



2012 | 13 ANNUAL REPORT

DEPARTMENT OF WATER AFFAIRS



water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA

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MINISTER
EDNA MOLEWA

MINISTER'S FOREWORD

Water is a basic human need and a guarantor of a sustainable social and economic development. Its centrality is underpinned by its strategic role in the economy which is articulated in the country's 2030 vision. This vision maps out the strategic path for South Africa towards total eradication of poverty, the strengthening of economic growth and the achievement of the goal of equality for all South Africans.

All the sectors that have been identified as key drivers for the achievement of the goals of vision 2030 depend on the secured availability of water. As such, effective water planning, development and management are central if the goals of the National Development Path are to be achieved.

This annual report, focusing as it does on the work of the department in the financial year 2012-2013 reflects on the achievements, milestones, challenges and future endeavours which are aimed at improving our performance in the delivery of water in South Africa. We are proud of the achievements we have made in the past financial year but we are also cognisant of the many hurdles and difficult work that awaits us into the future.

Many South Africans, especially in rural areas still lack adequate access to water as envisaged in our constitution. Despite the remarkable achievement of the democratic state opening access to 95.2 % of the population, we still need to put more effort in bringing water to communities that still rely on rivers and lakes for their supply of water. To this end, we have set aside dedicated financial and human

resources to focus on all areas that previously did not have water infrastructure and as such, had no running water supply of any sort.

The interim water supply program was initiated in the last financial year and its implementation is being intensified in the new financial year to expand access to villages and other rural areas. The Cabinet approval of the new municipal infrastructure grant will also assist us greatly in addressing the water needs of these vulnerable communities. Using this dedicated fund, we have already identified key areas that need our focus and in some areas, plans are already in place to build the much needed water infrastructure.

The last financial year has also seen good commitment in integrated planning between the department and its local government counterpart. As a service delivery point, local government is critical for the facilitation of joint plans and integrated programmes. Our rapid response programme which is a reserve capacity to intervene in areas of service delivery needs at local level has recorded remarkable progress in the past year. We aim to further strengthen this relationship to ensure a sustained delivery of services to our people.

The other related area of great importance is the water shortages experienced across municipalities in the country. In most of these municipalities, the reason for such shortages is related to issues of old infrastructure and inadequate operation and monitoring. Still, through our accelerated infrastructure program at local level, we are able

MINISTER'S FOREWORD

to assist most municipalities with infrastructure investment and refurbishment.

Our Regional Bulk Infrastructure Grant has also worked to improve and build much needed water infrastructure in our country. Through this grant, we cover the provision of water from water resources to Municipal reticulation systems. For the period under review, we are implementing 159 projects to the value of R2.488 billion.

Another area that concerns us is the rate at which we lose water in our reticulation systems – the “non revenue” water. We are concerned that almost 37% of clean drinkable water is lost through leaking pipes, dripping taps and other inefficient ways of using water. This is according to the study that was released by our research institution on non revenue water. This calls on us to strengthen our efforts and initiatives on water conservation and water demand management programmes which have themselves yielded positive results in the last financial year. The “war on leaks” campaign will also receive a further boost in financial and human capacity in the new financial year.

On policy and legislative review, we are delighted to reflect in this report the tremendous progress we have made in the last financial year. We have finalised the process of the National Water Resource Strategy – 2 and we now are hard at work mapping out the implementation path of this important strategic tool for water management. We have now received approval to gazette the new national water review policy which aims to address the gaps on equity and redistribution of water resources in the country. We are also well advanced in the process of amalgamating the various pieces of legislation so as to tighten water management in the country.

Even though the report still reflects a qualification as far as our finances are concerned, a contextual reflection of where we come from in the last three years shows a move from an adverse opinion with regard to the Water Trading Entity, which now puts it as a qualification for both the Main Account and the Water Trading Entity. We have received one qualification under the Main Account and five under the Water Trading Entity. We have made a commitment to achieve a clean audit by 2014 and the work we have done so far attests to the efforts we are putting to achieve our stated objectives.

This improvement in our financial standing and other organisational processes is due to good measures undertaken by the team and the experts (BPRC) that we deployed to turn around the organisation

in all its facets. We are also grateful to the team of hard working officials at Water Affairs. The need to build skills and capacity to deliver on our mandate has never been greater. We have done a great deal of work through our two learning academies and through partnerships with our water entities to build the requisite skills base in the sector. We can only do more and more.

The Rapid Response Unit (RRU) was decentralised to all nine regions and is fully functional in seven Regions. There were 173 technical interventions during the period under review. Successful interventions have taken place in a number of localities such as Colesburg, Carolina, Sekhukhune, Ngobi Village (North West), Ermelo, Marquard and De Deur Farm.

Finally and most importantly, we must work to reassure South Africans that we will guarantee water availability for the foreseeable future. This we must do through a concerted effort of building technical and management skills in water, programmes to accelerate our infrastructure investment, public education and awareness, investment in technology and many more.

As the country's vision 2030 observes, water is a catalyst for socio economic development and as such we must treat it with the utmost care and diligence. The success or failure of our efforts will have a big impact on the development objectives not only of the sector but the economy and the country as a whole. We have been entrusted with that huge responsibility by our constitution and the people of South Africa. We dare not fail them.



Mrs BEE Molewa, MP
Minister of Water and Environmental Affairs



DEPUTY MINISTER
REJOICE MABUDAFASI

DEPUTY MINISTER'S STATEMENT

In 1994, only 59% of the population had access to potable water. Today, almost twenty years into our democracy, the number of South Africans with access to potable water has increased to a massive 95.2%. Whilst we celebrate the success we have achieved so far, we must also take into cognisance, the challenges that still remain as we get to post-Millennium Development Goals (MDG) era and enter the sustainable management age.

Cabinet has approved the National Water Resource Strategy which is a strategic path outlining key water management programmes that we will be implementing over the next five years. We have also embarked on a legislative and policy review to introduce new changes that are critical for equitable distribution of water in the country.

We have finalised the Institutional Reforms and Realignment process and as a result we are in the process of consolidating water boards from 12 to 9 and we will extend gazetted areas of these water boards and expand their functions. The process to establish 9 Catchment Management Areas is also going full steam ahead and will be instrumental in managing water resource management into the future.

Harmonious relations with strategic countries remain key in positioning South Africa as a strategic partner in pursuit of a global water agenda as envisioned by the African Ministers Council on Water (AMCOW) of which South Africa is a member. During the year under review we handed over the Chairmanship to Egypt after a successful tenure. We are grateful for the confidence that SADC has shown in us by nominating us to continue to serve as members of the AMCOW EXCO until 2016.

This is testimony to our commitment to advancing the African agenda not only for the benefit of our country but our neighboring countries and the continent at large. We have played a critical role in facilitating a process that will lead to Orange-Senqu River Commission (ORASECOM) Ministers signing of the MoU between Botswana, Lesotho and RSA establishing a Framework for a study on the provision of water to Botswana from the Lesotho Highlands Water Project.

In the spirit of the United Nations International Year of Water Cooperation we have participated in many forums internationally and hosted some where water was unequivocally affirmed as a catalyst to increase multi-sectoral participation for a better world. These included amongst others, the Earth Summit 2012 in Rio, World Water Week in Stockholm, 6TH World Water Forum in Marseille, France, the National Water Week and the South African Youth summit.

My deepest gratitude goes to the Minister of Water and Environmental Affairs, Ms Edna Molewa, for her proficient leadership and for always leading from the front. I would also like to express appreciation to the departmental staff under the capable guidance of the acting Director General, Mr Trevor Balzer, for their commitment and lastly the entire water sector partners for their unwavering support.

A handwritten signature in black ink, appearing to be 'Rejoice Mabudafasi', written in a cursive style.

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



ACTING DIRECTOR-GENERAL
TREVOR BALZER

OVERVIEW OF THE ACCOUNTING OFFICER

Water continues to be an essential element for all facets of our lives, impacting on all socio-economic strata. As such, the basic tenet of the mandate of the Department of Water Affairs, which is of ensuring the security of supply of water to all, remains top of our agenda in relation to the ideals of water services delivery. Included in these ideals is the need to make people realise the importance of this essential commodity and as such empower them with the necessary knowledge on issues of water conservation and demand management. This is critical as South Africa is a water scarce country.

As we reported in the previous financial year, the hard work towards policy and legislative review had started. Through dedication and hard work, the consultation process around the National Water Resource Strategy-2 (NWRS-2) was completed, considered and consolidated and the final NWRS-2 was approved by Cabinet and published in the Government Gazette. This is a Country Strategy which sets out how we will achieve the core objectives of the Department and the Water Sector. These objectives, which are aligned to the National Development Plan (NDP), are as follows:

- Water that supports development and the elimination of poverty and inequality
- Water that contributes to the economy and job creation, and
- Water that is protected, used, developed, conserved, managed and controlled sustainably and equitably.

The major focus of the NWRS-2 is equitable and sustainable access and use of water by all South Africans while sustaining our water resources.

Equity and redistribution will be achieved through the authorisation process and other mechanisms and programmes, such as water allocation reform, financial support to emerging farmers and support to urban and rural local economic development initiatives. With our growing population, and the focus on economic growth and development there is a need to ensure water security and healthy water ecosystems that support our national imperatives and deal with the water demands of the economic sectors (energy, mining and agriculture). The implementation process is underway and the Department appreciates all the input from all interested and affected parties into this process. This process has been a very open, transparent and inclusive one and as a Department we are proud of the final product.

In parallel with the finalisation of the NWRS-2 we commenced with a process of reviewing current water policies which will be followed by a review of our water legislation. This work will however only be concluded during the 2013/14 financial year.

We have continued to make good progress with the Institutional Re-alignment and Reform programme. Our future institutional arrangements for water-resource management and water services development and management must be defined if institutional memory is to be retained and continuity in management ensured. These institutional arrangements will include: Developing a model for the management of water resources infrastructure; establishing Catchment Management Agencies to undertake resource management on a decentralised basis, with the involvement of local stakeholders; and establishing of Regional Water

OVERVIEW OF THE ACCOUNTING OFFICER

Utilities. The first major outcome of the Re-alignment and Reform Programme being the reduction of the number of Catchment Management Agencies (CMA's) from nineteen to nine. The process of consolidating the Breede-Overberg CMA to include the Gouritz catchments and the Inkomati CMA with the Usuthu catchments is progressing, with the Overberg and Gouritz already published in the government gazette.

During the year under review we have made significant progress in dealing with service delivery disruptions. The key to our successes in this regard has been our ability to work in partnership with the Departments of Cooperative Governance and Human Settlements to deal with the challenges of service delivery and in particular to focus on those areas which have experienced service delivery protests (the so called "hot spots"). Support was provided through the Department's Rapid Response Unit (RRU) which is a unit made up of professionals in the water sector and they attend to problems when they arise and arrange for quick fixes that may relate to treatment or infrastructure failures. In executing the responses we also work very closely with MISA (the Municipal Infrastructure Support Agency) and also utilise the capacity which exists in our Water Boards.

Consistent with changes occurring in the water sector generally, the Department of Water Affairs is currently undergoing a significant phase of transition, which will usher-in an era of planned, coordinated and integrated oversight in the delivery of water services to all sectors of the country's socio-economic fabric. A Programme Management Unit (PMU) has been established. This unit which is located in the Office of the DG as a centralised and formal management layer of control, will fulfill the oversight function of overall planning, coordinating, and integrating strategic projects within the Department and the water sector. Since the Department's full turnaround is expected to take between 3 and 5 years, the PMU will ensure that improvements made both within the Department and the sector are sustainable and that service delivery from "source-to tap-to source" across the entire water sector improves significantly.

The Business Process Review Committee (BPRC) continues to make a positive impact on the turn-around of the Department and elevating the Department to a much higher trajectory of performance. Evidence of impact of the BPRC, is firstly a significant improvement in the outcomes of the 2013 Audit, including improved performance reporting, oversight of the ongoing review of the water policy and the review of the legislative framework, the review and implementation of our organisational structure, overcoming the challenges in our ICT environment, review of our building leases, infrastructure spend and overall efficiency.

The critical role of water and sanitation has been further recognised in terms of the Strategic Integrated Project (SIP 18). The Department in collaboration with the departments of Human Settlements and Cooperative Governance, and working together with Provinces and Local Government is charged with the responsibility of integrating our work, through infrastructure development, for the eradication of backlogs and sustained delivery of quality services to the people of South Africa. In order to facilitate effective and timely investment in infrastructure and improve operations and maintenance we are developing a comprehensive investment plan. This plan will inform budgeting and integrated planning based on a life-cycle approach, which includes planning and construction costs, operation and maintenance, financing costs and the costs of sustainable water management. Capital investment in new water and sanitation infrastructure for the entire value chain including the refurbishment of existing infrastructure is projected to require an estimated R670 billion over the next ten years.

We continue to work with the departments of Mineral Resources and Environmental Affairs to ensure that there is regulatory alignment and to ensure that there is efficiency in dealing with environmental impact assessment and licensing processes. We also work with these Departments when conducting joint compliance audits.

We continue to make good progress with regard to the challenge of acid mine drainage in the Witwatersrand area. Since the inception of the Inter Ministerial Committee on Acid Mine Drainage (AMD), the immediate solution in the Western Basin was completed and commissioned in June 2012, and the uncontrolled decant of AMD in Western Basin effectively stopped in August 2012. We are currently busy with the construction of a pump station and a new water treatment plant in the Central Basin and are on target to ensure that pumping commences before the Environmental Critical Level is breached.

In the final analysis, our major efforts as a Department of a caring government has to be towards the realisation of the ideal as aptly put in the words of Edmund S. Muskie: "High quality water is more than the dream of the conservationists, more than a political slogan; high quality water, in the right quantity at the right place at the right time, is essential to health, recreation, and economic growth."



Mr Trevor Ian Balzer
Accounting Officer

LIST OF ABBREVIATION OR ACRONYMS

LIST OF ABBREVIATIONS OR ACRONYMS

Abbreviation/acronym	Description
ACIP	Accelerated Community Infrastructure Programme
AGSA	Auditor- General of South Africa
AMCOW	African Ministers' Council on Water
AMD	Acid Mine Drainage
AMIS	Assets Management Information System
AU	African Union
AWW	Africa Water Week
BBBEE	Broad-Based Black Economic Empowerment
BOCMA	Breede-Overberg Catchment Management Agency
BPs	Business Plans
BWS	Bulk Water Supply
CMA	Catchment Management Agency
COGTA	Department of Cooperative Governance and Traditional Affairs
DBAC	Departmental Bid Adjudication Committee
DEA	Department of Environmental Affairs
DMR	Department of Mineral Resources
DORA	Division of Revenue Act
DRC	Democratic Republic of Congo
DWA	Department of Water Affairs
EC	Eastern Cape
ECL	Environmental Critical Level
EMP	Environmental Management Plan
FS	Free State
FY	Financial Year
GLEWAP	Great Letaba Water Resource Project
HDIs	Historically Disadvantaged Individuals
ICMA	Inkomati Catchment Management Agency
IDP	Integrated Development Plan
IT	Information Technology
IWRM	Integrated Water Resource Management
KPI	Key Performance Indicator
KWASAP	Komati Water Scheme Augmentation Project
KZN	KwaZulu-Natal
LHDA	Lesotho Highlands Development Authority
LHWC	Lesotho Highlands Water Commission
MCWAP	Mokolo Crocodile (West) Water Augmentation Project
MIG	Municipal Infrastructure Grant
MoUs	Memoranda of Understanding
MP	Mpumalanga
MTEF	Medium Term Expenditure Framework
MWIG	Municipal Water Infrastructure Grant
NC	Northern Cape
NEPAD	New Partnership for Africa's Development
NW	North West

LIST OF ABBREVIATION OR ACRONYMS

Abbreviation/acronym	Description
NWRS	National Water Resources Strategy
O & M	Operations and Maintenance
ODA	Official Development Assistance
OHS	Occupational Health Safety
ORASECOM	Orange-Senqu River Commission
ORWRDP	Olifants River Water Resource Development
PAT	Performance Assessment Tool
PCRD	Post Conflict Reconstruction Countries
PFMA	Public Finance Management Act
PMU	Project Management Unit
PRV	Pressure Reduce Valve
PSP	Professional Service Providers
PWD	People with Disabilities
RBIG	Regional Bulk Infrastructure Grant
RHP	River Health Programme
RPF	Resource Poor Farmers
RSA	Republic of South Africa
RWH	Rainwater Harvesting
SADC	Southern African Development Community
SALGA	South African Local Government Association
SANRAL	South African National Roads Agency
SCM	Supply Chain Management
SHEMTRAC	Safety Health Environmental Management
TCTA	Trans Caledon Tunnel Authority
UNESCO	United National Education Science Organisation
V & V	Validation and Verification
WAR	Water Allocation Reform
WC	Western Cape
WC/DM	Water Conservation and Demand Management
WCWSS	Western Cape Water Supply System
WHO	World Health Organisation
WMAs	Water Management Areas
WMIs	Water Management Institutions
WoL	War on Leaks
WRC	Water Research Commission
WSAs	Water Services Authorities
WTE	Water Trading Entity
WUAs	Water Users Associations
WULAs	Water Use License Applications
WWTW	Waste Water Treatment Works



PART A GENERAL INFORMATION

DEPARTMENT OF WATER AFFAIRS

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GENERAL INFORMATION

1 STRATEGIC OVERVIEW

1.1 Aim

The aim of the Department of Water Affairs (hereinafter 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.

1.2 Vision

The vision statement of the Department is:

- Safe water for all forever

1.3 Mission

The mission of the Department is to:

Effectively manage the nation's water resources to ensure equitable and sustainable socio-economic development and universal access to water.

1.4 Values

The values of the Department are:

Transparency	we fulfil 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

1.5 Strategic outcome oriented goals

No	Departmental goals	Government outcomes	Strategic objectives
1	Contribute to economic growth, rural development, food security and land reform	6 (Infrastructure) 7 (Rural development) 9 (Local government)	1.1 To ensure the availability of water supply for economic and domestic use
			1.2 To improve programmes to create job opportunities
2	To promote sustainable and equitable water resources management	10 (Environment)	2.1 Setting a strategic framework for water management in the country
			2.2 To ensure balance of water supply and demand
			2.3 To improve the protection of water resources and ensure sustainability
			2.4 To improve equity in water allocation
			2.5 To improve water use efficiency
			2.6 To improve the management of the water resources
3	Strengthening the regulation of the water sector	6 (Infrastructure) 10 (Environment)	3.1 To improve the regulation of the water sector
			3.2 To improve the water use authorisation

GENERAL INFORMATION

No	Departmental goals	Government outcomes	Strategic objectives
			3.3 To improve the protection of water quality through compliance, monitoring and enforcement
4	Support local government to deliver water services	9 (Local government)	4.1 Ensure the provision of local government institutional support
5	Contribute to improved International Relations	11 (International)	5.1 To coordinate strategic international water cooperation
6	Building capacity to deliver quality services	12 (Public service)	6.1 To ensure organisational performance and leadership
			6.2 To ensure availability of the right skills transformed socio-economic participation

2 LEGISLATIVE MANDATE

2.1 Constitutional mandate

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 the 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.

2.2 Key legislative mandate

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 sanitation. 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 Department's core functions include policy formulation, water resources planning and management, water resources infrastructure development, capacity building, intergovernmental and intra-sectoral co-ordination, water services support, water resources and water services regulation.

The Department's functions are informed by the following key pieces of legislation:

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. It 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.

Water Services Act, 1997 (Act No.108 of 1997): The objective of the Act is to provide for the right of access to basic water supply and sanitation by water services authorities, according to national norms and standards. Section 156 of this Act (read in conjunction with Part B of Schedule 4 of the Constitution of the Republic of South Africa)

GENERAL INFORMATION



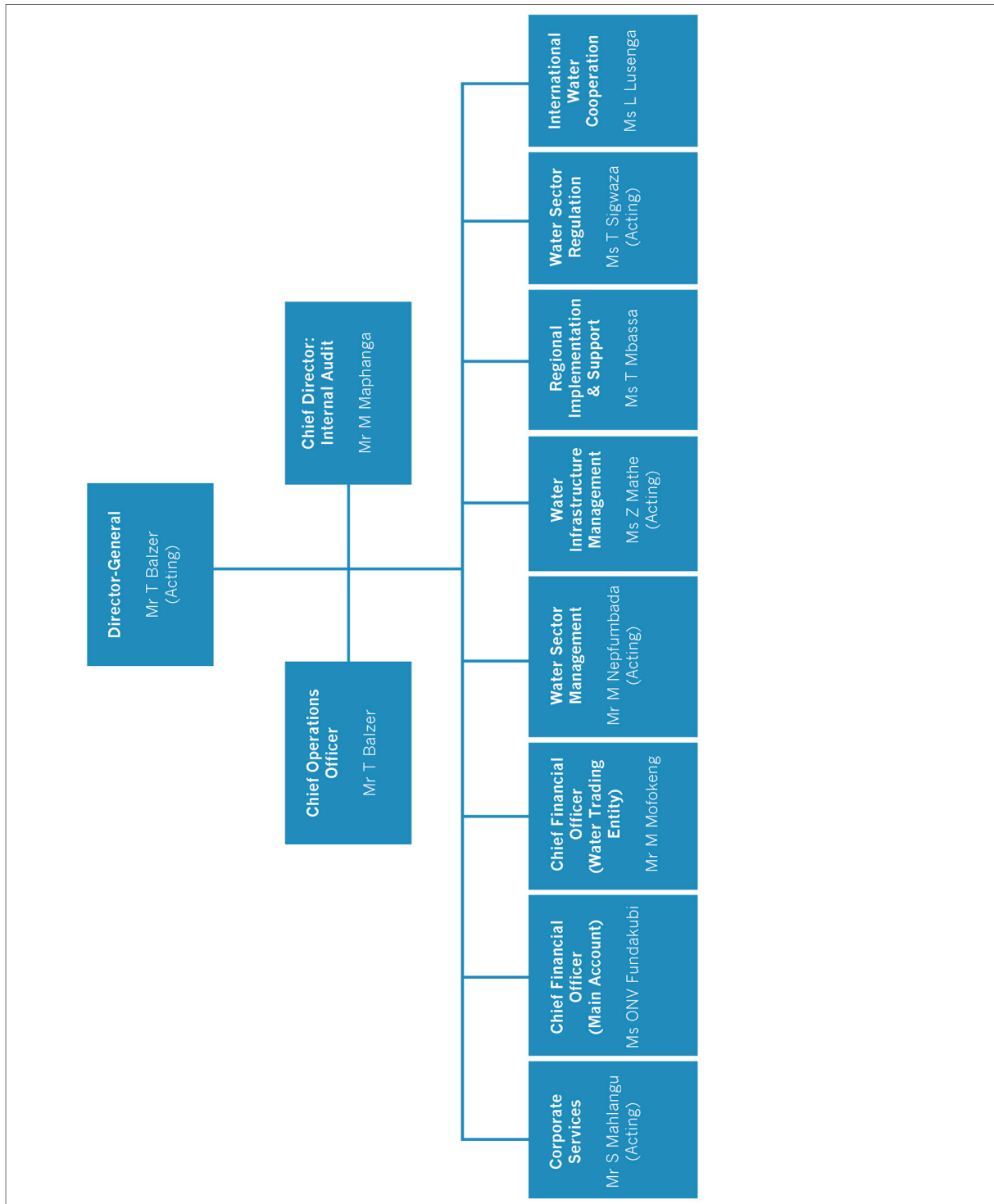
gives executive authority and responsibility to the Minister to support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions.

Strategic Framework on Water Services (2003): 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 result in the clarification of roles and functions and may also lead to a legislative review.

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.

3 ORGANISATIONAL STRUCTURE

Figure 1: Organisational structure indicating the Department’s top management



GENERAL INFORMATION

4 PUBLIC ENTITIES AND STATUTORY BODIES REPORTING TO THE MINISTER

Name of public entity	Legislative mandate	Financial relationship	Nature of operation
Trans Caledon Tunnel Authority (TCTA)	To engage in liability management of raw bulk water infrastructure and to provide integrated treasury management and financial advisory services to water boards and water development infrastructure	The National Treasury, through the Fiscal Liability Committee, approves all the TCTA's loans which are then guaranteed by the Department The TCTA's budget for 2012/13 was R3.5 billion	Lesotho Highlands Water Project (LHWP) BWP VRESAP MMTS-2 ORWRDP KWSAP MCWAP Borehole project Acid Mine Drainage project
Water Research Commission (WRC)	To facilitate research in the water sector	The Department collects the levies charged as part of the water use charges via the Water Trading Entity and pays over to the WRC The Minister of Water and Environmental Affairs approves the WRC's annual budget The WRC's budget for 2012/13 was R174.7 million	Promote co-ordination, cooperation and communication in the area of water research and development Establish water research needs and priorities. Stimulate and fund water research according to priority. Promote effective transfer of information and technology. Enhance knowledge and capacity building in the water sector
Catchment Management Agencies			
Inkomati CMA	Water Resources Management	The Department transferred R22 327 186 to ICMA	Catchment Management Strategy Registered waste use Authorised Water Use Water Users validation Stakeholder engagement.
Breede-Overberg CMA	Water Resources Management	The Department transferred R19 million to BOCMA	Resource Poor Farmers facilitated and supported

GENERAL INFORMATION

Name of public entity	Legislative mandate	Financial relationship	Nature of operation
Water boards			
Amatola Water	All Water Boards provide bulk water services to the municipalities, industries and the mines	Water Boards are regarded as key customers and have a total outstanding debt of R1.6 billion	Quality potable bulk water supplied to water service institutions; infrastructure development and job creation
Botshelo Water			
Bushbuckridge Water			
Bloem Water			
Lepelle Northern Water			
Magalies Water			
Mhlathuze Water			
Overberg Water			
Pelladrift Water			
Rand Water			
Sedibeng Water			
Umgeni Water			

GENERAL INFORMATION

5 MINISTERIAL 2013/13 INTERNATIONAL VISITS

Table 1: Minister's international visits

No	Date of visit	Destination	Purpose of visit
	12 – 16 March 2012	Marseille - France	AMCOW President led the African delegation and delivers Africa's message to the conference
	30 April – 4 May 2012, Arab Republic of Egypt	Arab Republic of Egypt	Minister will be handing over Chairpersonship during the forthcoming meeting. Alongside there will be the 4th flagship global water event organised by AMCOW namely the Africa Water Week (AWW)
	30 April – 4 May 2012	Cairo – Egypt	AMCOW General Assembly is a statutory meeting held once every two years while AWW is the flagship global water event organised by AMCOW
	20 – 22 June 2012	Rio de Janeiro - Brazil	AMCOW leads the process on Africa's position on water and the AMCOW President leads the delegation and delivers Africa's message to the conference.
	26 – 31 August 2012, Stockholm	Sweden	AMCOW President chairs the high level Ministerial segment on the Africa Focus Day during the week
	1 March 2013	Botswana	ORASECOM Ministers meeting and signing of the MoU between Botswana, Lesotho and RSA establishing a Framework for a study on the provision of water to Botswana from the Lesotho Highlands Water Project

Table 2: Deputy Minister's international visits

No	Date of visit	Destination	Purpose of visit
	12 – 16 March 2012	Marseille - France	AMCOW President led the African delegation and delivers Africa's message to the conference
	21-22 March 2013	The Hague, Netherlands	Deputy Minister attended the World Water Celebration 2013
	24-26 September 2012	Bangkok-Thailand	Deputy Minister led the SA delegation to attend and contribute at the Global Environment Facility: International Water Science Conference
	26 – 31 August 2012,	Stockholm-Sweden	Deputy Minister led SA delegation to attend and contribute at the World Water Week and also made presentations at different Seminars



PART B PERFORMANCE INFORMATION

1 OVERVIEW OF THE 2012/13 DEPARTMENTAL PERFORMANCE

1.1 Service delivery environment

During the year under review, the Department sought to ensure the availability of water supply for economic and domestic use. This entailed among other things completing eight regional bulk infrastructure projects of which three were actually completed; supporting 1 787 resource poor farmers, distributing 7 000 rain water harvesting tanks of which over 4 000 were distributed. The Department experienced some budget cuts and this affected the distribution of rainwater harvesting tanks.

