

ACTis provides risk analysis and early intervention recommendations against state capture and corruption in South African government institutions

PUBLIC ENTITY

ACT | ACCOUNTABILITY TRACKER

ISS | INSTITUTE FOR SECURITY STUDIES

Magalies Water

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About the Institution

Magalies Water (Magalies) is a state-owned water board that provides safe and reliable bulk water and sanitation services to municipalities, industries, mines and communities across parts of Gauteng, Limpopo and North West provinces. It is a national government business enterprise and reports to the Minister of Water and Sanitation.¹ The accounting authority is the Magalies Board. In 2024/25, the entity reported an annual expenditure of just over R3bn.²

In July 2022, Sedibeng Water was disestablished; its operations were incorporated partly into Bloem Water (now Vaal Central Water) and partly into Magalies on 1 August 2022.³ Magalies took over Sedibeng’s assets, staff and operations, as well as its operational liabilities in the North West.⁴ As part of the Department of Water and Sanitation’s reconfiguration of water board operational boundaries, some of Magalies’ assets and functions in Gauteng were transferred to Rand Water, while those in Limpopo were transferred to Lepelle Water. Rand Water’s assets in the North West were transferred to Magalies.⁵

Flag Status

1	2	3	4	5	6	7	8	9
								
Improper appointments	Co-opting key functions	Climate of fear or favour	Corrupt awards	Financial malpractice	Obstructing accountability	Manipulating perceptions	Private gain	Shadow network

ISS Analysis

- ACTis has raised one flag for Magalies and placed four under monitoring.
 - There have been several uncoordinated and isolated instances of governance weakness at Magalies. If allowed to persist, these weaknesses may create an enabling environment for more systematic practices, in which informal influence could threaten the institution's autonomy. The appointment of a senior official with unresolved
- allegations of involvement in irregular procurement practices risks undermining procurement integrity and increasing the risk of corrupt contract awards. Existing procurement irregularities were sufficiently material to be flagged by the Auditor-General of South Africa (AGSA).

 - Excessive increases in Board fees and unapproved overpayments indicate concerning



governance weaknesses, but no link to improper influence across the institution was found.

Findings

Flag #1

Improper Appointments



The flag is being monitored due to concerns over certain senior appointments.

- Sam Makhura, a procurement official at Magalies, was Head of Supply Chain at the Rustenburg Municipality when allegations of an irregular R85m tender award to CMS Water Engineering surfaced in 2018. The case was referred to the Directorate for Priority Crime Investigation (DPCI). Makhura resigned before the internal disciplinary process was completed and was appointed to a procurement role at Magalies in 2021.⁶

Flag #4

Corrupt Awards



The flag is being monitored to check for patterns of irregular contract awards to the same companies or with the same *modus operandi*.

- In 2024/25, the AGSA identified irregular procurement practices at Magalies. Specifically, suppliers for certain bids were selected based on preference points that were not allocated and calculated in accordance with procurement regulation requirements.⁷

Flag #5

Financial Malpractice



The flag is raised due to systemic weaknesses in the institution's financial management systems.

- The AGSA identified several material findings in 2024/25, including a failure to prevent fruitless and wasteful expenditure, largely due to penalties and late payments, and a failure to prevent irregular expenditure due to irregular procurement practices (see Flag #4: Corrupt Awards).⁸
- Magalies' total accumulated irregular expenditure reached R713.9m in 2024/25. This total includes R32m incurred in 2024/25 (14% of annual expenditure) and R277m from prior years (31% of 2024/25's expenditure).⁹



Flag raised



Flag lowered



Under monitoring

- The AGSA found several internal control deficiencies in 2024/25, including management's failure to review the financial statements for errors, failure to interpret procurement regulations correctly, and failure to implement adequate controls to prevent irregular expenditure and fruitless and wasteful expenditure.¹⁰
- Minister of Water and Sanitation, Pemmy Majodina, stated that over the past three financial years, Magalies Board members – who had exceeded their maximum allowable hours – were overpaid by R960 000. This money was paid without the required ministerial approval, despite caps on meeting fees.¹¹
- Magalies is facing significant financial losses due to irrecoverable customer debt – both its own and inherited from Sedibeng. Material impairments of R892m (23% of annual revenue) were incurred in 2024/25 as a result.¹²

Flag #6

Obstructing Accountability



The flag is being monitored to assess whether signs of a lack of accountability are part of a broader pattern of such behaviour.

- Magalies received an unqualified audit with findings from the AGSA in 2024/25. The entity's statements were not prepared in accordance with regulatory requirements, and there were material misstatements on current liabilities and expenditure, among other issues.¹³
- The AGSA reported that weaknesses in internal controls raised concerns that contracts may have been awarded improperly or in ways that unfairly favoured certain bidders.¹⁴

Flag #8

Private Gain



The flag is being monitored for signs that certain duty-bearers are benefiting disproportionately.

