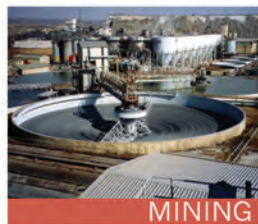


Annual Report

1 April 2011- 31 March 2012

Water is Life. Working together we can save more water.



water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA

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MINISTER'S FOREWORD



The 2011/12 Annual report reflects our commitment to the management of South Africa's water for the benefit of current and future generations. As custodians for sustainable protection, development and management of water resources, we are proud of the achievements which have been made during the year under review. We must however recognise the complexity of the business of managing water as well as the challenges we still face in the delivery of our mandate.

During the year under review, the Department revised the National Water Resources Strategy (NWRS) which will be published for comment during the next financial year 2012/2013. Once completed and approved and having gone through a public comments and input process, the strategy will provide the roadmap on how water should be used, protected, conserved, distributed and managed for the benefit of all South Africans.

The revised National Water Resource strategy will especially address equity and improved access to water resources for marginalised groups. It will ensure that we have water security in the future which is essential for the growth and development of our country. The core strategies will address ways and means to tackle our water problems and stretch our available water resources.

In reflecting on our service delivery achievements for the past year, we must do this in the context of the achievements we have made since 1994. In 1994 only 59% of our people had access to clean and safe drinking water. Eighteen years later, we have progressed to a national average of 94.7 % access to basic water services for all South Africans – an increase of 35.7%. The backlog now stands at 5.3%, or some 710 000 households compared to 3.9 million households in 1994.

What is of major concern however is that as we reflect on this achievement, there are many rural communities in particular which still do not have access to clean drinking water. In order to deal with this challenge, we have commenced with the preparation of an Interim Water Supply Strategy to provide these communities with water while we continue with the construction of the long term solutions.

Progress has also been made on the preparation of a ten year Infrastructure Investment framework for the entire water sector. This framework will be used to inform all future water sector funding requirements.



The legislative review is underway and draft documents have been developed. This process should be going for consultation sometime next year. Out of these consultations, we will emerge with a legal framework that will be to the benefit of all South Africans.

Water infrastructure is a crucial aspect of efficient water management. This speaks to both the development of new infrastructure as well as the maintenance and refurbishment of existing infrastructure. We have heeded government's call and have put shoulder to the wheel with renewed vigour to contribute meaningfully to the campaign for the building of infrastructure aimed at boosting our country's economy.

We therefore continue to invest heavily in Infrastructure development with a view to meeting the water demands of a growing economy and expanding population. The levels of investment in operations and maintenance is still however of great concern and will be addressed in the infrastructure investment framework. In addition, the wide range of infrastructure projects of the Department of Water Affairs has also created much needed job opportunities for the communities where the projects are based helping to reduce poverty particularly in rural areas.

We established a Rapid Response Unit (RRU) in order to be in a position to respond to water-related crises and emergencies within a short period of time. During the 2011/12 financial year, the RRU operated at a national level working in the 9 provinces. Due to the success of the RRU, a decision was taken to partner the Department's Regional Offices with Water Boards and decentralise the RRU operation to each regional office.

The Rapid Response Unit is made up of water and wastewater specialists and has enabled the Department to intervene successfully in high risk operational situations where the lives of the citizens and the environment were under threat as a result of water and wastewater treatment failures.

One of the most significant highlights for the year was the appointment of both the Director-General and the Chief Financial Officer. Having operated without these two important officials for a significant period had somewhat hamstrung the overall performance of the Department.

To assist the Department in improving its performance, a committee of experts was also appointed to review and re-engineer the Department's business processes to ensure its seamless functioning in carrying out its mandate.

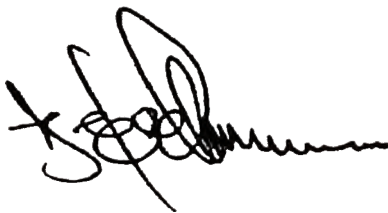
We brought together thirteen professionals to form a Business Process Re-engineering (BPR) Committee. They have a variety of experience and a range of skills in fields that include law, finance, policy, organisational design, ICT and human resource management. Their mandate is to investigate challenges in all their respective professional fields. From its inception, the BPR Committee has been working closely with the Management Team of the Department implementing strategic changes where they are required.



Significant progress has already been registered in re-engineering the financial management systems, addressing the issues raised by the Auditor-General.

We are well on our way to achieve a clean audit in 2014. Evidence of the progress made with regard to the audit is the significant improvement on the Water Trading Account where the Auditor-General has given a qualified opinion compared with the disclaimer for the 2010/11 financial year.

In conclusion, managing our water must become more effective. For this to happen, it is critical for all water use sectors to understand the nature and importance of water and its supply and use.



Mrs B E E Molewa, MP
Minister of Water and Environmental Affairs



STATEMENT

BY THE DEPUTY MINISTER

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Our Constitution states that access to clean drinking water and healthy environment are inalienable rights. However, we still have people without access to clean water, high levels of pollution in our rivers and environment, less participation of communities especially women and youth in management of water and environment, high volumes of unaccounted for water through leaks, inefficient use of water due to inadequate knowledge about water use efficiency and non compliance to our legislations by various sectors and scarce skills. All this exacerbates the scarcity of water in our country.

Our government slogan “Working together we can do more” encourages us to strengthen our collaboration with provincial and local government, water boards, private sector, traditional leaders and community structures.

The above mentioned collaborations enabled us to achieve amongst others the following:

- Strengthened governance structures with municipalities
- Enhanced involvement of traditional leaders in addressing the water challenges especially on service delivery
- Promotion of community based water resources management approach
- Increased participation of women and youth in water resource management
- Creation of job opportunities and skills development for 1000 women through the “Adopt a river” project which is aimed at addressing the pollution challenge in our rivers
- Increased awareness on water resource management in schools and communities which in turn received computers and educational centres
- Reduced water leaks through WAR on Leaks project
- In strengthening our regulatory role, 40 mines were audited, there are 51 ongoing investigations, 53 pre-Directives issued, 11 Directives issued, and nine cases successfully prosecuted. Our compliance monitoring and enforcement capacity has been increased from 21 to 25 during the previous financial year.
- We have hosted the youth summit which was attended by 500 learners from the 9 provinces.

The continuous consultative audits conducted as part of the Green Drop Certification programme ensured that local authorities are capacitated on the strategic elements required for effective wastewater management.



The Risk-based regulation was augmented by a global first innovation to develop a Wastewater Risk Abatement Planning (WRAP) process which is currently being peer reviewed by the Water Research Commission after which it will be rolled out. This will create a new pre-emptive paradigm for waste water service management.

I would like to express my gratitude to the Minister for her strategic guidance, the Director General and the entire DWA staff, as well as sector partners.



Ms Rejoice Mabudafhasi, MP
Deputy Minister of Water and Environmental Affairs



STRATEGIC OVERVIEW

DIRECTOR-GENERAL: DEPARTMENT OF
WATER AFFAIRS

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Water is essential to national economic and social development. As a resource that transcends most political and administrative boundaries, the available freshwater resources must be shared among and between individuals, economic sectors, while respecting the need for environmental sustainability. The challenges surrounding the equitable sharing of water resources are complex and have intensified in recent years due to population growth, development pressures and changing needs and values.

The year under review has seen the Department achieving several milestones which include amongst others:

- Separating the responsibilities for the Main and trading accounts to address efficiencies in financial management.
- Addressing the aging computer network infrastructure.
- Facilitating access to water services through Regional Bulk Infrastructure Grant (RBIG) with a focus in rural communities in Limpopo, KwaZulu-Natal and Eastern Cape. As such, five schemes were completed in the Eastern Cape (1), Free State (1), Northern Cape (2) and Western Cape (1).
- The implementation of the seven water resources infrastructure augmentation projects and maintenance of the existing national dams and conveyance projects continued.
- Policy adjustments related to the Legislative Review, (NWA, WSA and WRA) National Water Resources Strategy and the realignment of our institutional arrangements are in progress to enhance water resources management and service delivery.
- Establishment of a rapid response unit for support on technical water-related emergencies for municipalities (e.g. floods, droughts and pollution of water) and implementation of proactive water services interventions.

We were able to appoint two Chief Financial Officers for the Main and Trading Accounts, with the latter in an acting capacity. We further employed, a Deputy CFO for the Trading Account in an effort to enhance its efficiency and effectiveness.

In attempting to reduce the vacancy rate, 76% of the 46 vacant positions at senior management level have been filled. A high level functional organisational design, to achieve alignment between mandates and business processes, to inform the restructuring of the Department in order to perform more effectively on its mandate has been initiated.

From the seven water resources infrastructure augmentation projects, the Vaal River Eastern Sub-System Augmentation Project (VRESAP) was completed during the year under review.



The remaining six as committed in the last financial year are underway and at various stages of implementation. Four dams and two conveyance projects have been rehabilitated bringing the total of rehabilitated dams to 28 since the programme's inception.

With the assistance of the Business Process Review team, a Policy Framework was developed setting out revised principles for water management with specific focus on equity and water reform. In addition, a second draft of the National Water Resources Strategy is at an advanced stage and discussion documents for the National Water, Water Services as well as the Water Research Acts were developed. The legislative review process is currently underway and will be continued in the next financial year, with a focus on strengthening the regulatory role of the Department and the governance of water institutions.

An amount of R16 million was invested to develop the Rapid Response Unit (RRU) and expand its scope into all nine provinces. Through the intervention of the RRU, a number of municipalities were supported in an effort to improve the quality of drinking water as well as waste water through the Blue Drop and Green Drop certification programmes. The preliminary results of this intervention warrant this to be a key focus for the upcoming year.

In an effort to improve of issuing water use licences to various water users, the Department has established a dedicated backlog eradication programme, commonly referred to as Letsema. Since the inception of Letsema, 3 358 applications dating from 2001 to 2010 have been finalised, leaving a backlog of 549 applications for 2011.

During the second half of the 2011/12 financial year, we shifted functions amounting to R1.272 billion of our budget in line with the restructuring of government Departments which covers:

- R2.684 million is shifted to the Department of Agriculture, Forestry and Fisheries to fund accommodation costs following the shift of the forestry function from the Department of Water Affairs in 2009/10.
- R966.188 million is shifted to the Department of Environmental Affairs following the function shift of Working for Water.
- R303.339 million is shifted to the Department of Environmental Affairs following the function shift of Working on Fire in the current financial year.

In the year under review, 90.4% of the appropriated amount had been spent. The 9.6% under expenditure is attributed to unfilled vacancies and delayed inception of certain projects owing to unforeseen circumstances.

The operating surplus within the Water Trading Entity for the period under review has increased from a deficit of R296 million in 2011 to a surplus R2.02 billion in 2012 due to an increase in revenue and also a reduction in operating expenditure. The increase in revenue emanates from both an increase in revenue from rendering water related services and also augmentation from the National Treasury, amounting to R1.4 billion and R129 million respectively. The increase in revenue from water related revenue service's results from an increase in demand and consumption from some key customers. With regard to operating expenditure there has

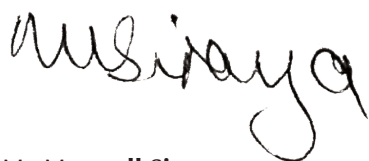


been a decrease of some R753 million mainly due to a reduced charge for impairment in the year under review against debtors. This was considered reasonable given that in prior years significant provisions were made for impairment of debtors coupled with an increased focus on recovery of outstanding debt.

In as much as this financial year's audit findings have been reduced, nevertheless, the Department has received a qualification. Internal controls have to improve immensely as annually the Auditor General's criteria become more stringent.

Going forward, the significant initiatives underway include:

- Finalising the Legislative Review
- Public Consultations on the National Water Resources Strategy and National Water Investment Framework, and
- Finalising the pricing strategy and funding model for water infrastructure in the country
- IT network investment
- Continue our participation within the Strategic Infrastructure Projects (SIPS) and
- Finding solutions with the mines for a suitable funding model for addressing AMD.



Mr Maxwell Sirenya
Director-General: Department of Water Affairs



1 BUSINESS DEFINITION

The aim of the Department is to ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development and ensure the universal and efficient supply of water services at local level.

1.1 Vision

A dynamic, people-centred Department, leading the effective management of the nation's water resources, to meet the needs of current and future generations.

1.2 Mission

The Department makes a positive impact on our country and its people as custodians of our water resources and as innovative and committed partners in the drive for sustainable development. We are service and delivery oriented. We strive to get it right the first time, every time, on time – ensuring that our citizens are provided with the water and sanitation services they deserve.

We lead our sector and enable our partners with knowledge and capacity to ensure that all water services are delivered. We are committed to innovation and we use cutting-edge technology as a catalyst of positive change, connecting our people and enabling them to work anywhere anytime. We are a Department with a heart that values our investment in our people. We provide them with a caring and trusting environment that encourages personal development and is a breeding ground for talent.

1.3 Values

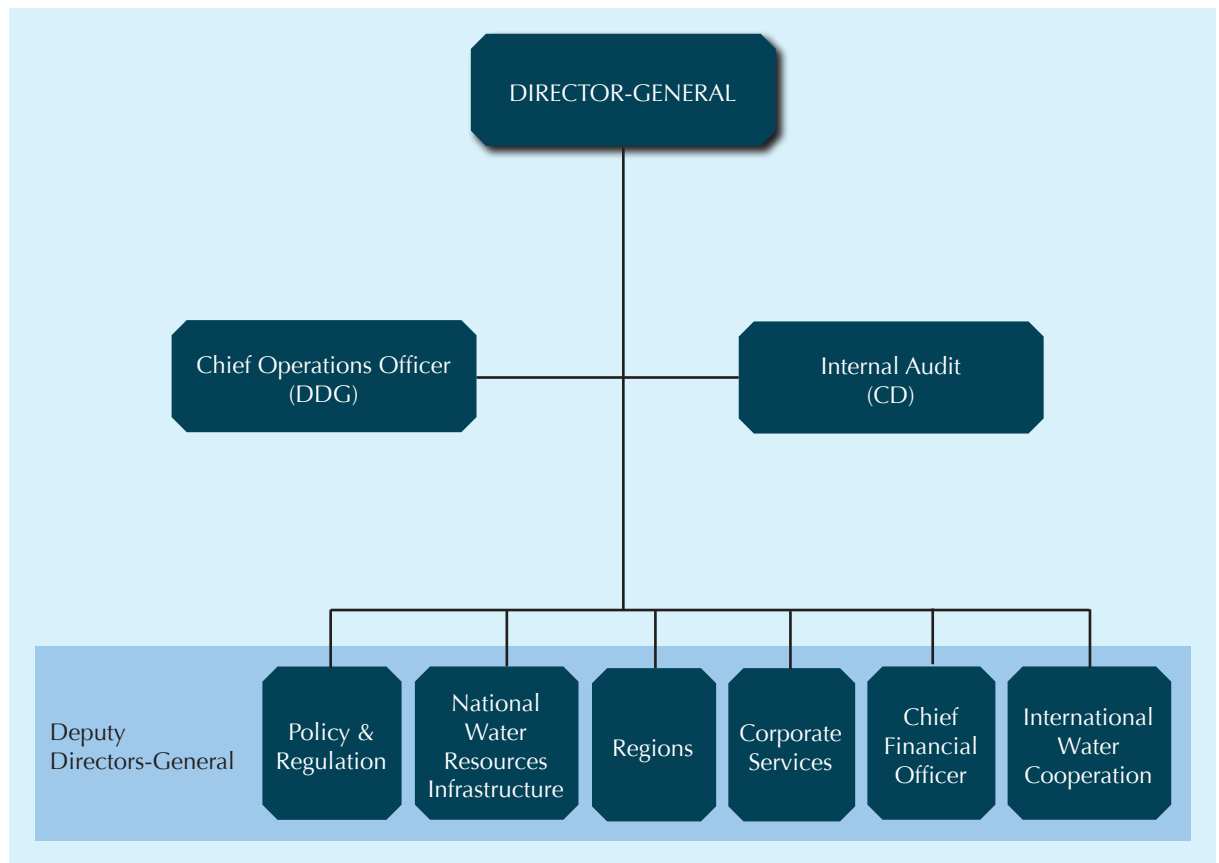
The values of the Department are as follows:

- **Transparency:** we fulfill our mandate in an ethical and open manner
- **Respect:** we respect each other as well as our clients and the needs of our citizens
- **Excellence:** we are leaders and innovators in our sector, who get it right on time every time
- **Everyone:** we are a caring employer who, through teamwork, serves South Africa's people



1.4 Organisational Structure

Figure 1: Department of Water Affairs' high-level organisational structure



1.5 LEGISLATIVE AND OTHER MANDATES

The Department's legislative mandate is to ensure that the country's water resources are protected, managed, used, developed, conserved and controlled, by regulating and supporting the delivery of effective water supply and services. This is done in accordance with the requirements of the water related policies and legislation, which are critical in delivering on the right of access to sufficient food and water and in transforming the economy and eradicating poverty.



The work of the Department is informed by various pieces of legislation. The Departmental core functions are informed by the following key pieces of legislation:

1.5.1 The Constitution of the Republic of South Africa, 1996 (Act no. 106 of 1996)

- Addresses the rights of individuals to access basic water and sanitation
- Sets out the institutional framework for provision of services
- Gives municipalities executive authority and the right to administer the provision of water services within their areas of jurisdiction
- Gives national and provincial government authority to regulate local government in terms of water services
- Gives national and provincial government the obligation to support and strengthen the capacity of local government to provide services
- Sets water resources management as a national competency
- States that everyone has the right to an environment that is not harmful to their health or well-being and supports socially justifiable economic development.

1.5.2 National Water Act, 1998 (Act No. 36 of 1998)

The objective of the Act is to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all persons. The Act provides that National Government, as the public trustee of the nation's water resources and acting through the Minister, has the power to regulate the allocation, use, flow and control of all water in the Republic.

1.5.3 Water Services Act, 1997 (Act No. 108 of 1997)

The objective of the Act is to prescribe the legislative duty of municipalities as water service authorities to provide water supply and sanitation according to national standards and norms. It also regulates water boards as important water service providers. Section 156, read in conjunction with Part B of Schedule 4 of the Constitution of the Republic of South Africa (Act No 108 of 1996), gives the executive authority and responsibility to the Minister of Water and Environmental Affairs to support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions. The Water Services Act places an obligation on the Minister to maintain a National Water Services Information System as well as to monitor the performance of all water services institutions.

The Department has a mandate in terms of policy development, regulation and oversight of sanitation provision. Currently, sanitation provision is governed by the Strategic Framework on Water Services (2003) and the Water Services Act. The Department of Human Settlements also has a strong mandate regarding the provision of sanitation by driving a sanitation policy review process which will be completed during 2012/13 and which will result in a clarification of roles and functions regarding sanitation. It may also result in a legislative review.



1.5.4 Water Research Act, 1971 (Act No. 34 of 1971)

The purpose of the Act is to provide for the promotion of water related research and for that purpose, to establish a Water Research Commission and Water Research Fund. The Minister appoints members of the Commission and exercises executive oversight over the Commission.

1.6 Public Entities and Statutory Bodies reporting to the Minister

Table 1: Public Entities and Statutory Bodies reporting to the Minister

No.	Name of Entity/ Institution	Legislation (Establishing the Entity)	Nature of Business
WATER BOARDS			
1	Amatola Water Eastern Cape (EC)	Water Boards are established in terms of the Water Services Act, 1997 (Act No. 108 of 1997), as National Government Business Enterprises and are organs of State. They are regulated by the Minister in terms of both the Water Services Act, 1997, and the Public Finance Management Act, 1999 (Act No. 1 of 1999).	The primary activity of Water Boards is to provide water services (bulk potable and bulk waste water) to other water services institutions within their respective service areas. They may perform other activities under conditions set out in Section 30 of the Water Services Act, 1997 (WSA). In certain situations the Minister may direct Water Boards to amend their business plans to meet all the requirements of the WSA.
2	Bloem Water Free State (FS)		
3	Botshelo Water North West (NW)		
4	Bushbuckridge Water Mpumalanga (MP)		
5	Lepelle Northern Water Limpopo (LP)		
6	Magalies Water North West (NW)/ Gauteng (GP)		
7	Mhlathuze Water Kwa-Zulu Natal (KZN)		
8	Overberg Water Western Cape (WC)		
9	Pelladrift Water Northern Cape (NC)		
10	Rand Water (GP/MP/ FS/NW)		
11	Sedibeng Water (FS/ NW/NC)		
12	Umgeni Water (KZN)		

No.	Name of Entity/ Institution	Legislation (Establishing the Entity)	Nature of Business
CATCHMENT MANAGEMENT AGENCIES ¹			
13	The Breede-Overberg Catchment Management Agency	Catchment Management Agencies (CMAs) are established in terms of Chapter 7 of the National Water Act, 1998 (Act No.36 of 1998) and are classified as Schedule 3A public entities in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.	Their main responsibility is to manage water resources at catchment level in collaboration with local stakeholders, with specific focus on involving local communities in the decision making processes, in terms of meeting basic human needs; promoting equitable access to water and facilitating social and economic development.
14	The Inkomati Catchment Management Agency		
OTHER PUBLIC AGENCIES			
15	Trans-Caledon Tunnel Authority (TCTA)	The TCTA was established by Notice of Establishment in Government Gazette Notice No. 10545 of 12 December 1986, replaced Government Gazette Notice No. 277 of 24 March 2000 and promulgated in terms of the National Water Act, 1998 (Act No. 36 of 1998) and is listed as a Schedule 2 major public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999).	The TCTA is a state-owned entity specialising in project financing, implementation and liability management. It is responsible for the development of bulk raw water infrastructure and provides an integrated treasury management and financial advisory service to the Department, water boards, municipalities and other entities that are linked to bulk raw water infrastructure. The TCTA is primarily responsible for off-budget projects.
16	Water Research Commission (WRC)	The Water Research Commission was established in terms of the Water Research Act, 1972 (Act No. 34 of 1972).	The WRC plays a pivotal role in water research by establishing needs and priorities, stimulating and funding research, promoting the transfer of information and technology, and enhancing knowledge and capacity building in the water sector.
17	Water User Associations (WUAs)	<p>The WUAs are co-operative associations of water users established in terms of the National Water Act, 1998 (Act No. 36 of 1998).</p> <p>In terms of the National Water Act, 1998 (Act No. 36 of 1998) existing Irrigation Boards are expected to transform into WUAs that will be inclusive of all affected stakeholders in their area of operation.</p>	WUAs are cooperative associations of individual water users who wish to undertake water-related activities at the local level for their mutual benefit. They operate in terms of a formal constitution as set out in schedule 5 of the National Water Act.

¹ In line with Chapter 7 of the National Water Act where CMAs are not yet established, proto CMAs have been created in the regions to undertake the functions of the CMAs.

No.	Name of Entity/ Institution	Legislation (Establishing the Entity)	Nature of Business
18	Water Trading Entity (WTE)	The water trading account was established in 1983 to ring fence departmental revenues collected through the sale of bulk water and related services from voted appropriations. The trading account was subsequently amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. The rationale was to create an entity which would manage the recovery of usage costs to ensure the long term sustainability of South Africa's water resources.	<p>The water trading entity has two components: water resource management and infrastructure management. Water resource management deals with the management of water quality, conservation and allocation of water through the catchment management agencies, and where catchment management agencies are not yet established, this is done through the proto catchment management agencies located in regional offices. The infrastructure management component deals with the operation and maintenance of existing infrastructure as well as the development of new infrastructure. The strategic aim of the entity is to ensure the reliable supply of water from bulk raw water resources infrastructure to meet sustainable demand for South Africa. Funding for operation and maintenance comes from revenue that is generated from raw water charges. Water resource management charges cover the operational costs of the two catchment management agencies or proto catchment management agencies in cases where catchment management agencies are not yet established. Since its inception, the water trading entity has faced numerous challenges, including reviewing and resolving accounting issues, setting up organisational processes, and verifying the extensive network of national water resource infrastructure.</p> <p>To fund the development of new infrastructure, the entity receives an allocation from the pricing strategy. In addition to the challenges related to the pricing strategy, the entity has not put proper financial, management and quality controls in place, to ensure efficient operation.</p>

1.7 Ministerial 2011/12 International visits

Table 2: Minister's International visits

Date of Visit	Destination	Purpose of visit
25 - 28 April 2011	Jhb, Brussels, Jhb Belgium	Major economies forum
11 -14 May 2011	Jhb, New York, Jhb United States of America	United Nations Commission on Sustainable Development
25 - 26 June 2011	Jhb, Kenya, Jhb	Ministerial Meeting on Environmental, Fisheries, Forestry and Wildlife
8 - 10 June 2011	CPT, London, CPT United Kingdom	Annual Bilateral meeting
20 - 21 June 2011	Kinsasha, Democratic Republic of Congo	To sign a Cooperation agreement in the Water Sector
10 - 11 August 2011	Maseru, Lesotho	To sign a cooperation agreement on Phase 2 of the Lesotho
14 - 18 August 2011	Luanda, Angola	State visit
25 - 28 August 2011	Gruneda, Brazil	Basic Ministerial Meeting
13 - 24 September 2011	Bamako, New York Mali and United States of America	Amcen, Major Economies Forum and United Nations General Assembly
23 - 26 October 2011	Addis Ababa	Ministerial Segment of the Africa Regional Preparatory Conference on Rio +20
31 - 1 November 2011	China	Basic Ministerial Meeting in Beijing
15 - 19 November 2011	Ethiopia, Addis Ababa	Committee of African Heads of States and Government on Climate Change and major Economies Forum
23 - 30 January 2012	Davos, Switzerland	World Economic Forum
9 - 12 February 2012	Doha, Qatar	Ministerial visit to the State of Qatar to explore possibilities of cooperation and partnering with Qatar on numerous African Union (AU) infrastructure projects in Africa. To support SA in the implementation of the New Growth Path Infrastructure projects with particular focus in water, energy, construction, agriculture and general infrastructure development
19 - 21 February 2012	Kenya	United Nations Environment Programme Annual meeting of Ministers of environment



Date of Visit	Destination	Purpose of visit
12 - 17 March 2012	Marseille, France	Ministerial Conference High-level discussions (a) influence the global water agenda, and South Africa participates to influence the global agenda from a South African and African perspective, (b) to share with the world unique South African initiatives and to learn from other countries (c) to enrich the international debate on solutions that are existing and under research to water related challenges: (d) to contribute in discussions leading towards resolution of water management challenges facing developing economies

Table 3: Deputy Minister's international visits

Date of Visit	Destination	Purpose of visit
12 - 18 February 2011	Tokyo, Japan	Official Visit - (Invited by the Government of Japan)
13 - 17 March	Paris, France	Representing RSA at the World Water Forum
20 - 22 March	Rome, Italy	United Nations (UN) World Water Day Celebration
22 March 2012	Rome, Italy	International Celebration of the Water Day organised by the UN-Water
21 - 27 August 2011	Stockholm, Sweden	Stockholm World Water Week



2 OVERALL PERFORMANCE

2.1 KEY STRATEGIC OBJECTIVES ACHIEVED

In implementing its annual performance plan for the 2011/12 financial year, the Department tabled four quarterly reports to the Minister as well as to the Presidency, the latter specifically reporting on the government-wide outcomes agenda for the medium term. A list of twelve outcomes appears under section 5.1 below and the Department of Water Affairs directly contributes to six outcomes and these are outcomes:

- (4) Decent employment for people through facilitation of inclusive economic growth;
- (6) An efficient, competitive and responsive economic infrastructure network;
- (7) Vibrant, equitable, sustainable Rural Communities and Food Security for all;
- (8) Sustainable human settlements and an improved quality of household life;
- (9) A responsive, accountable, effective and efficient Local Government system and
- (10) Environmental assets and natural resources that are well protected and continually enhanced.

The latter six outcomes, which are the basis of the Minister's performance agreement form part of the 2011/12 Annual Performance Plan. During the year under review, the Department focused its service delivery programme through the following six strategic priorities that were informed by the twelve government outcomes.

2.1.1 Main Exchequer Account (MEA)

2.1.1.1 Economic Growth, Rural Development, Food Security and Land Reform

This priority was implemented with considerations of broad objectives outlined in outcomes 6, 7, 9 which talks to the contribution of infrastructure to economic development, rural development and support to local government, respectively. In response to the New Economic Growth Path Framework (NGPF) during the year under review, the Department cumulatively created 4 505 job opportunities through its Regional Bulk Infrastructure Programme (RBIG). The programme completed five (5) bulk infrastructure schemes for the availability of water supply for domestic use, and these are Coffee Bay BWS in the EC, Ngwathe BWS in the FS, Tsantsabane and Riemvasmaak BWS in the NC, and George BWS in the WC. A total of 4 174 additional resource poor farmers had access to water while 598 776 additional people, as informed by the Municipal Infrastructure Grant (MIG) allocation, were provided with access to water. A total of 8 068 rain water harvesting tanks were distributed, 6 308 of which were for access to water and 1 760 for food production.

2.1.1.2 To promote Sustainable and Equitable Water Resources Management

This priority is driven by the programme that ensures that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment through effective policies, integrated planning,



strategies, knowledge base and procedures. It further addresses government outcome ten (10) which ensures that the country maintains environmental assets and natural resources that are well protected and continually enhanced. To address this priority and outcome, the Department has developed and continues to update a range of strategies for water management. The following frameworks have been on the agenda of the Department during the year under review:

- The National Water Resources Strategy
- The Pricing Strategy
- Desalination Strategy
- Ground Water Strategy
- Re-use Strategy

The revision of the water pricing and tariff models which seeks to improve obstacles identified in the current the Water Pricing Strategy, as well as a funding model for water infrastructure was on the agenda of the Department during the year under review. A study on the socio-economic impact of the current pricing strategy was finalised, and the project team with support of an interdepartmental steering committee is scheduled to finalise the strategy by 2013/14 financial year.

The National Water Resources Strategy (NWRS) second edition was also on the annual performance plan of the Department for the year under review. The strategy describes how water resources will be protected, used, managed and conserved. Significant progress is reported with the revision process and the first drafts was completed for internal discussion. The NWRS is scheduled to be gazetted and finalised during the current (2012/13) financial year. Included in the NWRS will be issues addressing water for growth and development, water security, equity strategies and how to stretch our available resources.

Desalination and Re-use strategies were finalised during the year under review and these are important elements to be incorporated in the NWRS as additional water resources over and above the traditional surface water resources.

As a sector leader, the Department embarked and facilitates the process to review the three core water related pieces of legislation, the National Water Act, the Water Services Act and Water Research Act (NWA, WSA & WRA, respectively). Discussion documents reflecting on the key issues to be amended have been drafted and discussed internally as well as with key stakeholders. In the next financial year (2012/13) the Water Research Bill and Water Services Bill will be drafted and gazetted for public comment.

The legislative review initiative is complemented by the Institutional Realignment and Restructuring project which aims to restructure all water institutions that report to the Minister of Water and Environmental Affairs. Detail studies were done and final reports completed for catchment management agencies. The framework for all other institutions will be completed early in the 2012/13 financial year. These proposals seek to configure the institutional arrangements in the water sector for efficiency and effectiveness as well as improved governance and oversight.



During the year under review and as one of the outputs of government outcome 6, the Department initiated the process of defining economic regulation in the water sector as well as establishing an economic regulator to ensure efficient pricing in the water value chain and that inefficiencies in the water supply sector are not passed on to end-users. To date, the feasibility study has been conducted, first phase stakeholder consultation process has taken place, the concept note and status quo documents have been developed. The Project Steering Committee which is already appointed and includes other departments and sector stakeholders will ensure finalisation by the end of the current financial year.

The programme of integrated planning for the balance of water supply and demand is also on-going in the Department. Two reconciliation strategies to ensure water security were completed in the Mangaung/Bloemfontein area and uMzimkulu catchment development strategies during the year under review. A feasibility study was also completed in phase 2 of Mokolo Crocodile (West) Water Augmentation Project.

The protection of water resources and promoting sustainable and equitable water resources management, four rivers have been rehabilitated and these are Hart (FS), Buffalo (EC) Luvuvhu (LP) and Berg (WC).

To improve the regulation of the water sector, the Water Resource Institutions are monitored as per their respective business plans and during the year under review fourteen (14) institutions were regulated in the Eastern Cape 1 GWCA in Great Fish River, 3 in Leeuwrivier Oranje and Riet in Mpumalanga, 3 in Olifants CMA, Elands IB in Inkomati CMA and Blyde WUA in Olifants CMA. Three in the Northern Cape Region (Boegoeberg, Kakamas and Oranje Vaal WUAs) and four (4) in the Western Cape Region (Breede Overberg CMA, Lower Olifants River WUA and Groenland).

During the year under review, four comprehensive reserves in the Crocodile west, Vaal River system, Upper Vaal and Middle Vaal were determined for the protection of significant water resources (including the dams in the river systems) and this add to about 138 comprehensive reserves that have been determined to date and the intention is to cover all qua ternary catchments. The Olifants -Doorn river system was classified and will be gazetted for public consultation during the current financial year. The 2009/2010 Annual Report on the status of water quality in dams was produced during the year under review.

To improve water use efficiency - water consumption targets for the agriculture sector have been set in 3 irrigation schemes (Sundays River, Loskop & Sandvet schemes). Draft water management plans for Sundays River GWS, Loskop GWS, Hartebeespoort GWS, Sandveldt WUA, Mooi River GWS and Schoonspruit GWS are also ready.

Twelve (12) more schemes have established operating rules, five (5) priority catchments were optimally monitored and these are the Berg, Breede, Olifants, Mhlatuze and Levhuvhu/Letaba, including the Gouritz river catchment. Three (3) monitoring stations were constructed with 2 completed, namely Vischgat on the Olifants (Western Cape), and Gerhardts Minnebron on the Vaal River in North West.



2.1.1.3 Strengthening the regulation of the water sector

This priority aims to address issues around the regulation, governance and control of the use, development, conservation and management of water throughout the value chain within the provisions of the relevant legislation.

To facilitate access to water for historically disadvantaged groups, , Tosca, Jan Dissel and Mhlathuze were identified as areas which compulsory licensing would be conducted and to date reports have been completed which will lead to redistribution and final water use authorisations.

The Department facilitates improvement with the regulation of drinking water quality through compliance, monitoring and enforcement. During the year under review the 2011 Blue Drop Report was released in June 2011 at a National Water Quality Conference. This report covers the results from 914 water supply systems that were assessed and showed an improvement of 66 Blue Drop certifications as compared to only 25 when this process was started in 2009. In preparation for the 2012 report the assessment teams progressed well and 90% (146) Blue drop municipal assessments were completed and 60% (931) water supply systems were assessed in 153 Water Services Authorities (WSAs).

Regarding the regulation of the quality of waste water from waste water treatment works (WWTWs) the 2011 Green Drop report for the year under review was released and it reported on 821 waste water systems that were assessed covering all 156 municipalities. In preparation for the 2012 report substantial work was done and 130 municipal assessments, bringing to 80% of the Green Drop municipal assessments were completed.

In an effort to improve of issuing water use licences to various water users, the Department has established a dedicated backlog eradication programme, commonly referred to as Letsema. Since the inception of Letsema, 3 358 applications dating from 2001 to 2010 have been finalised, leaving a backlog of 549 applications.

2.1.1.4 Support local government to deliver water services

To contribute to government outcome 9 which facilitates a responsive, accountable, effective and efficient Local Government system, programme 4 of the Department coordinate the Department's service delivery plan and strategic objectives at the regional level. This programme is also charged with supporting Service Providers to ensure the acceleration of providing water to communities.

Provision of direct support to local government and in broadening access to water services and eradication of backlog forty (40), WSAs were also supported in developing Water Services Development Plans (WSDPs), in a new format together with an IDP sector input, as well as support provided during IDP assessment processes. A total of 1 224 Councillors in the WSAs were taken through the induction process covering 45 District Municipalities.



A total of 109 municipalities were supported to improve compliance with Drinking Water Quality Standards and 76 municipalities were supported to improve compliance with Wastewater Quality Standards. The Green Drop certification programme continued to create awareness on water quality standards. This programme was complimented by interventions supported by the Rapid Response Unit (RRU). An additional donor funding was provided to intervene in sampling of wastewater effluent and 52 prioritised municipalities had improved Blue Drop Certification scores. Support also focused on developing water security plans and other requirements in municipalities that are not doing well. After the 2010 Green Drop assessments municipalities made a concerted effort to improve their Green Drop status. A total of twenty-two (22) transferred schemes were refurbished during the year under review. The different financial years between the National and Local Government poses a challenge as it delays the transferred funds from the Department to the municipalities.

2.1.1.5 Contribute to Improved International Relations

In line with outcome 11 of government, the Department contributes to building a better Africa and a better world as a result of contribution to global relations. This programme strategically develops, promotes and manages international relations on water resources between countries through bilateral and multilateral cooperation instruments and organisations, driving national interests in the African continent and globally. During the year under review, the achievements under this programme are reported as follows:

In terms of joint decisions made for the year under review, the Department reports the development of a plan of action, an agreement and four (4) studies. Four (4) South African initiatives were adopted and incorporated into the South African Development Community (SADC) water initiatives. South Africa signed two (2) new Memoranda of Understanding (MoUs) and implemented two (2) existing MoUs with Africa. Outside Africa, South Africa signed two (2) strategic partnerships, agreements were signed with Japan and the Netherlands. One existing bilateral instrument was realigned or expanded during the year under review with China. Water profiles of four (4) countries were done leading to the establishment of strategies. South Africa, through the Department proposed three (3) initiatives which were adopted by the African Ministers' Council on Water (AMCOW). AMCOW convened under the Minister in her capacity as the Chairperson of the AMCOW from 2009 to the end of the financial year under review.

2.1.1.6 Build capacity to deliver Quality Services

This priority, if modelled against the government outcome 12 which seeks to achieve an efficient and development oriented Public Service and an empowered, fair and inclusive citizenship. In support of this objective the Department had achieved at least 98% availability of its Information Technology (IT) network system, and has also embarked on the refurbishment of its IT infrastructure.

The management of performance is facilitated by making sure that 100% of employees files annual individual contracts that are aligned with the Departmental planning documents (Annual Performance Plan (APP) and Business Plan/s).



During the year under review the Department has set out to achieve a 100% target for employees to have performance agreements. The Work Place Skills Plan facilitated training for 68% (4 497 of 6 606) of employees. A challenge in this area is posed by cancellation of training due to operational issues.

The Department had planned to train fifty (50) graduates for placement in candidate positions within the Department and this was achieved. According to plan, fifty (50) graduate trainees (GTs) were developed, adding to the baseline of 197 GTs developed prior to 2011/12 financial year. It was also possible to place the same fifty (50) GTs, as planned, into candidate positions with the aim to absorbing them into permanent positions within the Department. During the year under review, learnership and internship programmes were also implemented as per the plan. A total of 687 learnerships and 27 internships were implemented. The internship was only for the technical programme, the non-technical internship programme was not achieved as it was not funded.

2.1.2 Water Trading Entity (WTE) Account

The purpose of the National Water Resources Infrastructure (NWRI) programme of the Department, is to ensure reliable supply of water from bulk raw water resources infrastructure. This must be done within acceptable risk parameters to meet sustainable demand objectives for South Africa. The programme solicits and sources funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets. It contributes to outcome six (6) which seeks to ensure an efficient, competitive and responsive economic infrastructure network.

To ensure the continued availability of bulk water, the infrastructure must be maintained. Therefore a few augmentation projects were identified and prioritised for implementation during the medium term, 2009/10 to 2013/14 financial years. In terms of progress for the year under review, the following can be reported:

- The Olifants River Water Resources Development Project Phase 2A (ORWRDP), the construction of the dam wall on the far left side is already at the required height and the balustrade is being placed. The dam wall is making good progress towards completion in 2013. Full impoundment will commence in the latter part of 2012.
- The construction of the bulk distribution system (BDS) phase 2C, which is the pipeline from the dam to Steelpoort, has commenced. This phase is on track and is one of the links of the total bulk distribution system which will transfer water from the De Hoop and Flag Boshielo dams for domestic and industrial users. Its completion is still expected to be March 2014. The further sub-phases is currently under review to find the most cost effective and efficient implementation model.
- The construction of the Mokolo-Crocodile water augmentation project is set to be commissioned and the water delivery is expected by the end of 2013. The implementation agreements as well as water supply agreements have been signed by Exxaro and Eskom. The water supply to the Local Municipality of Lephalale will be augmented.



- The construction of the Mooi Mgeni Transfer Scheme Phase 2 began in February 2011 and it is expected to be completed in 2015. The first delivery of water is targeted for April 2013.
- The draft agreement on Lesotho Highlands Water Project Phase 2 (LHWP) submitted for approval by governments of Republic of South Africa and Lesotho.
- It is anticipated that the raising of the Hazelmere dam will be delayed because of the uncertainty around the stability of the dam. An investigation has been launched to understand the extent of the stability problems.
- The implementation of the other water augmentation schemes - the Vaal River Eastern Sub-System, Komati Water Augmentation Scheme, is on schedule.
- To ensure water quality, three (3) Waste Water Treatment Works (WWTW) and four (4) Water Treatment Works (WTW) were completed. Four (4) water supply schemes were also completed.

The NWRI maintenance programme ensures the availability of water supply for domestic use. The following progress can be reported:

- The rehabilitation of nine (9) out of twenty five (25) national dams was completed. Work on the remaining ones will continue in the new financial year.
- Seven (7) Water conveyance projects out of twenty eight (28) have been completed. Measures have been put in place to expedite the process in order to meet the 2014 targets.
- Following the process of verification to determine safety, health and environment, about ninety one (91) dams with a safety risk were classified.
- A total of 195 dams were identified for safety risk. Dams with walls above 5 m high and the capacity of more than 50 000 m³ were also identified.



2.1.3 Voted Funds: Vote 38

Table 4: Voted funds

Appropriation	Main Appropriation R'000	Adjusted Appropriation R'000	Final Appropriation R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000 (Final minus Actual)
Administration	862 122	869 065	878 379	780 633	97 746
Water Sector Management	718 726	882 151	852 351	511 807	340 544
National Water Resource Infrastructure Management	2 607 963	2 384 963	2 384 963	2 384 020	943
Regional Implementation and Support	5 608 933	4 753 659	4 774 145	4 455 929	318 216
Water Sector Regulations	112 370	112 370	112 370	91 153	21 217
International Water Cooperation	26 111	26 111	26 111	20 934	5 177
Total	9 936 225	9 028 319	9 028 319	8 244 476	783 843
Responsible Minister	Minister of Water and Environmental Affairs				
Administering Department	Department of Water Affairs				
Accounting Officer	Director-General of the Department of Water Affairs				

2.1.4 Aim of the vote

The aim of the Department of Water Affairs is to ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development, and ensure universal and efficient supply of water services at local level.

2.1.5 Strategic outcome oriented goals

Table 5: Departmental Strategic priorities & objectives

No	Department of Water Affairs' priorities & Government outcomes	Strategic objectives
1	Economic Growth, Rural Development, Food Security and Land Reform (outcomes 6, 7, 9)	1.1 To ensure the availability of water supply for economic and domestic use through the development of infrastructure
		1.2 To improve access to water for rural development and productive use
		1.3 To improve access to water for key growth points
2	To promote Sustainable and Equitable Water Resources Management (outcome 10)	2.1 Setting a strategic framework for water management in the country
		2.2 To ensure balance of water supply and demand through integrated planning
		2.3 To improve equity in water allocation through regulatory instruments
		2.4 To enhance supply of water
		2.5 To ensure the protection of water resources
		2.6 To improve water use efficiency
		2.7 To improve the management of the water resources
3	Strengthening the regulation of the water sector (outcome 6, 10)	3.1 To improve the regulation of the water sector
		3.2 To improve the water use authorisation

No	Department of Water Affairs' priorities & Government outcomes	Strategic objectives
4	Support local government to deliver water services (outcome 9)	3.3 To improve the protection of water resources and ensure sustainability
		3.4 To improve the regulation of water quality through compliance, monitoring and enforcement
5	Contribute to Improved International Relations (outcome 11)	4.1 Ensure the provision of local government institutional support
		4.2 To broaden access to water services (basic services and eradication of backlog)
		5.1 Contribute to the advancement of the African agenda and global engagements
		5.2 To contribute to the water agenda in the global system of governance
6	Build capacity to deliver Quality Services (outcome 12)	5.3 To leverage international resources for the SA water sector
		6.1 To achieve a high performance culture
		6.2 To ensure availability of the right skills
		6.3 To enable sustainable provision of services
		6.4 To achieve equity in gender and disability
		6.5 To improve corporate governance
		6.6 To improve financial management

2.1.6 Overview of the service delivery environment for 2011/12

MAIN EXCHEQUER ACCOUNT

Regional Bulk Infrastructure Programme (RBIG)

The Regional Bulk Infrastructure is defined as the infrastructure required to connect water on a macro or sub-regional scale, over vast distances, with internal bulk and reticulation systems or any bulk infrastructure that may have an impact on water resources in terms of quality and quantity. The Department is responsible and accountable for the management of the fund, which is administered by the National Treasury. During the 2011/12 financial year, a total budget of R1,785 billion was allocated and the expenditure as at 31 March 2012 was R1,739 billion which represents 97.4% of the total budget. From the inception of the programme in 2007 till the end of March 2012, a total of 25 projects were completed. In the financial year under review, a total of 5 compared to the planned 7 regional bulk infrastructure schemes were completed in the EC: 1 Coffee Bay Bulk Water Supply (BWS), FS: 1 Ngwathe BWS, NC: 2 Tsantsabane and Riemvasmaak BWS and WC: 1 George BWS. In addition, a total of 4 505 (cumulative) versus the planned 1 210 job opportunities were created.

Resource Poor Farmers (RPF)

In accordance with the National Water Act (Act 36 of 1998) and regulations on financial assistance to resource poor farmers, the Minister may allocate assistance to those farmers that fulfill requirements as per regulations. To ensure that water resources are protected, the regulations explicitly state that financial assistance may be granted and utilised only for activities that ensure water is protected, used, developed, conserved and managed in a sustainable and equitable manner. As indicated in Table 6, a total of 4 174 resources poor farmers were supported to access water, compared to the planned 1 000.



Table 6: Support to Resource Poor Farmers

Province	Number of Resource Poor Farmers	Type of Support
Eastern Cape	2 763	General Authorisation to access water
Free State	412	Operation and Maintenance (O&M)
Gauteng	10	General Authorisation to access water
KwaZulu-Natal	34	Operation and Maintenance (O&M)
Limpopo	122	General Authorisation to access water, Bulk infrastructure and Operation and Maintenance (O&M)
Mpumalanga	88	Bulk infrastructure
Northern Cape	720	General Authorisation to access water, Bulk infrastructure and Operation and Maintenance (O&M)
Western Cape	23	General Authorisation to access water
Total	4 172	

Rainwater Harvesting (RWH) Tanks

The Department has a number of programmes that contributes towards the Presidential War on Poverty Programme and one of those is the RWH programme. This initiative will enable people who live in areas where the reticulation has not as yet been implemented, to have access to water. The programme targets rural communities through the installation of tanks and awareness creation sessions. Additional 8 068 versus the planned 6 000 rainwater harvesting tanks were distributed to improve access to water and food production. Of the 8 068 rainwater harvesting tanks, 6 308 were for access to water supply and 1 760 were for food production. Table 7 indicates the breakdown of rainwater harvesting tanks.

Rainwater Harvesting

Table 7: Breakdown of rainwater harvesting tanks

Province	Tanks distributed for access to water supply	Tanks for distributed for food production
Eastern Cape	2 181	462
Free State	648	0
KwaZulu-Natal	0	123
Limpopo	516	0
Mpumalanga	1 698	150
Northern Cape	728	550
North West	396	135
Western Cape	141	340
Total	6 308	1 760

Total number of tanks (Access to water supply and Food production)	8 068
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River Health Programme (RHP) and interventions

The River Health Programme (RHP), is part of the National Aquatic Ecosystem Health Monitoring Programme (NAEHMP), which was initiated in 1994 and all Regional Offices are implementing the programme.

Based on the information obtained from the RHP a total of four (4) compared to the planned two (2) major rivers were rehabilitated in the Regional Offices:

- Eastern Cape: Buffalo
- Limpopo: Luvuvhu
- Northern Cape: Hart, and
- Western Cape: Berg Rivers

The two additional rivers in the Eastern Cape and Limpopo were also identified as flagship projects for the Deputy Minister.

Water Allocation Reform (WAR)

The Water Allocation Reform Programme (WAR) was launched in 2005, with the objective of ensuring equitable access to water in eradicating poverty and promoting social and economical development. The programme's priorities are to meet the water needs of



Historically Disadvantaged Individuals (HDIs), ensure their participation in water resource management, promote the beneficial and efficient use of water in the public interest.

Licenses are required for amongst others: storage of water and use of water. To facilitate availability of water for Historical Disadvantaged Individuals (HDIs), attention is also given to the allocation of water following principles of equity and sustainability. During the year under review, 93 licenses were issued to Historically Disadvantaged Individuals (HDIs), which constitutes 52% of licenses received during the year under review. A total volume of 52 Mm³ of water was allocated to HDIs. The allocation of water to HDIs is dependent on the number of applications received, and the process of validation and verification improved the allocation of water.

Compliance and enforcement

To enforce compliance with the regulation of water quality over two-thousand (2 576) sampling points were monitored. Almost two-thousand (1 935) waste discharge points were monitored, and mines (457) were also inspected for pollution.

Water Conservation and Demand Management (WC/DM)

South Africa has been classified as a water scarce country, however water from the source to the consumer is lost due to inappropriate and inadequate asset management. Lack of education on part of the consumer also leads to inefficiency in the day to day use of water. The loss of water not only depletes the country's resources, but also reduces revenue to the Water Services Authorities (WSAs). The municipalities' revenue is lost due to leaking pipes, illegal connections and poor billing systems.

In terms of the water use efficiency programme, sixty eight (68) municipalities were supported in implementing water conservation and water demand measures to reduce water loss by 519 Mm³. Measures to improve water use efficiency in the catchment areas were also undertaken and the volume of water loss was reduced to 32 Mm³, as a result of validation and verification processes, which revealed high volumes of water used by the properties investigated.

In the Eastern Cape, the municipalities of Baviaans, Ikwezi, Makana, Camdeboo, Blue Crane, Alfred Nzo, Joe Gqabi, Chris Hani, Buffalo City and Nelson Mandela Bay were provided with support to repair pipes, leak detection, pressure management and guidance on how to manage their financial management systems.

In Gauteng, support was provided in the municipalities of Lesedi, Merafong, Mogale City and Westonaria. These municipalities were supported to address water issues on training and capacity building with emphasis on meter reading, domestic leak auditing, domestic repairs, top consumer audit, retrofitting and community awareness on how to use water wisely. The awareness campaigns that were conducted ensured that communities use water wisely and efficiently to improve water security and reduce consumer bills.



In the Free State, the Setsoto Local Municipality repaired leaks not only in households but in their water treatment plant and reservoir.

In Limpopo, the Mogalakwena Local Municipality is in the process of assessing the infrastructure and network to determine the volume of water lost.

In the Sekhukhune District Municipality, flow water meters and valves are being installed to ensure that areas within Flag Boshielo use the water received efficiently.

In addition leaks were detected in the Moloto bulk water pipeline under the municipality of Thembisile Hani Local Municipality, in Mpumalanga, and seven (7) air valves were repaired. Standpipes were installed and a valve was refurbished at the Moloto reservoir, as a result water supply interruptions are now no longer experienced.

In the Northern Cape, the Renosterberg Municipality was funded through the Accelerated Community Infrastructure Programme (ACIP) to replace the leaking water supply network. Phase 1 of the project has been completed. The water treatment plant was also refurbished and that has resulted in constant water supply within the area of jurisdiction. Furthermore, the municipalities of !Kheis, Siyathemba, Siyancuma and Tsantsabane were assisted with the development of water conservation and demand management strategies. The strategies were completed and presented to the municipalities for implementation and that will assist the municipalities in sourcing funding to address water losses.

