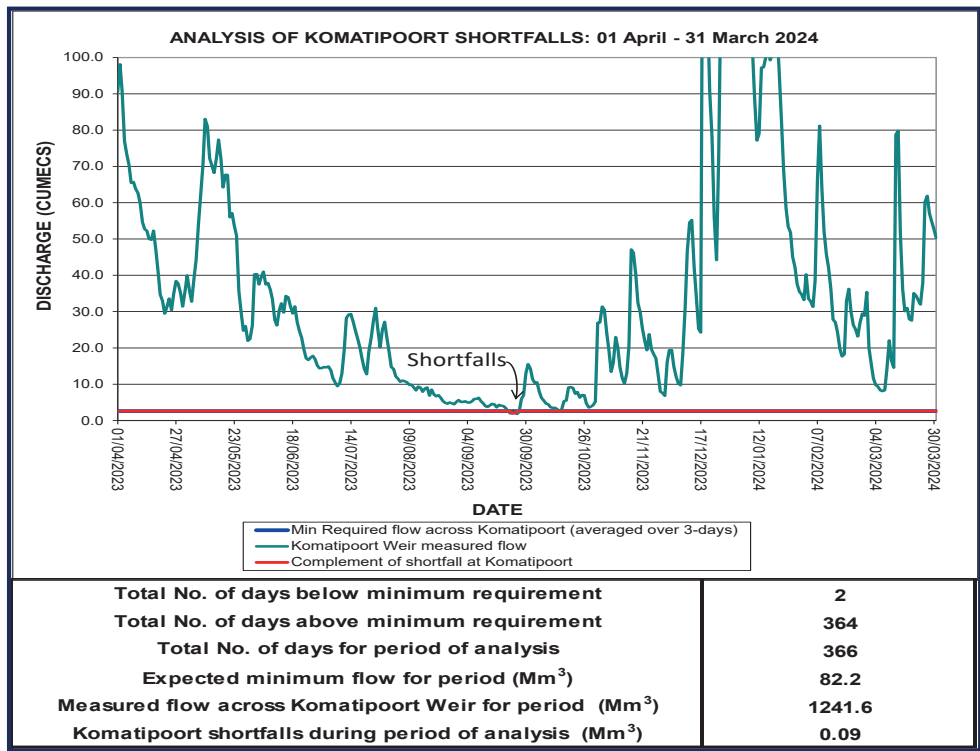


Figure 7: Analysis of Komatipoort shortfalls (1st April 2023 – 31st March 2024)

4.2.6 Komati Joint Operations Forum (KJOF) Meetings

The KJOF is an instrumental part of operating the Komati system. It is composed of the following:

Eswatini and South African water users, the IUCMA, DWS-SA, DWA-KoE, KRBA, AND LRBA (in KoE), and DARDLEA as per their Terms of

Reference. The KJOF meets at least once in two months to discuss issues on water use reconciliation, cross-border flows, and other operational matters as they come up during the year. They were able to meet seven times during the 2023/24 water year.

4.3 SECTION: INFRASTRUCTURE OPERATION AND MAINTENANCE

Driekoppies and Maguga Dams are operated and maintained in line with the applicable operations, maintenance manuals, and industry-accepted engineering best practices. Both dams started spilling in December 2023, with Maguga Dam on the 17th and Driekoppies Dam starting on the 27th respectively, however,

Maguga Dam stopped spilling on the 28th of January 2024 and continued to spill occasionally due to wind effects.

On the last day of the financial year, 31 March 2024, Driekoppies Dam was at 100.61% of Full Supply Capacity (FSC) with a storage capacity

of 252.58 million m³ and water level of 328.58 Mean Above Sea Level (masl). As a result, the dam's capacity increased by 0.23% FSC and 0.57 million m³ from the previous monthly recorded data, while Maguga dam was at 99.69% to FSC, with a storage capacity of 332.90 million m³ and a water level of 625.90 masl. This means the dam's capacity increased by 0.22% which translates to 0.73 million m³ over the last month. The Eswatini Electricity Company (EEC) is generating during peak hours as per the operating agreement.

4.3.1 Maguga Dam Transformer at Tower

Due to a power outage at Maguga Dam in December 2023, it transpired that the transformer needed to be replaced at the dam tower. Therefore, a new substation was procured from EEC to replace the old faulty one, and the new transformer was successfully installed.



The sub-station that has been installed at Maguga Dam tower.

4.3.2 MD Switchgear at Outlet

One of the switchgear units at the Maguga Dam Outlets was also damaged and required to be replaced. The EEC provided the replacement switchgear equipment to keep the interior of the dam powered. However, the model is old, thus, KOBWA will assess the viability of the whole unit since it is now quite dated. The picture below shows the recently installed switchgear.



The recently installed switchgear at the incomer.

4.4 KOBWA HANDED OVER MANANGA GAUGING STATION TO THE MINISTRY OF NATURAL RESOURCES AND ENERGY

On the 13th of February 2024, the Komati Basin Water Authority (KOBWA) through the support of the Government of the United Kingdom of Great Britain and Northern Ireland (UKAID) and Climate Resilient Infrastructure Development Facility (CRIDF), handed over the Mananga Gauging Station to Member States (The Kingdom of Eswatini and the Republic of South Africa) sharing water resources of the Komati River.



Ministry of Natural Resources and Energy Under Secretary Ms. Gabsile Mabuza officially opening the Mananga Gauging Station while British High Commissioner to Eswatini Mr. Simon Boyden and DWS - RSA Deputy Director General: Water Regulation Mr. Collin Zwane look on.

The gauging station worth R/E28M (twenty-eight million Rands/Emalangen) was constructed over a one-year period (November 2022-December 2023) through the professional and technical expertise of a joint venture construction companies comprising Raubex and Esso from the Republic of South Africa and Kingdom of Eswatini respectively.



Mananga Weir.

4.4.1 Replacement of transformer switchgear



New switchgear being installed at the Driekoppies Dam

The JWC approved the appointment of S&D Consulting Rod Power Joint Venture to replace the transformer switchgear, power lights and installation of floodlights at the Driekoppies Dam Braai

Area. The project was implemented over a 5-month period and amounted to R/E2,909,060.



Left-right: The newly installed overhead powerline and the new high mast light at the Driekoppies Dam to improve lighting at the entertainment area.

4.4.2 Mud Boil

A mud boil is an area where muddy water bubbles up from the ground downstream of the dam wall which may indicate that water is seeping from the dam through a piping failure. A mud boil developed downstream of Driekoppies Dam after the construction of the dam, but it eventually subsided. It is necessary to monitor the area that once showed the mud boil to be aware should it happen again. The mud boil area is generally wet because of the rains, but there are no bubbles of water around the area, and it is calm as shown in the picture below (taken on the 29th of February 2024).



Weekly inspection of the mud boils.

4.4.3 Boat Wash-bay

A project inception meeting was held with the contractor during the reporting period. The PSP was required to review and approve the provided design drawings before the start of construction.

Following the project award, the Vuxaka group reviewed and approved the design drawings, noting two modifications in compliance with the specifications.

Stakeholder engagement meetings were held through the Community Development Office with the Chief and Council Members. Three unskilled workers were recruited to be part of the construction team. The PSP is currently in the process of acquiring materials and the implementation phase, which was scheduled to start in early March 2024.

4.4.4 Supply and delivery of a suitable boat to conduct monitoring in category III dams.

The production of the boat has been completed and KOBWA's IMT and the Driekoppies Dam Water Bailiff conducted a pre-delivery inspection of the boat, and the project deliverables were completed as per the scope and requirements, with minor to no mistaken assumptions. The boat was thoroughly inspected and sent to the dam for testing, and no significant flaws were discovered.

4.4.5 Consultancy services for the assessment and refurbishment of staff houses at Driekoppies dam.

The staff houses at Driekoppies Dam were assessed and an evaluation report was submitted. The PSP suggested that all houses should be completely refurbished, with new fence lines, cabinets, paving, and restroom facilities among other things. However, due to budgetary constraints, the project will focus on refurbishment of the roofing.

4.5 SECTION: RISK AND UNCERTAINTY MANAGEMENT

This section deals with aquatic ecosystem monitoring, emergency preparedness planning, groundwater assessment, weather station augmentation, and GIS.

4.5.1 River Safety Awareness - (22 May 2023)

In the first quarter of the year, discussions were held with relevant stakeholders to address the increase in drowning incidents in the Nkomazi area. The stakeholders present were SAPS, the Department of Education, Community Protection Officers (CPO), and the Nkomazi Greening Forum. It was resolved that an awareness campaign focusing on primary schools should be conducted. The picture shows a presentation being made to learners in one of the awareness campaigns that were held.



The Integrated Water Management Specialist Ms. Khethiwe Ngcobo presenting to Kamhlushwa Primary School learners during the Awareness Campaign on River Safety.

4.6 SECTION: AQUATIC ECOSYSTEM MONITORING

The Environmental Unit is tasked with the responsibility of monitoring and reporting on the water quality status of rivers and reservoirs in the KOBWA area of operation based on the following key objectives:

- Effective implementation of the KOBWA Water Quality Monitoring Programmes through continuous assessment of the fitness for use in terms of its main uses, namely, irrigation water supply, domestic water supply, industrial and hydropower generation, maintenance of the aquatic ecosystem health and recreational water use,
- Effectively operating and running the KOBWA water laboratory aligned to ISO 17025,
- Share of water quality data to stakeholders within the basin in compliance with transboundary protocols and legislative mandates of both Eswatini and South Africa,
- Identification of any potential problems/pollution issues that would require management intervention as it is essential for KOBWA to inform the Parties (Eswatini and South Africa) and/or water users of the quality of the water and any changes that might be observed that require immediate interventions.

Any changes to the quality of the water supplied by KOBWA could adversely affect the various water user sectors dependent on the water resources of the Komati Basin. A mini laboratory was developed to test water samples which aids in the immediate generation of water quality data assisting in revenue for the organisation.

4.6.1 Legislative frameworks

KOBWA is required by various legislation to undertake water quality monitoring in the Komati River Basin. The relevant legislation includes the Comprehensive Mitigation Plans, National Water Acts, and the Treaty on the Development and Utilization of Water Resources of the Komati River Basin. To achieve the above objectives, KOBWA must comply with the following key legislative requirements:

- **The Treaty on the Development and Utilisation of the Water Resources of the Komati River Basin**

The treaty spells out that the Parties shall take reasonable measures to ensure the protection of the quality of the existing environment by preventing water pollution and minimizing erosion.

- **National Water Acts**

The National legislation of both the Kingdom of Eswatini and the Republic of South Africa specifies regulations on water quality objectives and standards for various water user sectors. These regulations define the fitness for use, and KOBWA needs to benchmark the fitness for use with the national legislation.

- **The Comprehensive Mitigation Plan**

A Comprehensive Mitigation Plan (CMP) is an Environmental Impact Assessment document compiled as part of compliance with the National Environmental legislation of both the Kingdom of Eswatini and the Republic of South Africa. The construction of the Maguga and the Driekoppies Dams was categorized as a Category 1 project because of its magnitude and the significant impacts it would pose to the environment and livelihoods. The CMP binds the implementing agent to strict mitigation measures. KOBWA developed a comprehensive Biophysical monitoring programme, that will ensure that there is compliance to the CMP.

4.6.2 Aquatic Ecosystem Monitoring

The following water resources quality monitoring programs are undertaken to gather the required data and information for KOBWA to meet the objectives stated above:

- Reservoir Monitoring
- River Health Monitoring
- Biological Monitoring
- Real-Time Monitoring
- Ground Water Monitoring

The Reservoir, River Health, and real-time monitoring form the “axle” of the system while the ad-hoc programs are aligned to the information needs of KOBWA and they form the “wheels” around the axle. Ward et al. (1990) describes a “Wheel-and-Axle” model for designing water quality monitoring systems as a model that describes the total water quality information system consisting of several separate, but related, monitoring programs as illustrated in *Figure 8*.

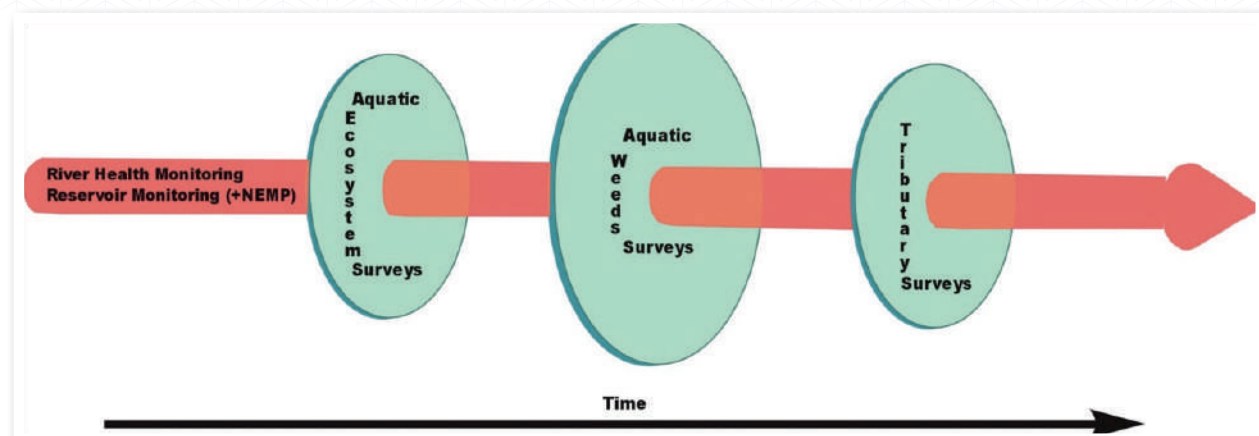


Figure 8: The “wheel-and-axle” monitoring design framework applied to the design of KOBWA’s water quality monitoring system.

These different programs are implemented through on-site tests and collection of samples for water testing done at the KOBWA laboratory from strategically located points along the basin as shown in Figure 9 below.

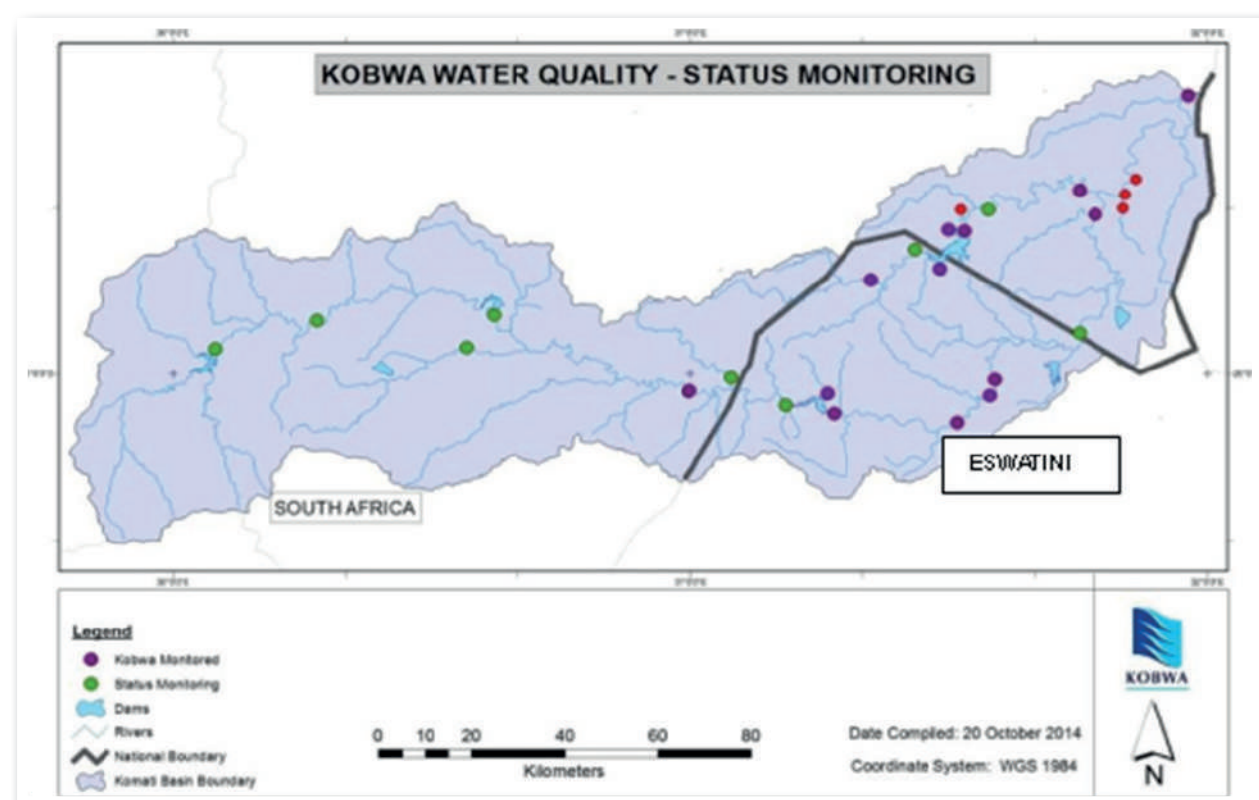


Figure 9: KOBWA Water Quality Monitoring Points.

4.6.3 Reservoir Monitoring

The monitoring aims to collect data to monitor the water quality of the two reservoirs, the Maguga Dam and Driekoppies Dam. There are four monitoring points per reservoir (Figure 3a & 3b and Table 9 and Table 10).

Point code	Motivation of selected monitoring point
X1R005Q01	Point 1 is situated near the dam wall and is indicative of quality in the main basin and the quality of water released from the dam if water is abstracted through the outlet closest to the surface.
X1R005Q02	Point 2 is situated at the upstream reach of the main basin and is indicative of the quality in the upper reaches of the main basin.
X1R005Q03	Point 3 is possibly situated in the transitional zone when the dam is drawn down.
X1R005Q04	Point 4 is probably situated in the riverine/transitional zone when the dam is full. It is indicative of the Inkomati River water quality entering the dam.

Table 9: Monitoring points at Maguga Reservoir

Figure 10a below, shows the Google and Satellite images of Maguga Dam, indicating the location of the water quality sampling points and tributaries flowing into the reservoir, respectively.



Figure 10(a): Google and Satellite images of Maguga Dam, showing the location of the water quality sampling points

Point code	Motivation
X1R004Q01	Point 1 is situated near the dam wall and is indicative of the water quality in the main basin and water released from Driekoppies Dam.
X1R004Q02	Point 2 is in the middle reaches of the dam and is indicative of the water quality in the middle reaches of the dam.
X1R004Q03	Point 3 is situated near the border and is indicative of the water quality in the upper reaches of the dam and the quality of water from the Lomati River entering the dam.

Table 10: Monitoring points at Driekoppies reservoir.

Figure 10b below, shows the Google and Satellite images of Driekoppies Dam, indicating the location of the water quality sampling points and tributaries flowing into the reservoir, respectively.



Figure 10(b): Google and Satellite images of Driekoppies Dam, showing the location of the water quality sampling points

The sampling frequency of both reservoirs is twice for the wet season and once during the dry season because of low flows. The water samples were collected and analyzed at the KOBWA water laboratory. The data was consolidated in a spreadsheet and graphical format for the quarterly and annual reporting of the status of the water quality of the reservoirs.

• Results and Discussions

The key parameters reported for this annual report are pH and Electrical Conductivity (EC). The water user categories used to assess the fitness for use of the water quality, were fitness for irrigation water use, fitness for domestic water use, and fitness for the maintenance of the aquatic ecosystem. The fitness for domestic and irrigation water use must not exceed 9.5 pH values, and the fitness for use for maintenance of the aquatic ecosystem must not be below 4 pH values. The pH at all monitoring points at both reservoirs was at acceptable levels (*Figure 10c below*).