- In a written reply to internal questions at the National Assembly, Minister Majodina outlined that the total Board fees for Magalies had increased by 70% between 2023/24 and 2024/25. This included R960 000 paid to Board members without the required ministerial approval (see Flag #5: Financial Malpractice).¹⁵



Flag raised



Flag lowered



Under monitoring

Recommended Actions

	DUTY BEARER	ACTION(S)	ASSOCIATED FLAGS
1.	Minister of Water and Sanitation	- Enforce and report on consequences for Board member overpayment. - Monitor municipal debt to Magalies Water, to see if or where political intervention may be required.	Flag #1: Improper Appointments Flag #8: Private Gain
2.	Magalies Board and Executive Management	- Require an explanation from management for why the financial statements for 2024/25 were not of the standard required and how this will be improved. - Ensure that management strengthens controls in all areas identified by the AGSA. - Question executive management on the due diligence conducted for the procurement official's appointment, including whether the central register of the Department of Public Service Administration was checked. - Require an explanation from executive management for why preferential procurement practices were incorrectly applied, the value of contracts affected by this, and whether any contracts were incorrectly awarded as a result. - Require the executive management (Chief Executive Officer and Chief Financial Officer) to provide a plan for how Magalies Water intends to improve revenue collection. Monitor progress and question those who do not fulfil their commitments.	Flag #5: Financial Malpractice
3.	Portfolio Committee on Water and Sanitation	- Summon the Minister of Water and Sanitation, Magalies Water Board and/or executive management to report on progress in implementing measures to reduce irregular expenditure and explain why irregular expenditure remains high despite these interventions. - Demand an explanation from the executive management for the overpayment of Board members, who	Flag #5: Financial Malpractice Flag #8: Private Gain



Flag raised



Flag lowered



Under monitoring

		approved the payments, and a plan for how this will be rectified.	
4.	Auditor-General of South Africa	During the 2025/26 audit, focus on a select number of contract awards on an in-depth basis – either the award or project implementation.	Flag #5: Financial Malpractice



Flag raised



Flag lowered



Under monitoring

The 9 Flags

Flag #1

Improper Appointments

Improper appointments, dismissals or failure to remove individuals in senior positions may be used to drive a corrupt agenda.

Flag #4

Corrupt Awards

Contracts, licences, partnerships, loans and/or investments may be awarded irregularly and repeatedly benefit the same actors.

Flag #7

Manipulating Perceptions

A public narrative that frames misconduct as innocence may be promoted.

Flag #2

Co-opting Key Functions

Informal control may be established over critical functions within the institution to abuse them.

Flag #5

Financial Malpractice

The institution's financial management practices may be abused to advance a corrupt agenda.

Flag #8

Private Gain

Illicit gains may be distributed to benefit the same actors.

Flag #3

Climate of Fear or Favour

The working culture favours loyalty over duty; alignment with a corrupt agenda is rewarded, and resistance is punished.

Flag #6

Obstructing Accountability

The institution's internal operations might be deliberately obscured to hide potential misconduct.

Flag #9

Shadow Network

The same public and private actors may collude to gain control over an institution's assets and functions, benefiting repeatedly.

About ACTis

What is ACTis?

The Anti-Corruption Tracker Information System is an initiative of the Anti-Corruption and Accountability Project at the Institute for Security Studies. It provides analysis on corruption and state capture in South Africa, to inform early intervention and enforcement. It utilises a system of indicators and an AI-driven data-collection and analysis tool, validated by human experts. It identifies risks within individual government institutions and produces actionable recommendations to address them, with a view to disrupting patterns of state capture and corruption.

Findings are shared directly with government and other duty-bearers, civil society organisations, the media and the public, empowering authorities to intervene, strengthening accountability, and enabling citizens activism.

Links to ACTis Information:

Further project information may be found at the following links:

[Terms and Definitions](#)

[Project Methodology and Analytical Framework](#)

[About the Anti-Corruption and Accountability project](#)

[About the Institute for Security Studies](#)

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Flag raised



Flag lowered



Under monitoring

References

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- ⁹ Magalies Water, Annual Report 2024/25, https://nationalgovernment.co.za/entity_annual/4186/2025-magalies-water-annual-report.pdf, p. 142.
- ¹⁰ Magalies Water, Annual Report 2024/25, https://nationalgovernment.co.za/entity_annual/4186/2025-magalies-water-annual-report.pdf, pp. 154, 155.
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Flag raised



Flag lowered



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