With regards to the infrastructure built programme, the Department committed completing the Vaal River Eastern Sub-system Augmentation Project and rehabilitating five dams, to ensure compliance with the dam safety regulations. Seven were completed. Some delays were experienced with regards to completing the infrastructure built programme. This includes the regional bulk infrastructure and the augmentation projects. There were additional scope of work requirements for some projects as well as resettlement and land acquisition challenges for other projects. In addition, inclement weather conditions and long industrial actions also resulted in slow overall progress in some projects.

In addition the Department committed to setting the strategic framework for water management in the country which entailed among other things revising and gazetting the raw water pricing strategy for consultation, amending water related legislation, gazetting the second edition of the National Water Resources Strategy and finalising the institutional realignment framework. The draft Raw Water Pricing Strategy and the draft business case for the national water resource infrastructure were developed.

Some delays were experienced with regards to the amendment of water related legislation as a Ministerial directive required an expansion of the National Water Act to include relevant provisions

of the Water Services Act. Also, the gazetting of the National Water Resources Strategy could not be done during the year under review as public consultations took longer than anticipated.

To improve the regulation of water quality through compliance, monitoring and enforcement, the Department committed to among other things assess the compliance to water quality standards in 803 water supply systems, of which 963 systems were assessed and monitored for compliance. Of 100 mines, 92 mines were assessed and 31 investigated. In addition, the Department had committed to completing compulsory licensing processes in two water management areas. Delays were experienced within the compulsory licensing areas as there were a high number of objections and appeals received which required detailed consultations to occur which are still ongoing.

In coordinating the strategic international water cooperation, the Department committed to establishing four partnerships in Africa and two outside Africa (i.e. globally). During the year under review, the International Water Cooperation Strategy encompassing the overarching country strategies and engagements was approved.

In building capacity to deliver quality services, the Department committed to inter alia, admit 50 new graduate trainees into the trainee development programme, of which 61 was admitted. In addition the Department committed to place 35 graduate trainees into candidate positions, of which 66 graduate trainees were placed into candidate positions in the Department. The recruitment of women and people with disabilities in the engineering and scientist fields remains a challenge. The people will embark on an aggressive campaign to recruit qualifying women (including youth) for specialists' positions.

OVERVIEW

1.2 Service delivery improvement plan

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Upgrading and development of new water resources infrastructure for water security and availability	Communities	Economically supply water to towns, industries and poorly serviced rural communities in the Greater Sekhukhune area	Access: 70% water storage capacity for water security and availability for socio-economic development	Actual progress is 95%
Optimal operations and maintenance of water resources infrastructure	Water users	General Public	Access: 50% infrastructure maintained according to standard	60.5%
Enforcement actions taken against unlawful water users	All Water users	N/A	Number of Enforcement actions taken against unlawful water users	92 Mines monitored for compliance
Facilitate effective and sustainable water services for all people in South Africa	All people in South Africa	N/A	Improved access to water services	Implementation plans developed for all 23 priority district municipalities
Emergency Intervention and water pollution incidents	Public	Public	Take action within 48 hours from being notified of significant pollution incidents	24 hour turnaround for water pollution Took action within 24 hours from being notified of significant water pollution
Payment of all invoices within 30 days of receipt	Service providers and creditors		70% of all invoices are paid within 30 working days on receipt of correctly completed invoices	The Department ensured that measures are taken to pay all invoices within 30 days after receipt. This includes proactive provision of correct purchase orders, streamlining tracking and management of invoices from suppliers Instances of non-compliance with Instruction Note Number 34 from National Treasury were noted during the year and remedial action taken to avoid recurrence

OVERVIEW

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Procurement of goods and services through quotation method	Line functions	Line functions	It takes 4 to 6 weeks for procurement through the quotation method because this process is decentralised	Procurement of goods is within 2 to 3 weeks quotation and three days to warehouse
Development of calendar of events and feedback reports	Internal (Including Ministry) and external clients	International calendar of events is not properly coordinated	Pro-active in development of international calendar of events and its reports	Pro-active in development of international calendar of events and its reports
Capacity building and skills development	Water Services Authorities and Water Services Providers DWA Regional Offices	N/A	Effective, efficient and sustainable water services institutions that are accountable and responsive to those that they serve	56 WSAs supported with Councillors training
Interpretation and advice on SCM policy and procedure manual	All operational clusters, construction areas, Proto CMAs and WTE national office		Uniform application of the policy and procedures reduce irregular expenditure	The Financial Misconduct Committee (FMC) had their first meeting on 4 March 2013. Guidelines and procedures were reviewed by the committee members. Standard reporting for the presentation of submissions were presented to the committee, and was agreed by all members
Consolidate and monitor the branches demand plans	All operational clusters, construction areas, Proto CMAs and WTE national office		Consolidated plans for the Department Procurement of goods and services is in line with the demand plans Involve all stakeholders and the plan form part of department strategic plan	Demand plans were implemented in August 2011. The sub-directorate experienced capacity problems, therefore effective support to the line function remains a challenge Demand Management plans for all cluster/constructions and regions have been submitted, and the team has consolidated more than 80% demand plans, for the 2013/14 financial year

OVERVIEW

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Provide an effective and reliable supplier data base system	All operational clusters, construction areas, Proto CMAs, WTE national office and suppliers		Fully credible supplier data-base system in place	Database functionality on SAP to be aligned to PPR 2011 (database needs to be integrated) Business processes to be revised
Effective and efficient management of bidding and quotation process in line with SCM policies	All operational clusters, construction areas, Proto CMAs, WTE national office and suppliers		Improved turnaround time on requisitions (i) Advertise and finalise bids within 50 days Quotations requisition are finalised in three weeks Every two weeks give feedback to clients Orders generated within prescribed period. For all projects and purchases of goods and services Capture invoices and pre-authorise payments within 4 days from the date of receipt	The average time it takes to complete the bidding process is 144 days There are collective challenges in both SCM and line function who collectively participate in the bidding processes. The challenges vary from extended advertising periods to delay in BEC's meetings
Effective and efficient Contract Management	All operational clusters, construction areas, Proto CMAs, WTE national office and suppliers		Efficient and effective control measures regarding contracts implemented	Contract Management's first Quarterly Workshop/Meeting was held on 12 March 2013 with End Users/Stakeholders to address challenges/Contract Management issues SAP Stakeholders confirmed that the SAP 4.7 version could not accommodate retention on contracts. Contract Management updated the manual retention spread sheet, in collaboration with inputs from Project Managers

OVERVIEW

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Effective & efficient Risk Management for SCM [H/O] [WTE]	All operational clusters, construction areas, Proto CMAs, WTE national office and suppliers		Suppliers paid within 30 days of submitting invoices	90% of suppliers are paid within 30 days upon receipt of the invoices from the cost centre managers
Accurate processing of payroll related transactions	Staff members Payroll 3 rd Parties		100% Payroll transactions and 3 rd party payments processed accurately and timeously	100% payroll transactions and 3 rd party payments are processed accurately and timely.
Effective and efficient management of departmental assets register	All operational clusters, construction areas, Proto CMAs and WTE national office		Improved and updated reconciled asset register	The asset register has been maintained to desired targets of the operational plan
Advice management on their financial performance	All operational clusters, construction areas, Proto CMAs and WTE national office		Management report to be submitted on the 15 th of every month Proper analyses on monthly management accounts Management accounts should provide performance on financial indicators and non financial indicators	Report submitted on time Variances analysis done Quarterly reports done
Billing of clients on time and accurately	Water users		Billing and invoicing to be done within five days of consumption	100 % achievement
Effective debt management	Customers		Debtors' days to be 30 days	The desired standard of service was not achieved

OVERVIEW

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Effective customer relations	Internal and external stakeholders		Response time in 5 days every month	<p>The directorate has requested National Treasury to exclude WTE from the requirement of section 80 of the PFMA, for a period of three years, while the directorate aligns its system through the system upgrade</p> <p>From the directorate side, customers' queries are done on time by the internal reporting framework</p>

1.2.1 Consultation arrangements with customers

Type of arrangement	Actual customers	Potential customers	Actual achievements
Executive public participation programmes (including stakeholder engagement initiatives)	Communities, municipalities and other government departments	Members of the public, municipalities and other government departments	22 Public awareness campaigns and stakeholder engagement initiatives were conducted during the year under review
Briefings and hearings to Parliamentary Committees	Members of Parliament	Members of the public, other government departments	25 Engagements with Parliamentary Committees of which: 11 were with National Council of Provinces committees and 14 were with National Assembly Committees

OVERVIEW

1.2.2 Service delivery access strategy

Access strategy	Actual achievement
<p>The Department has developed a performance rating system built around the legal requirements, as well as local and international good practices. It is an incentive based regulation (i.e. rewards system) that encourages performance excellence and continuous improvement with regards to the management of drinking water quality called the Blue Drop Certification</p>	<p>A Blue Drop assessment was done for 2012 in which 931 water systems were audited within 153 municipalities. The results indicated an upward trend in the number of blue drop awards.</p> <p>A full assessment report is available once every two years. In the year where the full report is not done a progress assessment is done</p>
<p>The Department has developed a performance rating system built around the legal requirements, as well as local and international good practices. It is an incentive based regulation (i.e. rewards system) that encourages performance excellence and continuous improvement with regards to the management of wastewater called the Green Drop Certification</p>	<p>A Green Drop progress assessment was done for 2012 in which 831 plants were assessed within 153 municipalities</p> <p>A full assessment report is available once every two years. In the year where the full report is not done a progress assessment is done as was the case for the Green Drop Certification</p>
<p>The Department has a school based education programme called the 2020 Vision which is aimed at educating the youth in schools about water resource management and also promote careers in the water sector. The programme focuses on the development of curriculum aligned educational resource material, capacity building workshops for educators and action projects. Through this programme the youth identify water and environmental related challenges in their respective communities, conduct research and recommend interventions to address the identified challenges</p>	<p>Through this programme 45 schools participated in the Baswa Le Meetse National Competition, nine learners participated in the public speaking competition, 20 learners participated in the Youth Water Summit (i.e. Aqua Enduro Project)</p>
<p>The Department has set up a Rapid Response Unit in each of the regional offices that will have the ability to respond to both emergencies and potential crises with the sector covering a broad spectrum of problem areas. The RRU also designs and implements proactive interventions aimed at pre-empting crises before they occur</p>	<p>The decentralised Rapid Response Unit (RRU) is fully functional in 7 of the 9 provinces with the Water Boards acting as the RRU. An Implementation Note setting out the scope, principles, guiding principles; business process and governance arrangements has been developed and was signed in July 2011</p> <p>A dashboard reflecting all the activities undertaken by the RRU is maintained and updated quarterly</p>

OVERVIEW

1.2.3 Service information tool

Types of information tool	Actual achievement
Citizens are able to access credible data on drinking water quality (i.e. Blue Drop Certification) and identified risks within their respective municipalities through the Departmental website and a mobi-site	This information is accessible from the Departmental website: www.DWA.gov.za/bluedrop or on the mobi site: my-water.mobi
Citizens are able to access credible data on wastewater management (i.e. Green Drop Certification) and identified risks within their respective municipalities through the Departmental website	This information is accessible from the Departmental website: www.DWA.gov.za/greendrop
Information on the 2020 Vision school based education programme is accessible from the Department's regional offices located in the nine provinces	4500 schools were reached, three media centres were handed over
The RRU Managers can be contacted via the Regional Head of each Regional Office	The Call Centre Number is 0800 200 200

1.2.4 Complaints mechanism

Complaints mechanism
National Anti-Corruption Hotline number is 0800 701 701
Internal Audit contact number is 012 336 8141

1.3 Organisational environment

In the year under review, the Department was able to achieve a vacancy rate of 10, 5%, from a baseline of 14% from the previous financial year. From the beginning of the financial year, the Department implemented an aggressive recruitment strategy which resulted in more employees being recruited into the Department than the previous financial years. For the next financial year, the aim of the Department is to continue to maintain the vacancy rate of 10%, and also focus more on the recruitment of scarce and critical skills.

The Department prioritised and escalated the training of employees in accordance with the departmental Workplace Skill Plan (WSP), exceeding the target 80% of employees trained. The training of employees is essential to the improvement of individual performance and ultimately the improvement of service delivery by the Department. The Department also implemented an accelerated development programme for women at middle management. The programme is aimed at preparing and empowering women at middle management level to be able to be considered for senior management posts. By the end of the financial year, 16 women had graduated from the programme.

The Department is experiencing challenges to attract critical and scarce skills that are vital to the performance of its core business. The Department's limited ability to recruit scarce skills is due, in some instances, to the stringent prescribed requirements for Occupational Specific Dispensation (OSD) and not being able to match market related remuneration packages as offered by the private sector.

The Department seeks to address this challenge by, amongst others, cultivating skills through the Learning Academy and fast track the registration of trainees with professional bodies, implementation of a mentorship programme and the retention of available scarce skills. The Department will also embark on a strategy to source scarce skills from retirees, and where it is possible, source the skills with other countries where South Africa have bilateral relations.

1.4 Key policy developments and legislative changes

The Department is currently reviewing

- The Conditions of Service for those employed under Section 76 of the National Water Act No 36 1998.
- The Raw Water Pricing Strategy which is anticipated to be finalised during the 2013/14 financial year.

OVERVIEW

- The Water related legislation namely the National Water Act, Water Services Act and Water Research Act.

The legislative review was also complemented by the review of the National Water Resource Strategy which was gazetted for stakeholder consultation during the second quarter of the financial year. Although the legislative review has experienced some delays, draft bills have been developed.

The Department is currently undertaking a study on the options for economic regulation in order to strengthen its regulation role in the water sector. This study is progressing well and is envisaged to be finalised during the next financial year.

1.5 STRATEGIC OUTCOME ORIENTED GOALS

During the year under review the Department had six strategic outcome oriented goals. In calculating the actual achievement, the achievements were calculated by adding the total numbers of targets achieved within the relevant goals which were added. The significant achievements relating to these goals are as follow:

- 1.5.1 **Goal 1:** Contribute to economic growth, rural development, food security and land reform.

Main Account

The Department's can report a 40% achievement and 60% partial achievement relating the 2012/13 annual performance targets.

Water Trading Entity

The Department's can report a 57 % achievement, 29% partial achievement and 14% not achieved relating the 2012/13 annual performance targets.

- 1.5.2 **Goal 2:** To promote sustainable and equitable water resources management.

Main Account

The Department can report a 65% achievement, 31% partial achievement and 3.8% not achievement relating the 2012/13 annual performance targets.

Water Trading Entity

The Department can report a 75% achievement, 25% partial achievement relating the 2012/13 annual performance targets.

- 1.5.3 **Goal 3:** Strengthening the regulation of the water sector

Main Account

The Department can report a 63% achievement and 38% partial achievement relating the 2012/13 annual performance targets.

Water Trading Entity

The Department can report a 100% achievement relating the 2012/13 annual performance targets.

- 1.5.4 **Goal 4:** Support local government to deliver water services.

Main Account

The Department can report a 100% achievement relating the 2012/13 annual performance targets.

- 1.5.5 **Goal 5:** Contribute to improved International Relations.

Main Account

The Department can report a 100% achievement relating the 2012/13 annual performance targets.

- 1.5.6 **Goal 6:** Building capacity to deliver quality services.

Main Account

The Department can report a 66% achievement, 25% partial achievement and 8% non achievement relating the 2012/13 annual performance targets.

Water Trading Entity

The Department can report a 50% achievement, 25% partial achievement and 25% non achievement relating the 2012/13 annual performance targets.



ACTING DIRECTOR-GENERAL
TREVOR BALZER

2 MAIN EXCHEQUER ACCOUNT PERFORMANCE INFORMATION BY PROGRAMME

2.1 ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of responsibility for performance information for the year ended 31 March 2013.

As the Accounting Officer I am responsible for the preparation of the Department's performance information and for the judgments made in this information.

I am also responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the Department for the financial year that ended on 31 March 2013.

A handwritten signature in black ink, appearing to read 'Trevor Balzer', written in a cursive style.

Mr Trevor Ian Balzer
Accounting Officer
Date: 31 May 2013

2.2 AUDIT-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Reference is made to AGSA's Report for Vote 38, Section 17-42, set out on pages 186-189.

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

Corporate Services: Provides administrative support to the Department and comprises various sub-programmes: Human Resources, Communication Services; Legal Services; Administration; and Information Services.

Financial Management: Ensures the efficient management of daily financial operations, processes and systems.

Office Accommodation: Deals with payments of rental, municipal services, rates and taxes for all accommodation leased by the Department.

2.3 PERFORMANCE INFORMATION PER PROGRAMME

2.3.1 Programme 1: Administration

2.3.1.1 Purpose

The purpose of the programme is to provide policy leadership, advice and core support services, including Finance, Human Resources, Legal, Information and Management Services, Communication and Corporate Planning.

2.3.1.2 Sub-programmes

Ministry: Provides support to the Minister and Deputy Minister and makes provision for their salaries. This entails handling priority enquiries and correspondence.

Departmental Management: Provides administrative support to the Director-General, secretariat services to the Department and makes provisions for salaries and other costs associated with the office of the Director-General.

Internal Audit: Provides independent, objective assurance and advisory services designed to add value and improve the Department's operations. This entails providing support and advisory services to the Department.

2.3.1.3 Strategic objectives

Strategic outcome oriented goal		Strategic objectives	
No	Description	No	Description
2	To promote sustainable and equitable water resources management	2.5	To improve water use efficiency
6	Build capacity to deliver quality services	6.1	To ensure effective organisational performance and leadership
		6.2	To ensure a transformed socio-economic participation



PERFORMANCE INFORMATION PER PROGRAMME

2.3.1.4 Performance indicators per sub-programme

Table 3: Corporate Services sub-programme performance indicators

Strategic objective	Corporate Services					Comments on deviations
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	
To improve water use efficiency	Performance indicator Number of public awareness campaigns and stakeholder engagement initiatives	5 public awareness campaigns and stakeholder engagement initiatives	5 public awareness campaigns and stakeholder engagement initiatives	(9) public awareness campaigns and stakeholder engagement initiatives	4 over	There was an opportunity to have more campaigns. While campaigns are planned ahead of the year, they depend upon the willingness of stakeholders, amongst others
To ensure effective organisational performance and leadership	Percentage of employees training interventions conducted in line with Work Place Skills Plan	68% (4 497 of 6606) employees training interventions conducted in line with Work Place Skills Plan	80% of employees' training interventions conducted in line with Work Place Skills Plan	82% of employees' training interventions conducted in line with Work Place Skills Plan (6 829 of 8 329 employees)	2% over	Apart from the scheduled training intervention per PDP, compulsory courses were also customised and focused at specific employees (e.g. PALAMA SMS courses). More effort was also made to create awareness on training
	Percentage of signed performance agreements aligned to business plan	99.8% (5 919 of 5 932) of signed performance agreement aligned to business plan	100% of signed performance agreements aligned to business plan	98% signed performance agreements aligned to business plan	0.2% under	The under achievement is attributed to the employees who did not sign performance agreements due to cases of ill health, maternity leave, transferred staff to municipality, suspensions and newly appointed staff
	Percentage annual average vacancy rate	24.88% annual average vacancy rate	13% annual average vacancy rate	10.7% annual average vacancy rate	2.3% over	During the financial year, posts that were vacant for more than 180 days were abolished

PERFORMANCE INFORMATION PER PROGRAMME

Corporate Services							
Strategic objective	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
		Number of new graduate added to the trainee development programme	50 Graduate trainees developed	50 new graduate trainees admitted to the trainee development programme	61 graduate trainees admitted to the trainee development programme	11 over	Additional graduate trainees are placed in the Department based on needs, the aim is always to place more candidates within the Department
To ensure effective organisational performance and leadership		Number of graduate trainees placed into Candidate positions or permanent positions	50 graduate trainees placed into Candidate positions or permanent positions	35 graduate trainees placed into candidate positions or permanent positions	66 graduate trainees placed into candidate positions or permanent positions	31 over	Additional graduate trainees are placed in the Department based on need; the aim is always to place more candidates within the Department
		Percentage of procurement contracts corporate and international agreement vetted	100% procurement contracts corporate and international agreement vetted	100% of procurement contracts, corporate and international agreements vetted	100% of procurement contracts, corporate and international agreements vetted		
To ensure a transformed socio-economic participation		Percentage of woman employed	42% of woman employed	50% of women employed	38% of women employed	12% under	The Department recruits mainly in the engineering and scientist market, a job market that is largely dominated by men. For the MTEF, the Department will embark on a campaign to encourage qualifying women to apply for specialist positions
		Percentage of persons with disabilities (PWD) employed	0.31% of persons with disabilities (PWD) employed	2% people with disabilities employed	0, 85% people with disabilities employed	1.15% under	The appointment of people with disabilities remains a challenge for the Department

PERFORMANCE INFORMATION PER PROGRAMME

Table 4: Financial Management sub-programme performance indicators

Strategic objective	Sub-programme		Financial Management			
	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To ensure effective organisational performance and leadership	Percentage reliable and complete asset register	98%	100%	96%	4% under	Mpumalanga has some inaccuracies and requires intervention
	Percentage compliance with SCM policies, procedures and framework	100%	100%	99.9%	0.1% under	Non-compliance with SCM policies, procedures and framework resulted in the irregular expenditure that was detected and reported

Table 5: Department Management sub-programme performance indicators

Strategic objective	Sub-programme		Department Management			
	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To ensure a transformed socio-economic participation	Number of stakeholder awareness campaigns to promote socio-economic participation	11	13	13	-	
	Number of youth trained	.	150	244	94 over	The Executive leadership and the increased awareness campaign attracted more youth participation than was anticipated

2.3.1.5 Linking performance with budgets

PERFORMANCE INFORMATION PER PROGRAMME

Sub-programme	2012/2013			2011/2012		
	Final appropriation R'000	Actual expenditure R'000	(Over)/Under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/Under expenditure R'000
Ministry	47 051	47 051		48 925	48 482	443
Departmental Management	78 238	78 014	224	88 902	63 852	25 050
Internal Audit	16 864	16 864	-	21 971	19 496	2 475
Corporate Services	348 085	343 674	4 411	373 898	354 435	19 463
Financial Management	108 523	108 490	33	136 461	90 054	46 407
Office Accommodation	266 419	249 274	17 145	208 222	205 172	3 050
TOTAL	865 180	843 367	21 813	878 379	781 491	96 888

PERFORMANCE INFORMATION PER PROGRAMME

2.3.2 Programme 2: Water Sector Management

2.3.2.1 Purpose

The purpose of the 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.

2.3.2.2 Sub-programmes

Policy and Planning Management and Support: oversees the overall management and oversight of the programme by ensuring effective and efficient operation of the office of the Deputy Director-General.

Integrated Planning: develops comprehensive plans that guide options for reconciling supply and demand, including infrastructure development, systems and services management within the water sector; and is responsible for preparing reconciliation strategies, drafting feasibility plans, compiling integrated hydrological plans, undertaking options analysis and macro planning.

2.3.2.3 Strategic objectives

Strategic outcome oriented goal		Strategic objectives	
No	Description	No	Description
2	To promote sustainable and equitable water resources management	2.1	Setting a strategic framework for water management in the country
		2.2	To ensure balance of water supply and demand
		2.3	To improve the protection of water resources and ensure sustainability
		2.6	To improve the management of the water resources
4	Support local government to deliver water services	4.1	Ensure the provision of local government institutional support

Policy and Strategy: develops, maintains monitors and reviews the implementation of water sector policy to ensure reliable and equitable water supply and services, and is responsible for the review of the National Water Resources Strategy.

Water Ecosystems: develops and implements measures to protect water resources. This entails classifying systems, determining reserves, and conducting resource quality audits and resource directed measures of compliance.

Water Information Management: ensures the development and maintenance of systems and programmes for data and information acquisition and management, builds the knowledge base on all aspects of water, coordinates and audits implementation by the Department, Catchment Management Agencies and other water management institutions or agencies. This entails providing resource quality information services, spatial and land information management, water information quality assurance and audits, information programmes, and surface and ground water information services.

Institutional Oversight: is responsible for institutional governance and oversight of all water institutions and facilitates their establishment and development. This entails providing institutional support, establishing Catchment Management Agencies and rendering advisory services and oversight.