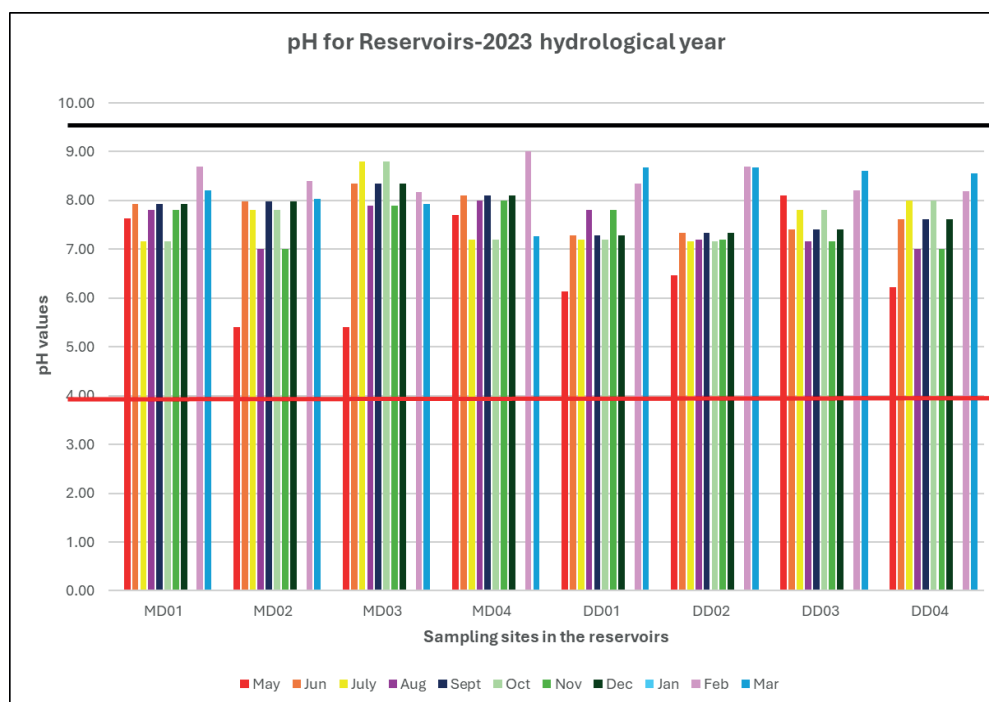


Figure 10(c): pH graphical presentation of both reservoirs-assessing fitness for use for various water user sectors

The EC levels at all the reservoir monitoring points at both dams were at acceptable levels (not more than 150 mS/cm). The EC levels indicate ideal water quality for all the various water user sectors (Figure 10d).

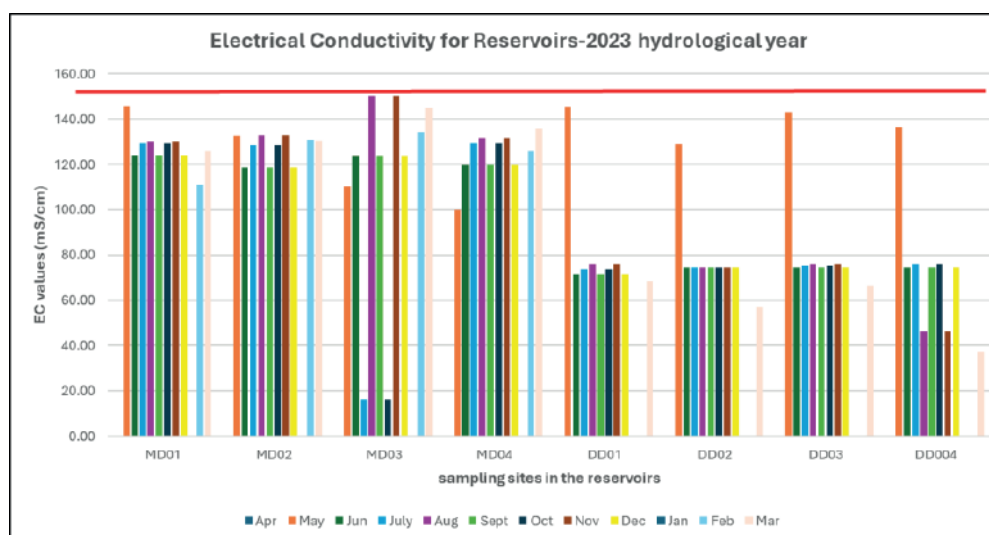


Figure 10(d): EC graphical presentation of both reservoirs- assessing fitness for use for various water user sectors

4.6.4 River Health Monitoring

The main objective of the program is to undertake in-river measurements, collect water samples, and analyze these for key water quality constituents to determine the water quality status of the Komati River and the Lomati River, and to report regularly on its fitness for the designated water uses

(domestic water use, irrigation water use, stock watering use, ecological water requirements), *Refer to Annexure A*. The monitoring sites have been strategically designed and registered for monitoring based on the land use activities across the Lomati and Komati Rivers, and most importantly below the reservoirs to monitor the impact of the impounded water on the ecological status of the river (*Table 11 and Figure 10e*) below.

Sampling point	River	Motivation
Mlumati -25.81260 31.35001	Mlumati	Mlumati River at the bridge near Lomati, upstream of the confluence with the Phoponyana River. Indicator of the upper reaches of the Mlumati River.
Matsamo -25.75733 31.45782	Mlumati	Mlumati River at Matsamo at low water bridge just upstream of Driekoppies Dam. Indicator of the main inflow into Driekoppies Dam.
Mhlatane -26.03990 31.26609	Mhlatane	Mhlatane stream at road bridge just upstream of inflow into Maguga Dam. The stream drains from the Piggs Peak area. Concerns have been expressed about the quality of runoff from the Piggs Peak urban area.
Nsonyama -25.79024 31.48310	Mlumati	Nsonyama River at low water bridge upstream of Driekoppies Dam. Indicator of the tributary inflow into Driekoppies Dam.
Bhalekane -26.04368 31.57851	Komati	Komati River at bridge near Bhalekane. Good indicator of the irrigation water quality that is abstracted at the YSIS weir which is situated some 8 km downstream of this sampling point.
Mananga -25.93416 31.75959	Komati	Komati River at the bridge just upstream of the Mananga border post. About 250m upstream of the DWS Sampling point WMS X13_1000010011 - Mananga Border Gate. Indicator of water quality leaving Swaziland as well as the impacts of irrigation return flows upstream of the border.
Tonga -25.68189 31.78189	Komati	Komati River at the low water bridge. Downstream of the confluence of the Komati and Mziti rivers. Same as DWS sampling point X1H003Q01 - At Tonga on Komati River. Indicator of water quality upstream of the Lomati River confluence. This is also close to the abstraction point of the Tonga Water Supply Scheme.
Komatipoort -25.44327 31.96461	Komati	Komati River at Komatipoort is just upstream of the confluence with the Crocodile River. Same as DWS sampling point X1H042Q01 - At Komatipoort Old Road Bridge on Komati. Indicator of the waters leaving the KOBWA area of operations.
Ngungwane -25.71112 31.49977	Lomati	Ngungwane River at R570 bridge where it flows into Driekoppies Dam. Same as DWS sampling point WMS X14_1000009997 - Ngugwana Bridge but DWS sampling was terminated in 2012. Indicator of tributary inflow into Driekoppies Dam.

Table 11: River Health monitoring points with coordinates and motivation for their selection

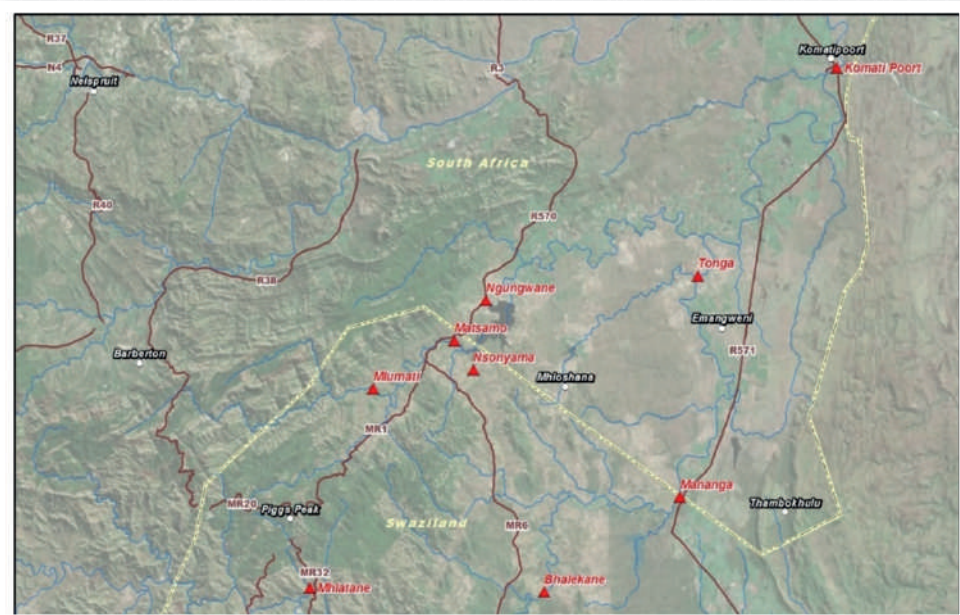


Figure 10(e): Map showing the locations of the River Health sampling points along the Komati and Lomati Rivers

• Results and Discussions

The key parameters reported for this annual report are Dissolved Oxygen (DO) and Electrical Conductivity (EC). The water user categories used to assess the fitness for use of the water quality, were fitness for irrigation water use, fitness for domestic water use, and fitness for the maintenance of the aquatic ecosystem. Aquatic invasive plant species were also observed during the 2023/24 hydrological year.

4.6.5 Electrical Conductivity

The water quality in terms of fitness for irrigation, domestic, and recreational purposes was within acceptable limits concerning EC (values less than 400 mS/cm). However, at the Komatipoort and Tonga sites, there was a significant increase of more than 400 mS/cm. This showed a declining trend from Ideal to Good towards the lower Komati reaches (Figure 10f). The fitness for domestic use must not exceed 150 mS/cm and the fitness for use for maintaining the aquatic ecosystem, the EC values must not exceed 50 mS/cm.

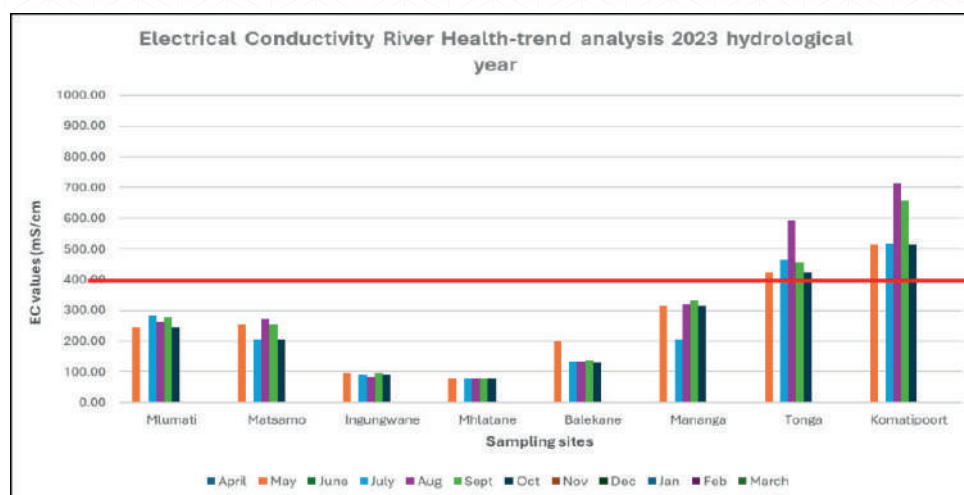


Figure 10(f): EC graphical presentation for river health- assessing fitness for use for various water user sectors

Literature indicates that Conductivity increases during low flows, however, there were significantly high flows along the Lower Lomati stretch. Land use activities and non-point pollution (such as agricultural return flows) around the site may have an impact on the decline in water quality status at these sites. Continual monitoring will be conducted and if the trend persists, an investigation will be conducted for a conclusive cause and subsequent intervention by the Department of Water and Sanitation.

• Dissolved Oxygen

The water quality in terms of the fitness for maintaining the aquatic ecosystem in the Lomati and Komati Rivers, was within acceptable limits concerning DO (values within the range of 6.5-8.0 mg/l). The DO values must not be below 5.5 mg/l (Figure 10g).

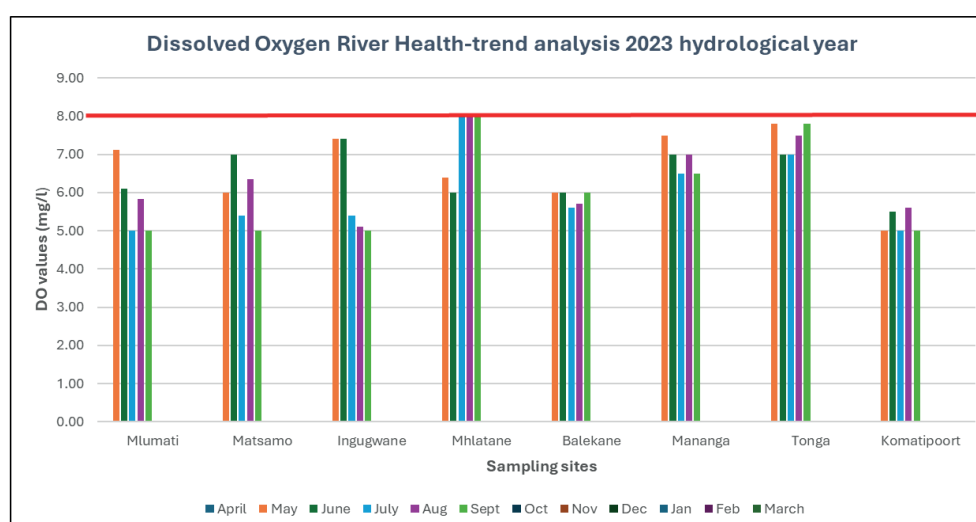


Figure 10(g): DO graphical presentation for river health-fitness for use for maintenance of the aquatic ecosystem

• Aquatic Alien Invasive plants

The monitoring of aquatic alien invasive plants was continually conducted through field observations to avoid encroachment. Monitoring of aquatic weeds was done, mostly at the real-time monitoring

stations. The Komati River Basin has minimal infestation by the invasive plants, however, during the routine monitoring, the water hyacinth (*Eichhornia crassipes*), was observed at Sandbult (Figure 10h). Most of the sites were clear of aquatic weeds. At Tonga and Komatipoort there was some encroachment of grass and some weeds (Figure 10h). These sites always record non-compliance for EC, and it could be that the encroachment disturbs the flow, causing sedimentation which can subsequently affect the EC levels.

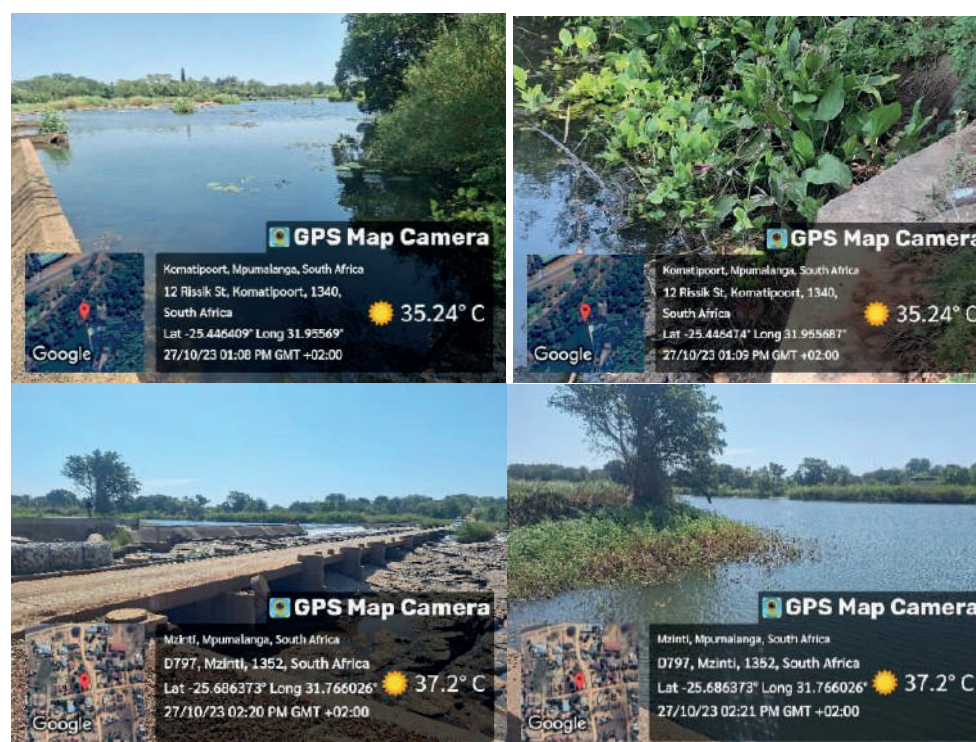


Figure 10(h): Aquatic invasive plants monitoring at Real Time stations

A service provider was engaged to remove weeds, especially in Komatipoort. The Working For Water under the Department of Environment, Fisheries and Forestry in South Africa is a program responsible for removing alien invasive plants, both aquatic and terrestrial. KOBWA has since consulted them to revive the memorandum of understanding with the Department to assist with the eradication, which will minimize costs for KOBWA and assist in capacitating the local community.

4.6.6 Biological Monitoring (Biomonitoring)

Biomonitoring is a resource-based water quality management tool, which uses fishes and aquatic macro-invertebrates to measure the integrity of the ecosystem. Since 2003, KOBWA has been undertaking scheduled biomonitoring of the Komati and Lomati Rivers.

The Riparian Vegetation Survey uses the Riparian Vegetation Index (RVI) to determine the status of riparian vegetation within river reaches based on the qualitative assessment of several criteria in the riparian zone. These criteria are vegetation removal, cultivation, construction, inundation, erosion, sedimentation, and alien vegetation. The output is expressed as a percentage deviation from natural or unmodified riparian conditions. The RVI is based on a combination of vegetation cover, structural intactness, and recruitment of indigenous riparian species. Results are usually captured using standard RVI forms and classified into one of six categories ranging from unimpaired (Class A), to very severely impaired (Class F). Nine sites were selected by KOBWA for long-term

biological monitoring: three in the Lomati River and six in the Komati River (Table 12). The sites were selected because of their position relative to the two dams, accessibility, and availability of instream habitats. Below in Figure 11, is a map showing the KOBWA Biomonitoring sites.

Site No (Name)	Description	Elevation (m amsl)	Distance from Dam (km)	Ecoregion	Zone	Quaternary	Coordinates (dd.dddd)
Lomati River							
DK-US (Jeppes Reef)	Control site upstream of Driekoppies Dam, near Jeppes Reef	372	-15	Lowveld	Upper Foothills	X14E	S25.76441; E31.42921
DK-DS (Driekoppies)	Impact site immediately downstream of Driekoppies Dam	296	0.3	Lowveld	Lower Foothills	X14G	S25.70983; E31.53415
L1 (Kleindoringkop)	Impact site mid-way between Driekoppies Dam and confluence with the Komati River	250	23	Lowveld	Lower Foothills	X14H	S25.64944; E31.62319
Komati River							
MD-US (Hooggenoeg)	Control site upstream of Maguga Dam, immediately downstream of flow gauge X1H001	786	-40	Northern Escarpment Mountains	Upper Foothills	X12H	S26.03626; E30.99781
M0 (Nyonyane)	Impact site downstream of the Nyonyane Diversion Weir near GS45	432	13	Lowveld	Upper Foothills	X13D	S26.082106; E31.355069
M1 (Silingani)	Impact site downstream of Maguga Dam	380	20	Lowveld	Lower Foothills	X13D	S26.09840; E31.39877
M2 (Mananga)	Impact site 300 m downstream of GS30, near Mananga Border Post	261	88	Lowveld	Lower Foothills	X13H	S25.942691; E31.750584
K3a (Tonga)	Impact site 1.3 km d/s of Tonga Weir (KOB002), but upstream of the confluence with the Lomati River	200	134	Lowveld	Lower Foothills	X13J	S25.67723; E31.78968
K5 (Lebombo)	Lower Komati River near Komatipoort, upstream of the confluence with the Crocodile River, immediately downstream of gauge KOB004	120	192	Lebombo Uplands	Lower Foothills	X13L	S25.44655; E31.95882

Table 12: KOBWA biomonitoring sites (Source: Nepid Consultants)

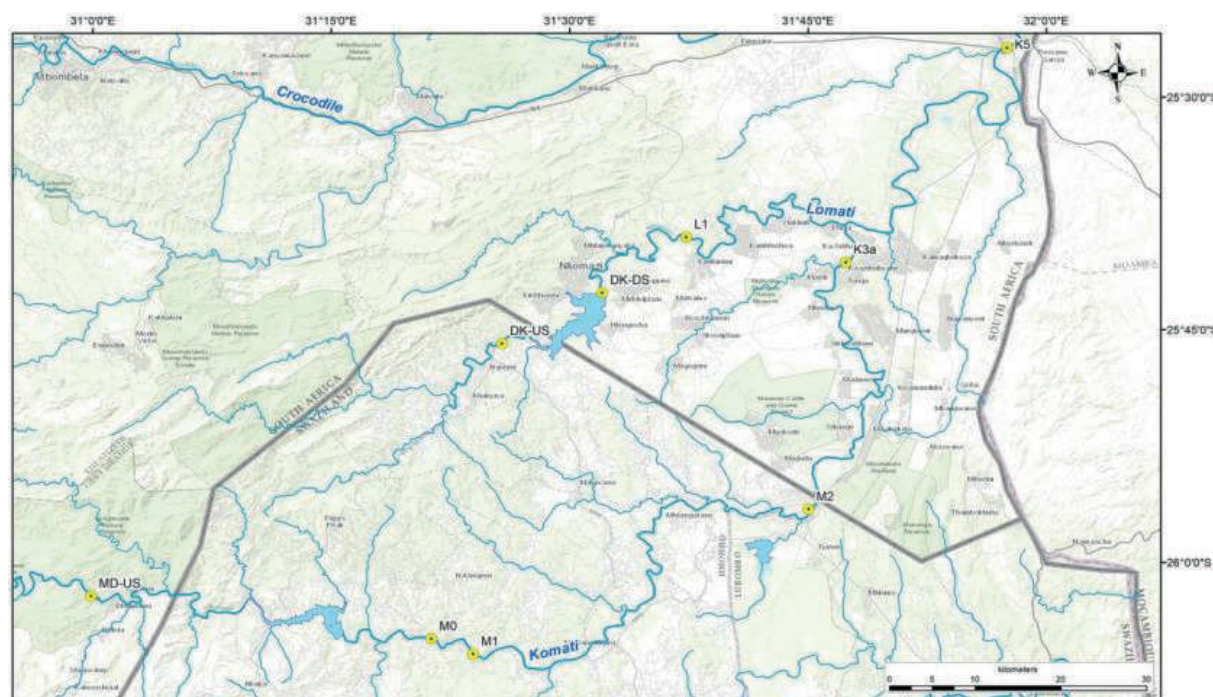


Figure 11: Ecological Water Requirements site in the Lomati and Komati Rivers (Source: Nepid consultants)

The KOBWA Biomonitoring survey scheduled for September 2022 could not be conducted due to the early onset of the rainfall season. The activity was shifted to September 2023. However, the contract between KOBWA and NEPID Consultants on “Provision of Biomonitoring and Vegetation Survey for KOBWA in the Komati and Lomati Rivers (Tender No.: KOB/03/MD/2019) lapsed on the 14th of September 2023. A memo requesting an extension of the contract for at least 3 months, from the 15th of September 2023 to the 15th of December 2023, was approved. The extension allowed for the pending final biomonitoring survey to be conducted including analysis and submission of the final report to KOBWA within the confines of the procurement procedures and be covered by the service level agreement (SLA) that is in place. Knight Piesold has been appointed as the new service provider to carry out KOBWA Biomonitoring for 3 years. A virtual inception meeting was held in December 2023 for the commencement of the project in February 2024.