The Dr Ruth Segomotsi Mompati District Municipality in the North West was assisted in developing water conservation and demand management strategy and awareness campaign was conducted to educate the community about the illegal use of water.

In the Western Cape, effluent water is re-used to irrigate sports grounds thus leading to savings in the use of potable water for recreational purposes. Additional to this, the billing slips are used to communicate message to customers on how to save and use water efficiently. In the Bitou Local Municipality, a total of 9 500 water meters for individual households were repaired and this contributed to water savings.

Partnerships within Water Conservation and Demand Management

In Mpumalanga, the Thembisile Hani Local Municipality continued to implement water conservation and demand management measures to reduce water losses through the Rand Water Board together with the Japanese International Cooperation Agency (JICA). In the Western Cape the Department of Water Affairs and the Department of Cooperative Governance and Traditional Affairs (CoGTA) are providing water meters with the support of the Development Bank of Southern Africa (DBSA).



Local Government Support

At the end of March 2011, the Minister signed off the Enhanced Local Government Support Approach (ELGOSA) concept paper that provided the overall framework within which the Department provided support to local government. This has enabled the adoption of a structured approach to local government support and an improvement in linkages of activities impacting on local government across the water value chain. One of the goals embedded in ELGOSA consisted of revitalising and strengthening collaboration and inter-governmental structures with the intention of utilising them as platforms for the resolution of service delivery challenges.

The Department established a Rapid Response Unit (RRU) in order to address poor performance of water and waste-water systems, which resulted in community protests in some cases. The RRU then had to deal with proactive and reactive non-compliance cases of municipal service delivery. The specialists within the unit had enabled the Department to intervene directly in high risk operational situations where the lives of the citizens and the environment were under threat as a result of water and waste-water treatments failures. During the financial year 2011/12 the unit had assisted municipalities in developing 36 business plans for waste-water treatment works of which 24 were implemented. In addition five (5) waste-water risk abatement plans and seven (7) water safety plans were finalised. Municipalities were also assisted in developing 18 water conservation and demand management strategies.

In Western Cape, Knysna Lagoon and Breede River hands-on support was provided to address water and wastewater quality issues from the abattoir. The assistance provided was to review the designs, process management, development of bill of quantities and contract specifications. As a result of the success of RRU, a decision was made to partner regional offices with water boards and decentralise RRU to each regional office. In parallel to this, the Department is continuing to work closely with the Department of Cooperative Governance (DCoG) and South African Local Government Association (SALGA), to seek ways of enhancing the capacity of Water Services Authorities (WSAs). The aim is to improve service delivery models that the municipalities are using to perform their Water Services Provider (WSP) functions.

2.1.7 Overview of the organisational environment for 2011/12

The infrastructure programmes such as the RBIG and ACIP have made an impact on improving service delivery to the communities, by creating job opportunities and skills. The ACIP with its focus on refurbishment has led to increased awareness in the municipalities about the importance of Operation and Maintenance (O&M). The Letsema Project has enabled the Department to focus and fast track the eradication of license backlog. In addition, the commencement of the validation and verification process had an impact in curbing water losses especially in water stressed management areas. To hold the decline in the municipal waste-water treatment performance, the establishment of the Rapid Response Unit by the Department was imperative in preventing spillages, of effluent that could have been hazardous and injurious to the health of the communities. The Blue and Green Drop certification process together with the Accelerated Community Infrastructure Programme (ACIP) has motivated



municipalities to take ownership of their water infrastructure and steps to manage their infrastructure more responsibly.

The large number of vacancies, particularly for senior managers in the regional offices has had a negative impact on performance. The Department also faces challenges with an ageing workforce within the technical fields which requires further intervention in terms of skills transfer. Intervention plans were prioritised, for example, the filling of senior management posts, and enquiring of office space in effected regional offices. The end of the Masibambane donor funding had a negative impact on the water sector needs, as MTEF allocations were insufficient to meet the requirements of the water sector. The use of municipalities as implementing agents for the RBIG has resulted in a delay in appointing contractors by the municipalities. Ageing infrastructure is affecting the functionality of the schemes in the municipalities and that forces the Department to focus on replacing infrastructure while there is a challenge of still serving the communities that are without the infrastructure. Continuous service delivery protests at the municipality level have put the Department under pressure to implement unplanned projects.

2.1.8 Key policy development and legislative changes

The Department is participating in a sanitation policy review process driven by the Department of Human Settlements to clarify roles and responsibilities regarding the provision, oversight and regulation of sanitation across the country.

The Department has embarked on a legislative review of the current water-related legislation. While the National Water Act, 1998 (Act No. 36 of 1998) provides a legal framework for the progressive realisation of the right to access to sufficient water, there is however a need to review the act to ensure equity in the allocation of water, to improve water resources management and to streamline the regulatory processes. The Water Services Act, 1997 (Act No. 108 of 1997) requires significant review to ensure alignment with the provisions of the Municipal Systems Act, 2000 (Act No. 32 of 2000) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). The Water Research Act also needs revision to align it with contemporary best governance practice and the current legal requirements.

The process of reviewing the first edition of the National Water Resource Strategy (NWRS) is underway. The review provides an opportunity to ensure that water is at the centre of planning and that it supports the broad national economic and social development goals through the Water for Growth and Development (WfGD) framework without compromising the long-term sustainability of water resources.

An appropriate institutional model for effective economic regulation of the entire water value chain is being developed.

A revision of the raw water pricing strategy aims to improve the financial viability of government's bulk raw water business. The current provision to cap annual water tariff increases and exclude categories of users from paying the "Return on Assets" tariffs, results in annual deficits. Appropriate pricing of water is necessary to ensure that this scarce resource is valued by all citizens.



A huge backlog has developed with regard to the regional bulk water and sanitation infrastructure owned by municipalities, including water treatment and waste-water treatment plants. Surveys done jointly with local governments estimate the backlog at R110 billion. The Department has budgeted R5,4 billion over the next four (4) years to reduce this backlog. This amount excludes the funds that have been allocated in the budgets of local government.

The Dam Safety Rehabilitation Programme which commenced in 2005 will be continued and planned rehabilitation works will be completed at 25 dams. A similar programme has been started to rehabilitate water conveyance infrastructure. The two programmes are expected to decrease the backlog by R4 billion in the next four years using funds allocated from the fiscus and from revenue collected from the sale of water.

The Department is finalising the IRR which seeks to create sustainable water sector institutions that will facilitate effective service delivery while supporting government's transformation objectives. This will be achieved by the separation of policy making, share holding and regulation to ensure that there will be effective governance in the sector. The department will also seek to facilitate institutional integration to ensure that functions are allocated to institutions that are best placed to undertake them to optimise the sector capacity, and to facilitate economies of scope and scale.

A fifteen (15) member National Water Advisory Committee (NWAC) exists and the members will serve for no more than three years and are appointed in terms of section 99 – 101 of the National Water Act (Act No. 36 of 1998). The purpose of the NWAC is to advise the Minister of Water and Environmental Affairs regarding the Department's mandate. This includes any matter relating to the protection, use, development, conservation, management and control of water resources as prescribed in the National Water Act, No 36 of 1998 or any matter in connection with the rendering of a water supply and sanitation services, the treatment, use and disposal of effluent as per the Water Services Act 108 of 1997. Furthermore, the NWAC can advise the Minister on policy initiatives and any initiative that will contribute to ensuring the long term water security for South Africa.

2.2 Programme Performance

The activities of the Department are organised in the following programmes:

- Programme 1: Administration
- Programme 2: Water sector management
- Programme 3: Water infrastructure management
- Programme 4: Regional Implementation and support
- Programme 5: Water sector regulation
- Programme 6: International Water Cooperation



2.2.1 PROGRAMME STRATEGIC PRIORITIES AND OBJECTIVES

Table 8 : Departmental Strategic priorities & objectives

No	Department of Water Affairs' priorities & Government outcomes	Strategic objectives
1	Economic Growth, Rural Development, Food Security and Land Reform (outcomes 6, 7, 9)	1.1 To ensure the availability of water supply for economic and domestic use through the development of infrastructure
		1.2 To improve access to water for rural development and productive use
		1.3 To improve access to water for key growth points
2	To promote Sustainable and Equitable Water Resources Management (outcome 10)	2.1 Setting a strategic framework for water management in the country
		2.2 To ensure balance of water supply and demand through integrated planning
		2.3 To improve equity in water allocation through regulatory instruments
		2.4 To enhance supply of water
		2.5 To ensure the protection of water resources
		2.6 To improve water use efficiency
		2.7 To improve the management of the water resources
3	Strengthening the regulation of the water sector (outcome 6, 10)	3.1 To improve the regulation of the water sector
		3.2 To improve the water use authorisation
		3.3 To improve the protection of water resources and ensure sustainability
		3.4 To improve the regulation of water quality through compliance, monitoring and enforcement

No	Department of Water Affairs' priorities & Government outcomes	Strategic objectives
4	Support local government to deliver water services (outcome 9)	4.1 Ensure the provision of local government institutional support
		4.2 To broaden access to water services (basic services and eradication of backlog)
5	Contribute to Improved International Relations (outcome 11)	5.1 Contribute to the advancement of the African agenda and global engagements
		5.2 To contribute to the water agenda in the global system of governance
		5.3 To leverage international resources for the SA water sector
6	Build capacity to deliver Quality Services (outcome 12)	6.1 To achieve a high performance culture
		6.2 To ensure availability of the right skills
		6.3 To enable sustainable provision of services
		6.4 To achieve equity in gender and disability
		6.5 To improve corporate governance
		6.6 To improve financial management

2.2.2 PROGRAMME PERFORMANCE INFORMATION – MAIN EXCHEQUER ACCOUNT

The activities of the Department of Water Affairs are organised in the following programmes:

Service Delivery Objectives and Indicators

PROGRAMME 1: ADMINISTRATION

Purpose: To provide policy leadership, advice and core support (include finance, human resource, legal services, information and management services, communication and corporate planning).

Performance indicators and targets:

The performance table shows the strategic objectives, performance indicators and targets planned and achieved.

Table 9: High Performance Culture

Strategic Objective 6.1: To achieve a high performance culture				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual(2011/12)	
% Information Technology network system available	95% Information Technology network system available	97% Information Technology network system available	98% Information Technology network system available	Due to refurbishment of absolute IT infrastructure
% of employees trained in line with the Work Skills Plan	80% of employees trained in line with the Work Skills Plan	100% of employees trained in line with the Work Skills Plan	68% (4 497 of 6 606) of employees trained in line with the Work Skills Plan	Unplanned training not reported and cancellation of training due to operational issues
Automated Monitoring and Evaluation (M&E) system developed and implemented	Manual M&E system	Automated M&E system developed	Manual M&E system implemented	The development of the automated system delayed due to project management dynamics.

Strategic Objective 6.1: To achieve a high performance culture				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual(2011/12)	
Alignment of the planning process (strategic plan and budget (ENE) plan.	60% (2011/12 SP aligned with government objectives)	100% (2012/13 SP aligned with government objectives and the Estimates of National Expenditure (ENE)	95%	Annual performance plan developed parallel to the preparation of the ENE. For alignment to be 100%, performance plan needs to be developed first and inform budget preparation.
% of signed Performance Agreements aligned to business plans	85% of signed Performance Agreements aligned to business plans	100% of signed Performance Agreements aligned to business plans	99.8% (5 919 of 5 932) of signed Performance Agreements aligned to business plans	Unavailable of employees due to suspensions and incapacity leaves
% of informed and engaged employees, citizen and stakeholders	10% of informed and engaged employees, citizen and stakeholders	15% of informed and engaged employees, citizen and stakeholders	0% of informed and engaged employees, citizen and stake-holders	No research has been conducted yet due to Government Communication System (GCIS) pulling out

Table 10: Availability of the right skills

Strategic objective 6.2: To ensure the availability of the right skills				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12)	
% annual average vacancy rate	15% annual average vacancy rate	14% annual average vacancy rate	24,88% annual average vacancy rate	Vacancy rate increased due to additional posts that were created on the establishment
Number of graduate trainees developed	197 of graduate trainees developed	50 graduate trainees developed	50 graduate trainees developed	Process buy-in by line managers to develop more graduates
Number of graduate trainees placed into candidate positions	0 (1ST group to be placed in the 2011/12 financial year)	50 graduate trainees placed into permanent positions	50 graduate trainees placed into permanent positions	Create enabling environment to place graduate candidates into permanent positions
Number of learnerships implemented	64 number of learnerships implemented	80 number of learnerships implemented	687 number of learnerships implemented	Funding was made available by Local Government Sector Education and Training Authority (LGSETA) resulting in the initiation of more learnerships
Number of internships implemented	31 number of internships implemented	75 number of internships implemented	27 number of internships implemented	Only technical internships; non technical internship programme unfunded
% HIV/AIDS Programme implemented	0% HIV/AIDS Programme implemented	50% HIV/AIDS Programme implemented	100% Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) Programme implemented	Professional Service Providers (PSP) and Peer educators rolled the programme to all the regions. The programme was adjusted in line with the National Health imperatives

Table 11: Equity in Gender and Disability

Strategic objective 6.4: To ensure equity in gender and disability				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12)	
% of women employed	38% of women employed	50% of women employed	42% of women employed	Recruitment process through line managers ignores Employment Equity stats when selection is made
% of people with disabilities employed	0.16% of people with disabilities employed	2% of people with disabilities employed	0.31 of people with disabilities employed	Lack of focus on disability management by line management that all employees with disabilities disclose their status
Number of projects implemented	2	3	2 projects were completed	1 project did not finish in time due to the delays in community consultations.

Table 12: Corporate Governance

Strategic objective 6.5: To improve corporate governance				
Performance Indicator	Baseline (Actual Output) 2010/11	11/12 Target	Actual (2011/12)	Reason for Variance
Approved Risk management Framework in place and implemented	Risk Management Framework approved	Risk management framework implemented	Risk management framework implemented	-
Percentage implementation of the annual Internal Audit coverage Plan	100%	100%	96%	Three projects delayed and were not completed in time.

Table 13: Financial Management

Strategic Objective: To improve financial management				
Performance Indicator	Baseline (Actual Output) 2010/11	11/12 Target	Actual (2011/12)	Reason for Variance
% reliable asset register	95%	100%	98%	Unverified Assets and losses under investigation
Number of irregular expenditure cases reported	16 Cases	0 cases of irregular expenditure	83	Forensic audit performed in the Department from prior years.
Reduction in the value of irregular expenditure reported	R12 million	0 Rands	R40 510 000 (including prior years)	Although R58 920 000 has been condoned.
Unqualified audit	Qualified audit	Unqualified audit	Unknown. Audit on performance information is still in progress	Results will be known at the end of July when the audit is concluded.

PROGRAMME 2: WATER SECTOR MANAGEMENT

Purpose: The purpose of this programme is to ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment through effective policies, integrated planning, strategies, knowledge base and procedures.

Performance indicators and targets:

The performance table shows the strategic objectives, performance indicators and targets planned and achieved.

Table 14: Strategic framework for water management

Strategic Objective 2.1. : Setting a strategic framework for water management in the country				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual(2011/12)	
Raw water Pricing Strategy revised	Pricing Strategy	Study on the socio-economic impact of the revision of the pricing strategy	Project steering committee appointed and Status Quo document developed	Project initiation delayed
WfGD framework finalised	Draft WfGD framework	Revised WfGD framework	Not achieved This project will be completed when NWRS is finalised	This project will be completed when NWRS is finalised
Water related legislation drafted and gazetted (NWA, WSA, WRA)	First draft of Amendment Bill completed for WSA and NWA	Updated draft Amendment Bills submitted to Cabinet	3 Discussion document per act produced and Version 1 Draft bill for Water Research Act	Project plan revised
NWRS 2nd edition finalised and implemented	NWRS 1st edition – 2004	NWRS second edition finalised	NWRS version 0.5 produced.	Major scope extensions in the NWRS Framework

Strategic Objective 2.1. : Setting a strategic framework for water management in the country				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual(2011/12)	
Climate Change Strategy Developed and implemented	Draft Climate Change Framework	Background information document for Climate Change Strategy developed	Background information documents produced (Inception Report completed Climate change framework NWRs Climate Change chapter)	-
Finalised Institutional realignment framework	Draft report on Institutional Realignment	Framework reviewed and finalised	Draft report on Institutional Realignment	Delays in consultations with water institutions
Independent economic water regulator established	Nil	Feasibility study conducted and stakeholder consultation	Project steering committee appointed, concept note and status quo document developed.	Change of scope as directed by the Minister
Desalination Strategy developed	Draft desalination strategy	Desalination strategy finalised	Desalination strategy completed.	-
Re-use Strategy developed	Draft re-use Strategy	Re-use strategy finalised	Re-use strategy completed.	-



Table 15: Balance of water supply and demand

Strategic Objective 2.2. : To ensure balance of water supply and demand through integrated planning				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of new reconciliation strategies developed to ensure water security per year	2 reconciliation strategies	2 reconciliation strategies (Bloemfontein area , Mzimkulu catchment development strategy)	Bloemfontein area and uMzimkhulu catchment Reconciliation strategies completed	-
Number of Feasibility plans completed	2 feasibility plans	1 Feasibility Plan (Feasibility Plan of Phase 2 of Mokolo Crocodile Water Augmentation Project)	Completion of feasibility plan advanced but temporaly suspended (Feasibility Plan of Phase 2 of Mokolo Crocodile (West) Water Augmentation Project)	Completion put on hold pending on conformation of water needs to be informed by details on roll out of Department of Energy's Integrated Resource Plan.

Table 16: Protection of water resources

Strategic Objective 2.5. : To ensure the protection of water resources				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of ecological Reserves determined for significant water resources (including the dams in the river systems)	288 Ad Hoc Reserves determined	4 comprehensive reserves (Crocodile west , Vaal River system, Upper Vaal and Middle Vaal)	Crocodile west surface water finalised Lower and middle Vaal surface incomplete but water quality finalised Crocodile west ground water – draft technical report finalised Upper and middle Vaal ground water – ground water resource unit delineated (138 comprehensive reserves have been determined to date. Intend to cover all quaternary catchments)	Data discrepancies
Number of river systems classified	Classification System gazetted	1 Olifants-Doorn	Proposed management classes for Olifants-Doorn to be gazetted for public consultation	Awaiting finalisation of determination of RQOs for Olifants- Doorn
Number of water management areas with Resource Quality Objectives (RQOs) established in significant water resources	Approved procedure to develop and implement the RQOs	1 Water Management Area (WMA) (Olifants-Doorn)	Not achieved Project initiated	Project initiation delayed
Annual Report on status of water quality in dams produced	Nil	1 Annual Report	The 2009/2010 Report has been completed	-

Table 17: Water use efficiency

Strategic Objective 2.6. : To improve water use efficiency				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Water consumption targets per sector (i.e. mining, agriculture, domestic, industrial)	Targets set for the domestic sector	1 - for 3 irrigation schemes in 1 sector (Agriculture)	Draft targets for 3 irrigation schemes ((Sundays River, Loskop & Sandvedt schemes). Draft water management plans for Sundays River GWS, Loskop GWS, Hartbeespoort GWS, Sandveldt WUA, Mooi River GWS and Schoonspruit GWS prepared.	Project initiation delayed

Table 18: Management of water resources

Strategic Objective 2.7 : To improve the management of the water resources				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of systems (dams and schemes) with established operating rules	Operating rules policy & its application on the Vaal system	10 more schemes with established operating rules	12 more schemes with established operating rules	-
Number of priority catchments monitored	5	5	5 Priority catchments optimally monitored (Berg, Breede, Olifants, Mhlathuze and Levhuvhu/Letaba) including Gouritz river catchment	-
Number of monitoring stations constructed	1500 Monitoring stations	Construction of 3 monitoring stations	Vischgat WC (Olifants) completed Gerhardt Minnebron North-West (Vaal River) completed Klipplaatdrift Free-State (Vaal River Catchment) 90% complete to be finalised by June 2012	The water level in the Vaal river catchment was very high in the last quarter of the financial year, thus preventing construction work from being completed
Number of functional CMAs established	2	Realign 2 existing CMAs	Two business cases finalised for the existing CMAs.	Awaiting finalisation of institutional re-alignment framework
Number of water utilities and CMA TCTA, Water Research Commission (WRC) complying with corporate governance principles and legislation	13 Water Utilities 2 CMAs TCTA WRC	13 Water Utilities 2 CMAs TCTA WRC	12 water boards, 2 CMAs, TCTA, WRC quarterly reports analysed and submitted to the Minister	Namakwa Water was disestablished
Number of Irrigation Boards transformed to WUAs	59 WUA	9	2 Irrigation boards transformed (Koo and Leeurivier)	New policy proposals and legislative changes mooted- business case developed.

Table 19: Broadening access to water services

Strategic Objective 4.2. : To broaden access to water services (basic services and eradication of backlog)				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
First order asset register and programme	Draft WS Infrastructure Asset Management strategy	Pilot roll out in 40 Municipalities	Not achieved WS Infrastructure Asset Management Strategy approved	Awaiting approval of the strategy
Number of municipalities supported	80	40	40 WSAs supported in developing Water Services Development Plan (WSDPs) in a new format together with a IDP Sector Input Document and support provided during IDP assessment processes	-
Number of Councillor Inducted in WSAs	Councillor Development 5 year plan developed.	166 Portfolio Councillors Inducted	1224 councillors attended CDP induction. This induction covered 45 District Municipalities	-

PROGRAMME 4: REGIONAL IMPLEMENTATION AND SUPPORT

Purpose: Coordinate effective implementation of the Department’s strategic goals and objectives at the regional level, including the establishment of water resource management institutions. Facilitate water conservation and demand management. Accelerate in communities’ access to water infrastructure.

Performance indicators and targets:

The performance table shows the strategic objectives, performance indicators and targets planned and achieved.

Changes to planned targets: The targets highlighted in red in table 27 below have been moved to the Department of Environmental Affairs in the second quarter of the 2011/12 financial year.

Table 20: Availability of water supply (Main Exchequer Account)

Strategic Objective 1.1: To ensure the availability of water supply for domestic use through the development of infrastructure				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of bulk infrastructure schemes completed	19	7	5	The Jagersfontein Bulk Water Supply in the Free State delayed as a result of commissioning problems and the Tsomo Northern Bulk Water Supply contractor could not complete the work , thus the Chris Hani District Municipality (DM) appointed a new contractor
			EC: 1 Coffee Bay BWS, FS: 1 Ngwathe BWS, NC: 2 Tsantsabane BWS, Riemvasmaak and WC: 1 George BWS	

Table 21: Contribution to Economic Growth

SP 1: To contribute to Economic Growth, Rural Development, Food Security and Land Reform				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of jobs created through regional bulk infrastructure	5 651	1 210	4 505 (cumulative)	Additional Projects commenced with construction in the Western Cape namely; Hermanus WWTW and WTW

Table 22: Water supply for domestic use through the development of infrastructure

SP:1 To contribute to Economic Growth, Rural Development, Food Security and Land Reform				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of additional resource poor farmers with access to water	290	1 000	4 174	Late release of funding meant that the Regional Offices had to accelerate progress
Number of irrigation schemes rehabilitated	0	2	0	In Limpopo there was a delay in finalising the appointment of the Implementing Agent

Table 23: Rural Development and Food Security

SP 1 : To contribute to Economic Growth, Rural Development, Food Security and Land Reform				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of additional people provided with access to water per year	1.2 million	1 million	598 776	The figures were based on MIG allocation, as a result of delay in submission of figures by the DCoG and Department of Human Settlements and a lack of reporting by municipalities
Number of additional rain water harvesting tanks distributed for food production (per year)	4 659	6 000	Access to water: 6 308 Food Production: 1 760 Total Tanks distributed: 8 068	Additional funding was allocated and the funds for the tanks for access to water supply was a roll over from the 2010/11 financial year

Table 24: Protection of water resources

SP 2: To promote Sustainable and Equitable Water Resources Management				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of major rivers rehabilitated	8	2	4(FS: Hart; EC: Buffalo, LP: Luvuvhu and WC: Berg)	The further 2 rivers Buffalo (EC) and Luvuvhu (LP) are the Deputy Minister`s flagship projects

NB: The targets highlighted red were moved to the Department of Environmental Affairs at the end of the first quarter

Table 25: Regulation of water quality

Strategic objective 3.4: To improve the regulation of water quality through compliance, monitoring and enforcement				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of catchments where Waste Discharge Charge System is implemented	0	8 Catchments identified for implementation of waste discharge charge system	5 verifications completed in GP, MP, NC, NW & WC (Upper Vaal, Inkomati and Olifants, Lower Vaal, Crocodile-West Marico, and Berg, Gouritz and Olifants /Doorn)	There was a delay in the appointment of the service provider by the Chief Director: Water Use
Hectares of land cleared of alien plants and vegetation per	715 400	889 915	Function transferred to the Department of Environmental Affairs	-
Hectares of land converted to woodlots per year	1 655	2 050		-
Number of jobs created by Working for Water per year	25 300	28 400		-
Number of jobs created by Working on Fire per year	2 221	2 890	Function transferred to the Department of Environmental Affairs	-

Table 26: Water use efficiency

Strategic Objective 2.6: To improve water use efficiency				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12)	
Number of municipalities supported in implementing water conservation and water demand measures to reduce water losses	74	62	68	Due to interventions put in place to support municipalities through the Department's Accelerated Community Infrastructure Programme (ACIP) and Donor funding
Volume of water saved (m ³)	12 million m ³ reduction by the domestic sector by 2010/11	12 million m ³ saved	519 048 335 m ³	

Table 27: Regulation of the water sector

Strategic Objective 3.1: To improve the regulation of the water sector				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of Water Resource Institutions regulated as per business plans	3	44	14	Delay in the finalisation of Institutional Realignment and Reform (IRR)
			EC : 1 GWCA – Great Fish River	
			FS: 3 Leeuwrvier Oranje and Riet	
			MP: 3	
			Trans-Elands IB in Olifants CMA, Elands IB in Inkomati CMA and Blyde WUA in Olifants CMA	
			NC: 3 (Boegoeberg, Kakamas and Oranje Vaal WUAs)	
			WC: 4	
			Breede Overberg CMA, Lower Olifants River WUA, Groenland	

Table 28: Provision of local government support

Strategic Objective 4.1: To ensure the provision of local government support				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of municipalities supported to improve compliance with Water Quality Standards	55	76	76	-
Number of municipalities supported to improve compliance with Wastewater Quality Standards	48	73	109	The Green Drop certification programme continued to create awareness on water quality standards, support provided by the Rapid Response Unit (RRU) and additional donor funding was provided to intervene in sampling of wastewater effluent
Number of prioritised municipalities (score < than 30%) with improved Blue Drop scores	0	10	52	The scores were low during the assessment cycle and the focus was to ensure that support was provided to develop water security plans and other requirements in the affected municipalities to prepare for the next cycle
Number of prioritised municipalities (score < than 30%) with improved Green Drop score	0	15	59	After the 2010 Green Drop assessments, municipalities made a concerted effort to improve their Green Drop status
Number of municipalities supported to align WSDPs with IDPs	169	40	152	This was being coordinated from a central point, (National Office) to improve planning with regards to water security
Number of transferred schemes refurbished	226	51	22	The different financial years between the National Department and Local Government delayed the transferred funds from the Department to the municipalities

Programme 5: Water Sector Regulation

Purpose: The purpose of this programme is to regulate or govern and control the use, development, conservation and management of water throughout the value chain within the provisions of the relevant legislation.

Performance indicators and targets:

The performance table shows the strategic objectives, performance indicators and targets planned and achieved.

Table 29: Access to water

Strategic Objective 1.3. : To improve access to water for key growth points				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of new water management areas in which Compulsory Licensing has been completed	0	2	Draft Inception Reports completed for Jan Dissel and Mhlathuze	Delays in project initiation

Table 30: Improved regulation of water quality

Strategic Objective 3.4: To improve the regulation of water quality through compliance, monitoring and enforcement				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of Blue Drop municipal assessments completed	96 (60%)	146 (90%)	2011 Blue Drop Annual Report released reporting on 914 water supply systems assessments 931 water supply systems assessed in 153 WSAs	-
Number of Green Drop municipal assessments completed	84 (52%)	130 (80%)	2011 Green Drop Report released reporting on 821 waste water systems assessments 153 Municipal assessments	-
Number of waste water supply systems assessed to meet effluent standards per year	792	797	Green Drop Report released reporting on 831 waste water systems assessments	-
Number of mines monitored for non-compliance by 2014	62	90	86	Complexity of the audits

PROGRAMME 6: INTERNATIONAL WATER COOPERATION

Purpose: The purpose is to strategically develop, promote and manage international relations on water resources between countries through bilateral, poly lateral and multilateral cooperation instruments and organisations. It drives national interests at bilateral and multilateral in the African continent and globally.

Performance indicators and targets:

The performance table shows the strategic objectives, performance indicators and targets planned and achieved.

Table 31: African agenda and global engagements

Performance Indicator	Baseline (Actual Output) 2010/11	11/12 Target	Actual (2011/12)	Reason for Variance
Number of joint decisions (Plan of Action (PoA), agreements, joint studies)	0 Plan of action	1	1	-
	4 Agreements	1	1	-
	3 Studies	4	4	-
Number of RSA positions adopted and incorporated into the SADC water initiatives	0 (strategic plan)	1 position per initiative (2 initiatives)	4 initiatives	As per the SADC plan, more than 2 initiatives were presented for RSA to contribute.
Number of MoUs/ Agreements signed in Africa	1	1	2	Political commitment fastracked the signing of the agreement
Number of MoUs/ Agreements signed globally	3	1	Draft strategic partnership agreed with Netherlands	International Water Cooperation (IWC) saw a strategic opportunity that Department could not miss.

Performance Indicator	Baseline (Actual Output) 2010/11	11/12 Target	Actual (2011/12)	Reason for Variance
Number of MoUs/ Agreements implemented in Africa	1	1	2	Political commitment fasttracked the signing of the agreements beyond our expectation.
Number of existing bilateral instruments realigned or expanded per year	1	1	1	-
Number of country strategies established per year	2	2	Water profiles (4) leading to the establishment of strategies done	Further analysis work needs to happen including consultations in order to come up with a consolidated strategy for the water sector.
Number of the AMCOW initiatives supported	1	1	3	South Africa's Presidency enabled the RSA to contribute more into the AMCOW agenda.
Number of the AMCOW meetings convened	2	2	2	-



2.2.3 PROGRAMME PERFORMANCE INFORMATION - WATER TRADING ENTITY

The Water Trading Entity has three programmes, namely; Administration, Water Infrastructure Management and Regional

PROGRAMME 1: ADMINISTRATION

Purpose: Administration programme provides policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication, and corporate planning.

Performance indicators and targets:

The performance table shows the strategic objectives, performance indicators and targets planned and achieved.

Table 32: Financial management (WTE)

Strategic objective 6.6: To improve financial management				
Performance Indicator	Baseline (Actual Output) 2010/11	11/12 Target	Actual (2011/12)	Reason for Variance
% Complete and accurate asset register	100%	100%	91%	Subsequent to reporting to the Auditor-General, work has been done resulting in 100% achievement.
Number of irregular expenditure cases reported	4 cases	0 cases of irregular expenditure	9 cases	Lack of understanding of what constitutes irregular expenditure. Non compliance to supply chain procedures. Inadequate enforcement of supply chain management prescripts.
Reduction in the value of irregular expenditure reported	R7 million	0 Rands	R36 301 256.26	
% of all billable and registered customers billed accurately	75%	90%	92%	-
Percentage of cash collected against outstanding debt	50%	70%	45%	Disputes in account balances. Inadequate dunning processes and procedures.
% Revenue billed against revenue budget	93%	95%	95%	-
Unqualified audit	Disclaimer	Qualified audit	Unknown. Audit is in progress	The baseline information should be amended to read "disclaimer" and the actual achievement for the WTE has moved from a disclaimer to a qualified audit on revenue management, irregular expenditure and assets under construction.

PROGRAMME 3: WATER INFRASTRUCTURE MANAGEMENT

Purpose: To ensure a reliable supply of water from bulk raw water resources infrastructure, within acceptable risk parameters, to meet sustainable demand objectives for South Africa. Solicit and source funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

Performance indicators and targets:

The performance table shows the strategic objectives, performance indicators and targets planned and achieved.

Table 33: Availability of water supply

Strategic Objective 1.1: To ensure the availability of water supply for economic and domestic use through the development of infrastructure				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Percentage of project completed as per project plan	Olifants River Water Resources Development Project (ORWRDP Phase 2A- De Hoop Dam) 72%	90%	86%	Labour action and stoppages during the year disrupted progress
	Olifants River Water Resources Development Project (ORWRDP Phase 2B-I) 3%	6%	5%	Contract award delayed by unexpected institutional challenges. Contract has since been awarded
	Vaal River Eastern Sub-System Augmentation Project (VRESAP) 99.9%	100%	100%	-

Strategic Objective 1.1: To ensure the availability of water supply for economic and domestic use through the development of infrastructure				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
	Mokolo and Crocodile River (west) Augmentation Project 8%	13%	12%	Site handed over to Contractor, pipe delivery commenced
	Komati Water Scheme Augmentation Project (KWASAP) 2%	26%	26%	-
	Mdloti River Development (Raising of the Hazelmere Dam) 16%	61%	10%	Target for 2011/12 was not adjusted to reflect actual progress during 2010/11
	Olifant's Doorn River Water Resources Project (Raising of Clanwilliam Dam) 0%	1%	1%	-
	Mooi-Mgeni Transfer Scheme (mmTS-2) 2%	26%	20%	Delayed delivery of construction material due to limitation by local residents on the number of heavy trucks allowed on the R103
	Groot Letaba River Water Resources Project (Nwamitwa Dam and Tzaneen Dam Raising) (GLEWAP) 0%	3%	0%	Record of Implementation Decision is still outstanding

Strategic Objective 1.1: To ensure the availability of water supply for economic and domestic use through the development of infrastructure				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Percentage of project completed as per project plan	Draft Agreement on LHWP Phase 2 submitted for approval by governments of RSA and Lesotho	Designers appointed	Project Management Unit (PMU)	-
			The Lesotho Highlands Water Commission (LHWC) have just agreed with the Lesotho Highlands Development Authority (LHDA) that the appointment of the PMU to be in July so as to address some of the technical shortcomings in the bids received.	
			Baseline Studies	
			Final Tender to be submitted to the LHWC by the LHDA for approval.	
			Advertise the Tender May 2012 and appointment of the Service Provider by July 2012.	

Strategic Objective 1.1: To ensure the availability of water supply for economic and domestic use through the development of infrastructure				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Percentage completion of the project as per the project implementation plan.	Nandoni water treatment works and distribution 69%	79%	58%	GRP replacement projects kicked off. Tender processes for Mechanical/ Electrical contracts commenced
	Nandoni pipeline 0%	27%	20%	Contract W0330-WTE progressing slower than programmed.
	Inyaka Water treatment works 73%	98%	91%	Bids W0496-WTE and W0497-WTE not yet awarded
	Hluhluwe Regional water Scheme 81%	92%	93%	Delayed awarding of two large external contracts impacting overall progress and related tasks since the Civil works are nearly complete.
	Great Letaba Water Distribution 11%	20%	0%	Project progress exceeded due to favorable environment
	Middle Letaba 76%	94%	75%	Require Environmental Impact Assessment (EIA) and Ministerial approval before construction can start
	52%	75%	52%	Extension of scope due to unforeseen circumstances (Extra work on Masakona pipeline)
Implementation of the infrastructure maintenance programme				Delays in the appointment of Maintenance Contract Shortage of skilled O&M staff on schemes to implement and routine maintenance tasks

Strategic Objective 1.1: To ensure the availability of water supply for economic and domestic use through the development of infrastructure				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Total dam rehabilitation projects in progress (design or construction phase) to reduce maintenance backlogs Dam Safety Rehabilitation Programme (DSRP)	50%	70%	56%	Target figures were incorrectly based on expenditure
Number of dam rehabilitation projects completed	22	28 (6)	28 dams rehabilitated for financial Year (FY) Mashashane Dam Molepo Dam Rust de Winter Dam Klein Maricopoort Dam	Delays in procuring of PSP services Shortage of internal technical capacity
Number of Conveyance systems developed	6	6	2 projects on the Gamtoos GWS were completed. The rehabilitation of the valve chambers on the Westoe to Jericho Pipeline was completed. Rehabilitation of sections 8 and 4 on the Vlakkfontein Canal has been completed.	Delay in procuring of PSP services Shortage of internal technical capacity
Percentage assurance of supply to water user	100% Level of assurance	100%	100%	-

PROGRAMME 3 REGIONAL MANAGEMENT (WTE):

Purpose: The programme coordinates effective implementation of the Department's strategic priorities and objectives at a regional level including the establishment of water resources management institutions, facilitating water conservation and demand management as well as accelerating access to water infrastructure by communities. It mainly comprises of nine regional offices located in different provinces and are coordinated under the Regional Management programme sitting at the head office.

Performance indicators and targets:

The performance table shows the strategic objectives, performance indicators and targets planned and achieved.

Table 34: Availability of water supply for domestic use

Strategic Objective 1.1: To ensure the availability of water supply for domestic and economic use through the development of infrastructure				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of dams with a safety risk classified	501	44	91	After the verification process is undertaken to determine safety, health and environment the dams get classified by Regional Offices's Dam Safety Officers
Number of dams identified for safety risk	589	128	195	More dams with a dam wall above 5 m high and the capacity of more than 50 000 m ³ were identified

Table 35: Equity in water allocation through regulatory mechanisms

Strategic Objective 2.3: To improve equity in water allocation through regulatory mechanisms				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of licences issued to HDIs	1 088	426	93 Licences issued to historically disadvantaged individuals which constitutes 52%	Licences are demand driven and insufficient information on the applications and further requests from clients delayed the evaluation

Table 36: Equity in water allocation through regulatory mechanisms

SP 2: To improve equity in water allocation through regulatory mechanisms				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Volume of water allocated to HDIs	8 mm ³	13 mm ³	52 298 163 m ³	The allocation of water to HDIs is dependent on the number of applications received and the process of validation and verification improved the allocation of water
Number of water management areas assessed for compulsory licensing	3	5	3 Jan Dissels, uMhlatuze and Tosca	The late release of the budget affected the progress into other identified areas such as Mokolo in Limpopo and Crocodile West Marico in the North West

Table 37: water use efficiency

Strategic Objectives 2.6: To improve water use efficiency				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12)	
Volume of water loss reduction	20 million m ³	12 million m ³	32 053 562 m ³	The properties investigated through validation and verification process were using a high volume of water

Table 38: Management of water resources (WTE)

NB: The targets in the table were moved to the Department of Environmental Affairs after the first quarter of the financial year.

Strategic objective 2.7: To improve the management of water resources				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12)	
Number of hectares (terrestrial) (ha) cleared	40 000	47 520	Function transferred to the Department of Environmental Affairs	-
Number of jobs created	1000	1035	Function transferred to the Department of Environmental Affairs	-
Number of hectares (aquatic) (ha) cleared	4 000	4144 323	Function transferred to the Department of Environmental Affairs	-
Number of jobs created	300	484	Function transferred to the Department of Environmental Affairs	-

Table 39: Water use authorisation (WTE)

Strategic objective 3.3: To improve water use authorisation				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of water users authorised	1 995	721	682	This is dependent on the license applications received
Number of dams identified per catchment	278	105	110	The majority of the dams were in the Free State where a large number of previously unknown dams were identified

Table 40: Regulation of water quality(WTE)

Strategic Objective 3.4: To improve the regulation of water quality through compliance, monitoring and enforcement				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12)	
Number of sampling points monitored	3 747	4 144	2 576	Some sampling points were not accessible due to bad weather conditions
Number of waste discharge points monitored	2 625	3 555	1 935	Authorisations are dependent on the number of applications received
Number of waste discharge points authorised	152	332	682	This is dependent on the number of applications received to determine the waste discharge points to be authorised
Number of mines where pollution inspection is conducted	312	389	457	This is dependent on the pollution incidents that occurred and reported

PART 3: ANNUAL FINANCIAL STATEMENTS

3.1: AUDIT COMMITTEE REPORTS

3.1.1: REPORT OF THE AUDIT COMMITTEE (MAIN EXCHEQUER ACCOUNT (VOTE 38))

3.1.1 Report of the Audit Committee (Main Exchequer Account - Vote 38)

REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The Audit Committee comprises the following members:-

Name of Member	Number of Meetings Attended
Ms S. Thomas (Chairperson)	9
Mr J A Boyd	5
Mr W.J.L du Preez	9
Mr K.D. Nkadimeng	9
Mr J Motha	8
Ms H Kabini – Zondo	4
Mr Maxwell Sirenya (Director General)	1
Mr Trevor Balzer (Acting Director General)	4
Ms Thandeka Mbassa (Acting Director General)	2

75

During the year under review the Audit Committee held six normal meetings and three special meetings.

Mr Boyd and Ms Kabini – Zondo resigned during September 2011. Three new Audit Committee members, Ms Rejoice Maphumulo, Mr Thiru Mudaly and Mr Mamokwana Mpai, were appointed on 29 March 2012. These appointments were accepted by the members in April 2012.

Ms Mbassa represented Mr Balzer at Audit Committee meetings when Mr Balzer was not available to attend. Mr Balzer's term of acting ended on 5 December 2011, and the current Director General Mr Maxwell Sirenya assumed duty in January 2012.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a) of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) as amended by Act No.29 of 1999) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has discharged its responsibilities as contained therein.



The Audit Committee has addressed itself to the financial statements of the following unit during the period under review:

- Vote 38

INTERNAL CONTROL

The system of internal control was not effective for the year under review, as compliance with prescribed policies and procedures were lacking. During the year under review, instances of non-compliance were reported by the internal and external auditors that resulted from a breakdown in the functioning of controls. The weaknesses reported previously have not been fully and satisfactorily addressed, and the impact thereof is reflected in the annual financial statements.

The Minister has appointed a business process review committee during July 2011. The scope of work of the committee includes the review of financial management and the overall systems, including information technology. The review process has started and the business process review committee will report to the Department on an on-going basis to ensure that agreed recommendations are implemented within the shortest possible timeframes.

RISK MANAGEMENT

The Department has developed and approved a risk management strategy. This strategy is the foundation for a continuous risk assessment process and for management monitoring of risks on an ongoing basis.

INTERNAL AUDITING

Internal auditing provides a supportive role to management and the Audit Committee to achieve their objectives by assisting in the management of risk within the Department

The Internal Audit Directorate is responsible for independent and objective evaluation of the Department's system of internal control at a detailed level and to bring any significant business risks and exposure to the attention of management and the committee through the provision of comprehensive internal audit reports.

As part of their mandate, the business process review committee will make recommendations on the restructuring of the Internal Audit, including making recommendations on the capacity requirements.

MATTERS REQUIRING SPECIFIC MENTION

The committee notes with concern, the Auditor-General's Qualified Audit Opinion on the financial statements of the Main Account. Management will be required to continue with the



implementation of corrective action to address the concerns raised by the Auditor-General that gave rise to the above-mentioned opinion. Stability in Senior Management is critical in driving the key corrective action plans to address key weaknesses

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



Ms S. THOMAS

DATE: 21/09/2013

CHAIRPERSON OF THE AUDIT COMMITTEE



3.1.2 Report of the Audit Committee (Water Trading Entity)

REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The Audit Committee comprises the following members:-

Name of Member	Number of Meetings Attended
Ms S. Thomas (Chairperson)	9
Mr J A Boyd	5
Mr W.J.L du Preez	9
Mr K.D. Nkadameng	9
Mr J Motha	8
Ms H Kabini – Zondo	4
Mr Maxwell Sirenya (Director General)	1
Mr Trevor Balzer (Acting Director General)	4
Ms Thandeka Mbassa (Acting Director General)	2

During the year under review the Audit Committee held six normal meetings and three special meetings.

Mr Boyd and Ms Kabini – Zondo resigned during September 2011. Three new Audit Committee members, Ms Rejoice Maphumulo, Mr Thiru Mudaly and Mr Mamokwana Mpai, were appointed on 29 March 2012. These appointments were accepted by the members in April 2012.

Ms Mbassa represented Mr Balzer at Audit Committee meetings when Mr Balzer was not available to attend. Mr Balzer's term of acting ended on 5 December 2011, and the current Director General Mr Maxwell Sirenya assumed duty in January 2012.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a) of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) as amended by Act No.29 of 1999) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has discharged its responsibilities as contained therein.

The Audit Committee has addressed itself to the financial statements of the following unit during the period under review:

- Water Trading Entity

INTERNAL CONTROL

The system of internal control was not effective for the year under review, as compliance with prescribed policies and procedures were lacking. During the year under review, instances of non compliance were reported by the internal and external auditors that resulted from a breakdown in the functioning of controls. The weaknesses reported previously have not been fully and satisfactorily addressed, and the impact thereof is reflected in the annual financial statements.

The Minister has appointed a business process review committee during July 2011. The scope of work of the committee includes the review of financial management and the overall systems, including information technology. The review process has started and the business process review committee will report to the Department on an on-going basis to ensure that agreed recommendations are implemented within the shortest possible timeframes.

RISK MANAGEMENT

The Department has developed and approved a risk management strategy. This strategy is the foundation for a continuous risk assessment process and for management monitoring of risks on an ongoing basis.

INTERNAL AUDITING

Internal auditing provides a supportive role to management and the Audit Committee to achieve their objectives by assisting in the management of risk within the Department

The Internal Audit Directorate is responsible for independent and objective evaluation of the Department's system of internal control at a detailed level and to bring any significant business risks and exposure to the attention of management and the committee through the provision of comprehensive internal audit reports.

As part of their mandate, the business process review committee will make recommendations on the restructuring of the Internal Audit, including making recommendations on the capacity requirements.



MATTERS REQUIRING SPECIFIC MENTION

The Audit Opinion has improved from a Disclaimer Audit Opinion in the previous financial year to a qualification. Management will be required to continue with the implementation of corrective action to address the concerns raised by the Auditor-General that gave rise to the above-mentioned opinion and to improve on the current year's qualification. Stability in Senior Management is critical in driving the key corrective action plans to address key weaknesses

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



Ms S. THOMAS

DATE: 21/09/2013

CHAIRPERSON OF THE AUDIT COMMITTEE



3.2.1 Report of the Accounting Officer

Report by the Accounting Officer to the Executive Authority and Parliament/
Provincial Legislature of the Republic of South Africa.

1 General review of the state of financial affairs

1.1 Important policy decisions and strategic issues facing the department

In 1994 only 59% of our people had access to clean and safe drinking water and have now reached a national average of 94.7% access to basic water services (an increase of 35.7%). The backlog now stands at 5.3% (710 000 households compared with 3.9 million households in 1994). Despite this progress there are still many rural areas and informal settlements close to urban areas which are without water. Furthermore, there are still many areas where post-1994 infrastructural deficiencies are still characterised by a lack of access to water due poor maintenance and operational problems. The provision of services to the remaining 5.3% of the population will require a special intervention from 2012 going forward.

In order to ensure that the water policies support the goals of the democratic developmental state a policy review will be undertaken in 2012 and in parallel a review of the National Water Act, the Water Services Act and the Water Research Act. The streamlining of the legislation will ensure that they effectively serve the purposes of the developmental state in relation to water services, economic growth and development.

The Department will continue working with the Departments of Environmental Affairs and Mineral Resources to implement an integrated authorisation process that will cover water use licences, environmental impact assessment authorisations and waste licences with a view to later integrating further permits to streamline the regulatory processes.

1.2 Significant events that have taken place during the year

Following the Cabinet approval of the Inter-Ministerial Committee (IMC) report on the findings of the Team of Experts on “Mine Water Management in the Witwatersrand Goldfields with Special Emphasis on Acid Mine Drainage (AMD)”, the Minister on 06 April 2011 issued a directive to the Trans-Caledon Tunnel Authority (TCTA) to implement the immediate and short term solutions for treatment of AMD in the Western, Central and Eastern Basins.

On 21 June 2012, South Africa signed an agreement with the Democratic Republic of Congo. This agreement enabled the transfer of funds from the African Renaissance Fund to be transferred to Randwater, who was appointed to implement the identified projects in Lubumbashi and Likasi.

On 11 August 2011 an agreement was signed with the Government of Lesotho for the implementation of Phase 2 of the Lesotho Highlands Water Project (LHWP). The project



comprises the construction of the Polihali Dam and transfer tunnel to the Katse Dam which will augment the supply of water to the Vaal River system. The Trans-Caledon Tunnel Authority (TCTA) has been directed to drive the implementation of the project through the Lesotho Highlands Water Commission. Water will be delivered by 2020.

South Africa as President of African Ministers Council on Water (AMCOW) made significant contribution to the work of AMCOW by giving leadership which strengthened the AMCOW governance model on the financial regulations and staff regulations. This was achieved by providing the resource person who assisted the AMCOW secretariat in drafting these regulations. South Africa also gave leadership in the preparation of a Triennial Workplan which has instilled donor confidence in the programmes of AMCOW.

The Department facilitated a workshop on water between South Africa and Japan wherein the water sectors of both countries came together, shared and exchanged vital technical information and opportunities. This led to a signing of a joint resolution between South Africa and the Japan Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to encourage and strengthen mutual cooperation in the field of water.

A partnership arrangement has been entered into with the World Economic Forum (WEF) a SA Strategic Water Partners Network (SWPN) has been established, focussing on water efficiency, supply chain with a focus on agriculture and water quality.

During 2012 the Department will investigate how best to structure the economic regulation not only of the delivery of water services, but water resources as well. The correct pricing of water is an important element, recognising the real cost of delivering water in a water scarce country, and therefore the raw water pricing strategy will also be revised.

Following a review of the institutional arrangements in the water sector, to see how the public institutions are best configured to deliver on our mandate, a decision has been taken to proceed with the establishment of the nine (9) Catchment Management Agencies (CMAs) as opposed to 19.

An investigation is also currently underway on the possible restructuring of Water Boards to ensure that they are able to fund and develop the necessary bulk water services infrastructure, and also to support municipalities, particularly those that require immediate intervention.

Part of this will include expanding footprints of the restructured Water Boards enabling the cross-subsidisation of, and service delivery in particularly poor rural areas.

1.3 Major projects undertaken or completed during the year

During the 2011/12 Financial Year the Department completed a total of nine (9) regional bulk schemes comprising of two (2) Waste Water Treatment Works (WWTW), three (3) Water Treatment Works (WTW) and four (4) Bulk Water Supply Schemes (BWSS).



The Department has and will continue to invest heavily in the maintenance and construction of bulk water supply infrastructure over the next two years.

We expect to complete among others, Phase 2A of the Olifants River Water Resources Development Project in the Limpopo province which is the completion of the construction of the dam wall at the De Hoop Dam. In addition, the Crocodile Water Augmentation Project Phase1 – which comprises the construction of a pump station and a 46 kilometre pipeline that will deliver water from the Mokolo Dam to the Medupi Power station and for the expected growth in the Lephalale Municipality is also to be completed this year (2012) at a cost of R2.077 billion. The Komati Water Augmentation Project will supply water to Duvha and Matla Power stations, this will also be completed this year.

In KwaZulu-Natal, the Mooi Umngeni Transfer Scheme 2 along with the construction of the 42 meter high Spring Grove Dam and the associated transfer schemes will supply water to about 5 million people and the industrial sectors in the Durban and Pietermaritzburg areas.

In the Western Cape, resource poor farmers will benefit from the Olifants- Doorn River Water Resources Project, which comprises the raising of the Clan William Dam by 13 meters, to provide additional water.

Our regional bulk water infrastructure programs are well on course. An investment of R 2.23 billion will be made in the 2012/2013 financial year. This includes the construction of 43 regional bulk scheme-projects that are currently ongoing. Twenty seven (27) of these are in the rural parts of our country while 16 are in urban areas.