2.3.2.4 Performance indicators

Table 6: Institutional oversight sub-programme performance indicators

Strategic objective	Institutional oversight					Comments on deviations
	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement		Deviation from planned target to actual 2012/13 achievement
Setting a strategic framework for water management in the country	Raw Water Pricing Strategy revised	Project steering committee appointment and status quo document developed	Revised Raw Water Pricing Strategy developed and gazetted for consultation	Draft Raw Water Pricing Strategy developed	Revised project plan to be gazetted in 2013/14 financial year	Project will be completed in 2013/14
	Institutional Realignment framework finalised and implemented	Draft Report on Institutional Realignment	Framework finalised	Business case CMAs and Water Boards finalised Draft business case for national water resource infrastructure	Institutional Realignment framework	
To improve the management of the water resources	Number of functional CMAs established	Two business cases finalised for the existing CMAS.	1 established CMA established	Business cases for establishment finalised for realignment of 2 CMAs. One Government Gazette notice approved	Awaiting public comments	Government Notice for establishment to be signed after public comments have been considered
	Number of water institutions complying with corporate governance principles and legislation	12 Water board 2 CMAs, TCTA, WRC quarterly reports analysed and submitted to the Minister	16 institutions	10 Water boards 2 CMAs, TCTA, WRC Annual reports analysed and submitted to the Minister. Explanation for late tabling submitted for 2 water board (Botshelo & Bushbuckridge)		

PERFORMANCE INFORMATION PER PROGRAMME

Table 7: Policy and Strategy sub-programme performance indicators

Strategic objective	Policy and Strategy					
	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
Setting a strategic framework for water management in the country	Water related legislation drafted and gazetted (Water Services, National Water and Water research amendment bills)	3 discussion document per act produced and Version 1 Draft Bill for Water Research Act	Policies for legislative reviews finalised Water Services, National Water and Water research amendment bills)	The draft Water Amendment Bill		Due to Ministerial instruction the National Water Act is being substantially expanded and will also include the relevant provisions of the Water Services Act In effect the Water Services Act will be repealed and its applicable provisions will be transferred in to National Water Act Amendment Bill
	NWRS 2 nd edition finalised and gazetted	NWRS version 0.5 produced	NWRS 2 nd edition gazetted	Draft National Water Resources Strategy (NWRS) 2 gazetted and public consultation		Consultations took more time than anticipated
Ensure the provision of local government institutional support	Number of WSAs supported with Councillor training and process controllers training	1 224 councillors attended CDP induction. This induction covered 45 District Municipalities	23 non complying WSAs supported with Councillors' training	56 WSAs supported with Councillors' training	33 over	Concerted efforts by team members and more interest from Water Services Authorities

PERFORMANCE INFORMATION PER PROGRAMME

Table 8: Integrated planning sub-programme performance indicators

Strategic objective	Sub-programme	Integrated planning	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
Setting a strategic framework for water management in the country To ensure balance of water supply and demand	Climate Change Strategy Developed	Background information documents produced inception Report completed Climate change framework NWRs Climate Change chapter	Status Quo analysis Report	Draft Status Quo Analysis	Draft status Quo analysis report	Project scope revised. Project will be completed in 2013/14
	Number of new reconciliation strategies developed to ensure water security	2 Reconciliation Strategies (Bloemfontein area and Umzimkhulu catchment development strategy)	4 strategies competed	4 strategies competed (Olifants river system and 3 All Towns reconciliation strategies)		
	Number of reconciliation strategies maintained to ensure water security	7 strategies updated	8 (Olifants river system, Western Cape Metropolitan Supply system, Amatole system, Vaal system, KZN Coastal Metro, Crocodile West system, Algoa System, Bloemfontein area)	5 reconciliation strategies maintained (Amatole, Vaal, KZN Coastal metro strategy, Algoa and Crocodile (W) strategies)	3 (under) Target was revised from 8 to 5 in order to focus on preparing information used in the revision of NWRs	The review of Olifants river system, Western Cape Metropolitan Supply system and Bloemfontein area will be conducted in 2013/14 financial

PERFORMANCE INFORMATION PER PROGRAMME

Strategic objective	Sub-programme	Integrated planning	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
	Number of feasibility plans completed and initiated	Completion of feasibility plan advanced but temporarily suspended Feasibility Plan of Phase 2 of Mokolo Crocodile (West Water Augmentation project)	2 plans completed (Ncwabeni and Western Cape Water Supply System (WCWSS) augmentation)	Ncwabeni Revised Draft Environmental and Impact Assessment report Western Cape Water Supply System (WCWSS) augmentation draft feasibility reports uMzimvubu Water Project preliminary phase of the study completed Draft Long Term Pre-Feasibility Reports for Witwatersrand Area completed	Ncwabeni feasibility plan Western Cape Water Supply System (WCWSS) augmentation feasibility plan	Additional specialist studies required Procurement processes delayed

PERFORMANCE INFORMATION PER PROGRAMME

Strategic objective	Sub-programme	Integrated planning	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve the management of the water resources	Performance indicator	Actual achievement 2011/12	8 bulk water supply systems with Operating rules	8 bulk water supply systems with Operating rules (Vaal, Orange, Algoa, Polokwane, Umngeni Crocodile West, Sabie Sand and Western Cape Water Supply system)		
	Number of Bulk water supply systems with operating rules updated annually	12 more schemes with established operating rules	8 bulk water supply systems with Operating rules	8 bulk water supply systems with Operating rules (Vaal, Orange, Algoa, Polokwane, Umngeni Crocodile West, Sabie Sand and Western Cape Water Supply system)		
	Number of stand-alone schemes with established operating rules	10 schemes	12 stand-alone schemes with established operating rules	25 Operating rules were established with operating rules	13 over	Concerted efforts by the team members

PERFORMANCE INFORMATION PER PROGRAMME

Table 9: Water Ecosystem sub-programme performance indicators

Strategic objective	Sub-programme	Water Ecosystem	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve the protection of water resources and ensure sustainability	Number of river systems with determined Resource Quality Objectives	288 Ad Hoc Reserves determined	2 RQOs determined for the Olifants-Doorn and Olifants WMAs	Revised draft RQO report for Olifants-Doorn in place	2 RQOs for Olifants-Doorn and Olifants WMAs delayed	Due to the labour unrest in the area, it has been decided to postpone the stakeholder meeting and subsequent public meeting, as the Department is not in a position to guarantee the safety of stakeholders attending the meeting
				Draft information/gap analysis report in place (Olifants)			Picked up data gaps for some resource units and delays in getting the information

Table 10: Water Information Management sub-programme performance indicators

Strategic objective	Sub-programme	Water Information Management					Comments on deviations
		Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	
To improve the protection of water resources and ensure sustainability	State of Water Report	The 2009/2010 Report has been completed	Annual Report on State of Water	Final Annual Report on State of water 2011/12 (per hydrological year)	Final 11/12 Annual Report on State of Water	2011/12 report finalised for comments	
To improve the management of the water resources	National integrated water information systems developed and implemented	Report on user requirement and existing information systems (Flood Management, WARMS, NGIS, WMS, HYSTRA)	Proto-type integrated water information system developed (Phase 1)	The development of a prototype initiated	Completion of prototype integrated water information system	The project will be completed in 2013/14	

PERFORMANCE INFORMATION PER PROGRAMME

2.3.2.5 Linking performance with budgets

Sub-programme	2012/2013			2011/2012		
	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Policy and Planning Management Support	3 436	3 428	8	5 481	3 445	2 036
Integrated Planning	163 683	162 779	904	440 563	178 693	261 870
Policy and Strategy	27 225	27 218	7	38 125	23 915	14 210
Water Ecosystem	32 069	32 069	-	39 502	35 586	3 916
Water information Management	157 362	157 356	6	187 747	160 670	27 077
Institutional Oversight	117 830	117 688	142	140 933	109 498	31 435
Total	501 605	500 538	1 067	852 351	511 807	340 544



2.3.3 Programme 4: Regional Implementation and Support

2.3.3.1 Purpose

The purpose of the programme is to coordinate implementation of the Department's strategic goals and objectives at the regional (provincial) level, including the establishment of water resource management institutions. It facilitates water conservation and demand management and access to water infrastructure by communities.

2.3.3.2 Sub-programmes

Regional Management and Support: provides strategic support and oversees the overall management and oversight of the programme which includes activities such as document management, coordination of regional information and support to the office of the Deputy Director-General.

Sector Support and Intergovernmental Relations: coordinates sector collaborations and intergovernmental relations. It ensures that provincial water sector plans are aligned with provincial growth and development strategies. It also manages water conservation initiatives through efficient infrastructure management and the water use efficiency programme. It facilitates access to water by communities through an accelerated community infrastructure programme.

Institutional Establishment: contributes to the establishment of effective water management institutions. The activities under this sub-programme include transformation of irrigation boards into water users associations (WUAs), the development of Water Users Associations business plans as well as capacity building of the WUAs.

Regional Programme Coordination: implements and provides support to the Department's regional programmes.

PERFORMANCE INFORMATION PER PROGRAMME

Regional Bulk develops regional bulk infrastructure for water supply and water treatment works, and supplements regional bulk sanitation collector systems as well as regional wastewater treatment works. This entails connecting water from sources to municipal reticulation systems.

Transfer of Water Schemes: guides the transfer of the operation and maintenance functions of water services schemes to water services institutions to ensure effective, efficient and sustainable service delivery by all water services authorities. This entails administering and managing water and wastewater schemes that are in the Department's ownership and those that have been transferred to municipalities and other water management institutions.

Support Services: provides human resources, financial management and general administration to the programme. Water Services Projects provides for the construction of new water services infrastructure projects such as water treatment works and pipelines

Integrated Catchment Management: provides for the protection, development, use and management of the resources at water management area level. Although the budget for this function has been transferred to the Department's main account, a number of personnel remain under the water trading entity. A total of 115 staff members were transferred from the water trading entity to the Department, seven (7) of which have already moved.

2.3.3.3 Strategic objectives

Strategic outcome oriented goal		Strategic objectives	
No	Description	No	Description
1	Contribute to economic growth, rural development, food security an land reform	1.1	To ensure the availability of water supply for economic and domestic use
		1.2	To implement programme to create job opportunities
2	To promote sustainable and equitable water resources management	2.3	To improve the protection of water resources and ensure sustainability
		2.5	To improve water use efficiency
3	Strengthening the regulation of the water sector	3.1	To improve the regulation of the water sector
		3.2	To improve the water use authorisation
		3.3	To improve the regulation of water quality through compliance, monitoring and enforcement

PERFORMANCE INFORMATION PER PROGRAMME

2.3.3.4 Performance indicators

Table 11: Regional Bulk sub-programme performance indicators

Strategic objective	Regional Bulk					
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To ensure the availability of water supply for economic and domestic use	Number of bulk infrastructure schemes completed	5 EC: 1 Coffee Bay BWS FS: 1 Ngwathe BWS NC: 2 Tsantsabane BWS, Riemavas-maak WC: 1 George BWS	8 to be completed (51 at implementation phase)	3 completed EC: Tsomo RDP project FS: Jagersfontein/Fauresmith BWS Phase KZN: Emadlangeni Regional Bulk Water Supply	6 under However during the year under review 63 projects were under construction with an expenditure of R2.2 billion In design and tender phase the expenditure was R164 million	MP: there were delays regarding the construction of the Acornhoek scheme due to additional scope of work that was not anticipated to commence when the contractor was appointed. EC: commissioning of the Middleburg Groundwater Project sulphur (gas) was discovered in one of the boreholes and corrective measures were implemented and that led to the delay in the completion of the project. WC: additional work at the Hermanus Bulk Water Supply Scheme delayed the completion of the project

PERFORMANCE INFORMATION PER PROGRAMME

Regional Bulk							
Strategic objective	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve programmes to create job opportunities		Number of job opportunities created through regional bulk infrastructure	4 505 (cumulative)	632	4 986 job opportunities created	Over by 4354	The new projects under construction needed the capacity to be increased hence more job opportunities were created
To improve the protection of water resources and ensure sustainability		Number of Wastewater Treatment Works completed	2	1	3 Wastewater Treatment Works completed Groot Marico in North West Colesberg WWTWs in Northern Cape Hermanus WWTWs in Western Cape	2 over	The Groot Marico WWTWs in the NW funding was sourced from ACIP and the Colesburg WWTWs in NC was completed earlier than anticipated

PERFORMANCE INFORMATION PER PROGRAMME

Table 12: Institutional Establishment sub-programme performance indicators

Strategic objective	Institutional Establishment					Comments on deviations
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	
To ensure the availability of water supply for economic and domestic use	Number of additional Resource Poor Farmers with access to water	4 174	750	1 787	Over by 1 037	Funding was released by National Office Directorate: Integrated Water Resource Management (IWRM) and the project verification was completed timeously and invoices were submitted on time by Water User Associations (WUAs)
To ensure the availability of water supply for economic and domestic use	Number of additional rain water harvesting tanks distributed for food production and access to water supply	Access to water: 6308 food production: 1 760 Total Tanks distributed : 8 068	7 000	4 068 rain water harvesting tanks distributed	Under by 2 932	The budget was cut by more than 50% of required funding. It was envisaged that funding will be allocated from the donor to complement the voted funds but it never materialised as the demand for donor funding was higher than anticipated. The tanks distributed were based on the budget allocated for the year under review.

PERFORMANCE INFORMATION PER PROGRAMME

Strategic objective	Sub-programme	Institutional Establishment				Comments on deviations
		Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	
To improve the regulation of the water sector	Number of Water Management Institutions supported to develop business plans	24	40	41	Western Cape exceeded the initial plan	Rondebosch and Maaigate WUAs, Agterkliphooft; Klaasvoogds; Noree; Uitnood; Hoopsrivier; Koningsrivier; Marthinusvlei; Vrolikheid; Willemns River; Hex Valley and Spruit river
				EC: 5 Great Fish and Hewu Dalubuzwe WUA, eDikeni and Lower SRV Water User Association (WUA) and Masikhanye WUA KZN: 5 Nkonza, Imfunda Yophongolo and Central Mhlatuze, Bushmans and Central Okhahlamba LP: 3 Mutale, Mutshimbe. and Nzhelele WUAs MP: 2 Upper Komati and Elands NC: 6 Kalahari East; Tosca; Oranje Vaal and Boegoeberg WUAs, Vaalharts and Kakamas		

PERFORMANCE INFORMATION PER PROGRAMME

Strategic objective	Sub-programme	Institutional Establishment				Comments on deviations
		Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	
	Performance indicator			WC: 20 Central Breede River and Winelands WUAs, Wynland Water User Association (WUAs, Spruit River; Tulbagh; Vanwyksdorp; WC: 20 Central Breede River and Winelands WUAs, Wynland Water User Association (WUAs, Spruit River; Tulbagh; Vanwyksdorp; Rondebosch and Maalgate WUAs, Agterkliphoogte; Klaasvoogds; Noree; Uitnood; Hoopsrivier; Koningsrivier; Marthinusvlei; Vrolikheid; Willems River; Hex Valley and Spruit river		
To improve the regulation of the water sector	Number of Water Management Institutions regulated against business plans	14 EC: 1 GWA –Great Fish River FS: 3 Leeuwrivier Orange and Riet	44	22 EC: 2 Great Fish River WUA, Hewu Dalubuzwe WUA FS: 7 Oranje Riet, Leeuwrivier, Kalkfontein, Modderriver and Sand Vet, Vanderkloof and Klerksdorp	Under by 22	The Minister in March 2012 indicated that a turnaround strategy on Water User Association (WUAs) was required before any approval on WUAs could take place

PERFORMANCE INFORMATION PER PROGRAMME

Strategic objective	Sub-programme		Institutional Establishment			
	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
		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		KZN: 7 Umhlatuze and Umgeni Water Boards, Oranje Riet, Leeuwivier, Kalkfontein, Modderriver and Sand Vet NC: 2 Tshiping WUA and Oranje Vaal WC: 4 Lower Olifants River (LORWUA), Central Breede River and Wynland WUA and BOCMA		

PERFORMANCE INFORMATION PER PROGRAMME

Table 13: Sector Support and Intergovernmental Relations sub-programme performance indicators

Strategic objective	Sector Support and Intergovernmental Relations					Comments on deviations
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	
To ensure the availability of water supply for economic and domestic use	Performance indicator Number of additional people provided with access to water	598 776	746 004	695 600	Under by 50 404	The annual target" is an estimate of "how many people can be served" with the available annual Municipal Infrastructure Grant (MIG) allocation, and this target does not relate to the eradication of the backlog target by 2014). The "Actual Achievement" is based on all the available evidence gathered and analysed by the Department, which includes a calculated service delivery figure based on "the actual MIG expenditure", and then cross checked with Stats SA statistics obtained through Censuses, Community Surveys and annual General Household Surveys. Both figures align
Ensure the provision of local government institutional support	Number of community infrastructure water projects implemented	40	11	14	Over by 3	In Western Cape the Swartland LM implemented the installation of flow metres earlier than anticipated; there was rollover of projects for water supply in the Northern Cape and in Gauteng projects were ongoing from the previous quarters

PERFORMANCE INFORMATION PER PROGRAMME

Sector Support and Intergovernmental Relations							
Strategic objective	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve water use efficiency	Volume of water saved (Million m ³)	11, 300, 000 m ³	115, 300, 000	130 376 929 m ³	Over by 15 076 929m ³	Water users responded to the value of the call (Nelson Mandela Bay, EThekweni, Cape Town City, Johannesburg City and Buffalo City)	
Ensure the provision of local government institutional support	Number of prioritised municipalities (score < than 50%) to improve Blue Drop score	52	30	75	Over by 45	The focus was to support municipalities before the Blue Drop water services audit starts; There was a project coordinated by National Office Directorate: Regulation in Regional Offices and a request was made that priority must be given to conduct Performance Assessment Tool (PAT) sessions; in MP this was as a result of water quality crises reported in Carolina	
Ensure the provision of local government institutional support	Number of prioritised municipalities (score < than 50%) to improve Green Drop score	59	51	65	Over by 14	In the Northern Cape and North West Regional Offices there was an increase in number of municipalities requesting support and implementation of further interventions on reported incidents prompted more support to be provided and further more the project was coordinated by National Office D: Regulation and requested that priority must be given to conduct Performance Assessment Tool (PAT) sessions	

PERFORMANCE INFORMATION PER PROGRAMME

Sector Support and Intergovernmental Relations							
Strategic objective	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
Ensure the provision of local government institutional support		Number of municipalities supported to align WSDPs with IDPs	152	108	130	Over by 22	Additional Water Services Authorities were supported because of requests from national and provincial Department of Cooperative Governance and Traditional Affairs (CoGTA)
Ensure the provision of local government institutional support		Number of municipalities supported in implementing Water Conservation and Demand Management	68	30	34	Over by 4	In some Regional Offices intervention was the rollover of funds from previous quarter and funding from Accelerated Community Infrastructure Project (ACIP) was also allocated

Table 14: Integrated Catchment Management sub-programme performance indicators

Strategic objective	Integrated Catchment Management						
	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve the protection of water resources and ensure sustainability		Number of waste discharge users verified	Registration of waste discharge users	300 users verified	361 were verified	Over by 61	This over achievement was due to a task team comprising of WARMS, D: IWRMS, D:Resource Protection and Waste that assisted regional offices with technical assessments of applications to render them complete and ready for billing applications
		Number of rivers where River Health Programme is implemented	58	98	110	Over by 12	This was due to partnership formed between the Regional Offices, Department of Agriculture and Rural Development, and the placement of the graduate trainees
		Number of groundwater sites monitored	1746	2608	1 689	Under by 919	FS, NW, GP, staff problem. NC and KZN are picking up. Network is under review Regions do not have staff trained to collect groundwater samples
To improve the protection of water resources and ensure sustainability		Number of gauging sites monitored	1549	1524	1 515	9 (under)	Network is under review some stations are closed due to impacts and shortage of staff and funding for maintenance. Flood damage stations not yet repaired hence no measurements

PERFORMANCE INFORMATION PER PROGRAMME

Table 15: Transfer of Water Schemes sub-programme performance indicators

Strategic objective	Sub-programme		Transfer of Water Schemes				Comments on deviations
	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement		
Ensure the provision of local government institutional support	Number of transferred schemes refurbished	22	60	59	Under by 1 This municipality in Limpopo did not comply with Division of Revenue Act (DORA), in order for the money to be transferred there is a need for the WSA to comply with the requirements that are set off in the DORA, which is known by the municipality	This was due to non-compliance with Division of Revenue Act (DORA) of a WSA in Limpopo	

2.3.3.5 Linking performance with budgets

PERFORMANCE INFORMATION PER PROGRAMME

Sub-programme	2012/2013			2011/2012		
	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Regional Management and Support	4 815	4 813	2	6 111	4 787	1 324
Sector Support and Intergovernmental Relations	724 745	717 938	6 807	1 276 065	1 232 528	43 537
Institutional Establishment	27 156	24 456	2 700	31 125	30 015	1 110
Regional Programme Coordination	.	.	.	20	20	.
Regional Bulks	2 591 039	2 486 803	104 236	1 822 832	1 738 608	84 224
Transfer of Water Schemes	683 265	681 626	1 639	688 951	671 946	17 005
Support Services	310 118	306 589	3 529	377 981	340 800	37 181
Water Services Project	619 054	532 904	86 150	547 519	338 445	209 074
Integrated Catchment Management	23, 853	23 849	4	23 541	18 352	5 189
Total	4 984 045	4 778 978	205 067	4 774 145	4 375 501	398 644



2.3.4 Programme 5: Water Sector Regulation

2.3.4.1 Purpose

The purpose of the programme is to ensure the development, implementation, monitoring and review of regulation across the water value chain in accordance with the provisions of the National Water Act (Act No.38 of 1998) and the Water Services Act (Act No. 108 of 1997).

2.3.4.2 Sub-programmes

Regulation Management and Support:

Ensures the overall management and oversight of the programme. This entails providing strategic support to all sub-programmes.

Economic and Social Regulation:

Ensures that pricing is efficient and cost reflective, achieves value for money for consumers and, where appropriate, that trade-offs are made between the cost, quality and sustainability of services, focusing on developing finance and pricing strategies.

Water Use Authorisation: Authorises all water use activities in South Africa by using regulatory instruments such as licensing and water allocation reform

Drinking Water Quality and Wastewater Services:

Regulates the quality of drinking water and wastewater by using incentive and risk based regulation such as including the Blue Drop and Green Drop certification programmes, as well as enforcement tools such as: monitoring of drinking water quality; setting drinking water standards, prescribing wastewater treatment and processes; and accurate processing of water information

PERFORMANCE INFORMATION PER PROGRAMME



ADOPT-A-RIVER PROJECT

The government has set aside R2-million to fund the Adopt-a-River project, which has so far created 595 job opportunities, for a further 12 months

Resource Regulation: Regulates the use of resources through setting water licence conditions. Key functions performed include dam safety regulation; and water use regulation including abstraction, storage, in stream water use, stream flow reduction water use and water uses relating to waste.

Compliance Monitoring: Coordinates and monitors compliance to standards, licence conditions and regulations across the full water value chain including water resources, dam safety, water hazards and water services.

Enforcement: Ensures that appropriate legal action is taken against all unlawful water users. Functions performed in this sub-programme include monitoring and investigations, legal support and enforcement support.

2.3.4.3 Strategic objectives

Strategic outcome oriented goal		Strategic objectives	
No	Description	No	Description
3	Strengthening the regulation of the water sector	3.1	To improve the regulation of the water sector
		3.2	To improve the water use authorisation
		3.3	To improve the regulation of water quality through compliance, monitoring

2.3.4.4 Performance indicators

Table 16: Economic and Social Regulation sub-programme performance indicators

Strategic objective	Economic and Social Regulation					
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve the regulation of the water sector	Economic regulator established	Inception Report	Institutional options for economic regulator developed	Institutional options developed		

Table 17: Water Use Authorisation sub-programme performance indicators

Strategic objective	Water Use Authorisation					
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve the regulation of the water sector	Number of dams declared/ certified safe safety evaluations completed	150	140	148	8 over	This was as a result of the Publication of dam safety Regulations and concerted effort by team supported by Regions

PERFORMANCE INFORMATION PER PROGRAMME

Water Use Authorisation							
Strategic objective	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve the water use authorisation	Number of new water management areas in which compulsory licensing processes have been completed		Draft Inception Reports completed for Jan Dissel and Mhlathuze	2 (Jan Dissel and Mhlathuze)	Preliminary Allocation Schedule gazetted for Jan Dissel	Licensing process for Jan Dissel and Mhlathuze	Appeals towards the Preliminary Schedule were received. All appellants had to be individually engaged to understand the basis of their appeal and also negotiate the possible amicable solution and good amicable solution and good meaningful success where achieved in this regard
						Proposed Allocation schedule for Mhlathuze was gazetted		A high number of objections were received and detailed consultations are still being undertaken to mitigate the effects of the objections received

Table 18: Drinking Water Quality and Wastewater Services sub-programme performance indicators

Strategic objective	Drinking Water Quality and Wastewater Services					
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve the protection of water quality through compliance, monitoring and enforcement	Number of waste water supply systems assessed to meet effluent standards	Green Drop Report released reporting on 831 waste water systems assessments	803	963 systems were assessed	160 over	The overachievement is due to inclusion of public works and private systems

Table 19: Compliance Monitoring and Enforcement sub-programmes' performance indicators

Strategic objective	Compliance Monitoring and Enforcement					
	Sub-programmes	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve the protection of water quality through compliance, monitoring and enforcement	Number of mines monitored for compliance	86	100 mines	92 mines monitored for compliance and 31 investigated for compliance	23 over	Joint inspections and investigations (DWA, DEA and DMR)

5.4.5 Linking performance with budgets

Sub-programme	2012/2013			2011/2012		
	Final appropriation R'000	Actual expenditure R'000	(Over)/Under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/Under expenditure R'000
Regulation Management and Support	314	282	32	2 332	308	2 024
Economic and Social Regulation	821	63	758	·	·	·
Water Use Authorisation	20 346	19 602	744	21 311	21 311	·
Drinking Water Quality & Waste Water Services	26 353	23 892	2 461	23 226	20 969	2 257
Resource Regulations	37 395	33 992	3 403	51 508	40 336	11 172
Compliance Monitoring	788	14	774	1 000	2	998
Enforcement	15 063	9 529	5 534	12 993	8 227	4 766
Total	101 080	87 374	13 706	112 370	91 153	21 217

PERFORMANCE INFORMATION PER PROGRAMME



2.3.5 Programme 6: International Water Cooperation

2.3.5.1 Purpose

The purpose of the programme is to strategically develop, promote and manage international relations on water resources between countries through bilateral and multilateral cooperation instruments and organisations. A further aim is to drive national interest in both Africa multilateral and global multilateral organisations and fora.

2.3.5.2 Sub-programmes

International Relations Management and Support: Ensures overall management and oversight of the programme.

Africa Cooperation: Fulfils the Department's responsibility of advancing the African Agenda through promotion and facilitation of collaborative

activities in support of the water sector through bilateral relations and participation in multilateral institutions such as the African Union (AU), African Ministers' Council on Water (AMCOW), the New Partnership for Africa's Development (NEPAD) programmes and the Southern African Development Community (SADC).

Global Cooperation: Promotes and advances national interest at global governance institutions, strategically engages bilateral countries outside Africa and further looks at leveraging opportunities for international resources from strategic donor countries.