• Results and Discussion

The biomonitoring was conducted towards the end of the wet summer season which provided an opportunity to test the hypothesis that elevated flow during the wet season improves the ecological health of rivers. The results indicated that most indicators improved, so this hypothesis was generally supported, but not for diatoms, which showed that nutrient and organic loads increased with elevated flow. Below are the findings and recommendations:

• Flows for maintenance of the aquatic ecosystem

In terms of the flows, the operation of Driekoppies and Maguga Dams should be reviewed to eliminate periods of zero and very low flow downstream of the dams, as far as the confluence with the Crocodile River. All weirs should be managed to ensure constant overflow (spillage). Attention should be given to ensuring minimum monthly low flows, as recommended

in the revised EWR, are maintained at Sandbult (KOB001), Tonga (KOB002), and Lebombo (KOB004). Daily average discharge at these weirs should continue to be monitored and the data analyzed to understand the magnitude and duration of low flow events, and how these may affect the ecological state of the river.

• Riparian Buffer Zones

Severe bank erosion in the Komati River near Mananga (Site M2) during the flood event in January 2021 and February 2023 highlights the importance of protecting riparian zones. The recommendations for riparian zones to delineate riparian zones along both rivers and main tributaries and appropriate buffer zones of limited development and no cultivation should be established and implemented in consultation with the relevant landowners. Priority areas for rehabilitation of riparian zones should be identified and interventions should be focussed in these areas. In Eswatini the Public Streambank Regulations (under Section 32 of the Natural Resources Act No 71 of 1951), require that no person shall, without the permission of the Board, cultivate or plant any crops or injure or destroy any natural vegetation in any area within one hundred feet of either bank or of the verge of any public stream. The protection of riparian zones is fundamental to the safeguarding of water resources, but the regulations appear to be largely ineffective, partly because they apply to Title Deed Land only and not on Swazi nation land which is mostly the land near the riverbanks.

• Biological water quality Lomati River

Site DK-US – Jeppes Reef

Biological water quality at DK-US was Good (SPI 18.3: Ecological Category A). There was a slight improvement compared to the previous survey, conducted in March 2023. *Achnantheidium* species increased in abundance, and this reflected the elevated flow at the time of sampling. As observed, elevated flow resulted in a decrease in general sensitive species and sensitive

aerophilic species due to habitat disturbance. The examination of available diatom data for this site showed that anthropogenic impacts remained relatively stable between 2015 and 2023. The diatom data indicated that the Present Ecological State of the Lomati River upstream of Driekoppies Dam was consistently of high quality in the wet season, fluctuating between **Ecological Category A** and **A/B**.

Site L1 – Kleindoringkop

Biological water quality at L1 was Good (SPI 16.1: **Ecological Category B**). There was a slight improvement compared to the previous survey, conducted in March 2023. However, the diatom assemblage indicated that nutrient and organic load was increasing. The high flow was reflected by the increased abundance of *Achnanthes* species. The data showed that there was an influx of increased inorganic nutrients and organic enrichment which was associated with sedimentation. Sedimentation comprised both organic and inorganic sediment and this was reflected by the dominance of *Gomphonema parvulum* and *Cocconeis* species, however, the impact was masked by the higher flow. No valve deformities were noted in March 2023. Compliance of ecological targets for diatoms at this site was rated as Moderate (70%) in March 2023. The influx of nutrients and organic load resulted in indicator species exceeding threshold limits while sensitive species decreased in abundance compared to the previous survey. Examination of available diatom data for this site between 2015 and 2023 shows that the Present Ecological State of diatoms in the wet season is moderate.

• Biological water quality Komati River

Site MD-US – Hooggenoeg

Biological water quality at MD-US was Good (SPI 15.3: **Ecological Category B**). There was a slight deterioration compared to the

previous survey, conducted in March 2023. The deterioration is attributed to increased organic load and nutrient levels. *Achnanthes* species still dominated the diatom assemblage, although their abundance decreased from March 2023. While flow was still elevated, the slightly lower flow allowed sensitive species to increase due to decreased habitat disturbance. Increased organic load and nutrient levels were not reflected by the usual key indicator species; however, the dominance of *Fragilaria capucina* and *Fragilaria vaucheriae* reflected these increases. These species have similar habitat preferences, and this suggested that the water contained elevated concentrations of inorganic nitrogen, total phosphorus, and organic load. Examination of available diatom data for this site between 2015 and 2023 shows that the biological water quality of the Komati River upstream of Maguga Dam is on average of moderate quality in the wet season. Elevated nutrient and organic load appeared to be the biggest impact on the site. This impact is influenced by elevated flow in the wet season.

Site M0-Nyonyane

Biological water quality at M0 was Good (SPI 17.0: **Ecological Category A/B**). There was a slight deterioration compared to the previous survey, conducted in March 2023. The deterioration was attributed to slightly increased organic load and nutrient levels. The abundance of *Achnanthes* increased, suggesting that flow was higher than in March 2022. Key indicator genera and species associated with higher nutrient and organic load increased marginally and like Site MD-US, the increases were reflected by the dominance of *Fragilaria capucina* and *Fragilaria vaucheriae*. Compliance with ecological targets for diatoms at this site was rated as Excellent (100%) in March 2023 remaining stable from March 2022. The diatom data indicated that the biological water quality of the Komati River downstream of the Nyonyane irrigation diversion weir is of high quality in the wet season and no notable

impact has been observed.

Site M2 - Mananga

Biological water quality at M2 was Moderate (SPI 12.4: **Ecological Category C**). There was a deterioration compared to the previous survey, conducted in March 2023. The deterioration is attributed to increased organic load and nutrient levels. Flow was elevated at the time, this resulted in an influx of organic load and nutrient levels. Higher nutrient levels were reflected by the increased abundance of motile species from the genus *Nitzschia*. Motility is an essential adaptation to prevent burial by siltation, and most motile species tend to display a greater tolerance to organic pollutants. Increased inorganic nutrient levels and organic enrichment associated with sedimentation, both organic and inorganic sediment was reflected by the dominance of *Gomphonema parvulum* while the dominance of *Fragilaria capucina* and *Fragilaria vaucheriae* further indicated increased organic load. Compliance of ecological targets for diatoms at this site was rated as Moderate (77%) in March 2023; deteriorating from March 2022 because of increased nutrient and organic loads. Examination of available diatom data for this site shows that the biological water quality is generally moderate in the wet season. Nutrient and organic load seem to have a bigger impact in the wet season which may be due to runoff entering the river system during high rainfall.

Site K3a - Tonga

Biological water quality at K3a was Poor (SPI 8.6: **Ecological Category D**). There was a deterioration compared to the previous survey. The deterioration is attributed to increased organic load and nutrient levels. Key indicator species with a preference for elevated nutrient levels and organic load have been consistently dominant, reflecting prolonged impact, and included *Gomphonema parvulum*, *Fragilaria capucina*, *Nitzschia palea*, and *Cocconeis*

placentula. These species prefer elevated nutrient levels and organic load which may be due to increased sedimentation. *Nitzschia palea* is typical of phosphate-enriched or organically polluted waters and is an obligate nitrogen heterotroph and hypereutrophic species that tolerate low levels of dissolved oxygen and prefers large concentrations of organic and inorganic nutrients and an indicator of organic sediment impairment. Sulfate-based salinity was not problematic in March 2023. As observed in March 2022, an increased gradient of impact was observed between M2 and K3a in March 2023. Compliance of ecological targets for diatoms at this site was rated as Moderate (69%) in March 2023. Examination of available diatom data for this site shows that biological water quality is impacted by runoff during high rainfall periods when nutrient and organic loads are elevated.

Site K5 - Lebombo

Biological water quality at K5 was Poor (SPI 9.3: **Ecological Category D**). There was a deterioration compared to the previous survey, conducted in March 2023. The deterioration is attributed to increased organic load and nutrient levels. As observed at Site K3a, sensitive species were present in low abundance even though the flow was elevated. An increased measure of impact between Site EWR 3a and EWR 5 was observed in March 2022 due to increased nutrient load as reflected by the increased abundance of *Cocconeis* species while the abundance of *Gomphonema parvulum* remained stable.

Increased salinity concentration between these sites was reflected by the increased abundance of *Nitzschia perspicua*, which prefers saline waters. Compliance of ecological targets for diatoms at this site was rated as Moderate (62%). Examination of available diatom data for this site shows that biological water quality is impacted by runoff during high rainfall periods when nutrient and organic loads are elevated.

The main issues of concern identified during the field survey were the following:

- **Sediment Deposition.** A high level of sediment input was recorded on the left bank of the Komati River at M1. The sediment was deposited in the channel of the Komati River, causing the narrowing and deepening of the main channel. The transport of sediment from the tributary is attributed mainly to cultivation within the riparian zone.
- **Bank Erosion.** High levels of bank erosion were recorded in the Komati River at MD-US and M2. The erosion is attributed to the removal of riparian vegetation at these sites.
- **Floating Macrophytes.** Google Earth images showed a significant reduction in floating macrophytes in the Komati River in 2021 and 2022 compared to previous years. The reduction is attributed to elevated flows in the 2021/2022 and 2022/23 wet seasons. However, a major “hotspot” was identified at H-L002, between Vlakbult and Phiva. A smaller problem area was identified at H-L006, downstream of Matsamo. Google Earth images showed no evidence of floating macrophytes in the Komati River in 2022. Furthermore, the field survey in March 2023 found no evidence of floating macrophytes at the routine biomonitoring sites in the two rivers. The absence of floating macrophytes did not warrant a more detailed investigation.

4.6.7 Groundwater Monitoring

The sampling is conducted in drinking water boreholes that KOBWA drilled for the communities as part of the Corporate Social Responsibility program within her operational area. The collected samples are taken to the Labserve laboratory in Nelspruit for analysis because the KOBWA water laboratory is still not accredited to produce results for drinking water as per SANS241:2015 Standard. Seventeen (17) boreholes were identified, however, currently ten (10) boreholes are sampled because some are dry and dysfunctional. There are eleven (11) boreholes located in Eswatini and six (6) boreholes located in South Africa, as seen in *Figure 12a* below. Only three boreholes were selected downstream of both dams and the samples were taken to the Labserve laboratory for analysis of the chemical composition of the water. The microbiological parameters are also analyzed as these are production boreholes.

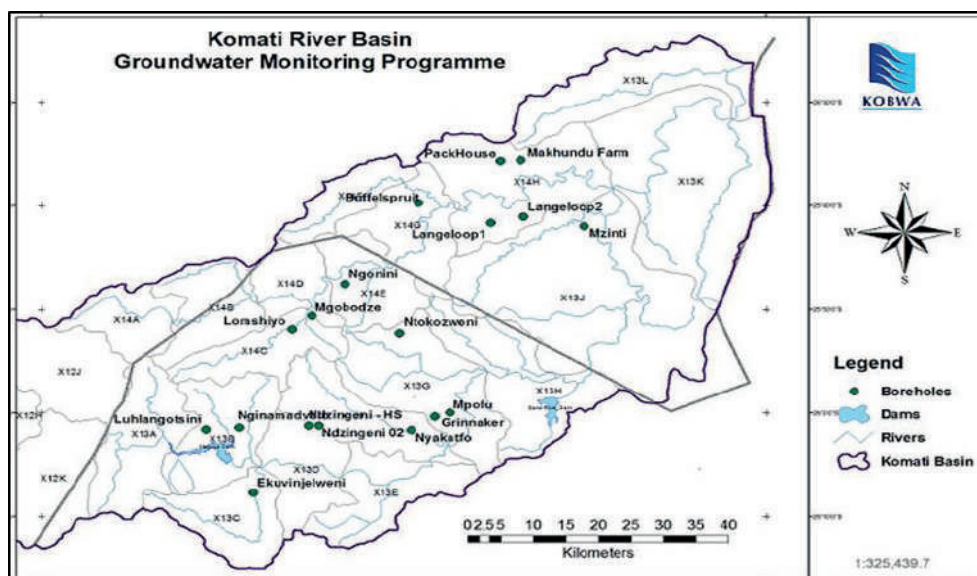


Figure 12(a): Location of the KOBWA groundwater monitoring network.

• Results and Discussions

The samples were sent to Labserve Laboratory for analysis against SANS241:2015 drinking water quality key standards. The key drinking water quality parameter is Fluoride. The Fluoride levels were compliant but slightly elevated in Nyakatfo and Langloop boreholes, there was exceedance from the limit of <3.5mg/l for drinking water, however, within acceptable limits in terms of the upper limit for class 4 irrigation water use (*Figure 12b*).

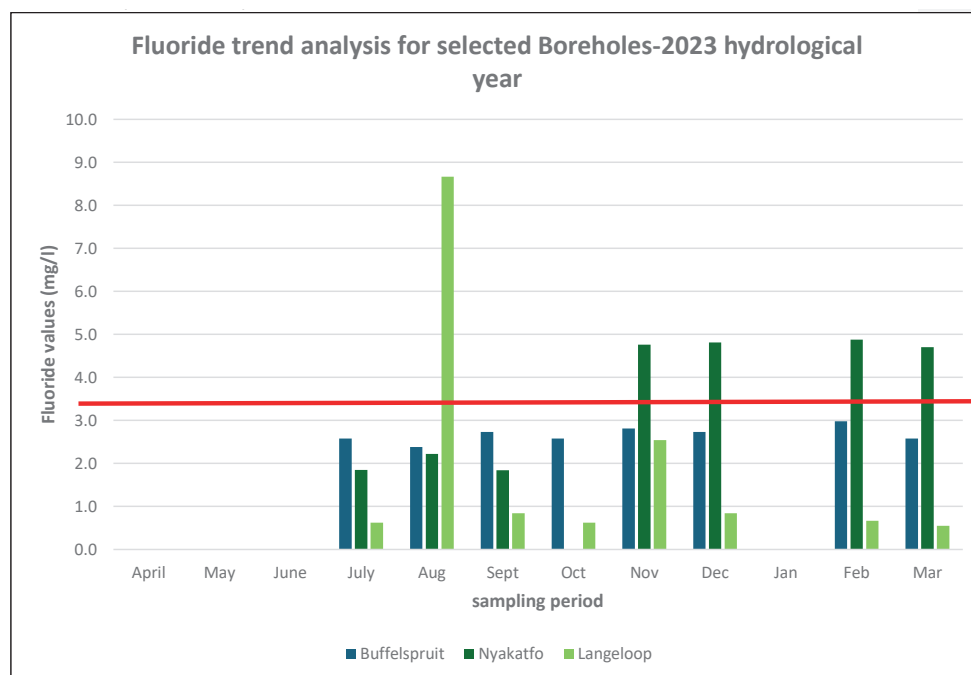


Figure 12(b): Fluoride compliance levels at borehole sites

Fluoride is a naturally occurring mineral found in rocks, it is also added in toothpaste for dental benefits in protecting the tooth enamel and preventing cavities. Significantly high levels in borehole water may not be fatal but will have aesthetic impacts, such as dental and skeletal fluorosis in the long run. In water treatment plants, the levels of fluoride are lowered using reverse osmosis filtration which also helps in reducing the levels of Total Dissolved salts. This method is not cost-effective for the communities in rural areas and there might be a need to boil the water before drinking it.

4.7 KOBWA Water Laboratory

The laboratory is used for testing samples collected from all the KOBWA monitoring points. Currently, the Lab is being set up in terms of housekeeping and good laboratory practice to align with the requirements of ISO17025:2017. The Laboratory is affiliated as a member of the National Laboratory Association of South Africa and the Eswatini National Laboratory Association for Proficiency Testing Schemes. In the reporting period, the laboratory was not analyzing any samples from external stakeholders as the lab is still being assessed by the Eswatini National Laboratory Association for accreditation. In the future, samples from external stakeholders will be analysed as a form of revenue collection and business initiative for the organisation.

• ISO17025 – Laboratory accreditation roadmap

Currently, Good Laboratory Practices in terms of housekeeping and document control are being followed in the laboratory. The South African Development Community Accreditation Services (SADCAS) and the National Laboratory Association of Eswatini (NLAE) have been appointed as professional service providers to assess KOBWA as one of the first phases of the accreditation process. A team of assessors was on site on 26 February 2024 and due to the load of work, the closing meeting was held on 27 February 2024 at the NLAE office in Mbabane.

The laboratory effectively participates in the water microbiology proficiency testing with the National Laboratory Association (NLA) in South Africa. Proficiency testing is undertaken by a laboratory to provide objective evidence that they are competent to perform certain measurements/ and testing. This is part of assuring the accuracy and credibility of results that are produced by the laboratory and is also a requirement for ISO 17025.

The Laboratory Quality Manual has been revised to align with the ISO17025:2017 standard. Monthly internal assessments are ongoing for readiness for accreditation

4.8 Conclusion and Recommendations

It is recommended that KOBWA samplers be trained to recognise the four invasive aquatic weeds; Water Hyacinth (*Eichornia crassipes*), Water Lettuce (*Pistia stratiotes*), Red water fern (*Azolla filiculoides* & *Azolla pinnata*), and Salvinia (*Salvinia molesta*). These aquatic weeds are very mobile, they are spread by flood waters and water birds, and they can quickly colonise a water body. Early detection and eradication are therefore essential to manage infestations. An aquatic weed register should be created to record the date, location, and severity of

application and an audit checklist was developed. All Standard operating procedures used for methods used in the laboratory were reviewed and compiled on controlled KOBWA templates. A revised Policy statement has been approved by EXCO. Below are the phases taken to achieve accreditation for the laboratory:

Phase 1: Gap Analysis:

- Conduct Audit & reporting (NLAE Auditors): week 26-27 February 2024
- Closing Gaps/Findings (KOBWA): 1 month (April 2024) report from auditors was delayed.
- Clearing of findings (NLAE Auditors): 1 month (June 2024)
- Beginning of new system implementation (KOBWA): 1 month (KOBWA will be ready to apply for accreditation within 2 months of implementation of the new system)

Phase 2: System Implementation Audit:

After 3 months of implementation (Tentatively around June/July 2024) to be confirmed after phase 1. Management reviews of the KOBWA Integrated Management System are also ongoing and incorporate issues of the laboratory.

sightings when samplers undertake their sampling rounds. Other invasive species will be identified during the formal survey, but it is worthwhile keeping track of the free-floating invasive species.