1.4 Spending trends

1.4.1 Reasons for under-spending

The Department spent R8 164 906 000 of the total allocation of R9 028 319 000 which represents 90.4% total spending of the Department.

The remaining 9% of the under expenditure is mainly due to the following:

- Unfilled vacant post including OSD posts which represent 21% (R169 m of R784 m) of under expenditure.
- An allocation of R250 million could not be spent on Acid Mine Drainage (AMD) due to unforeseen delays in finalising detailed design/concept of infrastructure .
- An allocation of R209 million could not be spent on Water Services Projects such as Nandoni Pipeline, Hluhluwe and Inyaka because approval of service provider took longer than anticipated.
- An allocation of R20 million could not be spent on Moutse Bulk Water Supply because the payment could not be captured before the payment cut-off date.
- An allocation of R18 million to refurbish ailing infrastructure could not be transferred to Bushbuckridge Water Board before the cut-off date



- An allocation of R34 million could not be spent in respect of Business Process Review (BPR), because the committee was appointed in the middle of the financial year .
- An allocation of R3,7 million could not be spent due to number of planned international engagement that could not take place due to political dynamics and postponements in certain countries.

Comparisons of expenditure between the 2010/11 and 2011/12 financial year

In comparisons with the 2010/11 financial year when 96% of the appropriated amount was spent, only 90.4% was spent in 2011/12.

The Percentages per programme were as follows:

Programmes	2011/12
Administration	88.9%
Water Sector Management	60%
Water Infrastructure Management	100%
Regional Implementation and Support	91.6%
Water Sector Regulations	81.1%
International Water Cooperation	80.2%
TOTAL	90.4%

1.4.2 Actions taken or planned to avoid recurrence

To strengthen the project management and contract management capacity within the department (as well as in the municipalities) and to improve on the governance structures that will assist with the monitoring of the expenditure on a continuous basis; the department has established Budget Committee that will quarterly review the expenditure against the performance and the service delivery.

The department has also established the CAPEX committee that will oversee and monitor all projects under work in progress. In addition to the internal arrangements put in place, the department has constant engagements with National Treasury where both parties meet quarterly to review the expenditure against the progress on the projects.



1.3 Virement

Programmes	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Available Budget
Administration	869 065	9 314	878 379	78 1491	96 888
Water Sector Management	882 151	(29 800)	852 351	511 807	340 544
Water Infrastructure Management	2 384 963	-	2 384 963	2 384 020	943
Regional Implementation and Support	4 753 659	20 486	4 774 145	4 375 501	398 644
Water Sector Regulations	112 370	-	112 370	91 153	21 217
International Water Cooperation	26 111	-	26 111	20 934	5 177
TOTAL	9 028 319	-	9 028 319	8 164 906	863 413

Reasons for virement

- An amount of R29, 8 million was shifted from Programme 2: Water Sector Management to Programme 4: Regional Management to Prevention and Mitigation Disaster and to capacitate Irrigation boards and Water User Associations.
- An amount of R9,3 million was shifted from Programme 4: Regional Implementation and Support to Programme 1: Administration in respect of office accommodation in the regions and for the establishment of National Water Advisory Committee (NWAC) co-ordinated by the office of the COO.

2 Service rendered by the department

The main services rendered by the Department relate to:

- Ensuring the availability of water at a national level to facilitate equitable and sustainable socio-economic development;
- Ensuring the effective and efficient supply of water services at a local level; and
- Ensuring compliance, monitoring and enforcement in terms of the National Water Act and the Water Services Act.

The Department also rendered services in support of the municipalities. These services are provided in greater detail as reported under Programme 4.



2.1 Tariff policy

The policy framework for charging for the use of water resources is set out in terms of Section 56 to 60 of the National Water Act, 1998 (Act No. 36 of 1998). The current Pricing Strategy was approved in 2007.

The Department is in the process of reviewing the Raw Water Pricing Strategy to enhance cost recovery. The Pricing Strategy outlines objectives, methodology and the implementation plan for setting water use charges for the purposes of:

- funding water resource management by the Department and water management institutions, through water use charges, Section 56 (2)(a) National Water Act, 1998 (Act No. 36 of 1998);
- funding water resource development and use of waterworks by the Department and water management institutions, Section 56 (2) (b) National Water Act, 1998 (Act No. 36 of 1998);
- achieving the equitable and efficient allocation of water, through a charge hereafter referred to as the “economic charge”, Section 56 (2) (c) National Water Act, 1998 (Act No. 36 of 1998);
- providing for a differential rate for waste discharges, hereafter referred to as the Waste Discharge Charge System (WDCS), Section 56 (5) National Water Act, 1998 (Act No. 36 of 1998)

Water Resource Management Charges

These charges are intended for the recovery of costs of performing water resources management activities, such as planning, implementing catchment management strategies, monitoring and assessing water resource availability and use, water use allocation, water quality management, water resources protection. These charges are determined and applied per Water Management Area (WMA) and include charges for:

- domestic and industrial use;
- agricultural (irrigation) use; and
- stream flow reduction activities (forestry).

Water Resource Infrastructure (scheme) charges

These water use charges relate to raw water supplied to water users from infrastructure funded, managed, operated and controlled by the Department and include:

- **Operations and Maintenance (O&M) Charges:** these charges cover the costs for operating and maintaining water resources infrastructure;
- **Depreciation Charges:** these charges cover the costs for carrying out refurbishment;
- **Return on Assets (ROA) Charges:** these charges cover the costs of performing upgrading (betterment) of water resources infrastructure.



All three (3) elements of these charges are applied to domestic and the industrial water use sector, currently only O&M and depreciation charges are applied to the irrigation sector.

Off-budget Scheme Charges

The Trans-Caledon Tunnel Authority (TCTA) is currently used as a Special Purpose Vehicle (SPV) to fund and implement the construction of water resources infrastructure. Funding for these projects is raised “off-budget” from capital markets and banks. The Pricing Strategy makes provision for the TCTA to determine the unit charges (tariffs) to be applied in order to repay the loans. The Department collects revenue on behalf of the TCTA and in terms of the agreements is required to cover the costs of any under recovery.

Water Research Levy

The activities of the Water Research Commission (WRC) are through the Water Research Levy as provided for in the Water Research Act. The levy is determined annually by the WRC with the concurrence of the Executive Authority and is payable by all water users.

Waste Discharge Charges

While the Pricing Strategy makes provision for the application of a Waste Discharge Charge System (WDCS) as a charge to mitigate the effects of water-bourne waste on river systems, these charges have not as yet been determined.

2.2 Free Services

Various technical and administrative support services were provided to water services and water resources institutions. These services vary over a wide range of activities but mostly around support such as the provision of information to municipalities, the media and public.

Booklets, guidelines and pamphlets were distributed free of charge to municipalities, civil society and NGOs working in the water sector. Free training was also provided to operators of water and wastewater works, councillors and water board members. Planning was done to assist municipalities in planning for their water resources and water services requirements. All of these services were done in addition to participating in inter-governmental activities. None of these would however generate any significant revenue had a tariff been charged.

2.3 Inventories

Expenditure on inventories amounted to R48 703 as at 31 March 2012. These are reflected as Note 6 of the Annual Financial Statements.



3 Capacity constraints

During the year under review, the Department experienced severe capacity limitation as a result of high vacancy rate at all levels in the Department.

The most significant impact as a result of the vacancies was at the Senior Management Service level and in particular Top Management where there were a number of acting appointments. A programme has been implemented to deal with the appointment of critical vacant SMS level posts where significant progress has been made with the recruitment process. The most significant posts filled being that of the Director-General and the Chief Financial Officer/s (CFO).

In the case of the Water Trading Account a decision was taken to appoint an Acting CFO and a Deputy CFO in line with the recommendation of the Auditor-General. Previously this function was the responsibility of the CFO for the Main Account. Significant improvements to financial management are already visible as a result of these appointments.

Progress has also been made with the Institutional Re-alignment project and the Executive Authority has approved the re-alignment of the CMAs with a reduction from 19 to 9. Progress is also being made in investigating the rationalisation of the current Water Boards together with increasing the present footprint. This initiative will contribute to improved service delivery across the water sector.

During the year under review, the Executive Authority and Accounting Officer brought together thirteen (13) professionals to form a Business Process Re-engineering (BPR) Committee. These individuals have a variety of experience and a range of skills in fields that include law, finance, policy, organisational design, ICT and human resource management.

Their mandate is to investigate challenges human resources, information technology, governance, out-sourcing arrangements, review of mandate of strategy, policy and legislative review, institutional realignment, asset and infrastructure re-evaluation and audit preparations. From its inception, the BPR Committee has been working closely with the Management Team of the Department implementing strategic changes where they are required. Very significant progress has already been made in re-engineering the financial management systems, addressing the issues raised by the Auditor-General.

4 Utilisation of donor funds

4.1 European Union: Masibambane III Program

During the 2011/12 financial year donor funding received from the European Union continued to fund the Department's, Masibambane program, which is in its third phase.



This is one of the most significant vehicles aimed at strengthening the Department's ability to effectively discharge its mandate through the implementation of the Community Water Supply and Sanitation Programme (CWSS). The details of the funds received are reflected under Note 4 of the Annual Financial Statements. The spending focus of these funds was as follows:

- Close collaboration with the Department of Provincial and Local Government to support delivery. Increased effort by sector partners to fast track procurement, service delivery and build capacity for sustainable services;
- Interactive video to induct new councillors; and
- Create awareness and enable communities to implement projects that protect, use, develop, conserve, manage and control water resources.

The financing agreement for European Union will be ending in December 2012.

4.2 African Renaissance (Local) Program

4.2.1 The Democratic Republic of Congo (DRC) was identified as one of the key strategic countries to support in terms of the Presidential priorities with regard to Post Conflict Reconstruction and Development. The African Renaissance Fund made available an amount of R22 million to assist DRC in water related infrastructure projects. A Memorandum of Understanding (MoU) was signed in June 2011 with the DRC on cooperation of water resources and the refurbishment infrastructure projects in the Katanga Province as a first phase in implementation. The Department subsequently secured the services of Rand Water as an implementing agent for this project. The implementing agent agreement between Rand Water and Water Affairs makes provision for the establishment of the Project Steering Committee which receives monthly progress reports and provide guidance or advice on any problems brought to its attention related to the project under implementation. Furthermore the MoU makes provision for the establishment of a Joint Committee responsible to direct, guide and oversee implementation of the project. The details of the funds received are reflected in Note 4 to the annual Financial Statements. To date, a total of R15.4 million has been transferred to Rand Water to implement the project as per their procurement plan. The remaining balance of R6.6 million will be paid during the 2012/13 financial year.

4.2.2 The Kingdom of Lesotho was also supported with the implementation of the advance infrastructure component of the Metolong Dam and Water Supply Programme.

In terms of an Agreement between the Government of the Kingdom of Lesotho and the Government of the Republic of South Africa, signed in 2010, a grant was awarded from the African Renaissance and International Cooperation Fund for the implementation of the advance infrastructure component of the Metolong Dam and Water Supply Programme. The grant, amounting to R60 million, was made available within the framework of the Joint Bilateral Commission of Cooperation



(JBCC) between Lesotho and the Republic of South Africa. The grant is to be utilised for the construction of permanent structures and facilities including:

- Roads ,sewers, storm water reticulation and lighting;
- Electricity supply to camp sites and houses;
- Waste water treatment plant;
- Provision of communications infrastructure; and
- Construction of Operations Centre.

5 Trading entities and public entities

5.1 Water Trading Entity

The water trading account was established in 1983 to ring fence departmental revenues collected through the sale of bulk water and related services from voted appropriations. The trading account was subsequently amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. The rationale was to create an entity which would manage the recovery of usage costs to ensure the long term sustainability of South Africa's water resources. Its strategic aim is to ensure the reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa.

The water trading entity has two components namely water resource management and infrastructure management. Water resource management deals with the management of water quality, conservation and allocation of water through the catchment management agencies, and, where catchment management agencies are not yet established, through the proto catchment management agencies located in regional offices. The infrastructure management component deals with the operation and maintenance of existing infrastructure as well as the development of new infrastructure.

Funding for operation and maintenance comes from revenue that is generated from raw water charges. Water resource management charges cover the operational costs of the two (2) catchment management agencies or proto catchment management agencies in cases where catchment management agencies are not yet established. Since its inception, the water trading entity has faced numerous challenges, including reviewing and resolving accounting issues, setting up organisational processes, and verifying the extensive network of national water resource infrastructure. To fund the development of new infrastructure, the entity receives an allocation from the national Budget, as it is unable to generate enough revenue from its current pricing strategy. In addition to the challenges related to the pricing strategy, the entity has not put proper financial, management and quality controls in place, which would ensure that it operates efficiently, makes optimal use of resources and implements capital projects without incurring financial losses.



5.2 The Trans-Caledon Tunnel Authority (TCTA) (PFMA Schedule 2 Major Public Entity)

The Trans-Caledon Tunnel Authority was established in 1986 in terms of the Water Act (1956). The authority now functions in terms of the National Water Act (1998) and a number of ancillary acts. It is categorised as a schedule 2 major public entity and is subject to the Public Finance Management Act (1999). The authority is a multidisciplinary organisation specialising in project financing and implementation, and is a specialised liability management entity. Its mandate is to raise off-budget finance to develop bulk raw water infrastructure that delivers water for industries and consumers in a cost effective manner. It also provides financial and treasury management services and tariff setting and debt management services to designated water boards, water management institutions and the Department of Water Affairs.

5.3 Water Research Commission (PFMA Schedule 3 - Part A: National Public Entity)

The Water Research Commission was established in terms of the Water Research Act (1971). The commission plays an important role in water research by establishing needs and priorities, stimulating and funding research, promoting the transfer of information and technology, and enhancing knowledge and capacity building in the water sector.

5.4 Water boards (PFMA Schedule 3 - Part B: National Government Business Enterprises)

Water boards have been established to operate as water services providers, which mainly entails the provision of bulk portable water supply. These boards manage water services in their supply areas, provide potable water at cost-effective prices and act as important intermediaries between bulk infrastructure provision, water reticulation and end users. There are currently 12 water boards that have been set up as financially independent institutions in terms of section 34(1) of the Water Services Act, 1997 (Act No. 108 of 1997) and must aim to be financially viable.

5.5 Catchment Management Agencies (PFMA Schedule 3 - Part A: National Public Entity)

In terms of Chapter 7 of the National Water Act, 1998 (Act No. 36 of 1998), provision is made for the establishment of Catchment Management Agencies (CMAs) that should perform delegated water resources management functions at the regional or catchment level and to involve local communities in decision-making processes. CMAs are classified as Schedule 3A public entities in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended which implies that they are supposed to have governing structures in the form of a board and a Chief Executive Officer (CEO).



5.6 Water user associations

According to Chapter 8 of the National Water Act, 1998 (Act No. 36 of 1998), all irrigation boards formed under the Water Act of 1956 (Act No. 54 of 1956) must be transformed into water user associations (WUA's) to provide a vehicle for localised users to operationally manage the use of the resource in a more integrated manner. Currently, all irrigation boards are in the process of being transformed into water user associations to fall within the ambit of the National Water Act, 1998 (Act No. 36 of 1998).

5.7 Komati River Basin Water Authority

The Komati Basin Water Authority was established in terms of a treaty between South Africa and Swaziland. The aim of the authority is to manage the water resources of the Komati River basin sustainably.

The authority is responsible for financing, developing, operating and maintaining the water resources infrastructure in the basin, comprising the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland.

6 Organisations to whom transfer payments have been made

6.1 Transfers to entities

All entities to which transfer payments have been made are reflected as in Note 9 to the Annual Financial Statements.

6.2 Reasons for transfer payments

6.2.1 Grants to municipalities

Transfer payments are made to municipalities in terms of section 64 of the Water Services Act, 1997, (Act No. 108 of 1997) which is intended to subsidise the operation and maintenance of water schemes previously owned by the Department of Water Affairs and currently transferred to Water Services Authorities (WSA). The assets are owned and operated by WSAs or any agency appointed by them.

6.2.2 Transfers to departmental agencies and to foreign government and international organisations

Water Trading Entity

Funds are transferred to the Water Trading Entity (WTE) to ensure reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa.





The WTE is also responsible for the development of new infrastructure. Any deficit is funded from the Main Account as an augmentation. For year under review, augmentation to the WTE amounted to R2 037 826 million for infrastructure.

Komati River Basin Water Authority (KOBWA)

Funds are transferred to KOBWA for financing, developing, operating and maintaining the water resources infrastructure in the basin, comprising of the Driekoppies Dam in South Africa and Maguga Dam in Swaziland. For the year under review, an amount of R179 057 million was transferred.

African Ministers Council on Water (AMCOW)

Funds are transferred to AMCOW to contribute towards the advancement of the African agenda and global engagement. For the year under review, an amount of R181 000 (thousand) was transferred.

Orange-Senqu River Basin Commission Secretariat

For the year under review, an amount of R500 000 was contributed to the Orange-Senqu River Basin Commission (ORASECOM) secretariat to ensure the sustainability of the shared water resource among South Africa, Mozambique, Botswana and Swaziland

6.3 Accountability arrangement

Funds are transferred on the basis of a transfer agreement (contract between the Department and the receiving institution). The transfer agreement is intended to ensure the effective and sustainable delivery of infrastructure in accordance with the required accountability aspects of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended and the Division of Revenue Act, 2010 (Act No. 1 of 2010).

7 Public private partnerships (PPPs)

The Department does not have any Public Private Partnerships (PPPs).

8 Corporate governance arrangements

8.1 Risk Management

The management of risk in the department is an integral component of effective corporate governance. The department has a risk management framework in place. The risk management framework is based on the Public Sector Risk Management Framework and other best practises.



Compliance is integrated into risk management processes. Risk management is also integrated into strategic, business, project and budget planning of the department.

The risk management framework is linked to a fraud prevention strategy which aims to raise staff awareness of potential fraud within business activities by understanding fraud risk of the department. The Department through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The department has a Risk Management Committee that oversees how management monitors compliance with departmental risk management framework and procedures. The Audit Committee reviews the adequacy of risk management framework put in place by the Accounting Officer to identify, analyse and manage risk. The Risk Management Committee is assisted in its oversight role by the Directorate Risk Management under the supervision of the Chief Risk Officer.

8.2 Internal Audit

8.2.1 Fraud prevention policies

The Department considers fraud prevention as an integral part of an overall Department anti-corruption strategy. The internal Audit function has a directorate that focuses specifically on fraud prevention, detection and investigation. The Department has a fraud prevention policy and response plan in place, which is reviewed annually, and contains the policy stance of the Department to fraud and corruption to report, investigate and resolve incidents of fraud and corruption which impact on the Department.

The Department has identified the need to provide continuous awareness on prescribed prescripts, policies and procedures to ensure general compliance thereof. Management will improve awareness and acknowledge of the relevant systems, policies, procedures, rules and regulations including the requirements of the Public Finance Management Act, 2000 (Act No. 1 of 1999) as framework Act, 2000 (Act No. 5 of 2000) and the Supply Chain Management (SCM) Guidelines among employees. Management will continue to assess the effectiveness of this strategy on an annual basis and make adjustments where required

8.2.2. Effectiveness of internal audit and the audit committee

Internal Audit Unit of the Department discharges its responsibilities in accordance with Treasury Regulations requirements. The internal Audit component is headed by a Chief Director who reports administratively to the Accounting Officer and functionally to the Audit Committee. The component has developed and implemented a risk-based internal audit plan, which is in line with the standard set by the Institute of Internal Auditors. Internal audit has made strides during the current financial year by substantially achieving targets set in the annual operational plans. The role of the internal audit function is to assist the accounting officer in



maintaining efficient and effective controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement. The controls subject to evaluation encompass the following: the information systems environment; the reliability and integrity of financial and operational information; the effectiveness of operations; safeguarding of assets; and compliance with laws, regulations and controls.

The Department has an Audit Committee appointed in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) as amended and Treasury Regulations. The committee has adopted the terms of reference as set out in the Audit Committee Charter. The Committee has scheduled meetings whereby Audit Committee engages management on, among others, matters relating to performance and financial management, internal audit matters and improvement action plans, formulated to address performance and financial management weakness identified by external auditors. Special Audit Committee meetings are also held to deal with issues that require a dedicated attention.

9 Discontinued activities / activities to be discontinued

The Department has not discontinued any activities during the year under review.

10 New / proposed activities

The Department has established a Rapid Response Unit (RRU) to respond to water related crises and emergencies. This unit has the capacity to: Respond to crises that result from water and wastewater infrastructure challenges, e.g. cholera outbreak and sewerage spillages, augmenting the Department's capacity in responding to disasters, i.e. floods, droughts and pollution of water and designing and implementing proactive interventions aimed at pre-empting crises before they occur.

11 Asset management

Physical verification of assets was conducted at all nine regional offices. Transfer of assets to Department of Environmental Affairs was also signed off by both Accounting Officers in accordance to section 42 of the PFMA. This was done to confirm existence and ensure that all assets within the department have been recorded and accounted for in the Departmental Asset Register.

In the 2011/2012 financial year the verification was supplemented by regular monthly asset spot checks of a minimum of 50 and a maximum of 200 assets per region.

Monthly reconciliations were also performed from April 2011 until March 2012 to ensure that additions for the current financial year have all been recorded onto the Asset Register. Monthly reconciliations for Finance Lease with the splitting of Capital and Interest portions were also done from April 2011 to March 2012 to ensure correct accounting treatment. The



Departmental Asset Register meets the minimum requirements as per the asset management guidelines and asset Management Framework. The Asset Register is divided in Major and Minor as well as the different assets reporting classes i.e. Transport, Computer, Machinery etc. The asset management plan derived from the demand plan is currently being consolidated for implementation.

Challenges

Misallocation is still a challenge within the department however some great strides were made through provision of training throughout the department and there is indeed improvement compared to the previous year's reporting. The Asset Management Directorate will in the 2012/13 financial year continue with the implementation of a journal register that will be monitored monthly. There is also a need for the department to re-visit some of its historic assets for purposes of revaluation. One of the major challenges within the regions is around the adequacy of the asset management structures as officials perform both WTE and Main Account functions which poses problems with regards to meeting reporting timelines. This challenge is aimed to be resolved by the re engineering process that the BPRC is undertaking to address these identified challenges.

12 Events after the reporting date

On 5 July 2012 there was a fire in the Eastern Cape region where the office building and other assets were burnt. The value of the assets damaged is unknown yet.

In terms of the arbitration award, the former Director-General (Ms Yako) should be paid out the remainder of her contract from 1 November 2010 to 28 February 2011. However, Ms Yako is of the opinion that in terms of a Parliamentary minute, her contract was only meant to end in April 2011. Therefore she is suggesting that she be paid out until end of April rather than end of February. This matter is still under review and as such the matter is not been concluded.

13 Information on predetermined objectives

The predetermined objectives are reported in the form of four quarterly reports to the Executive Authority annually and these culminate in the Annual Report which is tabled with the Parliament on a prescribed / compliance date. Each programme (branch) prepares a quarterly report against the Annual Performance Plan and/or programme specific business plan and these get consolidated into a departmental quarterly report for approval by the Executive Authority. The Top Management of the Department is responsible for identifying goals and strategic objectives for the development of the Annual Performance Plan and business plan/s. This is followed by budget programmes identifying related outputs and key performance indicators. The achievement of these predetermined objectives is guided by setting quarterly targets on which the quarterly reports are based.





14 Standing Committee on Public Accounts (SCOPA) resolutions

The Standing Committee on Public Accounts heard evidence on and considered the content of the Annual Report and the Report of the Auditor - General of South Africa (AGSA) on the 2009/10 financial statements of the Department of Water Affairs , the Water Trading Entity and the Special Investigations Report by the AGSA. The Committee noted the qualified audit opinion, highlighted areas which required the urgent attention of the Accounting Officer.

SUBJECT	REFERENCE TO PREVIOUS AUDIT REPORT AND SCOPA RESOLUTIONS	FINDINGS ON PROGRESS
MAIN EXCHEQUER ACCOUNT		
1.1 Immovable assets	<p>The AGSA was unable to verify the existence and completeness of immovable capital tangible assets stated at R33 499 000 (2009: R5 043 122 000) as disclosed in note 32 to the financial statements.</p> <p>The Committee recommends that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> a) The Department maintains asset registers for each category of assets as required by the Department's Financial Reporting Framework Guide; and b) The assets on these registers are verified regularly and correspond to financial records of the Department. 	<ul style="list-style-type: none"> 1 The Department has revised and put in place an asset register for each category of assets as required by the Reporting Framework Guide. 2 Verification is done regularly including monthly asset samples of not less than 200 assets per region. 3 Inconsistencies on accounting on assets related to Regional Bulk Infrastructure Grants projects were addressed, all assets in relation to these projects are been captured on the departmental asset register until the projects are completed and handed over.
1.2 Movable Assets	<p>The AGSA identified the following:</p> <ul style="list-style-type: none"> a) The closing balance for all movable tangible capital assets of R90 724 000 as disclosed in note 30 of the financial statements, does not correspond with the balance of R48 257 427 per the asset register. b) The Department did not provide sufficient and appropriate evidence to explain the difference between the disclosure note and the underlying asset register of R42 895 573. 	<ul style="list-style-type: none"> 1 Monthly asset reconciliations are done between BAS and the asset registers. 2 Training on Standard Charts of Accounts (SCOA) codes were provide to 286 officials by PALAMA, and functional training on the use of SCOA codes were provided to all 9 Regions of the Department.



SUBJECT	REFERENCE TO PREVIOUS AUDIT REPORT AND SCOPA RESOLUTIONS	FINDINGS ON PROGRESS
MAIN EXCHEQUER ACCOUNT		
	<p>c) The Department's record did not perform the application of alternative procedures to verify the existence and completeness of movable assets.</p> <p>The Committee recommends that the Accounting Officer ensures that:</p> <p>a) The asset register is reconciled frequently to the financial records in order to identify and correct any discrepancies; and</p> <p>b) All officials who record transactions are provided training on the use of Standard Charts of Accounts (SCOA) codes.</p>	
1.3 Goods and services	<p>The AGSA identified the following:</p> <p>a) The additions for movable tangible assets of R33 800 000 as disclosed in note 30 of the financial statements does not correspond with the additions of R16 160 794 in the asset register.</p> <p>b) The difference is a result of misclassification of expenditure on goods and services as capital expenditure.</p> <p>c) The Department incomplete records did not allow for the application of alternative procedure.</p> <p>d) The effect of the misclassification on the tangible assets balance and on the goods and services amount contained in the financial statements could not be determined.</p>	<p>1 Monthly asset reconciliations are done between BAS and the asset register.</p> <p>2 Training on SCOA codes were provide to 286 officials by Public Administration Leadership Management Academy (PALAMA), and functional training on the use of SCOA codes were provided to all 9 Regions of the Department.</p>



SUBJECT	REFERENCE TO PREVIOUS AUDIT REPORT AND SCOPA RESOLUTIONS	FINDINGS ON PROGRESS
MAIN EXCHEQUER ACCOUNT		
	<p>The Committee recommends that the Accounting Officer ensures that:</p> <p>a) The asset register is reconciled frequently to the financial records in order to identify and correct any discrepancies; and</p> <p>b) All officials who record transactions are provided training on the use of SCOA codes.</p>	

SPECIAL INVESTIGATION REPORT

Subject	Reference to previous audit report and SCOPA resolutions	Findings on progress
The Auditor-General reported on the under-mentioned investigations and identified the following:		
3.1 Supply Chain Management (SCM)	<p>As required by section 38(1)(a)(iii) of the Public Finance Management Act (PFMA), a Procurement User Manual exists in the Department. Instances were identified where officials of the Department did not always appropriately adhere to the Department's Procurement User Manual and the procurement directives issued by the National Treasury. The PFMA stipulates that, where procurement prescripts are contravened, the expenditure incurred should be regarded as irregular expenditure. The irregular expenditure can be condoned ex post facto. The appointment of the service providers mentioned hereunder.</p> <p>The Committee recommends that:</p> <p>1 Appropriate corrective action is taken against officials of the Department for approving the extension of the contract on various occasions in contravention of the Department's Procurement User Manual and the Delegation of Authority.</p>	<p>Disciplinary action instituted against the official.</p> <p>Irregular expenditure reporting updated accordingly.</p> <p>Strengthened controls over SCM compliance.</p> <p>A new Departmental Bid Adjudication Committee was appointed inclusive of the Supply Chain management practitioner as a member.</p>



Subject	Reference to previous audit report and SCOPA resolutions	Findings on progress
	<p>2 Contract period extensions, where appropriate, are finalised well in advance before the contract expires and should be approved properly by the Departmental Bid Adjudication Committee (DBAC) and the Director-General (DG).</p> <p>3 the total amount paid to the service provider for the period when contract was extended in contravention of the Department's Procurement User manual and the Department's Delegation of Authority is reported as irregular expenditure in terms of the requirements of the PFMA.</p> <p>4 The Department takes appropriate corrective action against officials of the Department who were responsible for contraventions of the Treasury Regulations and the practice notes issued by the National Treasury.</p> <p>5 As Supply Chain Management (SCM) prescripts were contravened in the appointment of the service providers, all payments made to the service providers amounting to R85,6 million are regarded as irregular and reported in accordance with the stipulations of the PFMA; and</p> <p>The DBAC is composed of functional teams comprising of senior officials, of whom one must be a Supply Chain Management practitioner.</p>	
3.2 Extension of contract with Arivia.kom	<p>1 According to the Department's Procurement manual, contract periods may only be extended for a period of a year. The Department's Delegation of Authority indicates that the original contract value may not be increased by more than 50%.</p>	The matter was not disclosed as irregular expenditure since the matter was resolved and agreed upon with AGSA that it is not an irregular expenditure.



Subject	Reference to previous audit report and SCOPA resolutions	Findings on progress
	<p>2 According to an unsigned contract, the Department entered into a contract with Arivia.kom for a period of 36 months ending 28 February 2006 for an amount of R180 million. According to the above regulations the contract could only be extended until.</p> <p>3 28 February 2007 for an amount of not more than R90 million (50% of the original value).</p> <p>4 The contract was extended by 49 months and the original value was increased from R180 million to R1 056 billion (587% instead of 50%).</p> <p>5 The former Director-General (DG) approved the extension from 1 March 2009 to.</p> <p>6 30 November 2009 (nine (9) months) for an amount of R344 million in contravention of the Department's Procurement User Manual and the Delegation of Authority.</p> <p>7 the suspended acting DG approved a further extension of the contract for a period 01 December 2009 to 31 March 2010 for an amount of R80 million in contravention of the Department's Procurement User Manual and the Delegation of Authority.</p> <p>8 Although the AGSA reported in May 2010 that the contract was extended in contravention of the Department's Procurement User manual and the Delegation of Authority and constitutes irregular expenditure, the contract has not been cancelled.</p>	



Subject	Reference to previous audit report and SCOPA resolutions	Findings on progress
3.3 Appointment of Sole experts AG	<p>1 The chairperson of the department bid adjudication committee (DBAC) approved the request to approach a sole provider on 31 October 2008 and the appointment of Solexperts AG as the sole provider for the upgrading of the Trivec Surveillance System on 15 December 2008.</p> <p>2 No significant deviations were identified expect that Department could not provide the contract with Solexperts AG.</p>	Disciplinary action instituted against the official
3.4 Appointment of Dr Olver	<p>1 The DWA paid Dr Olver an amount of R289 902 before a contract was signed. The former DG approved the appointment and this was not disclosed in the DWA's annual report 2008/09.</p> <p>2 The former DG and Dr Olver were co-directors and strategic partners in Tourism and Nehanda Group and therefore a personal relationship existed.</p> <p>3 No evidence could be found that the former DG excused herself from the appointment of Dr Olver.</p>	Disciplinary action instituted against the official



Subject	Reference to previous audit report and SCOPA resolutions	Findings on progress
3.5 Appointment of PISM	<ol style="list-style-type: none"> <li data-bbox="483 510 916 712">1 The Department requested PISM to submit a proposal without following a bidding process. Reasons for not inviting competitive bids were not recorded as required according to Department's Procurement User manual. <li data-bbox="483 723 916 835">2 Although a bidding process was not followed, the DBAC rectified and approved the appointment of PISM on 23 June 2008. <li data-bbox="483 846 916 1025">3 The proposal submitted by PISM was for an amount of R3 890 740 (VAT inclusive), however the contract was signed for an amount of R4 356 932 (VAT inclusive) and PISM was paid an amount of R4 115 378 (VAT inclusive). 	Disciplinary action instituted against the official
3.6 Appointment of Duma Travel, Connex Travel and Sure Flywell Travel for the rendering of travel reservation services	<ol style="list-style-type: none"> <li data-bbox="483 1070 916 1238">1 An open bidding process was followed. The Bid Evaluation Committee (BEC) recommended that Travel with Flair should be appointed as the other bids did not comply with the bid specifications. <li data-bbox="483 1249 916 1373">2 The former DG did not agree with the composition of BEC and ordered the proposals to be re-valuated by a different BEC established by her. 	Disciplinary action instituted against the official
	<ol style="list-style-type: none"> <li data-bbox="483 1417 916 1585">3 The second BEC appointed Duma Travel, Connex Travel and Sure Flywell travel. The service providers did not comply with Preferential Procurement Policy Framework Act(Act No 5 of 2000). <li data-bbox="483 1597 916 1742">4 The former DG approved the appointment of Duma Travel, Connex Travel and Sure Flywell Travel for an amount of R120 million of 24 months on 1 December 2008. 	



15 Prior modifications to audit reports

The Auditor-General of South Africa raised the following concerns in its audit report for the 2009/10 financial year:

Nature of Qualification	Financial year in which it first arose	Progress made in clearing / resolving the matter
Movable tangible capital assets: Financial statement adjustments of R153.7 million was made to machinery and equipment which resulted to control implementation of Accelerated Community Infrastructure Projects (ACIP) and Regional Bulk Infrastructure Grant (RBIG).	2010/11	The matter has been dealt with National Treasury in relation to the treatment of the assets. Communication from National Treasury was received in relation to the treatment and recommendations have been implemented. During this process engagement with Office of the Auditor General was made.
Revenue Revenue received amounting to R23.1 million for services rendered at Roodeplaat Training centre was not surrendered to National Revenue as per National Treasury requirement.	2010/11	The revenue received from Roodeplaat Training Centre for Previous financial years were surrendered to National Revenue Fund.
Goods and services: Payments for capital asset and expenses that require separate disclosure are misclassified as infrastructure and planning expenses, for Expanded Public Works Programme (EPWP).	2010/11	The programme was related to Working for Water which was transferred to Department of Environmental Affairs.
Commitments The department did not implement the LOGIS system in order to do tracking and management of procurement goods and services.	2010/11	The LOGIS system has been implemented at all regional offices and training was provided for utilisation of the system.
Fruitless and Wasteful Expenditure Payment made to suppliers for VAT where the suppliers are not VAT Vendors.	2010/11	The department is in the process of recovering funds from relevant suppliers.
Irregular Expenditure Payments made in contravention of delegated approval frameworks and supply chain management frameworks.	2010/11	R58.8 Million was condoned by condoning authority, and R22.2 Million is awaiting to be condoned.

16 Exemptions and deviations received from the National Treasury

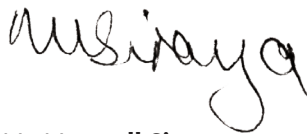
The Department has not received any exemptions for any activities during the year under review.

17 Interim Financial Statements

Interim Financial Statements are reported and were submitted to the Auditor General and National Treasury for the period ending 30 June 2011, 30 September 2011, 31 December 2011 and 31 March 2012 in accordance with Generally Recognised Accounting Practices (GRAP).

18 Approval

The Annual Financial Statements set out on pages 120 to 204 have been approved by the Accounting Officer.



Mr Maxwell Sirenya
Director General: Department of Water Affairs
31 May 2012



3.2.2 Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 38: DEPARTMENT OF WATER AFFAIRS

REPORT ON THE FINANCIAL STATEMENTS

Introduction

- 1 I have audited the accompanying financial statements of the Department of Water Affairs, which comprise the appropriation statement, the statement of financial position as at 31 March 2012, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting officer's report as set out on pages 120 to 238.

Accounting officer's responsibility for the financial statements

- 2 The accounting officer is responsible for the preparation of these financial statements in accordance with the Department's financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

- 3 My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Basis for qualified opinion

Expenditure for tangible capital assets and Prepayments and advances

- 5 The department made advance payments to implementing agents for goods and services related to buildings and other fixed structures. The payments were also made in prior financial years. The payments of R2 285.2 million (R1 291.1 million: 2010/11) are disclosed as buildings and other fixed structures in note 10 and as tangible capital assets expenditure of R2 351.8 million (R1 521.3 million: 2010/11) in the statement of financial performance. Prepayments and advances are disclosed as R206,8 million (R14,6 million; 2010/11) in the statement of financial position and in note 13. Due to an inadequate system to monitor actual expenditure against advance payments; the department incorrectly classified advance payments as expenditure instead of prepayments (assets). In addition, certain invoices from an implementing agent did not detail the goods and services being paid for and were not approved by the department acknowledging receipt of the goods and services. I was unable to perform any alternative procedures to verify expenditures and prepayments. Consequently, I was unable to determine whether any adjustment relating to buildings and other fixed structures expenditure, tangible capital assets expenditure and prepayments and advances in the financial statements was necessary.

Goods and services

- 6 During 2011, I was unable to obtain sufficient appropriate audit evidence about accuracy of goods and services reflected as R 2. 2 billion and was unable to confirm the expenditure by alternative means. Consequently I was unable to determine whether any adjustments to this amount were necessary. My audit opinion on the financial statements for the period ended 31 March 2011 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures. The program that led to the modification of my report was transferred to another department.

Irregular expenditure

- 7 Section 38(1) (a) (iii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the department to implement and maintain an appropriate procurement and provisioning system, which is fair, equitable, transparent, competitive and cost effective. Payments were made in the current year in contravention of the procurement policies amounting to R66.1 million and are disclosed as irregular in note 28 to the financial statements. The system of control over irregular expenditure was inadequate to allow me to determine whether expenditure was made in accordance with the requirements of the SCM legislation. Consequently, I was unable to determine whether any adjustment relating to



irregular expenditure disclosed as R1.1 billion (R69 million: 2010/11) in note 28 to the financial statements was necessary.

Commitments

- 8 The department has implemented the LOGIS system in eight out of the nine regions (provinces) to manage and track the procurement of goods and services. However, LOGIS was inadequate for the identification and recognition of all open orders at year end as it was not always used to record regional bulk infrastructure procurement contracts. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. In addition, the limitation reported in the prior audit report on the corresponding figures has not been corrected by management. Consequently, I was unable to determine whether any adjustment relating to commitments of R732.4 million (R576.4 million: 2010/11), as stated in note 24 to the financial statements was necessary.

Immovable tangible capital assets

- 9 I was unable to obtain sufficient appropriate audit evidence regarding the valuation of buildings and other fixed structures. The department did not provide appropriate supporting documents for R275.2 million disclosed as additions to other fixed structures in note 36. The department imposed a limitation on the scope of my work. Consequently I was unable to determine whether any adjustment relating to immovable tangible capital assets disclosed as R320.3 million in the financial statements was necessary.

Movable tangible capital assets

- 10 During 2011, I was unable to obtain sufficient appropriate audit evidence about completeness of movable tangible assets reflected as R157.3 million. My audit opinion on the financial statements for the period ended 31 March 2011 was modified accordingly. The limitation reported in the prior audit report on the corresponding figures has not been corrected by management. I was unable to determine the accuracy, completeness and classifications of the required adjustments to the opening balance disclosed in note 34. Consequently I was unable to determine whether any adjustment relating to movable tangible capital assets disclosed as R203.6 million in the financial statements was necessary.

Accruals

- 11 The system of controls to maintain records of goods and services received but not yet paid for at the end of the financial year, relating to regional bulk infrastructure projects, was inadequate and there were no satisfactory audit procedures that I



could perform to obtain reasonable assurance that all outstanding invoices have been included in accruals. Consequently I was unable to determine whether any adjustment relating to accruals of R180.2 million disclosed in note 25 to the financial statements was necessary.

Contingent liabilities

- 12 The department imposed a limitation on the scope of my work, as I was not provided with adequate supporting documents to support the amount of R60.9 million relating to Contingent liabilities - Claims against the department that is disclosed in note 23.1. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all claims against the department are recorded and relate to it. Consequently I was unable to determine whether any adjustment relating to claims against the department of R60.9 million disclosed in note 23 to the financial statements was necessary.

Loans

- 13 I was unable to verify the valuation of current and non-current loans, stated at R8 million and R28.7 million in the financial statements respectively. I did not receive all the acknowledgments of debt from the entities I selected for testing. Some of the entities that responded acknowledged amounts that differed from those recorded by the department. In addition, the loan amounts recorded in the financial statements did not correspond to the amounts in the financial system. A limitation on the scope of my work was imposed as I was not provided with explanations for the variances from acknowledgements and those arising from the financial system. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that the loans were accurately valued. Consequently I was unable to determine whether any adjustment relating to loans of R8 million and R28.7 million in the financial statements was necessary.

Qualified opinion

- 14 In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department of Water Affairs as at 31 March 2012 and its financial performance and cash flows for the year then ended, in accordance with the Departmental financial reporting framework prescribed by the National Treasury and the requirements of the PFMA.

Emphasis of matter

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



Material under spending of the vote

- 16 As disclosed in the appropriation statement, the department had a under spending of nine per cent or R863.4 million of the vote. The department has materially under spent the budget on two programmes - Water sector management (R340.5 million) and Regional implementation and support (R398.6 million) to the amount of R739.2 million.

Additional matters

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

Financial reporting framework

- 18 The financial reporting framework prescribed by the National Treasury and applied by the departments is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they “present fairly”. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 19 In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

- 20 I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report of the department as set out on pages 39 to 62 of the annual report.
- 21 The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme predominance information.



The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

The material findings are as follows:

Usefulness of annual performance report

Presentation

Reasons for major variances not explained

- 22 The National Treasury Guide for the preparation of the annual report requires that explanations for major variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence. Adequate and reliable corroborating evidence could not be provided for 33% of major variances as disclosed in the annual performance report. The institution’s records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity, accuracy, and completeness of the reasons for major variances.

Measurability

Performance Indicators not well-defined

- 23 The National Treasury Framework for managing programme performance information (FMPPPI) requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 68% of the indicators relevant to Programme 1 and 4 for not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management did not review performance information.

The table below serves as an example

Strategic Objectives 6.6: To improve financial management

Output	Performance indicator	Target 2011/12	Reported in the annual performance report
Effective asset management (reliable and complete)	Percentages of reliable assets register	100%	95%



Performance indicators not verifiable

- 24 The National Treasury Framework for managing programme performance information (FMPPI) requires that it must be possible to validate the processes and systems that produce the indicator. A total of 91% of the indicators relevant to Programme 1 and 4 were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the lack of key controls in the relevant systems of collection/collation/verification/storage of actual performance information.

The table below serves as an example

Objective	Outputs	Performance Indicators
To achieve high performance culture	Improvement in the implementation of PMDS	Percentage of staff with signed performance agreements (level 1-13) CD (13-14)-Branch
		Percentage of staff completed mid-year and annual performance assessment timeously (level-12) CDs and (level 13-14)-Branch

Targets not measurable

- 25 The National Treasury Framework for managing programme performance information (FMPPI) requires that performance targets be measurable. The required performance could not be measured for a local of 79% of the targets relevant to Programme 1 and 4. This was due to the fact that management did not review performance information.

The following serve as examples:

Strategic Priority 6: Build capacity to deliver quality services Output	Performance indicators	3rd Quarter		4th Quarter	
		Target	Actual	Target	Actual
Empowerment of people with disability, women and youth	Percentage of women employed (DWA)	38%	1%	38%	3.2%
	Percentage of persons with disability	1.84%	0%	1.84%	0.3%



Performance targets not specific

- 26 The National Treasury Framework for managing programme performance information (FMPPI) requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 83% of the targets relevant to Programme 1 and 4 were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management did not review performance information.

The following serve as examples:

SO 6.5: To improve corporate governance		Baseline	Q1	Q2	Q3	Q4
Healthy labour relations climate	% of grievances received and attended to	100%	100%	0%	50%	0%
Implementation of the governance, risk compliance framework	% implementation of mitigating actions as contained in the register	100%	0%	0%	80%	85%

Reliability of selected programmes in the annual performance report

Validity, Accuracy and Completeness

- 27 The National Treasury Framework for managing programme performance information (FMPPI) requires that processes and systems which produce the indicator should be verifiable. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the validity, accuracy and completeness of the actual reported performance relevant to 82% of Programme 1 and 4. This was due to limitations placed on the scope of my work due to the absence of the institution's records not permitting the application of alternative audit procedures.



The following serves as an example:

No supporting documents for actual performance as disclosed in the performance report

No	Item Description	Programme description	Reported value/number as per this auditee's records	Audited value/ number confirmed with execution of audit procedures	Difference
1	Number of SMME companies appointed to render services	Programme 1 - Administration support	134	0	134
2	Number of Councilors inducted	Programme 1 - Administration support	650	0	650
3	Number of subsidy vehicle user complying to transport policy for monthly official kilometers at a minimum of 1750 km per month	Programme 1 - Administration support	43	0	43
4	Percentage compliance to OHS Act	Programme 1 - Administration support	100%	0%	100%

Additional matter

- 28 I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

- 29 Of the total number of planned targets, 92% were not completely achieved during the year under review.

Compliance with laws and regulations

- 30 I performed procedures to obtain evidence that the department has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:



Annual financial statements, performance and annual report

- 31 Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

- 32 Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
- 33 Invitations for competitive bidding were not always advertised in at least the government tender bulletin, as required by Treasury Regulations 16A6.3(c).
- 34 Invitations for competitive bidding were not always advertised for a required minimum period of 21 days, as required by Treasury Regulations 16A6.3(c).
- 35 Contracts were awarded to bidders who did not submit a declaration of past supply chain practices such as fraud, abuse of SCM system and non-performance, which is prescribed in order to comply with Treasury regulation 16A9.1
- 36 Contracts and quotations were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
- 37 Employees of the department performed remunerative work outside their employment in the department without written permission from the relevant authority as required by section 30 of the Public Service Act.
- 38 Persons in service of the department who had a private or business interest in contracts awarded by the department failed to disclose such interest, as required by Treasury Regulation 16A8.4 and Public Service Regulation 3C
- 39 Persons in service of the department whose close family members, partners or associates had a private or business interest in contracts awarded by the department failed to disclose such interest, as required by Treasury Regulation 16A8.4.
- 40 Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as the department did not provide us with the documents.



Human Resources

- 41 Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2 due to the business process re-engineering process which is currently underway.

Expenditure management

- 42 The accounting officer did not take effective and/or appropriate steps to prevent irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA.
- 43 Certain payments due to creditors were not settled within 30 days from receipt of an invoice, as per the requirements of section 38(1)(f) of the PFMA and TR 8.2.3.

Internal control

- 44 I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- 45 Oversight over reporting of performance against predetermined objectives and regional bulk infrastructure projects was not adequate.

Financial and performance management

- 46 Proper record keeping is not implemented in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.
- 47 Regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information were not prepared.
- 48 A lack of review and monitoring resulted in non-compliance with laws and regulations.



Other Reports

Investigations in progress

- 49 Several investigations are being conducted by the internal audit unit at the request of the accounting officer and/or the Minister arising from allegations of procurement irregularities by departmental officials. These allegations were reported to the National Anti-Corruption Hotline.

Performance audits on the use of consultants

- 50 A performance audit was conducted on the department's use of consultants. The audit focused on the economic, efficient and effective use of consultants by the department. The audit currently in the reporting phase and the findings will be reported in a separate report.