2.3.5.3 Strategic objectives

Strategic outcome oriented goal		Strategic objectives	
No	Description	No	Description
5	Contribute to improved International Relations	5.1	To coordinate strategic international water cooperation

2.3.5.4 Performance indicators

Table 20: Africa Cooperation sub-programme performance indicators

Strategic objective	Africa Cooperation					
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To coordinate strategic international water cooperation	Number of strategic partnerships established and implemented with countries and organisations in Africa	4 Partnerships	4 partnerships	Uganda agreement signed Zimbabwe negotiated and finalised the draft agreement Ethiopia draft agreement negotiated Ghana areas of cooperation were identified Shared river basin organisation: MOU signed with Lesotho and Botswana on the Botswana Extraction of water from the Lesotho Highlands Project Rwanda training modules of hydrologists implemented DRC projects implemented		

PERFORMANCE INFORMATION PER PROGRAMME

Table 21: Global Cooperation sub-programme performance indicators

Strategic objective	Sub-programme					Deviation from planned target to actual 2012/13 achievement	Comments on deviations
	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Global Cooperation		
To coordinate strategic international water cooperation	Number of strategic partnerships established and implemented with countries and organisations outside Africa	2 Partnerships established	2 new strategic partnerships established	RSA – Mexico: formal cooperation agreement negotiated RSA – Netherlands: MoU finalised for signature Two financing agreements signed with the Dutch ORIO for infrastructure grant for Elundini and uMlungundlovu municipalities			
				RSA – Japan: Projects implemented as per the plan and partnership review workshop held in Japan RSA China: Partnership implemented as planned RSA – Vietnam: implemented as planned RSA – Russia: Implemented as planned			
	Number of existing bilateral instruments realigned	1	2	RSA – Cuba: Relations with Cuba re defined after the lapse of the agreement RSA – Russia: SA-Russia cooperation renewed			
	Number of country engagement strategies developed	Water profiles(4) leading to the establishment of strategies done	2	The International Water Cooperation Strategy that encompasses the overarching country strategies and engagements was approved			

3.1.3.5 Linking performance with budgets

Sub-programme	2012/2013			2011/2012		
	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
International Relation Management and Support	4 890	4 148	742	14 832	14 832	-
Africa Cooperation	7 993	7 564	429	5 421	4 788	795
Global Cooperation	11 595	11 258	337	5 858	1 314	4 544
TOTAL	24 478	22 970	1 508	26 111	20 934	5 339





ACTING DIRECTOR-GENERAL
TREVOR BALZER

3 WATER TRAINING ENTITY PERFORMANCE INFORMATION BY PROGRAMME

3.1 ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of responsibility for performance information for the year ended 31 March 2013.

As the Accounting Officer I am responsible for the preparation of the Department's performance information and for the judgments made in this information.

I am also responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the Department for the financial year that ended on 31 March 2013.

A handwritten signature in black ink, appearing to read 'Trevor Balzer'.

Mr Trevor Ian Balzer
Accounting Officer
Date: 31 May 2013

3.2 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

requires that a structure such as the WTE be fully ring-fenced and operated independently to ensure full accountability in terms of integrated water resources management, integrated water resources systems and bulk water supply.

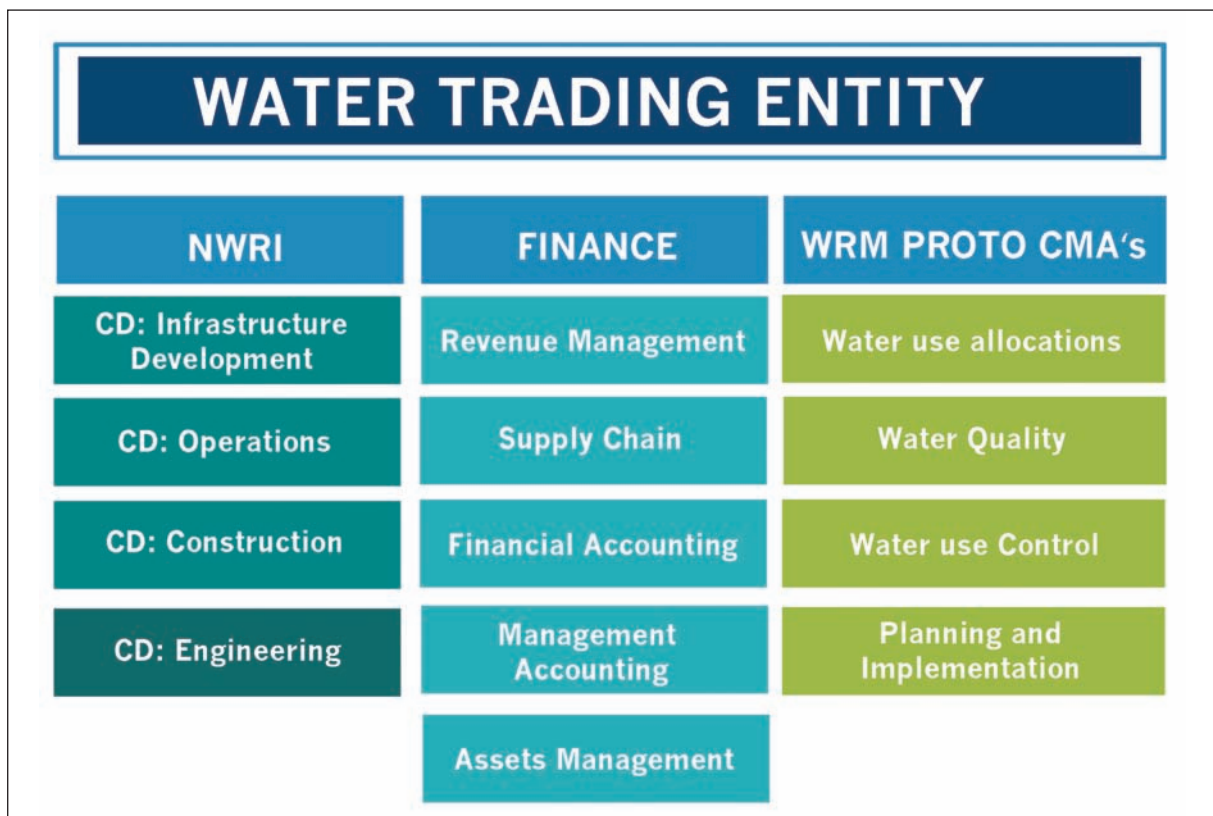
Reference is made to AGSA's Report for WTE, Section 15-43, set out on pages 282-285.

3.3 WATER TRADING ENTITY PERFORMANCE INFORMATION BY PROGRAMME

The Water Trading Entity (WTE) operates within the Department and does not have its own Accounting Officer; its responsibilities are shared by different branches within the Department. However, the PFMA

Operational arrangements within the Water Trading Entity

Figure 2: Operational arrangements within the Water Trading Entity



PERFORMANCE INFORMATION PER PROGRAMME



R18 MILLION WATER SUPPLY PROJECT

As part of the National Water Week programme, Deputy Minister, Rejoice Mabudafhasi handed over an R18 million water supply project consisting of 1.8 Ml reservoir and 15.4 km bulk pipeline to Mukula community.

3.3.1 Programme 1: Administration

3.3.1.1 Purpose

The purpose of the programme is to ensure reliable supply of water from bulk raw water resources infrastructure, with acceptable risk, to meet sustainable demand objectives for South Africa, including soliciting and sourcing funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

3.3.1.2 Sub-programmes

Financial Management: Ensures the efficient management of daily financial operations, processes and systems.

3.3.1.3 Strategic objectives

Strategic outcome oriented goal		Strategic objectives	
No	Description	No	Description
6	Build capacity to deliver quality services	6.1	To ensure effective organisational performance and leadership

PERFORMANCE INFORMATION PER PROGRAMME

3.3.1.4 Performance indicators

Table 22: Financial Management sub-programme performance indicators

Strategic objective	Financial Management					Comments on deviations
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	
To ensure organisational performance and leadership	Performance indicator	91%	90%	90%		
	Percentage reliable and complete asset register					
	Percentage reduction in irregular expenditure	R36 301 256.26	100%	80%	20% under	Irregular Expenditure is ex-post facto. Line manager's delay to report incidents can go undetected hence most of irregular expenditure on recorded on the register relate to prior years incidence Failure to comply with regulations and Legislation Delays in reporting of irregular expenditure by Directorates, Clusters and Construction sites resulted in the branch no longer achieving the 100% reduction in irregular expenditure target Mitigation measures include: 1 Issued Practice notes from National Treasury to line functions

PERFORMANCE INFORMATION PER PROGRAMME

Strategic objective	Financial Management					Comments on deviations	
	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement		Deviation from planned target to actual 2012/13 achievement
To ensure organisational performance and leadership							<p>2 Sundry payments are analysed to monitor on monthly basis</p> <p>3 Compliance workshop for awareness in terms of SCM process and procedures</p> <p>4 Monthly reports to SCM HO on fruitless and wasteful as well as irregular expenditure incurred</p> <p>5 Develop and implement a procedure document to address irregular expenditure as well as fruitless and wasteful expenditure</p>
	Percentage of all billable and registered customers billed accurately	92%	98%	99.29%	1.29 % over		

PERFORMANCE INFORMATION PER PROGRAMME

Strategic objective	Financial Management					Comments on deviations
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	
	Performance indicator Percentage of reduction in outstanding debt (cash collection and correction related to invalid charges to debtors) current value: R5.4 billion	15%	35%	0% reduction	0% reduction	The debtor book grew from the baseline of R5.4 billion to R5.9 Billion placing the WTE in a position that reflects 9% increase in the debtors balance Mitigation measures include: Top 100 Customers were ring-fenced Reconstruction of accounts done Line Item Clearing Sign off on debtors balances to be obtained Acknowledgement of debt and settlements agreements to be signed Debt Recovery company appointed

3.3.1.5 Linking performance with budgets

Sub-programme	2012/2013			2011/2012		
	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
Chief Financial Officer	R'000 212 164	R'000 180 871	R'000 31 293	R'000 162 979	R'000 143 223	R'000 19 756
Total	212 164	180 871	31 293	162 979	143 223	19 756

PERFORMANCE INFORMATION PER PROGRAMME



3.3.2 Programme 3: Water Infrastructure Management

3.3.2.1 Purpose

The purpose of the programme is 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.

3.3.2.2 Sub-programmes

Infrastructure development and rehabilitation: Provides for the design, construction and commissioning of new water resource infrastructure; and the rehabilitation of existing infrastructure to ensure the safety and functionality of the departmental dams and related infrastructure.

Operation of water resources: Provides for the augmentation of the water trading entity to ensure the effective management of water resources and the sustainable operation and management of bulk raw water infrastructure.

3.3.2.3 Strategic objectives

Strategic outcome oriented goal		Strategic objectives	
No	Description	No	Description
1	To contribute to Economic Growth, Rural Development, Food Security and Land Reform	1.1	To ensure the availability of water supply for economic and domestic use
		1.2	To implement programmes to create jobs opportunities

PERFORMANCE INFORMATION PER PROGRAMME

3.3.2.4 Performance indicators

Table 23: Infrastructure Development and Rehabilitation sub-programme performance indicators

Strategic objective	Infrastructure development and rehabilitation					
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To ensure the availability of water supply for economic and domestic use	Percentage of project completed as per project implementation programme (De Hoop Dam)	86%	99% De Hoop Dam Olifants River Water Resource Development Project (ORWRDP Phase 2A)	95%	4% under	Despite the fact that we had the industrial action, plus the refusal by the three families to move from the dam basin, minimal peripheral construction activities are required to complete the dam wall. Certain commissioning activities have been done and O & M is ready to take over
	Percentage of project completed as per project implementation programme (Olifants River Water Resource Development Project)	5%	Olifants River Water Resource Development Project (ORWRDP Phase 2C) (Bulk distribution works) 30%	18 %	12% under	Major delays due to land acquisition and resettlement challenges Pipe supply (pipe manufacturing quality concerns) and pipe-laying challenges

PERFORMANCE INFORMATION PER PROGRAMME

Infrastructure development and rehabilitation						
Strategic objective	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
	Percentage of project completed as per project implementation programme (Mokolo and Crocodile River (west) Water Augmentation on Project)	12%	Mokolo and Crocodile River (west) Water Augmentation on Project (phase 1) (MCWAP1) 45%	36%	9% under	Increment weather conditions and a month long industrial action in January to February 2013 resulted in slow overall project progress
	Percentage of project completed as per project implementation programme (Komati Water Supply Augmentation Project)	26%	Komati Water Supply Augmentation Project (KWA-SAP) 55%	84%	29% (over)	Both the Duvha and Matla pipelines were successfully commissioned in February 2013. The three month trial operation commenced on 18 February 2013 and the ready for operation will be achieved in May 2013 on both pipelines The KWSAP Water Delivery Ceremony was held on 19 March 2013
To ensure the availability of water supply for economic and domestic use	Percentage of project completed as per project implementation programme (Raising of Hazelimere Dam)	10%	Mdloti River Development (Raising of Hazelimere Dam) 42%	42%		The demobilisation of the priority has commenced. Designs ready for tender

PERFORMANCE INFORMATION PER PROGRAMME

Infrastructure development and rehabilitation						
Strategic objective	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
	<p>Percentage of project completed as per project implementation programme (Raising of Clanwilliam Dam)</p>	1%	<p>Olifants-Doorn River Water Resources Project: Raising of Clan William Dam 8%</p>	<p>8% SANRAL designs ready to go out on tender. DWA contractor submitted draft construction program</p>		
	<p>Percentage of project completed as per project implementation programme (Mooi-Mgeni Transfer Scheme)</p>	20%	<p>Mooi-Mgeni Transfer Scheme (MMTS- Phase 2) 70%</p>	50%	20% under	<p>Dam construction As a result of unforeseen conditions, the time of completion for the construction of the dam has been extended. Nonetheless, 'partial' impoundment was effected on the 26th March 2013 and other appurtenant works (transfer system) are being accelerated. MMTS-1 Refurbishment. The award and commencement of the pump station refurbishment was delayed. Critical works are planned for completion while the existing system is full of water (operational)</p>

PERFORMANCE INFORMATION PER PROGRAMME

Infrastructure development and rehabilitation						
Strategic objective	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To ensure the availability of water supply for economic and domestic use	Percentage of project completed as per project implementation programme (N'wamitwa Dam)	0%	Great Letaba River Water Resources Project (GLEWAP N'wamitwa Dam) 8%	5%	3%(under)	Refurbishment of existing transfer system Refurbishment contract was awarded in February 2013 Conveyance system Construction tender documents were issued in February 2013 Progressing with designs Developing Environmental Management Plan (EMP) Engaging stakeholders on land matters Awaiting the Record of Implementation Decisions (RID)
	Percentage of project completed as per project implementation programme (N'wamitwa Distribution Phase)	10%	Great Letaba Water Resource Project (GLEWAP) N'wamitwa Distribution Phase 17%	17% Designs completed DWA Contractor appointed Order for pipe supply has been placed Contractor established site		

PERFORMANCE INFORMATION PER PROGRAMME

Infrastructure development and rehabilitation						
Strategic objective	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To ensure the availability of water supply for economic and domestic use	Percentage of project completed as per project implementation programme (Raising of Tzaneen Dam)	0%	Greater Letaba River Water Resources Project: (Raising of Tzaneen Dam) 8%	5%	3% (under)	Record of Implementation Decision (RID) being finalised Revise project programme
	Percentage of project completed as per project plan (Lesotho Highlands Water Project Phase 2)	Project Management Unit (PMU) The Lesotho Highlands Water Commission (LHWC) have just agreed m 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 Fianal Tender to be submitted to the LHWC by the LHDA for approval. Advertise the tender May 2012 and appointment of the services Provider by July 2012	Complete design of advanced infrastructure	Design of infrastructure well advanced		The appointment of the PMU is awaiting ratification Completed baseline studies inception report Economic and ESKOM integration study has commenced Construction of Polihali is currently at 90% completion
To improve programmes to create job opportunities	Number of job opportunities created	1351	904	1752	848 over	Labour intake increased as NWRI has committed to upwardly negotiate jobs to be created in line with the new National Development Plan

Table 24: Operation of Water Resources sub-programme performance indicators

Strategic objective	Sub-programme	Operation of Water Resources	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To ensure the availability of water supply for economic and domestic use	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
	Percentage of infrastructure maintained as per maintenance plan	52%	90%	60.5%	29.5% (under)	Shortage of technical staff at our schemes is contributing to the maintenance backlog. The recent awarding of the multidisciplinary services tender will assist in addressing this backlog
	Number of Conveyance systems rehabilitated	2 Project on the Garitoos 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 Vlakfontein Canal has been completed	5 (cumulative)	7 (Completed fill areas and Balancing Dam counted)	Planned to complete 4 fill sections on Vlakfontein canal but was able to complete 6 due to improved construction methods.	<p>Qamata: 1 Balancing + 28 Lei Dams completed</p> <p>Ncora: 6 Lei Dams completed</p> <p>Voëlviel: 30 Super passages + Gouda syphon reject completed</p> <p>Vlakfontein Canal: Completed fill areas: 4, 5, 8, 9, 10 & 11</p> <p>Lindleyspoort Canals: 11 km of canal replaced</p> <p>Oranje Riet Canal: Balancing Dam S1 in progress</p>

PERFORMANCE INFORMATION PER PROGRAMME

PERFORMANCE INFORMATION PER PROGRAMME

Strategic objective	Sub-programme	Operation of Water Resources	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
	Number of rehabilitated dams to meet dam safety regulations	28 dams rehabilitated for financial year (FY) <ul style="list-style-type: none"> • Mashashane Dam • Molepo Dam • Rust de Winter Dam • Klein Marico-poort Dam 	35 total cumulative for the programme since it started in 2005	The following dam rehabilitation projects were completed during 2012/13: <ul style="list-style-type: none"> • Nsami Dam • Chuniespoort Dam • Grassridge Dam • Sterkfontein Dam • Klaserie Dam • Modjadji Dam • Magwa Dam 		

3.3.2.5 Linking performance with budgets

Sub-programme	2012/2013			2011/2012		
	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Infrastructure Development and Rehabilitation	2 092 003	2 092 003	.	2 217 826	2 216 883	943
Operation of Water Resources	159 493	159 493	.	167 137	167 137	.
Transfer and subsidies	.	.	.	2 384 963	2 384 020	943
Total	225 1496	225 1496	-	476 9926	4768 040	1 886

PERFORMANCE INFORMATION PER PROGRAMME



3.3.3 Programme 4: Regional Implementation and Support

3.3.3.1 Purpose

The purpose of the programme is to coordinate implementation of the Department's strategic goals and objectives at the regional (provincial) level, including the establishment of water resource management institutions. It facilitates water conservation and demand management and access to water infrastructure by communities.

3.3.3.2 Sub-programmes

Water Use and Regulation: Coordinates, leads and manages integrated intervention for ensuring that the water resources are protected, used, conserved, managed in an equitable and sustainable manner

Integrated Catchment Management: Provides for the protection, development, use and management of the resources at water management area level.

3.3.3.3 Strategic objectives

Strategic outcome oriented goal		Strategic objectives	
No	Description	No	Description
2	To promote sustainable and equitable water resources management	2.3	To improve equity in water allocation
		2.5	To improve water use efficiency
3	Strengthening the regulation of the water sector	3.2	To improve water use authorisation
		3.3	To improve the regulation of water quality through compliance, monitoring and enforcement

3.3.3.4 Performance indicators

Table 25: Water Use and Regulation sub-programme performance indicators

Strategic objective	Water Use and Regulation					
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve equity in water allocation	Number of water use licence applications processed	300	250	288 was a decision made but the processed applications were 400	Over by 38	This key performance indicator (KPI) is dependent on the number of license applications received for processing
	Volume of water allocated to HDIs	52 298 168m ³	16 014 000	28 237 039 m ³	Over by 12 223 039 m ³	To allocate volume of water is dependent on the number of license applications issued, so this KPI will always depend on the number of applications received and processed
To improve the water use authorisation	Number of water users authorised	682	205	515	Over by 310	This KPI is dependent on the number of license applications received for processing and issuing

3.3.3.5 Performance indicators

Table 26: Integrated Catchment Management sub-programme performance indicators

Strategic objective	Integrated Catchment Management					
	Sub-programme	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve equity in water allocation	Performance indicator Number of water management areas assessed for compulsory licensing	3 Jan Dissels, uMhlatuze and Tosca	8	14 (6 Over) Limpopo: Levuvhu Letaba WMA, Gauteng: Upper Vaal WMA Free State: Middle Vaal WMA North West: Crocodile (west) Marico WMA Northern Cape: Lower Vaal WMA, Lower Orange WMA Eastern Cape: Fish to Tsitsikamma WMA Western Cape: Berg, Gouritz and Olifants / Doring WMA Mpumalanga: Olifants WMA, Nkomati WMA KwaZulu Natal: Usuthu, Thukela and Mvoti, Mvoti Sub WMA, Mhlatuze-Sub WMA, Usuthu Sub WMA	Over by 6 When the process of validation and verification is completed the process of assessment will be fast tracked	The process of validation and verification (V & V) has not been completed in most Water Management Areas and the V & V process results determine whether there is a need for compulsory licensing or not

PERFORMANCE INFORMATION PER PROGRAMME

Integrated Catchment Management						
Sub-programme		Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
Strategic objective	Performance indicator	Volume of water loss reduced	3 500 000 m ³	36 939 695 m ³	Over by 33 439 695 m ³	In the Vaal River System the Department had made direct contact with water users during the process of water use verification. That yielded much better process flow and turnaround time to the water use verification process
		Number of dams identified per catchment	67	269	Over by 202	This is over achievement was due to additional human resource support received in the fourth quarter from survey services; the positive response from the private owners and the ongoing process of validation and verification

PERFORMANCE INFORMATION PER PROGRAMME

Integrated Catchment Management							
Strategic objective	Sub-programme	Performance indicator	Actual achievement 2011/12	Planned 2012/13 target	Actual 2012/13 achievement	Deviation from planned target to actual 2012/13 achievement	Comments on deviations
To improve the protection of water quality through compliance, monitoring and enforcement		Number of sampling points monitored	25676	1705	1 794	Over by 89	In the first quarter more of non-compliance cases were reported especially poor water quality in the Karoo Cluster Municipalities of Eastern Cape (Ikwezi, Blue Crane Route and Camdeboo) thus led to more sites being monitored
		Number of waste discharge points monitored	1935	736	749	Over by 13	This is determined and dependent on authorisation issued (The KPI is determined by the licenses processed and issued for authorisation of waste discharge)
		Number of mines where pollution inspection is conducted	457	156	179	Over by 23	The pollution is incident driven

Refer to paragraph 2.3.3.5 for the link to Main | Account Budget (see page 58).



SUMMARY OF FINANCIAL INFORMATION

4 SUMMARY OF FINANCIAL INFORMATION

4.1 Departmental receipts

	2012/2013			2011/2012		
	Estimate	Actual amount collected	(Over)/ Under collection	Estimate	Actual amount collected	(Over)/ Under collection
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Departmental receipts	27 880	26 917	(963)	22 918	55 556	32 858
Water related sales	7 160 064	7 177 095	(17 031)	6 177 613	6 532 092	(354 479)

There was R28 million that was taken out of the Compensation Commission Fund Account into the National Revenue Fund. There was also R25 million write off of the Overberg Water Board state loan. There was also R7 million rollover approval after the correction of an incorrect allocation in the previous 2010/11 financial year into a bank adjustment account instead of being allocated to revenue. These three events all happened in the 2011/12 financial year and did not recur in the 2012/13 financial year explaining the significant decrease in the Departmental Revenue for the 2012/13 financial year.

During the 2012/13 financial year the WTE had projected and managed to collect total revenue of R7.2 billion. This was due to the concerted effort by the entity to focus on revenue collection and reconciliation of its top 100 customers. There is however, a need for further improvement in the billing and the entity's ability to collect its outstanding debts quicker. The entity had a debt book of R6.0 billion as at the end of 2012/13 financial year with the provision of bad debts of R2.5 billion, however it must be noted that the entity hasn't written off any debts. The provision of bad debts is made in order for the entity to comply with the accounting requirements. Due to the high debt book the entity has appointed the debt collection urgency to assist in debt collections. This initiative will assist in reducing the current debt book.

4.2 Programme expenditure (Vote 38)

Programme name	2012/2013			2011/2012		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Administration	865 180	843 367	21 813	878 379	781 491	96 888
Water Sector Management	501 605	500 538	1 067	852 351	511 807	340 544
Water Infrastructure Management	2 251 496	2 251 496	-	2 384 963	2 384 020	-
Regional Implementation and Support	5 249 323	4 935 763	313 560	4 774 145	4 375 501	398 644

SUMMARY OF FINANCIAL INFORMATION

Programme name	2012/2013			2011/2012		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Water Sector Regulation	101 080	87 374	13 706	112 370	91 153	21 217
International Water Cooperation	24 478	22 970	1 508	26 111	20 934	5 177
TOTAL	8 993 162	8 641 508	351 654	9 028 319	8 164 906	863 413

4.3 Transfer payments, excluding public entities

The Department makes three (3) transfers for the Water Services Operating and Transfer Subsidy to municipalities for the implementation of projects in July, October and January respectively. After the initial transfer, each receiving municipality is expected to submit monthly reports to monitor spending before the next transfer is made. In instances where the reports are not received the Department withholds the transfer until the monthly progress report has been received.