It can be concluded that the overall water quality in the reporting period for all the monitoring programs is fit for use for all the water sectors -domestic, irrigation water uses, and maintenance of the aquatic ecosystem. From the River Health results presented in this

report, it has been observed that the Komati River Basin still has generally good water quality for most of the water user sectors and for sustaining the environment. However, the water quality in the lower reaches was in poor condition for the aquatic ecosystem and domestic use. This can be attributed

to wastewater effluent, agricultural return flows, and extensive sand mining that is not regulated. It is recommended that regulatory authorities need to be informed of these findings to further investigate the point and non-point sources of pollution and ensure compliance enforcement where applicable.

5 FOCUS AREA: FINANCIAL MANAGEMENT AND OTHER SOURCES OF INCOME

Objective: To proactively source, secure and diversify our revenue streams

5.1 Accounting Software

a) Procurement of accounting and payroll packages

Finance launched two projects related to core software systems. The combined project is titled “FLOW smarter, ACHIEVE more”. The overall vision of this project is to enable the organization to have access to core business services like centralized e-procurement and employee self-services.

b) Sage Evolution 200

The Sage Evolution 200 software was migrated into a cloud-based server. The rollout of advanced, centralized procurement was delayed due to the readiness of all stakeholders. The overall outcome of this project is for KOBWA to centralize and streamline all procurement activities. Finance staff were trained on Sage Evolution 200 to skill and increase their knowledge of the system. All staff will receive training prior to the rollout of centralized procurement in the next financial year.

c) Sage 300 People

Finance and Corporate Services collaborated to source suitable software to address payroll and human resources needs. Sage 300 People

was identified as the suitable solution for KOBWA. The overall outcome of this project is for KOBWA to execute all HR and payroll activities electronically and to automate employee self-service activities.

5.2 Government Funding

The total organizational budget allocated for the financial year 2023/24 amounted to **R/ E105,578,719**. The net amount payable to KOBWA is **R/E103,505,871** after considering sundry income allocations of **R/E1,413,602** from the Republic of South Africa and **R/ E659,245** from the Kingdom of Eswatini.

This amount includes the operational budget of **R/E54,953,719** and loan repayments of **R/ E50,625,000**.

5.3 Government of South Africa

Of the total **R/E70,541,040** payable by the Republic of South Africa, **R/E30,375,000** relates to loan repayments and an amount of **R/ E40,166,040** towards operational expenditure. Excess funding received in the previous financial years was utilized to create a sinking fund to cater for interest and balloon payment of the Hambros Bank Loan. Interest payments were paid from the sinking fund in FY2023/24 going forward.

5.3.1 Operational Budget

QUARTER	PERIOD	ANNUAL BUDGET R/E	DUE DATE	AMOUNT RECEIVED R	DATE RECEIVED	BALANCE R/E
1	April to June	12,002,629.24	01.04.2023	12,002,629	01.06.2023	0
2	July to Sept	11,787,731.91	01.07.2023	11,787,732	30.06.2023	0
3	Oct to Dec	9,146,457.82	01.10.2023	9,391,655	23.10.2023	-245,197
4	Jan to Mar	7,229,221.14	01.01.2024	7,227,984	16.01.2024	1,237
	Totals	40,166,040		40,410,000		-243,960

Table 13: RSA Quarterly Funding Schedule for FY 2023/24

5.4 Kingdom of Eswatini

Of the total **R/E33,635,704** payable by the Eswatini Government, **R/E20,250,000** relates to the loan repayments and **R/E13,385,704** towards operational expenditure.

5.4.1 Capital Loans Budget

QUARTER	PERIOD	ANNUAL BUDGET R/E	DUE DATE	AMOUNT RECEIVED R	DATE RECEIVED	BALANCE R/E
1	April to June	10,125,000	01.04.2023	10,125,000	28.06.2023	0
2	July to Sept					
3	Oct to Dec	10,125,000	01.10.2023	10,125,000	31.12.2023	0
4	Jan to Mar					
	Totals	20,250,000		20,250,000		0

Table 14: KoE Quarterly Loan Funding Schedule for FY 2023/24 – CAPEX Loans

5.4.2 Operational Budget

QUARTER	PERIOD	ANNUAL BUDGET R/E	DUE DATE	AMOUNT RECEIVED R	DATE RECEIVED	BALANCE R/E
1	April to June	3,701,928.09	01.04.2023	3,365,000.00	23.06.2023	336,928.09
2	July to Sept	3,844,855.98	01.07.2023	3,365,000.00	08.07.2023	479,855.98
3	Oct to Dec	2,993,679.74	01.10.2023	3,365,000.00	27.11.2023	-371,320.26
4	Jan to Mar	2,174,367.16	01.01.2024	3,365,000.00	28.03.2024	-1,190,632.84
	Totals	12,714,830.97		13,460,000.00		-745,169.03

Table 15: KoE Quarterly Loan Funding Schedule for FY 2023/24 – Operational Budget

5.5 Long Term Loans

5.5.1 Hambros Bank

R/E 375 000 000 loan denominated in registered stock (bond) KW01 notes with a coupon rate of **13.5%** payable semi-annually, which translates to **R/E 25 312 500** interest. The balloon capital repayment is payable at maturity on 31 October 2027. The first payment was made on the 30th of April 2023 and 8 repayments remain to maturity. The last payment was made on the 31st of October 2023. Compliance with the JSE requirements in relation to HAMBROS Loan; KOBWA continues to meet all the compliance requirements.

Financial Institutions	Face Amount	Effective interest rate	Start Date	End Date	# Rem Interest Installments	Amortised Balance 31.03.2024	Balance at Maturity
Gensec/Futuregrowth	165,000,000	13.08%	24.01.2001	31.10.2016	0	0	0
Rand Merchant Bank	380,000,000	11.24%	04.07.2001	06.08.2019	0	0	0
Nedbank/Old Mutual	233,000,000	9.43%	29.10.2001	30.09.2019	0	0	0
Hambros Bank	375,000,000	14.87%	30.04.1998	31.10.2027	10	370,814,993	375,000,000
DBSA	488,401,000	10.00%	30.09.2000	31.03.2020	0	0	0
Total	1,641,401,000					370,814,993	375,000,000

Table 16: Detailed Loan repayments schedule 31 March 2024.

6 FOCUS AREA: CUSTOMER AND STAKEHOLDER FOCUS

Objective: To anticipate and to proactively meet current and future customer and stakeholder requirements. To attract new clients and expand our mandate

6.1 Stakeholder Engagement

6.1.1 His Majesty King Mswati III Tours Lake Matsamo Tourism Park

In February 2024, His Majesty King Mswati III visited the Lake Matsamo Tourism Park restaurant which lies on the Eswatini side of the Driekoppies Dam. Funded by the Ministry of Tinkhundla Administration and Development, the Community Project is a tourist leisure centre that has constructed a restaurant. It is managed by a trust committee with representation of all constituencies under the Matsamo area.



His Majesty King Mswati III addressing the audience at Lake Matsamo Tourism Park.

It aims to uplift the community and provide tangible benefits such as the provision of employment and business opportunities, alleviating poverty while ensuring visitors explore what Eswatini has to offer. KOBWA, through its Corporate Social Responsibility (CSR) program, supported the provision of crush stones and payment of laborers engaged during the construction of the project. KOBWA also committed and funded the installation of the electricity line worth R/E190,000 to provide power to the project.

6.2 KOBWA Donations

6.2.1 KOBWA Donates Ventilated Improved Pit toilets to El-Shaddai Primary School at Ekufikeni



From right to left: Ekuvinjelweni Chief Mabaleka Mncina and KOBWA CEO Mr. Trevor Shongwe cutting the ribbon of the newly built toilets.

KOBWA constructed two blocks of ventilated improved pit latrines at El-shaddai Primary School in Ekufikeni. These facilities benefited a population of over 400 students and amounted to R/ E130,000. On the 15th of June 2023, KOBWA CEO Mr. Shongwe, officially handed over the toilets in the presence of Ekuvinjelweni Chief Mncina, Hhohho Regional Education Officer Representative Mr. Magongo, the Headteacher of the Primary School Ms. Maziya and members of the community.

6.2.2 KOBWA Donated Fencing, Gates and Flood Lights to Maguga Clinic and Grass Cutting Machine to Pigg's Peak Police Services



Ekuvinjelweni Chief Mabaleka Mncina and KOBWA CEO Mr. Trevor Shongwe cutting the ribbon in one of the donated gates.

As a means of giving back to the community, KOBWA donated and installed a perimeter fence at the Maguga Clinic worth R/E109,140.98. The aim of the project was to help the clinic improve its safety measures and protect equipment situated within the facility.

6.2.3 KOBWA Officially Handed Over Two Blocks of Toilets at Schoemansdal Clinic

KOBWA in collaboration with WaterAid Eswatini constructed two blocks of toilets and a septic tank at Schoemansdal Clinic, in the Republic of South Africa worth about R/E1,200,000.



Representatives from key institutions including the traditional leadership after the official opening of the toilets in Schoemansdal Clinic.

After completion of the construction of these facilities, KOBWA officially handed over the toilets and septic tank to Schoemansdal Clinic Management on the 7th of November 2023. During the handover, KOBWA CEO, Mr. Trevor Shongwe reported that the construction of the toilets was in line with Sustainable Development Goal 6, which seeks to ensure that countries committed to providing adequate water and sanitation to their nationals by the year 2030. “We all know that Water is Life and Sanitation is dignity, thus, KOBWA has joined forces to ensure the fulfilment of this commitment in her area of operation”, he said.

6.2.3.1 Ekuvinjelweni Transfers Land to KOBWA for Business Initiatives

KOBWA's Maguga Dam offices lies within Ekuvinjelweni Chiefdom in Pigg's Peak. Therefore, KOBWA formally acquired the braai area through “kukhonta” custom to facilitate business initiatives around the dam which is inclusive of the braai area. The Chief officially handed over the area to KOBWA in a ceremony that entailed visiting the area to mark the boundaries.

Right: Community Liaison Officer, Mr. Alec Mncina showing the Chief, Council and KOBWA staff the boundaries of the land that was transferred to KOBWA.



6.2.4 World Water Day

South Africa: The Inkomati-Usuthu Catchment Management Agency (IUCMA) in partnership with the Mpumalanga Provincial Department of Education and other public and private entities within the Inkomati-Usuthu water management area including the Komati Basin Water Authority (KOBWA) hosted the Annual Science Schools Competition as part of the institution's Educational Programmes. The objective of the competition was to raise awareness of Integrated Water Resource Management and its role in the socio-economic development of South Africa. Additionally, the competition aimed to spark the interest of learners in the fields of Science, Technology, and Engineering with a specific focus on water-related careers.

KOBWA sponsored the first-prize winners of the competition with five vouchers for the students and one for the Educator worth over E/R27,000. Furthermore, KOBWA sat as one of the adjudicators for the Lower Komati sub-catchment area competition which was held

on the 8th of March and the final competition respectively.

Eswatini: The Ministry of Natural Resources and Energy in collaboration with several stakeholders including KOBWA, commemorated World Water Day at the Mavuso Trade Fair Centre on 27 March 2024. The commemoration was graced by The Honorable Minister of Natural Resources and Energy, His Royal Highness Prince Lonkhokhela who also delivered the keynote address. The focus was on encouraging water cooperation among communities and countries that are sharing water to maintain harmony and stability. KOBWA was among the stakeholders who presented her mandate and areas of operation within the basin and how she manages transboundary water resource management between Eswatini and South Africa. Additionally, KOBWA donated 150 branded round neck t-shirts and 500 x 500ml of bottled water towards the success of this activity.

6.2.5 World Environmental Day

South Africa: KOBWA joined other stakeholders under the Nkomazi Beautification Forum in commemorating World Environmental Day. The event started with a march from SAPS to Lugebhuta Secondary School; the students and the stakeholders marched and collected waste materials at Schoemansdal area. Themed #Beat Plastic Pollution- Solutions to Plastic Pollution, participants were educated about the issue of illegal dumping of solid waste, within and around the water resources. KOBWA strives to ensure that the water resources and the aquatic ecosystem are protected from pollution because plastic pollution is a threat to biodiversity. The campaign further raised awareness that rivers and dams are not dumping sites. For them to produce the ecosystem services and

socioeconomic benefits they are supposed to provide, the communities residing near these water resources need to be on board and assist KOBWA in protecting them.

Eswatini: KOBWA in partnership with Pigg's Peak Town Council, Peak Timbers and Pigg's Peak Plantations hosted an event at Pigg's Peak to commemorate World Environment Day. The event kick-started with a walk from Pigg's Peak post offices to Pigg's Peak town where the main event was held.

Attendees were advised to the use of the four Rs on waste management being Reduce, Reuse, Recycle, and Recovery.

6.2.6 Arbor Month

On the 7th of September 2023, KOBWA joined other stakeholders and partners at Sinqobile Primary School to celebrate Arbor month. Arbor month is a time to plant trees and pay special attention to the environment and the role trees play in it. It is about raising awareness of the value of trees in society and further public knowledge of indigenous trees, emphasise the necessity of planting trees and contribute to a greener and more sustainable future.



Representatives of several stakeholders admiring a tree after it was planted.

6.2.7 Customer Satisfaction Tool

KOBWA designed and implemented an online customer survey satisfaction tool. The objective of the tool is to help determine the customer level of satisfaction of the service provided by KOBWA to both internal and external stakeholders. The feedback obtained is used to improve service delivery by the organisation.

7 FOCUS AREA: PEOPLE

Objective: To attract, develop, and retain competent staff who promote the vision and culture of KOBWA

The department provides strategic leadership in managing human resources, infrastructure technology, fleet management, industrial relations as well as community development services. As a support function, the department ensures the development and implementation of appropriate strategies for the delivery of appropriate and effective programs for the attainment of KOBWA's corporate objectives.

7.1 Staff Complement

	All Staff	Executive	Mid Management / Technical	Supervisory	General Support	%
Number	40	4	9	13	14	100%
By Country Of Origin						
RSA	15	2	5	3	5	38%
SD	25	2	4	10	9	62%
By Gender						
Males	25	4	4	8	9	62%
Females	15	0	5	5	5	38%
By Station						
Driekoppies	14	1	3	5	5	35%
Maguga	26	3	6	8	9	65%

Table 17: KOBWA Employee demographics

No	Type of Employment	Total No.	Departures Financial Year-End 31 March 2024
1.	Permanent	35	3
2.	Contract	5	0
3.	Internship	2	0
4	Learnership	0	0

Table18: KOBWA Employee types and departures

7.2 Vacant Positions:

The following positions remain vacant as of the end of the financial year.

- Human Resources Assistant
- Systems Technician
- Laboratory Technologist

7.3 Internships and Learnerships

At the end of the financial year 2023/2024 KOBWA had the following Internship and Learnership Contracts:

Department	Duration	End Date
Administration – Communications	12 months	31 December 2023
Corporate Services - IT	6 months	31 March 2024
Operations-Environment	12 months	9 January 2025

Table 19: KOBWA Internship and Learnership Contracts

7.4 Performance Management System

KOBWA awarded performance recognition in the form of a performance bonus to 14 officials who met above expectations as per individual performance systems aligned to the organisational strategy. The performance recognition was at 5% of the annual salary package of individual officials.

The performance reviews are conducted twice a year, thereafter, recognition is awarded to all officials above expectation. Underperformers are assisted through relevant interventions which include monitoring, coaching, motivation, and/or upskilling through training programs.

7.5 Policies & Procedures

A review of the KOBWA Human Resource Policies and Procedures Manual was initiated in the reporting financial year. A draft document is at an advanced stage as internal consultations are currently being concluded to enable finalisation and approval by the Board.

7.6 Culture Transformation

KOBWA embarked on a project aiming to align its culture with its core values which is expected to yield the desired effect and assist KOBWA to reach its strategic objectives through its human capital. Online surveys, focus group discussions, and one-on-one sessions were conducted during the process.

7.7 Training and Development

KOBWA offers an opportunity for the staff to undergo training as per the approved Work Skills Plan. In the reporting financial year, thirty-four (34) officials were allowed to attend skills development programs as indicated below:

Department	Total No Trained
Administration	3
Corporate Services	9
Finance	7
Operations	15

Table 20: KOBWA Employee training & development per department

7.8 Industrial Relations

The National Education, Health and Allied Workers' Union (NEHAWU) & National Public Service and Allied Workers' Union (NAPSAWU) are the two unions currently recognized by KOBWA. Membership is as follows:

Labour Parties	Membership	Percentage (%)
NAPSAWU	10/40	25
NEHAWU	11/40	28
NON-UNIONISED	19/40	47

Table 21: KOBWA Employer-Employee relationship

7.9 Consultations and Negotiations

Organised Labour and the Employer (Parties) are currently reviewing KOBWA Policies as a form of consultation before finalisation and approval by the Board. The Parties reached a consensus on the cost-of-living adjustment for 2023/2024 and signed a collective agreement of 5.6% and an additional agreed-upon once-off payment of 2.5% based on annual salary.

7.10 Long Service Awards

The tradition of recognising employees for their long service continues to be observed by KOBWA. Certificates and awards were presented to the following employees during the end-of-year function. Table 22 below indicates the long service categories:

Category/Years of Service	No. of Employees	Name of Employee
5 Years	2	Mpendulo Mashabane Vincent Gama
15 Years	3	Colisile Nhlabatsi Kenzie Mavimbela Gerald Dube
20 Year	3	Mfundu Mathunjwa Sidney Dhlamini Nurse Nkosi
25 years	1	Zanele Zulu

Table 22: Long service categories



Zanele Zulu for 25 years' service



Nurse Nkosi being awarded for 20-year service.



Mfundu Mathunjwa received an award for 20years service



Sidney Dhlamini received one for 20year of service



Kenzie Mavimbela received one for 15years



Colisile Nhabatsi received her 15years service award



Gerald Dube receiving his 15years of service award.



Vincent Gama being awarded his 5-year service award.



The CEO awarding Mpendulo Mashabane for his 5-year service award

8 FOCUS AREA: TECHNOLOGY AND BUSINESS PROCESSES

Objective: To have technology systems and business processes that enable business efficiencies

8.1 Quality, Health and Safety

KOBWA underwent the Close of Findings exercise and the stage 2 audits in April 2023, and the audit was spread over a week to assess both offices. The maintenance team played an active role as most of the operations that have a bearing on the audit requirements are in their area of performance.

It is worth noting that the findings, especially for Driekoppies Dam require a lot of financial input, development of procedures, and training. This can be attributed to the fact that the design of the Driekoppies Dam is older and, hence, has operations that have more admin than the Maguga Dam which was built later and is more modern. For example, relief wells in Driekoppies are within manholes while in Maguga they are at ground level. Manholes are confined spaces and have legislative requirements that must be met including an operational procedure for Confined Space Entry.

Corrective Action Plans were prepared and sent to BSI and were accepted. These actions are requisite for certification and must be addressed before inviting BSI again, which will put KOBWA in good standing for accreditation. The progress in addressing the findings is as follows:

Finding	Progress
No competency training for crane and lifting equipment operators, confined space entry, and electrical lock-out , evidenced by no statutory and competency training performed for high-risk tasks.	Training for the Infrastructure Maintenance team on the Pendant Overhead Crane was carried out in January 2024. The training was facilitated by Pro-Skills Centre, a SAQA registered service provider. In March 2024, Hatching Consulting provided training in two-fold, Electrical Lock Out and Confined Space Entry. Thus, the two trainings fully addressed the findings.
No emergency drills were conducted in 2023 to date.	Emergency drills were conducted for both the Driekoppies Dam and Maguga Dam on the 5th of December and 14th of December 2023 respectively. During the emergency drills, non-competencies were observed by both Working on Fire and Eswatini National Fire and Emergency Services. This necessitated a corrective drill which was carried out on the 8th of February 2024 at Maguga Dam. All the staff were in one place, thus, addressing the two offices at once. Compared to December, the observed response had greatly improved, and it was confirmed by Eswatini National Fire Services.

Finding	Progress
Fire extinguisher inspections were 5 months overdue at Driekoppies operation.	The Fire extinguishers have been serviced at Driekoppies and are due in July 2024. Maguga Dam FEs were also serviced, thus, are all valid.

Table 23: Showing Progress in Closing Findings

8.2 Emergency Drills /Dry Runs

• Snakebite

KOBWA Offices are situated in a hot area that is prone to snakes. In the risk assessment, it was recommended that snake awareness should be carried out as well as a dry run for an event of a snake bite. , The snake awareness was conducted in June 2023 and the dry runs were carried out in the third quarter.

• Shongwe Hospital and The Luke Commission Dry Run

On the 9th of November 2023, a dry run (drill) of an emergency drive from Driekoppies Dam to Shongwe Hospital was carried out. The time measured included registration at the security gate and the drive into the hospital and casualty wing.