Auditor-General

Pretoria
31 July 2012



3.2.3 APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

3.2.3: DEPARTMENT OF WATER AFFAIRS VOTE 38
APPROPRIATION STATEMENT FOR THE YEAR ENDED
31 MARCH 2012

Appropriation per programme										
2011/12										2010/11
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1 Administration										
Current payment	812 676	(60)	9 314	821 930	743 999	77 931	90.5%	823 609	798 613	
Transfers and subsidies	18 192	8	-	18 200	15 513	2 687	85.2%	11 526	4 930	
Payment for capital assets	38 197	15	-	38 212	21 942	16 270	57.4%	32 761	17 027	
Payment for financial assets	-	37	-	37	37	-	100.0%	5 621	5 621	
Subtotal	869 065	-	9 314	878 379	781 491	96 888		873 517	826 191	
2 Water Sector Management										
Current payment	759 155	(235 144)	(29 800)	494 211	355 909	138 302	72.0%	359 629	330 242	
Transfers and subsidies	74 079	1 304	-	75 383	54 164	21 219	71.9%	1 621	1 132	
Payment for capital assets	48 917	208 431	-	257 348	76 325	181 023	29.7%	9 454	9 454	
Payment for financial assets	-	25 409	-	25 409	25 409	-	100.0%	-	-	
Subtotal	882 151	-	(29 800)	852 351	511 807	340 544		370 704	340 828	

3.2.3: DEPARTMENT OF WATER AFFAIRS VOTE 38
APPROPRIATION STATEMENT FOR THE YEAR ENDED
31 MARCH 2012

Appropriation per programme									
APPROPRIATION STATEMENT	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3 Water Infrastructure Management									
Transfers and subsidies	2 384 963	-	-	2 384 963	2 384 020	943	100.0%	2 132 422	2 132 422
4 Regional Implementation and Support									
Current payment	1 211 733	(65 684)	20 486	1 166 535	1 071 307	95 228	91.8%	1 963 929	1 878 465
Transfers and subsidies	1 034 574	-	-	1 034 574	1 031 704	2 870	99.7%	1 075 987	1 043 048
Payment for capital assets	2 507 352	65 684	-	2 573 036	2 272 490	300 546	88.3%	1 549 086	1 467 347
Subtotal	4 753 659	-	20 486	4 774 145	4 375 501	398 644		4 589 002	4 388 860
5 Water Sector Regulation									
Current payment	110 226	(166)	-	110 060	90 449	19 611	82.2%	127 579	124 999
Transfers and subsidies	-	3	-	3	3	-	100.0%	58 805	49 382
Payment for capital assets	2 144	163	-	2 307	701	1 606	30.4%	34 583	34 533
Subtotal	112 370	-	-	112 370	91 153	21 217		220 967	208 914

Appropriation per programme										
APPROPRIATION STATEMENT	2011/12							2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
6 International Water Cooperation										
Current payment	25 511	(518)	-	24 993	19 735	5 258	79,0%	15 901	15 273	
Transfers and subsidies	600	1	-	601	682	(81)	113,5%	376	345	
Payment for capital assets	-	517	-	517	517	-	100,0%	304	304	
Subtotal	26 111	-	-	26 111	20 934	5 177		16 581	15 922	
TOTAL	9 028 319	-	-	9 028 319	8 164 906	863 413	90,4%	8 203 193	7 913 137	

Appropriation per programme										
2011/12								2010/11		
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Reconciliation with statement of financial performance										
ADD										
Departmental receipts				85 637				33 119		
Direct Exchequer receipts				-				5 000		
Aid assistance				165 868				428 001		
Actual amounts per statement of financial performance (total revenue)				9 279 824				8 669 313		
ADD										
Aid assistance					121 483				96 219	
Actual amounts per statement of financial performance (total expenditure)					8 286 389				8 009 356	

Appropriation per economic classification										
2011/12							2010/11			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments										
Compensation of employees	1 095 615	(2 050)	-	1 093 565	922 832	170 733	84.4%	1 027 504	974 949	
Goods and services	1 822 958	(302 962)	-	1 519 996	1 354 657	165 339	89.1%	2 260 373	2 169 384	
Interest and rent on land	728	3 440	-	4 168	3 957	211	94.9%	3 260	3 260	
Transfers and subsidies										
Provinces and municipalities	993 066	10	-	993 076	992 475	601	99.9%	998 861	985 202	
Departmental agencies and accounts	2 280 542	-	-	2 280 542	2 259 019	21 524	99.1%	1 993 747	1 992 802	
Foreign governments and international organisations	180 600	-	-	180 600	179 738	862	99.5%	180 306	180 275	
Public corporations and private enterprises	-	-	-	-	-	-	-	14 127	13 794	
Non-profit institutions	-	-	-	-	-	-	-	466	-	
Households	58 200	1 306	-	59 506	54 853	4 652	92.2%	92 741	59 186	

Appropriation per economic classification										
2011/12								2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Payments for capital assets										
Buildings and other fixed structures	2 509 222	242 528	-	2 751 750	2 285 267	466 583	83.0%	1 339 167	1 291 107	
Machinery and equipment	72 683	17 530	-	90 213	66 629	23 584	73.9%	267 664	230 167	
Biological assets	-	-	-	-	-	-	-	1	1	
Software and other intangible assets	14 705	14 752	-	29 457	20 133	9 324	68.3%	19 355	7 389	
Payments for financial assets										
	-	25 446	-	25 446	25 446	-	100.0%	5 621	5 621	
Total	9 028 319	-	-	9 028 319	8 164 906	863 413	90.4%	8 203 193	7 913 137	

DETAIL PER PROGRAMME 1 – ADMINISTRATION

Detail per sub-programme		2011/12						2010/11		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Ministry										
	Current payment	24 570	21 459	-	46 029	45 587	442	99.0%	31 438	31 603
	Transfers and subsidies	-	1 015	-	1 015	1 015	-	100.0%	564	564
	Payment for capital assets	1 103	778	-	1 881	1 880	1	99.9%	455	455
1.2 Departmental Management										
	Current payment	103 769	(21 545)	2 000	84 224	62 908	21 316	74.7%	103 473	89 264
	Transfers and subsidies	4 792	(2 409)	-	2 383	-	2 383	-	423	423
	Payment for capital assets	3 073	(778)	-	2 295	944	1 351	41.1%	2 958	2 104
										-
										-
1.3 Internal Audit										
	Current payment	16 953	4 669	-	21 622	19 147	2 475	88.6%	26 057	17 700
	Transfers and subsidies	-	-	-	-	-	-	-	3	3
	Payment for capital assets	127	222	-	349	349	-	100.0%	56	726
1.4 Corporate Services										
	Current payment	318 235	15 348	-	333 583	323 197	10 386	96.9%	394 889	406 824
	Transfers and subsidies	13 400	806	-	14 206	13 902	304	97.9%	9 847	3 251
	Payment for capital assets	26 316	(207)	-	26 109	17 336	8 773	66.4%	24 853	12 839

DETAIL PER PROGRAMME 1 – ADMINISTRATION (CONTINUE)

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.5 Financial Management									
Current payment	148 241	(19 954)	-	128 250	87 988	40 262	68.6%	73 622	59 162
Transfers and subsidies	-	596	-	596	596	-	100.0%	689	689
Payment for capital assets	7 578	-	-	7 578	1 433	6 145	18.9%	4 439	903
Payment for financial assets	-	37	-	37	37	-	100.0%	5 621	5 621
1.6 Office Accommodation									
Current payment	200 908	-	7 314	208 222	205 172	3 050	98.5%	194 130	194 060
Total	869 065	-	9 314	878 379	781 491	96 888	89.0%	873 517	826 191

Statutory Appropriation per economic classification									
Programme 1 Per Economic classification	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	273 694	(50)	-	273 644	262 161	11 483	95.8%	260 994	234 149
Goods and services	538 881	(786)	9 314	547 409	480 961	66 448	87.9%	562 387	564 236
Interest and rent on land	101	776	-	877	877	-	100.0%	228	228
Transfers and subsidies									
Provinces and municipalities	-	8	-	8	8	-	100.0%	412	412
Departmental agencies and accounts	1 500	-	-	1 500	1 195	305	79.7%	1 096	945
Households	16 692	-	-	16 692	14 310	2 382	85.7%	10 018	3 573
Payments for capital assets									
Buildings and other fixed structures	-	1 617	-	1 617	1 617	-	100.0%	25	-
Machinery and equipment	26 734	(2 575)	-	24 159	8 794	15 365	36.4%	17 341	13 598
Software and other intangible assets	11 463	973	-	12 436	11 531	905	92.7%	15 395	3 429
Payments for financial assets									
	-	37	-	37	37	-	100.0%	5 621	5 621
Total	869 065	-	9 314	878 379	781 491	96 888	89.0%	873 517	826 191

DETAIL PER PROGRAMME 2 – WATER SECTOR MANAGEMENT

2011/12										2010/11	
Detail per sub-programme		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
2.1 Policy & Planning Management Support											
Current payment		5 018	-	-	5 018	3 445	1 573	68.7%	-	-	
Payment for capital assets		463	-	-	463	-	463	-	-	-	
2.2 Integrated Planning											
Current payment		449 029	(218 329)	-	230 700	143 844	86 856	62.4%	151 750	130 479	
Transfers and subsidies		-	326	-	326	326	-	100.0%	927	927	
Payment for capital assets		1 537	208 000	-	209 537	34 523	175 014	16.5%	545	545	
2.3 Policy and Strategy											
Current payment		56 990	(83)	(19 000)	37 907	23 790	14 117	62.8%	37 952	37 952	
Transfers and subsidies		-	3	-	3	3	-	100.0%	250	11	
Payment for capital assets		169	46	-	215	122	93	56.7%	120	120	
2.4 Water Ecosystem											
Current payment		39 083	(467)	-	38 616	34 886	3 730	90.3%	31 195	31 195	
Transfers and subsidies		-	1	-	1	1	-	100.0%	250	-	
Payment for capital assets		500	385	-	885	699	186	79.0%	1 066	1 066	

DETAIL PER PROGRAMME 2 – WATER SECTOR MANAGEMENT (CONTINUE)

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.5 Water Information Management									
Current payment	143 361	(1 613)	-	141 748	119 052	22 696	84.0%	138 732	130 616
Transfers and subsidies	-	913	-	913	913	-	100.0%	194	194
Payment for capital assets	45 086	-	-	45 086	40 705	4 381	90.3%	7 723	7 723
2.6 Institutional Oversight									
Current payment	65 674	(14 652)	(10 800)	40 222	30 892	9 330	76.8%	-	-
Transfers and subsidies	74 079	61	-	74 140	52 921	21 219	71.4%	-	-
Payment for capital assets	1 162	-	-	1 162	276	886	23.8%	-	-
Payment for financial assets	-	25 409	-	25 409	25 409	-	100.0%	-	-
Total	882 151	-	(29 800)	852 351	511 807	340 544	60.0%	370 704	340 828

2011/12										2010/11	
Programme 2 Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appro- piation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments											
Compensation of employees	205 059	(2 000)	-	203 059	149 148	53 911	73.5%	139 272	139 270		
Goods and services	554 096	(233 512)	(29 800)	290 784	206 577	84 207	71.0%	220 741	190 867		
Interest and rent on land	-	368	-	368	184	184	50.0%	105	105		
Transfers and subsidies to:											
Provinces and municipalities	-	2	-	2	2	-	100.0%	2	2		
Departmental agencies and accounts	74 079	-	-	74 079	52 860	21 219	71.4%	-	-		
Households	-	1 302	-	1 302	1 302	-	100.0%	1 130	1 130		
Payment for capital assets											
Buildings and other fixed structures	30 276	208 729	-	239 005	64 871	174 134	27.1%	-	-		
Machinery and equipment	15 429	(1 003)	-	14 426	7 906	6 520	54.8%	5 534	5 534		
Software and other intangible assets	3 212	705	-	3 917	3 548	369	90.6%	3 920	3 920		
Payments for financial assets											
	-	25 409	-	25 409	25 409	-	100.0%	-	-		
Total	882 151	-	(29 800)	852 351	511 807	340 544	60.0%	370 704	340 828		

DETAIL PER PROGRAMME 3 – WATER INFRASTRUCTURE MANAGEMENT

Detail per sub-programme	2011/12						2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
3.1 Infrastructure Development and Rehabilitation								
Transfers and subsidies	2 217 826	-	-	2 217 826	2 216 883	943	100.0%	1 992 401
3.2 Operation of Water Resources								
Transfers and subsidies	167 137	-	-	167 137	167 137	-	100.0%	140 021
Total	2 384 963	-	-	2 384 963	2 384 020	943	100.0%	2 132 422

Programme 3 Economic classification	2011/12						2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers and subsidies to:								
Departmental agencies and accounts	2 204 963	-	-	2 204 963	2 204 963	-	100.0%	1 952 422
Foreign governments and international organisations	180 000	-	-	180 000	179 057	943	99.5%	180 000
Total	2 384 963	-	-	2 384 963	2 384 020	943	100.0%	2 132 422

DETAIL PER PROGRAMME 4 – REGIONAL IMPLEMENTATION AND SUPPORT

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Regional Management and Support									
Current payment	9 131	(3 122)	-	6 009	4 685	1 324	78.0%	3 733	3 709
Payment for capital assets	73	29	-	102	102	-	100.0%	-	-
4.2 Sector Support and Intergovernmental Relations									
Current payment	602 390	(68 690)	19 000	552 700	509 869	42 831	92.3%	566 032	499 842
Transfers and subsidies	453 062	772	-	453 834	453 834	-	100.0%	369 014	348 359
Payment for capital assets	245 531	24 000		269 531	268 825	706	99.7%	482 940	405 167
4.3 Institutional Establishment									
Current payment	16 303	(4 311)	8 800	20 792	19 754	1 038	95.0%	-	-
Transfers and subsidies	8 500	1 184	-	9 684	9 684	-	100.0%	-	-
Payment for capital assets	365	284	-	649	577	72	88.9%	-	-
4.4 Regional Programme Coordination									
Current payment	305	(285)	-	20	20	-	100.0%	-	-

DETAIL PER PROGRAMME 4 – REGIONAL IMPLEMENTATION AND SUPPORT (CONTINUE)

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.5 Natural Resource Management Programme									
Current payment	-	-	-	-	-	-	-	899 432	880 323
Transfers and subsidies	-	-	-	-	-	-	-	4 127	4 218
Payment for capital assets	-	-	-	-	-	-	-	8 637	4 902
4.6 Regional Bulks									
Current payment	99 830	(4 377)	-	95 453	91 752	3 701	96.1%	18 983	18 933
Payment for capital assets	1 686 102	41 277	-	1 727 379	1 646 856	80 523	95.3%	850 617	850 617
4.7 Transfer of Water Schemes									
Current payment	119 637	2 401	-	122 038	107 302	14 736	87.9%	187 677	187 642
Transfers and subsidies	569 253	(2 747)	-	566 506	564 237	2 269	99.6%	688 943	676 611
Payment for capital assets	-	407	-	407	407	-	100.0%	4 870	4 867
4.8 Support Services									
Current payment	344 224	9 403	(7 314)	346 313	319 904	26 409	92.4%	288 072	288 016
Transfers and subsidies	3 759	791	-	4 550	3 949	601	86.8%	13 903	13 860
Payment for capital assets	27 477	(359)	-	27 118	16 947	10 171	62.5%	10 080	9 852

DETAIL PER PROGRAMME 4 – REGIONAL IMPLEMENTATION AND SUPPORT (CONTINUE)

		2011/12						2010/11	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.9 Water Services Projects									
Payment for capital assets	547 519	-	-	547 519	338 445	209 074	61.8%	191 942	191 942
4.10 Integrated Catchment Management									
Current payment	19 913	3 297	-	23 210	18 021	5 189	77.6%	-	-
Payment for capital assets	285	46	-	331	331	-	100.0%	-	-
Total	4 753 659	-	20 486	4 774 145	4 375 501	398 644	91.6%	4 589 002	4 388 860

Programme 4 Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	538 835	-	-	538 835	450 632	88 203	83.6%	565 303	539 750
Goods and services	672 271	(67 902)	20 486	624 855	617 858	6 997	98.9%	1 395 701	1 335 790
Interest and rent on land	627	2 218	-	2 845	2 864	(19)	100.7%	2 926	2 926
Transfers and subsidies to:									
Provinces and municipalities	993 066	-	-	993 066	992 465	601	99.9%	990 617	984 788
Public corporations and private enterprises	-	-	-	-	-	-	-	4 127	4 127
Households	41 508	-	-	41 508	39 238	2 270	94.5%	81 243	54 133
Payment for capital assets									
Buildings and other fixed structures	2 478 946	32 182	-	2 511 128	2 218 679	292 449	88.4%	1 305 609	1 257 574
Machinery and equipment	28 406	20 428	-	48 834	48 711	123	99.7%	243 435	209 731
Biological assets	-	-	-	-	-	-	-	1	1
Software and other intangible assets	-	13 074	-	13 074	5 054	8 020	38.7%	40	40
Total	4 753 659	-	20 486	4 774 145	4 375 501	398 644	91.6%	4 589 002	4 388 860

DETAIL PER PROGRAMME 5 – WATER SECTOR REGULATION

Detail per sub-programme		2011/12						2010/11		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Regulation Management and Support										
Current payment		3 239	(1 094)	-	2 145	308	1 837	14.4%	-	-
Payment for capital assets		198	(11)	-	187	-	187	-	-	-
5.2 Economic and Social Regulation										
Current payment		-	-	-	-	-	-	-	32 887	32 887
Transfers and subsidies		-	-	-	-	-	-	-	50 509	49 382
Payment for capital assets		-	-	-	-	-	-	-	33 716	33 716
5.3 Water Use Authorisation										
Current payment		14 372	6 705	-	21 077	21 077	-	100.0%	48 510	48 508
Transfers and subsidies		-	-	-	-	-	-	-	7 830	-
Payment for capital assets		60	174	-	234	234	-	100.0%	266	217
5.4 Drinking Water Quality & Waste Water Services										
Current payment		26 196	(3 220)	-	22 976	20 879	2 097	90.9%	-	-
Payment for capital assets		250	-	-	250	90	160	36.0%	-	-

DETAIL PER PROGRAMME 5 – WATER SECTOR REGULATION (CONTINUE)

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.5 Resource Regulation									
Current payment	49 079	1 382	-	50 461	39 971	10 490	79.2%	38 710	38 710
Transfers and subsidies	-	3	-	3	3	-	100.0%	466	-
Payment for capital assets	1 044	-	-	1 044	362	682	34.7%	316	316
5.6 Compliance Monitoring									
Current payment	1 000	-	-	1 000	2	998	0.2%	-	-
5.7 Enforcement									
Current payment	16 340	(3 939)	-	12 401	8 212	4 189	66.2%	7 472	4 894
Payment for capital assets	592	-	-	592	15	577	2.5%	285	284
Total	112 370	-	-	112 370	91 153	21 217	81.1%	220 967	208 914

Programme 5 Economic classification		2011/12							2010/11	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments										
Compensation of employees	63 322	-	-	-	63 322	47 779	15 543	75.5%	51 273	51 271
Goods and services	46 904	(231)	-	-	46 673	42 651	4 022	91.4%	76 306	73 728
Interest and rent on land	-	65	-	-	65	19	46	29.2%	-	-
Transfers and subsidies to:										
Provinces and municipalities	-	-	-	-	-	-	-	-	7 830	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	40 229	39 435
Public corporations and private enterprises	-	-	-	-	-	-	-	-	10 000	9 667
Non-profit institutions	-	-	-	-	-	-	-	-	466	-
Households	-	3	-	-	3	3	-	100.0%	280	280
Payment for capital assets										
Buildings and other fixed structures	-	-	-	-	-	-	-	-	33 533	33 533
Machinery and equipment	2 114	163	-	-	2 277	701	1 576	30.8%	1 050	1 000
Software and other intangible assets	30	-	-	-	30	-	30	-	-	-
Total	112 370	-	-	-	112 370	91 153	21 217	81.1%	220 967	208 914

DETAIL PER PROGRAMME 6 – INTERNATIONAL WATER COOPERATION

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 International Relation Management and Support									
Current payment	5 728	8 915	-	14 643	14 643	-	100.0%	-	-
Payment for capital assets	-	189	-	189	189	-	100.0%	-	-
6.2 Africa Cooperation									
Current payment	10 043	(5 363)	-	4 680	3 966	714	84.7%	15 901	15 273
Transfers and subsidies	600	1	-	601	682	(81)	113.5%	376	345
Payment for capital assets	-	140	-	140	140	-	100.0%	304	304
6.3 Global Cooperation									
Current payment	9 740	(4 070)	-	5 670	1 126	4 544	19.9%	-	-
Payment for capital assets	-	188	-	188	188	-	100.0%	-	-
Total	26 111	-	-	26 111	20 934	5 177	80.2%	16 581	15 922

Programme 6 Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	14 705	-	-	14 705	13 112	1 593	89.2%	10 662	10 509
Goods and services	10 806	(531)	-	10 275	6 610	3 665	64.3%	5 238	4 763
Interest and rent on land	-	13	-	13	13	-	100.0%	1	1
Transfers and subsidies to:									
Foreign governments and international organisations	600	-	-	600	681	(81)	113.5%	306	275
Households	-	1	-	1	1	-	100.0%	70	70
Payment for capital assets									
Machinery and equipment	-	517	-	517	517	-	100.0%	304	304
Total	26 111	-	-	26 111	20 934	5 177	80.2%	16 581	15 922

3.2.4 NOTES TO THE APPROPRIATION STATEMENT

1 Detail of transfers and subsidies as per Appropriation Act (after Virement):

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

2 Detail of specifically and exclusively appropriated amounts voted (after Virement):

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

3 Detail on payments for financial assets

Detail of these transactions per programme can be viewed in note 8 on Payments for financial assets to the Annual Financial Statements.



Explanations of material variances from Amounts Voted (after Virement):

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 1				
Administration	878 379	781 491	96 888	11.0%
1 Allocation of R34 million could not be spent in respect of Business Process Review (BPR) because the committee was appointed in the middle of the financial year. 2 Unfilled vacant posts.				
Programme 2				
Water Sector Management	852 351	511 807	340 544	40.0%
1 Allocation of R250 million could not be spent on Acid Mine Drainage (AMD) due to the unforeseen delays in finalising the detailed design/concept of infrastructure. 2 Unfilled vacant posts including Occupational Specific Dispensation (OSD) posts.				
Programme 3				
Water Infrastructure Management	2 384 963	2 384 020	943	0.0%
1 The spending on this programme is on acceptable level as the programme managed to transfer 100% of the allocated budget. Insignificant variance.				
Programme 4				
Regional Implementation and Support	4 774 145	4 375 501	398 644	8.4%
1 Allocation of R209 million could not be spent on Water Services Projects such as Nandoni Pipeline, Hluhluwe and Inyaka because approval of service provider took longer than anticipated. 2 An allocation of R20 million could not be spent in respect of Moutse Bulk Water Supply because the payment could not be captured before the payment cut-off date. 3 Unfilled vacant posts including OSD posts.				
Programme 5				
Water Sector Regulation	112 370	91 153	21 217	18.9%
1 Allocation of R18 million could not be transferred to Bushbuckridge Water Board due to a decision that was taken that the funding should not be transferred. However, after reconsidering the discussions between the Department and Water Boards a resolution was taken that the funding be transferred in order to refurbish the ailing infrastructure. The decision was taken very late in the financial year and funds could therefore not be transferred before the cut-off date. 2 Unfilled vacant posts including OSD posts.				
Programme 6				
International Water Cooperation	26 111	20 934	5 177	19.8%
1 Allocation of R3.7 million could not be spent due to a number of planned international engagements not taking place. This was due to political dynamics and postponements in certain countries.				



4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	1 093 565	922 832	170 733	15.6%
Goods and services	1 519 996	1 354 657	165 339	10.9%
Interest and rent on land	4 168	3 957	211	5.1%
Transfers and subsidies				
Provinces and municipalities	993 076	992 475	601	0.1%
Departmental agencies and accounts	2 280 542	2 259 018	21 524	0.9%
Foreign governments and international organisations	180 600	179 738	862	0.5%
Households	59 506	54 854	4 652	7.8%
Payments for capital assets				
Buildings and other fixed structures	2 751 750	2 285 167	466 583	17.0%
Machinery and equipment	90 213	66 629	23 584	26.1%
Software and other intangible assets	29 457	20 133	9 324	31.7%
Payments for financial assets				
	25 446	25 446	-	0.0%
	9 028 319	8 164 906	863 413	



3.2.5 STATEMENT OF FINANCIAL PERFORMANCE

	Note	2011/12 R'000	2010/11 R'000
REVENUE			
Annual appropriation	1	9 028 319	8 203 193
Departmental revenue	2	85 637	33 119
Direct Exchequer Receipts	3	-	5 000
Aid assistance	4	165 868	428 001
TOTAL REVENUE		9 279 824	8 669 313



3.2.5: DEPARTMENT OF WATER AFFAIRS VOTE 38
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR
ENDED 31 MARCH 2012

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EXPENDITURE			
Current expenditure			
Compensation of employees	5	922 832	974 949
Goods and services	6	1 354 657	2 169 384
Interest and rent on land	7	3 957	3 260
Aid assistance	4	68 912	91 219
Total current expenditure		2 350 358	3 238 812
Transfers and subsidies			
Transfers and subsidies	9	3 486 085	3 231 259
Aid assistance	4	52 571	5 000
Total transfers and subsidies		3 538 656	3 236 259
Expenditure for capital assets			
Tangible capital assets	10	2 351 796	1 521 274
Software and other intangible assets	10	20 133	7 390
Total expenditure for capital assets		2 371 929	1 528 664
Payments for financial assets	8	25 446	5 621
TOTAL EXPENDITURE		8 286 389	8 009 356
SURPLUS FOR THE YEAR		993 435	659 957
	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Reconciliation of Net Surplus for the year			
Voted funds			
Annual appropriation		863 413	290 056
Departmental revenue and NRF Receipts	2	85 637	33 119
Direct Exchequer receipts	3	-	5 000
Aid assistance	4	44 385	331 782
SURPLUS FOR THE YEAR		993 435	659 957

3.2.6 STATEMENT OF FINANCIAL POSITION

	Note	2011/12 R'000	2010/11 R'000
ASSETS			
Current assets		896 053	486 638
Unauthorised expenditure	11	3 782	3 782
Cash and cash equivalents	12	642 129	417 266
Prepayments and advances	13	206 825	14 645
Receivables	14	35 312	41 006
Loans	15	8 005	9 939
Non-current assets		28 733	81 730
Loans	15	28 733	81 730
TOTAL ASSETS		924 786	568 368
LIABILITIES			
Current liabilities		875 955	471 200
Voted funds to be surrendered to the Revenue Fund	16	863 413	290 056
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	17	902	485
Bank Overdraft	19	439	-
Payables	20	11 201	30 623
Aid assistance unutilised	4	-	150 036
TOTAL LIABILITIES		875 955	471 200
NET ASSETS		48 831	97 168
	Note	2011/12 R'000	2010/11 R'000
Represented by:			
Recoverable revenue		43 185	97 168
Cash with commercial banks		5 646	-
TOTAL		48 831	97 168



3.2.7 Statement of Changes in Net Assets

	Note	2011/12 R'000	2010/11 R'000
Capitalisation Reserves	15		
Opening balance		91 669	95 841
Transfers:			
Other movements		(55 808)	(4 172)
Closing balance		35 861	91 669
Recoverable revenue			
Opening balance		5 499	4 889
Transfers:		1 825	610
Debts revised		865	-
Debts recovered (included in departmental receipts)		(1 406)	(2 435)
Debts raised		2 366	3 045
Closing balance		7 324	5 499
Cash with commercial banks		5 646	-
TOTAL		48 831	97 168



3.2.8 CASH FLOW STATEMENT

	Note	2011/12 R'000	2010/11 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		9 279 812	8 669 313
Annual appropriated funds received	1	9 028 319	8 203 193
Departmental revenue received	2	85 625	33 119
Direct Exchequer Receipts	3	-	5 000
Aid assistance received	4	165 868	428 001
Net increase in working capital		(205 908)	(21 586)
Surrendered to Revenue Fund		(375 276)	(281 535)
Surrendered to RDP Fund/Donor		(194 421)	(77 523)
Current payments		(2 350 358)	(3 238 812)
Payments for financial assets		(25 446)	(5 621)
Transfers and subsidies paid		(3 538 656)	(3 236 259)
Net cash flow available from operating activities	21	2 589 747	1 807 977
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	10	(2 371 929)	(1 528 664)
Proceeds from sale of capital assets	2.3	12	-
Decrease in loans		54 931	4 172
Net cash flows from investing activities		(2 316 986)	(1 524 492)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in net assets		(48 337)	(3 562)
Net cash flows from financing activities		(48 337)	(3 562)
Net increase in cash and cash equivalents		224 424	279 923
Cash and cash equivalents at beginning of period		417 266	137 343
Cash and cash equivalents at end of period	22	641 690	417 266



3.2.9 STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

1 Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures – Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.



2 Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).



2.5 Aid assistance

Aids assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

3 Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.



Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority,



recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4 Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.



Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.



4.8 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.3 Intangible assets

Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined



accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.*

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.

5 Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.



5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.8 Impairment

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6 Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.





7 Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8 Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9 Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.



3.2.10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

Programmes	2011/12			2010/11
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	878 379	869 065	9 314	967 498
Water Sector Management	852 351	882 151	(29 800)	402 939
Water Infrastructure Management	2 384 963	2 384 963	-	2 238 232
Regional Implementation and Support	4 774 145	4 753 659	20 486	4 354 342
Water Sector Regulation	112 370	112 370	-	240 182
International Water Cooperation	26 111	26 111	-	-
Total	9 028 319	9 028 319	-	8 203 193

2 Departmental revenue

	Note	2011/12	2010/11
		R'000	R'000
Sales of goods and services other than capital assets	2.1	7 620	1 810
Interest, dividends and rent on land	2.2	4 176	3 420
Sale of Capital assets	2.3	12	-
Transactions in financial assets and liabilities	2.4	73 829	27 889
Total Departmental revenue collected		85 637	33 119



2.1 Sales of goods and services other than capital assets

	Note	2011/12 R'000	2010/11 R'000
Sales of goods and services produced by the department		7 548	1 778
Sales by market establishment		6 964	1 067
Other sales		584	711
Sales of scrap, waste and other used current goods		72	32
Total	2	7 620	1 810

2.2 Interest, dividends and rent on land

	Note	2011/12 R'000	2010/11 R'000
Interest	2	4 176	3 420

2.3 Sales of capital assets

	Note	2011/12 R'000	2010/11 R'000
Tangible assets			
Machinery and equipment	2	12	-

2.4 Transactions in financial assets and liabilities

	Note	2011/12 R'000	2010/11 R'000
Receivables		31 116	10 288
State cheques written back		-	41
Other Receipts including Recoverable Revenue		42 713	17 560
Total	2	73 829	27 889



3 Direct Exchequer Receipts

	Note	2011/12	2010/11
		R'000	R'000
Other		-	5 000

4 Aid assistance

4.1 Aid assistance received in cash from RDP

	Note	2011/12	2010/11
		R'000	R'000
Local			
Revenue		35 000	-
Expenditure			-
Transfers		(35 000)	-
Closing Balance		-	-
Foreign			
Opening Balance		128 036	(126 223)
Revenue		130 868	368 001
Expenditure		(71 083)	(91 219)
Current		(68 912)	(91 219)
Transfers		(2 171)	-
Surrendered to the RDP		(187 821)	(22 523)
Closing Balance		-	128 036



4.2 Aid assistance received in cash from other sources

	Note	2011/12 R'000	2010/11 R'000
Local			
Opening Balance		22 000	22 000
Revenue		-	60 000
Expenditure			
Transfers		(15 400)	(5 000)
Surrendered to the donor		(6 600)	(55 000)
Closing Balance		-	22 000

4.3 Total assistance

	Note	2011/12 R'000	2010/11 R'000
Opening Balance		150 036	(104 223)
Revenue		165 868	428 001
Expenditure		(121 483)	(96 219)
Current		(68 912)	(91 219)
Transfers		(52 571)	(5 000)
Surrendered / Transferred to retained funds		(194 421)	(77 523)
Closing Balance		-	150 036

4.4 Analysis of balance

	Note	2011/12 R'000	2010/11 R'000
Aid assistance unutilised			
RDP		-	150 036
Closing balance		-	150 036



5 Compensation of employees

5.1 Salaries and Wages

	Note	2011/12 R'000	2010/11 R'000
Basic salary		637 855	683 738
Performance award		14 222	13 699
Service Based		2 009	1 988
Compensative/circumstantial		9 986	16 988
Periodic payments		1 358	1 968
Other non-pensionable allowances		141 469	146 377
Total		806 899	864 758

5.2 Social contributions

	Note	2011/12 R'000	2010/11 R'000
Employer contributions			
Pension		75 114	73 854
Medical		40 624	36 098
UIF		3	6
Bargaining council		192	233
Total		115 933	110 191
Total compensation of employees		922 832	974 949
Average number of employees		3 555	4 335



6 Goods and services

	Note	2011/12 R'000	2010/11 R'000
Administrative fees		8 854	26 241
Advertising		29 168	25 948
Assets less than R5,000	6.1	9 094	8 099
Bursaries (employees)		2 726	3 180
Catering		8 573	7 567
Communication		43 734	55 799
Computer services	6.2	132 055	192 260
Consultants, contractors and agency/outsourced services	6.3	564 083	1 274 385
Entertainment		157	157
Audit cost – external	6.4	17 447	15 593
Inventory	6.5	48 703	85 932
Operating leases		184 891	198 806
Property payments	6.6	47 090	14 644
Rental and hiring		2 009	-
Transport provided as part of the departmental activities		565	383
Travel and subsistence	6.7	208 324	209 667
Venues and facilities		16 843	12 470
Training and staff development		18 885	26 649
Other operating expenditure	6.8	11 456	11 604
Total		1 354 657	2 169 384



6.1 Assets less than R5,000

	Note	2011/12	2010/11
		R'000	R'000
Tangible assets		9 055	8 080
Machinery and equipment		9 050	8 079
Transport assets		5	1
Intangible assets		39	19
Total	6	9 094	8 099

6.2 Computer services

	Note	2011/12	2010/11
		R'000	R'000
SITA computer services		27 927	45 701
External computer service providers		104 128	146 559
Total	6	132 055	192 260

6.3 Consultants, contractors and agency/outsourced services

	Note	2011/12	2010/11
		R'000	R'000
Business and advisory services		166 043	225 274
Infrastructure and planning		175 817	619 602
Laboratory services		3 477	3 088
Legal costs		5 854	7 861
Contractors		96 014	69 404
Agency and support/outsourced services		116 878	349 156
Total	6	564 083	1 274 385



6.4 Audit cost – External

	Note	2011/12	2010/11
		R'000	R'000
Regularity audits		16 839	12 762
Performance audits		146	946
Investigations		79	1 483
Computer audits		383	402
Total	6	17 447	15 593

6.5 Inventory

	Note	2011/12	2010/11
		R'000	R'000
Learning and teaching support material		52	110
Food and food supplies		2 408	1 218
Fuel, oil and gas		4 425	24 935
Other consumable materials		9 157	23 494
Materials and supplies		11 332	14 007
Stationery and printing		21 215	21 972
Medical supplies		112	196
Military stores		2	-
Total	6	48 703	85 932

6.6 Property payments

	Note	2011/12	2010/11
		R'000	R'000
Municipal services		26 332	1 308
Property management fees		-	56
Property maintenance and repairs		380	500
Other		20 378	12 780
Total	6	47 090	14 644



6.7 Travel and subsistence

	Note	2011/12	2010/11
		R'000	R'000
Local		190 332	190 547
Foreign		17 992	19 120
Total	6	208 324	209 667

6.8 Other operating expenditure

	Note	2011/12	2010/11
		R'000	R'000
Professional bodies, membership and subscription fees		744	346
Resettlement costs		1 736	2 623
Other		8 976	8 635
Total	6	11 456	11 604

7 Interest and rent on land

	Note	2011/12	2010/11
		R'000	R'000
Interest paid		3 957	3 260

8 Payments for financial assets

	Note	2011/12	2010/11
		R'000	R'000
Other material losses written off	8.1	-	5 531
Debts written off	8.2	25 446	90
Total		25 446	5 621



8.1 Other material losses written off

	Note	2011/12 R'000	2010/11 R'000
Nature of losses			
Other losses		-	1
VAT		-	5 405
T&S		-	125
Total	8	-	5 531

8.2 Debts written off

	Note	2011/12 R'000	2010/11 R'000
Recoverable revenue written off			
Salary overpayment		21	5
Bursary		3	1
Travel and subsistence		-	1
Telephone		1	1
Capital (Overberg)		25 409	-
Subsidised Transport		3	-
Ex-employees		1	-
Subtotal		25 438	8
Other debts written off			
Salary overpayments		41	66
Tax debt		12	16
Other		1	-
Suppliers		2	-
Ex-employees		5	-
Less: Receipts		(6)	-
Less: AHFIX (National Treasury call logged – under investigation)		(47)	-
Subtotal		8	82
Total debt written off	8	25 446	90

9 Transfers and subsidies

	Note	2011/12	2010/11
		R'000	R'000
Provinces and municipalities	Annex 1A, Annex 1B	992 475	985 202
Departmental agencies and accounts	Annex 1C	2 259 019	1 992 802
Foreign governments and international organisations	Annex 1F	179 738	180 275
Public corporations and private enterprises	Annex 1E	-	13 794
Households	Annex 1H	54 853	59 186
Total		3 486 085	3 231 259

10 Expenditure for capital assets

	Note	2011/12	2010/11
		R'000	R'000
Tangible assets		2 351 796	1 521 274
Buildings and other fixed structures	36	2 285 167	1 291 108
Machinery and equipment	34	66 629	230 165
Biological assets	34	-	1
Software and other intangible assets		20 133	7 390
Computer software	35	20 133	7 386
Patents, licences, copyright, brand names, trademarks	35	-	4
Total		2 371 929	1 528 664



10.1 Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	2 351 796	-	2 351 796
Buildings and other fixed structures	2 285 167	-	2 285 167
Machinery and equipment	66 629	-	66 629
Software and other intangible assets			
Computer software	20 133	-	20 133
Total	2 371 929	-	2 371 929

10.2 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	1 521 274	-	1 521 274
Buildings and other fixed structures	1 291 108	-	1 291 108
Machinery and equipment	230 165	-	230 165
Biological assets	1	-	1
Software and other intangible assets	7 390	-	7 390
Computer software	7 386	-	7 386
Patents, licences, copyright, brand names, trademarks	4	-	4
Total	1 528 664	-	1 528 664



11 Unauthorised expenditure

11.1 Reconciliation of unauthorised expenditure

	Note	2011/12 R'000	2010/11 R'000
Opening balance		3 782	3 782
Unauthorised expenditure awaiting authorisation		3 782	3 782
Analysis of awaiting authorisation per economic classification			
Current		3 782	3 782

11.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	Note	2011/12 R'000	2010/11 R'000
Current		3 782	3 782

11.3 Analysis of unauthorised expenditure awaiting authorisation per type

	Note	2011/12 R'000	2010/11 R'000
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division		3 782	3 782

12 Cash and cash equivalents

	Note	2011/12 R'000	2010/11 R'000
Consolidated Paymaster General Account		636 974	417 291
Disbursements		(1 052)	(136)
Cash on hand		95	79
Cash with commercial banks		6 085	-
Investments (Local)		27	32
Total		642 129	417 266



13 Prepayments and advances

	Note	2011/12 R'000	2010/11 R'000
Travel and subsistence		176	415
Advances paid to other entities		206 649	14 230
Total		206 825	14 645

14 Receivables

	Note	2011/12				2010/11
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	14.1 Annex 4	13 877	7 703	3 831	25 411	22 077
Recoverable expenditure	14.2	(159)	1 692	3	1 536	3 919
Staff debt	14.3	2 979	1 406	3 790	8 175	7 109
Other debtors	14.4	147	7	36	190	7 901
Total		16 844	10 808	7 660	35 312	41 006

14.1 Claims recoverable

	Note	2011/12 R'000	2010/11 R'000
National departments		13 992	9 358
Provincial departments		9 945	10 259
Public entities		1 474	2 460
Total	14	25 411	22 077



14.2 Recoverable expenditure (disallowance accounts)

	Note	2011/12	2010/11
		R'000	R'000
Sal: Deduction Disallowance Acc		178	152
Sal: Reversal Control Acc		1 214	1 401
Sal: Tax debt		141	136
Disallowance Miscellaneous		-	1 325
Sal: Pension Fund CL		-	43
Sal: Medical Aid		3	5
Roodeplaat Mess		-	857
Total	14	1 536	3 919

14.3 Staff debt

	Note	2011/12	2010/11
		R'000	R'000
Salary overpayment		2 669	2 364
Tax debt		44	49
Bursary (Breach of contract)		2 177	1 632
State Guarantees		102	108
T&S Advance: Dom		32	35
GG Accidents		160	177
Telephone Debt		70	64
Departmental Debt		6	6
Employee		156	84
Ex-employee		382	376
Fraud		413	105
Other		641	515
Subsidised Transport		1 323	1 594
Total	14	8 175	7 109



14.4 Other debtors

	Note	2011/12 R'000	2010/11 R'000
Suppliers		44	44
VAT Clearing Account		146	7 857
Total	14	190	7 901

176

15 Loans

	Note	2011/12 R'000	2010/11 R'000
Public corporations		36 738	91 669
Less: Current portion of loans		8 005	9 939
Total		28 733	81 730
Analysis of Balance			
Opening balance		91 669	95 841
New Issues		4 808	6 798
Repayments		(5 276)	(10 970)
Write-offs		(25 409)	-
Adjustment (Refer Annexure 2B)		(29 054)	-
Closing balance		36 738	91 669

The closing balance regarding "Capitalisation Reserves" in the statement of Changes in Net Assets differ to the closing balance of this note with the amount of R877 000.00 because the recoverable revenue amount of loans does not correspond with the system. This matter is under investigation with National Treasury.



16 Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2011/12 R'000	2010/11 R'000
Opening balance		290 056	193 463
Transfer from statement of financial performance		863 413	290 056
Paid during the year		(290 056)	(193 463)
Closing balance		863 413	290 056

17 Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	<i>Note</i>	2011/12 R'000	2010/11 R'000
Opening balance		485	50 438
Transfer from Statement of Financial Performance		85 637	33 119
Paid during the year		(85 220)	(83 072)
Closing balance		902	485

18 Direct Exchequer receipts to be surrendered to the Revenue Fund

	<i>Note</i>	2011/12 R'000	2010/11 R'000
Transfer from Statement of Financial Performance		-	5 000
Paid during the year		-	(5 000)
Closing balance		-	-

19 Bank Overdraft

	<i>Note</i>	2011/12 R'000	2010/11 R'000
Overdraft with commercial banks (Local)		439	-



20 Payables – current

	Note	2011/12 R'000	2010/11 R'000
Advances received	20.1	11 006	30 034
Clearing Accounts	20.2	191	543
Other payables	20.3	4	46
Total		11 201	30 623

20.1 Advances received

	Note	2011/12 R'000	2010/11 R'000
	20		
Advances fro Foreign and International Organisations		4 071	-
Advances from Gauteng (Hartbeespoort WFW)		6 908	6 907
Advances from Public Entities: Irrigation Boards		27	32
Roodeplaat Mess		-	23 095
Total		11 006	30 034

20.2 Clearing accounts

	Note	2011/12 R'000	2010/11 R'000
Salary Deduction control accounts	20	191	543



20.3 Other payables

	Note	2011/12	2010/11
		R'000	R'000
	20		
Sal: ACB Recalls		3	4
Disallowance Miscellaneous		1	-
Claims: Gov & Int Org: Claims received		-	42
Total		4	46

21 Net cash flow available from operating activities

	Note	2011/12	2010/11
		R'000	R'000
Net surplus as per Statement of Financial Performance		993 435	659 957
Add back non cash/cash movements not deemed operating activities		1 596 312	1 148 020
Increase in receivables – current		5 694	16 246
Decrease in prepayments and advances		(192 180)	(2 186)
(Increase)/Decrease in other current assets		-	-
Proceeds of capital assets		(12)	-
Decrease in payables – current		(19 422)	(35 646)
Expenditure on capital assets		2 371 929	1 528 664
Surrenders to Revenue Fund		(375 276)	(276 535)
Surrenders to RDP Fund/Donor		(194 421)	(77 523)
Other non-cash items		-	(5 000)
Net cash flow generated by operating activities		2589 747	1 807 977



22 Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2011/12 R'000	2010/11 R'000
Consolidated Paymaster General account		636 974	417 291
Disbursements		(1 052)	(136)
Cash on hand		95	79
Cash with commercial banks (Local)		5 673	32
Total		641 690	417 266



3.2.11 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

23 Contingent liabilities and contingent assets

23.1 Contingent liabilities

		Note	2011/12	2010/11
			R'000	R'000
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 3A	-	373
Housing loan guarantees	Employees	Annex 3A	168	8 869
Other guarantees	(KOBWA, TCTA, Land Bank, LHDA, etc.)	Annex 3A	21 366 829	23 083 611
Claims against the department		Annex 3B	60 916	7 371
Other departments (interdepartmental unconfirmed balances)		Annex 5	13	15
Total			21 427 926	23 100 239

The corresponding figure of "Other guarantees" has been restated to reflect R23 083 611 000.00 (2010/11). The difference of R2 966 802 000.00 was due to the incorrect inclusion of the short term investments in the prior year closing balance of the guarantee in respect of "Call bills and Capital bills" (TCTA 13).



23.2 Contingent assets

	Note	2011/12	2010/11
		R'000	R'000
Nature of contingent asset			
Mametsa (Motor Accident)		2	2
Guma & Steenbok (Outstanding rental)		2	2
Nemaungane (Outstanding rental)		7	7
Braam Gouws (Defective cupboards)		7	7
CN Polo (Outstanding rental)		14	14
Noordvaal Crushers (Motor Accident)		35	35
MF Latakomo (Motor vehicles misuse)		209	209
PD Kruger vs Camagu Chumu Ayaya Mthshizana (Main)		37	-
Fountains Civil Engineering (Main)		12	-
TPD Business Solutions (Main)		176	-
Castle Coal Mines (Pollution Control)		-	847
George Kuyler (Main)		56	-
Minister of DWA vs SHP Roberts (Main)		7	-
DWA/ NR Horne (Main)		68	-
T-Systems and Senokwane (Main)		2 900	-
Total		3 532	1 123



24 Commitments

	Note	2011/12 R'000	2010/11 R'000
Current expenditure			
Approved and contracted		600 817	546 833
Approved but not yet contracted		25 530	5 714
		626 347	552 547
Capital expenditure (including transfers)			
Approved and contracted		96 115	23 824
Approved but not yet contracted		9 897	
		106 012	23 824
Total Commitments		732 359	576 371

The commitments for 2011/12 (as at 31 March 2012) do not include commitments to the amount of R124 950 million that will only be paid after 1 April 2013.



25 Accruals

			2011/12	2010/11
			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	85 471	16 862	102 333	57 135
Capital assets	77 757	101	77 858	7 413
Other	-	-	-	55
Total	163 228	16 963	180 191	64 603

	<i>Note</i>	2011/12	2010/11
		R'000	R'000
Listed by programme level			
Administration		57 326	19 849
Water Sector Management		14 114	-
Water Infrastructure Management		-	7 894
Regional Implementation and Support		102 635	34 130
Water Sector Regulation		5 495	2 730
International Water Cooperation		621	-
Total		180 191	64 603

	Note	2011/12	2010/11
		R'000	R'000
Confirmed balances with other departments	Annex 5	48	151
Confirmed balances with other government entities	Annex 5	-	-
Total		48	151



26 Employee benefits

	Note	2011/12	2010/11
		R'000	R'000
Leave entitlement		40 174	44 821
Service bonus (Thirteenth cheque)		24 528	24 426
Performance awards		16 434	14 346
Capped leave commitments		85 237	106 392
Total		166 373	189 985

The prior year amount regarding "Performance awards" was restated from R4 743 million to R14 346 million.

27 Lease commitments

27.1 Operating leases expenditure

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	53 931	-	53 931
Later than 1 year and not later than 5 years	-	-	236 053	-	236 053
Later than five years	-	-	177 459	-	177 459
Total lease commitments	-	-	467 443	-	467 443

2010/11	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	11 249	11 249
Later than 1 year and not later than 5 years	-	-	-	9 559	9 559
Later than five years	-	-	-	5 000	5 000
Total lease commitments	-	-	-	25 808	25 808



27.2 Finance leases expenditure

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	8 156	8 156
Later than 1 year and not later than 5 years	-	-	-	8 155	8 155
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	16 311	16 311
LESS: finance costs	-	-	-	5 507	5 507
Total present value of lease liabilities	-	-	-	10 804	10 804

2010/11	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	12 968	12 968
Later than 1 year and not later than 5 years	-	-	-	10 939	10 939
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	23 907	23 907
LESS: finance costs	-	-	-	6 224	6 224
Total present value of lease liabilities	-	-	-	17 683	17 683



28 Irregular expenditure

28.1 Reconciliation of irregular expenditure

	Note	2011/12	2010/11
		R'000	R'000
Opening balance		68 997	12 525
Add: Irregular expenditure – relating to prior year		1 009 670	46 978
Add: Irregular expenditure – relating to current year		66 051	13 953
Less: Amounts condoned		(58 891)	(4 458)
Less: Amounts recoverable (not condoned)		-	(1)
Irregular expenditure awaiting condonation		1 085 827	68 997

Analysis of awaiting condonation per age classification			
Current year		66 051	13 952
Prior years		1 019 776	55 045
Total		1 085 827	68 997

In the figure of R1 009.6 billion includes the irregular expenditure related to none compliance with DORA to the amount of R869 million.



28.2 Details of irregular expenditure – current year

Incident (Disciplinary steps taken/criminal proceedings)	2011/12 R'000
Catering (FS)	21
Catering (FS)	20
Water use implementation verification (Mpumalanga)	3 000
Maintenance – Record console (scm procedure not followed – NW) – Disciplinary hearing in process	157
Finance Lease – Hewlette (scm procedure not followed – NW) – Disciplinary hearing in process	500
Lease Payments – Journey vehicle (scm procedures not followed (NW) – Disciplinary hearing in process	206
Maintenance – WVS (scm procedure not followed – NW)	43
Suppliers not registered on Cipro and SARS – Betty Matthew Ent	25
Suppliers not registered on Cipro and SARS – Zingwe Trading)	16
Suppliers not registered on Cipro and SARS – Viv M Trading	29
Suppliers not registered on Cipro and SARS – Hope for all Gen Trad	12
Routers – Telemaster (scm procedures not followed) – Disciplinary hearing in process	276
NW – Bid awarded to a bidder who quoted the highest with lower points – tools for WFW	38
Bid awarded to bidder who quoted the highest with lower points – tools for WFW	125
Procurement of photocopying machines – Mpumalanga	985
Splitting of bids – promotional material for Water Week	1 029
Contract extension not approved on time – Lab analysis – Sep – Nov 2010	200
Contract extension not approved on time – Lab analysis – Dec 2010 – Mar 2011	200
Variation order not approved by RBAC	128
Three quotations not sourced – Training	14
WQ 12591 KZN – Evaluation Criteria not specified in the tender documents	444
WQ 12493 KZN – Evaluation Criteria not specified in the tender documents	489
WQ 11484 KZN – Evaluation Criteria not specified in the tender documents	428
WQ 12308 KZN – Evaluation Criteria not specified in the tender documents	380
WQ 12045 KZN – Evaluation Criteria not specified in the tender documents	470
WQ 12252 KZN – Evaluation Criteria not specified in the tender documents	445

Incident (Disciplinary steps taken/criminal proceedings)	2011/12 R'000
WQ 12184 KZN – Evaluation Criteria not specified in the tender documents	497
WQ 11638 KZN – Evaluation Criteria not specified in the tender documents	482
WQ 11487 KZN – Evaluation Criteria not specified in the tender documents	482
WP9138 – LIM Water Services –Dynacon PTY Ltd	2 738
PN 185560 LIM – Payment approved by non-delegated official	2 783
Lim – No contract exist for operating lease (Afrox)	31
Lim – Bidder who scored less was appointed and then ceded the contract to another bidder	129
Lim – Misclassification – TLM Engineering System	698
Relocation of Ms BP Sonjica – services rendered without order	7
Design and printing of Christmas cards (Deputy Minister)	8
Service rendered after the contract expired (War on Water Leaks Dev Prog)	560
Single supplier approached without DBAC approval (Rand Show Exhibition)	121
Service rendered without an order – replacement of locks in Ministry	17
GP – Workshop on Ground Water surface	3
Contract scope extended without prior approval – Competence based Ass & Recruit	1 875
Services rendered without an order – Rendering of garden services a Roodeplaat	24
Services rendered without an order – Installation of an extra view system on DSTV – Comm Services	3
Services rendered without following scm procedures –Exhibitions, tickets, etc.	206
Services rendered without an order – Rental plants (EC)	15
Services rendered without an order – Catering (EC)	14
Mooi-Mgeni Transfers scheme	350
Transcribing the Water Tribunal Cassettes	13
Mpumalanga – Catering	4
Eastern Cape – Transport Services – Ndlazi Tours	10
Services rendered during Water Week	174
2020 Vision Programme – B-BBEE and school interventions	1 150
Security services rendered during recruitment drive – Metro Police	84
KZN – Printing of promotional material, catering, etc. – Meta Lika Holdings	374
Admin support and response handling during recruitment drive – Limpopo	636



Incident (Disciplinary steps taken/criminal proceedings)	2011/12 R'000
Maintenance of switchboard and video conference system	469
MTN general packet radio services account	55
Entertainment services rendered during Minister's Imbizo – 999 music	90
Catering for evaluation meeting – Climate change	1
Quotations sourced outside data base KZN – Road transport	27
Framing of poster – procedure and followed	1
Catering for GRDM software update workshop	2
WC – rendering of cleaning services	667
WC – PSP for strategic support for Water Conservation Programme – Regional Bulk	997
FS-PN236612 – Three quotations not sourced – Venue and facilities	7
FS-PN228385 – Three quotations not sourced – Catering	7
FS-PN236756 – Global Africa Network – Sole supplier utilised without prior approval	19
FS-PN222282 – Three quotations not sourced – Catering	9
FS-WQ12917 – Supplier not registered on the data base – Bodibeng Chemicals	37
FS-WQ12726 – Supplier not registered on the data base – Matsapa Trading 732CC	91
FS-PN230368 – Supplier not registered on the data base – Metso ya Lefa Trading – Catering	15
FS-PN233341 – Supplier not registered on the data base – TMZ Events and Marketing – Catering	7
FS-PN233280 – Supplier not registered on the data base – Patrick Removals	18
FS-PN218244 – Supplier not registered on the data base – Bloem Sisters Trading CC	15
FS-PN221723 – Supplier not registered on the data base – Relekane Trading and Tenders	14
FS-PN227649 – Supplier not registered on the data base – Bloem SPA Lodge	12
FS-PN234182 – Supplier not registered on the data base – Kopano Nokeng Lodge	10
FS-PN239559 – Supplier not registered on the data base – Flexi Trade 110	1
FS-PN218680 – Requisition approved after the invoice – Thebe Special Projects	14
NW-PN219411 & PN223287 – Three quotations not sourced – Lexis	1
PN006387 – KZN – Transporting youth from Durban to King Shaka – Three quotations not sourced	27
GP-WP10292 – Appointment of PSP to undertake feasibility study of Regional Water Treatment	852
GP – Attending secretarial day	5

Incident (Disciplinary steps taken/criminal proceedings)	2011/12 R'000
GP – Attending Waste Water Treatment Course	9
GP – Attending 2010 African Water Leakage Summit in CPT	11
GP – Attending 2010 African Water Leakage Summit in Midrand	4
GP – Catering for Water Conservation WDM Workshop	1
GP – Catering for Client Liaison Forum	2
GP – Catering for Upper Vaal illegal water use	4
GP – Appointment of events company for Gauteng Water Indaba	358
GP – Attending course at Stellenbosch University	5
GP – Additional venue hire for Water Sector Forum	64
GP – Catering for disaster management forum	5
Mpumalanga – 3 quotations not sourced	378
Overpayment to Inkomati Catchment Management Agency	12 667
EC=ECRO Water Supply projects exceeded the approved budgets without approval	9 585
WQ13952: Lim – Contract awarded to supplier who scored low-Retshegofaditswe 121 Trading project	129
Limpopo – Overtime payment exceeded 30% without approval: Persal 16567391	3
Mpumalanga – Overtime payment exceeded 30% of salary without approval: Persal 15525953	1
W00030-WTE: Mpu – Main account utilised a tender awarded by WTE without approval	698
WP10508-WC – Peninsula Cleaning Services	667
WP10584 – WC Evidence of the functioning of RBAC could not be provided	887
WC: Recquisition approved after invoice – Thebe special projects Conference	14
WP10507-WC – Evidence of the functioning of the spec com could not be provided – Siwundla & Maf	573
KZN – Gooderson Leisure Corporation – Supplier not registered on the data base	44
KZN – Holiday Inn – Supplier not registered on the data base	68
KZN – Stuttaford Van Lines – Supplier not registered on the data base	7
KZN – Hilton Durban Hotel – Supplier not registered on the data base	22
KZN – Durban Jewish Centre – Supplier not registered on the data base	8
KZN – Style Carft Office design – Supplier not registered on the data base	35
KZN – Makro – Supplier not registered on the data base	3



Incident (Disciplinary steps taken/criminal proceedings)	2011/12 R'000
Head Office – Quotations sourced from a company owned by the spouse of an employee – Madonoro Trd	59
Mpumalanga suppliers not on the database	1
WC – 3 quotations not sourced	101
H/O Contracted amount exceeds the tender /offer amount WP 10936, WP10510, WP10396	13 000
Total	66 051

28.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2011/12 R'000
Payment for Russian interpretation services		24
Services rendered for DWA recruitment drive		48
Hot beverage vending machine		39
Masibambane III – “Water for Growth and Development”		11 758
Groundwater surface water interaction workshop – Free State University		3
Rendering of travel and reservation services		46 978
FS – Catering		20
FS – Catering		21
Total		58 891

The irregular expenditure for prior year includes expenditure incurred by the Department of Public Works when procuring accommodation (Continental Building and Limpopo regional office) for the Department, for the estimated amount of R46.9 million. The matter is still under investigation. The irregular for prior year also includes the RBIG transfer for the amount of R869.5 million



29 Fruitless and wasteful expenditure

29.1 Reconciliation of fruitless and wasteful expenditure

	Note	2011/12	2010/11
		R'000	R'000
Opening balance		369	-
Fruitless and wasteful expenditure – relating to prior year		18 833	-
Fruitless and wasteful expenditure – relating to current year		3 899	369
Fruitless and wasteful expenditure awaiting condonement		23 101	369

29.2 Analysis of awaiting condonation per economic classification

	Note	2011/12	2010/11
		R'000	R'000
Current		23 101	369



29.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2011/12 R'000
GP – Traffic fines paid on behalf of employees	Money will be recovered from official	2
GP – Overpayment of transferred official	Money will be recovered from official	17
NW – Two months' salary paid after termination	Money will be recovered from former employee	29
MPU – VAT paid to non VAT Vendor	Money will be recovered from supplier	25
MPU – Overpayment of VAT Amount	Money will be recovered from supplier	4
WC – VAT paid to non VAT Vendor	Money will be recovered from supplier	20
EC – VAT paid to non VAT Vendor	Money will be recovered from supplier	166
EC – Overpayment of Admin Fees – Rennies	Money will be recovered from supplier	16
FS-Payment of interest to First Auto	Money will be recovered from supplier	1
Mpu – VAT paid to non VAT Vendor – Haarith Trading	Money will be recovered	2
Mpu – overpaymnt of invoice PM240366 – A & K Construction	Money will be recovered	1
Mpu-overpayment of invoice PM25066 ZMP Trad & Proj	Money will be recovered	1
Mpu – Overpayment of supplier PM250446 ZMP Trad & Proj	Money will be recovered	1
WC – VAT paid to non VAT Vendor Premier Attr. 164CC	Money will be recovered	3
WC – Vat paid to non VAT Vendor Silver Inv PM219764	Money will be recovered	3
Lepelle N. Water overpayment of man. Fees by 1%	Money will be recovered	253
WC – Interest paid on overdue account Wesbank	Money will be recovered	1
Head Office Comm: Payment made after funds tranfered to GCIS: Ezink	Money will be recovered	1 518
Overpayment of acting allowance: Act Dir Corp Planning Pers 10257098	Money will be recovered	1
WTE expenses paid by main account PM 268809	Money will be recovered	19
Head Office Admin: Payment of EXYS for access sec. sys.	Money will be recovered	1 353
Payment to Sunday overtime incorrectly calculated	Money will be recovered	1
Head Office VAT incorrectly calculated	Money will be recovered	60
Gauteng – VAT paid to non VAT Vendor Ya hina man.	Money will be recovered	25

Incident	Disciplinary steps taken/criminal proceedings	2011/12 R'000
Gauteng – VAT paid to non Vendor Bumed Marketing cc	Money will be recovered	1
Limpopo – VAT paid to non VAT Vendor VIP catering	Money will be recovered	13
KZN-VAT paid to non VAT vendor Miltilayer Trad. 121cc	Money will be recovered	78
H/O traffic fines for KWERANO		7
Training no attendance register		10
Overpayment to A and K Construction		1
Overpayment to ZMP Trading Projects		1
KZN overpayment exceeding the contract amount		19
H/O overpayment salary claim		1
Training no attendance register		36
VAT charged on wages IA U Thukela Water		35
Total		3 899

The prior year fruitless expenditure includes the payment for Continental Building for the amount of R4.89 million which was signed and paid from 1 December 2007 but were only occupied in April 2009. It also includes the amount from AGSA special report for the amount of R1.75 million. Please note that the amount of R165.00 could not be included as it is below R500.00.