Table 27: Transfer payments made for the period 01 April 2012 to 31 March 2013

Name of transferee	Purpose for which the funds were used	Compliance with s38(1)(j) of the PFMA	Amount transferred (R'000)	Amount spent by entity (R'000)	Reasons for unspent funds by the entity
Municipalities as per Annexure 1A	To subsidise and build capacity in water schemes owned operated by the Department or by other agencies on behalf of the department		562 434	332 369	This would appear as an under expenditure but it is not as there is a yearend timing difference between the national and local government spheres which is in March and June respectively Masala/Lerato Mokoena to provide reasons
Departmental Agencies & Accounts Annexure 1C	Water Trading Entity (WTE)		2 071 497	2 071 497	None

SUMMARY OF FINANCIAL INFORMATION

4.4 Public entities

Name of public entity	Services rendered by public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Botshelo Water Board Annexure 1E	Financial Assistance	31 358	31 358	-
Rand Water Board Annexure 1E	Financial Assistance	18 000	18 000	-

4.5 Conditional grants and earmarked funds paid

Department/ Municipality to whom the grant has been transferred	Water Affairs
Purpose of the grant	To subsidise and build capacity in water schemes owned and /or operated by Water Affairs or by other agencies on behalf of the department and transfer these schemes to local municipalities.
Expected outputs of the grant	To ensure that transferred schemes are fully functional and operated by skilled personnel to ensure optimal service delivery by the Water Service Authority (WSA). To ensure that funds transferred to WSA's are utilised for the intended purpose and that there is proper accountability by both receiving and transferring institutions.
Actual outputs achieved	Number of schemes where capacity and skills to run schemes were built. Fully functional schemes to municipalities in accordance with the Water Services Act. Schemes refurbished to standards outlined in terms of the agreed policy framework. Sustainability assessments completed per scheme or group of schemes to be transferred. WSA/provider has developed sufficient capacity in line with funding requirements Cost recovery plan in place to support the sustainability of schemes. Number of transferred schemes.
Amount per amended DORA	R562 434
Amount transferred (R'000)	R562 434
Reasons if amount as per DORA not transferred	All funds were transferred to Municipalities
Amount spent by the department/ municipality (R'000)	R332 369
Reasons for the funds unspent by the entity	This would appear as an under expenditure but it is not as there is a yearend timing difference between the national and local government spheres which is in March and June respectively. Masala/Lerato Mokoena to provide reasons

SUMMARY OF FINANCIAL INFORMATION

Monitoring mechanism by the transferring department	<p>All receiving municipalities and providers will be required to conclude formal transfer agreements</p> <p>The necessary capacity building plan related to the development, operation and maintenance of the infrastructure must be in place prior to the transfer of infrastructure to the relevant institution.</p> <p>Approval of allocations is conditional on a business plan that meets the prescribed requirements.</p> <p>Reporting on the grants must be done on a monthly basis.</p> <p>Transfer allocation may be adjusted to a municipality subject to approval from National Treasury in terms of the Division of Revenue Act.</p>
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4.6 Donor funds

Table 28: African Renaissance donor funds for the development of Metolong Dam in Lesotho

Name of donor	African Renaissance
Full amount of the funding	R60 000 000
Period of the commitment	N/A
Purpose of the funding	Infrastructure Grant for Development of Metolong Dam in Lesotho
Expected outputs	<p>Provision of Electricity – Electric Works</p> <p>Construction of Civil Works</p> <p>Voice and Data Communication</p> <p>Housing and Visitors' Centre</p>
Actual outputs achieved	<p>99% Provision of Electricity – Electric Works by end of March 2013</p> <p>99% Construction of Civil Works by end of March 2013</p> <p>100% Voice and Data Communication</p> <p>75% Housing and Visitors' Centre by end of March 2013</p>
Amount received in current period (R'000)	20 000
Amount spent by the department (R'000)	20 000
Reasons for the funds unspent	Construction of Civil Works, Housing and Visitors' Centre and Electric works in the Visitors Centre is still being finalised. We are expecting the last invoice when all the works have been completed and handed over to the Client.
Monitoring mechanism by the donor	The RSA Delegation on the Lesotho Highlands Water Commission on behalf of the Department of Water Affairs and Department of International Relations and Cooperation is responsible for monitoring the Metolong Dam Project

SUMMARY OF FINANCIAL INFORMATION

Table 29: African Renaissance donor funds for the Katanga Province post conflict reconstruction of the urban water sector

Name of donor	African Renaissance
Full amount of the funding	R 22 000 000
Period of the commitment	The actual completion was set for 28 February 2013 but has been rescheduled to June 2013 due to the political instability in Katanga Province
Purpose of the funding	Support to Katanga Province in the Democratic Republic of Congo for post conflict reconstruction of the urban water sector
Expected outputs	Increased pumping capacity and increased availability of pumps; Improved water quality; Reduced water losses and increased reliability of water supply; Enhance equipment sustainability
Actual outputs achieved	Project is 80% implemented
Amount received in current period (R'000)	R6 600
Amount spent by the department (R'000)	R6 600
Reasons for the funds unspent	
Monitoring mechanism by the donor	Project steering committee (PSC) established to monitor the implementation of the projects and the expenditure pattern of the budget

Table 30: JICA donor funds in kind for capacity building for water sector officials

Name of donor	Japan Funding Received in kind
Full amount of the funding	9.31 Million JPY
Period of the commitment	12 months
Purpose of the funding	Training and seminars
Expected outputs	Capacity building for officials in the water sector
Actual outputs achieved	Training of personnel in water service delivery techniques
Amount received in current period (R'000)	846
Amount spent by the department (R'000)	846
Reasons for the funds unspent	n/a
Monitoring mechanism by the donor	Annual JICA alumni meeting

SUMMARY OF FINANCIAL INFORMATION

Table 31: Netherlands (ORIO 12 SA 02) donor funds for refurbishment and upgrading of sanitation infrastructure through the uMgungundlovu District Municipality

Name of donor	NL EVD International (ORIO12 SA 02)	
	Dev Phase (Approved)	€ 405 000 Equivalent to R4, 996, 200
	Potential funding not yet approved	
	Imp Phase	€ 11 691 207 Equivalent to R144, 226, 000
	O & M Phase	€ 1 450 459 Equivalent to R17, 893, 300
	Total:	€ 13 141 414 Equivalent to R162, 116, 000
Period of the commitment	July 2013 to June 2023 (120 months)	
Purpose of the funding	Refurbishment and upgrading of sanitation infrastructure throughout the uMgungundlovu District Municipality (uMDM)	
Expected outputs	<p>Upgrading of 5 No. existing Wastewater Treatment Works by a total treatment capacity of 14MI/day</p> <p>Replacement/upgrading of 130 km of existing sewer reticulation</p> <p>Construction of 4 280 No. Ventilated Improved Pit Latrines (VIPs)</p> <p>Project Outcome:</p> <p>Improved sanitation services to 288 860 consumers within the uMDM</p>	
Actual outputs achieved	Commencement of Development Phase is planned for June 2013. Currently awaiting signing of grant arrangement by DWA and the EVD.	
Amount received in current period (R'000)	<p>Amount received from EVD to date: € 0</p> <p>Note that the Development Phase is planned to be completed over a period of 6 months from June to November 2013. Provided the Development Phase commences in June, it will be possible to expend the entire Development Phase budget of € 405 000 during the 2013/14 financial year.</p>	
Amount spent by the department	n/a	
Reasons for the funds unspent	n/a	
Monitoring mechanism by the donor	<p>Funding is transferred directly to the uMgungundlovu District Municipality.</p> <p>Regular reports on progress will be sent through to the EVD during the Development Phase before each tranche of funding is released.</p>	

SUMMARY OF FINANCIAL INFORMATION

Table 32: Netherlands (ORIO 11 SA /06) donor funds for refurbishment and upgrading of sanitation infrastructure through the uMgungundlovu District Municipality

Name of donor	NL EVD International (ORIO 11/SA/06)
Full amount of the funding	Development phase (approved) € 787 691 Equivalent to R9, 717, 190
	Potential funding not yet approved
	Implementation phase € 12 682 600 Equivalent to R156, 456, 000
	O & M phase € 768 219 Equivalent to R9, 476, 980
	Total € 13 450 819 Equivalent to R165, 933, 000
	Period of the commitment	April 2012 to December 2021 (117 months)
Purpose of the funding	Refurbishment and upgrading of water infrastructure throughout the uMgungundlovu District Municipality (uMDM)
Expected outputs	<p>Replacement of 77 km of asbestos cement pipelines</p> <p>Reduction in NRW status of areas covered by project from 57% to 34%</p> <p>Installation of 227 km of bulk and reticulation water supply pipelines</p> <p>Construction of 21 MI of additional bulk storage</p> <p>Project Outcomes:</p> <p>Improved water services to 583 215 consumers within the uMDM</p> <p>Reduction in significant pipe failures</p> <p>Provision of water supply to 26 067 people with no service</p> <p>Improvement in the financial performance of the uMDM through improved billing practices</p>
Actual outputs achieved	Development Phase completed (February 2013). Currently awaiting approval from EVD to proceed into Implementation Phase (anticipated in July 2013).
Amount received in current period (R'000)	Amount received from EVD to date: € 632 700 (since July 2012) Note that the remaining Development Phase budget of € 154 991 will be paid after the EVD has completed their evaluation of the Development Phase i.e. in July 2013.
Amount spent by the department	n/a
Reasons for the funds unspent	n/a
Monitoring mechanism by the donor	Funding is transferred directly to the uMgungundlovu District Municipality. Regular reports on progress are sent through to the EVD before each tranche of funding is released.

SUMMARY OF FINANCIAL INFORMATION

Table 33: European Community donor funds for the Water for Growth and Development (Masibambane project phase III)

Name of donor	European Community
Full amount of the funding	€107 000
Period of the commitment	Commitment commenced on the entry into force of the financing agreement(19 December 2007) and was to end at 60 months after this date
Purpose of the funding	Water for Growth and Development: Masibambane Project Phase 111
Expected outputs	Implementation of Integrated Water Resource Management, Enhanced Role of Civil Society, Advocacy, Communication and Capacity Building and Strengthening Sector Collaboration
Actual outputs achieved	All the expected outputs were achieved through Rapid Response Unit, Communication Services (Advocacy) and Water education awareness in schools initiatives. Rapid response unit focused on responding to emergencies and potential crises with a particular focus on water and wastewater treatment works. Successful interventions have taken place in a number of localities where challenges of unavailability of water and drinking water quality problem were dealt with. Water education and awareness also conducted awareness programmes to educate and empower all our constituencies with vital knowledge that will enable them to play a positive role in water conservation and efficient use. Through a Water Summit youth from the whole South African Democratic Countries (SADC) region was brought together to engage and participate in finding solutions to water challenges that face this part of the continent. Communication Services developed water saving key messages, developed and flighted a television campaign on SABC and local TV stations, and participated in Asikhulume TV show
Amount received in current period	R59 785
Amount spent by the department	R52 843
Reasons for the funds unspent	Not all interventions completed as planned because slow approval processes for Letsema, Skills and Sector Collaboration projects
Monitoring mechanism by the donor	Mid-term evaluation (Quarterly reports), Full year evaluation (Annual Reports of Masibambane), Masibambane Coordinating Committee Meeting (attended by donors and sector department) and the Annual Departmental Report

SUMMARY OF FINANCIAL INFORMATION

4.7 Capital investment, maintenance and asset management plan

Infrastructure projects	2012/2013			2011/2012		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
New and replacement assets	2 983 871	2 983 871	-	2 016 729	2 016 729	-
Existing infrastructure assets	383 904	383 904	-	224 220	224 220	-
Upgrades and additions	237 025	237 025	-	63 164	63 164	-
Rehabilitation, renovations and refurbishments	100 853	100 853	-	129 737	129 737	-
Maintenance and repairs	46 026	46 026	-	31 319	31 319	-
Infrastructure transfer	2 071 496	2 071 496	-	2 037 826	2 037 826	-
Current	46 026	46 026	-	31 319	31 319	-
Capital	5 393 245	5 393 245	-	4 247 456	4 247 456	-
TOTAL	5 439 271	5 439 271	-	4 278 775	4 278 775	-



PART C GOVERNANCE

GOVERNANCE

1 INTRODUCTION

The Department's Risk Management process is aligned to the National Treasury Risk Management Framework and other best practices.

2 RISK MANAGEMENT

The Department identifies and evaluates risks at different levels as follows:

- Strategic risk
- Operational risks
- Compliance risks
- Fraud risk
- IT risk; and
- Project risk

A strategic risk assessment was performed around March 2012 and the identified risks were discussed at a Top Management meeting before submitting to the Director-General for approval. Subsequently, the Director-General approved the strategic risk register and its inclusion in the 2012/2013 Annual Performance Plan. The strategic risks are the responsibility of individual Deputy Directors-General who report on the status of their respective risks at Top Management meetings.

All branches performed annual operational risk assessments and risk registers were developed and approved by respective senior managers. The ten critical operational risks were included into the business plans of individual branches. The Executive Committee (EXCO) members are responsible for operational risks within their areas of responsibilities and report on the status of risks and mitigating measures within their branches during Branch meetings.

On a quarterly basis, compliance risk assessments were performed and quarterly compliance reports were produced for senior management for endorsement.

An annual IT risk assessment was performed and an IT risk register was produced and approved by the Chief Information Officer.

The project risk assessment was introduced around August 2012 and project risk registers were produced for some of the projects and the Risk Management Unit is currently assisting the individual branches to develop the project risk registers for all the new projects.

Once risks have been identified they are subjected to a consistent assessment process to ensure that the Department achieves its objectives.

The risk mitigating measures were monitored monthly and on a quarterly basis the Risk Management directorate produced a risk management report detailing the status of each risk that is recorded.

3 FRAUD AND CORRUPTION

An annual fraud risk assessment was performed and the forensic audits reports were used to develop the Departmental fraud risk register.

The Department has an established forensic investigation directorate within internal audit that investigates the various allegations that have been reported. The majority of the fraud and corruption allegations are reported through the National Anti-corruption Hotline and referred to the Department for investigation. Other cases of alleged fraud and corruption are reported directly to the Accounting Officer and even to the Internal Audit.

All reported cases are considered and investigated irrespective of their significance in line with the Department's stance of non-tolerance to fraud and corruption. Once these cases have been investigated feedback is provided to the Public Service Commission to obtain consensus on the appropriateness of the investigation and resolving of the fraud and corruption incidents.

4 MINIMISING CONFLICT OF INTEREST

The Department has procured a McGregor system which will assist with accessing the CIPC (CIPRO) information on a list of directors which reduces the reliance on service providers. Meaning, before the bid is awarded the company verification is conducted on the system and the National Treasury's list of restricted suppliers.

The implementation of SBD4 forms where suppliers have to declare relationship with employees or any interest when responding to bids or quotations is also enforced.

Every financial year a circular is sent out by the Demand Management section for employees to declare their business interest.



5 CODE OF CONDUCT

The Department utilises the provisions of Chapter 2 of the Public Service Act (Code of Conduct for the Public Service) by ensuring that all employees' especially new appointees are inducted on the Code to ensure adherence. In cases of breach of the Code, disciplinary actions are instituted in terms of the provisions of the Public Service Coordinating Bargaining Council Resolution 1 of 2003 (Disciplinary Code and Procedures for the Public Service) for employees on salary level 12 and below. The provisions of Chapter 7 of the SMS Handbook (Misconduct and Incapacity) are used for all employees on salary level 13 and above.

6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department has fully implemented the Occupational Health and Safety Act No. 85 of 1993, with employees nominated and trained as prescribed. The Director-General has appointed heads of regions and Departmental clusters as the persons responsible for the implementation of the

duties of the employer as required in terms of the Act.

Safety officers and safety representatives were appointed to manage the day-to-day implementation of the Act, including providing oversight on the adherence to prescribed safety standards. The training provided to officers includes amongst others Safety Health Environmental Management (SHEMTRAC), Hazard Identification and Risk Assessment, First Aid and also Incident Investigation. The OHS policy has been developed to address issues such as the management of incidences, medical surveillance, emergency preparedness, and also the identification and management of risks.

The policy requires that health and safety incidents to be reported and investigated within seven days of occurrence. The Department also has a dedicated emergency call number to report such incidents.

For the year under review, 154 Incidents were reported to the Department of Labour as required by the Compensation for Injuries and Diseases Act no. 130 of 1993 and Occupational Health and Safety Act no 85 of 1993. Health and Safety risk assessments and awareness campaigns were implemented throughout the Department.

GOVERNANCE

Table 35: Health Safety and Environmental issues and their effect on Department's employees

Nature	Description	Effect on the Department
Occupational Health and Safety (OHS), Corporate Governance, Reputation and Legal.	<p>OHS not aligned with the Department's business plan and therefore is not included in the Annual Report.</p> <p>Limited enforcement of OHS requirements by Management.</p> <p>No clear delegation in line with the OHS Act.</p> <p>No appointed member of Top management with specific responsibility for OH & S.</p> <p>Fragmented OHS Management system in place.</p> <p>Lack of OHS framework and strategy within the Department.</p> <p>Poor occupational health implementation within the Department (Medical Surveillance of employees exposed to hazardous conditions).</p> <p>Non-compliance with OHS requirements by employees.</p>	<p>Non-compliance with legal requirements.</p> <p>Legal implications.</p> <p>Financial implications.</p> <p>Employees subjected to health and safety hazards.</p> <p>Incidents causing fatalities, property damage and occupational diseases.</p>

7 INTERNAL CONTROL UNIT

During the year under review, the Department established an Internal Control unit reporting to the Chief Financial Officer. The initiative will be fully operational during the 2013/14 financial year. The key functions of this unit include coordination of audits, facilitation of AGSA audit implementation action plans, supporting management in enhancing the functioning of systems of internal controls and administration of the financial systems. Some of these functions are currently being performance within the finance branch.



PART D HUMAN RESOURCE MANAGEMENT

1 LEGISLATION THAT GOVERN HUMAN RESOURCE MANAGEMENT

The information provided in this part is prescribed by the Public Service Regulations (Chapter 1, Part III J.3 and J.4)

2 INTRODUCTION

The Department started the year under review with a vacancy rate of 14% and by the end of the financial year was able to reduce it to 10, 5%. This reduction was as a result of implementing an aggressive recruitment strategy which resulted in more employees being recruited than in the previous financial years. For the next financial year, the Department seeks to maintain the vacancy rate of at least 10%, and also focus more on the recruitment of scarce and critical skills.

For the year under review the Department had prioritised and escalated the training of employees in accordance with the departmental Workplace Skill Plan (WSP) as training is essential to the improvement of individual performance and ultimately the improvement of service delivery. The Department exceeded its set target of training 80% employees.

The Department also implemented an accelerated development programme for women at middle management that is aimed at preparing and empowering women at middle management level to be able to be considered for senior management posts. By the end of the financial year, 16 women had graduated from the programme.

During the year under review, the Department experienced challenges in attracting critical and scarce skills that are vital to the performance of its core business. This limited ability to recruit scarce skills can be attributed to, in some instances, the stringent prescribed requirements for Occupational Specific Dispensation (OSD) and not being able to match market related remuneration packages as offered by the private sector.

In terms of the new management framework that was introduced to the Public Service in 1999, the Department developed 6 and reviewed 8 Human Resources policies. This intervention was embarked on to ensure that these policies are in

adherence with all relevant governance operational requirements such as Legislation, Regulations, Directives and Resolutions that forms part of the legislative framework of the Public Service. The review process commenced in June 2011 to consult with all internal and external stakeholders including organised labour. The list of the policies developed and/or reviewed are as follows:

- Bereavement (new);
- Bursaries (reviewed);
- Employee Initiated Transfers (new);
- Health and Wellness (new);
- HIV and AIDS (reviewed);
- Job Evaluation (reviewed);
- Overtime (reviewed);
- Performance Management and Development (reviewed);
- Recruitment and Selection (reviewed);
- Resettlement Costs (reviewed);
- Sexual Harassment (new);
- Skills Development (new);
- Special Leave (reviewed);
- Sports and Recreation (new); and
- Working Hours (reviewed).

3 HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel related expenditure

Table 36: 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	87, 376	46, 122	0	0	52.8	13	3 605
DWA: Administration	843, 562	292, 485	0	0	34.7	81	3 605
DWA: Forestry	0	0	0	0	0	0	3 605
DWA: International Water Cooperat	22, 970	14, 943	0	0	65.1	4	3 605
DWA: Regional Implementation & Support	4, 932, 633	510, 864	0	0	10.4	142	3 605
DWA: Regional Management	0	0	0	0	0	0	3 605
DWA: Trading Entity	0	0	0	0	0	0	3 605
DWA: Water Infrastructure Mngmnt	2, 251, 496	0	0	0	0	0	3 605
DWA: Water Sector Management	500, 643	164, 136	0	0	32.8	46	3 605
DWA: Water Services	0	0	0	0	0	0	3 605
Total as on Financial Systems (BAS)	8, 638, 680	1, 028, 549	0	0	11.9	285	3 605

Table 37: Personnel costs by salary band

Salary bands	Number of Posts	No. of employees	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	918	839	8.6	5
Skilled (Levels 3-5), Permanent	2165	1979	8.6	470
Highly skilled production (Levels 6-8), Permanent	2673	2372	11.3	356
Highly skilled supervision (Levels 9-12), Permanent	1545	1306	15.5	155
Highly skilled supervision (Levels 9-12), Temporary	1	1	0	0
Senior management (Levels 13-16), Permanent	232	192	17.2	0
Other, Permanent	1	1	0	0
Contract (Levels 3-5), Permanent	202	202	0	160
Contract (Levels 6-8), Permanent	208	208	0	31
Contract (Levels 9-12), Permanent	86	86	0	37
Contract (Levels 13-16), Permanent	8	8	0	2
Total	8039	7194	10.5	1216

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 38: 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	35947	74	4	0	975	2	1609	3.3	48597
DWA: Administration	219685	73.7	3306	1.1	7261	2.4	10063	3.4	298091
DWA: International Water Cooperat	11604	75.9	12	0.1	454	3	437	2.9	15295
DWA: Regional Impletation & Support	367299	64.2	2348	0.4	18818	3.3	25409	4.4	571896
DWA: Water Sector Management	126932	73.2	208	0.1	3503	2	5885	3.4	173298
TOTAL	761467	68.8	5878	0.5	31011	2.8	43403	3.9	1107177

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 39 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)	15579	61.2	191	0.8	2136	8.4	1753	6.9	25459
Skilled (Levels 3-5)	68799	61.1	1818	1.6	7355	6.5	7681	6.8	112617
Highly skilled production (Levels 6-8)	201587	66.1	2929	1	11901	3.9	18640	6.1	304951
Highly skilled supervision (Levels 9-12)	290466	68.6	807	0.2	6828	1.6	12873	3	423644
Senior management (Levels 13-16)	97121	75	0	0	2506	1.9	2036	1.6	129511
Contract (Levels 1-2)	32	62.7	0	0	0	0	0	0	51
Contract (Levels 3-5)	14594	97	114	0.8	0	0	1	0	15052
Contract (Levels 6-8)	37415	97.4	10	0	9	0	36	0.1	38410
Contract (Levels 9-12)	26514	81.1	9	0	169	0.5	295	0.9	32707
Contract (Levels 13-16)	9362	85.3	0	0	109	1	88	0.8	10973
Periodical Remuneration	0	0	0	0	0	0	0	0	13805
TOTAL	761469	68.8	5878	0.5	31013	2.8	43403	3.9	1107180

3.2 Employment and vacancies

Table 40: 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	131	110	16	3
DWA: Administration, Permanent	1987	1786	10.1	44
DWA: International Water Cooperat, Permanent	36	33	8.3	0
DWA: Regional Impletation & Support, Permanent	2333	2053	12	122
DWA: Water Sector Management, Permanent	465	400	14	19
Water Infrastructure Management	3087	2812	8.9	1028
TOTAL	8039	7194	10.5	1216

Table 41: Employment and vacancies by salary band at end of period

Salary band	Number of pots on approved establishment	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2), Permanent	918	839	8.6	5
Skilled (Levels 3-5), Permanent	2 165	1 979	8.6	470
Highly skilled production (Levels 6-8), Permanent	2 673	2 372	11.3	356
Highly skilled supervision (Levels 9-12), Permanent	1 545	1 306	151.5	155
Highly skilled supervision (Levels 9-12), Temporary	1	1	0	0
Senior management (Levels 13-16), Permanent	232	192	17.2	0
Other, permanent	1	1	0	0
Contract (Levels 3-5), Permanent	202	202	0	160
Contract (Levels 6-8), Permanent	208	208	0	31
Contract (Levels 9-12), Permanent	86	86	0	37
Contract (Levels 13-16), Permanent	8	8	0	2
TOTAL	8 039	7 194	10.5	1 216

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 42: Employment and vacancies by critical occupations 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	430	373	13.3	53
Agricul animal oceanography forestry & other scien, Permanent	3	3	0	0
Agriculture related, Permanent	4	4	0	0
All artisans in the building metal machinery etc., Permanent	131	108	17.6	0
Artisan project and related superintendents, Permanent	9	7	22.2	0
Auxiliary and related workers, Permanent	515	459	10.9	8
Biologists botanists zoologists & rel professional, Permanent	4	4	0	0
Building and other property caretakers, Permanent	103	91	11.7	0
Bus and heavy vehicle drivers, Permanent	30	29	3.3	0
Cartographers and surveyors, Permanent	6	5	16.7	0
Cartographic surveying and related technicians, Permanent	23	21	8.7	0
Chemical and physical science technicians, Permanent	13	11	15.4	0
Civil engineering technicians, Permanent	153	133	13.1	0
Cleaners in offices workshops hospitals etc., Permanent	159	155	2.5	0
Client inform clerks(switchb receipt inform clerks), Permanent	11	10	9.1	1
Communication and information related, Permanent	38	38	0	6
Community development workers, Permanent	96	84	12.5	2
Computer programmers., Permanent	1	1	0	0
Computer system designers and analysts., Permanent	1	1	0	0

HUMAN RESOURCES OVERSIGHT STATISTICS

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Custodian personnel, Permanent	1	1	0	0
Economists, Permanent	3	1	66.7	0
Electrical and electronics engineering technicians, Permanent	4	4	0	1
Engineering sciences related, Permanent	456	359	21.3	17
Engineers and related professionals, Permanent	72	62	13.9	10
Farm hands and labourers, Permanent	72	63	12.5	0
Finance and economics related, Permanent	157	130	17.2	3
Financial and related professionals, Permanent	13	13	0	0
Financial clerks and credit controllers, Permanent	494	447	9.5	75
Food services aids and waiters, Permanent	23	22	4.3	0
Forestry labourers, Permanent	9	9	0	0
General legal administration & rel. professionals, Permanent	12	10	16.7	0
Geologists geophysicists hydrologists & relat prof, Permanent	185	150	18.9	0
Head of department/chief executive officer, Permanent	1	1	0	0
Health sciences related, Permanent	1	1	0	0
Horticulturists foresters agricul. & forestry techn, Permanent	1	1	0	0
Household and laundry workers, Permanent	6	5	16.7	0
Household food and laundry services related, Permanent	1	1	0	0
Housekeepers laundry and related workers, Permanent	1	1	0	0
Human resources & organisat developm & relate prof, Permanent	41	36	12.2	1

HUMAN RESOURCES OVERSIGHT STATISTICS

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Human resources clerks, Permanent	150	138	8	4
Human resources related, Permanent	138	124	10.1	9
Information technology related, Permanent	29	28	3.4	3
Language practitioners interpreters & other commun, Permanent	36	31	13.9	0
Librarians and related professionals, Permanent	5	5	0	0
Library mail and related clerks, Permanent	45	39	13.3	0
Life sciences related, Permanent	1	0	100	0
Light vehicle drivers, Permanent	47	45	4.3	0
Logistical support personnel, Permanent	89	79	11.2	5
Material-recording and transport clerks, Permanent	180	167	7.2	4
Mechanical engineering technicians, Permanent	2	2	0	0
Messengers porters and deliverers, Permanent	109	98	10.1	1
Mining geology & geophysical & related technicians, Permanent	24	21	12.5	0
Motor vehicle drivers, Permanent	45	37	17.8	0
Motorised farm and forestry plant operators, Permanent	63	63	0	0
Natural sciences related, Permanent	326	259	20.6	24
Natural sciences related, Temporary	1	1	0	0
Nature conservation and oceanographical rel.techni, Permanent	5	4	20	0
Other administrat & related clerks and organisers, Permanent	522	471	9.8	25
Other administrative policy and related officers, Permanent	109	100	8.3	0

HUMAN RESOURCES OVERSIGHT STATISTICS

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Other information technology personnel., Permanent	11	9	18.2	0
Other machine operators, Permanent	4	3	25	0
Other occupations, Permanent	965	962	0.3	959
Quantity surveyors & rela prof not class elsewhere, Permanent	1	1	0	0
Regulatory inspectors, Permanent	23	22	4.3	0
Risk management and security services, Permanent	6	5	16.7	0
Road workers, Permanent	9	9	0	0
Safety health and quality inspectors, Permanent	10	8	20	0
Secretaries & other keyboard operating clerks, Permanent	154	134	13	0
Security guards, Permanent	47	47	0	0
Security officers, Permanent	133	126	5.3	0
Senior managers, Permanent	134	105	21.6	1
Social sciences related, Permanent	51	47	7.8	0
Social work and related professionals, Permanent	7	4	42.9	0
Trade labourers, Permanent	1073	966	10	1
Trade/industry advisers & other related profession, Permanent	3	3	0	0
Water plant and related operators, Permanent	199	177	11.1	3
TOTAL	8039	7194	10.5	1216