A dry run to The Luke Commission from Maguga Dam was done on the 19th of December 2023 with the KOBWA Driver. The time measured was till the security gate. During the dry run, it was established that snake bite victims are prioritised, and they are driven directly into the casualty unit without waiting at the gate. The pictures below illustrate the travel time for both dry runs.



Time taken to Shongwe Hospital.

Time taken to The Luke Commission

8.3 Office-based (Fire Drills)

In February 2023, when staff was congregated at the Maguga Office for a workshop, a drill was conducted, and it was followed by presentations led by the Eswatini National Fire Services (ENFS) representatives. Discussions focused on fire, evacuation, how to use a fire exit, how to use a fire extinguisher, and the role of firefighters.

Furthermore, feedback on evacuation processes and what happens once gathered at the assembly

area was shared by the ENFS representatives. The stages of evacuation and reasons to evacuate which are more than just fire but include incidents of bombs, flooding, and earthquakes which staff should always be prepared for were presented.



Left to Right: Fire Marshalls taking roll call, while KOBWA staff at the assembly point pay attention to the roll call.

8.4 OHS Policy Workshop

On the 8th of February 2024, the RQO presented the OHS Policy to staff members in a workshop. The policy is now updated not only to be in line with the OHS Act of South Africa and Eswatini but also aligned with the ISO 45001:2018 standard. The requirement for the standard that stood out during the audit was that there should be participation and consultation of staff.

8.5 Training on Confined Space Entry and Electrical Lock Out

A training on Confined Space Entry and Electrical Lock Out took place on the first week of March 2023. The Maintenance team was trained by Hatching Consulting at Driekoppies Dam Conference Room which allowed practicals and illustrations on the premises. During the training, it was pointed out that the most common hazards are electrical, biological, and atmospheric, as well as entry and exit.



Left: The Infrastructure team during the training session.

Right: Prof. Wenzel going down into the Relief well

In confined space entry, hazards include oxygen enrichment, oxygen deficiency, and a toxic atmosphere. This showed the importance of taking readings before getting into confined spaces. The facilitators further inspected the Driekoppies Dam, the reading wells above ground, and those within manholes.

8.6 OHS Responsibilities for Managers Training

The IMT and the CSD were trained on OHS Responsibilities for Managers which aims to assist them in discharging their leadership responsibilities in line with the OHS Acts of both the Republic of South Africa and the Kingdom of Eswatini.

8.7 SHERQ Workshops

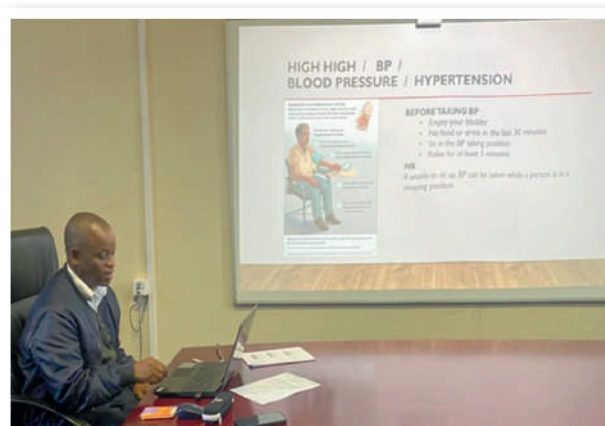
On the 20th of June 2023, KOBWA held the annual Safety, Health, Risk and Quality Workshop. The presentation of the day was as follows:

8.8 Safety Policy and the Certification Journey

The RQO made a presentation on the OHS Policy explaining the employer's responsibility to provide a safe working environment as well as the OHS responsibilities of an employee. She further explained the progress made in the certification of the Quality and Health & Safety Management Systems. Testament to the journey is the progress being made about KOBWA Emergency Procedures, hence, the presentations of the day which included snake awareness and personal health management.

8.9 Management of Chronic Diseases Presentation

KOBWA has created a relationship with the Maguga Clinic. As a result, the clinic was invited to address staff on the prevention of chronic diseases through a healthy lifestyle. Sister Khoza explained how daily habits, choices, and behaviours affect our health in the short and long term. He also went on to educate staff on the management of chronic diseases such as asthma, ulcers, blood pressure, and sugar diabetes. He further told staff that the clinic is open for individual consultations and has health management programs including weight loss. This has already produced the desired outcomes as several staff members have made their consultations with the clinic.



Left to Right: Nurse Khoza from Maguga Clinic introducing the Health for Staff Initiative.



Nurse Khoza explaining Blood Pressure management.

8.10 Awareness

KOBWA's operational area is infested with snakes, thus, the need to have an emergency procedure to revert to in the event of an encounter with a snake. KOBWA invited the Eswatini Antivenom Association to provide training on the identification of snakes, relevant behavior, first aid, and anti-venom. This was an insightful session that began with educating staff about snakes being good animals as they control rats and do not attack unless cornered. The theory session was followed by the practical session where staff got the opportunity to handle non-venomous snakes.



Left to Right: The CEO and staff handling different types of snakes.

8.11 Training for Fire Fighters

One of the requirements for certification is that KOBWA should have trained and appointed Fire Fighters. KOBWA's Fire Fighters were trained and appointed, as their training certificates were valid until April 2023. The firefighters for both offices have been trained and their certificates are valid for the next two years. Vusi Magagula was trained in February 2024 and appointed as a resident firefighter for the Driekoppies Dam office and houses.

8.12 Staff Induction, Annual, and Entry Medical Assessments

• Entry and Staff Medical Assessments

In the reporting year, KOBWA recruited an Infrastructure Maintenance Technologist (IMT) who joined the authority in April 2023. This was followed by the Communications Officer (CO) in August 2023, the Corporate Services Director (CSD) in September 2023, the Systems Technician and Laboratory Intern in January 2024, and a General Worker in February 2024 respectively.

At onboarding the staff was assessed for medical fitness, which serves as their entry and baseline health assessment. They were all declared fit for work by the Occupational Medical Practitioner.

Furthermore, The annual medical assessments for all staff were carried out in the last quarter. This exercise assists in determining the fitness of each staff member to carry out his/her duties. This is followed by the issue of a certificate which can be:

- i. Fit for work.
- ii. Fit with restrictions – the details are discussed with the employee on corrective measures and a follow update is stated on the fitness certificate to alert the RQO of the review date.
- iii. Unfit – the details are discussed with the employee on the concerns. This becomes a Management decision on how to navigate such cases given the circumstances.

8.13 Risk Management

As per the KOBWA risk management procedure, KOBWA's EXCO managed risk in their departments through strategic and departmental risk registers. The management of risks includes examining the risk management initiatives and the progress recorded in the attached risk registers in line with the ISO 9001 standard.

The 2024 Global Risk Report detailing the top short-term risks by severity for 2024 and 2025 are as follows: Misinformation and Disinformation, Extreme Weather Events, Societal Polarization, Cyber Security, Interstate Armed Conflict, Lack of Economic Opportunity, Inflation, Involuntary Migration, Economic Downturn, and Pollution. KOBWA uses a 5 by 5 matrix, meaning the highest risk rating is 25. Red-rated risks range from 12 and above, from 6 to 11 are yellow-rated risks while 5 and below signifies green-rated risks. Figures 13 and 14 below show the inherent risk profile at the start of the year and the profile at the end of the year.

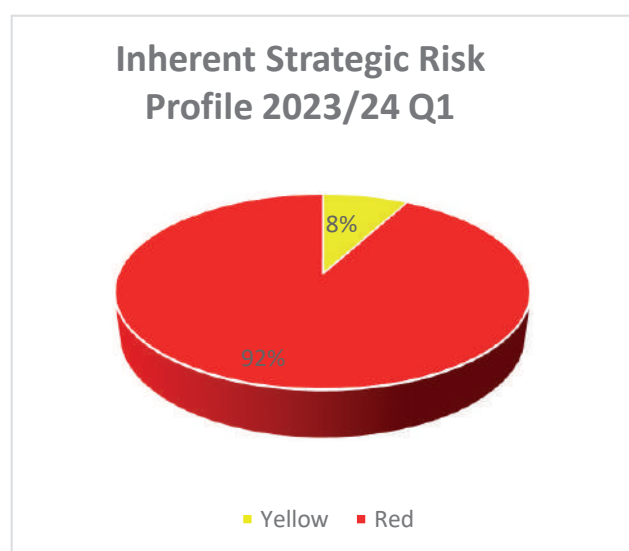


Figure 13: KOBWA'S 2023/24 Inherent Risk Profile

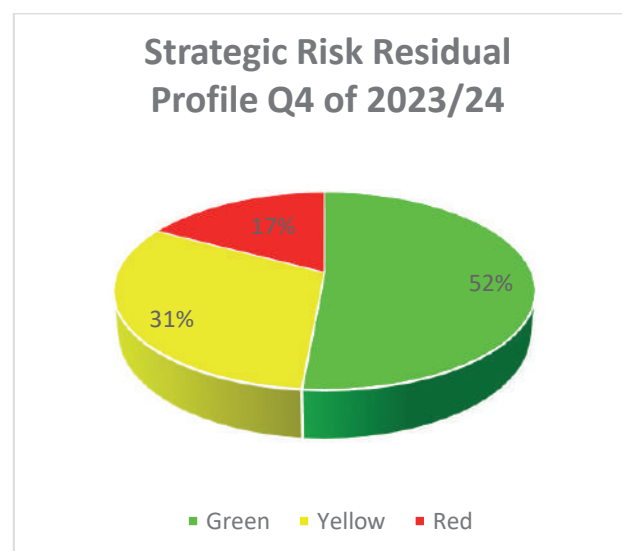


Figure 14: KOBWA's Residual Risk Profile at year-end

Management's efforts dropped the percentage of red-rated risks from 92% to 34% in the period April 2023 to March 2024. Management then improved the yellow-rated risks from 8% to 31% in the same period while the green-rated risks also increased to 34%.

A graphical representation of EXCO's efforts from the inherent risk profile to the residual risk profile is seen below. The top 15 risks were used to illustrate the progress made in managing these

strategic risks as can be seen in Figures 15 and 16 respectively.



Figure 15: Inherent Risk Rating for 2023/24

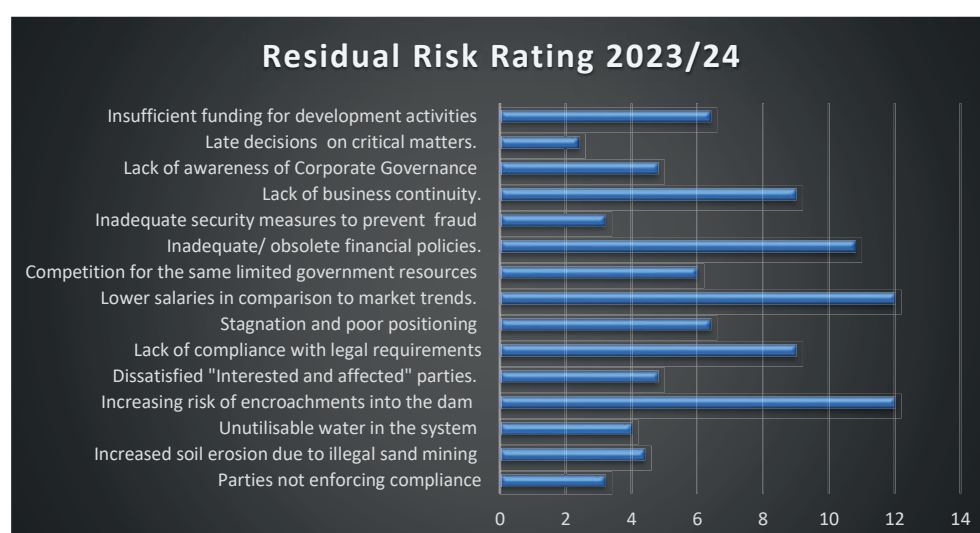


Figure 16: Residual Risk Rating for 2024

8.14 Internal Audit

The approved strategic three-year rolling and annual internal audit plans are based on risks identified by management, assurance providers and approved by the Board. The coverage plan is updated annually, based on the risk assessment and results of the audit and other assurance providers' work performed. This ensures that the audit coverage is focused on and identifies areas of high risk. The following deliverables were carried out during the financial year:

- Ongoing Internal Quality Assessment reviews of the KOBWA Internal Audit per engagement, as well as preparations for the mandatory External Quality Assurance Review (QAR) which must be done every five (5) years;
- A revised Internal Audit Charter which was presented to the Finance, Risk & Audit Committee

and approved by the Board;

- A Three Year Rolling and Annual Internal Audit Plan(s) which were presented to the Finance, Risk & Audit Committee (FRAC) and approved by the Board;
- Internal Audit Policies and Procedures were reviewed to align with the new Global Internal Audit Standards (GIAS) and presented to FRAC;
- TeamMate internal audit software was procured, and a Wolters Kluwer subscription agreement was signed in February 2024;
- The 2022/23 Governance & Risk Management audit report was presented to the FRAC and eventually the Board;
- The 2022/23 Procurement/Supply Chain & Contract Management audit report was presented to the FRAC and eventually the Board;
- The 2022/23 Water Risks & Uncertainties audit was completed and the final report is to be presented to the FRAC and eventually the Board;
- Quarterly management action plan(s) follow-up audits for the previous financial years' Asset Management, Infrastructure Maintenance, Human Resource Management, Payroll, Governance & Risk Management, were presented to the FRAC, and eventually the Board.
- The Internal Audit Function (IAF) contributed to the development of the KOBWA Combined Assurance Framework and Model.

The quarterly management action plans follow-up audits are carried out on audit findings that were previously reported by both Internal Auditors.

The overall year-end results of the follow-up audits conducted indicate that

- i. Most of the combination of resolved and partially resolved audit findings for previous audits, in comparison to the unresolved audit findings and to the first quarter (June 2023) status, indicates an improvement and an acceptable management control environment within the organisation.
- i. More effort is still required though in some areas related to asset management, physical security, infrastructure maintenance, SMART organisational objective setting (planning), accuracy and completeness of reported performance information, and adequacy of the current organisational structure.
- ii. The resolving of most of the remaining issues is mainly dependent, amongst other things, on:
 - the management finalisation of the revision/review of KOBWA HRM Policies & Procedures, and eventually the Board approval thereof.
 - the management finalisation of the review of the KOBWA Retention Strategy, and eventually the approval thereof.
 - the availability of a budget for salary reviews is necessitated by the lower KOBWA salaries in comparison to the market trends and the remote office location not appealing to potential employees. The strategic risk of 'failure to attract and retain competent staff' still needs attention.
 - the revisitation of the current organizational structure, by way of a structural review, necessitated by changes in relevant best practices, frameworks, and legislations.

- The finalisation of the KOBWA Treaty review.

Every quarter, the Internal Audit unit reports to the Finance, Risk, and Audit Committee on all audit reviews conducted in relation to the approved annual audit plan as well as progress on the quality assessment review in preparation for the external quality assessment review.

Liaison with the external auditors is carried out by way of sharing internal audit reports with the external auditors for their proper audit planning and risk assessment. A pre-planning meeting for the 2022/23 financial year external audit has also been co-ordinated by the internal audit function on behalf of the KOBWA executive management committee.

9 FOCUS AREA: SOCIO ECONOMIC INITIATIVES

Objective: To facilitate socio economic development within the basin through socio economic initiatives

9.1 Corporate Social Responsibility

In both its business and social dealings, the Authority continued to thrive to be a good corporate citizen of both countries. As a result, KOBWA made significant efforts in actively participating in initiatives of meaningful investment around programs of social upliftment within its catchment area.

- KOBWA built and handed over ventilated improved pit latrine toilets worth about R/E130,000 to El-Shaddai Primary School in Ekufikeni, Eswatini. This indicated KOBWA's commitment towards her contribution to Sustainable Development Goal (SGD 6) which seeks to ensure adequate clean water, sanitation, and hygiene for all by 2030.
- Two floodlights and a fence were donated and erected at Maguga Clinic to help improve safety measures and protect equipment that is within the health facility. The overall project cost was R/E80,000.
- A grass-cutting machine and protective clothing worth about R/E20,000 were donated to Pigg's Peak Police Station to help keep the environment clean and safe from unwanted vegetation.
- Two hundred and fifty t-shirts were donated to girls from four (4) local chiefdoms that are within the Maguga catchment area. The girls were attending the annual reed dance in Eswatini.

9.2 Revolving Fund Update

KOBWA through the Eswatini Development Finance Corporation (FINCORP) finances individuals and groups with seed capital to start income generating activities such as fruit and vegetable markets, "*shisanyama*", small scale farming and more. The portfolio is made up of eighty-four (84) active clients and by the end of the financial year it stood at **E/R294,446.65**.





pwc

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements
for the year ended 31 March 2024



KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

General Information

Country of incorporation and domicile	Republic of South Africa and the Kingdom of Eswatini
Legal form of entity	Bilateral organisation formed in 1992 through a Treaty between the Government of the Republic of South Africa and the Kingdom of Eswatini.
Directors	Mr A. Thobejane Mr L. Mzizi Ms. N. Mabuza Ms. E. Magagula Mr. B. Singwane Mr L.C. Mohalaba (Resigned 17 September 2024) Mr. T.M. Shongwe (Chief Executive Officer, Ex-Officio)
Bankers	Standard Bank: Republic of South Africa and Kingdom of Eswatini
Auditors	PriceWaterhouseCoopers Inc Chartered Accountants (S.A.) Registered Auditors
Secretary	Mr T. Sithole
Preparer	The annual financial statements were prepared by: Kago Solutions and Advisory Pty Ltd Supervisor: Finance Director (Juan de Wet)

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Index

The reports and statements set out below comprise the annual financial statements presented to the Board of directors:

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Director's Report	104 - 105
Statement of Financial Position	106
Statement of Financial Performance	106
Statement of Changes in Net Assets	108
Cash Flow Statement	109
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Abbreviations used:

AFS	Annual Financial Statements
FRAC	Finance Risk and Audit Committee
GRAP	Standards of Generally Recognised Accounting Practice
JSE	Johannesburg Stock Exchange
IAS	International Accounting Standards
JWC	Joint Water Commission
KOBWA	Komati Basin Water Authority
KoE	Kingdom of Eswatini
RSA	Republic of South Africa
The Parties	The Governments of South Africa and the Kingdom of Eswatini
THRC	Technical and Human Resources Committee
Treaty	Refers to the Treaty on the development and utilisation of the Komati River Basin between the Government of the Republic of South Africa and the Government of the Kingdom of Eswatini of 1992.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Board's Responsibilities and Approval

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the AFS and related financial information included in this report. It is the responsibility of the directors to ensure that the AFS fairly present the state of affairs of KOBWA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The AFS have been prepared in accordance with GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The AFS are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors 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 directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit 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 directors are 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 AFS. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

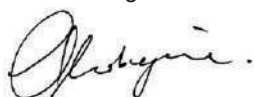
The directors have reviewed the KOBWA's cash flow forecast for the 12 months from date of signing and, in the light of this review and the current financial position, they are satisfied that KOBWA has or has access to adequate resources to continue in operational existence for the foreseeable future. The 2024/25 budget was approved and the first two tranches have been received. This gives the Board comfort and assurance that KOBWA has sufficient financial resources to cover expected expenditure for the next 12 months.

The AFS are prepared on the basis that KOBWA is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The Board is responsible for the completeness and accuracy of all financial information published in annual reports, electronic media, KOBWA's website and submissions to the JSE.

The external auditor is responsible for independently reviewing and reporting on KOBWA's AFS. The AFS have been examined by KOBWA's external auditor and his report is presented on pages 99 to 103.

The AFS set out from pages 106 to 150, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Mr A Thobejane
Board Chairperson
Date: 20/10/2024

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Finance, Risk and Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2024.

FRAC members and attendance

The FRAC consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference.

Name of member	Designation
Ms N. Mabuza	Chairperson
Ms. E. Magagula	Member
Mr L.C. Mohalaba	Member (Appointed 01 February 2023, resigned 17 September 2024)
Mr M. Singwane	Member
Mr T.M. Shongwe	Ex-officio Member

FRAC responsibility

The FRAC is satisfied that the members thereof have the required knowledge and experience as set out in the Treaty. The committee held 4 meetings in the financial year.

The FRAC has ensured that KOBWA has, in accordance with paragraph 7.3(e)(ii) of the JSE Debt Listings Requirements, established appropriate financial reporting procedures and that those are operating.

The FRAC also reports that it has adopted appropriate formal terms of reference as its FRAC Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by KOBWA over financial and risk management is effective, efficient and transparent. The requirements of the Treaty and the Delegation of Authority continue to be complied with and the Board also continues to subscribe to the King IV Report on Corporate Governance requirements. The internal audit function provides the FRAC and management with assurance that the internal controls are appropriate and effective.