30 Related party transactions

- 1 *Any losses made by the WTE must be made good from the Exchequer as an augmentation. See Annexure 1C.*
- 2 *Guarantees were provided for the TCTA and KOBWA. See Annexure 3A.*
- 3 *Loans were provided to the Water Boards, Irrigation Boards and Water User Association. See Annexure 2B.*
- 4 *Transfers made to CMA's Inkomati and Breede-Overberg. See Annexure 1C.*



31 Key management personnel

	No. of Individuals	2011/12 R'000	2010/11 R'000
Political office bearers (provide detail below)	2	3 468	3 303
Officials:			
Level 15 to 16	9	8 646	8 101
Level 14	24	21 537	22 213
Total		33 651	33 617

In note 6, (current year) under the item: "Consultants, contractors and agency/outsourced services" an amount of R15 338 176.78 is included as remuneration for the Business Process Review (BPR) committee. The committee was appointed by the minister to review and advise the minister on the business processes re-engineering of the Department. The committee looks at: The overall government mandate given to the Department. The relevance of the Departmental Strategic Plan to the overall priorities of government and evaluate all the legal instruments. The remuneration is as follows:

Names	Remuneration Amount
Mr A Z Dlamini	1 179 796.71
Prof GM Nkondo	1 913 795.00
Ms R Kalidass	1 897 492.00
Mr T Modise	1 492 480.33
Mr F Zondach	1 437 196.00
Ms B Mabandla	1 064 826.00
Mr R Motsepe	297 604.50
IN TOUCH TRAINING CC	1 026 849.00
ROCALISTEP (PTY) LTD	1 554 612.00
THE VILLAGE LEADERSHIP CONSULTING	435 549.75
Mr W Metcalt	1 234 800.00
Mr B Schreiner	567 489.00
Mr J Kanjere	177 044.49
Dr T Mkhondo	1 058 642.00
	15 338 176.78

32 Impairment

	Note	2011/12	2010/11
		R'000	R'000
Impairment			
Debtors		2 644	3 013

32 Provisions

	Note	2011/12	2010/11
		R'000	R'000
Acid Mine Drainage (AMD) short term intervention (As per contracts awarded)		2 056 000	-
National Water Resource Strategy		17 000	
Total		2 073 000	-

34 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	157 287	(5 337)	59 061	7 438	203 573
Transport assets	5 381	(835)	984	1 337	4 193
Computer equipment	51 231	(7 374)	13 485	3 368	53 974
Furniture and office equipment	37 562	(6 678)	5 867	1 431	35 320
Other machinery and equipment	63 113	9 550	38 725	1 302	110 086
BIOLOGICAL ASSETS					
Biological assets	1	(1)	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	157 288	(5 338)	59 061	7 438	203 573



34.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012					
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT					
Transport assets	5 844	-	(4 937)	77	984
Computer equipment	13 480	-	-	5	13 485
Furniture and office equipment	11 295	-	(5 465)	37	5 867
Other machinery and equipment	36 010	-	-	2 715	38 725
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	66 629	-	(10 402)	2 834	59 061

34.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT				
Transport assets	-	1 337	1 337	-
Computer equipment	200	3 168	3 368	12
Furniture and office equipment	-	1 431	1 431	-
Other machinery and equipment	-	1 302	1 302	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	200	7 238	7 438	12

34.3 Movement for 2010/11

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	97 257	60 030	-	157 287
Transport assets	2 470	2 911	-	5 381
Computer equipment	34 047	17 184	-	51 231
Furniture and office equipment	31 318	6 244	-	37 562
Other machinery and equipment	29 422	33 691	-	63 113
BIOLOGICAL ASSETS				
Biological assets	-	1	-	1
TOTAL MOVABLE TANGIBLE ASSETS	97 257	60 031	-	157 288

34.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	64	-	24 749	-	24 813
Current Year Adjustments to Prior Year balances	-	(47)	-	(561)	-	(608)
Additions	-	38	-	9 849	-	9 887
Disposals	-	-	-	(1 682)	-	(1 682)
TOTAL MINOR ASSETS	-	55	-	32 355	-	32 410



MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2011						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	47	-	424 231	-	424 278
Current Year Adjustments to Prior Year balances	-	-	-	(407 282)	-	(407 282)
Additions	-	17	-	7 800	-	7 817
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	64	-	24 749	-	24 813

35 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	22 632	3 412	20 133	-	46 177
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	400	(217)	-	-	183
TOTAL INTANGIBLE CAPITAL ASSETS	23 032	3 195	20 133	-	46 360



35.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012					
	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Computer software	20 133	-	-	-	20 133
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	20 133	-	-	-	20 133

35.2 Movement for 2010/11

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	15 233	7 399	-	22 632
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	396	4	-	400
TOTAL INTANGIBLE CAPITAL ASSETS	15 629	7 403	-	23 032



36 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	34 198	16	275 248	699	308 763
Dwellings	9 775	16	-	699	9 092
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	17 500	-	275 248	-	292 748
LAND AND SUBSOIL ASSETS					
Land	11 503	-	-	-	11 503
	-	-	-	-	
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	45 701	16	275 248	699	320 266

DWA entered into a MoA with TCTA to construct assets on behalf of WTE. The agreement refers to DWA. The reference to DWA in the agreement is the WTE. These assets are not included in note 36 as they are already accounted for the WTE as intended.

36.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012					
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES					
Other fixed structures	2 285 167	275 248	(2 285 167)	-	275 248
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	2 285 167	275 248	(2 285 167)	-	275 248



36.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES				
Other fixed structures		699	699	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS		699	699	-

36.3 Movement for 2010/11

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	34 198	-	-	34 198
Dwellings	9 775	-	-	9 775
Non-residential buildings	6 923	-	-	6 923
Other fixed structures	17 500	-	-	17 500
LAND AND SUBSOIL ASSETS				
Land	11 503	-	-	11 503
TOTAL IMMOVABLE TANGIBLE ASSETS	45 701	-	-	45 701



37 Transfer of functions

37.1 Statement of Financial Position

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		Bal per dept 2011/12 AFS before transfer	Functions per dept (transferred)/ received	Functions per dept (transferred)/ received	Functions per dept (transferred)/ received	2011/12 Bal after transfer
	Note	2011/12	2011/12	2011/12	2011/12	2011/12
		R'000	R'000	R'000	R'000	R'000
ASSETS						
Current Assets						
Receivables		-	(265)	-	-	(265)
NET ASSETS		-	(265)	-	-	(265)

37.2 Disclosure Notes

		Bal per dept 2011/12 AFS before transfer	Functions per dept (transferred)/ received	Functions per dept (transferred)/ received	Functions per dept (transferred)/ received	2011/12 Bal after transfer
	Note	2011/12	2011/12	2011/12	2011/12	2011/12
		R'000	R'000	R'000	R'000	R'000
Movable tangible capital assets		-	(7 766)	-	-	(7 766)
Immovable tangible capital assets		-	699	-	-	(699)
Total		-	(8 730)	-	-	(8 730)

The amount of R265 000.00 represents twenty staff debt transactions and the amount of R7 766 million (Major Assets R6 298 million + Minor Assets R1 468 million) is for machinery and equipment, while the amount of R699 thousand is for dwellings, that were transferred to the Department of Environmental Affairs.

3.2.12 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2010/11
	Division of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
WATER SERVICES OPERATING SUBSIDY GRANT											
NORTH WEST											
Moretele Mun	3 205	-	-	3 205	3 205	-	-	-	2 239	-	4 578
Madibeng Mun	3 910	-	-	3 910	3 910	-	-	-	1 352	-	5 586
Rustenburg Mun	606	-	-	606	606	-	-	-	606	-	866
Moses Kotane	2 542	-	-	2 542	2 542	-	-	-	2 542	-	3 631
Ngaka Modiri Molema Dist Mun	17 530	-	-	17 530	17 530	-	-	-	8 498	-	32 123
Dr Ruth Segomotsi Mompati Mun	6 991	-	-	6 991	6 991	-	-	-	6 991	-	9 987
MPUMALANGA											
Albert Luthuli Mun	6 963	-	108	7 071	7 071	-	-	-	7 071	-	14 996

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2010/11
	Division of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
Thembisile Mun	6 888	-	97	6 985	6 985	-	-	-	6 885	-	10 334
Dr JS Moroka Mun	28 785	-	(4 500)	24 285	24 285	-	-	-	24 285	-	37 868
Mbombela Mun	14 501	-	149	14 650	14 650	-	-	-	9 263	-	15 241
Nkomazi Mun	8 985	-	74	9 059	9 059	-	-	-	8 983	-	14 920
Thaba Chweu Mun	650	-	10	660	660	-	-	-	660	-	453
Bushbuckridge	27 489	-	298	27 787	27 787	-	-	-	22 948	-	34 895
FREE STATE											
Maluti-a-phofung	7 661	-	-	7 661	7 661	-	-	-	5 995	-	10 944
Metsimaholo Mun	784	-	-	784	784	-	-	-	784	-	1 120
GAUTENG											
City of Tshwane	22 601	-	18	22 619	22 619	-	-	-	20 958	-	7 040
KWAZULU-NATAL											
Kungwini Mun	-	-	-	-	-	-	-	-	-	-	16 965
Newcastle Mun	12 910	-	-	12 910	12 910	-	-	-	12 910	-	-
Uthungulu Mun	-	-	-	-	-	-	-	-	-	-	93
Sisonke Mun	322	-	-	322	322	-	-	-	260	-	447

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2010/11
	Division of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
LIMPOPO											
Mopani District Mun	69 678	-	818	70 496	70 496	-	-	-	70 496	-	94 995
Vhembe Mun	152 618	-	(19 648)	132 970	132 970	-	-	-	132 970	-	134 445
Capricorn Mun	42 620	-	(3 173)	39 447	39 447	-	-	-	39 447	-	57 059
Polokwane Mun	19 342	-	176	19 518	19 518	-	-	-	19 518	-	19 132
Lephalale Mun	3 827	3 150	45	7 022	7 022	-	-	-	5 651	-	2 694
Mogalakwena M	11 144	-	104	11 248	11 248	-	-	-	9 691	-	20 325
Greater Sekhukhune M	38 855	-	253	39 108	39 108	-	-	-	39 108	-	53 115
Bela-Bela Mun	130	-	147	277	277	-	-	-	277	-	122
NORTHERN CAPE											
Moshaweng Mun	3 875	-	-	3 875	3 875	-	-	-	3 014	-	5 535
Ga-Segonyane	1 481	-	-	1 481	1 481	-	-	-	1 481	-	2 115
Phokwane Mun	1 357	-	-	1 357	1 357	-	-	-	1 357	-	1 163
EASTERN CAPE											
Amatola District	9 333	-	2 778	12 111	12 111	-	-	-	12 111	-	8 643

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2010/11
	Division of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
Buffalo City Mun	1 680	-	34	1 714	1 714	-	-	-	1 714	-	2 152
Chris Hani Mun	7 512	-	158	7 670	7 670	-	-	-	7 670	-	10 030
OR Tambo Mun	15 569	-	326	15 895	15 895	-	-	-	15 895	-	19 470
Alfred Nzo Mun	6 060	-	129	6 189	6 189	-	-	-	6 189	-	7 776
WESTERN CAPE											
West Coast Mun	303	-	-	303	303	-	-	-	225	-	433
Cederberg Mun	193	-	-	193	193	-	-	-	193	-	276
Outletshoorn Mun	1 894	-	-	1 894	1 894	-	-	-	1 894	-	2 706

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2010/11
	Division of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
MUNICIPAL DROUGHT RELIEF											
Cacadu Mun	-	-	-	-	-	-	-	-	-	-	9 728
Amatole Mun	-	-	-	-	-	-	-	-	-	-	17 011
Chris Hani Mun	-	-	-	-	-	-	-	-	-	-	14 216
Joe Gqabi Mun	-	-	-	-	-	-	-	-	-	-	11 204
OR Tambo Mun	-	-	-	-	-	-	-	-	-	-	24 569
Alfred Nzo Mun	-	-	-	-	-	-	-	-	-	-	10 129
Mossel Bay	-	-	-	-	-	-	-	-	-	-	92 000
George	-	-	-	-	-	-	-	-	-	-	75 000
Bitou	-	-	-	-	-	-	-	-	-	-	20 000
Knysna	-	-	-	-	-	-	-	-	-	-	17 900
Beaufort West	-	-	-	-	-	-	-	-	-	-	28 600
Nelson Mandela Bay	450 000		-	450 000	450 000	-	-	-	242 458	-	-
	1 010 794	3 150	(21 599)	992 345	992 345	-		-	754 589		984 630

ANNEXURE 1B

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

DESCRIPTION	GRANT ALLOCATION				TRANSFER		SPENT			2010/11
	Amount	Roll-overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Vehicle licences	721	-	-	721	124	17%	-	-	-	161
Donations and Gifts	-	-	-	-	-	-	-	-	-	400
Fines and Penalties	-	-	-	-	6	-	-	-	-	11
	721	-	-	721	130	-	-	-	-	572

ANNEXURE 1C

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2010/11
	Adjusted Appropriation	Roll-overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Water Trading Account: Augmen- tation (Capital)	2 037 826	-	-	2 037 826	2 037 826	100%	1 952 422
Inkomati Catchment Manage- ment Area	22 100	-	-	22 100	34 767	157%	22 000
Breede-Overberg Catchment Management Agency	21 979	-	-	21 979	18 094	82%	17 435
Skills Development Levy	1 500	-	-	1 500	1 195	80%	945
Operation of Water Resource	167 137	-	-	167 137	167 137	100%	-
Bushbuckridge Water Board	18 000	-	-	18 000	-	-	-
Catchment Management Agencies	12 000	-	-	12 000	-	-	-
	2 280 542	-	-	2 280 542	2 259 019		1 992 802

ANNEXURE 1E

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2010/11
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Public Corporations									
SAFCOL	-	-	-	-	-		-	-	4 127
Namakwa Water Board	-	-	-	-	-		-	-	9 667
TOTAL	-	-	-	-	-		-	-	13 794

ANNEXURE 1F

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2010/11
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
Orange-Seque River Basin Commission	500	-	-	500	500	100%	275
Komati River Basin Water Authority	180 000	-	-	180 000	179 057	99%	180 000
AMCOW	100	-	-	100	181	181%	-
Total	180 600	-	-	180 600	179 738		180 275



ANNEXURE 1H

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2010/11
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
	Transfers						
Leave Gratuities	30 638	-	(28)	30 610	27 732	91%	17 693
Bursaries (Non-employees)	11 900	-	-	11 900	11 931	100%	2 176
Claim Against the State Cash	-	-	28	28	28	100%	361
Disbursement: Youth Programme	500	-	-	500	-	-	-
Resource for poor Farmers	15 162	-	-	15 162	15 162	100%	38 953
Relocation Assistant Support	-	-	-	-	-	-	3
Total	58 200			58 200	54 853		59 186

ANNEXURE 11

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2011/12	2010/11
		R'000	R'000
Received in kind			
Various companies (MTN, TWF, Deloitte)	Christmas Gifts (Calendars, books, travel bags and biscuits)	1	-
TOTAL		1	-

ANNEXURE 1J

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
Received in cash		R'000	R'000	R'000	R'000
European Union	Water and Sanitation services Masibane programme	128 036	128 036	256 072	-
Ireland	WRC: Govers Grant: Research of projects in area of sustainable water and sanitation services	-	2 832	2 832	-
African Renaissance	DRC Project (Urban Water Sector)	22 000	-	22 000	-
African Renaissance	Building of Metalong Dam in Lesotho	-	35 000	35 000	-
Subtotal		150 036	165 868	315 904	-
Received in kind					
Japan International Co-operation Agency (JICA)	To assist Municipalities within Western Highveld Regional Scheme (Kwa-Ndebele Region Water Augment Project) in monitoring drinking water quality by donating Water Quality Monitoring Instruments	-	46	46	-
Japan International Co-operation Agency (JICA)	On-site Water purification Training in Tokyo (Eastern Cape)	-	38	38	-
Japan International Co-operation Agency (JICA)	On-site Water purification Training in Tokyo (North West Municipalities)	-	301	301	-
Subtotal		-	385	385	-
TOTAL		150 036	166 253	316 289	-

ANNEXURE 1K

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2011/12	2010/11
	R'000	R'000
Made in kind		
Corporate gifts	15	-
TOTAL	15	-

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Controlled entities									
WATER BOARDS									
Kalahari West	Construct a stock drinking scheme	-	-	-	-	-	-	3 191	3 352
Lepelle NW (Duiwelskloof)	Purchase of the Duiwelskloof scheme	-	-	-	-	-	-	645	686
Overberg Water	Purchase of the Duiwenshoks, Reunsveld East and West scheme	-	-	-	-	-	-	-	25 409
Sedibeng Water (Balkfontein)	Purchase of the Balkfontein and Sandriver Government water scheme	-	-	-	-	-	-	-	1 740
Sedibeng Water	Purchase of the Balkfontein and Sandriver Government water scheme	-	-	-	-	-	-	1 259	4 000
White River Valley	Purchase of Primkop Dam and Lonmere Dam	-	-	-	-	-	-	-	545
IRRIGATION BOARDS									
Agterkliphoogte (3)	For irrigation	-	-	-	-	-	-	34	47
Bellair	For irrigation	-	-	-	-	-	-	(3)	28
Brandwag	For irrigation	-	-	-	-	-	-	51	61
Buffelskloof (1)	For irrigation	-	-	-	-	-	-	60	17

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		2011/12 R'000	2010/11 R'000	2011/12 R'000	2010/11 R'000	2011/12 R'000	2010/11 R'000	2011/12 R'000	2010/11 R'000
Kanoneiland (2)	For irrigation	-	-	-	-	-	-	1 422	1 457
Kanoneiland (3)	For irrigation	-	-	-	-	-	-	14	15
Kingna (2)	For irrigation	-	-	-	-	-	-	33	40
Klaasvoogds (2)	For irrigation	-	-	-	-	-	-	1	1
Komatirivier (1)	For irrigation	-	-	-	-	-	-	151	175
Komatirivier (2)	For irrigation	-	-	-	-	-	-	218	244
Komatirivier (3)	For irrigation	-	-	-	-	-	-	93	104
Krommerivier (1)	For irrigation	-	-	-	-	-	-	18	20
Krommerivier (2)	For irrigation	-	-	-	-	-	-	27	1
Krommerivier (3)	For irrigation	-	-	-	-	-	-	61	31
Krommerivier (4)	For irrigation	-	-	-	-	-	-	-	62
Leeu Gamka	For irrigation	-	-	-	-	-	-	-	1
Malelane (1)	For irrigation	-	-	-	-	-	-	154	208
Malelane (2)	For irrigation	-	-	-	-	-	-	141	157
Manchester (Curlews)	For irrigation	-	-	-	-	-	-	-	353
Manchester Noordwyk (2)	For irrigation	-	-	-	-	-	-	3 492	2 840
Mzalanyoni	For irrigation	-	-	-	-	-	-	70	91
Nooitgedacht (2)	For irrigation	-	-	-	-	-	-	1	-
Nooitgedacht (3)	For irrigation	-	-	-	-	-	-	16	21
Noord Agter Paarl (1)	For irrigation	-	-	-	-	-	-	648	701
Nuyrivier (1)	For irrigation	-	-	-	-	-	-	50	61

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Overhex (2)	For irrigation	-	-	-	-	-	-	-	1
Perdeberg (1)	For irrigation	-	-	-	-	-	-	1 249	1 389
Perdeberg (2)	For irrigation	-	-	-	-	-	-	600	670
Ranch Karino (1)	For irrigation	-	-	-	-	-	-	19	42
Ranch Karino (2)	For irrigation	-	-	-	-	-	-	(19)	29
Ranch Karino (3)	For irrigation	-	-	-	-	-	-	-	(1)
Renfield	For irrigation	-	-	-	-	-	-	20	21
Sabierivier (1)	For irrigation	-	-	-	-	-	-	-	(1)
Sabierivier (2)	For irrigation	-	-	-	-	-	-	-	(1)
Sabierivier (3)	For irrigation	-	-	-	-	-	-	-	(1)
Sabierivier (4)	For irrigation	-	-	-	-	-	-	-	(1)
Sondagsrivier (Elandslaag)	For irrigation	-	-	-	-	-	-	257	275
Sterkspruitrivier	For irrigation	-	-	-	-	-	-	743	904
Suid Agter Paarl (1)	For irrigation	-	-	-	-	-	-	797	877
Suid Agter Paarl (2)	For irrigation	-	-	-	-	-	-	120	134
Trans Elands	For irrigation	-	-	-	-	-	-	(8)	69
Uitnood (1)	For irrigation	-	-	-	-	-	-	458	494
Umlaas (1)	For irrigation	-	-	-	-	-	-	105	114
Umlaas (3)	For irrigation	-	-	-	-	-	-	126	149
Van Wyksdorp	For irrigation	-	-	-	-	-	-	77	83
White Water Major	For irrigation	-	-	-	-	-	-	4	4

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Zandrift	For irrigation	-	-	-	-	-	-	3	2
MUNICIPALITIES									
** Amajuba District	Purchase of portion of the Ngagane Regional water supply scheme	-	-	-	-	-	-	-	21 772
Ngwathe (Heilbron)	Purchase of Heilbron pipeline	-	-	-	-	-	-	32	30
Saldanha	Purchase of Stompneus reservoir	-	-	-	-	-	-	117	137
West Coast District	Purchase of Bergriver (Saldanha) & Bergriver (Swartland)	-	-	-	-	-	-	-	1 277
TOTAL		-	-	-	-	-	-	36 738	91 669

Note:

** Please note that an amount of R29 054 million debt for Amajuba Municipality is a subject of dispute between the Municipality and the Department. The dispute relates to the validity of the debt. Therefore until this dispute is resolved management has opted not to disclose this amount as a debt to the Department until this matter is resolved.

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees drawdowns during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Motor vehicles									
Standard Bank	Employees	373	373	-	373	-	-	-	-
	Subtotal	373	373	-	373	-	-	-	-
Housing									
VSB Mutual Bank	Loans	155	112	-	112	-	-	-	-
Old Mutual (NEDB/ PERM)	Loans	1 696	1 392	-	1 392	-	-	-	-
Old Mutual Fin Ltd	Loans	110	50	-	50	-	-	-	-
Peoples Bank (NBS) (FID)	Loans	440	298	-	298	-	-	-	-
Green Start H/Loans	Loans	30	30	-	30	-	-	-	-
Nedbank (BOE)	Loans	68	56	-	56	-	-	-	-
Nedbank LTD	Loans	575	293	-	293	-	-	-	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees drawdowns during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NP Dev. Corp	Loans	310	310	-	278	-	32	-	-
Ithala Bank	Loans	85	39	19	58	-	-	-	-
Meeg Bank	Loans	19	19	-	19	-	-	-	-
Standard Bank	Loans	1 281	1 055	97	1 016	-	136	-	-
ABSA	Loans	3 875	3 258	-	3 258	-	-	-	-
Mpumalanga	Loans	29	29	-	29	-	-	-	-
African Bank (Unique Finance)	Loans	119	119	-	119	-	-	-	-
Stanbo	Loans	6	6	-	6	-	-	-	-
FNB	Loans	628	592	-	592	-	-	-	-
Free State Development Corp	Loans	104	49	-	49	-	-	-	-
BOE Bank Limited	Loans	12	12	-	12	-	-	-	-
First Rand Bank Inco NB	Loans	748	646	-	646	-	-	-	-
Nedbank LTD Inco NB	Loans	314	504	-	504	-	-	-	-
	Subtotal	10 604	8 869	116	8 817	-	168	-	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees drawdowns during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other									
KOBWA (18)	DBSA Driekoppies Dam	488 401	343 932	-	23 027	-	320 905	-	-
KOBWA (21)	Hambros Maguga Dam	380 000	380 000	-	23 063	-	356 937	21 094	-
KOBWA (27)	Gensec Bank Maguga Dam	165 000	116 138	-	13 764	-	102 374	3 175	-
KOBWA	Rand Merchant Bank Maguga Dam	380 000	290 221	-	21 757	-	268 464	5 038	-
KOBWA	Nedcor Bank Maguga Dam	233 000	182 549	-	13 800	-	168 749	-	-
Land Bank (30)	Water Projects by WUAs	150 000	44 615	4 232	-	-	48 847	(833)	-
Land Bank (28)	Kalahari East Water Board	77 400	16 252	-	715	-	15 537	(501)	-
Land Bank (29)	Unzinkulwana WUA	500	332	-	152	-	180	17	-
LHDA (1)	(DBSA)-Contract 2484/1	22 700	1 190	-	1 190	-	-	-	-
TCTA (13)	Call bills & Capital bills	4 000 000	1 799 000	2 165 000	3 732 000	-	232 000	1 061	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees drawdowns during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TCTA (14)	Holders of LHW Project	21 000 000	18 960 451	2 320 239	2 278 494	-	19 002 196	502 767	-
LHDA	DBSA-Contract 2868/1	2 700	1 174	-	100	-	1 074	38	-
	Subtotal	26 899 701	22 135 854	4 489 471	6 108 062	-	20 517 263	531 856	-
	TOTAL	26 910 678	22 145 096	4 489 587	6 117 252	-	20 517 431	531 856	-

The opening balance for the guarantee in respect of "Call bills and Capital bills" (TCTA 13) have been restated to R1,799,000,000.00 difference of R2,996,802,000.00 was due to the incorrect inclusion of the short term investments in the prior year closing balance.

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 – FOREIGN

Guarantor institution	Guaranteee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees drawdowns during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other									
Loan to LHDA (OSL 23)	HSBC Investment Bank	263 471	32 968	-	23 317	2 039	11 690	42	-
Loan to LHDA (OSL 24)	HSBC Investment Bank	143 118	16 342	-	11 559	1 012	5 795	55	-
Loan to LHDA (OSL 27)	EIB	102 408	42 089	-	5 612	-	36 477	105	-
Loan to LHDA (OSL 26)	EIB	450 595	55 458	-	7 671	3 515	51 302	256	-
OSL 26 ZAR		-	53 974	-	7 711	-	46 263	215	-
OSL 26 A		-	10 734	-	1 533	-	9 201	25	-
Loan to LHDA (OSL 25)		-	12 317	-	5 565	1 621	8 373	30	-
TCTA (FXL 08)	EIB	491 103	169 500	-	24 214	-	145 286	2 595	-
Total		1 450 695	393 382	-	87 182	8 187	314 387	3 323	-

Reconciliation to Disclosure Note 22.1 (Other Guarantees)

	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	TOTAL
Other – Local	20 517 263	531 856	21 094 119
Other – Foreign	314 387	3 323	317 710
TOTAL			21 366 829

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2012

Nature of Liability	Opening Balance 1 April 2011	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2012
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
AH Conley	130	-	-	-	130
Stirling Baptist Church	69	-	-	-	69
Tripple "SSS"	263	-	263	-	-
MTO vs Minister of DWAF (2nd Case)	1 600	-	-	-	1 600
Stellenbosch Municipality	3	-	3	-	-
Aaron Mashegoane	20	-	20	-	-
JSW Electrical	637	-	-	-	637
SM Masuku	68	-	-	-	68
Oakhurst Administrators	102	-	-	-	102
Mothibe EK	66	-	-	-	66
Elsie M Muller	8	-	-	-	8
Sithelwa Mlontlo	70	-	70	-	-
JS Nkuna	51	-	-	-	51
Stephan Mogohlwane & Others	50	-	-	-	50
ABSA Bank	26	-	26	-	-
Standard Bank	2 813	-	-	-	2 813
Galsons Farm	50	-	50	-	-
Rothchild	102	-	-	-	102

Nature of Liability	Opening Balance 1 April 2011	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2012
	R'000	R'000	R'000	R'000	R'000
Freddy Aphane	10	-	-	-	10
Zebediela Bricks	189	-	-	-	189
Initial Training	60	-	-	-	60
Naledi Office Equipment	217	-	217	-	-
Thabani Zulu and co/DWA-KZN	-	2 220	-	-	2 220
Black Child Productions	-	10 000	-	-	10 000
Attachmate Corporation/DWA	-	33 000	-	-	33 000
Tebfin (PTY)LTD	-	352	352	-	-
Abems / DWA	-	122	-	-	122
Bikitsha vs. The Minister of DWAF and others	-	5	-	-	5
S Walters "Voelvlei" vs. Minister of Public Works and Minister of Water Affairs and Forestry	-	50	-	-	50
Takalani Mudau/DWA	-	19	-	-	19
Choice Technology IES / DWA	-	424	424	-	-
J A Venter vs. Minister of DWAF	-	7	-	-	7
Mzodezwa & Others	-	66	-	-	66
PD Kruger vs Camagu Chumu Ayaya Mthshizanza	-	37	-	-	37
Kiel Trust	-	22	-	-	22
Kiel Trust	-	17	-	-	17

Nature of Liability	Opening Balance 1 April 2011	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2012
	R'000	R'000	R'000	R'000	R'000
Kiel Trust	-	233	-	-	233
Seani Silas Mbedzi	-	6 000	-	-	6 000
Qindisa vs. Minister of DWAF	-	70	-	-	70
Talisman	-	100	-	-	100
Johannes Pillay	-	10	-	-	10
Dr Rudolph Fourie Or L. Fourie / DWA	-	68	68	-	-
Mgudisi Deetlefs Mpofu / DWA	-	11	-	-	11
Reinhardt Transport Group / DWA	-	5	-	-	5
Shilatana Collins Mkansi vs DWA	-	1 000	-	-	1 000
JF Nel and 2 others	767	-	-	-	767
TOTAL	7 371	55 083	1 493	-	60 916

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
National Department of Public Enterprises	-	-	-	6	-	6
National Prosecuting Authority – NPA (C8)	-	-	-	20	-	20
Eastern Cape: Department of Health	-	-	5	-	5	-
National Department: Mineral Resources (26)	-	-	656	624	656	624
Eastern Cape: Dept of Economic Affairs & Tourism (D8)	-	-	-	9	-	9
National: Agriculture, Forestry & Fisheries (Forestry staff debts)	-	-	5	142	5	142
National: Dept of Agriculture (Forestry Expenditure claim)	-	-	6 311	6 215	6 311	6 215
KZN: Agriculture, Environmental Affairs & Rural Development (1K)	-	77	42	55	42	132
Gauteng: Dept of Health & Social Development (G9)	-	-	16	11	16	11
Northern Cape: Cooperative Governance, Human Settlements (H4)	-	10	-	-	-	10
Dept of Justice and Constitutional Development (12)	-	-	102	-	102	-
North West: Public Safety	-	-	27	-	27	-
Gauteng Dept of Finance (1)	-	-	-	10	-	10
Gauteng Dept of Education (K5)	-	-	66	3	66	3

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
Limpopo Fin & Economic Development	-	-	-	(8)	-	(8)
Limpopo Agriculture (P9)	-	-	-	3	-	3
Free State Department of Social Development (V7)	-	-	-	10	-	10
Department of Defence & Military Veterans (W1)	-	-	-	12	-	12
Western Cape Department of the Premier (W6)	-	-	-	25	-	25
National Water Affairs- Trading Account (W7)	-	-	14	62	14	62
National Agriculture, Forestry & Fisheries (47)	-	-	1 493	1 066	1 493	1 066
National Social Development (O7)	-	63	-	-	-	63
Gauteng Infrastructure & Development (1G)	-	-	-	3	-	3
National Human Settlements (14)	-	-	275	394	275	394
Western Cape Province Education Department (15)	-	-	19	-	19	-
Public Service Commission (16)	-	-	-	16	-	16
National Environmental Affairs & Tourism (17)	-	-	3 701	190	3 701	190
National Home Affairs (18)	-	-	-	17	-	17
National Public Works (19)	-	-	14	14	14	14
Department of Health (20)	-	-	15	-	15	-
National Transport (25)	-	-	-	7	-	7
National Cooperative Governance & Traditional Affairs (27)	8	1	-	51	8	52
North West Health	-	-	-	27	-	27

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
International Relations and Cooperation (31)	-	-	12	-	12	-
National Tourism (54)	-	-	-	27	-	27
Department of Energy (64)	-	-	55	-	55	-
Department of Women Children and People with Disabilities (65)	-	-	70	-	70	-
National Basic Education (71)	-	2	-	-	-	2
KZN Public Works	-	31	4	-	4	31
South African Police Services (90)	-	-	1	1	1	1
National Correctional Services (95)	-	-	2	18	2	18
Agriculture: Forestry	-	-	796	-	796	-
DWA: RC	-	-	144	144	144	144
National Treasury (B3)	-	-	9	-	9	-
Mpumalanga Social Development (L9)	-	-	11	-	11	-
Limpopo Province Economic Development Tourism (P3)	-	-	19	-	19	-
Limpopo Province Department of Roads and Transport (P6)	-	-	1	-	1	-
Limpopo Province Economic Education (P8)	-	-	11	-	11	-
Limpopo Province Cooperative Governance Settlements (Q2)	-	-	12	-	12	-
Limpopo Province Safety Security and Liaison (Q3)	-	-	1	-	1	-

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
Eastern Cape Department of Human Settlements (Q4)	-	-	1	-	1	-
Public Admin Leadership and Management Academy (S8)	-	-	1	-	1	-
Free State Office of the Premier (V2)	-	-	57	-	57	-
West Cape Community safety (W5)	-	-	1	-	1	-
Free State Sports Arts Culture and Recreation (3)	-	-	15	-	15	-
Subtotal	8	184	13 984	9 174	13 992	9 358
Other Government Entities						
Provincial Department Western Cape	-	-	9 944	10 259	9 944	10 259
Public Entities	-	-	1 474	2 460	1 474	2 460
Subtotal	-	-	11 418	12 719	11 418	12 719
TOTAL	8	184	25 402	21 893	25 410	22 077

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Agriculture	-	19	-	-	-	19
Department of Education Eastern Cape	-	-	-	15	-	15
Gauteng Prov: Finance	-	20	-	-	-	20
Social Development Free State	-	2	-	-	-	2
Gauteng Finance	-	12	-	-	-	12
Eastern Cape Sport, Recreation, Arts and Culture	-	4	-	-	-	4
Department of Agriculture: Free State	-	17	-	-	-	17
Foreign Affairs	-	35	-	-	-	35
Gauteng: Provincial Government: Agriculture	20	-	-	-	20	-
Department Sport, Recreation, Arts and Culture	-	11	-	-	-	11
Department of Basic Education	-	10	-	-	-	10
Department of Energy	-	21	-	-	-	21
Independent Complaints Directorate	8	-	-	-	8	-
Department of Labour	20	-	-	-	20	-
Agric & Rural Development Free State	-	-	13	-	13	-
Total	48	151	13	15	61	166

ANNEXURE 6

INVENTORY

Inventory	Note	Quantity	2011/12 R'000	Quantity	2010/11 R'000
Opening balance		462 989	3 771	361 828	4 050
Less: Adjustments to prior year balance		-	(71)	(1 044)	(2)
Add: Additions/Purchases – Cash		437 836	18 927	280 210	15 212
Add: Additions – Non-cash		7 475	183	1 416	-
(Less): Disposals		(22 870)	(223)	3 428	225
(Less): Issues		(376 820)	(18 758)	(173 590)	(15 443)
Add/(Less): Adjustments		38	9	(9 259)	(271)
Closing balance		508 648	3 838	462 989	3 771

3.3.1 Report of the accounting officer for the year ended 31 March 2012

1 BACKGROUND

The Water Trading Entity (WTE) was established in 1983 under the Exchequer Act as a trading account operating as an integral part of the Department of Water Affairs. The status of government trading accounts was eventually changed through the Public Finance Management Act of 1999, converting trading accounts into trading entities. The Water Trading Entity conversion was however delayed up until 2006 and the entity presented for the first time its financial statement in compliance with Generally Accepted Accounting Practices (GAAP) at the end of 2005/6 financial year. The Water Trading Entity has adopted General Recognized Accounting Practices (GRAP) in the financial year under review in accordance with Directive 9, issued in November 2011 by the Accounting Standards Board (ASB).

The Water Trading Entity (WTE) reports directly to the Accounting Officer of the Department of Water Affairs and is comprised of two operating units, the Water Resource Management unit and the Infrastructure Branch.

1.1 Water Resource Management (Proto CMA's)

This unit deals with water resource management functions which primarily addresses the use, conservation and allocation of water resources in a manner that is sustainable and equitable for the benefit of the people that are residing in the relevant water management areas. The Water Resource Management functions are performed under the supervision of the Department of Water Affairs Regional Offices, however the financial management aspect are reported under the WTE account.

Funding for this unit is through revenue generated from water users in the area as well as part augmentation which covers the shortfall where revenue is inadequate to cover the entire operational costs.

1.2 Infrastructure Branch

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

Integrated Systems

The integrated systems are those schemes that cut across a number of provinces. This infrastructure was developed primarily with the aim of transporting water from water rich catchments to water scarce catchments. A system comprises of a number of dams and pipelines which are operated as one inter linked system.



Bulk Water Supply Schemes

The Bulk Water Supply Schemes currently managed by the Department of Water Affairs on mostly schemes which were transferred from the former homelands. The largest consumer of water supplied from these schemes are from the agricultural sector.

Funding for both components of the infrastructure branch is through revenue generated from water resource infrastructure users as well as augmentation from fiscus where revenue is insufficient to cover the general operational costs of the branch as well as development of new infrastructure.

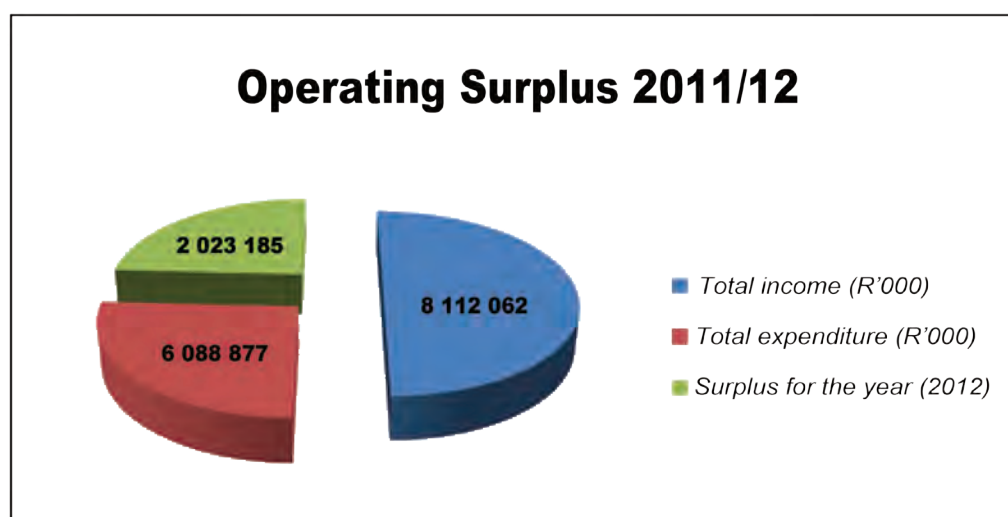
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2 ANALYSIS OF OPERATING PERFORMANCE

2.1 Operating Surplus

Operating surplus for the period has increased as compared to prior year from a deficit of R296 million in 2011 to a surplus R2.02 billion in 2012 due mainly to an increase in revenue from rendering water related services, amounting to R1.4 billion (2011 vs 2012) and also increased demand and consumption from some key customers. In addition there was an increase of R129 million (2011 vs 2012) resulting from National Treasury augmentation. Furthermore operating expenditure decreased by R753 million mainly due to the R613 million lower charge for impairment against debtors given the focus on debt recovery going forward.

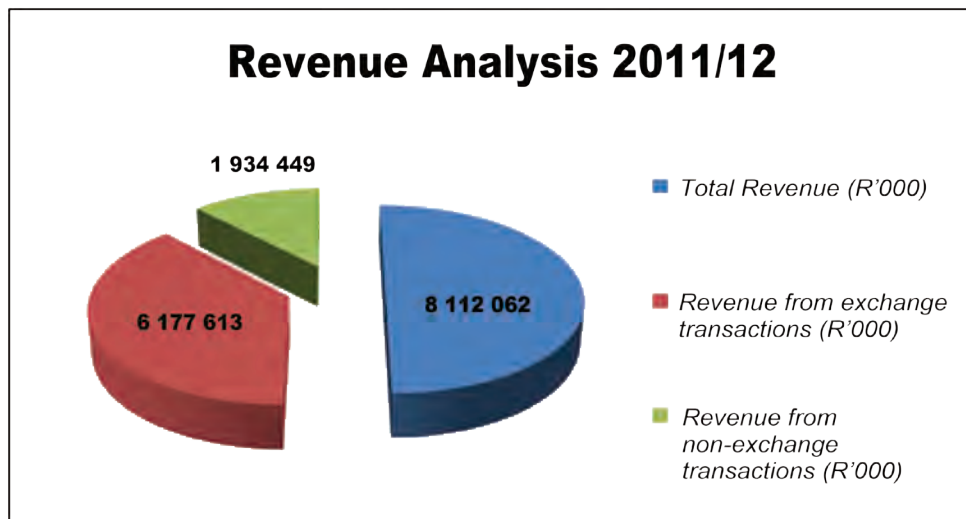
Figure 1: Operating Surplus



2.2 Operating Income (Revenue) Analysis

Income from operations has increased by 24% in the current year (Refer to Figure 2): from R6.5 billion to R8.1 billion in 2012, as a result of the current year tariff adjustments as well as improved billing processes. The increase in income from operations has also been affected by the increase in scheme related volumes, which increased by 21% in terms of volumes. Included in income from operations is a government grant amounting to R1.9 billion. Improvements are also expected to occur in the revenue exchange transactions as a result of master data clean-up and as improved results of the WTE turnaround are realized Revenue from exchange transaction contribute the biggest amount to operating income (76%) and revenue from non-exchange transaction contribute the remaining income (24%).

Figure 2: Revenue Analysis



2.3 Total Operating expenditure analysis

Total Operating expenditure has marginally reduced in the current year from R 6.8 billion in 2011 to R6.1 billion in 2012 as the result of a significant decrease in the impairment required on trade receivables. Depreciation, impairment and amortisation are the main sources of operating expenditure, this amount has increased from the R 1.9 billion in 2011 to R2.2 billion. Employee benefits costs have increased from R579 million in 2011 to R619 million in 2012, an increase which is attributable to year on year salary adjustments. Finance costs are mainly attributable to TCTA interest costs recognized in the expenses reducing from R1.6 billion (2011) to R1.2 billion (2012).



The Water Trading Entity aims to gradually reduce operating expenditure in real terms as operational efficiencies are realized.

The Interventions Implemented by the Water Trading Entity through the turnaround plan are expected to yield positive results in the forth coming years and a sound and improved financial performance is expected.

4 SOLVENCY/LIQUIDITY

4.1 Solvency

The solvency ratio of total assets to total liabilities has increased from 2:92 to 2:96 (2012) which indicates the WTE is solvent

4.2 Liquidity

The current ratio of the WTE has improved from 0.88:1 to 1:0.9 which indicates that the WTE has sufficient liquid assets to meet its ongoing financial obligations. The decrease in current ratio is due to increases based on the inspections done at a different time intervals. The liquidity of the WTE will need to be improved and this will be achieved by ensuring that Revenue Management and Debt Collection is further enhanced.

The current ratio is the ratio of current assets to current liabilities which indicates the entity's ability to satisfy its current liabilities with its current assets:

2012 Current ratio	1:09
2011 Current ratio	0.88:1

5 CASH FLOW FROM OPERATIONS

The WTE has a positive cash flow from operating activities amounting to some R3.3 Billion in 2012. The increased in cash balances from R1 billion to R1.5 billion is attributed to the improvement in collection of debts through the implementation of the turnaround strategy.

6 THE RETURN ON ASSETS

This ratio indicates the WTE's effectiveness in generating a return from its investments in assets employed:

2012 Return on assets	2%
2011 Return on assets	0%

The return on assets improved as indicated above from 0% in 2011 to 2% in 2012. The improvement on return on assets is due to increase in the surplus generated in 2012.