3.3 Job evaluation

Table 43: Job evaluation by salary band

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)	918	0	0	0	0	0	0
Contract (Levels 3-5)	202	0	0	0	0	0	0
Contract (Levels 6-8)	208	0	0	0	0	0	0
Contract (Levels 9-12)	86	0	0	0	0	0	0
Contract (Band A)	3	0	0	0	0	0	0
Contract (Band B)	2	0	0	0	0	0	0
Contract (Band C)	2	0	0	0	0	0	0
Contract (Band D)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	2165	1	0	1	100	0	0
Highly skilled production (Levels 6-8)	2673	2	0.1	7	350	1	50
Highly skilled supervision (Levels 9-12)	1546	3	0.2	0	0	2	66.7
Senior Management Service Band A	140	5	3.6	0	0	0	0
Senior Management Service Band B	77	9	11.7	0	0	0	0
Senior Management Service Band C	12	1	8.3	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
Other	1	0	0	0	0	0	0
TOTAL	8039	21	0.3	8	38.1	3	14.3

Table 44: Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	1
Total	1	0	0	0	1
Employees with a Disability	0	0	0	0	0

Table 45: Employees whose salary level exceed the grade determined by job evaluation [i.t.o. PSR1.V.C.3]

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
None					
Total	0				
Percentage of Total Employment	0				0

Table 46: Employees whose salary level exceed the grade determined by job evaluation

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

3.4 Employment changes

Table 47: Annual Turnover Rates by salary band

Salary Band	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	888	53	34	3.8
Skilled (Levels 3-5), Permanent	2024	130	171	8.4
Highly skilled production (Levels 6-8), Permanent	2260	82	86	3.8
Highly skilled supervision (Levels 9-12), Permanent	1248	23	55	4.4
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	0
Senior Management Service Band A, Permanent	87	6	4	4.6
Senior Management Service Band B, Permanent	53	1	2	3.8
Senior Management Service Band C, Permanent	5	0	1	20
Senior Management Service Band D, Permanent	2	0	0	0
Other, Permanent	1	0	0	0
Contract (Levels 1-2), Permanent	2	0	0	0
Contract (Levels 3-5), Permanent	112	153	40	35.7
Contract (Levels 6-8), Permanent	225	34	31	13.8
Contract (Levels 9-12), Permanent	91	12	20	22
Contract (Band A), Permanent	12	1	2	16.7
Contract (Band B), Permanent	2	1	0	0
Contract (Band C), Permanent	3	0	1	33.3
Contract (Band D), Permanent	2	0	0	0
TOTAL	7018	496	447	6.4

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 48: Annual Turnover Rates by critical occupation

Occupation	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	361	57	40	11.1
Agricul animal oceanography forestry & other scien, Permanent	1	0	0	0
Agriculture related, Permanent	3	0	0	0
All artisans in the building metal machinery etc., Permanent	114	5	14	12.3
Artisan project and related superintendents, Permanent	7	0	0	0
Auxiliary and related workers, Permanent	480	9	26	5.4
Biologists botanists zoologists & rel professional, Permanent	3	1	0	0
Building and other property caretakers, Permanent	91	5	5	5.5
Bus and heavy vehicle drivers, Permanent	31	0	3	9.7
Cartographic surveying and related technicians, Permanent	22	0	1	4.5
Chemical and physical science technicians, Permanent	12	0	0	0
Civil engineering technicians, Permanent	153	1	6	3.9
Cleaners in offices workshops hospitals etc., Permanent	151	6	3	2
Client inform clerks(switchb receipt inform clerks), Permanent	11	1	2	18.2
Communication and information related, Permanent	32	5	0	0
Community development workers, Permanent	79	2	2	2.5
Computer system designers and analysts., Permanent	2	0	0	0
Crime investigators/misdaad ondersoekers, Permanent	1	0	0	0

HUMAN RESOURCES OVERSIGHT STATISTICS

Occupation	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate
Custodian personnel, Permanent	1	0	0	0
Diplomats, Permanent	2	0	0	0
Economists, Permanent	2	0	0	0
Electrical and electronics engineering technicians, Permanent	2	0	0	0
Engineering sciences related, Permanent	312	79	30	9.6
Engineers and related professionals, Permanent	58	2	5	8.6
Farm hands and labourers, Permanent	65	3	4	6.2
Finance and economics related, Permanent	126	5	12	9.5
Financial and related professionals, Permanent	12	0	0	0
Financial clerks and credit controllers, Permanent	410	50	18	4.4
Food services aids and waiters, Permanent	21	3	0	0
Forestry labourers, Permanent	11	0	1	9.1
General legal administration & rel. professionals, Permanent	8	2	1	12.5
Geologists geophysicists hydrologists & relat prof, Permanent	140	3	6	4.3
Head of department/chief executive officer, Permanent	1	0	0	0
Household and laundry workers, Permanent	4	1	0	0
Household food and laundry services related, Permanent	1	0	0	0
Human resources & organisat developm & relate prof, Permanent	38	2	3	7.9
Human resources clerks, Permanent	133	5	2	1.5
Human resources related, Permanent	111	9	3	2.7
Information technology related, Permanent	23	3	0	0
Language practitioners interpreters & other commun, Permanent	31	2	0	0

HUMAN RESOURCES OVERSIGHT STATISTICS

Occupation	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate
Librarians and related professionals, Permanent	6	0	1	16.7
Library mail and related clerks, Permanent	33	2	1	3
Light vehicle drivers, Permanent	48	0	6	12.5
Logistical support personnel, Permanent	66	10	4	6.1
Material-recording and transport clerks, Permanent	166	5	6	3.6
Mechanical engineering technicians, Permanent	2	0	0	0
Messengers porters and deliverers, Permanent	102	3	3	2.9
Middle managers, Permanent	1	0	0	0
Mining geology & geophysical & related technicians, Permanent	19	0	1	5.3
Motor vehicle drivers, Permanent	44	0	5	11.4
Motorised farm and forestry plant operators, Permanent	75	1	16	21.3
Natural sciences related, Permanent	223	12	14	6.3
Natural sciences related, Temporary	1	0	0	0
Nature conservation and oceanographical rel. techni, Permanent	5	0	0	0
Other administrat & related clerks and organisers, Permanent	496	8	22	4.4
Other administrative policy and related officers, Permanent	95	2	3	3.2
Other information technology personnel., Permanent	9	0	0	0
Other machine operators, Permanent	2	1	0	0
Other occupations, Permanent	915	99	74	8.1
Quantity surveyors & rela prof not class elsewhere, Permanent	1	0	0	0
Regulatory inspectors, Permanent	19	1	0	0

HUMAN RESOURCES OVERSIGHT STATISTICS

Occupation	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate
Risk management and security services, Permanent	3	0	0	0
Road workers, Permanent	9	0	0	0
Safety health and quality inspectors, Permanent	7	1	0	0
Secretaries & other keyboard operating clerks, Permanent	138	4	4	2.9
Security guards, Permanent	46	0	1	2.2
Security officers, Permanent	123	9	3	2.4
Senior managers, Permanent	87	8	3	3.4
Social sciences related, Permanent	42	1	1	2.4
Social work and related professionals, Permanent	3	0	0	0
Trade labourers, Permanent	982	63	80	8.1
Trade/industry advisers & other related profession, Permanent	3	0	0	0
Water plant and related operators, Permanent	181	5	12	6.6
TOTAL	7018	496	447	6.4

Table 49: Reasons why staff left the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	87	19.5	1.2	447	7018
Resignation, Permanent	145	32.4	2.1	447	7018
Expiry of contract, Permanent	51	11.4	0.7	447	7018
Transfers, Permanent	2	0.4	0	447	7018
Discharged due to ill health, Permanent	8	1.8	0.1	447	7018
Dismissal-misconduct, Permanent	10	2.2	0.1	447	7018
Retirement, Permanent	144	32.2	2.1	447	7018
TOTAL	447	100	6.4	447	7018

Table 50: Promotions by critical occupation

Occupation	Employment at Beginning of Period (April 2012)	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	361	28	7.8	178	49.3
Agricul animal oceanography forestry & other scien	1	2	200	0	0
Agriculture related	3	0	0	2	66.7
All artisans in the building metal machinery etc.	114	2	1.8	95	83.3
Artisan project and related superintendents	7	0	0	2	28.6
Auxiliary and related workers	480	10	2.1	366	76.3
Biologists botanists zoologists & rel professional	3	0	0	3	100
Building and other property caretakers	91	2	2.2	77	84.6
Bus and heavy vehicle drivers	31	0	0	22	71
Cartographers and surveyors	0	0	0	2	0
Cartographic surveying and related technicians	22	0	0	12	54.5
Chemical and physical science technicians	12	0	0	12	100
Civil engineering technicians	153	1	0.7	124	81
Cleaners in offices workshops hospitals etc.	151	3	2	126	83.4
Client inform clerks(switchb receipt inform clerks)	11	0	0	7	63.6
Communication and information related	32	1	3.1	24	75
Community development workers	79	4	5.1	63	79.7
Computer programmers.	0	0	0	1	0
Computer system designers and analysts.	2	0	0	2	100
Crime investigators/misdaad ondersoekers	1	0	0	0	0
Custodian personnel:	1	0	0	0	0
Diplomats	2	0	0	0	0
Economists	2	0	0	1	50
Electrical and electronics engineering technicians	2	0	0	1	50

HUMAN RESOURCES OVERSIGHT STATISTICS

Occupation	Employment at Beginning of Period (April 2012)	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
Engineering sciences related	312	3	1	107	34.3
Engineers and related professionals	58	0	0	23	39.7
Farm hands and labourers	65	0	0	56	86.2
Finance and economics related	126	20	15.9	97	77
Financial and related professionals	12	1	8.3	7	58.3
Financial clerks and credit controllers	410	42	10.2	260	63.4
Food services aids and waiters	21	0	0	18	85.7
Forestry labourers	11	0	0	6	54.5
General legal administration & rel. professionals	8	1	12.5	4	50
Geologists geophysicists hydrologists & relat prof	140	13	9.3	111	79.3
Head of department/chief executive officer	1	0	0	0	0
Health sciences related	0	1	0	0	0
Household and laundry workers	4	0	0	3	75
Household food and laundry services related	1	0	0	1	100
Housekeepers laundry and related workers	0	1	0	0	0
Human resources & organisat developm & relate prof	38	4	10.5	23	60.5
Human resources clerks	133	12	9	88	66.2
Human resources related	111	8	7.2	72	64.9
Information technology related	23	2	8.7	4	17.4
Language practitioners interpreters & other commun	31	1	3.2	26	83.9
Librarians and related professionals	6	0	0	4	66.7
Library mail and related clerks	33	4	12.1	27	81.8
Light vehicle drivers	48	1	2.1	40	83.3
Logistical support personnel	66	6	9.1	43	65.2
Material recording and transport clerks	166	5	3	110	66.3

HUMAN RESOURCES OVERSIGHT STATISTICS

Occupation	Employment at Beginning of Period (April 2012)	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
Mechanical engineering technicians	2	0	0	2	100
Messengers porters and deliverers	102	3	2.9	79	77.5
Middle managers	1	1	100	0	0
Mining geology & geophysical & related technicians	19	0	0	17	89.5
Motor vehicle drivers	44	0	0	30	68.2
Motorised farm and forestry plant operators	75	1	1.3	53	70.7
Natural sciences related	224	21	9.4	135	60.3
Nature conservation and oceanographical rel. techni	5	0	0	4	80
Other administrat & related clerks and organisers	496	29	5.8	341	68.8
Other administrative policy and related officers	95	10	10.5	78	82.1
Other information technology personnel.	9	0	0	6	66.7
Other machine operators	2	0	0	0	0
Other occupations	915	242	26.4	20	2.2
Quantity surveyors & rela prof not class elsewhere	1	0	0	1	100
Regulatory inspectors	19	4	21.1	15	78.9
Risk management and security services	3	0	0	3	100
Road workers	9	0	0	8	88.9
Safety health and quality inspectors	7	0	0	4	57.1
Secretaries & other keyboard operating clerks	138	8	5.8	107	77.5
Security guards	46	1	2.2	35	76.1
Security officers	123	5	4.1	100	81.3
Senior managers	87	9	10.3	4	4.6
Social sciences related	42	4	9.5	37	88.1
Social work and related professionals	3	0	0	1	33.3

HUMAN RESOURCES OVERSIGHT STATISTICS

Occupation	Employment at Beginning of Period (April 2012)	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
Trade labourers	982	22	2.2	782	79.6
Trade/industry advisers & other related profession	3	0	0	1	33.3
Water plant and related operators	181	4	2.2	142	78.5
TOTAL	7018	542	7.7	4255	60.6

Table 51: Promotions by salary band

Salary Band	Employment at Beginning of Period (April 2012)	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
Lower skilled (Levels 1-2), Permanent	888	0	0	640	72.1
Skilled (Levels 3-5), Permanent	2024	159	7.9	1270	62.7
Highly skilled production (Levels 6-8), Permanent	2260	225	10	1403	62.1
Highly skilled supervision (Levels 9-12), Permanent	1248	137	11	906	72.6
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	1	100
Senior management (Levels 13-16), Permanent	147	18	12.2	2	1.4
Other, Permanent	1	0	0	0	0
Contract (Levels 1-2), Permanent	2	0	0	0	0
Contract (Levels 3-5), Permanent	112	0	0	2	1.8
Contract (Levels 6-8), Permanent	225	1	0.4	11	4.9
Contract (Levels 9-12), Permanent	91	2	2.2	19	20.9
Contract (Levels 13-16), Permanent	19	0	0	1	5.3
TOTAL	7018	542	7.7	4255	60.6

5.3 Employment equity

Table 52: Total number of employees (incl. Employees with disabilities) in each of the following occupational categories as at 31 March 2013

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	45	5	4	54	14	28	3	2	33	7	108
Professionals, Permanent	453	30	14	497	163	409	25	16	450	42	1152
Technicians and associate professionals, Permanent	617	88	19	724	109	517	17	21	555	83	1471
Technicians and associate professionals, Temporary	0	0	0	0	0	0	0	0	0	1	1
Clerks, Permanent	393	28	4	425	23	740	58	21	819	139	1406
Service and sales workers, Permanent	150	2	1	153	6	39	2	1	42	1	202
Craft and related trades workers, Permanent	64	7	2	73	41	0	1	0	1	0	115
Plant and machine operators and assemblers, Permanent	871	82	4	957	165	115	17	2	134	55	1311
Elementary occupations, Permanent	929	99	1	1029	10	358	19	1	378	2	1419
Other, Permanent	7	0	0	7	0	2	0	0	2	0	9
TOTAL	3529	341	49	3919	531	2208	142	64	2414	330	7194
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
Employees with disabilities	17	1	0	18	15	20	1	1	22	6	61

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 53: Total number of employees (incl. Employees with disabilities) in each of the following occupational bands on 31 March 2013

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	1	0	0	1	5	5	0	0	5	0	11
Senior Management, Permanent	55	8	6	69	54	35	3	4	42	16	181
Professionally qualified and experienced specialists and mid-management, Permanent	473	42	19	534	273	387	18	16	421	78	1306
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	937	72	15	1024	149	912	66	31	1009	190	2372
Semi-skilled and discretionary decision making, Permanent	1331	166	6	1503	20	381	30	7	418	38	1979
Unskilled and defined decision making, Permanent	524	32	1	557	2	263	17	0	280	0	839
Not Available, Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Top Management), Permanent	3	0	0	3	0	0	0	0	0	0	3
Contract (Senior Management), Permanent	4	0	0	4	1	0	0	0	0	0	5
Contract (Professionally qualified), Permanent	32	3	1	36	19	23	0	3	26	5	86
Contract (Skilled technical), Permanent	97	15	1	113	4	84	5	2	91	0	208
Contract (Semi-skilled), Permanent	71	3	0	74	4	118	3	1	122	2	202
TOTAL	3529	341	49	3919	531	2208	142	64	2414	330	7194

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 54: 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
Senior Management, Permanent	4	0	0	4	1	2	0	0	2	0	7
Professionally qualified and experienced specialists and mid-management, Permanent	16	0	0	16	1	6	0	0	6	0	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	49	2	0	51	6	24	1	0	25	0	82
Semi-skilled and discretionary decision making, Permanent	73	2	3	78	1	42	2	2	46	5	130
Unskilled and defined decision making, Permanent	33	0	0	33	0	20	0	0	20	0	53
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	0	1	2
Contract (Professionally qualified), Permanent	3	1	0	4	3	2	0	2	4	1	12
Contract (Skilled technical), Permanent	16	1	0	17	0	15	1	1	17	0	34
Contract (Semi-skilled), Permanent	52	2	0	54	4	89	3	1	93	2	153
TOTAL	246	8	3	257	17	200	7	6	213	9	496
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
Employees with disabilities	1	0	0	1	0	0	0	0	0	0	1

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 55: 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
Senior Management, Permanent	9	3	1	13	0	5	0	1	6	1	20
Professionally qualified and experienced specialists and mid-management, Permanent	378	31	18	427	204	326	13	15	354	58	1043
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	589	46	11	646	82	700	57	24	781	119	1628
Semi-skilled and discretionary decision making, Permanent	946	125	2	1073	16	289	23	5	317	23	1429
Unskilled and defined decision making, Permanent	407	24	1	432	2	194	12	0	206	0	640
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	10	0	1	11	2	5	1	0	6	2	21
Contract (Skilled technical), Permanent	4	0	0	4	0	7	1	0	8	0	12
Contract (Semi-skilled), Permanent	1	0	0	1	0	0	1	0	1	0	2
TOTAL	2344	229	34	2607	307	1526	108	45	1679	204	4797
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
Employees with disabilities	12	1	0	13	8	14	1	1	16	5	42

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 56: 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	0	0	0	0	0	0	0	0	1	1
Senior Management, Permanent	2	0	0	2	3	1	0	0	1	0	6
Professionally qualified and experienced specialists and mid-management, Permanent	20	3	1	24	16	12	0	1	13	2	55
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	33	6	1	40	9	25	1	0	26	11	86
Semi-skilled and discretionary decision making, Permanent	129	20	0	149	2	17	0	0	17	3	171
Unskilled and defined decision making, Permanent	28	2	0	30	0	3	1	0	4	0	34
Contract (Top Management), Permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	0	1	2
Contract (Professionally qualified), Permanent	9	0	0	9	6	2	0	1	3	2	20
Contract (Skilled technical), Permanent	13	0	0	13	1	14	1	2	17	0	31
Contract (Semi-skilled), Permanent	20	0	1	21	1	17	1	0	18	0	40
TOTAL	254	31	3	288	39	92	4	4	100	20	447
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
Employees with disabilities	1	2	0	3	0	0	0	0	0	0	3

Table 57: 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
TOTAL	11	2	0	0	0	6	1	0	0	1	21

Table 58: 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	1309
Technicians and Associate Professionals	488	53	14	555	151	507	28	19	554	126	1386
Clerks	751	71	7	829	51	597	53	14	664	103	1647
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	1200	166	4	1370	15	257	18	3	278	28	1691
Elementary Occupations	602	45	1	1037	3	289	18	0	307	0	958
TOTAL	3532	384	51	4356	566	2046	136	60	2290	351	7126
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
Employees with disabilities	10	1	0	11	8	6	1	1	8	0	27

3.6 Performance rewards

Table 59: 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	783	2188	35.8	7,975	10,185
African, Male	1342	3512	38.2	18,438	13,739
Asian, Female	33	63	52.4	413	12,525
Asian, Male	29	49	59.2	548	18,884
Coloured, Female	52	141	36.9	678	13,037
Coloured, Male	143	340	42.1	2,571	17,982
Total Blacks, Female	868	2392	36.3	9,066	10,445
Total Blacks, Male	1514	3901	38.8	21,557	14,238
White, Female	199	324	61.4	3,585	18,017
White, Male	314	516	60.9	10,026	31,931
Employees with a disability	21	61	34.4	195	9,273
TOTAL	2916	7194	40.5	44,429	15,236

Table 60: Performance rewards by salary band for personnel below senior management service

Salary band	Beneficiary profile			Cost	
	Number of beneficiaries	Total Employment	% of total employment	Total cost (R' 000)	Average cost per beneficiary (R)
Lower skilled (levels 1-2)	175	830	21.1	776	4434
Skilled (level 3-5)	809	1 980	40.9	7 446	9204
Highly skilled production (level 6-8)	1 111	2 376	46.8	14 711	13241
Highly skilled supervision (level 9-12)	750	1 311	57.2	18 988	25317
Other	0	1	0	0	0
Contract (Levels 3-5)	2	202	1	15	7500
Contract (Levels 6-8)	8	208	3.8	66	8
Contract (Levels 9-12)	20	86	23.3	710	250
Periodical Remuneration	0	36	0	0	35500
TOTAL	2 875	7 030	40.9	42 712	0

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 61: 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	139	372	37.4	2, 312	16, 633
Agricul animal oceanography forestry & other scien	0	3	0	0	0
Agriculture related	2	4	50	72	36, 000
All artisans in the building metal machinery etc.	51	108	47.2	711	13, 941
Artisan project and related superintendents	3	7	42.9	35	11, 667
Auxiliary and related workers	156	459	34	1, 349	8, 647
Biologists botanists zoologists & rel professional	0	4	0	0	0
Building and other property caretakers	27	91	29.7	180	6, 667
Bus and heavy vehicle drivers	7	29	24.1	56	8, 000
Cartographers and surveyors	3	5	60	38	12, 667
Cartographic surveying and related technicians	7	21	33.3	111	15, 857
Chemical and physical science technicians	2	11	18.2	24	12, 000
Civil engineering technicians	71	133	53.4	1, 087	15, 310
Cleaners in offices workshops hospitals etc.	51	155	32.9	214	4, 196
Client inform clerks(switchb receipt inform clerks)	1	10	10	5	5, 000
Communication and information related	9	38	23.7	139	15, 444
Community development workers	30	84	35.7	315	10, 500
Computer programmers.	0	1	0	0	0
Computer system designers and analysts.	1	1	100	13	13, 000
Custodian personnel:	0	1	0	0	0
Economists	1	1	100	12	12, 000
Electrical and electronics engineering technicians	2	4	50	49	24, 500
Engineering sciences related	89	358	24.9	2, 663	29, 921
Engineers and related professionals	25	62	40.3	843	33, 720
Farm hands and labourers	6	63	9.5	26	4, 333

HUMAN RESOURCES OVERSIGHT STATISTICS

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Finance and economics related	61	129	47.3	1, 147	18, 803
Financial and related professionals	5	13	38.5	83	16, 600
Financial clerks and credit controllers	150	447	33.6	1, 352	9, 013
Food services aids and waiters	7	22	31.8	24	3, 429
Forestry labourers	0	9	0	0	0
General legal administration & rel. professionals	1	10	10	48	48, 000
Geologists geophysicists hydrologists & relat prof	55	150	36.7	794	14, 436
Head of department/chief executive officer	0	1	0	0	0
Health sciences related	0	1	0	0	0
Horticulturists foresters agricul. & forestry techn	0	1	0	0	0
Household and laundry workers	2	5	40	8	4, 000
Household food and laundry services related	1	1	100	3	3, 000
Housekeepers laundry and related workers	0	1	0	0	0
Human resources & organisat developm & relate prof	12	36	33.3	155	12, 917
Human resources clerks	65	138	47.1	616	9, 477
Human resources related	50	124	40.3	838	16, 760
Information technology related	4	28	14.3	73	18, 250
Language practitioners interpreters & other commun	10	31	32.3	113	11, 300
Librarians and related professionals	2	5	40	15	7, 500
Library mail and related clerks	8	39	20.5	65	8, 125
Light vehicle drivers	14	45	31.1	73	5, 214
Logistical support personnel	22	79	27.8	233	10, 591
Material-recording and transport clerks	69	167	41.3	534	7, 739
Mechanical engineering technicians	1	2	50	17	17, 000
Messengers porters and deliverers	41	98	41.8	168	4, 098

HUMAN RESOURCES OVERSIGHT STATISTICS

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Mining geology & geophysical & related technicians	10	21	47.6	114	11,400
Motor vehicle drivers	5	37	13.5	31	6,200
Motorised farm and forestry plant operators	17	63	27	59	3,471
Natural sciences related	100	257	38.9	2,197	21,970
Nature conservation and oceanographical rel.techni	3	4	75	39	13,000
Other administrat & related clerks and organisers	177	470	37.7	1,395	7,881
Other administrative policy and related officers	50	100	50	567	11,340
Other information technology personnel.	5	9	55.6	91	18,200
Other machine operators	1	2	50	6	6,000
Other occupations	847	961	88.1	19,610	23,152
Quantity surveyors & rela prof not class elsewhere	0	1	0	0	0
Rank: Unknown	0	9	0	0	0
Regulatory inspectors	8	22	36.4	125	15,625
Risk management and security services	0	5	0	0	0
Road workers	0	9	0	0	0
Safety health and quality inspectors	2	8	25	27	13,500
Secretaries & other keyboard operating clerks	83	134	61.9	856	10,313
Security guards	3	47	6.4	15	5,000
Security officers	18	126	14.3	106	5,889
Senior managers	19	105	18.1	690	36,316
Social sciences related	23	47	48.9	387	16,826
Social work and related professionals	0	4	0	0	0
Trade labourers	241	966	24.9	1,207	5,008
Trade/industry advisers & other related profession	1	3	33.3	18	18,000
Water plant and related operators	40	177	22.6	277	6,925
TOTAL	2916	7194	40.5	44430	15237

Table 62: Performance related rewards (cash bonus) by salary band for senior management service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	36	117	30.8	1,494	41,500	1.9	77,560
Band B	5	69	7.2	223	44,600	0.5	47,463
Band C	0	10	0	0	0	0	0
Band D	0	4	0	0	0	0	0
TOTAL	41	200	20.5	1717	41878	1.4	125023

3.7 Foreign workers

Table 63: Foreign workers by salary band

Salary Band	Employment at Beginning 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	10	0	0	-2	0	20	20	0
Highly skilled production (Levels 6-8)	0	0	2	10	2	0	20	20	0
Highly skilled supervision (Levels 9-12)	3	15	6	30	3	0	20	20	0
Senior management (Levels 13-16)	0	0	1	5	1	0	20	20	0
Contract (Levels 3-5)	1	5	0	0	-1	0	20	20	0
Contract (Levels 6-8)	2	10	2	10	0	0	20	20	0
Contract (Levels 9-12)	10	50	7	35	-3	0	20	20	0
Contract (Levels 13-16)	2	10	2	10	0	0	20	20	0
TOTAL	20	100	20	100	0	0	20	20	0

Table 64: 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	15	2	10	-1	0	20	20	0
Information technology personnel	2	10	2	10	0	0	20	20	0
Other occupations	2	10	2	10	0	0	20	20	0
Professionals and managers	12	60	13	65	1	0	20	20	0
Technicians and associated professionals	1	5	1	5	0	0	20	20	0
TOTAL	20	100	20	100	0	0	20	20	0