As per the JSE regulations, KOBWA adopted the King IV principles and continues to review them in light of operational environment changes. An Application Register which was adopted by the Board outlining how KOBWA adopted the specific principles is available on request.

The Board considered the information provided by the audit firm, PricewaterhouseCoopers Inc, and the audit partner (Mr. Johannes Nicolaas Boshoff) in accordance with paragraph 7.3(e)(iii) of the JSE Debt Listings requirements and is satisfied with their suitability for reappointment as KOBWA auditors.

The FRAC has satisfied that the Finance Director, Mr. Juan de Wet, has appropriate experience and expertise to fulfil his duties.

Evaluation of annual financial statements

The FRAC has:

- reviewed and discussed the audited AFS to be included in the annual report, with the auditors;
- reviewed the accounting policies and practices; and
- reviewed KOBWA's compliance with legal and regulatory provisions.

The FRAC concur with and accept the PriceWaterhouseCoopers Inc's report on the AFS, and recommend to the Board for approval.

Internal audit

The committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to KOBWA and its audits.

KOMATI BASIN WATER AUTHORITY

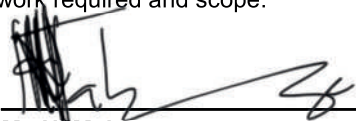
Annual Financial Statements for the year ended 31 March 2024

Finance, Risk and Audit Committee Report

External auditors

The FRAC nominated PricewaterhouseCoopers Inc as the independent auditor and Johannes Nicolaas Boshoff as the designated partner, who is a registered independent auditor, for the 2023/24 audit. The committee satisfied itself through inquiry that the external auditor is independent as per the standards stipulated by the auditing profession.

The FRAC in consultation with executive management agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the audit work required and scope.



Ms N. Mabuza
Chairperson of the FRAC
21/10/2024

Independent auditor's report

To the Directors of Komati Basin Water Authority

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Komati Basin Water Authority ("the Authority") as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice ("Standards of GRAP"), issued by the Accounting Standards Board in accordance with Section 89 and 91(1) of the Public Finance Management Act (Act 1 of 1999) of South Africa .

What we have audited

Komati Basin Water Authority's financial statements set out on pages 106 to 150 comprise:

- the statement of financial position as at 31 March 2024;
- the statement of financial performance for the year then ended;
- the statement changes in net assets for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Authority in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview

Overall materiality

- Overall materiality 1 565 818, which represents 1% of total expenditure.

Key audit matters

- Accounting for unspent conditional grants.

PricewaterhouseCoopers Inc., Block 5, Riverside Office Park, Aqua Street, Mbombela, 1200
P O Box 1875, Mbombela, 1200
T: +27 (13) 754 3300, F: +27 (13) 754 3400, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	1 565 818
How we determined it	1% of total expenditure.
Rationale for the materiality benchmark applied	<i>We have selected total expenses as our materiality benchmark because, in our view, it most appropriately reflects the operations of the Authority. It is a benchmark against which the performance of the Authority would be measured by users of the financial statements, given the fact that it is a non-profit-oriented entity. We chose 1% which is consistent with the quantitative materiality thresholds that we would typically apply when using this benchmark to compute materiality.</i>

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for unspent conditional grants Refer to the following disclosures in the financial statements as it relates to this key audit matter: - Note 1.19 - Revenue from non-exchange transactions. - Note 6 - Cash and cash equivalents. - Note 14 - Unspent conditional grants; and - Note 20 - Government grants and subsidies. The Authority receives grant funding from the Governments of South Africa and Kingdom of	Our audit addressed this key audit matter as follows: - Through discussions with management and inspection of underlying documentation, we: - obtained an understanding of the condition of the grant funding and whether the Authority has any obligations to repay the unspent conditional grants to the Parties. It was established that such conditions exist; and - evaluated whether any approval was granted by the JWC or the Parties

Eswatini (together the “Parties”) on an annual basis. In terms of the conditions of the operational grant, the Authority is required to utilise the funding in the year in which it is receivable. South Africa has also funded future interest expenditure. The portion that is not utilised or conditional in the current year is recognised as a liability.

As at 31 March 2024, the Authority recognised a liability of R/E 356 389 339 in respect of unspent conditional grants. These grants are payable to the Parties in proportion to their contribution or conditions are not met.

The amount recognised as a liability in the current year can be utilised in the following financial year subject to approval granted by the Joint Water Commission (“JWC”) (in its capacity as representatives of the Parties) or the Parties. Such approval may either be for other projects designated by the JWC or the Parties may request for the funds to be paid back.

We considered the accounting for these grants to be a matter of most significance to the current year audit due to:

- the magnitude of the liability at year end in relation to the financial statements; and
- subjectivity in the application of Standard of GRAP 19 - *Provisions, Contingent Liabilities and Contingent Assets* (“GRAP 19”) in accounting for the liability recognised at year end due to the uncertain timing of the repayment to the Parties.

during the financial year. No such instances were identified.

We assessed whether the requirements of GRAP 19 were applied appropriately in accounting for the unspent conditional grants. This included an evaluation of the Authority’s application of the requirements of GRAP 19. No material exceptions were identified.

- *Through discussions and inspection of underlying documentation, we considered any correspondence from the JWC or the Parties received subsequent to year end and whether this could impact the accounting for the unspent conditional grant liability at year end. We concluded that the correspondence received does not have any impact on the accounting of the liability at year end. Note 36.*
- *We inspected the bank balances supporting the liability and that it has been appropriately identified as restricted cash. No material exceptions were noted.*
- *For a sample of expenditure incurred and funded from the JWC approved allocation, we evaluated whether these are in agreement with the conditions of utilisation. No material exceptions were noted.*
- *We tested the classification of rental and other income that is refundable to the parties until such time as the JWC approves application of these income sources as grant funding in the income statement. No material exceptions were noted.*

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Komati Basin Water Authority Annual Financial Statement for the year ended 31 March 2024”, which we obtained prior to the date of this auditor’s report, and the document titled: “KOBWA Annual Report 2023/2024”, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the KOBWA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate KOBWA or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the

matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Komati Basin Water Authority for 8 years.

A handwritten signature in black ink, which appears to read 'J N Boshoff', is positioned above the printed name and title.

PricewaterhouseCoopers Inc.
Director: J N Boshoff
Registered Auditor
Mbombela, South Africa
Date: 24 October 2024

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Director's Report

The directors have pleasure in submitting their report for Komati Basin Water Authority for the year ended 31 March 2024.

1. Constitution and corporate profile

KOBWA was established as a bi-national Authority in terms of the Treaty of 1992 signed by the two Member States the KoE and the RSA for the utilisation of the water resources within the Komati Basin, comprising of the Komati River and the Lomati River. KOBWA's mandate is to implement Phase 1 of the Treaty which comprises the design, construction, operation and maintenance of the Driekoppies Dam on the Lomati River in RSA (phase 1a), and the Maguga Dam on the Komati River in KoE (phase 1b). The design and construction phase of the Dams were completed and currently, KOBWA's mandate is the operation and maintenance of the Dams.

2. Review of activities

Main business and operations

KOBWA receives no direct income for the management of water resources for the two countries. It is however the responsibility of the RSA and the KoE in terms of the Treaty to provide funding for KOBWA's operations mainly through the grant system in line with the provisions of the Treaty.

The AFS have been prepared in accordance with the Standards of GRAP issued by the Accounting Standards Board in terms of section 89 of the Public Finance Management Act in South Africa and the JSE Debt Listing Requirements.

These AFS are presented in South African Rand and Eswatini Lilangeni, which is the functional currency of the entity. The exchange rate between these two currencies is 1:1.

Full details of financial position, financial performance and cash flows are set out in these financial statements.

3. Going concern

The annual financial statements have been prepared on the going concern assumption which is underpinned by a commitment from the Parties to continue funding KOBWA with a budget having already been approved for the 2024/25 financial year.

In light of the above and to the best knowledge of the Directors, there is no known reason which may negatively impact the continued existence of KOBWA. The AFS have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Events after the reporting period

Other than the resignation of one of the independent non-executive directors, the directors are not aware of any matter or circumstance arising since the end of the financial year and up to date of the publishing of these financial statements.

5. Accounting policies

The AFS prepared in accordance with GRAP, including any interpretations of such Statements issued by the Accounting Practices Board. No changes in policies were made.

6. Directors

The directors of KOBWA during the 2023/24 year and to the date of this report are as follows:

Name	Nationality	Designation
Mr A. Thobejane	South Africa	Chairperson-Independent, Non-Executive
Mr L. Mzizi	Eswatini	Vice Chairperson-Independent, Non-Executive
Ms. N. Mabuza	Eswatini	Chairperson FRAC-Independent, Non-Executive
Ms. E. Magagula	Eswatini	Independent, Non-Executive
Mr. B. Singwane	South Africa	Chairperson THRC-Independent, Non-Executive
Mr L.C. Mohalaba	South Africa	Independent, Non-Executive, resigned 17 September 2024

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Director's Report

6. Directors (continued)

Executive Management

Mr. T.M. Shongwe
Mr. J. de Wet
Mr. S.M. Nkomo
Ms. M. Maseko
Mr. M.A. January

Nationality

Eswatini
South Africa
Eswatini
Eswatini
South Africa

Designation

CEO, appointed 1 October 2022
Finance Director, appointed 1 May 2022
Operations Director
Corporate Services Director, resigned 17 April 2023
Corporate Services Director, appointed 16 October 2023

7. Secretary

The Company secretary of KOBWA is Mr T. Sithole of First Corporate Secretaries, appointed on 1 January 2022.

8. Corporate governance

Pursuant to paragraphs 7.6, 7.10, 7.13 and 7.16 of the JSE Debt Listings Requirements, the directors confirm the following:

8.1 Board evaluation:

KOBWA has a Corporate Governance Policy approved in January 2019 which under section 14 stipulates the frequency and procedure to be followed during the evaluation of Board and individual Board Members. By the end of the reporting period the Board was in the process of undertaking an evaluation of the Board and that of individual Directors.

8.2 Conflict of interest:

KOBWA has a conflict of interest policy approved in June 2022 which guides on how the institution manages issues of conflict of interest at all levels of the organisation.

KOBWA does not have any conflict of interest recorded for the period under review.

8.3 Domestic Prominent Influential Persons

KOBWA is not a State-Owned Entity neither a Municipality hence the none existence of Domestic Prominent Influential Persons within the structures of the organisation. However, the organisation does have a policy to deal with the disclosure and treatment of Prominent Influential Persons (i) at board level and (ii) for prescribed officers of the organisation should the need arise.

KOBWA does not have any Domestic Prominent Influential Persons recorded for the period under review.

8.4 Procurement & Loans:

No procurement partners represent 10% or more of KOBWA's annual procurement spend.

No loans or procurement with any related parties, domestic prominent influential persons, or prescribed officers were issued or transacted.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand/Lilangeni

	Note(s)	2024 R/E	2023 R/E Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	1 655 181	1 831 562
VAT receivable	4	3 645 128	2 745 691
Prepayments	5	890 929	507 305
Hambros Bank Loan Sinking Fund	10	30 375 000	30 375 000
Guaranteed Grant Income Receivable	11	20 250 000	20 250 000
Cash and cash equivalents	6	312 237 937	278 104 089
		369 054 175	333 813 647
Non-Current Assets			
Property, plant and equipment	7	4 231 181 681	4 279 796 965
Investment property	8	10 850 479	11 352 905
Intangible assets	9	1 184 790	1 486 036
Hambros Bank Loan Sinking Fund	10	342 836 302	346 500 000
Guaranteed Grant Income Receivable	11	176 806 638	178 041 632
		4 762 859 890	4 817 177 538
Total Assets		5 131 914 065	5 150 991 185
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	4 828 760	3 369 142
Payables from non-exchange transactions	13	43 868 167	24 398 160
Unspent conditional grants	14	265 264 339	220 733 883
Provisions	15	785 982	881 320
Designated Project Funds	16	18 765 472	21 934 000
Accruals	18	157 395	1 178 277
		333 670 115	272 494 782
Non-Current Liabilities			
Financial Liabilities at Amortised cost	17	370 814 993	369 638 183
Unspent conditional grants	14	91 125 000	121 500 000
		461 939 993	491 138 183
Total Liabilities		795 610 108	763 632 965
Net Assets		4 336 303 957	4 387 358 220
Reserves			
Maintenance Reserve	19	5 532 330	5 532 330
Accumulated surplus		4 330 771 627	4 381 825 890
Total Net Assets		4 336 303 957	4 387 358 220

* See Note 33

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Performance

Figures in Rand/Lilangeni

Note(s)

2024
R/E

2023
R/E
Restated*

Revenue

Revenue from non-exchange transactions

Government grants & subsidies

20

86 512 588

81 748 453

Finance Income

21

19 015 006

22 950 540

Total revenue from non-exchange transactions

105 527 594

104 698 993

Expenditure

Employee related costs

22

(23 860 127)

(22 841 580)

Depreciation and amortisation

23

(54 379 102)

(53 242 001)

Finance costs

24

(51 801 909)

(51 798 210)

Provision for VAT impairment

-

(1 588 515)

Gain/(Loss) on disposal of assets

7

3 959

(68 589)

General Expenses

25

(26 544 678)

(27 284 221)

Total expenditure

(156 581 857)

(156 823 116)

Deficit for the year

(51 054 263)

(52 124 123)

* See Note 33

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Statement of Changes in Net Assets

Figures in Rand/Lilangeni	Maintenance Reserve	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2022	5 532 330	4 433 769 336	4 439 301 666
Changes in net assets			
Proceeds from asset disposal relating to prior years	-	180 677	180 677
Net income recognised directly in net assets	-	180 677	180 677
Deficit for the year	-	(52 124 123)	(52 124 123)
Total recognised income and expenses for the year	-	(51 943 446)	(51 943 446)
Total changes	-	(51 943 446)	(51 943 446)
Restated* Balance at 01 April 2023	5 532 330	4 381 825 890	4 387 358 220
Changes in net assets			
Deficit for the year	-	(51 054 263)	(51 054 263)
Total changes	-	(51 054 263)	(51 054 263)
Balance at 31 March 2024	5 532 330	4 330 771 627	4 336 303 957
Note(s)	19		

* See Note 33

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Cash Flow Statement

Figures in Rand/Lilangeni

Note(s)

2024

2023
Restated*

Cash flows from operating activities

Receipts

Grants		110 508 221	279 184 915
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Payments

Employee costs		(23 860 127)	(22 841 580)
Suppliers		(27 307 962)	(15 173 934)
Finance costs		(50 625 099)	(50 625 127)
		(101 793 188)	(88 640 641)

Net cash flows from operating activities	26	8 715 033	190 544 274
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Cash flows from investing activities

Purchase of property, plant and equipment	7	(4 786 403)	(2 912 734)
Proceeds from sale of property, plant and equipment	7	38 223	-
Purchase of other intangible assets	9	(208 005)	-
Decrease/ (Increase) in Hambros bank loan sinking fund		30 375 000	(20 513 449)

Net cash flows from investing activities		25 418 815	(23 426 183)
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Cash flows from financing activities

Funds received in advance		-	20 513 449
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Net increase/(decrease) in cash and cash equivalents		34 133 848	187 631 540
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Cash and cash equivalents at the beginning of the year		(278 104 089)	(90 472 549)
Total Restricted Cash and Cash Equivalents at End of Period		289 565 194	236 691 043
Total Unrestricted Cash and Cash Equivalents at End of Period		22 672 743	41 413 046

Analysis of Cash and Cash Equivalents at End of Period

Government Payables	13.	43 868 167	24 398 161
Unspent Conditional Grants	14.	356 389 339	342 233 882
Less: Unspent Conditional Grant funded by Sinking Fund	10.	(129 457 784)	(151 875 000)
Designated Project Funds	16.	18 765 472	21 934 000

Total Restricted Cash and Cash Equivalents:		289 565 194	236 691 043
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Total Unrestricted Cash and Cash Equivalents at End of Period:		22 672 743	41 413 046
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Total Cash and Cash Equivalents at End of Period:	6	312 237 937	278 104 089
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The accounting policies on pages 108 to 127 and the notes on pages 128 to 148 form an integral part of the annual financial statements.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

Figures in Rand/Lilangeni	Note(s)	2024 R/E	2023 R/E
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1. Significant accounting policies

The significant accounting policies applied in the preparation of these AFS are set out below.

1.1 Basis of preparation

The AFS have been prepared in accordance with the GRAP, issued by the Accounting Standards Board in accordance with **Section 89 and 91(1)** of the Public Finance Management Act (Act 1 of 1999) of South Africa and the JSE Debt Listing Requirements.

These AFS have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and Eswatini Lilangeni. The numbers in the annual financial statements have been rounded off to the nearest 1 Rand/Lilangeni.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These AFS are presented in South African Rand and Eswatini Lilangeni, which is the functional currency of KOBWA. The exchange rate between these two currencies is 1:1.

1.3 Going concern assumption

These AFS have been prepared based on the expectation that KOBWA will continue to operate as a going concern for at least the next 12 months. The going concern assumption is underpinned by a commitment from the Parties to continue funding KOBWA with a budget having already been approved for the financial year 2024/25.

In light of the above and to the best knowledge of the Board, there is no known reason which may negatively impact on the continued existence of KOBWA. This basis presumes that funds 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 Parties continue to honour their bi-lateral obligation and have continued to make commitments for the continued funding of KOBWA. The 2024/25 budget was approved and the first two tranches have been received therefore this gives the Board comfort and assurance that KOBWA has sufficient financial resources to cover expected expenditure for the next 12 months.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred that is material.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the AFS, management is required to make estimates and assumptions that affect the amounts represented in the AFS and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the AFS. Significant judgements include:

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The fair value for both cash generating and non-cash generating assets is not determined at each reporting date but KOBWA assesses at each reporting date or through its operations manual or assets verification process whether there is an indication that the value of the assets may be impaired since the last reporting date. Impairment, therefore, reflects a decline in the utility of an asset to KOBWA. In so doing KOBWA looks at the indications of impairment as stipulated by the standard and in terms of general understanding of asset usage and maintenance plan.

An asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. KOBWA assesses at each reporting date whether there is any indication that an asset may be impaired. Such indications may include a standard deterioration of dam wall and weirs or below expected water outflow due to pump infrastructure failure or deterioration. If any such indication exists, KOBWA makes a formal estimate of the recoverable service amount of the asset. If no indication of a potential impairment loss is present, GRAP does not require KOBWA to make a formal estimate of recoverable service amount.

GRAP defines the value in use of a non-cash generating asset as the present value of the asset's remaining service potential. The recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use. KOBWA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Useful lives of assets

Management assesses the appropriateness of the useful lives of non-current assets at the end of each reporting period. The useful lives are determined based on KOBWA's assets management and disposal policies for the different asset classes. Individual assets within these classes which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of the normal replacement parameters.

When the estimated useful life of an asset differs from the previous estimates, the change is applied prospectively in the determination of depreciation charge and reported as a change in accounting estimate.

Allowance for doubtful debts

KOBWA's receivables from the non exchange transactions is guaranteed by the agreement between the two Governments, therefore funds will always be paid. In terms of other income, an impairment loss is recognised in the Statement of Financial Performance when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Control

GRAP Conceptual Framework paragraph 5.10 explains control as follows; 'Control of the resource entails the ability of the entity to use the resource (or direct other parties on its use) so as to derive the benefit of the service potential or economic benefits embodied in the resource in the achievement of its service delivery or other objectives.

To fully assess the issue of control KOBWA also considered its service potential in relation to its assets. In terms of GRAP Paragraph 5.7 of the Conceptual Framework service potential is defined as "... the capacity to provide services that contribute to achieving the entity's objectives. Service potential enables an entity to achieve its objectives without necessarily generating net cash inflows."

Based on the Treaty, KOBWA's objective is the management of water resources in the Komati Catchment. Therefore, the assets are deployed by KOBWA to achieve the said objective. The Treaty gives KOBWA powers to do everything necessary to achieve such objective including acquiring of assets. The powers also include KOBWA having the sole responsibility of managing such assets including granting or restricting access or use thereof.

KOBWA in its assessment came to the conclusion that the Treaty gives it control over the ownership and use of its assets to meet its objective therefore control as defined by GRAP is met.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Amortised cost and discounting

Management assesses the appropriateness of discount rates used to calculate the present value of future cash flows in amortised costs and present value calculations annually.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held by KOBWA to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or
- administrative purposes; or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each financial year. If expectations differ from previous estimates, the change is accounted prospectively as a change in accounting estimate. The depreciation charge is recognised in the Statement of Financial Performance unless it is included in the carrying amount of another asset. Residual value is assumed to be zero.