7 THE DEBTORS DAYS IN SALES

2012 Debtors days in sales	317 days
2011 Debtors days in sales	358 days

The debtor's day's analysis indicates the effectiveness of the entity's ability to collect its debts and the above analysis indicates that there has been an improvement in the amount of time it takes to collect debtors since 2011, from 358 days to 317 days. Although there has been a marginal improvement it must be noted that the entity is still working on improving the time it takes to collect the long outstanding debts. In order to mitigate this problem the WTE has embarked on the implementation of its turnaround strategy together with the Business Process Review Committee which includes enhancing processes, systems and recruiting appropriately qualified and experienced staff

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8 SCOPA RESOLUTIONS

Subject	Reference to previous audit report and SCOPA resolutions	Progress on Findings
2.1 Suspense Accounts	<p>The Auditor-General identified the following:</p> <ul style="list-style-type: none"> a) Treasury Regulation 17.1.2 requires the source of the transactions in balancing clearing account to be readily identifiable, as well as monthly reconciliations to confirm the balance of the account. This information could not be provided for the transactions in the clearing account disclosed as part of the unallocated receipts note 10.2 of the financial statements b) The transactions that have been journalised out of this clearing account could not be supported by adequate supporting documentation. c) The entity's records did not permit the application of alternative audit procedures regarding the clearing account. 	<p>Action: Develop and implement a reconciliations backlog plan for clearing all the long outstanding balances in suspense accounts including training of relevant WTE officials on the clearance of the suspense accounts.</p> <p>Monthly monitoring and correcting of the General Ledger (GL) including reconciliations with sub-systems and other modules to be done and signed off</p> <p>Draw Service Level Agreements (SLA's) with the 3rd parties including The Main account, regional heads, the bank etc. to provide source documents timeously so that we can clear the accounts</p> <p>Improve communication on month end closure dates and processes</p>



Subject	Reference to previous audit report and SCOPA resolutions	Progress on Findings
	<p>d) Sufficient appropriate audit evidence to satisfy existence, obligations, completeness, valuation and allocation of the clearing account could not be obtained.</p> <p>The Committee recommends that the Accounting Officer ensures that:</p> <p>a) The Chief Financial Officer (CFO), Finance Director and Revenue</p> <p>Directors closely monitor the exercise of clearing of suspense accounts by designing and implementing action plans to ensure that these accounts have insignificant balances at the end of the financial year</p> <p>b) Adequate policies and procedures for the clearing of suspense accounts are designed; and</p> <p>c) Adequate reviews of suspense accounts are performed, timeously.</p>	<p>Progress: During November 2011 commenced formal process of reviewing the reconciliations of all general ledger accounts (expense and revenue accounts are analysed as part of the normal budget management process). It was a good 1st formal process where directors and their team members was required to be present officially their reconciliations, although not all accounts allocated to directorates were reconciled we will be revisiting October 2011 recons and this process is now being formalised until maintenance of the GL becomes part of the WTE culture</p> <p>Significant progress has been reported during the current financial year ending 31 March 2012</p>
2.2 Water related services revenue	<p>The AGSA identified the following:</p> <p>a) An amount of R231 791 894 relating to "return to sender" invoices was excluded from water related services revenue.</p> <p>b) The South African Statement of Generally Accepted Accounting Practice (GAAP) and the International Accounting Standards (IAS) 18 require that revenue should be recorded when it is probable that economic benefit will flow to the entity.</p> <p>c) There was an inadequate system of control to assess the probability of recording these amounts as revenue which is reliable for audit purposes.</p> <p>d) Audit evidence to support the completeness of water related services revenue of R1 643 715 as disclosed in the statement of comprehensive income could not be obtained sufficiently.</p>	<p>ACTION: Assess SAP Utilities functional fit against the Revenue management and billing requirements specifications. If the fit is acceptable then upgrade to SAP Utilities using the same project management principles applicable to a new implementation including involving SAP the application vendor as a partner that will ensure the implementation partner is performing and providing WTE the required solution.</p> <p>Progress: SAP Assessment in progress joint effort between business, office of the CIO and BPR team</p> <p>Top 100 customers identified and draft action plan for collection in progress</p>

Subject	Reference to previous audit report and SCOPA resolutions	Progress on Findings
	<p>The Committee recommends that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> a) Adequate evidence exists to conclude when it is probable that economic benefits will flow into the entity for a specific invoice; b) Revenue recorded is complete; and c) The Entity complies with IAS 18. 	
2.3 Unrecorded liabilities	<p>The AGSA identified the following:</p> <ul style="list-style-type: none"> a) There was no system of control over the recording of outstanding invoices at year-end. b) There were no satisfactory audit procedures to obtain reasonable assurance that all outstanding invoices have been accrued or provided for (c) The completeness of the accrual liability in the annual financial statements could not be concluded <p>The Committee recommends that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> a) Adequate cut-off procedures to guarantee that all transactions for the financial year are recorded in the annual financial statements; and b) Adequate creditor reconciliations is done for all significant creditors at 31 March in order to ensure that all outstanding liabilities have been recorded in the annual financial statements. 	<p>Age Analysis Reports compiled monthly. Outstanding invoices are followed up with relevant SCM and Accounts Payable officials</p> <p>All significant vendors ringfenced and in process of being reconciled</p> <p>Liability Accruals are completed and subsequent testing on SAP System to identify invoices not included on accrual list is performed at year end</p>
2.4 Accounts Receivable	<p>The AGSA identified the following:</p> <ul style="list-style-type: none"> a) The completeness, existence and valuation of water user debtors as disclosed in note 10.1 of the financial statements could not be verified. 	<p>ACTION: Obtain monthly report from WARMS/WULATS/SAP to identify changes to customer master data and new customers</p>



3.3.1: REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2012

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Subject	Reference to previous audit report and SCOPA resolutions	Progress on Findings
	<p>b) A limited amount of debtors confirmed their balances and the alternative audit procedure did not render satisfactory results.</p> <p>c) Reasonable assurances that debtors balance exists and are disclosed at the correct value in the annual financial statements.</p> <p>d) The completeness of the trade debtors due to the limitation in the completeness of the water related services revenue could not be concluded.</p> <p>The Committee recommends that the Accounting Officer ensures that:</p> <p>The monthly debtors' reconciliations are prepared and reviewed through regular monitoring to ensure that the debtors' balances are correct at the end of the financial year.</p>	<p>Enhance process & procedures to include the Verification & validation of Customers on WARMS and SAP database and ensure that this responsibility is appropriately assigned to SAP where control is with WTE</p> <p>Update WULATS with register numbers from WARMS and verified information</p> <p>Improved integration between WARMS and SAP (Revenue Stabilisation Project); with adequate controls</p> <p>PROGRESS: SAP customer master and contract data clean- up project has been initiated and have formally commenced in December 2011. This project covers all the elements of verifying and validating customer data between WARMS and SAP. This project is planned for completion by end April 2012 and the impact thereof will be improved accuracy of billing as base data will be improved. Steps have been taken to ensure that WARMS and SAP data does not go out of sync in future processes include limited access to SAP master data maintenance to one person and audit trails of changes are maintained and review process to be implemented (outstanding)</p>
2.5 Irregular expenditure	<p>The AGSA identified that:</p> <p>As disclosed in note 27 of the financial statements, irregular expenditure to the amount of R6 907 000 was incurred, as proper tender processes had not been followed.</p>	<p>SCM Guidelines and Process action plan drafted to provide for strengthening of financial controls over the SCM Business Process</p>



Subject	Reference to previous audit report and SCOPA resolutions	Progress on Findings
	<p>The Committee recommends that the Accounting Officer ensures that:</p> <p>a) The Entity has an updated Supply Chain Management Policy encompassing all the elements of the Public Finance Management Act (PFMA) (No.1 of 1999), the Treasury Regulations, the Preferential Procurement Framework Act, the Preferential Procurement Regulations, and Supply Chain Management (SCM) practice notes issued by the National Treasury that will ensure an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;</p> <p>b) Appropriate disciplinary measures are taken against employees who were responsible for incurring irregular expenditure in terms of section 38(1)(h)(iii) of the PFMA;</p> <p>c) The Department implements effective, efficient and transparent financial and risk management processes; and</p> <p>d) The Department strengthens its internal control systems in order to avoid incurring further irregular expenditure.</p>	
2.6 Restatement of Corresponding figures	<p>The AGSA identified that:</p> <p>As disclosed in note 23 of the financial statements, the corresponding figures for the year ended 31 March 2009 have been restated as a result of errors discovered during the year ended 31 March 2010 in the financial statements of the Water Trading</p>	<p>Audit Action Plan included Presentations to all the relevant stakeholders clearly articulating the requirements of GRAP and PFMA and the actions taken to comply with the recommendations highlighted by the committee</p>



3.3.1: REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2012

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Subject	Reference to previous audit report and SCOPA resolutions	Progress on Findings
	<p>The Committee recommends that the Accounting Officer ensures the following:</p> <ul style="list-style-type: none"> a) The financial statements and other information included in the annual report are checked and reviewed for completeness and accuracy prior to the audit process; and b) All amendments to financial statements and information are effected before the audit process commences. 	
2.7 Material losses through write-off of debtor balances and impairment of infrastructural assets	<p>The Auditor-General identified the following:</p> <ul style="list-style-type: none"> a) As disclosed in note 7 of the financial statements, impairment of infrastructure assets of R446 533 000 occurred as a result of assets not being able to functionally perform as contemplated when they were initially designed, mainly because of limited utilisation and loss of functionality due to siltation. b) As disclosed in note 10.1 of the financial statements, R115 197 000 of long outstanding debt has been written off. <p>The Committee recommends that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> a) Infrastructure assets are serviced and maintained by approved service providers on a regular basis to prevent further impairment of infrastructure assets; b) Effective and appropriate steps are taken timeously to collect all money due to the entity, including maintenance of proper accounts and records of all debtors as required by Treasury Regulations 11.2.1(a); 	<p>ACTION: The National Water Infrastructure Branch is in the process of building its capacity to ensure maintenance of infrastructure assets is regularly performed and also appointing approved and validated service providers Restructure National office Revenue management into functional teams responsible for the full Revenue management value chain from billing to debt collection for each Cluster and setting clear targets relating to billing accuracy, debt collection and customer account maintenance. Teams will work closely with Regions and clusters by providing support and monitoring</p> <p>Assess adequacy of Revenue management skills and devise an action plan to recruit and train staff where required in order to ensure the successful roll-out of the turn-around plan</p>



Subject	Reference to previous audit report and SCOPA resolutions	Progress on Findings
	<p>c) Monthly debtors reconciliations are prepared and reviewed on a regular basis; and</p> <p>d) There is continuous monitoring of debtors accounts to guarantee that account balances are correct at the end of the financial year.</p>	<p>Regular reviews of Customer details to ensure information is still relevant</p> <p>Establish a compulsory referencing system through the banks and customers to have unique reference numbers when making deposits to track revenue collected also work closely with customers obtain remittance advices</p> <p>Improve customer relations by utilising short messaging service (SMS) notifying them of accounts</p> <p>PROGRESS: Revenue management was reorganised into functional cluster teams and within each cluster there are staff focused on billing and staff in the cluster focused on debt collection their work is supervised by cluster coordinators. The implication is that a cluster is fully responsible for a customer's account.</p> <p>Historically billing would blame debt collection for making adjustments etc and it was impossible to pin point the source of erroneous customer accounts now this is irrelevant and also this has positioned the unit to start focusing on debt collection [Dunning not currently being done and thus no clearly defined process as yet]</p> <p>In the process of finalising resource and skills requirements and this will be presented to BPR in order to support the rapid recruitment of these skills.</p> <p>Clearing of the unidentified deposits account is performed on a daily basis and being given added focus, there is a need for additional capacity to deal with backlog (old un-cleared deposits), ongoing review and monitoring required, in the process of decentralising to regions and clusters where capacity exists, compulsory referencing in place within confines of banking legislative framework</p>

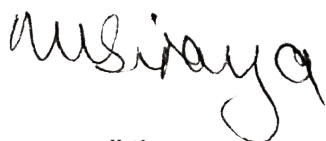


9 ACCOUNTABILITY ARRANGEMENTS

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

APPROVAL

The Annual Financial Statements set out on pages 262 to 330 have been approved by the Accounting Officer.



Mr Maxwell Sirenya
Director-General: Department of Water Affairs
Date: 31/08/2012



3.3.2 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE WATER TRADING ENTITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

- 1 I have audited the financial statements of the Water Trading Entity set out on pages 262 to 330 which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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Accounting officer's responsibility for the financial statements

- 2 The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

- 3 My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

BASIS FOR QUALIFIED OPINION

Revenue from exchange transactions

- 6 The entity's main source of revenue consists of the sale of water services which is recognised when water is consumed by the customer and the recognition criteria in the SA Standards of GRAP, GRAP 9, Revenue from exchange transactions are met. This revenue is disclosed in note 3 to the financial statements at an amount of R5 713 036 000 (2011: R4 308 443 000). There was no adequate system of control over the recording of sales of water services on which I could rely for the purposes of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all the water-related services revenue was properly recorded. Consequently, I was unable to determine whether any adjustments to the sales of water services and related trade receivables balance, as disclosed in notes 3 and 12 to the financial statements, were necessary. The limitation reported in the prior year audit report on the corresponding figures has not been corrected by management.

Impairment on financial assets

- 7 The entity did not have an adequate system in place to follow up and impair long outstanding trade receivables. Sufficient and appropriate audit evidence was not available for the amounts disclosed as provision for impairment in note 12 to the financial statements. Consequently, I was unable to determine whether any further adjustments to the provision for impairment and the resulting trade receivables impairment figures as disclosed in notes 12 and 7 were necessary. The limitation reported in the prior year audit report on the corresponding figures has not been corrected by management.

Receivables from exchange transactions

- 8 I was unable to obtain sufficient and appropriate audit evidence about the trade receivable balance and Water Research Commission advances reflected as R5 363 210 000 (2011: R4 650 216 000) and R157 702 000 (2011: R197 131 000) in note 12 to the financial statements. There were significant differences between the amounts confirmed as outstanding by the individual debtors and the amounts recorded in the accounting records of the entity which management could not substantiate. In addition, I noted that interest on debtor balances was not charged and accrued for. Alternative audit procedures did not render satisfactory results. Due to the inadequate systems in place at the entity I was unable to determine



whether any adjustments to the trade receivables figure and interest revenue were necessary. The limitation reported in the prior audit report on the corresponding figures has not been corrected by management.

Property, plant and equipment

- 9 SA Standards of GRAP, GRAP 17, Property, plant and equipment requires an entity not to include the cost of abnormal amounts of wasted material, labour or other resources incurred in self-constructing an asset in the carrying value of assets under construction. The entity included all actual costs in the carrying value of assets under construction amounting to R6 687 667 000 as disclosed in note 14 to the financial statements. There was no adequate system of control over the costing of self-constructed assets on which I could rely on for the purpose of my audit to quantify the possible abnormal costs included in the carrying value of asset under construction. Because of the nature of these assets, I was unable to confirm or verify by alternative means the reasonableness of expenditure capitalised to the carrying value of assets under construction. Consequently, I was unable to determine whether any adjustments to the assets under construction and related operating expenditure figures, as disclosed in notes 14 and 6 to the financial statements, were necessary. The limitation reported in the prior year audit report on the corresponding figures has not been corrected by management.

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Financial instrument disclosure

- 10 The entity could not provide sufficient appropriate audit evidence to support the disclosure made in terms of SA Standards of GRAP, GRAP 104, Financial instruments. Consequently, I was unable to determine whether any adjustments to the financial instrument disclosure in note 22 to the financial statement were necessary. The limitation reported in the prior year audit report on the corresponding figures has not been corrected by management.

Irregular expenditure

- 11 Section 38(1)(a)(iii) of the PFMA requires that the accounting officer of a trading entity implement and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. Payments were made in contravention of the supply chain management requirements amounting to R768 697 000 (2011: R600 843 000) as disclosed as irregular expenditure in note 27 to the financial statements. There was no adequate system of control over irregular expenditure on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all irregular expenditure was properly recorded. Consequently, I was unable to determine whether any adjustments relating to irregular expenditure were necessary. The limitation reported in the prior year audit report on the corresponding figures has not been corrected by management.



Qualified opinion

- 12 In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Water Trading Entity as at 31 March 2012 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Significant uncertainties

- 14 With reference to notes 26.1 and 26.5 to the financial statements, the Water Trading Entity disclosed a contingent liability for dam rehabilitation (26.1) and future costs on impaired dams (26.5) to ensure compliance with the dam safety regulations. The ultimate outcome and reliable estimates of the possible liability of these matters cannot be confirmed, and no provision for any liability that may result has been made in the financial statements relating to these dams.
- 15 With reference to note 26.2 to the financial statements, the Water Trading Entity is a defendant in a number of lawsuits. The ultimate outcome of these matters cannot currently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

- 16 As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of errors discovered during 31 March 2012 in the financial statements of the Water Trading Entity at, and for the year ended, 31 March 2011.
- 17 As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of a number of changes in accounting policies due to the entity's early adoption of SA Standards of GRAP in accordance with Directive 9, issued in November 2011 by the Accounting Standards Board. The entity previously applied South African Statements of Generally Accepted Accounting Practices (SA Statements of GAAP).

Material losses and impairments

- 18 As disclosed in note 12 to the financial statements, the total of impairment of trade receivables amounts to R2 895 800 000 with a current year impairment of



R172 462 000 as a result of customers not being able to pay their accounts for water related services.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 19 In accordance with the PAA and the *General notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

- 20 I performed procedures to obtain evidence about the information in the annual performance report as set out on pages 64 to 74 of the Annual Report.
- 21 The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information (FMPPI).

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

The material findings are as follows:

USEFULNESS OF INFORMATION

Presentation

Reasons for major variances not supported by sufficient appropriate evidence

- 22 The National Treasury Guide for the preparation of the annual report requires that explanations for major variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence. Adequate and reliable corroborating evidence could not be provided for all major variances as disclosed in the annual performance report. The institution's records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to



satisfy myself as to the validity, accuracy and completeness of the reasons for major variances.

Measurability

Performance targets not specific

- 23 The National Treasury FMPPi requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 71% of the targets relevant to programme 3 were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management did not review the performance targets.

Performance targets not measurable

- 24 The National Treasury FMPPi requires that performance targets be measurable. The required performance could not be measured for a total of 71% of the targets relevant to programme 3. This was due to the fact that management did not review the performance targets.

Performance information not verifiable

- 25 The National Treasury FMPPi requires that it must be possible to validate the processes and systems that produce the indicator. All of the indicators relevant to programme 3 were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the lack of key controls in the relevant systems of collection, collation, verification and storage of actual performance information.

RELIABILITY OF INFORMATION

Reported performance not valid, accurate and complete

- 26 The National Treasury FMPPi requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. The institution could not provide sufficient appropriate evidence to support any of the selected programmes. This was due to limitations placed on the scope of my work due to the absence of the institution's records not permitting the application of alternative procedures.

Additional matters

- 27 I draw attention to the matter below. This matter does not have an impact on the predetermine objectives audit findings reported above.



Achievement of planned targets

- 28 Of the total number of planned targets, 59% were not fully achieved during the year under review.

Compliance with laws and regulations

- 29 I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Strategic planning and performance management

- 30 The accounting officer did not ensure that the entity had and maintained an effective, efficient and transparent system of internal control regarding performance management, which described and represented how the entity's processes of performance planning, monitoring, measurement, review and reporting were conducted, organised and managed as required by section 38(1)(a)(i) and (b) of the PFMA.

Annual financial statements, performance and annual report

- 31 The financial statements submitted for auditing were not prepared in all material respects in accordance with section 40(1) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided, which resulted in the financial statements receiving a qualified audit opinion.
- 32 The accounting officer did not take effective and appropriate steps to ensure that the annual financial statements of the Water Trading Entity were submitted two months after year-end (31 May 2012) to the Auditor-General and the relevant treasury, as required by section 40(1)(c) of the PFMA.
- 33 The entity did not design and implement adequate policies and procedures to maintain an effective, efficient and transparent system of internal controls, as required by section 38(1)(a) of the PFMA.

Internal audit

- 34 The entity has a shared internal audit division with the Main Exchequer Account. The division did not have adequate personnel to carry out its mandate at the Water Trading Entity and, as a result, the internal audit function was not effective as it did not substantially fulfil its responsibilities for the year as set out in Treasury Regulation (TR) 3.2.



Procurement and contract management

- 35 The accounting officer did not take effective and appropriate steps to implement adequate controls over contracts management, as required by sections 38(1)(a)(iii) of the PFMA.
- 36 Goods and services with a transaction value of between R10 000 and R500 000 were procured without inviting at least three written price quotations from prospective suppliers, as per the requirement of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.
- 37 Contracts were extended or modified to the extent that competitive bidding processes were being circumvented contrary to the requirement of a fair supply chain management system in TR 16A3.2.
- 38 Goods and services were obtained from suppliers not listed in the supplier database in contravention of National Treasury Instruction Note 8 of 2007-08.
- 39 Deliberate splitting of a transaction into parts of lesser value than R500 000 occurred to avoid inviting competitive bids as required by National Treasury Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.
- 40 Deviations from TR 16A were not reported to the National Treasury and the Auditor General of South Africa (AGSA) within 10 days as required by National Treasury Practice Note 6 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.
- 41 The names of bidders and bids awarded were not published in the Government Tender Bulletin and other media by means of which the bids were advertised in terms of TR 16A.6.3 (d).

Human resource management and compensation

- 42 The accounting officer did not ensure that all leave taken by an employee was recorded accurately and in full as per the requirements of PSR 1/V/F (b).
- 43 Funded vacant posts were not filled within 12 months as required by Public Service Regulations 1/VII/C.1A.2 due to the business re-engineering process which is currently underway.

Expenditure management

- 44 Payments due to creditors were not always made within 30 days from receipt of an invoice, as per the requirements of section 38(1)(f) of the PFMA and TR 8.2.3.



- 45 The accounting officer did not take effective and appropriate steps to prevent irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA.
- 46 The entity did not take effective and appropriate steps to prevent fruitless and wasteful expenditure, as required by section 45(c) of the PFMA.
- 47 Disciplinary action was not taken against employees who incurred irregular expenditure, as required by section 38(1)(h) of the PFMA.
- 48 In contradiction with section 38(1)(a) of the PFMA, the entity did not perform adequate creditor reconciliations for major supplier balances.

Revenue management

- 49 The accounting officer did not ensure that appropriate processes were developed and implemented to provide for the identification, collection, recording, reconciliation and safeguarding of information about water services revenue, as required by TR 7.2.1.
- 50 The accounting officer did not take effective and appropriate steps to timeously collect all money due to the institution, as per the requirements of TR 11.2.1.
- 51 The entity did not ensure that all suspense accounts were cleared at year-end, as required by TR 17.
- 52 Interest was not charged on the water users' overdue accounts, as required by TR 11.5.1 and as determined by the entity's policy.

Asset management

- 53 The accounting officer did not implement proper control systems for the safeguarding and maintenance of assets to prevent theft, losses, wastage and misuse, as required by TR 10.1.
- 54 Bank reconciliations were not performed on a daily basis, as required by TR 15.10.1.2(j).
- 55 The accounting officer did not establish adequate systems, procedures, processes and training and awareness programmes to ensure efficient and effective banking and cash management, as set out in TR 15.10.1.1.

INTERNAL CONTROL

- 56 I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters



reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- 57 An effective organisation structure that places people with appropriate skills has not been established.
- 58 Effective HR management to ensure that adequate and sufficient skilled resources are in place and that performance is monitored has not been implemented.
- 59 An IT governance framework that supports and enables the business, delivers value and improves performance has not been established.

Financial and performance management.

- 60 Effective financial systems and management thereof have not been implemented to ensure fairly presented financial statements.
- 61 Formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information have not been designed and implemented.

Governance

- 62 Actions are not taken in a timely manner to address the risk relating to the achievement of complete and accurate financial reporting.

OTHER REPORTS

Investigations in progress

- 63 Several investigations are being conducted by the internal audit unit at the request of the accounting officer and/or the Minister arising from allegations of procurement irregularities against officials of the entity. These allegations were reported to the National Anti-Corruption Hotline.
- 64 The Director: Financial accounting and Director: Revenue management were suspended in July 2011 and the investigation is still ongoing.



Performance audits on the use of consultants

- 65 A performance audit was conducted on the department's (which includes the Water Trading Entity) use of consultants. The audit focused on the economic, efficient and effective use of consultants by the department. This audit is currently in the reporting phase and the findings will be reported in a separate report.

Auditor-General

Pretoria
6 September 2012



3.3.3: ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2012

3.3.3 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR
ENDED 31 MARCH 2012

	Notes	2012	2011 Restated
		R'000	R'000
Revenue		8 112 062	6 545 593
Revenue from exchange transactions	3	6 177 613	4 739 965
Revenue from non-exchange transactions	4	1 934 449	1 805 628
Expenditure		6 088 877	6 841 534
Employee benefit costs	5	619 538	579 282
Operating expenditure	6	1 875 049	1 991 240
Impairment on financial assets	7	173 181	786 530
Finance cost	8	1 247 738	1 577 089
Depreciation, amortisation and impairment	9	2 167 035	1 898 318
Loss on disposal of fixed assets	10	6 336	9 075
Surplus/(deficit) for the year		2 023 185	(295 941)



3.3.4: STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

3.3.4 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Notes	2012 R'000	2011 Restated R'000
ASSETS			
Current assets		5 238 115	3 943 873
Cash and cash equivalents	11	1 488 681	1 021 986
Receivables from exchange transactions	12	3 581 057	2 758 524
Inventory	13	168 377	163 363
Non-current assets		90 026 125	89 061 096
Property, plant and equipment	14	74 117 540	73 192 788
Intangible assets	15	15 908 585	15 868 308
Total assets		95 264 240	93 004 969
LIABILITIES			
Current liabilities		4 808 203	4 483 920
Payables from exchange transaction	16	578 636	661 585
Employee benefits	17	156 321	147 212
Financial Liabilities: TCTA	20	3 414 693	3 339 663
Provisions	18	649 212	328 446
Finance lease liability	19	9 341	7 014
Non-current liabilities		27 328 067	27 416 263
Financial liabilities: TCTA	20	26 512 977	26 441 224
Provisions	18	810 420	972 735
Finance lease liability	19	4 670	2 304
Total liabilities		32 136 270	31 900 183
Total net assets		63 127 970	61 104 786
NET ASSETS			
Reserves			
Accumulated surplus		62 855 451	60 818 229
Pumping cost reserve		272 519	286 557
Net assets		63 127 970	61 104 786

3.3.5: STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2012

3.3.5 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2012

	Note	Revaluation Reserve	Accumulated surplus	Pumping Cost Reserve	Net Assets
		R'000	R'000	R'000	R'000
Balance at 1 April 2010		-	61 164 474	236 252	61 400 726
As previously stated		61 548 949	1 474 703	-	63 023 652
Change in accounting policy	29	(61 548 949)	63 889 385	236 252	2 576 688
Prior period error	30	-	(4 199 614)	-	(4 199 614)
Surplus for the year			(295 941)		(295 941)
As previously stated			(727 055)		(727 055)
Change in accounting policy	29		1 041 321		1 041 321
Prior period error	30		(610 207)		(610 207)
Transfers between reserves			(50 305)	50 305	-
Transfers previously stated		(1 408 405)	1 408 405	-	-
Change in accounting policy	29	1 408 405	(1 458 710)	50 305	-
Transfer for revaluation reserve		1 408 405	(1 408 405)	-	-
Transfer for pumping cost		-	(50 305)	50 305	-
Expenses recognised in net assets					
As previously stated		(6 044)	-	-	(6 044)
Scrapping of revalued assets previously stated		(10 219)	-	-	(10 219)
Impairment of revalued assets previously stated		4 175	-	-	4 175
Change in accounting policy	29	6 044	-	-	6 044
Balance at 31 March 2011			60 818 229	286 557	61 104 786
As previously stated		60 134 499	2 156 054	-	62 290 553
Change in accounting policy	29	(60 134 499)	63 471 995	286 557	3 624 054
Prior period error	30		(4 809 821)	-	(4 809 821)
Surplus/(deficit) for the year		-	2 023 185	-	2 023 185
Net movement in reserves		-	14 038	(14 038)	-
Transfers between reserves		-	14 038	(14 038)	-
Balance at 31 March 2012		-	62 855 451	272 519	63 127 970

3.3.6 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012	2011 Restated
		R'000	R'000
Cash flows from operating activities			
Cash receipts		7 131 308	5 372 801
Taxes and transfers		1 934 178	1 805 467
Sale of water services		5 045 847	3 106 363
Construction and other revenue		87 213	238 800
Water research levies - receipts		25 488	140 883
Commission earned		1 794	1 797
Lease revenue earned		17 968	12 303
Interest revenue		18 820	67 188
Cash payments		(3 837 743)	(2 599 728)
Employee benefits		610 429	525 264
Water Research Commissioner - payments		64 917	73 150
Goods and services		1 916 533	425 844
Finance cost paid		1 245 864	1 575 470
Net cash flows from operating activities	21	3 293 565	2 773 073
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2 943 045)	(1 790 083)
Acquisition of intangible assets		(40 493)	(35)
Proceeds on disposal of non current assets		5 192	8 000
Net cash flows used in investing activities		(2 978 347)	(1 782 118)
Cash flows from financing activities			
Additions to finance leases		16 813	3 292
Finance lease payments		(12 120)	(10 111)
Additions to other financial liabilities		3 693 441	3 032 367
Repayments of other financial liabilities		(3 546 658)	(3 425 155)
Net cash flows from financing activities		151 476	(399 607)
Net increase/(decrease) in cash and cash equivalents		466 695	591 349
Cash and cash equivalents at beginning of year		1 021 986	430 637
Cash and cash equivalents at end of year	11	1 488 681	1 021 986

3.3.7: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2012

3.3.7 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2012

	Notes	Approved Budget	Final Budget	Actual Amounts	Variance Amounts
		R'000	R'000	R'000	R'000
Revenue		7 972 477	7 776 863	8 112 062	335 199
Taxes and transfers		2 129 792	1 934 178	1 934 178	-
Sale of water services		5 549 330	5 549 330	5 713 036	163 706
Construction revenue		293 355	293 355	402 123	108 768
Commission earned		-	-	1 794	1 794
Lease revenue earned		-	-	17 968	17 968
Interest revenue		-	-	18 820	18 820
Other receipts		-	-	24 143	24 143
Total revenue		7 972 477	7 776 863	8 112 062	335 199
Expenses		(4 433 608)	(4 237 994)	(6 088 877)	(1 850 883)
Employee benefit costs		806 524	806 524	619 538	186 986
Operating expenditure		2 052 084	1 856 470	1 875 049	(18 579)
Impairment on financial assets		-	-	173 181	(173 181)
Finance cost		-	-	1 247 738	(1 247 738)
Depreciation, amortisation and impairment		1 575 000	1 575 000	2 167 035	(592 035)
Loss on disposal of fixed assets		-	-	6 336	(6 336)
Total expenses		(4 433 608)	(4 237 994)	(6 088 877)	(1 850 883)
Surplus/(deficit) from operating activities		3 538 869	3 538 869	2 023 185	(1 515 684)
Capital expenditure		5 113 869	5 113 869	2 943 045	2 170 824
Allocation from government grants		983 005	983 005	983 005	-
Other additions		4 130 864	4 130 864	1 960 040	2 170 824
Budget surplus/(deficit)		(1 575 000)	(1 575 000)	(919 860)	655 140

3.3.8 WATER TRADING ENTITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 PRESENTATION OF FINANCIAL STATEMENTS

1.1 Statement of compliance

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB).

1.2 Adoption of GRAP

The Water Trading Entity (WTE) adopted GRAP for the first time in the current financial year in accordance with Directive 9, issued November 2011 by the ASB. The adoption of GRAP resulted in the reclassification and remeasurement of certain items. WTE applied Statements of Generally Accepted Accounting Practice (SA GAAP) previously.

The following Standards of GRAP were early adopted:

GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 26	Impairment of Cash-generating Assets
GRAP 104	Financial Instruments

1.3 Standards of GRAP issued but not yet effective

The Standards of GRAP that has been issued by the ASB, but where the Minister has not determined an effective date, has not been adopted by the WTE.

1.3.1 Standard utilised in developing accounting policies

The WTE has utilised the following Standard of GRAP to develop its accounting policies when adopting GRAP:

GRAP 25	Employee Benefits
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As a result, there will be no impact on the measurement of employee benefits when the Standard becomes effective.



1.3.2 International Public Sector Standard applicable

The following Standard of GRAP are not yet applicable as its equivalent International Public Sector Accounting Standard (IPSAS 20) has to be applied for the current financial period:

GRAP 20	Related Party Disclosures
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The adoption of GRAP will have minimal impact as the current disclosures are extended to include the requirements of the Standard of GRAP. The principles between IPSAS 20 and GRAP 20 is aligned.

1.3.3 Standards not yet applicable

Accounting policies have not been developed for the following Standards as the transactions and events within the scope of these Standards were not yet applicable:

GRAP 103	Heritage Assets
GRAP 105	Transfer of functions between entities under common control
GRAP 106	Transfer of functions between entities not under common control
GRAP 107	Mergers

The adoption of these Standards will have no impact on the current financial statements.

The WTE has not adopted GRAP 24 in the current period. A statement of comparison of budget and actual amounts have been included to comply with GRAP 1. The statement of comparison between budget and actual amounts is aligned to the requirements of GRAP 24. With the adoption of GRAP 24, explanations for differences between budgeted and actual amounts will be included.

GRAP 24	Presentation of Budget Information in Financial Statements
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1.4 Basis of preparation

The financial statements are prepared on the accrual basis using historical cost as a measurement basis, unless another measurement basis is required by Standards of GRAP. The significant accounting policies applied are set out below.

1.5 Functional currency

The financial statements are prepared in South African Rand (R) which is also the functional currency of the WTE. All values are rounded to the nearest thousand (R'000) except where otherwise indicated.



1.6 Going concern

The annual financial statements have been prepared on a going concern basis.

1.7 Off-setting

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

1.8 Comparative figures

Where necessary, comparative figures have been adjusted to correct errors identified in the current year but relating to prior years, and to conform to changes in presentation in the current year. The effect of restatements are disclosed in note 29 and 30.

1.9 Significant judgements and sources of estimation uncertainty

1.9.1 Initial measurement of financial assets

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

1.9.2 Impairment of financial assets

An impairment is recognised for estimated losses firstly on individually significant receivables and secondly on a group of receivables with similar credit risk that are assessed to be impaired based on objective evidence as a result of one or more events that occurred during the reporting period. For debtors which have defaulted, management makes judgements based on an assessment of their ability to make payments based on creditworthiness and historical write-off experience. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment losses recognised. The current year's provision for impairment is based on management's best estimate of the expected cash flows for amounts that are outstanding for longer than the normal payment terms. A full provision was made for trade debtors that could not be traced after significant effort has been made.

1.9.3 Useful lives and impairment of assets

Due to the fact that the WTE has budget constraints, management is of the opinion that the useful life of an asset will approximate the economic life of the asset. The review of the useful lives, residual values and possible impairment are performed annually based on a risk assessment approach. This approach take into account the current condition of the asset



compared to the remaining useful life of the asset. Where factors exist that indicate that the useful life needs to be amended, the useful life is reassessed. This estimate is based on judgement, taking into account historical usage patterns as well as the condition of the asset. As the WTE plans to use the assets for their entire economic life, the residual values on these assets are estimated to be zero. The estimated useful life of leased assets that are capitalised are usually equal to the term of the lease contract unless other factors exist that may indicate a shorter lease period.

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

Infrastructure assets

Buildings	20 - 50 years
Canals	35 - 300 years
Dams and weirs	50 - 300 years
Pipelines	20 - 60 years
Pump stations	15 - 75 years
Reservoirs	10 - 100 years
Treatment works	5 - 75 years
Tunnels	30 - 300 years
Other	5 - 100 years

Movable assets

Vehicles	3 - 56 years
Computer equipment	3 - 58 years
Office equipment and furniture	3 - 56 years
Construction equipment	Based on usage (kilometers, hours, months)
Appliances	3 - 56 years
Machinery and equipment	5 - 60 years
Dwellings: mobile homes	5 - 26 years

Intangible assets

Software and licenses	6 years
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Management is of the view that the current assets of the WTE is non-cash generating, despite the fact that certain water users are classified as commercial users as most of the projects are funded through additional funds received through the transfer payment received from the Department of Water Affairs. Therefore, any impairments that have been identified was calculated using the recoverable service amount of the asset.

1.9.4 Recognition of servitudes

Servitudes on land are often acquired as part of construction of water infrastructure. Where the cost of servitudes can be measured reliably, these assets are included in the cost of infrastructure as it forms an integral part of the cost of the asset, and are recognised as separate components of the water infrastructure.

1.9.5 Agreements with Trans Caledon Tunnel Authority (TCTA)

Subsequent to the reporting date, TCTA revised their accounting treatment for the agreements between the Department of Water Affairs DWA(WTE)) and the TCTA. As the DWA (WTE) is responsible for the development, operation and maintenance of specific water resources infrastructure and managing water resources in specific water management areas, management concluded that the DWA (WTE) controls the related infrastructure assets and has to assume the related liabilities. The cost of the assets recognised included the construction and overhead cost. The internal cost of capital was assumed to approximate the cost of capital of the TCTA, as the TCTA effectively acted as an agent (and thus TCTA and DWA(WTE) have a similar risk profile) of the DWA (WTE) to obtain external funding from commercial borrowings.

1.9.6 Measurement of inventories on hand

The WTE counted construction and building materials on hand for the first time at year-end. The measurement was based on the FIFO-method. The latest invoices available (as at year-end) were used to determine the value of the stock on hand. A stock count has not been performed at the beginning of the year. An estimate of the opening balances of stock for the preceding years were based on a percentage of the value of stock at year-end and the purchases for the year to which the stock relates. Materials on hand is to be consumed in the production process. As all the cost incurred is recovered from users or through the augmentation grant, and the price of the inventory items are subject to inflation, it is assumed that the net realisable value or replacement cost will equated or exceed the cost of the item at year-end. Therefore, there has been no provision made at year-end for losses in the value of stock due to price changes.

All inventories are shown at cost or net realisable value.

1.9.7 Commitments

Commitments included in disclosure note 24 have been based on orders relating to capital projects but where the goods or services have not been delivered.



1.9.8 Contingent liabilities and provisions

Contingent liabilities and provisions have been based on the best estimate available. Contingent liabilities relating to litigation has been based on the assessment of the estimated claim against the WTE as at 31 March 2012.

1.9.9 Capitalisation of expenses relating to constructed assets

The costs of inventory and property, plant and equipment produced internally include materials, depreciation and certain overheads incurred to produce these assets. The allocation of costs to the different items is based on judgement. The allocation usually occurs on a proportionate basis and where the items produced are to be used internally, exclude internal profits.

1.9.10 Classification of leases

The WTE classifies lease agreements in accordance with risks and rewards incidental to ownership. Where the lessor transfers substantially all the risks and rewards to the lessee, the lease is classified as a finance lease. All other leases is classified as operating leases.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Revenue

When the WTE receives value in the form of an asset and directly provides approximate equal value in exchange, the WTE classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable, net of any VAT, and recognised when it becomes due to the WTE. Revenue excludes any amounts collected on behalf of third parties.

2.1.1 Revenue from non-exchange transactions

The WTE recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from nonexchange transactions.

Where services are received in-kind, and a reliable estimate can be made, the WTE will recognise the related revenue. In all other cases, the WTE will only disclose the event.

2.1.2 Revenue from exchange transactions

Revenue relating to the supply of water is recognised either on the consumption of water by the water users or in accordance with registered volumes, depending on the specific agreement with licenced water users.



Revenue from construction contracts is recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. The stage of completion is based on the cost to date and is assessed based on surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the Statement of Financial Performance in the period in which it was incurred. Significant accounting policies Revenue

Interest is recognised using the effective interest rate method.

2.1.3 Agency fees and revenue

The WTE bills and collects water research levies on behalf of the Water Research Commissioner and earns 2% commission, excluding VAT, on the amount billed. The revenue collected (amounts billed less outstanding debt) is recognised as a liability and the payments made to the WTE decreases the liability. The net asset/liability is recognised in the statement of financial position.

2.2 Expenditure

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

The WTE recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

The WTE recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

The WTE also recognises expenses in the statement of financial performance in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

Finance cost is recognised as an expense in surplus or deficit in the statement of statement of financial performance in the period in which it is incurred, using the effective interest rate method.

2.3 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The WTE incurs borrowing costs as a result of the construction of infrastructure. The



borrowing costs on qualifying assets (assets under construction) are capitalised. All other borrowing costs are expensed.

2.4 Employee benefits

2.4.1 Short-term employee benefits

The WTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

- As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds the undiscounted amount of the benefits due, the entity recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.
- As an expense, unless the entity uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

2.4.2 Leave benefits

The WTE recognises the expected cost of short-term employee benefits in the form of compensated absences (paid leave) when the employees render service that increases their entitlement to future compensated absences.

The expected cost of accumulating compensated absences is measured as the additional amount that the WTE expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.4.3 Performance and service bonuses

The WTE recognises the expected cost of performance or service bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made. The WTE considers the present obligation to exist when it has no realistic alternative but to make the payments related to performance bonuses.

2.4.4 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy for these benefits or resigns. The WTE recognises termination benefits when it is demonstrably committed either to terminate the employment of current employee(s) according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the financial year are discounted to present value.



2.4.5 Retirement and medical benefits

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

2.5 Leases

2.5.1 The WTE as a lessee

The WTE classifies certain leases of equipment and vehicles under finance leases. The WTE recognises the assets it leases, and the sum of the lease payments it is obligated to pay over the period as a liability.

The WTE initially measures the leased assets at the lower of their fair value or the present value of the minimum lease payments. The leased assets are subsequently measured at cost less accumulated depreciation and impairment. The leased assets are depreciated over the shorter of the lease agreement or the useful life of the asset.

The WTE measures the liability as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest (i.e. the WTE recognises the capital portion of the obligation as a liability and recognises the interest over the lease term). In discounting the lease payments, the lessee uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Operating leases that are longer than 1 year are measured on a straight line basis as an expense, and the difference between the actual payments and the expense is accrued through payables or receivables. Where the lease is less than 1 year, the actual expenses is recognised in the statement of financial performance.

2.5.2 The WTE as a lessor

The WTE receives lease revenue for the hiring out of equipment and renting of houses to its employees. The WTE recognises the revenue from operating leases based on the charge-out tariffs for equipment and recognise the rental of houses based on the actual amounts charged.

2.6 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the WTE, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated



impairment losses, except for assets under construction. Subsequent costs are included in the assets carrying amount or recognised as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of that item can be reliably measured.

Assets under construction are stated at cost. Depreciation only commences on these assets when they are in the condition necessary for them to be capable of operating in the manner intended by management.

Where the WTE acquires an asset at no cost, or for a nominal cost, the cost of the item is measured at the fair value of the asset as at the date of acquisition.

Cost comprises of the purchases price or construction cost of the asset (excluding internal profits), costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an estimate of the cost of dismantling or rehabilitation.

Where an intangible asset is an integral part of an item of property, plant and equipment, the cost of the intangible asset is not recognised separately from the cost of the asset, but rather, it is included as a separate component of the asset.

Depreciation is calculated on a straight line basis over the expected usage of each major component of an asset. Depreciation is charged to the statement of financial performance, unless it forms part of the cost of inventories or the cost of assets under construction.

Items of property, plant and equipment are tested for impairment whenever there are impairment indicators. An impairment loss is recognised where the carrying amount exceeds recoverable service amount for non- cash generating assets and where the carrying amount exceeds the recoverable amount for cash- generating assets.

An impairment loss recognised in prior periods for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

Impairment and reversals of impairment is recognised in the statement of financial performance at the time when the event occurred.

Gains or losses arising from the derecognition of an item of property, plant and equipment is recognised directly in surplus or deficit in the statement of financial performance when the item is derecognised.

2.7 Intangible assets

Identifiable intangible assets are recognised if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the WTE, and the cost or fair value of the item can be measured reliably.



An asset meets the identifiability criterion in the definition of an intangible asset when it is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful life of intangible assets, unless such useful lives are indefinite.

Intangible assets with an indefinite useful life are tested for impairment at the end of each financial year and whenever there is any indication that the intangible asset could be impaired. Other intangible assets are only tested for impairment where there is an indication that impairment exists.

Gains and losses on intangible assets, including impairment and impairment reversals, are treated similarly to gains and losses for property, plant and equipment.

2.8 Inventory

Inventories are assets in the form of materials or supplies to be consumed in the production process; in the form of materials or supplies to be consumed or distributed in the rendering of services; held for sale or distribution in the ordinary course of operations; or in the process of production for sale or distribution.

Inventory is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the WTE; and the cost of the inventory can be measured reliably.

Inventory is initially measured at cost (or fair value if the item was acquired through a non-exchange transaction), and subsequently measured at the lower of cost or net realisable value. Where inventory is distributed at no or a nominal charge, inventory is measured at the lower of cost or replacement cost.

2.9 Financial instruments

2.9.1 Initial recognition and classification

The WTE classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.



Financial instruments are recognised initially when the WTE becomes a party to the contractual provisions of the instruments and WTE funds are committed or receives the benefits.

The WTE does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.9.2 Initial measurement

Financial instruments are initially measured at fair value.

2.9.3 Transaction costs

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. Transactions costs on other financial instruments are included in the cost of the instrument.

2.9.4 Subsequent measurement

All non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that has been designated at fair value or are held for trading, are measured at amortised cost. Instruments that does not meet the definition of financial assets or financial liabilities measured at amortised cost are measured at fair value unless fair value cannot be determined. Those instruments, where fair value cannot be measured reliably, is measured at cost.

Amortised cost is calculated based on the effective interest rate method.

Net gains or losses on the financial instruments at fair value through profit or loss includes transaction costs, interest and foreign exchange gains or losses. Gains and losses arising from changes in fair value are included in the statement of financial performance.

2.9.5 Impairment of financial assets

At each reporting date the WTE assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

Impairment losses are recognised in the statement of financial performance as expenses.



Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue. Impairment losses are not reversed for financial assets held at cost where fair value was not determinable. The following line included in the statement of financial position contains financial instruments:

- Cash and cash equivalents;
- Receivables from exchange transactions;
- Other financial assets;
- Payables from exchange transactions; and
- Other financial liabilities.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

2.11 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised costs arise from transactions with water users. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

2.12 Payables from exchange transactions

The WTE recognises payables from exchange transactions where liabilities result in counter performance by the respective parties.

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

2.13 Other financial liabilities

Included in other financial liabilities are the liability incurred to the TCTA. The liability is initially measured at fair value and are subsequently measured at amortised cost. Effective interest is capitalised against the amounts outstanding in accordance with the respective agreements.



2.14 Provisions and accruals

Provisions and accruals are liabilities where uncertainty exists about the timing or amount of the future expenditure required to settle the liability.

The WTE recognises in payables an amount for accruals where the goods or services that have been received or supplied but an invoice is outstanding or a formal agreement with the supplier has not been concluded.

Provisions are liabilities, excluding accruals, that is recognised where the WTE has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the amount to settle the obligation, discounting to present value where the time value of money is expected to be material.

2.15 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

2.16 Reserves

The WTE classifies its reserves in two categories namely pumping cost reserve and accumulated reserves. None of these reserves are distributable reserves.

2.16.1 Pumping cost reserve

The WTE recovers an additional charge from specific water users in the Vaal River scheme to cover for pumping costs. This additional fee is charge to reduce the impact of price increases as a result of additional pumping cost incurred in times of emergencies, drought and other contingencies.

A transfer is made from the accumulated reserves to the pumping cost for amounts recovered from users for pumping cost and from pumping cost to accumulated reserves for the actual costs incurred.

2.16.2 Accumulated reserves

Accumulated reserves consist of the net assets less amounts transferred to other reserves. Accumulated reserves are mainly build up as a result of the depreciation and return on asset charge included in the pricing strategy and the capital portion of augmentation funds included in revenue recognised. This is to ensure adequate rehabilitation and maintenance of existing infrastructure and future infrastructure development.



2.17 Budget information

The budget is prepared on a modified accrual basis. The WTE does not budget for any revenue other than the transfer payment received through the Department of Water Affairs. Expenditure incurred exceeding the transfer payment is defrayed from accumulated reserves.

2.18 Related parties

Parties are considered to be related if one party has the ability to control the other party, exercise significant influence over the other party or jointly controls the other party. Specific information with regard to related party transactions is included in note 23.

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

Irregular, fruitless and wasteful expenditure and material losses through criminal conduct is recognised as expenditure in the statement of financial performance according to the nature of the payment and disclosed separately in notes 27 and 28. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.



3.3.9 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

3 REVENUE FROM EXCHANGE TRANSACTIONS

	Notes	2012 R'000	2011 R'000
Sale of water services		5 713 036	4 308 443
Construction revenue		402 123	340 821
Commission earned		1 794	1 797
Receivables		1 384	1 475
Short-term deposits and bank accounts		410	322
Interest revenue		18 820	67 188
Receivables		18 820	67 184
Short-term deposits and bank accounts		-	4
Lease revenue earned		17 968	12 303
Equipment		4 521	3 623
Property		13 447	8 680
Sale of goods - scrap materials and waste paper		17 187	824
Other revenue		6 685	8 589
		6 177 613	4 739 965

The fair value of in flowing resources was measured based on the fair value of the cash consideration received or receivable, net of any discount and Value Added Tax.



4 REVENUE FROM NON-EXCHANGE TRANSACTIONS

		2012	2011
		R'000	R'000
Transfer revenue includes:			
Funds from the Department of Water Affairs		1 934 178	1 805 467
Other revenue:			
Water usage licence fees		270	155
Penalties for late registration of water use		1	6
		1 934 449	1 805 628

Funds are transferred from the Department of Water Affairs as an augmentation to revenue earned to enable the WTE to carry out its operating activities.

5 EMPLOYEE BENEFIT COSTS

		2012	2011
		R'000	R'000
Employee benefits consists of:			
Short term employee benefits		1 311 561	1 287 728
Less: Direct labour capitalised to assets under construction		(527 700)	(543 943)
Less: Amounts capitalised to construction costs for third parties		(164 323)	(164 503)
		619 538	579 282



6 OPERATING EXPENDITURE

	Notes	2012 R'000	2011 R'000
Construction costs incurred		322 091	342 091
Other operating expenditure			
Administrative fees		2 084	1 533
Audit cost		13 762	13 240
Communication		23 843	23 276
Computer services		9 831	4 354
Electricity		163 678	141 355
Entertainment		6	13
Facility and management fee: TCTA		829 364	976 028
Materials consumed		59 524	72 306
Maintenance, repairs and running costs		71 043	108 619
Operating leases		29 802	22 011
Owned and leasehold property expenditure		29 398	21 475
Professional services: Business and advisory services, contractors and agency/outsourced services		83 626	43 601
Professional services: Infrastructure and planning		110 864	72 223
Printing, posting and stationery		5 609	7 663
Transport costs		89	29
Travel and subsistence		83 571	114 948
Domestic		80 779	113 154
Foreign		2 792	1 794
Training and staff development		7 753	5 892
Venues and facilities		2 639	3 761
Auxiliary		26 472	16 822
		1 875 049	1 991 240

7 IMPAIRMENT ON FINANCIAL ASSETS

	Notes	2012 R'000	2011 R'000
Impairment relating to:			
Trade receivables		172 462	786 530
Staff receivables		647	-
Other receivables		73	-
		173 182	786 530

8 FINANCE COST

	Notes	2012 R'000	2011 R'000
Bank balances		-	-
Finance leases		1 874	1 619
Interest on amortised payables		1 245 864	1 575 470
		1 247 738	1 577 089

9 DEPRECIATION, AMORTISATION AND IMPAIRMENT

	Notes	2012 R'000	2011 R'000
Depreciation on property, plant and equipment		1 583 172	1 582 223
Computer equipment		9 091	4 460
Equipment		7 543	3 190
Furniture and Fittings		6 451	5 099
Infrastructure		1 547 461	1 559 120
Leased equipment		4 142	3 581
Leased vehicles		6 146	4 862
Mobile homes		1 595	1 505
Vehicles		743	406
Amortisation on intangible assets		214	77
Computer software		214	77
Impairment and impairment reversals		583 649	316 018
Infrastructure		582 073	316 018
Equipment		1 353	-
Computer equipment		143	-
Furniture and Fittings		80	-
		2 167 035	1 898 318



10 LOSS ON DISPOSAL OF FIXED ASSETS

	Notes	2012 R'000	2011 R'000
Loss on disposal of fixed assets		6 336	9 075
		6 336	9 075

11 CASH AND CASH EQUIVALENTS

	Notes	2012 R'000	2011 R'000
Cash and cash equivalents at fair value:			
Current accounts at commercial banks		1 488 396	1 021 567
Short-term deposits		105	105
Cash on hand		180	312
		1 488 681	1 021 984

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Notes	2012 R'000	2011 R'000
Current			
Financial assets at amortised cost			
Trade receivables		5 363 210	4 650 216
Less: Provision for impairment		(2 467 410)	(2 294 948)
Carrying amount at the beginning of the period		(2 294 948)	(1 508 418)
Current year provision		(172 462)	(786 530)
		2 895 800	2 355 268
Contract debtors: TCTA advance		316 600	4 043
Staff related receivables		5 040	20 656
Gross carrying amount		5 687	20 656
Less: Provision for impairment		(647)	-
Claims recoverable - Departments		59	170
Claims recoverable - Other		142	11 473
Water Research Commission - advances		157 702	197 131
Gross amount of water research levies due		(89 227)	(46 597)
Outstanding debtors		246 929	243 728
Other receivables		205 714	169 783
Gross carrying amount		205 787	169 783
Less: Provision for impairment		(73)	-
		3 581 057	2 758 524

The fair value of the short term receivables approximates the carrying amount of the balances due to their short-term maturity.