3.8 Leave utilisation

Table 65: Sick leave for January 2012 to December 2012

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)	2921	90.9	401	9	7	738	4443	2654
Skilled (Levels 3-5)	10721	94.5	1111	25	10	3, 113	4443	10127
Highly skilled production (Levels 6-8)	13376	84.5	1692	38.1	8	7, 336	4443	11307
Highly skilled supervision (Levels 9-12)	6278	84.8	901	20.3	7	7, 686	4443	5326
Senior management (Levels 13-16)	700	86.9	105	2.4	7	2, 171	4443	608
Contract (Levels 1-2)	6	100	3	0.1	2	2	4443	6
Contract (Levels 3-5)	314	68.5	71	1.6	4	124	4443	215
Contract (Levels 6-8)	471	68.6	99	2.2	5	274	4443	323
Contract (Levels 9-12)	294.5	83.5	57	1.3	5	427	4443	246
Contract (Levels 13-16)	6	83.3	3	0.1	2	21	4443	5
TOTAL	35087.5	87.8	4443	100	8	21892	4443	30817

Table 66: Disability Leave (Temporary and Permanent) for Jan 2012 to Dec 2012

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)	608	100	18	17.5	34	157	608	103
Skilled (Levels 3-5)	801	100	19	18.4	42	297	801	103
Highly skilled production (Levels 6-8)	1122	84.7	43	41.7	26	680	950	103
Highly skilled supervision (Levels 9-12)	223	100	13	12.6	17	397	223	103
Senior management (Levels 13-16)	69	100	4	3.9	17	191	69	103
Contract (Levels 1-2)	9	100	1	1	9	3	9	103
Contract (Levels 3-5)	6	100	2	1.9	3	2	6	103
Contract (Levels 6-8)	32	100	1	1	32	15	32	103
Contract (Levels 9-12)	33	100	2	1.9	17	35	33	103
TOTAL	2903	94.1	103	100	28	1777	2731	103

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Table 67: Annual Leave for Jan 2012 to Dec 2012

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	15657.93	20	797
Skilled (Levels 3-5)	45467.77	21	2133
Highly skilled production (Levels 6-8)	52516	21	2468
Highly skilled supervision (Levels 9-12)	29525.08	21	1384
Senior management (Levels 13-16)	4222	21	202
Contract (Levels 1-2)	32	5	6
Contract (Levels 3-5)	1636.84	10	169
Contract (Levels 6-8)	3147	14	232
Contract (Levels 9-12)	1385.92	15	95
Contract (Levels 13-16)	125	16	8
Not Available	32	4	8
TOTAL	153747.54	20	7502

Table 68: Capped leave for January 2012 to December 2012

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2012	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2012	Number of Employees as at 31 December 2012
Lower skilled (Levels 1-2)	60	10	66	6	5921	90
Skilled (Levels 3-5)	208	6	86	33	41044	478
Highly skilled production (Levels 6-8)	204	8	77	27	35854	465
Highly skilled supervision (Levels 9-12)	136	8	79	18	26005	331
Senior management (Levels 13-16)	134	15	69	9	5487	79
TOTAL	742	8	79	93	114311	1443

Table 69: Leave payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R' 000)
Leave payout for 2012/13 due to non-utilisation of leave for the previous cycle	28	3	9333
Capped leave payouts on termination of service for 2012/13	4, 168	392	10633
Current leave payout on termination of service for 2012/13	0	65	0
TOTAL	4196	460	9122

3.9 HIV/ AIDS and health promotion programmes

Table 70: 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	N/A

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 71 Details of Health Promotion and HIV/AIDS Programmes

No	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.	Yes		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.	Yes		4 in national Office, and 1 coordinator for each regional office
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.	Yes		HIV, TB & AIDS; Health and Productivity and Psycho-Social Services
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.	Yes		A committee represented by both SMS members and labours exits. Still has to be trained
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.	Yes		HIV & AIDS policy
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.	Yes		No pre-employment HIV testing; HIV positive employees cannot be discriminated against on the basis of accessing job opportunities, promotions and benefits; disciplinary action to be taken against those who discriminate against HIV positive employees.
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		HCT reports submitted to DPSA on a monthly basis. Departmental HCT intensification campaign conducted in February and March 2013.
8	Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		No	Impact assessment to be conducted later in the year.

3.10 Labour relations

Table 72: Collective agreements

Subject Matter	Date
None	

Table 73: Misconduct and discipline hearings finalised

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Written warning	1	4.76	1
Final written warning	5	23.81	5
Suspension without pay	7	33.33	7
Dismissal	8	38.10	8
TOTAL	21	100.00	21

Table 74: Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	Percentage of Total	Total
Procurement Irregularities	5	23.81	5
Assault	2	9.52	2
Fraud	3	14.29	3
Theft	2	9.52	2
Misuse of State Vehicles	3	14.29	3
Dishonesty	4	19.05	4
Mismanage finances of the Dept	1	4.76	1
Absenteeism	1	4.76	1
TOTAL	21	100.00	21

Table 75: Grievances logged

Number of grievances addressed	Number	Percentage of Total	Total
22	66	33.33%	66
TOTAL	66	33.33%	66

Table 76: Disputes logged

Number of disputes addressed	Number	Percentage of Total
Upheld	1	16.7
Dismissed	5	83.3
TOTAL	6	100

Table 77: Strike actions

Subject Matter	Date
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 78: Precautionary suspensions

Precautionary suspensions	Total
Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	120
Cost (R'000) of suspensions	59

3.11 Skills development

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Table 79: Training needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	40	0	95	22	117
	Male	68	0	101	32	133
Professionals	Female	492	0	879	59	938
	Male	660	0	1068	80	1148
Technicians and associate professionals	Female	639	0	1335	90	1425
	Male	833	0	1339	100	1439
Clerks	Female	958	0	1694	113	1807
	Male	448	0	1212	55	1267
Service and sales workers	Female	43	0	0	0	0
	Male	159	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	1	0	0	0	0
	Male	114	0	0	0	0
Plant and machine operators and assemblers	Female	189	0	730	234	964
	Male	1122	0	1866	467	2333
Elementary occupations	Female	382	0	20	3	23
	Male	1046	0	33	6	39
Gender sub totals	Female	2744	0	4753	521	5274
	Male	4450	0	5619	740	6359
Total		7194	0	10372	1261	11633

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 80: Training provided for the period

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	40	0	88	22	110
	Male	68	0	101	27	128
Professionals	Female	492	0	879	226	1105
	Male	660	0	1175	286	1461
Technicians and associate professionals	Female	639	0	298	80	378
	Male	833	0	831	257	1088
Clerks	Female	958	0	670	161	831
	Male	448	0	19	7	26
Service and sales workers	Female	43	0	31	15	46
	Male	159	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	1	0	0	0	0
	Male	114	0	0	0	0
Plant and machine operators and assemblers	Female	189	0	182	80	262
	Male	1122	0	735	181	916
Elementary occupations	Female	382	0	140	63	203
	Male	1046	0	155	120	275
Gender sub totals	Female	2744	0	2288	647	2935
	Male	4450	0	3016	878	3894
Total		7194	0	5304	1525	6829

3.12 Injury on duty

Table 81: Injury on duty

Nature of injury on duty	Number	Percentage of total
Required basic medical attention only	62	34.4
Temporary Total Disablement	100	55.6
Permanent Disablement	15	8.3
Fatal	3	1.7
Total	180	

3.13 Utilisation of consultants

Table 82: Report on consultant appointments using appropriated funds

Project title	Total number of consultants that worked on a project	Duration work days	Contract value in Rand
Feasibility study for Fox Wood Dam	77	27 Months	R 13, 915, 082.00
To undertake the classification, comprehensive reserved and resource quality objectives determination of water resources in the Mvoti to Umzikulu water management area	46	36 Months	R 11, 617, 352.00
Appointment of PSP for implementation of the water resources classification system and determination of the resource quality objective for significant Water Resources in the Letaba Catchment	28	24 Months	R 4, 700, 959.00
Appointment of a PSP for the development of a sustainable development management system for Phase 2 and pilot testing of protocols.	5	24 Months	R 1, 709, 007.29
Appointment of a PSP to assist with the development of business plans as prioritised by the DWA Western Cape regional office	3	18 Months	R 1, 628, 718.00
To appoint a PSP to provide management support with the implementation of economic regulation as per the national water services regulation strategy	11	24 Months	R 5, 959, 591.00
Appointment of PSP for implementation and maintenance of water reconciliation strategies for towns in the Central planning region	29	36 Months	R 4, 995, 874.00
Appointment of PSP for implementation and maintenance of water reconciliation strategies for towns in the Northern planning region	20	36 Months	R 6, 650, 714.02

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Project title	Total number of consultants that worked on a project	Duration work days	Contract value in Rand
Appointment of PSP for implementation and maintenance of water reconciliation strategies for the Olifants river water supply system	16	36 Months	R 3, 308, 163.26
Appointment of PSP for implementation and maintenance of water reconciliation strategies for the Crocodile West water supply system	18	36 Months	R 4, 335, 144.00
Appointment of PSP to undertake the development of resource directed measures audit guidelines.	6	18 Months	R 1, 133, 353.80
Appointment of a PSP for business intelligence support to the Water Services Directorate: Planning and Information	23	24 Months	R 8, 584, 884.00
Appointment of PSP for implementation and maintenance of water reconciliation strategies for towns in the Southern planning region	33	24 Months	R 8, 000, 000.00
Appointment of PSP Implementation and maintenance of reconciliation strategies for towns in the Eastern planning region	22	36 Months	R 6, 783, 639.54
Development of a feasibility study for the Mutasshi/Musina corridor bulk water supply	8		R 1, 657, 332.00
Appointment of Professional Service Provider for IT outsourcing compliance review	4	3 Months	R 489, 871.68
To determine the impact of proposed SFRA development in the W70 and W32 catchments on the water resources supporting sensitive habitats (eg lakes), domestic water supply and the Isimangalise World Heritage site and Ramsar	4	4 months	R 447, 450.00
Validation and verification of existing water use in Langkloof Catchment (L82A-D) for Eastern Cape	19	20 months	R 3, 215, 358.00
Support for development of total water services business master plans on a term contract basis - National	58	24 Months	R 21, 000, 000.00
Support for development of total water services business master plans on a term contract basis for Mpumalanga	43	24 Months	R 21, 000, 000.00
Support for development of total water services business master plans on a term contract basis for Limpopo	67	24 Months	R 21, 000, 000.00
Support for development of total water services business master plans on a term contract basis for Free State	43	24 Months	R 21, 000, 000.00
Support for development of total water services business master plans on a term contract basis for Western Cape	45	24 Months	R 21, 000, 000.00
Support for development of total water services business master plans on a term contract basis for KwaZulu-Natal	41	24 Months	R 21, 000, 000.00

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Project title	Total number of consultants that worked on a project	Duration work days	Contract value in Rand
Support for development of total water services business master plans on a term contract basis for Gauteng	87	24 Months	R 21, 000, 000.00
Support for development of total water services business master plans on a term contract basis for Northern Cape	41	24 Months	R 21, 000, 000.00
Support for development of total water services business master plans on a term contract basis for North West	42	24 Months	R 21, 000, 000.00
Support for development of total water services business master plans on a term contract basis for Eastern Cape	35	24 Months	R 21, 000, 000.00
Development of the national integrated water information system	9	42 Months	R 15 815 000.00
Support to the implementation and to the continuation of the Bloemfontein reconciliation strategy	18	36 Months	R 3 241 757.00
Recommendation for appointment of Professional Service Provider for finalisation and implementation of the National Water Resources Strategy 2 (NWRs 2)	17	18 Months	R 3 984 692.00
Implementation of Internal Audit Annual Plan for financial year ending 31 March 2013 on WTE	5	2 months	R 826 511.00
To undertake the determination of water resource classes and associated resource quality objectives in the Inkomati water management area	22		R 4 976 053.26
Development of reconciliation strategy for Richards's bay and surrounding towns: Appointment of professional service provider and approval of contract amount and fees.	25		R 2 841 208.00
Appointment of a professional service provider to assist the Chief Directorate: Institutional Oversight with forensic investigation into allegations of corruption, fraud and mismanagement	8	36 Months	R 2 500 000.00
Appointment of a professional service provider to assist the Chief Directorate: Institutional Oversight with forensic investigation into allegations of corruption, fraud and mismanagement	8	36 Months	R 2 500 000.00
Appointment of a professional service provider to assist the Chief Directorate: Institutional Oversight with forensic investigation into allegations of corruption, fraud and mismanagement	8	36 Months	R 2 500 000.00
Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
37	994	Average 2 years	R 388 317 714.85

HUMAN RESOURCES OVERSIGHT STATISTICS

Table 83: Analysis of consultant appointments using appropriated funds in terms of Historically Disadvantaged Individuals

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
Appointment of PSP for implementation and maintenance of water reconciliation strategies for the Olifants river water supply system	-		9
Validation and verification of existing water use in Langkloof Catchment (L82A-D) for Eastern Cape	58.29% by Jefferas & Green		11
Support for development of total water services business master plans on a term contract basis - National	63.7% by AECOM (BKS) and 38.07% by UWP		33
Support for development of total water services business master plans on a term contract basis for Mpumalanga	63.7% by AECOM (BKS), 100% by DL Consulting and 69% by PDNA		26
Support for development of total water services business master plans on a term contract basis for Limpopo	100% by Murango Consulting engineers 63.7% by AECOM (BKS), 40.35% by Worley Parsons		36
Support for development of total water services business master plans on a term contract basis for Free State	40.35% by Worley Parsons 25.12% by Aurecon 63.7% by AECOM (BKS)		14
Support for development of total water services business master plans on a term contract basis for Western Cape	63.7% by AECOM (BKS) 57.01 by Goba 40.35% by Worley Parsons 69% by PDNA		20
Support for development of total water services business master plans on a term contract basis for KwaZulu-Natal	57.01% by Goba 38.70% by UWP 38.21% by Bigen Africa Services 63.7% by AECOM (BKS)		16

HUMAN RESOURCES OVERSIGHT STATISTICS

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
Support for development of total water services business master plans on a term contract basis for Gauteng	11.12% by Ilifa Africa Engineers 69% by PDNA 25.12% by Aurecon		29
Support for development of total water services business master plans on a term contract basis for Northern Cape	69% by PDNA 25.12% by Aurecon		7
Support for development of total water services business master plans on a term contract basis for North West	38.21% by Bigen Africa Services 38.70% by UWP 63.7% by AECOM (BKS)		10
Support for development of total water services business master plans on a term contract basis for Eastern Cape	63.7% by AECOM (BKS) 69% by PDNA 38.70% by UWP		17
Development of the national integrated water information system	0%		5
Support to the implementation and to the continuation of the Bloemfontein reconciliation strategy	25.12%		-
Recommendation for appointment of Professional Service Provider for finalisation and implementation of the National Water Resources Strategy 2 (NWRS 2)	63.7%		12
Implementation of Internal Audit Annual Plan for financial year ending 31 March 2013 on WTE	80%		4
To undertake the determination of water resource classes and associated resource quality objectives in the Inkomati water management area	51.90%		4
Development of reconciliation strategy for Richards's bay and surrounding towns: Appointment of professional service provider and approval of contract amount and fees.	25.12%		12



PART E FINANCIAL INFORMATION

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.

1.1 General review of the state of financial affairs

1.1.1 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 to 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.

1.1.2 Significant events that have taken place during the year

The Department's Learning Academy was awarded the Best Training Programme Public Sector at the 2012 BHP Billiton Achievers Awards. It also received a Gold Certificate of Excellence by the University of KwaZulu-Natal. To date, memoranda of understanding have been signed with 18 institutions of Higher Learning.

From 02 to 07 July 2012, the Department hosted a National Youth Water Summit under the theme "Meaning Participation of Africa's Youth in Water Resource Management can contribute to Sustainable Development". This summit attended by 570 youth from all the nine provinces of South Africa and culminated into an award ceremony where the youth were awarded for excellent projects and participation.

The Department also signed financing agreements with the Dutch (ORIO) for infrastructure projects grants in the KwaZulu-Natal and the Eastern Cape provinces.

To strengthen the collaborative approach between the Departments of Water Affairs and Cooperative Governance, a high level task team reporting to the respective Ministers was established. Under this task team a very active working group focused on accelerating basic water services and high risk areas had been established with representation from the 23 district municipal areas with the highest water backlogs and from the provinces.

REPORT OF THE ACCOUNTING OFFICER

1.1.3 Major projects undertaken or completed during the year

The Regional Bulk Infrastructure programme completed three bulk projects in the Eastern Cape, Free State and KwaZulu-Natal. In addition, two wastewater treatment works have been completed in the Northern Cape and Western Cape.

During the year under review, the Department received a total of 539 water use licence applications of which 191 were finalised.

The Department's Rapid Response Unit (RRU) resolved 23 cases which included the Diepsloot contamination of potable water as well as the De Deur Farm drinking water and sanitation crisis. The RRU was decentralised and is operational in seven of the Department's regional (i.e. provincial) offices.

With regards to the Acid Mine Drainage within the Western Basin, the Rand Uranium Treatment Plant was upgraded and is partially treating and discharging approximately 21 Mega litres per day to the Tweelopies Spruit with no decant since August 2012. Within the Central Basin the construction of the new neutralisation plan and pumping station commenced on 14 January 2013.

The Hluhluwe Regional Water Scheme Phase 4 (HRWS) was completed during September 2013. The completion of water treatment works has resulted in 34000 people around the area having access to clean water. The pipelines pump stations and reservoirs will be commissioned after the electrical installation which will happen in due course.

The WTE has also managed to complete the construction of Middle Letaba pipelines. This project involves the construction of the pipeline from Middle Letaba to Magoro pipeline as well as Masakona pipeline. The project has been completed successfully. The project has entered the defects liability period recently, and will be handed over to the client in due course.

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. During this financial year the WTE rehabilitated 30 dams to ensure that they meet with the safety standard as prescribed by the Department Dam Safety Act.

The Water Trading Entity (WTE) is continuing with the rehabilitation and refurbishment of existing water resource infrastructure to ensure a sustainable water supply for domestic and industrial use and to address the maintenance backlog which was estimated at R10 billion in 2008. Good progress has been made to rehabilitate the most critical areas of the Vlakkfontein Canal that supplies water to Eskom and Sasol in Mpumalanga. Rehabilitation of this canal will continue for the next five to six years. The construction of a Balancing Dam on the Orange Riet Canal is in progress with completion scheduled during the 2013/14 financial year. Good progress has been made with the rehabilitation of the balancing dams on the Ncora irrigation scheme in the Eastern Cape. The WTE construction team is continuing with rehabilitation work on the Lindleyspoort irrigation scheme in the North West Province and with the Nzhelele irrigation scheme in the Limpopo Province.

1.1.4 Spending trends

The 2012/13 expenditure for each of the Department's programmes has been tabulated below:

Programme name	Final appropriation	Actual expenditure	Percentage of the expenditure
	R'000	R'000	
Administration	865 180	843 367	97%
Water Sector Management	501 605	500 538	99%
Water Infrastructure Management	2 251 496	2 251 496	100
Regional Implementation & Support	5 249 323	4 935 763	94%
Water Sector Regulation	101 080	87 374	86%
International Water Cooperation	24 478	22 970	93%
TOTAL	8 993 162	8 641 508	96%

REPORT OF THE ACCOUNTING OFFICER

Reasons for under spending

Of the total allocation of R8 993 162 000, the Department spent R8 641 508 000 which represent 96 percent total spending. The remaining R351.654 million representing 4 percent under expenditure is attributed to the following:

- Unfilled vacant posts including OSD posts amounting to R26,8 million of under expenditure.
- An amount of R101.965 million from the Regional Bulk Infrastructure projects was disbursed to a service provider for the supply of steel pipes and material ordered outside the country. The expenditure could not be charged against the vote until delivery of steel pipes has taken place.
- An amount of R108 million for the Acid Mine Drainage was disbursed to the **TCTA** for the purchase of abstraction capital equipment for the emergency work in the Witwatersrand and gold fields. The expenditure could not be charged against the vote until the work has been completed.
- The reasons for Virement were as a result of the slow progress by the Implementing Agent, whereby there were delays in the appointment of service providers or contractor to undertake the construction works. In Limpopo the delay in the appointment of an Implementing Agent affected the cash flow negatively, and reallocation of funds was moved to other regions (Free State, Gauteng, North West & KZN).
- As a result of a delay from ESKOM some projects were delayed. This situation led to the movement of funds affecting the cash flows of the region.

Impact on programmes and service delivery

- Occupational Specific Dispensation (OSD) technical posts have not been filled because suitable candidates were not found due to strict requirements of appointments.
- There was a delay in the appointment of RBIG staff that resulted in the underspending of funds. The following vacant post are still outstanding: Assistant Projects Manager DD level at (MP, NC, FS & NW Regions) and two Directors posts at Head Office.
- With regards to Capital Assets, the Eastern Cape Regional Office requested an amount of R3 493.492 as rollover, but National Treasury did not approve the request resulting in underspending.
- In the WTE there is a need for further improvement in the billing and the entity's ability to collect its outstanding debts quicker.

Actions taken to avoid recurrence

Compensation of Employees to the amount of R9, 200, 000 moved from the Regions to Head Office. Salaries are being payed at Head Office.

In an effort to improve collection WTE has appointed a debt collector to assist the entity in collecting the long outstanding debt.

The entity has focused on revenue collection and reconciliation of top 100 customers.

Regarding infrastructure expenditure, it projected to spend R1.9 billion on various projects. At the end of the financial it spent R1.9 billion. The budget has been fully spent due to the improvement on project planning and cash flow management.

REPORT OF THE ACCOUNTING OFFICER

1.1.5 Virement

FROM			TO		
Programme	Motivation (Reasons for Virement)	Amount R'000	Programme	Motivation (Reasons for Virement)	Amount R'000
Programme 4: Regional Implementation and Support	This was shifted to Programme Administration to defray over expenditure on the Compensation of employees	9 914	Programme: 1 Administration	This was to cover over expenditure on Compensation of Employees as a result of salary reviews and salaries of BPR members who are paid on Persal	9 914
Programme 4: Regional Implementation and Support	This was shifted to Programme Administration to defray over expenditure on Households	3 540	Programme: 1 Administration	This was to cover budget shortfall to households as a result of leave gratuity payments, severance and exit packages	3 540
Programme 4: Regional Implementation and Support	This was shifted to Programme Water Sector Management to defray over expenditure on the Compensation of employees	1 563	Programme: 2 Water Sector management	The budget shortfall on this spending item was mainly due to significant cut during adjustment estimates process which was requested by the National Treasury	1 563
Programme 4: Regional Implementation and Support	This was shifted to Programme Water Sector Management to defray over expenditure Payment for Capital Assets	4 407	Programme: 2 Water Sector management	This was to cover budget shortfall in respect of hydro measure equipments, survey equipments and laboratory equipments	4 407
Programme 4: Regional Implementation and Support	This was shifted to Programme Water Sector Management to defray over expenditure on Households	328	Programme: 2 Water Sector management	This was to cover budget shortfall on households as a result of leave gratuity payments, severance and exit packages	328
Programme 4: Regional Implementation and Support	This was shifted to Programme Water Sector Management to defray over expenditure under Interest and rent on land	299	Programme: 2 Water Sector management	This was to cover budget shortfall in on Interest and rent on land	299

REPORT OF THE ACCOUNTING OFFICER

FROM			TO		
Programme	Motivation (Reasons for Virement)	Amount R'000	Programme	Motivation (Reasons for Virement)	Amount R'000
Programme 5: Water Sector Regulations	This was shifted to Programme Water Sector Management to defray over expenditure Interest and rent on land	175	Programme: 2 Water Sector management	This was to cover budget shortfall in on Interest and rent on land	175
Programme 5: Water Sector Regulations	This was shifted to Programme Water Sector Management to defray over expenditure on Goods and Services	1 988	Programme: 2 Water Sector management	The budget shortfall on this spending item was mainly due to significant cut during adjustment estimates process which was requested by the National Treasury	1 988

1.1.6 Any other material matter

The WTE has managed to reduce the irregular expenditure from R768 million in 2011/12 to R53.6 million in 2012/13. The reduction in irregular expenditure indicates that the WTE is enforcing compliance with supply chain management policies and regulations. In order to deal with the cases of irregular expenditure the Financial Misconduct Committee (FMC) has been established. All the cases of deviation from supply chain regulation will be dealt with by the FMC.

1.2 Services rendered by the Department

1.2.1 List of services rendered

Infrastructure development and rehabilitation provides for the design, construction and commissioning of new water resource infrastructure; and the rehabilitation of existing infrastructure to ensure the safety and functionality of the departmental dams and related infrastructure.

Operation of water resources provides for the augmentation of the water trading entity to ensure the effective management of water resources and the sustainable operation and management of bulk raw water infrastructure.

1.2.2 Tariff policy

The tariffs are prepared in accordance with Raw Water Pricing Strategy, established in terms of section 56(1) of the National Water Act, 1998 and was published in the Government Gazette notice no. 296973 of 16 March 2007. Raw Water charges are published on an annual basis by 30 September for Water Boards and other stakeholders in accordance with Raw Water Pricing Strategy.

1.2.3 Free services

The current pricing strategy allows for the tariffs to be capped and exempted. The irrigations and forestry don't pay return on assets (ROA). Due to the capping and exemption of ROA, WTE has revenue loss of R1.4 billion per annum. This has implications on the refurbishment and betterment of infrastructure assets.

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The below table indicate areas of revenue loss:

Charge Item	Full Cost Revenue	Capped Revenue	Revenue Loss
	R'000	R'000	R'000
Return on assets	1 182 561	.	1 182 561
Depreciation	205 736	98 018	107 718
O & M	429 600	248 650	180 950
Total	1 817 896	346 667	1 471 229

1.2.4 Inventories

The opening balance of inventory is R168 million and the inventory on hand at year end is R81 million which included construction material and stockpiles.

1.3 Capacity constraints

The WTE has capacity shortage when it comes to technical skills like engineering. This is due to the aging of the current workforce as well as the inability to attract and retain young engineers due to the stringent requirement of occupation specific dispensation (OSD). In order to address the shortage of technical skills WTE resorted in shortlisting 40 engineering companies with different engineering skills to be able to draw required skills as and when required. There is lack of financial skills within WTE due to the fact that the structure doesn't allow WTE to attract candidates with the right skills and knowledge. In order to compensate for the financial skills specialist were hired within WTE to train the current workforce and ensure that there is a proper skills transfer.

1.4 Utilisation of donor funds

Factors that contributed to effective utilisation of Masibambane Donor Funding

Accountability

There was a harmonisation of donor requirements into government processes whereby unused funds were surrendered to National Treasury at the end of financial Year, the Basic Accounting System was utilised to disburse funds, common framework of measurement and reporting was used (Performance reporting at Masibambane Coordinating Committee), and transparency, good governance, effective and efficient financial management was practiced through Quadrant Reporting, Technical Support to regions, Monitoring and Evaluation. Further to this, Effective communication and collaboration, and common experiences were shared by sector partners in the leadership groups (Water Sector Leadership Group and Masibambane Coordinating Committee).