Impairment tests are performed on investment property when there is an indicator that they may be impaired. When the carrying amount of an item of investment property is assessed to be higher than the recoverable amount, an impairment loss is recognised.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Percentage
Investment Property - buildings	2%

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Investment Property is transferred to Property, plant and equipment when its use has changed to that of owner occupied.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The entity separately discloses expenditure to repair and maintain investment property in the notes to the AFS (see note 8).

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential 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.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Percentage
Buildings	Straight-line	2%
Furniture and fixtures	Straight-line	10%
Motor vehicles	Straight-line	20%
Office equipment	Straight-line	20%
IT equipment	Straight-line	33.33%
Mobile Units	Straight-line	20%
Infrastructure	Straight-line	5%
Dams and Weirs	Straight-line	1-5%
Dam Equipment and Pipelines	Straight-line	1%
Sundry equipment	Straight-line	20%
Implements	Straight-line	20%

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Small tools and assets are expensed to R1.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. Management considers the following during the assessment:

- There have been a change in the manner in which the asset is being used;
- There have been a change in the utilisation rate of the asset;
- There have been change of intention for the use of the assets i.e. to sell or use; and
- Technological, environmental and commercial changes that occurs during the period.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

The entity does not recognise in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item. Rather, these costs are recognised in statement of financial performance as incurred. The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 7).

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Residual values are assumed to be Nil.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Significant Accounting Policies

1.8 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date and changes are accounted for prospectively as changes in estimate.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	20%

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.9 Guaranteed Grant Income Receivable

Guaranteed Grant Income Receivable represents the guaranteed future grants (cash) receivable from the Parties. The Parties have guaranteed KOBWA's debt, and in accordance with the Treaty are legally obligated to fund KOBWA for the servicing and repayment of its debt. The funds form part of KOBWA budget through which the payments are made and therefore are operational funds in respect of cashflows.

The grants from the Parties are paid to KOBWA to enable it to pay its lenders in accordance with the terms and conditions of its loan agreements. Therefore the grants are fixed, determinable and guaranteed.

The receivable is discounted to its present value. As the receivable reaches maturity over time, the interest effect of unwinding the discount is recorded to the statement of financial performance. When KOBWA receives the grant, it is recorded against the receivable and therefore reduces the balance.

1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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1.10 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

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Significant Accounting Policies

1.10 Financial instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument at cost including transaction costs using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

* Financial instruments at amortised cost.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the Statement of Financial Performance.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- * the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- * the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- * the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the entity :

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in the Statement of Financial Performance in the period of the transfer.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in the Statement of Financial Performance.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

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Significant Accounting Policies

1.10 Financial instruments (continued)

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Financial Performance. Liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in the Statement of Financial Performance.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Guaranteed grant income receivable
Cash and cash equivalents
Receivables from exchange transactions
Receivables from non-exchange transactions
Hambros Loan Sinking Fund

Category

Financial asset measured at amortised cost
Financial asset measured at fair value
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Hambros Bank Loan (Bond Notes)
Designated project funds
Payables from exchange transactions
Payables from non-exchange transactions
Unspent conditional grants

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

1.11 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

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Significant Accounting Policies

1.11 Statutory receivables (continued)

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Until all conditions are fulfilled, these are kept in the statement of financial position as deferred grants or liabilities.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

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Significant Accounting Policies

1.11 Statutory receivables (continued)

- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Management designates assets as cash-generating as follows:

- Investment Property;
- Loans & Receivables

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Significant Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

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1.14 Impairment of non-cash-generating assets (continued)

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an entity's objective of using the asset.

The entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- A decision to halt the construction of the asset before it is complete or in a usable condition; and
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Management designates assets as non-cash-generating as follows:

- Property, Plant and Equipment; and
- Intangible Assets

An impairment loss is recognised immediately in the Statement of Financial Performance.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.14 Impairment of non-cash-generating assets (continued)

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Significant Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

In assessing whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased, an entity shall consider, as a minimum, the following indications:

External sources of information

- The asset's market value has increased significantly during the period.
- Significant changes with a favourable effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated.
- Market interest rates or other market rates of return on investments have decreased during the period, and those decreases are likely to affect the discount rate used in calculating the asset's value in use and increase the asset's recoverable amount materially.

Internal sources of information

- Evidence is available that indicates that the asset has been restored following physical damage to the asset.
- Significant changes with a favourable effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, the asset is used or is expected to be used. These changes include costs incurred during the period to improve or enhance the asset's performance, restructure the operation to which the asset belongs, or a decision to use rather than dispose of an asset.
- A decision to resume construction of the asset that was previously halted before it was completed or in a usable condition.
- Evidence is available from internal reporting that indicates that the economic performance of the asset is, or will be, better than expected.
- A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in the Statement of Financial Performance.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Significant Accounting Policies

1.15 Employee benefits

Identification

Employee benefits

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.

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 surplus sharing and 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.

1.16 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Provisions are only utilised for the expenditure for which they were originally recognised.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the KOBWA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Provisions are discounted where the effect is material.

Provisions are not recognised for future operating surplus. If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.17 Commitments

Items are classified as commitments when KOBWA has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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Significant Accounting Policies

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Revenue from exchange transactions is recognised as revenue in the accounting records when the JWC has approved that KOBWA can utilise the revenue.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables - refer to note 1.11).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- 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 of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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Significant Accounting Policies

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when KOBWA can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Where KOBWA receives other revenue from other sources like rental income, or interest, such revenue does not transfer to KOBWA. In terms of the Treaty such funds are for the Parties who allocate and authorise their use. Until such funds have been approved for use by KOBWA, they are treated as liabilities payable to the Parties in their ratio of contribution.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Unspent Conditional Grants

KOBWA recognises a liability in respect of that portion of the Grant Revenue which have been unspent in the financial year. Such grant will be payable to the Parties in proportion to their contribution. Should KOBWA wish to have access to such funds, KOBWA has to seek approval for its use and only then can the funds be allocated. Such approved funds are recognised as Designated Funds and only recognised as revenue when they are actually spent on the specified project.

Transfers

KOBWA recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. KOBWA only needs to have the right to receive such asset for the asset to be recognised but does not necessarily need to have received the actual asset. Transferred assets are measured at their fair value as at the date of transfer.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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Significant Accounting Policies

1.20 Borrowing costs (continued)

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to KOBWA, and the costs can be measured reliably. KOBWA applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of KOBWA. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to KOBWA on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

Capitalisation is suspended during extended periods in which active development is suspended.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

KOBWA is managed as one segment and as such there is no separate segment disclosure.

1.22 Budget information

In terms of GRAP24, an entity may be required, or may elect, to make publicly available its approved budget, its final budget or both its approved and final budget. As KOBWA is not mandated, or elected to make its budget publicly available no statement of comparison of budget and actual amounts has been presented.

1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

In identifying related party relationships, attention should be given to the substance of a relationship and not merely its legal form.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

KOMATI BASIN WATER AUTHORITY

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Significant Accounting Policies

1.23 Related parties (continued)

KOBWA discloses the following in the notes to the financial statements:

- Related party relationships where control exists, irrespective of whether there have been transactions between the related parties. This disclosure includes the name of its controlling party and if different, the ultimate controlling party.
- The nature of any related party relationships as well as required information about transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.
- the remuneration of management per person and in aggregate.

1.24 Events after reporting date

Events after 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. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 Water in dams

KOBWA does not attribute any value to the water stored in its dams. The water is accumulated naturally from upstream, and furthermore KOBWA does not charge for the water released to the Parties.

1.26 Hambros loan sinking fund

The Department of Water and Sanitation have earmarked certain prepaid funds that are held by KOBWA for the redemption of the Hambros Bank Loan in 2027 - refer to Note 10 and Note 17.

These funds cannot be used for any other purpose without express approval from RSA Treasury.

The funds were transferred into a capital and interest fund respectively on 28 September 2023, they may only be utilised for the repayment of the Hambros Bank Loan in 2027.

KOBWA has reclassified the total capital fund amount as non-current due to the redemption date in 2027. Annual interest to be serviced is shown as a current asset.

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2024
R/E

2023
R/E

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 107 Mergers	Not yet determined	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	Not yet determined	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	Not yet determined	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet determined	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Receivables from exchange transactions

Debtors	105 758	240 364
Staff debtors	368 661	410 436
Deposits	1 180 762	1 180 762
	1 655 181	1 831 562

Staff debtors

The advances to employees relate to housing and study loans, repayable over an agreed period with the employee and recovered through payroll.

Fincorp deposit

Revolving fund deposited and managed by FinCorp for the benefit of qualifying people within the Komati Basin. FinCorp is an authorised financial services provider in the KoE. The fund has confirmed the balance available.

Deposits breakdown

Fincorp deposit	1 000 000	1 000 000
Electricity deposit	180 762	180 762
	1 180 762	1 180 762

KOMATI BASIN WATER AUTHORITY

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Figures in Rand/Lilangeni 2024 2023

4. VAT receivable

VAT	3 645 128	2 745 691
South African Revenue Services		
Opening gross amount	5 977 850	3 996 170
Impairment balance	(3 996 170)	(2 407 655)
Net balance after impairment	1 981 680	1 588 515
Current year claims	1 615 309	1 981 680
Current year increase in impairment	-	(1 588 515)
	3 596 989	1 981 680

The current year balance is further broken down as follows:

	2024
Cumulative VAT claims not paid by SARS	4 731 186
Less: VDP not finalised	(207 165)
Less: Apportionment 2023	(152 792)
Less: Apportionment 2024	(745 163)
Net VAT receivable SARS	3 626 066
Impairment balance	(29 077)
	3 596 989

Eswatini Revenue Services

ERS Withholding Tax	-	764 011
ERS VAT Control	48 139	-
	48 139	764 011

5. Prepayments

Prepayments	890 929	507 305
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Prepayments are for various goods and service related to the following year's budget, in line with procurement policies. The major increase can be attributed to insurance costs.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17 500	17 500
Bank balances	9 213 443	6 056 988
Short-term deposits	303 006 994	272 029 601
	312 237 937	278 104 089

All funds are under the management of KOBWA and includes funds ringfenced for Designated Project Funds (Note 16), Unspent Conditional Grants (Note 14), Government Payables (Note 13). Reserves may not be used unless if such funds have been allocated to a project to be implemented by KOBWA. KOBWA may place such funds in approved investments for the purposes of bearing interest. On 10 September 2024, the Department of Water and Sanitation (RSA) approved the use of surplus funds amounting to R188,461,325 to be utilized for specific strategic projects at Driekoppies Dam. These funds are held by KOBWA and recognized as unspent conditional grant. Refer to Note 14.

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2024

2023

6. Cash and cash equivalents (continued)

Details of cash and cash equivalents that is restricted and included in the totals above:

Government payables	Refer to Note 13.	43 868 167	24 398 160
Designated Project Funds	Refer to Note 16.	18 765 472	21 934 000
Unspent conditional grants	Refer to Note 14.	356 389 339	342 233 882
Less: Unspent conditional grants funded by Hambros Loan Sinking Fund	Refer to Note 10.	(129 457 784)	(151 875 000)
		289 565 194	236 691 042

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

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Figures in Rand/Lilangeni

7. Property, plant and equipment

	2024		2023	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
			Accumulated depreciation and accumulated impairment	Carrying value
Buildings	65 428 793	(18 171 533)	47 257 260	65 428 793
Plant and machinery	696 596	(694 319)	2 277	712 319
Furniture and fixtures	2 002 454	(1 673 311)	329 143	2 082 186
Motor vehicles	4 547 990	(3 212 453)	1 335 537	3 329 621
Office equipment	342 410	(224 464)	117 946	247 041
IT equipment	3 030 491	(2 444 375)	586 116	2 777 605
Infrastructure	73 776 411	(30 509 913)	43 266 498	71 344 618
Sundry equipment	8 354 648	(6 913 271)	1 441 377	8 092 599
Dam equipment and pipelines	30 525 810	(10 490 712)	20 035 098	30 339 419
Mobile Units	549 884	(549 866)	18	637 458
Dams and Weirs	4 474 825 171	(358 014 760)	4 116 810 411	4 474 825 171
Total	4 664 080 658	(432 898 977)	4 231 181 681	4 659 816 830
			(380 019 865)	4 279 796 965

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	49 421 049	-	-	(2 163 789)	47 257 260
Implements	35 209	-	(3)	(32 929)	2 277
Furniture and fixtures	638 242	4 517	(22 757)	(290 859)	329 143
Motor vehicles	248 541	1 218 369	-	(131 373)	1 335 537
Office equipment	25 652	117 246	(1 619)	(23 333)	117 946
IT equipment	394 079	552 128	(9 271)	(350 820)	586 116
Infrastructure	44 476 735	2 431 794	-	(3 642 031)	43 266 498
Sundry equipment	1 793 278	275 957	(608)	(627 250)	1 441 377
Dam equipment and pipelines	21 201 900	186 392	-	(1 353 194)	20 035 098
Mobile Units	24	-	(6)	-	18
Dams and weirs	4 161 562 256	-	-	(44 751 845)	4 116 810 411
	4 279 796 965	4 786 403	(34 264)	(53 367 423)	4 231 181 681

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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	51 236 978	-	-	(1 815 929)	49 421 049
Implements	71 819	-	(8)	(36 602)	35 209
Furniture and fixtures	806 652	-	(780)	(167 630)	638 242
Motor vehicles	510 896	-	(9)	(262 346)	248 541
Office equipment	36 166	-	(2 000)	(8 514)	25 652
IT equipment	576 456	176 437	(2 585)	(356 229)	394 079
Infrastructure	45 442 558	1 416 597	-	(2 382 420)	44 476 735
Sundry equipment	1 202 009	1 319 700	(63 202)	(665 229)	1 793 278
Dam equipment and pipelines	22 993 949	-	-	(1 792 049)	21 201 900
Mobile Units	28	-	(4)	-	24
Dams and Weirs	4 206 331 901	-	-	(44 769 645)	4 161 562 256
	4 329 209 412	2 912 734	(68 588)	(52 256 593)	4 279 796 965

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Operating and administration costs	4 898 977	4 487 041
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There are no restrictions or encumbrances on these assets. The asset register is available for inspection by authorised personnel or entities and other stakeholders or their duly authorised representatives at the KOBWA Maguga office during normal operating hours. There are no financial commitments in respect of major assets or projects resulting in infrastructure assets. The Parties own the land on which Dams and Buildings were constructed.

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni

8. Investment property

	2024		2023	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
				Accumulated depreciation and accumulated impairment
				Carrying value
Investment property	14 869 885	(4 019 406)	10 850 479	14 869 885
				(3 516 980)
				11 352 905
Reconciliation of investment property - 2024				
Investment property				
			Opening balance	Depreciation
			11 352 905	(502 426)
				10 850 479
Reconciliation of investment property - 2023				
Investment property				
			Opening balance	Depreciation
			11 855 331	(502 426)
				11 352 905

A register with details of the land and buildings which constitute the investment properties is available for inspection by authorised personnel or entities and other stakeholders or their duly authorised representatives at the Maguga office of KOBWA. The investment property relates to houses located at the Glen Village in Piggs Peak town of Eswatini and are houses rented to third parties at market rates therefore do not qualify to be classified as owner occupied.

There are no restrictions or encumbrances on the investment property.

There are no commitments in the foreseeable future to buy or build any investment properties.

The rental income fluctuates annually depending on the occupancy. Annual rental income for all available to rent properties is 2024: R/E 934 882 (2023: R/E 813, 197) and is declared back to the Parties. Refer to Note 13.

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Figures in Rand/Lilangeni

9. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 929 515	(1 744 725)	1 184 790	2 721 510	(1 235 474)	1 486 036

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	1 486 036	208 005	(509 251)	1 184 790

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	1 969 018	(482 982)	1 486 036

There are no restrictions or encumbrances on Intangible Assets.
The asset register is available for inspection at the KOBWA Maguga office during normal hours of operation.

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Figures in Rand/Lilangeni 2024 2023

10. Hambros Bank Loan Sinking Fund

Hambros Loan Sinking Fund

Standard Bank - RSA Funds to redeem capital	243 753 518	225 000 000
Standard Bank - RSA Funds to service bi-annual interest payments	129 457 784	151 875 000
	373 211 302	376 875 000

These funds were received from the Department of Water and Sanitation in excess of KOBWA's operational budget and have been earmarked for the redemption of the Hambros Bank Loan in 2027. These funds cannot be used for any other purpose without approval from RSA Treasury and are considered conditional. These funds were transferred into a capital and interest sinking fund respectively on 28 September 2023 and may only be utilised for the repayment of the Hambros Bank Loan in 2027. The interest fund redeem R/E 15 187 500 bi-annually to settle the RSA of the Hambros loan interest.

The 2023 figures have been restated. Refer to note 33 for disclosure of prior year adjustments.

Movement in carrying amount

Opening balance	376 875 000	356 361 551
Excess funding received	-	20 513 449
Redemption - money market	(15 187 500)	-
Redemption - from interest fund	(15 187 500)	-
Interest earned on capital fund	18 753 518	-
Interest earned on interest fund	7 957 784	-
	373 211 302	376 875 000

Hambros Loan Sinking Fund split

Non-current	342 836 302	346 500 000
Current	30 375 000	30 375 000
	373 211 302	376 875 000

11. Guaranteed Grant Income Receivable

Guaranteed Grant Income Receivable at amortised cost

Guaranteed Grant Income Receivable - Capital	111 356 786	102 667 436
Guaranteed Grant Income Receivable - Interest	85 699 852	95 624 196
	197 056 638	198 291 632

Guaranteed Grant Income Receivable - Capital

Rights to receive grants for the payment of Loans are 100% guaranteed by the Government of South Africa and back to back 40% by the Kingdom of Eswatini. The funds for the loan repayment are received by KOBWA as part of the conditional grant towards payment of the loans and the amounts are known. Grant guaranteed income is the present value of the funds receivable from the Parties for the repayment of the loan.

Guaranteed Grant Income Receivable - Interest

Rights to receive grants for the payment of Loans are 100% guaranteed by the Government of South Africa and back to back 40% by the Kingdom of Eswatini. The funds for the loan repayment are received by KOBWA as part of the conditional grant towards payment of the loans and the amounts are known. Grant guaranteed income is the present value of the funds receivable from the Parties for the repayment of the loan.

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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
11. Guaranteed Grant Income Receivable (continued)		
Guaranteed Grant Income Receivable split - at amortised cost		
Non-Current asset	176 806 638	178 041 632
Current asset	20 250 000	20 250 000
	197 056 638	198 291 632
Guaranteed Grant Income Receivable reconciliation		
Opening balance	198 291 632	195 591 096
Cash funding from parties	(20 250 000)	(50 625 000)
Unwinding of finance income	19 015 006	53 325 536
	197 056 638	198 291 632
12. Payables from exchange transactions		
Contractors and Suppliers	4 820 408	3 016 477
Employee related payables	8 352	352 665
	4 828 760	3 369 142
13. Payables from non-exchange transactions		
Bank Interest	41 654 832	22 519 922
Rental income collected on behalf of Parties	1 703 199	1 374 114
Other Government Payables	510 136	504 124
	43 868 167	24 398 160
Reconciliation of Government Payables		
Opening balance	24 398 160	18 095 238
Gate entrance fees	20 410	533 970
Rental income	934 882	813 197
Other	174 388	26 947
Interest earned	36 619 785	10 897 714
Unspent grant	-	(524 012)
Approved and allocated by the Parties	(18 279 458)	(5 444 894)
	43 868 167	24 398 160

The amounts represent income received by KOBWA other than grants that are in the process of being declared to the JWC. In accordance with the Treaty, all non-grant income must be declared to the JWC which will approve and allocate these funds. Until such time that this process is complete, KOBWA is not entitled to the funds. Instead, these funds are payable to the respective Parties. The general ratio of contribution between the Government of RSA and the KoE is 60:40, for Maguga dam and 100% RSA for Driekoppies Dam. This results in a ratio of roughly RSA 72:28 KoE, depending on the budget for the year.

The allocation also considers actual contributions made, draw downs made and the funds are accounted for to the specific Party taking these factors into account.

14. Unspent conditional grants

Unspent grants represent conditional grants that remain unspent at the reporting period. These are payable back to the Parties in proportion to their contribution and is recognised as a liability in the financial statements. In the following financial year, such grants are only utilised upon approval by the JWC or Parties as the condition can only be met in the respective financial year in which the budget relates. Such approval would be either for other projects designated by the JWC in which case revenue would be recognised to the extent of the amounts approved, reducing the amount payable by the Parties in future financial years or the Parties may request the funds to be paid back.