Amounts past due not impaired			
Included in the financial assets at amortised cost above is an amount past due but not impaired:		1 540 838	1 492 362

Some of these long outstanding amounts may not be recoverable due to incorrect billings in the past. A reliable estimate of the incorrect billings could not be made.

13 INVENTORY

	Notes	2012	2011
		R'000	R'000
Construction and building materials		156 166	154 062
Consumables		7 865	7 943
Fuel and lubricants		3 782	219
Stationery		564	1 139
		168 377	163 363



14 PROPERTY, PLANT AND EQUIPMENT

Summary	2012			2011		
	Cost/ revaluation	Accumulated depreciation and impairment	Carrying amount	Cost/ revaluation	Accumulated depreciation and impairment	Carrying amount - Restated
	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	84 642 281	(10 538 605)	74 103 675	81 523 113	(8 339 596)	73 183 517
Infrastructure assets	76 700 408	(10 144 319))	66 556 089	76 263 903	(8 014 812)	68 249 091
Mobile homes	37 000	(9 505)	27 495	35 731	(7 430)	28 301
Motor vehicles	7 713	(3 535)	4 178	7 203	(2 752)	4 451
Equipment	1 093 871	(335 127)	758 744	1 019 576	(284 589)	734 987
Furniture and fittings	70 050	(25 671)	44 379	67 519	(19 263)	48 256
Computer equipment	45 572	(20 449)	25 123	39 953	(10 750)	29 203
Assets under construction	6 687 667	-	6 687 667	4 089 228	-	4 089 228
Leased assets	25 759	(11 894)	13 865	35 078	(25 807)	9 271
Equipment	13 101	(8 772)	4 329	13 856	(7 644)	6 212
Motor vehicles	12 658	(3 122)	9 536	21 222	(18 163)	3 059
	84 668 040	(10 550 500)	74 117 540	81 558 191	(8 365 403)	73 192 788

Movement 2012

	31 March 2011 Carrying amount restated	Additions	Disposals and write- offs	Transfers	Depreciation	Impairment	Impairment Reversal	31 March 2012 Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	73 183 517	3 152 979	(11 494)	(64 793)	(1 572 884)	(583 649)	-	74 103 677
Infrastructure assets	68 249 091	286 463	(1 164)	151 233	(1 547 461)	(582 073)	-	66 556 089
Mobile homes	28 301	1 074	(16)	(269)	(1 595)	-	-	27 495
Motor vehicles	4 451	501	-	(31)	(743)	-	-	4 178
Equipment	734 987	94 230	(9 976)	(51 600)	(7 543)	(1 353)	-	758 745
Furniture and fittings	48 256	5 163	(186)	(2 323)	(6 451)	(80)	-	44 379
Computer equipment	29 203	6 319	(151)	(1 013)	(9 091)	(143)	-	25 123
Assets under construction	4 089 228	2 759 229	-	(160 790)	-	-	-	6 687 667
Assets less than R5000	-	-	-	-	-	-	-	-
Leased assets	9 271	14 917	(35)	-	(10 288)	-	-	13 865
Equipment	6 212	2 259	-	-	(4 142)	-	-	4 329
Motor vehicles	3 059	12 658	(35)	-	(6 146)	-	-	9 536
TOTAL ASSETS	73 192 788	3 167 896	(11 528)	(64 793)	(1 583 172)	(583 649)	-	74 117 542

Movement 2011

	31 March 2010 Carrying amount restated	Additions	Disposals and write offs	Transfers	Depreciation	Impairment	Impairment Reversal	31 March 2011 Carrying amount restated
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	72 444 522	2 741 787	(15 345)	(97 649)	(1 573 781)	(388 468)	72 450	73 183 516
Infrastructure assets	69 104 843	865 118	(10 219)	164 486	(1 559 120)	(388 468)	72 450	68 249 090
Mobile homes	28 017	2 149	-	(360)	(1 505)	-	-	28 301
Motor vehicles	3 832	1 055	(2)	(28)	(406)	-	-	4 451
Equipment	586 608	204 333	(4 438)	(48 327)	(3 188)	-	-	734 987
Furniture and fittings	45 236	8 693	(331)	(240)	(5 102)	-	-	48 256
Computer equipment	27 131	7 360	(355)	(474)	(4 460)	-	-	29 203
Assets under construction	2 648 855	1 653 080	-	(212 707)	-	-	-	4 089 228
Assets less than R5000	-	-	-	-	-	-	-	-
Leased assets	17 300	2 144	(1 730)	-	(8 443)	-	-	9 270
Equipment	9 038	2 144	(1 389)	-	(3 581)	-	-	6 212
Motor vehicles	8 262	-	(341)	-	(4 862)	-	-	3 059
	72 461 822	2 743 931	(17 075)	(97 649)	(1 582 224)	(388 468)	72 450	73 192 787

15 INTANGIBLE ASSETS

Summary

	Notes	R'000	R'000
Enduring benefit: Lesotho Highlands		15 844 203	15 844 203
Computer software		64 381	24 104
Gross carrying amount		81 547	41 056
Accumulated amortisation and impairment		(17 166)	(16 952)
		15 908 584	15 868 307

Reconciliation

	Notes	R'000	R'000
Enduring benefit: Lesotho Highlands		15 844 203	15 844 203
Computer software		64 381	24 105
Gross carrying amount at the beginning		24 104	24 129
Additions		40 493	35
Transfers		(2)	18
Amortisation		(214)	(77)
		15 908 584	15 868 308
In terms of the Treaty between South Africa and the Lesotho Government, South Africa has a right to receive water in perpetuity and this right is capitalised as an enduring benefit. The enduring benefit is assessed annually for impairment. The assessment is based on any indicators that may impact the delivery of the water in terms of the agreement with the Lesotho Government. Based on the assessment performed, no impairment has been identified.			



16 PAYABLES FROM EXCHANGE TRANSACTION

Current

	Notes	R'000	R'000
Financial liabilities at amortised cost		472 022	549 666
Trade payables		159 280	76 301
Amounts due to customers: trade debtors		139 715	93 910
Amounts due to customers: construction contracts		78 315	95 938
Retention creditors		5 851	3 350
Claims payable		104	3 186
VAT payable		88 372	265 408
Other payables		385	11 573
Non-financial liabilities		106 614	111 919
Unclaimed deposits		5 201	44 230
Advances received		1 483	1 476
Accruals for goods and services		99 626	56 429
Payroll related accruals		293	9 784
Other accruals		11	-
		578 636	661 585

17 EMPLOYEE BENEFITS

	Notes	R'000	R'000
Current obligations:			
Leave benefits due		97 063	91 450
Carrying amount at the beginning of the period		91 450	48 471
Current service costs		21 671	64 700
Less: benefits utilised		(16 058)	(21 721)
Performance bonuses		34 477	33 100
Carrying amount at the beginning of the period		33 100	25 111
Current service costs		34 805	33 387
Less: benefits utilised		(33 428)	(25 398)
Service bonuses - 13th Cheque		24 781	22 662
Carrying amount at the beginning of the period		22 662	19 612
Current service costs		57 544	68 838
Less: benefits utilised		(55 425)	(65 788)
		156 321	147 212



18 PROVISIONS

	Notes	2012 R'000	2011 R'000
Current		649 212	328 445
Non-current		810 420	972 735
		1 459 632	1 301 180
Consisting of:			
Dam rehabilitation provision			
Carrying amount at the beginning		1 270 093	405 959
Amount utilised		(263 591)	(287 468)
Current year provision		423 647	1 151 602
Carrying amount at the end		1 430 149	1 270 093
Estimated settlement to be:			
Within one year		619 729	297 358
More than one year		810 420	972 735
Dams are rated based on a risk model developed internally, the results of which are used in order to assess whether an obligation to rehabilitate exist. A provision is recognised when a reliable estimate can be made based on the stage of the project. The provision for dam rehabilitation was based on the estimates done by specialists at different time intervals in the past. Estimates were adjusted for the effect of inflation. The CPI used in the current year was 6% (2011: 4,1%). A contingent liability is disclosed or a minimum level. Where the risk is at the minimum level, a contingent liability will be disclosed.			

Other provisions

	Notes	2012 R'000	2011 R'000
Carrying amount at the beginning		31 087	-
Amount utilised		(16 263)	-
Current year provision		14 659	31 087
Carrying amount at the end		29 483	31 087
Estimated settlement to be:			
Within one year		29 483	31 087
Other provisions consist of claims and litigations or payables where services have been delivered without an indication of the timing of settlement or the amount of settlement. The provision for claims and litigation is based on the amounts confirmed by the State Attorney. The other provisions are based on estimates taking into account the best available information at reporting date.			



19 FINANCE LEASE LIABILITY

	Notes	2012	2011
		R'000	R'000
Current obligation		9 341	7 014
Non-current obligation		4 670	2 304
Carrying amount at the end		14 011	9 318
Reconciliation of the carrying amount:			
Future minimum lease payments due:		15 302	10 007
Later than 1 year but less than 5 years		4 888	7 588
Less than 1 year		10 414	2 420
Less: Future finance charges		(1 290)	(689)
Present value of minimum lease payments		14 012	9 318
<p>The finance lease obligations consist of various leases. The incremental borrowing rate (effective interest) was determined based on the difference between the fair value of the asset and the future minimum lease payments. Where the fair value of the asset could not be determined, the incremental rate was based on the rate of similar instruments in the market and the fair value is assumed to estimate the present value of the minimum lease payments. The effective interest rates varies between 9% and 15%. The liability is secured by the leased assets disclosed in note 14.</p>			

20 FINANCIAL LIABILITIES: TCTA

	Note	2012	2011
		R'000	R'000
Current obligation		3 414 693	3 339 663
Non-current obligation		26 512 977	26 441 224
Reconciliation			
Carrying amount at the beginning of the period		29 780 887	30 173 675
Additions		3 693 441	3 032 367
Construction cost		1 643 103	4 81 119
Interest accrued		1 220 974	1 575 220
Facility and management fee		829 364	976 028
Payments		(3 546 658)	(3 425 155)
Financial liabilities at amortised cost		29 927 670	29 780 887
The liability represents the amounts owed to TCTA in accordance with various construction contracts for the development and maintenance of infrastructure assets. The effective interest rate varies per agreement and range between 4.76% and 8% p.a.			



21 NET CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2012 R'000	2011 R'000
Surplus/(deficit) for the year		2 023 185	(295 941)
Adjusted for non cash items		2 475 231	2 891 935
Change in estimates of provisions		14 659	31 087
Change in estimates of employee benefits		114 020	166 925
Depreciation, amortisation and impairment		2 167 035	1 898 318
Impairment on financial assets at amortised cost		173 182	786 530
Loss on disposal of fixed assets		6 336	9 075
Additional cash items		(121 173)	(112 907)
Provisions utilised		(16 263)	-
Employee benefits utilised		(104 910)	(112 907)
Operating cash flows before working capital changes		4 377 243	2 483 087
Working capital changes:		(1 083 678)	289 986
(Increase) in receivables from exchange transactions		(995 715)	(1 474 956)
(Increase)/decrease in inventories		(5 014)	40 826
(Decrease)/increase in payables from exchange transactions		(82 949)	1 724 116
Net cash from operating activities		3 293 565	2 773 073

22 FINANCIAL INSTRUMENTS

	Note	2012	2011
		R'000	R'000
Carrying amounts per category			
The total carrying values of the various categories of financial assets and financial liabilities at the reporting date are as follows:			
Financial assets at fair value		-	-
Cash and cash equivalents	11	1 488 681	1 021 948
Financial assets at amortised cost	12	3 581 057	2 758 524
Total financial assets		5 069 738	3 780 508
Financial liabilities at amortised cost	16	30 506 306	30 442 472
Payables from exchange transactions	16	578 636	661 585
Other financial liabilities	20	29 927 670	29 780 887
Total financial liabilities		30 506 306	30 442 472
Net losses included in the statement of financial performance on amortised receivables		173 181	786 530

Exposure to continuously changing market conditions has highlighted the importance of financial risk management as an element of control for the WTE. The WTE finances its operations primarily from cash receipts from customers and augmentation income received from the government. There are primarily two financial risks that the WTE faces namely credit and interest rate risk.

Interest rate risk exposure

The WTE has an obligation to settle the cost incurred by TCTA for the construction of infrastructure on its behalf. Due to the long term nature of these projects, the WTE is exposed to changes in the interest rates relating to these borrowings as the amounts to settle its obligation to the TCTA is dependant on the interest rates. The effective interest rate for the the current period amounted to 8% (2011: 8%). Finance leases are discounted at the interest rates implicit in the lease and does not expose the WTE to any further risk as the rates are fixed for the term of the lease. The short term payables exposes the WTE to a very limited risk of losses as a result of fluctuations in interest rates. The WTE endeavours to comply with the PFMA requirements to settle its debt within 30 days of receipt of an invoice.



CREDIT RISK EXPOSURE

Receivables and prepayments

Potential areas of credit risk consist of trade accounts receivable.

Accounts receivable consists mainly of government owned institutions and government owned entities.

The WTE monitors the ageing of debtors on an ongoing basis and engages their customers where there is an indication of possible problems with regard to recovery from customers. Provision is made for both specific and general bad debts and at the end of the financial year management did not consider there to be any material credit risk exposure that was not already covered by the impairment provision.

Cash and cash equivalents

	2012	2011
	R'000	R'000
Maximum credit risk exposure		
Cash and cash equivalents	1 488 501	1 021 672
Receivables	3 581 057	2 758 524
	5 069 558	3 780 196
% of total financial assets	100.0%	100.0%

Liquidity risk

The WTE is exposed to liquidity risk with regards to the amounts owed to contract creditors and sudden increases in pumping cost expenses. The WTE manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in short term deposits.

Other risks and possible losses

	2012	2011
	R'000	R'000
Included in trade and other receivables are recorded deposits that were not cleared through the bank. As a result, the WTE are exposed to possible cash losses that will need further investigation.	223	95



23 RELATED PARTY TRANSACTIONS

23.1 Related party relationships and control

The WTE is controlled through the Department of Water Affairs at National Government level.

As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.

23.2 Related party transactions and outstanding balances

23.2.1 Department of Water Affairs

	Note	2012	2011
		R'000	R'000
Revenue from non-exchange transactions		1 934 178	1 805 467
From November 2011, the Department of Water Affairs incurred the personnel cost of the Chief Financial Officer and the Deputy Chief Financial Officer.			
The Department of Water Affairs also incurred some operating expenditure which include, but is not limited to, rent for office space, internal audit cost, IT cost and other administrative costs.			



23.2.2 Water Research Commission

	Note	2012 R'000	2011 R'000
Revenue from exchange transactions		1 384	1 475
Outstanding balances		157 702	197 131

23.2.3 Trans-Caledon Tunnel Authority

The following transactions were carried out with TCTA:			
Construction activities		1 643 103	481 119
Finance cost		1 220 974	1 575 220
Management and facility fees		829 364	976 028
Outstanding balances		29 927 670	29 780 887
Parepayment in terms of construction contract		316 600	4 043
TCTA is constructing assets on behalf of the WTE on a full cost recovery basis			

23.2.4 Eskom

The following disclosable items were carried out with Eskom:			
Revenue		597 075	819 189
Outstanding balances		501 207	415 697
The amounts billed for the above revenue received from Eskom is based on the actual operations and maintenance cost incurred and not the budgeted operations and maintenance cost included in the water tariffs applicable to other users.			



23.2.5 Rand Water

	Note	2012 R'000	2011 R'000
The following disclosable items were carried out with Rand Water:			
Sale of water services			
Revenue		2 803 271	2 617 026
Finance revenue (discounting)		18 421	18 828
Gross amount billed		2 821 693	2 635 854
Outstanding balances		536 017	481 494
Gross amount due		554 438	500 322
Less: Effect of discounting		(18 421)	(18 828)
Rand Water receives 60 days to pay for water related services instead of the normal 30 days.			

23.3 Close family members

The husband of a Chief Director is the sole shareholder of Hattingh Anderson Associates, which provides consulting services to the WTE.			
Hattingh Anderson Associates			
For consulting services		1 484	1 341

23.4 Key management personnel remuneration

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.



March 2012 R'000	Basic salary	Performance related payments	Other short term employee benefits	Post- employment benefits	Total
Ms Mathe ZY - Acting Deputy Director General	551	-	327	72	950
Mr Moloi LS - Chief Director	504	47	296	66	913
Ms Anderson H - Executive Manager	725	-	216	94	1 035
Mr Smith FJ - Chief Director	878	152	113	114	1 257
Mr Fortuin K - Acting Chief Director	495	-	269	64	828
Mr Van der Westhuizen WG - Chief Director	722	96	216	94	1 127
Dr Ruiters C - Deputy Director General	422	-	260	55	737
	4 297	295	1 696	559	6 847

March 2011 R'000	Basic salary	Performance related payments	Other short term employee benefits	Post- employment	Total
Dr Ruiters C - Deputy Director General	611	-	328	79	1 018
Mr Moloi LS - Chief Director	583	-	313	76	972
Ms Anderson H - Executive Manager	760	-	90	99	949
Mr Croucamp WS - Executive Manager	758	-	1 032	98	1 888
Ms Mathe ZY - Chief Director	525	-	284	68	877
Mr Smith FJ - Chief Director	750	-	142	98	990
Mr Van der Westhuizen WG - Chief Director	750	-	142	98	990
	4 738	-	2 330	616	7 683



Comparative figure

The amount included for the previous financial year was restated due to the incorrect inclusion of one official under key management personnel and the inclusion of fuel cost re-imbursements to key management. This resulted in the total key management personnel cost being reduced by R1 385 000.

Key management personnel remunerated through Department of Water Affairs - Main account

The following officials are also considered to be key management personnel. These officials are paid by the Department of Water Affairs - Main account.

Official	Position
Mr Sirenya M	Director General
Mr Balzer T	Acting Director General (previous)
Mr Ismail F	Acting Chief Financial Officer
Mr Mofokeng M	Deputy Chief Financial Officer

24 CAPITAL COMMITMENTS

	Note	2012 R'000	2011 R'000
Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.		377 670	600 833
The amounts disclosed above for capital commitments excludes VAT.			
The comparative figure for commitments have been adjusted due to errors identified during the preparation of the financial statements. This resulted in a decrease of R172,8 million.			



25 OPERATING LEASE COMMITMENTS

306

	Note	2012 R'000	2011 R'000
The Water Trading Entity leases various residential buildings, Office Spaces and one piece of Land under operating lease agreements and Installments are payable monthly in advance. The Installments are payable over periods varying between 12 and 24 months. The entity is sub-letting these residential buildings to its various employees at a monthly rental.			
The future minimum lease rentals to be paid under non-cancellable and cancellable operating lease contracts as at 31 March 2012 are as follows:			
Residential Buildings:		2 107	6 148
Due within 1 year		2 107	5 341
Due later than 1 year but less than 5 years		-	807
Office administration Buildings:		506	935
Due within 1 year		506	565
Due later than 1 year but less than 5 years		-	370
Land:		424	666
Due within 1 year		242	242
Due later than 1 year but less than 5 years		182	424
Total minimum lease payments		3 037	7 749

26 CONTINGENT LIABILITIES

26.1 Dam rehabilitation programme

	Note	2012 R'000	2011 R'000
This contingency is based on the dams that were identified for rehabilitation, but the probability, cost or timing of the rehabilitation cannot be determined reliably at this stage. The dam safety rehabilitation contingency results from the use of the internally designed risk based methodology which resulted in 75 dams being identified for possible rehabilitation, but due to the fact that a reliable estimate of the obligation cannot be determined at this stage we have not disclosed any amounts. Of the 75 dams identified there are 52 dams considered to be of a medium to low risk (border line cases) and 23 are considered to be of a higher risk.			

26.2 Claims against the State

Mohlala Civil Engineering and 103 others vs. DWAF		131 257	-
Group 5 Construction vs. The Water Trading Entity		54 670	40 677
Pro Meetse vs. DWA		333	333
Buffler Madeline vs. Kungwini Local Municipality and the Minister		-	150
Messrs Radio Geotechnics v/s DWA		713	713
Norton Rose Attorneys v/s DWA (Sakhumzi Kraal)		20 444	-
Other claims		130	141
		207 548	42 014
Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R207,5 million excluding interest of approximately R55,3 million at 15.5%.			



26.3 Guarantees

	Note	2012	2011
		R'000	R'000
The WTE has issued guarantees in favour of various financial institutions to support employees to obtain loans for housing. To date the WTE has not been called to honour any of these obligations. No loss is expected to materialise in respect of these guarantees in the foreseeable future.		93	2 276

26.4 De Hoop labour dispute

Subsequent to the financial year-end, a dispute arose relating to possible incorrect application of the conditions of service which may result in a labour claim against the WTE. The amount could not be determined with sufficient reliability at year-end.			
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26.5 Dams impaired to zero value

WTE has 42 dams that have a value of zero. There were 4 impaired to zero from the prior year and 38 in the current year. At this stage the intended use of these assets are uncertain and in accordance to the dam safety regulations the WTE has an obligation to regularly inspect these and ensure compliance to these regulations and incur any associated care and maintenance costs.			
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27 IRREGULAR EXPENDITURE

27.1 Reconciliation

	<i>Note</i>	2012 R'000	2011 R'000
Opening balance		600 843	443 586
Add: Irregular expenditure - current year	27.2	102 657	160 718
Add: Irregular expenditure - prior year	27.3	70 609	-
Less: Amounts condoned	27.4	(5 412)	(3 461)
Irregular expenditure awaiting condonation		768 697	600 843
Analysis of expenditure awaiting condonation per age classification			
Current year		100 201	443 586
Prior years		668 496	157 257
Total		768 697	600 843
Comparative figure for irregular expenditure decreased by R162,8 million due to errors identified during the preparation of the financial statements. The previous financial statement amount was calculated based on contract values rather than actual expenditure incurred.			

27.2 Details of Irregular Expenditure - Current year

Incident	Disciplinary steps taken/ criminal proceedings	
Expenditure incurred where insufficient quotations were obtained from suppliers	None	6 143
Bids were not advertised for the required 21 days	None	24 406
Splitting of orders to circumvent procurement procedures	None	1 620
Expenditure incurred without written approval by delegated official	None	2
Use of transversal contract regarding fleet management where WTE was not part thereof (RT46)	None	20 337
Additional expenditure incurred on irregular contract (SITA)	None	4 718
Additional expenditure incurred on contracts where the certificate independent bid determination (SBD9) forms were not completed	None	33 142
Expenditure incurred after contract expired	None	1 125
Procurement process not followed	None	6
Expenditure exceeding original contract amount / or no contract in place	None	8 703
Finance leases entered into in terms of Transversal State Tender Board contract (RT3)	None	2 456
		102 657



27.3 Details of Irregular Expenditure - Identified in current year relating to prior year

Incident	Disciplinary steps taken/ criminal proceedings	
Procurement process not followed	None	478
Bids were not advertised for the required 21 days	None	67 175
Finance leases entered into in terms of Transversal State Tender Board contract (RT3)	None	2 956
		70 609

27.4 Details of Irregular Expenditure condoned

Incident	Condoned by (condoning authority)	
Finance leases entered into in terms of Transversal State Tender Board contract (RT3)	National Treasury	5 412

28 FRUITLESS AND WASTEFUL EXPENDITURE

		2012	2011
		R'000	R'000
Incident	Disciplinary steps taken/criminal proceedings		
Penalties and interest was paid to SARS for incorrect submission of VAT relating to April-May 2010 declaration. The WTE has lodged an appeal in order to recover the loss.	Disciplinary steps has been taken against the responsible employees. The employees are currently on suspension.	24 890	
W9760WTE Incurred fruitless and wasteful expenditure with the rehabilitation of Mashashane Dam due to a legal claim that had to be paid to a company as a result of the incorrect calculation of the points scored in awarding the tender.	None		9 500
Interest paid for D & J Nel Farming CC	None		12
Interest expenditure incurred on credit balances	None		249
		24 890	9 761



29 CHANGE IN ACCOUNTING POLICIES

		2012	2011	2010
		R'000	R'000	R'000
The adoption of the Standards of GRAP had the following impact:				
(Decrease) in assets		(3 620)	(3 266)	(3 272)
Increase/(Decrease) in liabilities		3 627 319	3 627 319	2 579 960
Increase/(Decrease) in net assets (reserves)		3 623 699	3 624 053	2 576 688
Increase in revenue		(353)	1 047 365	818 191
Increase/(decrease) in expenses		(582 073)	(6 044)	(489 025)
Effect on surplus/deficit		(582 426)	1 041 321	329 166
Decrease in transfer between reserves		(1 533 423)	(1 458 710)	(1 564 965)
Effect on opening accumulated reserves		63 471 995	63 889 385	63 366 687
Effect on revaluation reserve		(58 004 966)	(60 134 500)	(59 790 452)
Effect on pumping cost reserve		272 519	286 557	236 252
Reclassification of distribution to National Revenue Fund				
		3 623 699	3 624 053	2 576 688



Changes in policies are due to:

29.1 Measurement of property, plant and equipment in accordance with the Standard of GRAP on Property, Plant and Equipment (GRAP 17): change in revaluation policy to cost model

	2012	2011	2010
	R'000	R'000	R'000
The WTE adopted a revaluation model in 2008 to recognise infrastructure assets. The WTE reconsidered the policy choice in the current financial period. The revaluation method is dependant on many assumptions and requires regular updates with huge costing implications as the infrastructure assets are not traded in an open market. Under the current circumstances, the WTE considers the cost model to provide more reliable and relevant information about the value of property, plant and equipment.			
Decrease in opening balance of revaluation reserve	(60 134 500)	(61 548 949)	(63 366 687)
Derecognition of transfer between reserves due to depreciation on infrastructure assets	1 547 461	1 408 405	1 328 713
Decrease in expenses recognised in net assets	582 073	6 044	489 025
Impairment and reversals of impairment of infrastructure assets	582 073	(4 175)	446 539
Loss on disposal/scraping of assets	-	10 219	42 486
Effect on revaluation reserves	(58 004 966)	(60 134 500)	(61 548 949)
(Increase)/decrease in depreciation, amortisation and impairment	(582 073)	4 175	(446 539)
(Increase)/decrease in losses on derecognition of assets	-	(10 219)	(42 486)
Decrease in transfer between reserves	(1 547 461)	(1 408 405)	(1 328 713)
Effect on opening accumulated surplus	60 134 500	61 548 949	63 366 687
	58 004 966	60 134 500	61 548 949
Net effect on net assets	-	-	-



29.2 Recognition and measurement of non-exchange revenue in accordance with the Standard of GRAP on Revenue from non-exchange transactions (GRAP 23)

		2012	2011	2010
		R'000	R'000	R'000
Augmented funds relating to capital grants were recognised when the related expenses were recognised through profit and loss. As there are no financial obligation attached to these grants, GRAP 23 requires the grant to be recognised when the asset (related consideration) is recognised, i.e. when the grant becomes receivable.				
Decrease in deferred revenue		3 627 319	3 627 319	2 579 960
Increase in non-exchange revenue			1 047 359	821 463
Increase in opening reserves		3 627 319	2 579 960	1 758 497
Effect on reserves - accumulated surplus		3 627 319	3 627 319	2 579 960

29.3 Standard of GRAP on Financial Instruments (GRAP 104)

WTE applied discounting based on the prime interest rate applicable at banks to all classes of revenue relating to trade receivables. As a result of the adoption of GRAP 104, the entity now discounts receivables at initial recognition using the effective interest rate applicable to debt owing to the State and applies discounting only to accounts where extended payment terms are provided or other factors indicate that the initial recognition of the receivable is not at fair value.				
The effect of the adoption of GRAP 104				
Decrease in receivables from exchange transactions		(3 620)	(3 266)	(3 272)
(Decrease) in exchange revenue		(353)	6	(3 272)
(Decrease) in opening reserves		(3 266)	(3 272)	-
Effect on reserves		(3 620)	(3 266)	(3 272)

29.4 Pumping cost reserve

		2012	2011	2010
		R'000	R'000	R'000
Included in the tariff for water services relating to the Vaal Catchment area is an additional charge for pumping cost. This additional charge is to provide for increases in the cost of pumping in cases of severe drought. Previously, the WTE recognised the surplus on pumping cost in provisions. However, this treatment is not allowed by Standards of GRAP and the error has been corrected. To ensure that the financial statements still reflect the surplus/deficit in pumping cost adequately, the WTE has adopted a policy of classifying the funds available for pumping cost as a separate reserve within net assets. The reserve will increase with the amount recovered from water users and decrease with the expenses incurred.				
Increase in pumping cost reserve				
Opening balance		286 557	236 252	-
Transfer between reserves		(14 038)	50 305	236 252
		272 519	286 557	236 252
(Decrease) in opening accumulated surplus		(286 557)	(236 252)	-
Transfer between reserves		14 038	(50 305)	(236 252)
Effect on accumulated surplus		(272 519)	(286 557)	(236 252)
Effect on net assets		-	-	-



29.5 Presentation of Financial Statement (GRAP 1)

		2012	2011	2010
		R'000	R'000	R'000
In order to comply with the presentation requirements of GRAP 1, certain items has been reclassified. These reclassifications did not impact reserves.				
Decrease in other income		(1 934 449)	(758 269)	(333 294)
Increase in revenue from non-exchange transactions		1 934 449	758 269	333 294
Increase in impairment of financial assets		(173 182)	(901 727)	(712 147)
Decrease in operating expenses		173 182	901 727	712 147
Decrease in trade and other receivables		(5 201)	(44 230)	(82 183)
Increase in payables from exchange transactions		5 201	44 230	82 183
Decrease in trade and other payables		24 781	22 662	19 612
Decrease in provisions		131 540	94 062	73 582
Increase in employee benefits		(156 321)	(116 724)	(93 194)
Effect on reserves		-	-	-



30 PRIOR YEAR ERRORS

	2011
	R'000
Material errors relating to prior years were adjusted and the prior year financial statements have been restated to this effect. The impact of these errors are summarised below and the details are shown below:	
Increase/(Decrease) in assets	24 247 173
(Increase)/Decrease in liabilities	(29 056 994)
(Increase)/(Decrease) in net assets	(4 809 821)
Represented by:	
Increase/(decrease) in accumulated surplus:	
Increase in revenue	2 422 435
Decrease in expenses	(3 032 642)
Effect on surplus/deficit	(610 207)
Effect on opening reserves	(4 199 614)
	(4 809 821)



30.1 Incorrect accounting of TCTA arrangements

	2011
	R'000
The WTE incorrectly accounted for the TCTA arrangement in the past. The TCTA was treated as the principal in a principal/agency relationship. Income and expenses relating to the TCTA contracts were off-set against each other in the past and a net liability/asset has been disclosed. The arrangements were to be recorded in accordance with GRAP 11, Construction Contracts. The effect of this is that the WTE understated revenue and assets constructed in the past as well as the liability relating to the amounts owed in respect of the TCTA. The error had the following impact:	
Increase in property, plant and equipment	7 323 463
Cost	7 742 679
Accumulated depreciation	(419 216)
Increase in intangible assets	15 844 203
Increase in receivables from exchange transactions (prepayment)	4 043
Decrease in payables from exchange transactions - trade creditors	11 407
Increase in payables from exchange transactions - TCTA accruals	(225 564)
Increase in financial liability: TCTA (current)	(3 339 663)
Increase in financial liability: TCTA (non-current)	(26 441 224)
	(6 823 334)
Effect on reserves	
Increase in revenue from exchange transactions	2 410 450
Increase in depreciation	(110 174)
Increase in finance charges	(1 575 220)
Increase in operating expenses	(976 028)
Decrease in opening accumulated surplus	(6 572 362)
	(6 823 334)

30.2 Property, plant and equipment not recognised in prior period

	2011
	R'000
In the current year, assets have been identified that were not previously recognised and certain constructed assets have not been transferred to completed assets. The effect of this was as follows:	
Increase in property, plant and equipment - infrastructure assets	206 335
Cost	339 792
Accumulated depreciation	(133 457)
Decrease on assets under construction	(80 773)
	125 562
Increase in depreciation - infrastructure assets	(20 129)
Increase in opening retained earnings	145 691
	125 562

30.3 Impairment corrections

During the impairment assessment in the prior year, certain information that was available, has been omitted in calculating the impairment loss. The effect of this in the prior year amounts to:	
Decrease in property, plant and equipment due to an increase in accumulated depreciation and impairment an increase in accumulated depreciation and impairment	(320 192)
Effect on reserves	
Increase in impairment - dams	(320 192)



30.4 Servitudes

	2011
	R'000
Previously, the WTE recognised servitudes separately as Intangible Assets. As the cost forms part of the infrastructure, the cost is now included in property, plant and equipment in accordance with the Standard of GRAP on Property, Plant and Equipment, GRAP 17.	
Decrease in intangible assets	(767 029)
Increase in infrastructure assets	767 029
	-
Previously, the WTE recognised servitudes separately as Intangible Assets. The WTE realised that it would be better disclosure to include servitudes acquired as a separate component of the asset to which it relates as it cannot be sold separately, but rather forms part of the cost of the overall infrastructure in accordance with the Standard of GRAP on Property, Plant and Equipment, GRAP 17.	



30.5 Change in depreciation method and review of useful live

The WTE did not review the useful life of movable assets on an annual basis as required by the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Intangible Assets . The review was only performed in the current year. Furthermore, the WTE change the method of depreciation for equipment as the straight line method was inappropriate and did not reflect accurately the way of use of the assets. As a result, the accumulated depreciation written-off in the past was overstated. This also impacted the depreciation charge to assets constructed.

Increase in property, plant and equipment due to a decrease in accumulated depreciation	106 092
Increase in intangible assets due to a decrease in accumulated amortisation	23 800
	129 892
Effect on reserves	
Decrease in depreciation, amortisation and impairment	22 657
Increase in opening accumulated surplus	107 235
	129 892



30.6 Finance lease obligations incorrectly recognised

	2011
	R'000
The WTE recognised the finance lease obligations and assets incorrectly in the prior year. Some assets were recognised at amounts including VAT and others were not recognised as finance leases.	
Decrease in property, plant and equipment - leased equipment	(176)
Decrease in lease obligation	2 118
Increase in VAT obligation	(410)
	1 532
Effect on reserves	
Decrease in depreciation, amortisation and impairment	608
Decrease in finance cost	221
Increase in opening accumulated surplus	704
	1 532



30.7 Incorrect capitalisation of expenditure

The WTE capitalised internally generated profit to self constructed assets to an amount of R9 million. Prior year operating expenses included and capital expenditure of R41,9 million that were not capitalised to assets and operating expenditure of R4,8 million were incorrectly capitalised. The net effect of this error amounts to:

Increase in property, plant and equipment	32 667
Decrease in property, plant and equipment	(4 837)
	27 830
Increase/(Decrease) in accumulated surplus	
Decrease in expenditure	27 830

30.8 Reclassification of amounts relating to property, plant and equipment and intangible assets

The WTE capitalised internally generated profit to self constructed assets to an amount of R9 million. Prior year operating expenses included and capital expenditure of R41,9 million that were not capitalised to assets and operating expenditure of R4,8 million were incorrectly capitalised. The net effect of this error amounts to:

Increase/(decrease) in accumulated surplus:	
Decrease in cost of property, plant and equipment	(50 166)
Decrease in accumulated depreciation on property, plant and equipment	50 166
Increase in cost of intangible assets	1 378
Increase in accumulated depreciation on intangible assets	(1 378)
	–



30.9 Incomplete inventory

The WTE did not recognise inventory on construction sites in prior years. This also affected the amounts capitalised for assets under construction.	
Increase in Inventory	151 429
Inventory capitalised to assets under construction	(74 767)
	76 662
Effect on reserves	
Increase in operating expenditure	(19 339)
Increase in opening accumulated surplus	96 001
	76 662

30.10 Employee benefit obligations incorrectly stated

The opening balance of leave provision in 2011 was overstated by R41,2 million, whilst the carrying amount was understated by R4,8 million, resulting in an understating of expenses in the prior year and an overstating of opening reserves. The performance bonus was understated in 2010 by R6,5 million and by R1,5 m in 2011. The service bonus obligation was previously included in other accruals and was also understated in the prior year. These errors were mainly due to the incomplete information used to calculate the obligations. The effects on the employee benefits and reserves are as follows:	
Increase in employee benefit obligations	(30 488)
Leave benefit obligation	(6 237)
Performance obligation	(1 589)
Service bonus obligation	(22 662)
Decrease in payables from exchange transactions	17 585
	(12 903)
Increase/(decrease) in accumulated surplus	
Increase in expenditure	(35 272)
Opening retained earnings understated	22 369
	(12 903)



3.11 Rehabilitation provision

The WTE did not make provision for rehabilitation of dams in prior years. The Standard of GRAP on Property, Plant and Equipment requires the cost to be included in the cost of the asset at initial recognition

Increase in property, plant and equipment - infrastructure cost	1 270 093
Increase in liabilities	(1 270 093)

30.12 Provisions incorrectly recognised

Pumping cost provision and some other provisions did not meet the requirements for the recognition of provisions of provisions.

Decrease in provisions	335 115
Decrease in accumulated surplus	
Increase in revenue	97 707
Increase in operating expenditure	(18 844)
Increase in opening accumulated reserves	256 252
	335 115

30.13 Creditors overstated in the prior year

Payables were overstated in the prior year due to a calculation error in the prior years opening retained earnings.

Decrease in payables from exchange transactions	78 346
Increase/(decrease) in accumulated surplus	
Increase in opening retained earnings	78 346



30.14 Correction of accruals and creditors raised in error

Accruals relating to the acquisition of goods and services were incorrectly recognised in the prior year, resulting in an overstatement of payables and understating of expenses.	
Decrease in payables from exchange transactions	648 821
(Increase) in VAT payable	(25 338)
	623 483
Increase/(decrease) in accumulated surplus:	
Decrease in employee benefits costs	6 753
Decrease in operating expenditure	479 804
Increase in opening accumulated reserves	160 743
	640 547

30.15 Unallocated deposits incorrectly classified

Unallocated deposits was incorrectly classified in the previous year. Amounts have been netted off against receivables and cash and cash equivalents.	
Increase/(decrease) in accumulated surplus	
Increase in cash and cash equivalents	11 568
Increase in receivables from exchange transactions	44 724
(Increase) in payables from exchange transactions	(56 292)
Unclaimed deposits	(56 283)
Housing guarantees	(9)
	-



30.16 SANDVET salaries included in own expenses

Prior year salaries included salary claims that should have been showed as a recoverable claim.	
Receivables from exchange transactions understated	11 473
Increase/(decrease) in accumulated surplus	
Increase in opening accumulated reserves	11 473

30.17 VAT corrections

During the reconciliation of the VAT account, we have discovered that VAT was incorrectly raised against transactions where VAT was either not due or payable.	
Decrease in VAT payables due to incorrect VAT raised in the prior year	11 862
Decrease in receivables - sales block provision	(11 798)
Decrease/(increase) in lease obligation	(63)
Effect on reserves	-

30.18 Amounts in payroll clearing account

Due to an error in the run on the payroll clearing account in 2006, expenses was understated and the clearing account included in payables were also understated.	
Payables from exchange transactions understated	(20 933)
Increase/(decrease) in accumulated surplus	
Decrease in opening retained earnings	(20 933)



30.19 Water Research Commission balance

The WTE did not account correctly for the agency relationship with the Water Research Commission. The outstanding amounts from Water Research Commission was not considered in calculating the amount owed or receivable and commission was not accrued for prior years.	
Decrease in trade receivables	(243 728)
Decrease in payable to Water Research Commission	3 246
Increase in receivables from Water Research Commission	197 131
	(43 351)
Increase/(decrease) in accumulated surplus	
Increase in revenue from commission earned	1 120
Decrease in opening retained earnings	(44 471)
	(43 351)

30.20 Incorrect allocation of debtors receipts to sundry revenue

In 2008/09, amounts received from debtors were incorrectly recognised as revenue	
Decrease in trade receivables	(1 400)
Decrease in opening retained earnings	(1 400)



30.21 Provisions raised against debtors without supporting documents

In the prior year, the WTE made provision for errors against receivables without the required source documents. Receivables were written off without adequate authorisation. At the same time, debt were raised without the required source documents.	
Increase in receivables	122 310
Decrease in receivables	(9 766)
Decrease in impairment of trade receivables	115 197
Increase in revenue from exchange transactions	53 381
Increase in opening retained earnings	(56 033)
	112 545

30.22 Debtor incorrectly stated

The WTE identified a debtor that was incorrectly billed in the prior period and corrected the balance in the current period.	
Decrease in trade receivables	(85 686)
Decrease in VAT liability	10 523
	(75 163)
Effect on reserves	
Decrease in revenue	(75 163)

30.23 Recognition of construction cost

The WTE did not recognise construction cost incurred separately in accordance with the Standard of GRAP on Construction Cost.	
Increase in operating expenditure - construction cost	(175 441)
Decrease in employee benefit cost	164 503
Decrease in depreciation	10 938
	-



30.24 Retention payables not recognised previously

The WTE did not recognise retention amounts due as a payable in prior year financial statements.	(3 350)
Increase in payables from exchange transactions	
Increase in operating expenditure	(3 350)

30.25 Bank and petty cash control accounts not recorded timeously

The WTE did not record cash book and petty cash control transactions timeously, resulting in the following errors:	
Overstating of cash and cash equivalents	(178 884)
Payables from exchange transactions	178 777
	(107)
Effect on reserves	
Increase in expenses	(107)
	(107)

30.26 Other prior year error notes

Effect on assets	(252 027)
Effect on liabilities	551 869
	299 842
Effect on reserves	
Decrease in exchange revenue	(65 061)
Increase in expenses	584 401



4.1 REPORT ON THE IMPLEMENTATION OF THE SERVICE DELIVERY PLAN

Table 45: Key services and standards

Main Services	Clients	Potential customers	Standard of service	Actual achievement against standards
Support to municipalities	Local government, SALGA COGTA, Public	Local government, SALGA COGTA, Public	Respond to 100% of all requests for advice and/or support to municipalities in dealing with emergency incidents related to water supply and sanitation within 24 hours	90% of requests for advice to municipalities in dealing with emergency incidents related to water supply and sanitation were responded to within 24 hours
Access authorisations to dams for recreational purposes	Public		Ensure equitable access to state dams for recreational purposes taking into account safety requirements and zoning of dams for specific activities	2 RMPs developed ((Fika Patso and Metsi Matso)) to ensure equitable access to state dams Two applications Access authorisations to dams for recreational purposes approved in one week Elevated transactional advisor tender for Pongolapoort Dam PPP appointed contractor for RMP and BP for 17 dams
Issuing Water licenses	Farmers, Mines, Property Developers, Municipalities, Water Boards and Industries.	-	Process 100% of water use licence applications within 120 days from date of receipt.	Generally, standard not achieved due to lack of capacity Standard achieved for some priority applications like renewable energy applications and other strategic WULAs.
Optimal operations and maintenance of water Resources infrastructure	Water users	-	More infrastructure maintained according to standard	Few infrastructures maintained according to standard due to lack of capacity.

PART 4: HUMAN RESOURCE MANAGEMENT

4.1: REPORT ON THE IMPLEMENTATION OF THE SERVICE DELIVERY PLAN

Main Services	Clients	Potential customers	Standard of service	Actual achievement against standards
Upgrading and development of new water Resources infrastructure for water security and availability	Communities	Unserved communities	Access: Increase water storage capacity for water security and availability for socio-economic development	Upgrading of Westoe-Jericho pipeline, Vlakfontein canal and construction of (S1) at Orange Riet for Central Cluster
Provide water Resources infrastructure to unserved communities	Communities with no dams and other water infrastructure	Unserved communities	Access: Transform single-purpose dams into multi-purpose dams to benefit communities	RBIG programme underway to implement approved strategy
Answer calls to the Department within 5 rings	Internal and external clients	Internal and external clients	Access: Answer 100% of calls to the Department within 5 rings	100% of calls were answered within 5 rings
Activate 100% of all existing voicemail facilities	Public & DWA	Public & DWA	Access and Efficiency Activate 100% all existing staff voice mail facilities.	100% of staff voice mails were activated
Respond to 100% of complaints/queries done via e-mail and voicemails within 48 hours	Internal and external clients	Internal and external clients	Efficiency: Respond to 100% of all complaints/queries to the Department within 48 hours	100% of queries/complaints were responded to within 48 hours
Procurement of goods and services through quotation methods	Line functions at head office	Line functions at head office	Efficiency and Accessibility to clients Procurement of goods should be within 2-3 weeks through the quotation method and three days through warehouse.	Procurements were done within 2 to 3 weeks through quotation method and 3 days through warehouse
Payment of all invoices within 30 days of receipt	Service providers and creditors	Service providers and creditors	Pay 100% of all invoices within 30 working days on receipt of correctly completed invoices	90% of all invoices were paid within 30 working days on receipt of correctly completed invoices

4.2 HR OVERSIGHT: 1 APRIL 2010 TO 31 MARCH 2011

TABLE 1.1 Main Service for Service Delivery Improvement and Standards

Main Services	Actual Customers	Potential Customers	Standard of Service	Actual Achievement against Standards
xxx	xxx	xxx	xxx	xxx
xxx	xxx	xxx	xxx	xxx

TABLE 1.2 Consultation Arrangements for Customers

Type of Arrangement	Actual Customer	Potential Customer	Actual Achievements
xxx	xxx	xxx	xxx
xxx	xxx	xxx	xxx

TABLE 1.3 Service Delivery Access Strategy

Access Strategy	Actual Achievements
xxx	xxx
xxx	xxx

TABLE 1.4 Service Information Tool

Type of Information Tool	Actual Achievements
xxx	xxx
xxx	xxx

TABLE 1.5 Complaint Mechanism

Complaint Mechanism	Actual Achievements
xxx	xxx
xxx	xxx



TABLE 2.1: Personnel costs by Programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
DWA: Water Sector Regulation	91 153	47 778	0	0	52,4	7	7 094
DWA: Administration	779 834	262 185	0	0	33,6	37	7 094
DWA: International Water Co-operation	20 934	13 112	0	0	62,6	2	7 094
DWA: Regional Implementation and Support	4 456 765	451 431	0	0	10,1	64	7 094
DWA: Regional Management	-8	0	0	0	0	0	7 094
DWA: Trading Entity	713	0	0	0	0	0	7 094
DWA: Water Infrastructure Management	2 384 021	0	0	0	0	0	7 094
DWA: Water Sector Management	511 808	149 148	0	0	29,1	21	7 094
DWA: Water Services	0	0	0	0	0	0	7 094
Z=Total as on Financial	8 245 220	923 655	0	0	11,2	130	7 094

TABLE 2.2: Personnel costs by Salary band

Salary bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R'000)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	91 448	5	102 450	1 825 218	893
Skilled (Levels 3-5)	278 681	15,3	135 876	1 825 218	2 051
Highly skilled production (Levels 6-8)	520 284	28,5	229 402	1 825 218	2 268
Highly skilled supervision (Levels 9-12)	540 391	29,6	433 353	1 825 218	1 247
Senior management (Levels 13-16)	96 738	5,3	662 589	1 825 218	146
Contract (Levels 1-2)	801	0	89 000	1 825 218	9
Contract (Levels 3-5)	18 638	1	159 299	1 825 218	117
Contract (Levels 6-8)	46 892	2,6	189 081	1 825 218	248
Contract (Levels 9-12)	42 882	2,3	456 191	1 825 218	94
Contract (Levels 13-16)	50 568	2,8	2 408 000	1 825 218	21
Periodical Remuneration	658	0,1	138 167	1 825 218	12
TOTAL	1 689 021	92,5	237 689	1 825 218	7 106

TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
DWA: Water Sector Regulation	37 500	75,1	56	0,1	929	1,9	1699	3,4	49939
DWA: Administration	208 363	77,8	2089	0,8	6401	2,4	9399	3,5	267863
DWA: International Water Co-operation	10 431	78,1	85	0,6	187	1,4	370	2,8	13351
DWA: Regional Implementation & Support	327 014	62,3	2676	0,5	15976	3	23048	4,4	525069
DWA: Water Sector Management	114 330	72,6	219	0,1	3318	2,1	5956	3,8	157427
Unknown	489 762	62,9	35216	4,5	25736	3,3	36144	4,6	779187
Water Resource Planning (p 3) fund 1000	20 910	64,6	46	0,1	856	2,6	1517	4,7	32383
TOTAL	1 208 310	66,2	40 387	2,2	53 403	2,9	78 133	4,3	1 825 219

TABLE 2.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower skilled (Levels 1-2)	59 642	58	1 578	1,5	7 934	7,7	7 794	7,6	102 905
Skilled (Levels 3-5)	179 201	58,3	14 248	4,6	16 372	5,3	17 301	5,6	307 130
Highly skilled production (Levels 6-8)	350 614	63,8	17 936	3,3	18 052	3,3	31 154	5,7	549 895
Highly skilled supervision (Levels 9-12)	394 867	66,9	6 310	1,1	8 473	1,4	18 860	3,2	590 386
Senior management (Levels 13-16)	77 496	73,5	0	0	1 343	1,3	1 768	1,7	105 490
Contract (Levels 1-2)	787	94,9	4	0,5	2	0,2	1	0,1	829
Contract (Levels 3-5)	18 228	96,5	169	0,9	2	0	6	0	18 880
Contract (Levels 6-8)	46 363	96,7	86	0,2	10	0	44	0,1	47 941
Contract (Levels 9-12)	38 371	84	57	0,1	204	0,4	380	0,8	45 670
Contract (Levels 13-16)	42 742	78,5	0	0	1 012	1,9	824	1,5	54 415
Periodical Remuneration	0	0	0	0	0	0	0	0	1 677
TOTAL	1 208 311	66,2	40 388	2,2	53 404	2,9	78 132	4,3	1 825 218

TABLE 3.1: Employment and Vacancies by Programme at end of period

PROGRAMME	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
DWA: Water Sector Regulation, Permanent	183	143	21,9	32
DWA: Administration, Permanent	1 198	981	18,1	33
DWA: International Water Cooperation, Permanent	39	29	25,6	0
DWA: Regional Implementation & Support, Permanent	2 502	1 971	21,2	41
DWA: Water Sector Management, Permanent	636	380	40,3	6
DWA: Water Sector Management, Temporary	1	1	0	0
Unknown, Permanent	4 416	3 502	20,7	977
Water Resource Planning (p 3) fund 1000, Permanent	106	87	173,9	0
TOTAL	9 081	7 094	21,9	1 089

TABLE 3.2: Employment and Vacancies by Salary Band at end of period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	1 063	893	16	5
Skilled (Levels 3-5), Permanent	2 426	2 050	15,5	497
Highly skilled production (Levels 6-8), Permanent	3 087	2 268	26,5	346
Highly skilled supervision (Levels 9-12), Permanent	1 791	1 246	30,4	109
Highly skilled supervision (Levels 9-12), Temporary	1	1	0	0
Senior management (Levels 13-16), Permanent	223	146	34,5	0
Other, Permanent	1	1	0	0
Contract (Levels 1-2), Permanent	9	9	0	0
Contract (Levels 3-5), Permanent	117	117	0	86
Contract (Levels 6-8), Permanent	248	248	0	21
Contract (Levels 9-12), Permanent	94	94	0	23
Contract (Levels 13-16), Permanent	21	21	0	2
TOTAL	9 081	7 094	21,9	1 089