KOMATI BASIN WATER AUTHORITY

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Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
14. Unspent conditional grants (continued)		
Movement during the year		
Balance at the beginning of the year	342 233 883	133 553 259
Additions during the year	117 909 988	305 252 938
Additions - Approved Operational Budget including sundry income	75 203 718	96 130 415
Additions - Income received in advance for future finance payments	-	20 513 449
Additions - Additional funds received from RSA	243 960	166 042 728
Additions - Interest earned on additional funds received in advance from RSA	41 717 142	21 499 358
Additions - Additional funds received from KoE	745 168	432 445
Additions - Savings from Designated Project Funds	-	634 542
Utilised	(103 754 532)	(96 572 314)
Utilised - Recognised as Grant Income	(52 928 414)	(45 728 337)
Utilised - Grant Income interest (RSA)	(30 375 000)	(30 375 000)
Utilised - Guaranteed Income (KoE)	(20 250 000)	(20 250 000)
Utilised - Allocated to Designated Project Funds	-	(218 977)
Utilised: Allocated to JWC Events	(201 118)	-
Balance at the end of year	356 389 339	342 233 883
Non-current liabilities	91 125 000	121 500 000
Current liabilities	265 264 339	220 733 883
	356 389 339	342 233 883

Unspent grants represent conditional grants that remain unspent at the reporting period. These are payable back to the Parties in proportion to their contribution and is recognised as a liability in the financial statements. In the following financial year, such grants are only utilised upon approval by the JWC or Parties as the condition can only be met in the respective financial year in which the budget relates. Such approval would be either for other projects designated by the JWC in which case revenue would be recognised to the extent of the amounts approved, reducing the amount payable by the Parties in future financial years or the Parties may request the funds to be paid back.

15. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
13th cheque provision	399 608	433 397	(399 608)	433 397
Leave pay provision	481 712	1 507 093	(1 636 220)	352 585
	881 320	1 940 490	(2 035 828)	785 982

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
13th cheque provision	336 344	399 608	(336 344)	399 608
Leave pay provision	277 866	1 024 920	(821 074)	481 712
	614 210	1 424 528	(1 157 418)	881 320

13th cheques are part of employees' structured packages and paid out annually in December.

Leave pay is provided for per KOBWA human resource policy and becomes due over the passage of time, increasing the liability. Leave is redeemed by the employee upon taking it or selling leave back to KOBWA, reducing the liability.

Time value of money is considered insignificant and immaterial for the provisions listed above.

KOMATI BASIN WATER AUTHORITY

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Figures in Rand/Lilangeni	2024	2023
16. Designated project funds		
Designated project funds are earmarked, requested and approved for specific projects with conditions attached to it. Funds are either provided by the Parties or approved from the Party payables already in KOBWA's custody and utilised only for the implementation of specific projects or acquisition of key KOBWA assets. These funds may be allocated at the request of KOBWA. Once the projects are delivered and meet all requirements and conditions, revenue is recognised and funds are utilised from designated funds.		
Designated project funds movement		
Opening balance	21 934 000	28 289 620
Conditions met - Transferred to Revenue	(3 168 528)	(6 355 620)
	18 765 472	21 934 000
Breakdown of funds		
Driekoppies Dam Projects - RSA	18 486 144	20 119 711
DWA Projects	14 153	155 621
LMPC Funds	48 636	196 936
JWC Projects	216 539	1 461 732
	18 765 472	21 934 000
17. Financial liabilities at amortised cost		
At amortised cost		
Hambros Bank Limited Loan	370 814 993	369 638 183
The Loan consists of registered bonds with a face value of R/E 1 million each. The bond's coupon rate is 13.5% with an effective interest rate of 14.87% per annum. The notes were issued at a discount at 90.91946%. The coupon is payable biannually in arrears. The balance of the unpaid interest is accumulated with the capital and is payable on the maturity date on 31 October 2027 to the amount of R/E 375 million. The loan is explicitly guaranteed 100% by the South African Government. The Kingdom of Eswatini guarantees 40% of the loan to the Government of South Africa.		
Non-current liabilities		
At amortised cost	370 814 993	369 638 183
18. Accruals		
Accruals	157 395	1 178 277
19. Maintenance Reserve		
The maintenance reserve is for Maguga Dam only and was approved by the Board and the JWC as an initiative to create, over a period of time a Rehabilitation Fund with a maximum capital contribution of R/E 5,000,000. This is viewed as one of the components of the business continuity plan aimed to rehabilitate the dams if and when required. The partial funding was initiated with the approved amount of R/E 2,650,000 during October 2006. A second transfer of R/E 2,350,000 was approved by the Board at their meeting held on 2 July 2007. Between 1 April 2007 and April 2010 interest earned on the fund was not reflected in the summary income statement but credited directly to the statement of financial position to escalate the Rehabilitation Fund.		
The Board passed a resolution on 19 April 2010 that the value of the fund had reached a level where the interest would be treated as any other interest earned by KOBWA. Such interest forms part of the payables from non exchange transactions. The rehabilitation process commenced in the 2014 financial period. No additional amount has been spent on rehabilitation since then. This reserve relates to refurbishment and replacement of capital dam assets and components.		
Maintenance Reserve	5 532 330	5 532 330

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
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20. Government grants & subsidies

Operating grants

Government grant	86 512 588	81 748 453
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Operational Grants:

Conditional operational grants received - RSA	39 553 417	34 620 622
Conditional operational grants received - KoE	13 374 997	11 103 770
Conditional operational grants received - Other	3 209 174	5 649 061
Conditional interest grants received - RSA	30 375 000	30 375 000
	86 512 588	81 748 453

KOBWA receives grant funding from the Parties on an annual basis to fund its operations and repay its debt. The condition of this funding is for KOBWA to utilise it in the year in which it is receivable. The portion of grant that is not utilised is recorded as Unspent Grant in the Statement of Financial Position. Only the portion of the grant that relates to operations is recorded as revenue.

The grant portion that relates to servicing of KOBWA loans is recorded against Guaranteed Grant Receivable income in the Statement of Financial Position.

21. Finance income

Refer to note 11 for the unwinding of finance income.

Government grants and subsidies are disclosed in note 20.

Unwinding of finance income - financial instruments	19 015 006	53 325 540
Reclassified to Government Grant and Subsidies	-	(30 375 000)
	19 015 006	22 950 540

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Figures in Rand/Lilangeni	2024	2023
22. Employee related costs		
Basic salary	23 430 557	22 483 397
Performance Bonus	357 403	287 227
SDL	72 167	70 956
	23 860 127	22 841 580
Chief Executive Officer (Appointed 1 October 2022)		
Annual Remuneration	1 860 385	814 684
Employer contributions	121 395	58 025
	1 981 780	872 709
Chief Executive Officer (Term ended 30 June 2022)		
Annual Remuneration	-	571 857
Employer contributions	-	50 958
	-	622 815
Finance Director (Appointed 1 May 2022)		
Annual Remuneration	1 256 425	916 100
Employer contributions	65 790	57 547
	1 322 215	973 647
Operations Director		
Annual Remuneration	1 251 860	1 181 646
Employer contributions	140 296	133 961
	1 392 156	1 315 607
Corporate Services Director (Resigned 17 April 2023)		
Annual Remuneration	124 564	1 172 193
Employer contributions	6 639	80 180
	131 203	1 252 373
Corporate Services Director (Appointed 16 October 2023)		
Annual Remuneration	505 940	-
Employer Contributions	28 452	-
	534 392	-
Company Secretary		
Mr. T. Sithole (First Corporate Secretaries)	249 346	435 490
23. Depreciation and amortisation		
Property, plant and equipment	53 367 424	52 256 593
Investment property	502 426	502 426
Intangible assets	509 252	482 982
	54 379 102	53 242 001

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
24. Finance costs		
Hambros Bank loan	50 625 000	50 625 000
Unwinding of Finance	1 176 810	1 173 081
Other interest paid	99	129
	51 801 909	51 798 210
25. General expenses		
Advertising	1 127 980	977 863
Auditors remuneration	461 862	1 209 398
Bank charges	89 216	95 343
Boats And Trailers	24 841	91 689
Communication Dam Management	378 032	249 022
Computer expenses	834 362	737 636
Consulting and professional fees	181 851	161 350
Corporate Social Responsibility	478 512	3 631 079
Dam Enclosure - Fencing	31 755	944
Dam Maintenance General	623 164	508 969
Dam Operations And Maintenance	2 761	3 216
Dam Structure Maintenance	1 951 736	1 870 031
Directors fees, training and meeting related costs	1 895 422	997 602
Electricity	1 176 614	762 428
Entertainment	6 371	66 948
Generators And Other Equipment	841 518	1 039 955
Honorarium	103 700	67 160
Information Centre Management	308 679	293 166
Insurance	885 093	1 517 493
Iso Certification	188 751	244 182
Kobwa Houses Maintenance	985 470	620 120
LMPC Allowances	148 300	163 310
Loan Management Costs	110 774	421 147
Motor vehicle expenses	2 046 940	1 919 175
Motorbikes Maintenance	5 292	3 891
Office Maintenance Cost	1 232 451	1 167 752
Postage and courier	23 341	16 975
Printing and stationery	114 434	113 612
Project Other Costs	6 960	27 075
Protective clothing	185 506	222 623
Secretarial fees	257 168	237 387
Security	2 550 578	1 991 515
Staff Recruitment Costs	545 919	571 528
Staff welfare	695 063	362 490
Subscriptions and membership fees	376 689	248 665
Telephone and fax	1 511 969	1 451 380
Tractors And Trailers Maintenance	98 103	154 922
Training	1 510 093	867 792
Travel - local	537 649	366 456
Treaty Review Costs	169 302	282 068
Water Quality And Dam Risk Management	1 840 457	1 548 864
	26 544 678	27 284 221

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Annual Financial Statements for the year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand/Lilangeni	2024	2023
26. Cash generated from operations		
Deficit	(51 054 263)	(52 124 123)
Adjustments for:		
Depreciation and amortisation	54 379 102	53 242 001
(Gain)/ loss on sale of assets	(3 959)	68 589
Finance income	(19 015 006)	(53 325 536)
Debt impairment	-	1 588 515
Movements in provisions	(95 338)	267 109
Amortised finance costs	1 176 810	1 173 081
Interest earned from Hambros Loan Sinking Fund	(26 711 302)	-
Changes in working capital:		
Receivables from exchange transactions	176 381	19 419
Decrease in receivables from non-exchange transactions	-	1 260 272
Increase in prepayments	(383 624)	(273 782)
Payables from exchange transactions	1 459 616	1 578 182
Increase in VAT receivable	(899 437)	(2 745 899)
Increase in payable from non-exchange transactions	19 470 007	6 297 923
Unspent conditional grants	14 155 456	218 716 401
Decrease in Designated Project Funds	(3 168 528)	(6 355 620)
Increase in guaranteed grant income	20 250 000	20 250 000
Increase / (decrease) in accruals	(1 020 882)	907 742
	8 715 033	190 544 274

27. Taxation

No provision for income taxation has been made as KOBWA is exempt for income tax in both RSA and KoE.

28. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Hambros Bank Loan Sinking Fund - non-current	342 836 302	-	342 836 302
Guaranteed Grant Income Receivable - non-current	-	176 806 638	176 806 638
Hambros Bank Loan Sinking Fund - current	30 375 000	-	30 375 000
Receivables from exchange transactions	-	1 655 181	1 655 181
Guaranteed Grant Income Receivable - current	-	20 250 000	20 250 000
Cash and cash equivalents	312 237 937	-	312 237 937
	685 449 239	198 711 819	884 161 058

Financial liabilities

	At amortised cost	Total
Hambros Bank Loan	370 814 993	370 814 993
Payables from exchange transactions	4 828 760	4 828 760
Unspent conditional grants - non-current	91 125 000	91 125 000
Unspent conditional grants - current	265 264 339	265 264 339
Designated Project Funds	18 765 472	18 765 472
Accruals	157 395	157 395
	750 955 959	750 955 959

2023

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Annual Financial Statements for the year ended 31 March 2024

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Figures in Rand/Lilangeni 2024 2023

28. Financial instruments disclosure (continued)

Financial assets

	At fair value	At amortised cost	Total
Hambros Bank Loan Sinking Fund - Non-current	346 500 000	-	346 500 000
Guaranteed Grant Income Receivables - non-current	-	178 041 632	178 041 632
Receivables from exchange transactions	-	1 831 562	1 831 562
Hambros Bank Loan Sinking Fund - current	30 375 000	-	30 375 000
Guaranteed Grant Income Receivables - current	-	20 250 000	20 250 000
Cash and cash equivalents	278 104 089	-	278 104 089
	654 979 089	200 123 194	855 102 283

Financial liabilities

	At amortised cost	Total
Hambros Bank Limited Loan	369 638 183	369 638 183
Payables from exchange transactions	3 369 142	3 369 142
Unspent conditional grants - non-current	121 500 000	121 500 000
Unspent conditional grants - current	220 733 883	220 733 883
Designated Project Funds	21 934 000	21 934 000
Accruals	1 178 277	1 178 277
	738 353 485	738 353 485

No financial assets have been pledged as a collateral.

29. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	2 376 611	2 385 550
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Authorised operational expenditure

Already contracted for but not provided for

• Total Operational Commitments	1 060 867	897 699
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30. Contingencies

There are no contingent liabilities as at the end of the financial year.

KOMATI BASIN WATER AUTHORITY

Annual Financial Statements for the year ended 31 March 2024

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Figures in Rand/Lilangeni

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31. Related parties

Relationships

Board of directors

Refer to directors' remuneration note 32

Government of RSA

Government of KoE

Employees

Refer to note 22

Related party balances

Designated Project Funds

Designated Project Funds

Note 16 (18 765 472) (21 934 000)

Loans to employees

Loans to employees

Note 3 368 661 410 436

Unspent conditional grants

Unspent conditional grants - current

Note 14

(265 264 339) (220 733 883)

Unspent conditional grants - non-current

(91 125 000) (121 500 000)

Payables from non-exchange transactions

Interest payable

Note 13

(41 654 832) (22 519 922)

Rent payable

(1 703 199) (1 374 114)

Other government payables

(510 136) (504 124)

Guaranteed grant income receivable

Guaranteed grant income receivable - non-current

Note 11

176 806 638 178 041 632

Guaranteed grant income receivable - current

20 250 000 20 250 000

Hambros Loan Sinking Fund

Standard Bank - Money market - Capital

Note 10

243 753 518 225 000 000

Standard Bank - Money market - Interest

129 457 784 151 875 000

Related party transactions

Revenue

Conditional operational grant income for the year

Note 20 86 512 588 81 748 453

Grant receivable for loan repayment

Note 11 20 250 000 20 250 000

Gate entrance fees

Note 13 20 410 533 970

Rental Income

Note 13 934 882 813 197

Other

Note 13 174 387 26 947

Interest earned

Note 13 36 619 785 10 897 714

Expenditure

Directors' fees

Note 32 435 492 378 699

Conditional grant income recognised in the statement of financial performance is disclosed in note 20.

Refer to disclosure of non-executive directors' remuneration under note 32 and disclosure of executive management's and other employees remuneration is in note 22.

Other transactions for which grant conditions have not been met as at year end have been recognised under liabilities in the statement of financial position. Refer to note 13 under government payables.

KOMATI BASIN WATER AUTHORITY

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32. Directors' Remuneration

Executive

Disclosure of executive directors' remuneration is disclosed under note 22.

Non-executive

2024

	Annual Remuneration	Contributions	Total
Mr A. Thobejane	139 940	8 042	147 982
Mr L. Mzizi	57 494	15 595	73 089
Ms. N. Mabuza	38 830	11 620	50 450
Ms. E. Magagula	54 256	18 065	72 321
Mr. B. Singwane	40 787	2 306	43 093
Mr L.C. Mohalaba	48 544	13	48 557
	379 851	55 641	435 492

2023

	Annual Remuneration	Contributions	Total
Mr A. Thobejane	117 425	44 447	161 872
Mr L. Mzizi	36 662	39 109	75 771
Ms. N. Mabuza	37 809	3 011	40 820
Ms. E. Magagula	31 389	13 092	44 481
Mr. B. Singwane	39 472	8 672	48 144
Mr L.C. Mohalaba	5 827	1 784	7 611
	268 584	110 115	378 699

33. Prior-year adjustments

Presented below are those items contained in the statement of financial position that have been affected by prior-year adjustments. Note 31 showed an amount of R/E 181,153,446 in 2023 as the Guaranteed grant income receivable - non-current balance in Note 11. This was corrected in to R/E 178,041,632. The 2023 balance in Note 11 is correct. There were no prior year adjustments that affected the statement of cash flow and the statement of financial performance.

Statement of financial position

2023

	Note	As previously reported	Re- classification	Restated
Hambros Bank Loan Sinking Fund - Current		-	30 375 000	30 375 000
Hambros Bank Loan Sinking Fund - Non-current		376 875 000	(30 375 000)	346 500 000
		376 875 000	-	376 875 000

Hambros Bank Loan Sinking Fund

The Hambros Loan Sinking Fund was originally designated a non-current financial asset. The original intention was to allocate funds to settle the RSA capital portion of the Hambros Loan liability in 2027 (R/E 225 000 000). In 2023 the capital and interest grants were received in full amounting to R/E 151 875 000 for servicing the Hambros debt annually and in 2027. It was incorrectly designated all as non-current in Note 10. The cash relating to the 2024 annual interest payment amounting to R/E 30 375 000 has been reclassified as a current portion of the Hambros Loan Sinking Fund. Refer to Note 10.

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34. Risk management

Financial risk management

Financial Risk Management Objectives

KOBWA's overall risk management program focuses on the unpredictability of money markets and seeks to minimise potential adverse effects on KOBWA's cashflow position. The Board through the budgeting and other policies approve policies and procedures for overall risk management, as well as written policies covering specific areas.

Significant risks

It is the policy of KOBWA to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which KOBWA is exposed to on the reporting date.

KOBWA's activities has exposure to the following financial risks from its operations in Financial Instruments which include:

- Currency risk;
- Interest rate risk;
- Liquidity risk; and
- Credit risk.

Liquidity risk

Liquidity Risk is the risk that KOBWA will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. A significant portion of the liabilities are funded with a sinking fund.

Prudent liquidity risk management for KOBWA implies maintaining sufficient cash and easily convertible deposits, the availability of timely funding through grants from the Parties following submission and approval of budget as well as reminder letters in respect of such budget. As enshrined by the Treaty, it also includes the availability of surplus funds or access to short term credit facilities to mitigate for late payment of grants.

KOBWA's risk to liquidity is a result of the funds available to cover future commitments. KOBWA manages liquidity risk through an ongoing review of future commitments and facilities.

Cash flow forecasts are prepared two months before the beginning of each quarter and request or reminder letters sent to the Governments to allow them to follow internal processes to pay grants by the beginning of each quarter.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk consists mainly of cash deposits, cash equivalents, Guaranteed Grant Income receivable and Parties receivable. KOBWA only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. KOBWA is exposed to the country's credit risk of both governments of RSA and KoE.

No credit limits were exceeded during the reporting period, and management does not expect any surplus (deficit) from non-performance by these counterparties. KOBWA does not calculate credit risk exposure.

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

KOBWA is exposed to interest rate risk through variable and potentially volatile market interest rates. The Parties guarantee KOBWA's operational and funding needs, thereby mitigating KOBWA's exposure to market interest rate volatility to being very negligible.

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34. Risk management (continued)

Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. KOBWA predominantly transacts in South African Rands and Eswatini Emalangeneni which are pegged at the exchange rate of 1:1 and also are the currencies in which the grants are received. The percentage of procurement in foreign currencies is very limited and payment is in the short term therefore the level of currency risk is very negligible.

Receivables comprise deposits, employee advances as well as grant guaranteed receivables from the Parties. The utilisation of funds is regularly monitored based on the Parties meeting their obligations. Most of this is limited to delay in funding than actual non-payment and this is monitored through cash flow management. The timing of the payments of grants is managed through the risk register and financial reports to both Board and JWC.

KOBWA is exposed to guarantees for the loan repayments and the bi-lateral agreement ensures the budget commitments are honoured. In terms of investments, KOBWA chooses short term risk free investments which provide liquidity whenever the funds are needed. Designated and other funds under the control of the Parties are at the disposal of KOBWA which cushions KOBWA in case of delays of grant payments.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

35. Going concern

We draw attention to the fact that at 31 March 2024, KOBWA had an accumulated surplus of R/E 4 330 771 627 and that the entity's total assets exceed its liabilities by R/E 4 336 303 957.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The parties commit funding.

In light of the above and to the best knowledge of the Directors, there is no known reason which may negatively impact the continued existence of KOBWA. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

36. Events after the reporting date

No material transactions occurred from year end to the date the AFS were authorised for issue that may necessitate disclosure in the current financial statements.

On 10 September 2024, the Department of Water and Sanitation (RSA) approved the use of surplus funds amounting to R188,461,325 to be utilized for specific strategic projects at Driekoppies Dam. These funds are held by KOBWA and recognized as unspent conditional grant. Refer to Note 14.



KOBWA

WATER FOR EVER



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