TABLE 3.3: Employment and Vacancies by Critical Occupation at end of period

CRITICAL OCCUPATIONS	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	482	374	22,4	5
Agricul animal oceanography forestry & other scien, Permanent	5	1	80	0
Agriculture related, Permanent	3	3	0	0
All artisans in the building metal machinery etc., Permanent	146	115	21,2	0
Artisan project and related superintendents, Permanent	49	7	85,7	0
Auxiliary and related workers, Permanent	594	484	18,5	8
Biologists botanists zoologists & rel professional, Permanent	5	3	40	0
Building and other property caretakers, Permanent	108	92	14,8	0
Bus and heavy vehicle drivers, Permanent	34	32	5,9	0
Cartographers and surveyors, Permanent	28	0	100	0
Cartographic surveying and related technicians, Permanent	30	22	26,7	0
Chemical and physical science technicians, Permanent	17	10	41,2	0
Civil engineering technicians, Permanent	201	156	22,4	0
Cleaners in offices, workshops, hospitals etc., Permanent	173	151	12,7	0
Client inform clerks (switchb recept inform clerks), Permanent	11	11	0	1
Communication and information related, Permanent	37	33	10,8	3
Community development workers, Permanent	100	77	23	2
Computer programmers., Permanent	1	1	0	0
Computer system designers and analysts., Permanent	2	2	0	0

CRITICAL OCCUPATIONS	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Diplomats, Permanent	2	2	0	0
Economists, Permanent	2	2	0	0
Electrical and electronics engineering technicians, Permanent	3	2	33,3	0
Engineering sciences related, Permanent	594	312	47,5	12
Engineers and related professionals, Permanent	95	60	36,8	4
Farm hands and labourers, Permanent	80	66	17,5	0
Finance and economics related, Permanent	175	121	30,9	3
Financial and related professionals, Permanent	14	12	14,3	0
Financial clerks and credit controllers, Permanent	579	403	30,4	63
Food services aids and waiters, Permanent	24	18	25	0
Forestry labourers, Permanent	11	11	0	0
General and special investigations, Permanent	1	1	0	0
General legal administration & rel. professionals, Permanent	17	8	52,9	0
Geologists geophysicists hydrologists & relat prof, Permanent	197	140	28,9	0
Head of department/chief executive officer, Permanent	1	1	0	0
Health sciences related, Permanent	1	0	100	0
Household and laundry workers, Permanent	4	4	0	0
Household food and laundry services related, Permanent	1	1	0	0
Human Resource & organisat developm & relate prof, Permanent	44	35	20,5	1
Human Resource clerks, Permanent	172	135	21,5	3
Human Resource related, Permanent	133	110	17,3	0

CRITICAL OCCUPATIONS	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Information technology related, Permanent	27	24	11,1	0
Language practitioners interpreters & other commun, Permanent	39	30	23v1	0
Legal related, Permanent	2	0	100	0
Librarians and related professionals, Permanent	6	6	0	0
Library mail and related clerks, Permanent	47	36	23,4	0
Life sciences related, Permanent	1	0	100	0
Light vehicle drivers, Permanent	55	49	10,9	0
Logistic al support personnel, Permanent	104	66	36,5	0
Material-recording and transport clerks, Permanent	193	172	10,9	6
Mechanical engineering technicians, Permanent	3	2	33,3	0
Messengers porters and deliverers, Permanent	119	100	16	2
Middle managers, Permanent	1	1	0	0
Mining geology & geophysical & related technicians, Permanent	29	19	34,5	0
Motor vehicle drivers, Permanent	51	44	13,7	0
Motorised farm and forestry plant operators, Permanent	79	79	0	0
Natural sciences related, Permanent	330	221	33	4
Natural sciences related, Temporary	1	1	0	0
Nature conservation and oceanographical rel. techni, Permanent	7	5	28,6	0
Other administrat & related clerks and organisers, Permanent	613	505	17,6	41
Other administrative policy and related officers, Permanent	130	97	25,4	1
Other information technology personnel., Permanent	12	9	25	0

CRITICAL OCCUPATIONS	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Other machine operators, Permanent	3	2	33,3	0
Other occupations, Permanent	992	932	6	926
Quantity surveyors & rela prof not class elsewhere, Permanent	2	1	50	0
Regulatory inspectors, Permanent	30	19	36,7	0
Risk management and security services, Permanent	5	3	40	0
Road workers, Permanent	9	9	0	0
Safety health and quality inspectors, Permanent	14	8	42,9	0
Secretaries & other keyboard operating clerks, Permanent	171	138	19,3	0
Security guards, Permanent	62	47	24,2	0
Security officers, Permanent	141	124	12,1	0
Senior managers, Permanent	140	89	36,4	1
Social sciences related, Permanent	55	43	21,8	0
Social work and related professionals, Permanent	4	4	0	0
Trade labourers, Permanent	1 208	1 000	17,2	3
Trade related, Permanent	3	0	100	0
Trade/industry advisers & other related profession, Permanent	3	3	0	0
Water plant and related operators, Permanent	214	188	12,1	0
TOTAL	9 081	7 094	21,9	1089

Table 4.1: Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	1 063	2	0,2	1	50	0	0
Contract (Levels 1-2)	9	0	0	0	0	0	0
Contract (Levels 3-5)	117	0	0	0	0	0	0
Contract (Levels 6-8)	248	0	0	1	0	0	0
Contract (Levels 9-12)	94	0	0	0	0	0	0
Contract (Band A)	12	0	0	0	0	0	0
Contract (Band B)	4	0	0	0	0	0	0
Contract (Band C)	3	0	0	0	0	0	0
Contract (Band D)	2	0	0	0	0	0	0
Skilled (Levels 3-5)	2 426	3	0,1	0	0	0	0
Highly skilled production (Levels 6-8)	3 087	9	0,3	1	11,1	0	0
Highly skilled supervision (Levels 9-12)	1 792	35	2	0	0	0	0
Senior Management Service Band A	136	3	2,2	0	0	0	0
Senior Management Service Band B	78	5	6,4	0	0	0	0
Senior Management Service Band C	7	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Other	1	0	0	0	0	0	0
TOTAL	9 081	57	0,6	3	5,3	0	0

Table 4.2: Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	4	0	0	0	4
Male	9	0	0	6	15
Total	13	0	0	6	19
Employees with a Disability	0	0	0	0	0

Table 4.3: Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
xxx	0	xxx	xxx	xxx	
xxx	0	xxx	xxx	xxx	
Total	0				
Percentage of Total Employment	0				0

Table 4.4: Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

TABLE 5.1: Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	970	7	61	6,3
Skilled (Levels 3-5), Permanent	2 136	122	170	8
Skilled (Levels 3-5), Temporary	1	0	0	0
Highly skilled production (Levels 6-8), Permanent	2 225	90	81	3,6
Highly skilled supervision (Levels 9-12), Permanent	1 199	39	51	4,3
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	0
Senior Management Service Band A, Permanent	34	0	4	11,8
Senior Management Service Band B, Permanent	32	0	5	15,6
Senior Management Service Band C, Permanent	2	0	1	50
Senior Management Service Band D, Permanent	2	0	0	0
Contract (Levels 1-2), Permanent	19	1	17	89,5
Contract (Levels 3-5), Permanent	202	30	96	47,5
Contract (Levels 6-8), Permanent	383	35	189	49,3
Contract (Levels 9-12), Permanent	180	18	103	57,2
Contract (Band A), Permanent	77	1	2	2,6
Contract (Band B), Permanent	26	0	3	11,5
Contract (Band C), Permanent	6	1	1	16,7
Contract (Band D), Permanent	1	1	0	0
TOTAL	7 496	345	784	10,5

Table 5.2: Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	445	16	86	19,3
Agricul animal oceanography forestry & other scien, Permanent	9	0	0	0
Agriculture related, Permanent	2	0	0	0
All artisans in the building metal machinery etc., Permanent	124	0	7	5,6
Artisan project and related superintendents, Permanent	3	2	0	0
Auxiliary and related workers, Permanent	507	10	29	5,7
Biologists botanists zoologists & rel professional, Permanent	9	0	6	66,7
Building and other property caretakers, Permanent	101	0	10	9,9
Bus and heavy vehicle drivers, Permanent	37	0	6	16,2
Cartographic surveying and related technicians, Permanent	22	1	0	0
Chemical and physical science technicians, Permanent	10	0	0	0
Civil engineering technicians, Permanent	172	0	13	7,6
Cleaners in offices workshops hospitals etc., Permanent	151	2	7	4,6
Client inform clerks (switchb receipt inform clerks), Permanent	12	0	1	8,3
Communication and information related, Permanent	29	3	3	10,3
Community development workers, Permanent	81	0	6	7,4
Computer programmers, Permanent	1	0	0	0
Computer system designers and analysts, Permanent	8	0	6	75
Diplomats, Permanent	1	0	0	0
Economists, Permanent	3	0	0	0

Occupation	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Electrical and electronics engineering technicians, Permanent	2	0	0	0
Engineering sciences related, Permanent	246	73	30	12,2
Engineers and related professionals, Permanent	56	3	6	10,7
Farm hands and labourers, Permanent	72	2	5	6,9
Finance and economics related, Permanent	134	2	15	11,2
Financial and related professionals, Permanent	16	0	3	18,8
Financial clerks and credit controllers, Permanent	444	21	40	9
Food services aids and waiters, Permanent	24	0	4	16,7
Forestry labourers, Permanent	12	0	1	8,3
General legal administration & rel. professionals, Permanent	9	1	1	11,1
Geologists geophysicists hydrologists & relat prof, Permanent	141	5	10	7,1
Head of department/chief executive officer, Permanent	1	1	1	100
Health sciences related, Permanent	6	0	6	100
Horticulturists foresters agricul. & forestry techn, Permanent	1	0	0	0
Household and laundry workers, Permanent	4	0	0	0
Household food and laundry services related, Permanent	1	0	0	0
Human Resource & organisat developm & relate prof, Permanent	37	1	2	5,4
Human Resource clerks, Permanent	208	6	68	32,7
Human Resource related, Permanent	127	3	34	26,8
Information technology related, Permanent	6	9	0	0
Inspectors of apprentices works and vehicles, Permanent	1	0	1	100

Occupation	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Language practitioners interpreters & other communication, Permanent	33	1	4	12,1
Librarians and related professionals, Permanent	5	1	0	0
Library mail and related clerks, Permanent	42	0	2	4,8
Light vehicle drivers, Permanent	53	0	4	7,5
Logistical support personnel, Permanent	62	2	7	11,3
Material-recording and transport clerks, Permanent	178	6	15	8,4
Material-recording and transport clerks, Temporary	1	0	0	0
Mechanical engineering technicians, Permanent	2	0	0	0
Messengers porters and deliverers, Permanent	105	4	12	11,4
Middle managers, Permanent	1	0	0	0
Mining geology & geophysical & related technicians, Permanent	21	0	2	9,5
Motor vehicle drivers, Permanent	44	1	6	13,6
Motorised farm and forestry plant operators, Permanent	124	0	21	16,9
Natural sciences related, Permanent	187	12	5	2,7
Natural sciences related, Temporary	1	0	0	0
Nature conservation and oceanographical rel.techni, Permanent	7	0	0	0
Other administrat & related clerks and organisers, Permanent	526	28	50	9,5
Other administrative policy and related officers, Permanent	108	2	4	3,7
Other information technology personnel., Permanent	11	0	2	18,2
Other occupations, Permanent	870	98	43	4,9
Quantity surveyors & rela prof not class elsewhere, Permanent	1	0	0	0

Occupation	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Regulatory inspectors, Permanent	21	0	2	9,5
Risk management and security services, Permanent	3	0	0	0
Road workers, Permanent	8	1	0	0
Safety health and quality inspectors, Permanent	10	1	4	40
Secretaries & other keyboard operating clerks, Permanent	156	5	22	14,1
Security guards, Permanent	50	5	4	8
Security officers, Permanent	126	0	3	2,4
Senior managers, Permanent	101	3	14	13,9
Social sciences related, Permanent	62	0	14	22,6
Social work and related professionals, Permanent	2	0	0	0
Trade labourers, Permanent	1 110	14	118	10,6
Trade/industry advisers & other related profession, Permanent	4	0	1	25
Water plant and related operators, permanent	186	0	18	9,7
Total	7 496	345	784	10,5

Table 5.3: Reasons why staff are leaving the Department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	72	9,2	1	784	7 496
Resignation, Permanent	432	55,1	5,8	784	7 496
Expiry of contract, Permanent	92	11,7	1,2	784	7 496
Transfers, Permanent	1	0,1	0	784	7 496
Discharged due to ill health, Permanent	7	0,9	0,1	784	7 496
Dismissal-misconduct, Permanent	4	0,5	0,1	784	7 496
Retirement, Permanent	172	21,9	2,3	784	7 496
Other, Permanent	4	0,5	0,1	784	7 496
TOTAL	784	100	10,5	784	7 496

Resignations as % of Employment
10,5

TABLE 5.4: Granting of Employee Initiated Severance Packages

Category	No of applications received	No of applications referred to the MPSA	No of applications supported by MPSA	No of Packages approved by department
Lower Skilled (Salary Level 1-2)	0	0	0	0
Skilled (Salary Level 3-5)	0	0	0	0
Highly Skilled Production (Salary Level 6-8)	0	0	0	0
Highly Skilled Production (Salary Level 9-12)	0	0	0	0
Senior Management (Salary Level 13 and higher)	0	0	0	0
Total	0	0	0	0

Table 5.5: Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	445	29	6,5	143	32,1
Agricul animal oceanography forestry & other scien	9	0	0	5	55,6
Agriculture related	2	1	50	2	100
All artisans in the building metal machinery etc.	124	0	0	91	73,4
Artisan project and related superintendents	3	1	33,3	1	33,3
Auxiliary and related workers	520	8	1,5	391	75,2
Biologists botanists zoologists & rel professional	9	0	0	1	11,1
Building and other property caretakers	101	0	0	86	85,1
Bus and heavy vehicle drivers	37	2	5,4	17	45,9
Cartographic surveying and related technicians	22	1	4,5	16	72,7
Chemical and physical science technicians	10	0	0	10	100
Civil engineering technicians	172	0	0	135	78,5
Cleaners in offices, workshops, hospitals etc.	151	2	1,3	109	72,2
Client inform clerks(switchb recept inform clerks)	12	0	0	8	66,7
Communication and information related	29	4	13,8	22	75,9
Community development workers	81	7	8,6	44	54,3
Computer programmers.	1	0	0	1	100
Computer system designers and analysts.	8	0	0	2	25
Economists	3	0	0	1	33,3

Occupation	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Electrical and electronics engineering technicians	2	0	0	2	100
Engineering sciences related	246	5	2	132	53,7
Engineers and related professionals	56	5	8,9	40	71,4
Farm hands and labourers	72	0	0	62	86,1
Finance and economics related	134	11	8,2	70	52,2
Financial and related professionals	16	1	6,3	8	50
Financial clerks and credit controllers	444	16	3,6	190	42,8
Food services aids and waiters	24	0	0	18	75
General and special investigations	0	1	0	0	0
General legal administration & rel. professionals	9	0	0	7	77,8
Geologists geophysicists hydrologists & relat prof	141	5	3,5	109	77,3
Head of Department/Chief Executive Officer	1	0	0	0	0
Health sciences related	6	0	0	0	0
Horticulturists foresters agricul.& forestry techn	1	0	0	0	0
Household and laundry workers	4	0	0	3	75
Household food and laundry services related	1	0	0	1	100
Human Resource & organisat developm & relate prof	37	1	2,7	20	54,1
Human Resource clerks	208	4	1,9	72	34,6
Human Resource related	127	7	5,5	44	34,6
Information technology related	6	7	116,7	2	33,3

Occupation	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Inspectors of apprentices works and vehicles	1	0	0	0	0
Language practitioners & other communication	33	3	9,1	18	54,5
Librarians and related professionals	5	0	0	4	80
Library mail and related clerks	42	0	0	27	64,3
Light vehicle drivers	53	1	1,9	39	73,6
Logistical support personnel	62	4	6,5	38	61,3
Material-recording and transport clerks	179	10	5,6	102	57
Mechanical engineering technicians	2	0	0	2	100
Messengers porters and deliverers	105	1	1	74	70,5
Middle managers	1	0	0	0	0
Mining geology & geophysical & related technicians	21	0	0	18	85,7
Motor vehicle drivers	44	0	0	29	65,9
Motorised farm and forestry plant operators	124	0	0	50	40,3
Natural sciences related	188	8	4,3	137	72,9
Nature conservation and oceanographical rel.techni	7	0	0	1	14,3
Other administrat & related clerks and organisers	526	13	2,5	300	57
Other administrative policy and related officers	108	1	0,9	78	72,2
Other information technology personnel.	11	0	0	5	45,5
Other occupations	870	186	21,4	14	1,6
Quantity surveyors & rela prof not class elsewhere	1	0	0	1	100
Regulatory inspectors	21	0	0	8	38,1
Risk management and security services	3	0	0	2	66,7
Safety health and quality inspectors	10	1	10	4	40

Occupation	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Secretaries & other keyboard operating clerks	156	6	3,8	98	62,8
Security guards	50	0	0	24	48
Security officers	126	3	2,4	106	84,1
Senior managers	101	1	1	8	7,9
Social sciences related	62	2	3,2	38	61,3
Social work and related professionals	2	1	50	2	100
Trade labourers	1 118	5	0,4	731	65,4
Trade/industry advisers & other related profession	4	0	0	1	25
Water plant and related operators	186	2	1,1	127	68,3
Total	7 496	366	4,9	3951	52,7

Table 5.6: Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employments
Lower skilled (Levels 1-2), Permanent	970	0	0	435	44,8
Skilled (Levels 3-5), Permanent	2 136	104	4,9	1 362	63,8
Skilled (Levels 3-5), Temporary	1	0	0	0	0
Highly skilled production (Levels 6-8), Permanent	2 225	156	7	1 173	52,7
Highly skilled supervision (Levels 9-12), Permanent	1 199	90	7,5	859	71,6
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	1	100
Senior management (Levels 13-16), Permanent	70	5	7,1	49	70
Contract (Levels 1-2), Permanent	19	0	0	0	0
Contract (Levels 3-5), Permanent	202	0	0	3	1,5
Contract (level 6-8), permanent	383	3	0,8	18	4,7
Contract (level 9-12), permanent	180	8	4,4	39	21,7
Contract (level 13-16), permanent	110	0	0	12	10,9
Total	7 496	366	4,9	3 951	52,7

Table 6.1: Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	33	6	3	42	14	28	3	2	33	6	95
Professionals, Permanent	410	24	16	450	159	352	20	18	390	40	1 039
Technicians and associate professionals, Permanent	622	90	20	732	125	477	21	23	521	87	1 465
Technicians and associate professionals, Temporary	0	0	0	0	0	0	0	0	0	1	1
Clerks, Permanent	376	30	4	410	23	734	59	20	813	152	1 398
Service and sales workers, Permanent	143	2	1	146	7	38	1	1	40	2	195
Craft and related trades workers, Permanent	67	8	1	76	44	1	1	0	2	0	122
Plant and machine operators and assemblers, Permanent	895	91	4	990	173	93	15	0	108	51	1 322
Elementary occupations, Permanent	966	108	1	1 075	10	345	19	1	365	2	1 452
Other, Permanent	3	0	0	3	1	1	0	0	1	0	5
TOTAL	3 515	359	50	3 924	556	2 069	139	65	2 273	341	7 094
Employees with disabilities	7	1	0	8	7	6	1	1	8	1	24

Table 6.2: Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	1	6	0	0	6	0	7
Senior Management, Permanent	39	9	5	53	38	27	3	4	34	14	139
Professionally qualified and experienced specialists and mid-management, Permanent	439	37	22	498	279	358	15	19	392	77	1 246
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	0	0	0	0	0	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	850	77	16	943	176	857	61	29	947	202	2 268
Semi-skilled and discretionary decision making, Permanent	1 405	181	3	1 589	24	358	36	5	399	38	2 050
Unskilled and defined decision making, Permanent	571	40	1	612	3	262	16	0	278	0	893
Not Available, Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Top Management), Permanent	4	0	0	4	1	0	0	0	0	0	5
Contract (Senior Management), Permanent	6	0	0	6	6	3	0	0	3	1	16
Contract (Professionally qualified), Permanent	36	1	1	38	21	27	1	2	30	5	94
Contract (Skilled technical), Permanent	111	13	1	125	5	105	5	6	116	2	248
Contract (Semi-skilled), Permanent	48	1	1	50	2	63	1	0	64	1	117
Contract (Unskilled), Permanent	5	0	0	5	0	3	1	0	4	0	9
TOTAL	3 515	359	50	3 924	556	209	139	65	2 273	341	7 094

Table 6.3: Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionally qualified and experienced specialists and mid-management, Permanent	18	1	3	22	4	11	1	0	12	1	39
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	40	3	0	43	3	38	1	3	42	2	90
Semi-skilled and discretionary decision making, Permanent	90	2	1	93	2	23	2	1	26	1	122
Unskilled and defined decision making, Permanent	5	1	0	6	0	1	0	0	1	0	7
Contract (Top Management), Permanent	2	0	0	2	0	0	0	0	0	0	2
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	7	0	0	7	7	3	0	0	3	1	18
Contract (Skilled technical), Permanent	11	4	0	15	1	16	3	0	19	0	35
Contract (Semi-skilled), Permanent	16	0	1	17	2	11	0	0	11	0	30
Contract (Unskilled), Permanent	0	0	0	0	0	0	1	0	1	0	1
Total	189	11	5	205	20	103	8	4	115	5	345
Employees with disabilities	0	0	0	0	0	0	0	1	1	0	1

Table 6.4: Promotions

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	2	0	0	0	0	0	2
Senior Management, Permanent	1	1	0	2	42	3	0	0	3	5	52
Professionally qualified and experienced specialists and mid-management, Permanent	336	24	12	372	202	285	11	15	311	64	949
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	0	0	0	0	0	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	454	36	9	499	82	548	48	20	616	132	1 329
Semi-skilled and discretionary decision making, Permanent	980	143	1	1 124	13	281	27	4	312	17	1 466
Unskilled and defined decision making, Permanent	273	21	1	295	3	128	9	0	137	0	435
Contract (Top Management), Permanent	0	0	0	0	2	0	0	0	0	0	2
Contract (Senior Management), Permanent	4	0	0	4	3	1	0	0	1	2	10
Contract (Professionally qualified), Permanent	21	0	1	22	6	16	1	0	17	2	47
Contract (Skilled technical), Permanent	6	0	0	6	0	13	1	1	15	0	21
Contract (Semi-skilled), Permanent	0	0	0	0	0	2	1	0	3	0	3
Total	2 075	225	24	2 324	355	1 277	98	40	1 415	223	4 317
Employees with disabilities	7	1	0	8	5	3	0	0	3	1	17

Table 6.5: Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	1	0	1	0	0	0	0	0	0	1
Senior Management, Permanent	3	0	0	3	6	0	0	0	0	0	9
Professionally qualified and experienced specialists and mid-management, Permanent	17	3	1	21	15	10	1	1	12	3	51
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	32	4	2	38	11	21	1	0	22	10	81
Semi-skilled and discretionary decision making, Permanent	115	21	0	136	1	29	3	0	32	1	170
Unskilled and defined decision making, Permanent	24	4	0	28	1	32	0	0	32	0	61
Contract (Top Management), Permanent	0	0	0	0	1	0	0	0	0	0	1
Contract (Senior Management), Permanent	1	1	0	2	1	2	0	0	2	0	5
Contract (Professionally qualified), Permanent	37	4	2	43	13	35	7	1	43	4	103
Contract (Skilled technical), Permanent	77	12	1	90	7	69	10	1	80	12	189
Contract (Semi-skilled), Permanent	31	5	2	38	0	41	14	1	56	2	96
Contract (Unskilled), Permanent	8	3	0	11	0	4	2	0	6	0	17
Total	345	58	8	411	56	243	38	4	285	32	784
Employees with disabilities	1	0	0	1	0	0	0	0	0	0	1

Table 6.6: Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total	Not Available
TOTAL	12	1	0	0	2	9	0	0	9	1	25	0

Table 6.7: Skills Development

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials and Managers	47	10	5	62	17	41	3	4	48	8	135
Professionals	444	39	20	503	329	355	16	20	439	86	1 309
Technicians and Associate Professionals	488	53	14	555	151	507	28	19	554	126	1 386
Clerks	751	71	7	829	51	597	53	14	664	103	1 647
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	1 200	166	4	1 370	15	257	18	3	278	28	1 691
Elementary Occupations	602	45	1	1 037	3	289	18	0	307	0	958
TOTAL	3 532	384	51	4 356	566	2 046	136	60	2 290	351	7 126
Employees with disabilities	10	1	0	11	8	6	1	1	8	0	27

Table 7.1: Performance Rewards by Race, Gender and Disability

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	596	2 063	28,9	6 550	10 990
African, Male	1 163	3 508	33,2	15 423	13 261
Asian, Female	30	64	46,9	479	15 963
Asian, Male	25	50	50	504	20 155
Coloured, Female	69	138	50	906	13 130
Coloured, Male	152	358	42,5	2 166	14 253
Total Blacks, Female	695	2 265	30,7	7 935	11 417
Total Blacks, Male	1 340	3 916	34,2	18 093	13 502
White, Female	187	340	55	3 563	19 054
White, Male	333	549	60,7	11 926	35 812
Employees with a disability	7	24	29,2	190	27 124
TOTAL	2 562	7 094	36,1	41 706	16 279

Table 7.2: Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	206	888	23,2	1 059	5 141
Skilled (Levels 3-5)	752	2 051	36,7	6 862	9 125
Highly skilled production (Levels 6-8)	936	2 271	41,2	13 442	14 361
Highly skilled supervision (Levels 9-12)	592	1 248	47,4	16 276	27 493
Other	0	1	0	0	0
Contract (Levels 1-2)	0	9	0	0	0
Contract (Levels 3-5)	0	117	0	0	0
Contract (Levels 6-8)	5	248	2	69	13 800
Contract (Levels 9-12)	20	94	21,3	587	29 350
Periodical Remuneration	0	11	0	0	0
Total	2 511	6 938	36,2	38 295	15 251

Table 7.3: Performance Rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	93	374	24,9	1 939	20 849
Agricul animal oceanography forestry & other scien	0	1	0	0	0
Agriculture related	1	3	33,3	29	29 000
All artisans in the building metal machinery etc.	48	115	41,7	755	15 729
Artisan project and related superintendents	2	7	28,6	42	21 000
Auxiliary and related workers	186	484	38,4	1 614	8 677
Biologists botanists zoologists & rel professional	1	3	33,3	13	13 000
Building and other property caretakers	30	92	32,6	201	6 700
Bus and heavy vehicle drivers	7	32	21,9	64	9 143
Cartographic surveying and related technicians	11	22	50	158	14 364
Chemical and physical science technicians	0	10	0	0	0
Civil engineering technicians	77	156	49,4	1 332	17 299
Cleaners in offices workshops hospitals etc.	42	151	27,8	201	4 786
Client inform clerks(switchb recept inform clerks)	2	11	18,2	11	5 500
Communication and information related	12	33	36,4	246	20 500
Community development workers	31	77	40,3	355	11 452
Computer programmers	0	1	0	0	0
Computer system designers and analysts	1	2	50	27	27 000
Diplomats	0	2	0	0	0
Economists	1	2	50	15	15 000

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Electrical and electronics engineering technicians	2	2	100	44	22 000
Engineering sciences related	102	312	32,7	3 841	37 657
Engineers and related professionals	40	60	66,7	2 285	57 125
Farm hands and labourers	8	66	12,1	44	5 500
Finance and economics related	36	121	29,8	810	22 500
Financial and related professionals	3	12	25	47	15 667
Financial clerks and credit controllers	99	403	24,6	1 040	10 505
Food services aids and waiters	4	18	22,2	22	5 500
Forestry labourers	0	11	0	0	0
General and special investigations	0	1	0	0	0
General legal administration & rel. professionals	2	8	25	30	15 000
Geologists geophysicists hydrologists & relat prof	50	140	35,7	649	12 980
Head of department/chief executive officer	0	1	0	0	0
Household and laundry workers	1	4	25	6	6 000
Household food and laundry services related	0	1	0	0	0
Human Resource & organisat developm & relate prof	17	35	48,6	295	17 353
Human Resource clerks	53	134	39,6	601	11 340
Human Resource related	27	110	24,5	681	25 222
Information technology related	1	24	4,2	25	25 000
Language practitioners interpreters & other commun	8	30	26,7	112	14 000
Librarians and related professionals	2	6	33,3	25	12 500

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Library mail and related clerks	9	36	25	80	8 889
Light vehicle drivers	19	49	38,8	113	5 947
Logistical support personnel	15	66	22,7	176	11 733
Material-recording and transport clerks	63	171	36,8	592	9 397
Mechanical engineering technicians	2	2	100	41	20 500
Messengers porters and deliverers	35	100	35	186	5 314
Middle managers	0	1	0	0	0
Mining geology & geophysical & related technicians	2	19	10,5	25	12 500
Motor vehicle drivers	9	44	20,5	53	5 889
Motorised farm and forestry plant operators	8	79	10,1	39	4 875
Natural sciences related	81	221	36,7	1 946	24 025
Nature conservation and oceanographical rel.techni	1	5	20	15	15 000
Other administrat & related clerks and organisers	174	505	34,5	1 460	8 391
Other administrative policy and related officers	39	97	40,2	501	12 846
Other information technology personnel.	3	9	33,3	33	11 000
Other machine operators	1	1	100	6	6 000
Other occupations	721	932	77,4	15 243	21 141
Quantity surveyors & rela prof not class elsewhere	1	1	100	22	22 000
Rank: Unknown	0	5	0	0	0
Regulatory inspectors	1	19	5,3	18	18 000
Risk management and security services	0	3	0	0	0

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Road workers	0	9	0	0	0
Safety health and quality inspectors	2	8	25	35	17 500
Secretaries & other keyboard operating clerks	61	138	44,2	755	12 377
Security guards	4	47	8,5	21	5 250
Security officers	6	124	4,8	67	11 167
Senior managers	14	89	15,7	819	58 500
Social sciences related	14	43	32,6	285	20 357
Social work and related professionals	2	3	66,7	12	6 000
Trade labourers	241	1 000	24,1	1 321	5 481
Trade/Industry advisers & other related profession	1	3	33,3	18	18000
Water plant and related operators	33	188	17,6	267	8091
Total	2 562	7 094	36,1	41 708	16 279

Table 7.4: Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS Band	Number of Beneficiaries	Number of Employees	% of total within band	Total Cost (R'000)	Average Cost per employee (R)	% of SMS Wage Bill (Total cost as a % of the total personnel expenditure)	Personnel Cost SMS (R'000)
Band A	10	95	10,5	361	36 100	0.4	82 818
Band B	8	60	13,3	308	38 500	0.5	61 450
Band C	0	8	0	0	0	0	0
Band D	0	4	0	0	0	0	0
TOTAL	18	167	10,8	669	37 166,7	0.5	144 268

Table 8.1: Foreign Workers by Salary Band

Salary Band	Employment at Beginning of Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Skilled (Levels 3-5)	2	8,3	2	10	0	0	24	20	-4
Highly skilled supervision (Levels 9-12)	2	8,3	3	15	1	-25	24	20	-4
Contract (Levels 3-5)	1	4,2	1	5	0	0	24	20	-4
Contract (Levels 6-8)	2	8,3	2	10	0	0	24	20	-4
Contract (Levels 9-12)	14	58,3	10	50	-4	100	24	20	-4
Contract (Levels 13-16)	3	12,5	2	10	-1	25	24	20	-4
Total	24	100	20	100	-4	100	24	20	-4

Table 8.2: Foreign Workers by Major Occupation

Major Occupation	Employment at Beginning of Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Administrative office workers	3	12,5	3	15	0	0	24	20	-4
Information technology personnel	2	8,3	2	10	0	0	24	20	-4
Other occupations	2	8,3	2	10	0	0	24	20	-4
Professionals and managers	16	66,7	12	60	-4	100	24	20	-4
Technicians and associated professionals	1	4,2	1	5	0	0	24	20	-4
Total	24	100	20	100	-4	100	24	20	-4

Table 9.1: Sick Leave for Jan 2011 to Dec 2011

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	4 146	92,4	546	11,6	8	982	4 711	3 831
Skilled (Levels 3-5)	11 701	94,7	1 204	25,6	10	3 198	4 711	11 076
Highly skilled production (Levels 6-8)	13 996	85,3	1 681	35,7	8	7 265	4 711	11 943
Highly skilled supervision (Levels 9-12)	5 607	84,8	830	17,6	7	6 745	4 711	4 753
Senior management (Levels 13-16)	644	87,9	98	2,1	7	1 847	4 711	566
Contract (Levels 1-2)	42	95,2	4	0,1	11	9	4 711	40
Contract (Levels 3-5)	381	68	97	2,1	4	137	4 711	259
Contract (Levels 6-8)	658	74	161	3,4	4	381	4 711	487
Contract (Levels 9-12)	300	72,3	76	1,6	4	385	4 711	217
Contract (Levels 13-16)	70	88,6	14	0,3	5	243	4 711	62
TOTAL	37 545	88,5	4 711	100	8	21 192	4 711	33 234

Table 9.2: Disability Leave (Temporary and Permanent) for Jan 2011 to Dec 2011

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	281	100	8	13,1	35	68	281	61
Skilled (Levels 3-5)	703	100	15	24,6	47	258	703	61
Highly skilled production (Levels 6-8)	641	100	21	34,4	31	419	641	61
Highly skilled supervision (Levels 9-12)	220	100	11	18	20	332	220	61
Senior management (Levels 13-16)	71	100	3	4,9	24	204	71	61
Contract (Levels 6-8)	29	100	3	4,9	10	15	29	61
TOTAL	1 945	100	61	100	32	1 296	1 945	61

Table 9.3: Annual Leave for Jan 2011 to Dec 2011

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	19 293.76	19	1 007
Skilled (Levels 3-5)	45 476.8	20	2 233
Highly skilled production (Levels 6-8)	48 271.52	20	2 391
Highly skilled supervision (Levels 9-12)	25 986.08	20	1 299
Senior management (Levels 13-16)	3225	20	158
Contract (Levels 1-2)	110	8	13
Contract (Levels 3-5)	1726	10	179
Contract (Levels 6-8)	4 775.84	13	368
Contract (Levels 9-12)	2 294.92	13	177
Contract (Levels 13-16)	376	16	24
Not Available	33	3	11
TOTAL	1 515 68.92	19	7 860

Table 9.4: Capped Leave for Jan 2011 to Dec 2011

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2011	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2011	Number of Employees as at 31 December 2011
Lower skilled (Levels 1-2)	87	5	58	17	7 742	133
Skilled (Levels 3-5)	541	7	94	78	49 096	520
Highly skilled production (Levels 6-8)	439	8	76	58	36 515	480
Highly skilled supervision (Levels 9-12)	173	4	79	39	26 664	338
Senior management (Levels 13-16)	76	8	72	10	4 161	58
Contract (Levels 6-8)	1	1	0	1	0	0
Contract (Levels 9-12)	3	3	75	1	301	4
TOTAL	1 320	6	81	204	124 479	1 533

Table 9.5: Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2011/12 due to non-utilisation of leave for the previous cycle	86	2	43 000
Capped leave payouts on termination of service for 2011/12	3 410	309	11 036
Current leave payout on termination of service for 2011/12	306	59	5 186
TOTAL	3 802	370	10 276

TABLE 10.1: Steps taken to reduce the risk of occupational exposure

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

TABLE 10.2: Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]

Question		Yes	No	Details, if yes
1	Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Director: OD, Mr Sam Moyi
2	Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		3 in national office and 1 in each regional (provincial) office. R6m per annum
3	Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	X		HIV&AIDS and TB management; Management of chronic diseases; 24 HR counselling services, executive wellness programme, life-skills education, health assessments and education
4	Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		7 members form part of the committee represented by 2 SMS members, 2 union members, ASD's from both communications and gender and disability mainstreaming.
5	Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		The policy states that HIV-positive employees shall not be discriminated against i.t.o. pre-employment testing, promotional opportunities, service benefits, performance management and access to services.

Question	Yes	No	Details, if yes
6 Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		The HIV&AIDS and TB policy and ongoing education and awareness on HIV and AIDS.
7 Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		HCT conducted on an ongoing basis through Departmental established wellness centres. May declared HCT month with aggressive campaigning 1510 employees tested between April 2011 and March 2012.
8 Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		X	No impact assessment has been conducted. Planned for 2012/13 financial year

Table 11.1: Collective Agreements

Subject Matter	Date
None	

Table 11.2: Misconduct and Discipline Hearings Finalised

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Final written warning and suspensions without pay	9		9
Final written warnings	3		3
Dismissals	0		0
Total	12		12

Table 11.3: Types of Misconduct Addressed and Disciplinary Hearings

Type of misconduct	Number	Percentage of Total	Total
Misuse of vehicles	4	16	4
Assault	1	4	1
Theft of state property	4	16	4
Gross Negligence	2	8	2
Fraud	4	16	4
Dishonesty	9	36	9
Insubordination	1	4	1
Total	25	100	25

Table 11.4: Grievances Lodged

Number of grievances addressed	Number	Percentage of Total	Total
Total	135	100	135

Table 11.5: Disputes Lodged

Number of disputes addressed	Number	% of total
Upheld	2	18,2
Dismissed	9	81,8
Total	11	

Table 11.6: Strike Actions

Strike Actions	
Total number of person working days lost	0
Total cost(R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 11.7: Precautionary Suspensions

Precautionary Suspensions	
Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	120
Cost (R'000) of suspensions	664 434

Table 12.1: Training Needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	39	0	51	0	51
	Male	56	0	74	0	74
Professionals	Female	430	0	457	0	457
	Male	609	0	742	0	742
Technicians and associate professionals	Female	609	0	580	0	580
	Male	857	0	606	0	606
Clerks	Female	965	0	667	0	667
	Male	433	0	780	0	780
Service and sales workers	Female	42	0	0	0	0
	Male	153	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	2	0	0	0	0
	Male	120	0	0	0	0
Plant and machine operators and assemblers	Female	159	0	306	0	306
	Male	1 163	0	1 385	0	1 385
Elementary occupations	Female	368	0	307	0	307
	Male	1 089	0	651	0	651
Gender sub-totals	Female	2 614	0	2 368	0	2 368
	Male	4 480	0	4 238	0	4 238
Total		7 094	0	6 606	0	6 606

Table 12.2: Training Provided

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	39	0	81	0	81
	Male	56	0	78	0	78
Professionals	Female	430	0	584	0	584
	Male	609	0	627	0	627
Technicians and associate professionals	Female	609	0	454	0	454
	Male	857	0	574	0	574
Clerks	Female	965	0	569	0	569
	Male	433	0	464	0	464
Service and sales workers	Female	42	0	0	0	0
	Male	153	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	2	0	0	0	0
	Male	120	0	0	0	0
Plant and machine operators and assemblers	Female	159	0	378	0	378
	Male	1 163	0	381	0	381
Elementary occupations	Female	368	0	398	0	398
	Male	1 089	0	500	0	500
Gender sub-totals	Female	2 614	0	2 464	0	2 464
	male	4 480	0	2 624	0	2 624
Total		7 094	0	5 088	0	5 088

Table 13.1: Injury on Duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	200	93,9
Temporary Total Disablement	11	5,2
Permanent Disablement	1	0,5
Fatal	1	0,5
Total	213	

Table 14.1: Report on consultant appointments using appropriated funds

Project Title	Contractor	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
To coordinate and implement National Water Quality Monitoring Programmes within Mvoti to Mzimkhulu Water Management area	Centoria Trading and Projects		12 Months	1 078 401.94
Cwabeni off-channel : Storage dam feasibility study module 2: environmental impact assessment	Nemai Consulting		24 Months	1 807 523.01
To implement the River Health Program in Free State	Blue Science Consulting		24 Months	1 794 079.00
Appointment of a PSP for hosting of Women in Water Awards 2011.	Segakweng and Associates		6 Months	7 899 663.24
Appointment of a PSP for the development of a reconciliation strategy for Levhu and Letaba water supply system	WRP/KV3 Engineers/Zitholele Consulting/Golder Associates		36 Months	13 300 000.00
Appointment of a PSP to provide expert advice and support to the Chief Directorate: Institutional Oversight in Monitoring and improving the compliance and performance of Catchment Management Agencies, Water Boards, Water Research Commission and Trans Caledon Tunnel Authority	Khanyisile Consulting		24 Months	2 845 896.00
Appointment of PSP for the development of Water User Association business plans	Pegasis/Milkwood/NR/Umhlaba/Wateright/WAI/WR		18 Months	3 575 151.00
Appointment of PSP to support the Directorate: Water Services Regulation with the implementation and roll out of the regulatory performance measurement system.	Jeffares & Green JV		36 Months	6 003 572.42

Project Title	Contractor	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Appointment of PSP to support with institutional development processes in the establishment and transformation of sustainable water management institutions.	Pegasys/Big/ Milkwood/Write Connection JV		24 Months	5 594 702.00
To support the water services sector development in developing municipal revenue management tools and guidelines.	Makaba-Khumalo and Associates		24 Months	1 929 396.00
To undertake the study: the assessment of the impacts of land-based activities on water Resource in South Africa.	Institute of Natural Resource		24 Months	1 357 979.00
To provide support to develop and implement the water services councilor induction after the 2011 local government elections	Jeffares and Green		12 Months	1 324 110.00
To revise the pricing strategy of raw water use charges, develop a funding model for water infrastructure development and use and a model for the establishment of an economic regulator for the water sector.	Pegasys Strategy and Development		36 Months	6 979 080.00
To conduct investigation into irregularities and/or unethical behaviour leading to the purchasing of defective pipes at Nandoni, Acornhoek and Inyaka dams.	Gobodo Forensic and Investigative Accounting		3 Months	1 999 908.16
Consolidation of feasibility studies completed for the Bojanala district municipality in the North West Province into bulk water master plan.	Golder Associates		24 Months	1 297 428.00

Project Title	Contractor	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Revision updating of the government notice R704 to enforce the DWA mining best practice guidelines and address the impacts from and associated activities towards water Resource.	Golder Associates		12 Months	990 094,00
Requirement and availability reconciliation strategy for the Mbombela Municipal area	IWR Water Resource		36 Months	4 784 725,92
Development of a comprehensive water conservation and water demand strategy and business plan for the fish to the Tsitsikama water management area.	WRP Consulting Engineers		36 Months	3 055 885,14
Feasibility study for the Mzimvubu water project.	Jeffares & Green		27 Months	12 877 264,00
To render organisational climate survey	DNA Management Projects		6 Months	3 000 000,00
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand	
xxx	xxx	xxx	xxx	

Table 14.2: Analysis of consultant appointments using appropriated funds, i.t.o. HDIs

Project Title	Contractor	Percentage ownership by HDI groups	Percentage management by HDI groups
To coordinate and implement National Water Quality Monitoring Programmes within Mvoti to Mzimkhulu Water Management area	Centoria Trading and Projects	100%	
Cwabeni off-channel: Storage dam feasibility study module 2: environmental impact assessment	Nemai Consulting	100%	
To implement the River Health Program in Free State	Blue Science Consulting	0%	
Appointment of a PSP for hosting of Women in Water Awards 2011.	Segakweng and Associates	100%	
Appointment of a PSP for the development of a reconciliation strategy for Levhuu and Letaba water supply system	WRP/KV3 Engineers/Zitholele Consulting/Golder and Associates	0%	
Appointment of a PSP to provide expert advice and support to the Chief Directorate: Institutional Oversight in Monitoring and improving the compliance and performance of Catchment Management Agencies, Water Boards, Water Research Commission and Trans Caledon Tunnel Authority.	Khanyisile Consulting	67%	
Appointment of PSP for the development of Water User Association business plans	Pegasys/Milkwood/NR/Umhlababa/Wateright/WAI/IWR	23%	
Appointment of PSP to support Directorate: Water Services Regulation with the implementation and roll out of the regulatory performance measurement system.	Jeffares & Green JV	66.30%	
Appointment of PSP to support with institutional development processes in the establishment and transformation of sustainable water management institutions.	Pegasys/Big/ Milkwood/Write Connection JV	13%	
To support the water services sector development in developing municipal revenue management tools and guidelines.	Makaba-Khumalo and Associates	100%	
To undertake the study: the assessment of the impacts of land-based activities on water Resource in South Africa.	Institute of Natural Resource	80%	

Project Title	Contractor	Percentage ownership by HDI groups	Percentage management by HDI groups
To provide support to develop and implement the water services councilor induction after the 2011 local government elections	Jeffares and Green	33%	
To revise the pricing strategy of raw water use charges, develop a funding model for water infrastructure development and use and a model for the establishment of an economic regulator for the water sector.	Pegasys Strategy and Development	64%	
To conduct investigation into irregularities and/or unethical behavior leading to the purchasing of defective pipes at Nandoni, Acornhoek and Inyaka dams.	Gobodo Forensic and Investigative Accounting	32%	
Consolidation of feasibility studies completed for the Bojanala district municipality in the North West Province into bulk water master plan.	Golder Associates	1.34%	
Revision updating of the government notice R704 to enforce the DWA mining best practice guidelines and address the impacts from and associated activities towards water Resource.	Golder Associates	1%	
Requirement and availability reconciliation strategy for the Mbombela Municipal area.	IWR Water Resource	0%	
Development of a comprehensive water conservation and water demand strategy and business plan for the fish to the Tsitsikama water management area	WRP Consulting Engineers	0%	
Facility study for the Mzimvubu water project.	Jeffares & Green	33%	
To render organisational climate survey	DNA Mangement Projects	100%	

Table 14.3: Report on consultant appointments using Donor funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
xxx	xxx	xxx	xxx
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
xxx	xxx	xxx	xxx

TABLE 14.4: Analysis of consultant appointments using Donor funds, i.t.o. HDIs

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
xxx	xxx	xxx	xxx

5.1 LIST OF ACRONYMS

Acronym	Description
ACIP	Accelerated Community Infrastructure Programme
AGSA	Auditor-General of South Africa
AMCOW	African Ministers' Council on Water
AMD	Acid Mine Drainage
APP	Annual Performance Plan
ASB	Accounting Standards Board
AU	African Union
BBBEE	Broad Based Black Economic Empowerment
BDS	Bulk Distribution System
BEC	Bid Evaluation Committee
BP	Business Plan
BPRC	Business Process Re-engineering Committee
BWP	Berg Water Project
BWS	Bulk Water Supply
BWSS	Bulk Water Supply Scheme
CAPEX	Capital Expenditure
CD	Chief Director
CDP	Councillor Development Programme
CFO	Chief Financial Officer
CIPRO	Companies and Intellectual Property Registration Office
CMAs	Catchment Management Agencies
CMP	Consumer Management Programme
CMS	Catchment Management Strategy
COGTA	Department of Cooperative Governance and Traditional Affairs
COO	Chief Operations Officer
D	Director
DBAC	Departmental Bid Adjudication Committee
DBSA	Development Bank of Southern Africa

Acronym	Description
DCoG	Department of Cooperative Governance
DG	Director-General
DM	District Municipality
DRC	Democratic Republic of Congo
DSRP	Dam Safety Rehabilitation Programme
DWA	Department of Water Affairs
DWQ	Drinking Water Quality
EC	Eastern Cape
EIA	Environmental Impact Assessment
ELGOSA	Enhanced Local Government Support Approach
ENE	Estimates of National Expenditure
eWQMS	Electronic Water Quality Management System
FBW	Free basic water
FIFA	Federation International de Football Association
FMPPI	Framework for Managing Programme Performance Information
FS	Free State
GAAP	Generally Accepted Accounting Principles
GCIS	Government Communication Information System
GIMSA	Ground Water Management Institute of Southern Africa
GLeWAP	Groot Letaba River Water Development Project
GP	Gauteng
GRAP	Generally Recognised Accounting Practices
GTs	Graduate Trainees
GWCA	Government Water Control Area
GWS	Government Water Scheme
H/O	Head Office
HDIs	Historically Disadvantaged Individuals
HIV / AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
IBSA	India-Brazil-South Africa dialogue forum
ICT	Information and Communication Technology



Acronym	Description
IDP	Integrated development plan
IFRS	International Financial Reporting Standard Ads
IMC	Inter-Ministerial Committee
IRR	Institutional Realignment and Reform
IT	Information Technology
IWC	International Water Cooperation
IWRP	Integrated Water Resource Planning
JICA	Japanese International Cooperation Agency
KOBWA	Komati Basin Water Authority
KWASAP	Komati Water Scheme Augmentation Project
KZN	KwaZulu-Natal
LGSETA	Local Government Sector Education and Training Authority
LGTS	Local Government Turn-around Strategy
LHDA	Lesotho Highlands Development Authority
LHWC	Lesotho Highlands Water Commission
LHWP	Lesotho Highlands Water Project
LM	Local Municipality
LP	Limpopo
M & E	Monitoring and Evaluation
Mm ³	Million cubic metres
m ³	Cubic metres
MEA	Main Exchequer Account
MIG	Municipal Infrastructure Grant
MLIT	Japanese Ministry of Land, Infrastructure, Transport and Tourism
MMTS	Mooi-Mngeni Transfer Scheme
MoU	Memorandum of Understanding
MP	Mpumalanga
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NAEHMP	National Aquatic Ecosystem Health Monitoring Programme

Acronym	Description
NC	Northern Cape
NEPAD	New Partnership for Africa's Development
NGOs	Nongovernmental Organisations
NGPF	New Growth Path Framework
NLA	National Laboratory Association
NW	North West
NWA	National Water Act
NWAC	National Water Advisory Council
NWRI	National Water Resources Infrastructure
NWRS	National Water Resources Strategy
O & M	Operations and Maintenance
OHS	Occupational Health and Safety
ORASECOM	Orange-Senqu River Commission
ORWRDP	Olifants River Water Resources Development Project
OSD	Occupation Specific Dispensation
P & R	Policy and Regulation
PALAMA	Public Administration Leadership Management Academy
PCRD	Post Conflict Reconstruction and Development
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PMDS	Performance Management Development System
PMU	Project Management Unit
PoA	Plan of Action
PPPs	Public Private Partnerships
PSP	Professional Service Providers
PTO	Permission to Occupy
RBAC	Regional Bid Adjudication Committee
RBIG	Regional Bulk Infrastructure Programme
RHP	River Health Programme
RMPs	Resource Management Plans



Acronym	Description
ROA	Return on Assets
RPF	Resource Poor Farmers
RPMS	Regulatory Performance Management System
RQOs	Resource quality objectives
RRU	Rapid Response Unit
RSA	Republic of South Africa
RWH	Rainwater Harvesting
SADC	Southern African Development Community
SAICE	South African Institute of Civil Engineers
SALGA	South African Local Government Association
SANAS	South African National Accreditation Service
SARS	South African Revenue Service
SC	Shareholder's Compact
SCM	Supply Chain Management
SCOA	Standard Charts of Accounts
SCOPA	Standing Committee on Public Accounts
SMMEs	Small Medium Micro Enterprises
SP	Strategic Plan
SPV	Special Purpose Vehicle
SWPN	Strategic Water Partners Network
TCC	Technical Coordinating committee
TCTA	Trans-Caledon Tunnel Authority
UIF	Unemployment Insurance Fund
UK	United Kingdom
UN	United Nations
UNCSD	United Nations Commission on Sustainable Development
UNFCCC	United Nations framework Convention on Climate Change
VAT	Value Added Tax
VRESAP	Vaal River Eastern Subsystem Augmentation Project
WAR	Water Allocation Reform



Acronym	Description
WARMS	Water Registration Management System
WB	Water Board
WC	Western Cape
WC/DM	Water Conservation and Demand Management
WDCS	Waste Discharge Charge System
WEF	World Economic Forum
WfGD	Water for Growth and Development
WfW	Working for Water
WHO	World Health Organisation
WMA	Water Management Area
WMI	Water Management Institutions
WoF	Working on Fire
WQRS	Water Quality Regulation System
WRA	Water Research Act
WRC	Water Research Commission
WRIM	Water Resource Information Management
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSNIS	Water System National Information System
WSPs	Water Service Providers
WTE	Water Trading Entity
WTW	Water Treatment Works
WUAs	Water User Associations
WULAs	Water Use License Applications
WWF	World Water Forum
WWQS	Waste Water Quality System
WWTWs	Wastewater Treatment Works



5.2 Contact details: Department of Water Affairs

Section	Name	Contact details
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