Linkages of Budgeting and Planning Processes

Structures consisting of different line functionaries and sector partners were established to ensure that strategic targets were linked to budgets at planning stage (strategic and Budget planning processes linked and clearly communicated to all process participants), and the financial and non-financial performance is measured against the targets and reported on regularly(Masibambane Coordinating Committee, Budget Committee/ Task Team, etc.

Policy-based budgeting

The criteria for allocating the funds over the years was not only based on Key Performance Indicators in the European Union/South African financing agreement, but also Departmental and Sector Outputs based on the State of the Nation Addresses, Medium Term Strategic Objectives and Strategic Framework for Water Services.

1.5 Trading entities and public entities

See Annexure 2B to the AFS (Statement of Investments in and Amounts Owing by/to Entities) page 261.

Provide indication of losses and guarantees.

1.5.1 Water Trading Entity

Background

The Water Trading Entity 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 converted from GAAP to General Recognised Accounting Practices (GRAP).

The entity reports directly to the Accounting Officer of the Department of Water Affairs. The trading entity is divided into two parts, the Water Resource Management unit as well as the Infrastructure Branch.

WATER RESOURCE MANAGEMENT (PROTO CMA'S)

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

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

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 an 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.

REPORT OF THE ACCOUNTING OFFICER

• Bulk Water Supply Schemes

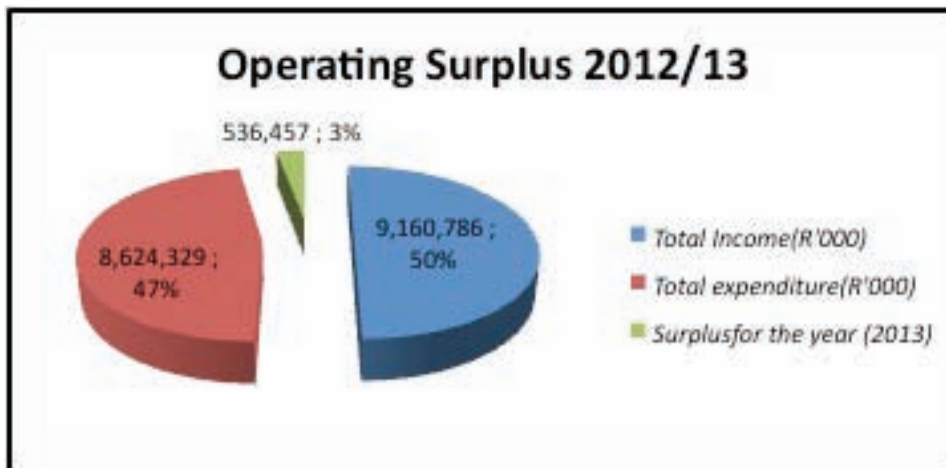
These are operated as standalone water schemes comprising primarily of the former homeland government schemes and agricultural sector is by far the largest consumer of water from this infrastructure. Funding for both components of the infrastructure branch is through revenue generated from water resource infrastructure users as well as augmentation from fiscus where revenue is not enough to cover for the general operations of the branch as well as development of new infrastructure.

ANALYSIS OF OPERATING PERFORMANCE

• Operating Surplus

The WTE realised an operating surplus of R536 million for the period ended 31 March 2013 (Refer to Figure 1) mainly as a result of R974 million increase in revenue compared to the previous period. At the same time, expenditure increased by R2.6 billion resulting in an overall decrease in operating surplus of 43% (R1, 6 billion) . The impairment of financial assets increased from R173 million in 2012 to R807 million while the depreciation increased from R2.1 billion in 2012 to R2.9 billion in 2013 due to increased depreciation on infrastructure assets. The impairment of infrastructure assets is based on condition assessment and the review of useful life of infrastructure assets.

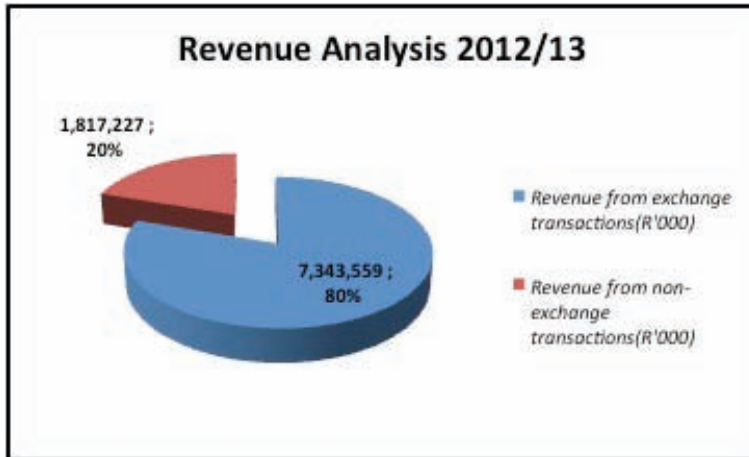
Figure 1: Operating Surplus



• Operating Income (Revenue) Analysis

Income from operations has increased by 11, 9% in the current year (Refer to Figure 2): from R8.1 billion to R9.2 billion, as a result of the current year tariff adjustments as well as improved billing processes. The revenue from non-exchange transactions decreased from R1.9 billion to R1.8 billion is due to the reduction in augmentation funds received from the National Treasury. The reduction on government grant received from National Treasury is due to the efficiency saving enforced to WTE by National Treasury.

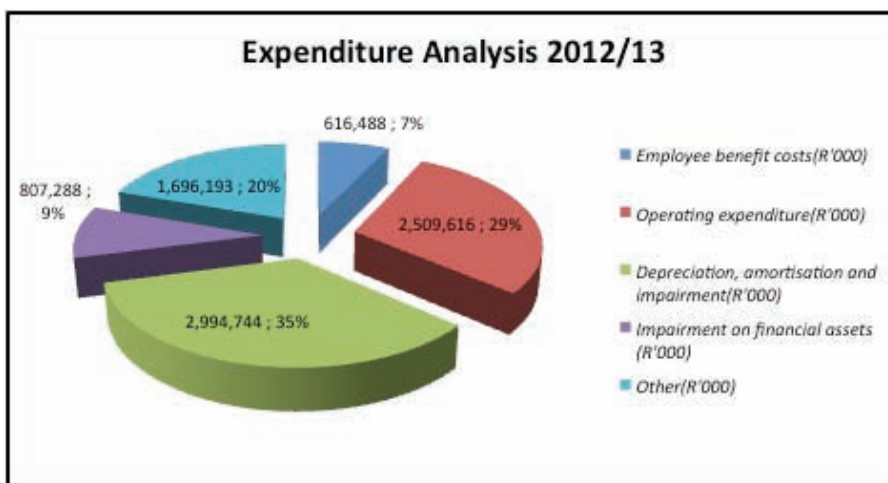
Figure 2: Revenue Analysis



• Total Operating Expenditure Overview

Total operating expenditure has increased by 43, 2% in the current year (Refer to Figure 3): from R6 billion in 2012 to R8.6 billion in 2013, as a result of the increase in TCTA facility and management fees, depreciation on infrastructure assets and impairment on financial assets (debtors' recoverability). The TCTA facility and management fees have increased from R743 million to R946 million due to the increase in project implementation costs. The depreciation, amortisation and impairment increased from R2.2 billion in 2012 to R3 billion in 2013 due to the changes of the condition of the assets and review of the useful life of the assets. The employee benefits costs have decreased from R619 million in 2012 to R616 million in 2013 due to a slight increase on the vacancy rate.

Figure 3: Total Operating Expenditure



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LIQUIDITY

The current ratio of the entity has increased from 1.21 to 1.45, indicating that WTE still has sufficient liquid assets to meet its ongoing financial obligations. The current ratio is the ratio of current assets to current liabilities; indicates the entity's ability to satisfy its current liabilities with its current assets:

Liquidity	2013	2012
Current ratio	1.45	1.21

CASH FLOW FROM OPERATIONS

The entity has a positive cash flow from operating activities amount to R5.8 Billion. The increase in cash balance is attributed to the improvement in collection of debts through the implementation of the turnaround strategy. The positive cash flow supports the view that the WTE is a viable entity only if efficiency gains come to fruition.

THE RETURN ON ASSETS

This ratio indicates the entity's effectiveness in using its investment in assets:

	2013	2012
Return on Assets	0.6%	2.3%

The return on assets has decreased as indicated above from 2.3% in 2012 to 0.6% in 2013. The decrease on return on assets is due to decrease in profitability (See 2.1 above).

THE DEBTOR'S DAYS IN SALES

	2013	2012
Debtor's days in Sales	159 days	172 days

The debtor's day's analysis reflects an improvement when compared to the prior year debtor's days of 172 days. The ratio indicates that the WTE improved in the collection of outstanding debts which is consistent with the cash flow statement analysis. However, a large portion (53%) of consumer debt has been provided for as irrecoverable. In order to mitigate this problem the WTE has appointed a debt collection agency that will assist the entity in collecting the historic debt.

1.5.2 Trans Caledon Tunnel Authority

The TCTA was established in terms of Government Notice 2631 of 12 December 1986 and promulgated in terms of Chapter 10 of the National Water Act, 1998 (Act 36 of 1998) (NWA) by the Minister of Water Affairs and Forestry, in consultation with the Cabinet, to implement international agreements. The TCTA is a state-owned liability management entity responsible for bulk raw water infrastructure development. It is categorised as a Major Public Entity and listed in Schedule 2 of the Public Finance Management Act (Act 1 of 1999) (PFMA).

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The TCTA is mandated to:

engage in liability management of raw bulk water infrastructure; and provide an integrated treasury management and financial advisory services to water boards and water development infrastructure.

The Minister, as the executive authority, has a responsibility to exercise an oversight role in terms of the NWA and the PFMA. The TCTA reports to the Minister of Water and Environmental Affairs on the performance of its functions within three months after the end of its financial year. This report is accompanied by audited financial statements.

The TCTA is involved in the following projects:

- (a) Lesotho Highlands Water Project [LHWP]: The TCTA is responsible for the debt management and funding of the water transfer portion of the project as well as the operation and maintenance of the Delivery Tunnel North. Income is sufficient to repay all water transfer debt over approximately 20 years after completion of each sub-phase of the project.
- (b) The Berg Water Project [BWP] augments the supply of water to the City of Cape Town by 18% and became operational in December 2007. The project was funded on an off-budget basis. However, the repayment of the long-term loan will be made from the revenue generated from the sale of water to the City of Cape Town.
- (c) The Vaal River Eastern Subsystem Augmentation Project [VRESAP] is one of South Africa's largest water supply projects. It was declared operational in June 2009 and now delivers water to Eskom power stations and to Sasol in Mpumalanga, with benefits to local communities along the 121 km pipeline. The project costs will be recovered from revenue generated from the sale of water to Eskom and Sasol.
- (d) The Mooi-Mgeni Transfer Scheme Phase 2 [MMTS-2] entails the augmentation of the existing transfer scheme into the Mgeni River catchment, which will increase the system yield by 60 million cubic meters per year. The project calls for the construction of the Spring Grove Dam and associated infrastructure.
- (e) The Olifants River Water Resources Development Project Phase 2 [ORWRDP-2] entails bulk water infrastructure to meet the water requirements of new mines and power stations in the Limpopo Province, together with the social needs.
- (f) The Komati Water Scheme Augmentation Project [KWSAP] entails water supply to Eskoms' Duvha and Matla power stations in Mpumalanga.
- (g) The Mokolo Crocodile Water Augmentation Project [MCWAP] will augment the water requirements in the Waterberg coal fields in Limpopo for future energy needs and a possible Sasol plant to produce liquid fuel from coal. The project will be commercially viable with all costs recovered from water users, with the exception of a small municipal portion.

Each of these projects is ring-fenced, with no project having cross default implications to another project. The TCTA's projected cash flow suggests that the business is viable and can continue as a going concern. This is supported by an explicit Government guarantee for the LHWP and implied guarantees on the other projects.

In the 2011/12 financial year the TCTA was audited by Deloitte & Touché and SizweNtsalubaGobodo Inc and an unqualified audit opinion was expressed as the TCTA complied with the PFMA and International Financial Reporting Standards. The transactions of the TCTA were in all material respects in accordance with the mandatory functions of the TCTA as determined by law or otherwise. The balance sheet and income statement data for the 2011/12 financial years were as follows:

REPORT OF THE ACCOUNTING OFFICER

FISCAL YEAR ENDED 31 MARCH 2012	2012 ACTUAL R Million	2011 ACTUAL R Million	% CHANGE
Revenue	1 790	777	130.3
Net deficit for the year	404	284	42.2
Operating expenses	511	565	-9.5
Net finance costs	2 780	3 091	-10.0
Non-current assets	26 428	27 180	-2.7
Long-term obligations	23 739	23 955	-0.9
Reserves and surplus	5 575	5 979	-6.7

1.5.3 Water Research Commission

The WRC is a national public entity listed in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), appointed by the Minister of the Department of Water and Environmental Affairs and reports directly to the Minister.

The WRC plays an important role regarding water research by:

- Establishing the needs and priorities for research;
- Stimulating and funding water research according to priority;
- Promoting effective transfer of information and technology; and
- Enhancing the knowledge and capacity building in the water sector.

During the 2011/12 financial year an unqualified audit opinion was expressed by the Auditor-General. The WRC mainly derived its income from water research levies (R152 million), but also obtained leverage income of R23.5 million. The WRC managed 258 active research projects, initiated 74 new projects, managed to finalise 96 projects and published 133 research reports and products. A total of 506 students were supported by WRC-funded projects, of whom 210 or 42% were female and 53% of the total number of students were from previously disadvantaged groups. A total of 252 students are working towards Master's degrees and 142 towards PhD degrees, which have a large research component. The WRC initiated and supported a number of national capacity building initiatives, including support to national and local government as well as the development of new training material for different levels of learners and for academic institutions.

The statements of financial position and financial performance and data for the 2011 and 2012 financial years are presented as follows:

FISCAL YEAR ENDED 31 MARCH 2012	2012 ACTUAL R '000	2011 ACTUAL R '000	% CHANGE
Revenue	175 156	155 508	12.6
Operating expenditure	185 306	168 507	9.9
Net deficit for the year	2 508	5 163	-51.4
Property, plant and equipment	2 373	3 145	-24.5
Intangibles	2 519	2 438	3.3
Investment	7 521	6 594	14.1
Current assets	124 828	119 993	4.0
Accumulated surplus	75 216	77 725	-3.2
Long-term liabilities	4 028	4 864	-17.1
Current liabilities	50 800	41 811	21.4

REPORT OF THE ACCOUNTING OFFICER

1.5.4 Water Boards (WBs)

WBs are created through Chapter 6 of the Water Services Act, 1997 (Act No. 108 of 1997) (WSA). A WB is a body corporate and has the powers of a natural person of full capacity. A WB is subject to the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and is characterised as a schedule 3B entity: National Government Business Enterprise.

The primary activity of a water board is to provide water services (bulk and reticulation) to other water services institutions (WSI). In terms of section 32(b) of the WSA, a water board must enter into written contracts when performing its primary and other activities. These contracts form the basis of funding for a water board. WBs' reporting mechanisms include annual reports, quarterly reports, policy statements, shareholder compacts and business plans.

Ten of the 12 water boards received unqualified audit reports for the 2011/12 financial year.

The consolidated water volumes sold was 2.4 billion kilolitres with water sales at R10.5 billion. In terms of employment R1.9 billion worth of jobs were created with R2 billion invested on infrastructure.

Budget vs Actual Income Statement June 2012 (R000's)	Actual	Budget	Variance R	Variance %
Volume sold	2 486 460 198	2 501 920 363	-15 460 165	-0.62%
Sales	10 538 464	10 468 052	70 412	0.67%
Cost of sales	3 521 284	3 519 576	-1 708	-0.05%
Gross profit	7 017 180	6 948 476	68 704	0.98%
Other income	955 685	700 248	255 437	26.73%
Operating cost	6 430 141	6 058 476	-371 665	-5.78%
Direct labour	1 966 102	1 949 846	-16 256	-0.83%
Energy	1 579 456	1 623 551	44 095	2.79%
Maintenance material	358 834	297 816	-61 018	-17.00%
Chemical/purification	397 335	418 101	20 766	5.23%
Depreciation	499 713	523 281	23 568	4.72%
General expenses	1 173 394	806 347	-367 047	-31.28%
Other expenses	455 307	439 534	-15 773	-3.46%
Operating surplus (deficit)	1 542 724	1 590 248	-47 524	-3.08%
Net interest	112 637	10 212	102 425	90.93%
Other comprehensive income (cost)	53 793	26 952	26 841	49.90%
Net surplus (deficit) for period	1 709 154	1 627 412	81 742	4.78%

REPORT OF THE ACCOUNTING OFFICER

WBs' capital expenditure for 2011/12 is as follows:

WATER BOARD	ACTUALS 2011/12	BUDGET 2011/12	R OVER (UNDER) SPEND	% OVER (UNDER) SPEND	BUDGET 2012/13
Amatola	556	5 000	-4 444	-88.9%	36 578
Bloem	69 839	131 100	-61 261	-46.7%	59 200
Bushbuckridge	1 286	1 918	-632	-33.0%	11 495
Lepelle North	52 524	53 000	-476	-0.9%	145 770
Magalies	7 367	4 682	2 685	57.3%	132 686
Mhlathuze	19 119	28 421	-9 302	-32.7%	124 574
Overberg	5 080	4 318	762	17.6%	4 211
Pelladrift	300	6 450	-6 150	-95.3%	5 010
Rand	1 481 000	1 533 000	-52 000	-3.4%	1 706 000
Sedibeng	64 365	65 000	-635	-1.0%	89 840
Umgeni	485 615	590 000	-104 385	-17.7%	944 812
TOTALS	2 187 051	2 422 889	-235 838	-9.7%	3 260 176

The total variance for all water boards is an under expenditure on planned CAPEX of -9.7% for 2011/12 which is a substantial improvement over the under expenditure of -36% reported in the 2010/11 financial year. It needs to be noted that CAPEX expenditure, specifically on large and complex infrastructure projects, often runs over more than one financial year and sometimes a number of years.

1.5.5 Catchment Management Agencies (CMAs)

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.

Catchment Management Agencies manages water resources at a catchment level through continuous engagement with all stakeholders and devolves decision making to the lowest level for the benefit of all water users within their water management area. They ensure that water is used to support equitable and sustainable social and economic transformation and development.

There are currently two operational CMAs in the country, the Inkomati CMA (ICMA) and the Breede-Overberg CMA (BOCMA) and they receive grant funding from the Department. During the 2012/13 financial year, R19 000 000.00 was transferred to the BOCMA and R22 372 186.00 was transferred to the ICMA for the implementation of their functions according to their annual performance plans approved by the Minister.

REPORT OF THE ACCOUNTING OFFICER

The ICMA statements of financial position and financial performance and data for the 2012/2013 financial year are presented as follows:

FISCAL YEAR ENDED ON 31 MARCH 2011	2013 ACTUAL R'000	2012 ACTUAL R, 000
Revenue	22 327 186	34 766 713
Operating expenditure	(35 688 780)	(27 514 762)
Net surplus (deficit) for the year	(12 510 049)	7 804 082
Property, Plant and equipment	2 818 100	2 538 106
Current assets	15 777 742	27 348 805
Current liabilities	4 994 380	3 999 165
Non-executives: remuneration	1 615 042	1 045 458
Executives: remuneration	2 992 280	3 600 589

The BOCMA statements of financial position and financial performance and data for the 2012/2013 financial year are presented as follows:

FISCAL YEAR ENDED ON 31 MARCH 2011	2013 ACTUAL R'000	2012 ACTUAL R, 000
Revenue	19 000 000	18 093 250
Operating expenditure	(23 473 970)	(16 223 101)
Net surplus (deficit) for the year	(4 049 941)	2 379 524
Property, Plant and equipment	1 312 509	1 539 093
Current assets	7 823 483	10 732 869
Current liabilities	1 928 208	1 114 220
Non-executives: remuneration	412 933	380 967
Executives: remuneration	2 774 157	2 437 736

The Department embarked on the Institutional Re-alignment process to review the viability and number of institutions reporting to the Minister. After assessment of the viability of the 19 CMAs, the Minister approved the consolidation of the 19 CMAs into 9 CMAs. The new 9 water management area boundaries were adjusted and gazetted in July 2012 as follows: Limpopo; Olifants; Inkomati-Usuthu; Pongola-Mzimkulu; Vaal; Orange; Mzimvubu-Tsitsikamma; Breede-Gouritz and Berg-Olifants. The establishment of the Inkomati-Usuthu was approved by the Minister and gazetted for public comments in March 2013.

1.5.6 Water User Associations (WUAs)

The Water User Associations (WUAs) are established in terms of the National Water Act, 1998 (Act No. 36 of 1998). They are co-operative associations of 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.

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. A new vision for the transformation, establishment and development of Water User Associations has been drafted. The Department supported 30 WUAs to develop their business plans and 84 WUAs were trained on capacity building.

1.5.7 Komati Basin Water Authority (KOBWA)

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.

1.6 Organisations to whom transfer payments have been made

Refer to Part B section 4 on the summary of financial information (sub-section 4.3 and 4.4) on the transfer payments made to entities. Page 91-92.

1.7 Public private partnerships (PPPs)

None

1.8 Corporate governance arrangements

The Department has established a risk management unit separate from internal audit. The risk assessment is conducted annually which is followed by quarterly compliance reports which are endorsed by Management. Internal Audit uses the risk register, produced by the Risk Management Unit to develop its three-year rolling strategic plans. These plans are approved by the Audit Committee before implementation. Internal Audit has during the current year, issued a number of audit reports with recommendations that are aimed at improving the system of internal control.

The Department also has a fraud prevention policy which forms an integral part of the anti-corruption strategy.

An Audit Committee which undertakes its responsibilities according to the Public Finance Management Act (PFMA) (No.1 of 1999), and the related treasury regulations is also in place. The term of some of the members has expired during the financial year and the committee was reconstituted by the appointment of new members.

The Department has also established the following governance structures which meet on certain predetermined intervals to deal with their business as contained in the respective terms of references; EXCO (Executive Committee), Top Management and MANCO (Management Advisory Committee).

All these various committees are intended to ensure good governance within the Department.

More details are included in Part C page 100.

The WTE has a risk management strategy in place of which risks are reviewed on the regular basis. A prioritisation process is followed whereby the risks with the greatest loss (or impact) and the greatest probability of occurring are handled first, and risks with lower probability of occurrence and lower loss are handled in descending order.

REPORT OF THE ACCOUNTING OFFICER

The WTE is in the process of establishing a dedicated internal audit that will ensure that internal control environment is reviewed on the regular basis. This will happen once the new organisational structure has been approved. The current internal audit provides internal audit plans and audit report to the audit committee. The audit committee review all the plans and approves them for execution by internal audit. The reports issued by internal audit are sent to the accounting officer to ensure that there is proper implementation. The internal audit committee has regular meetings to follow-up on the audit findings raised by internal audit and Auditor General.

1.09 Activities to be discontinued

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

1.10 New or proposed activities

There are no new/proposed activities to be reported during the year under review.

1.11 Asset management

Assets have been captured in the asset register. This exercise was achieved by doing monthly asset samples. A minimum of 200 assets each per region, as well as two additional verification exercises, were achieved across the department.

The Asset Register meets the minimum requirements set out by National Treasury and are in line with what is required in terms of Modified Cash Based.

The issues related to asset reform have been achieved.

The challenges relate more to assets that the department is constructing on behalf of Municipalities i.e. Regional Bulk and Accelerated Infrastructure Projects.

1.12 Inventories

The disclosure of all stores and inventories was made in the Annual Financial Statements.

1.13 Events after the reporting date

No events occurred after the reporting date.

1.14 Information on predetermined objectives

The predetermined objectives are reported in the form of four quarterly reports to the Executive Authority annually. 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.

During the year under review, the Department initiated an automated a Monitoring and Evaluation system for organisational performance. This system will include configurable score cards to enable the Department

REPORT OF THE ACCOUNTING OFFICER

to monitor its performance through the existing SAP browser based front end. The system will be in real time and changes in performance will be directly related to the reporting cycle of the underlying programme performance indicators. A dashboard will show quarterly performance results based on the previous quarters' results captured in the system.

1.15 SCOPA resolutions

There were no SCOPA resolutions for the period under review.

1.16 Prior modifications to audit reports

In the 2011/12 financial year audit report, the Auditor-General of South Africa (AGSA) raised the following concerns:

Supply chain management processes and systems

The AGSA had identified the outdated supply chain management (SCM) policy as a root cause for some of the transgression identified. The Department has since updated the SCM policy and the implementation of the reviewed business process is underway. All the reported and detected irregular and fruitless expenditure have been disclosed.

A number of controls which include centralising the SCM function, establishing a Financial Misconduct Committee and automating all Regions in the LOGIS system have been put in place to ensure compliance.

The commitments within the Regional Bulk Infrastructure Grant were qualified by the AGSA due to the lack of completeness. The Department has gone through all the areas that were not given full attention and relationships between the different units were strengthened to ensure compliance in this area.

REPORT OF THE ACCOUNTING OFFICER

MAIN EXCHEQUER ACCOUNT (MEA)

Nature of Qualification	Financial year in which it first arose	Progress made in clearing/resolving the matter
<p>Expenditure for tangible capital assets and Prepayments and advances</p> <p>The department made advance payments to implementing agents for goods and services related to buildings and other fixed structures. Due to an inadequate system to monitor actual expenditure against advance payments, the department incorrectly classified advance payments as expenditure instead of prepayments (assets)</p>	2011/12	<p>Processes and procedures have been established to properly manage and account for prepayments and advances. These accounts have been monitored and reconciled on a regular basis</p> <p>Invoices from implementing agents that did not contain details of the goods and services being paid for and which were without the department's approval for acknowledgement of receipt were reconciled and supporting documentation was submitted to the Auditor-General. This qualification was resolved</p>
<p>Goods and services</p> <p>During 2011, I was unable to obtain sufficient appropriate audit evidence about accuracy of goods and services reflected as R2.2 billion and was unable to confirm the expenditure by alternative means. This programme that led to the modification of my report was transferred to another department</p>	2011/12	<p>Not applicable, the programme that led to the qualification of the audit report was transferred to another department with no further action required from the Department of Water Affairs</p>
<p>Irregular Expenditure</p> <p>Payments were made in the current year in contravention of the procurement policies amounting to R66.1 million. The system of control over irregular expenditure was inadequate to determine whether expenditure was made in accordance with the requirements of the SCM legislation</p>	2011/12	<p>Irregular expenditure was qualified by AG due to lack of completeness as RBIG activities were not properly monitored and accounted for and as a result the RBIG budget was declared irregular for the amount of R869 million because of classification</p> <p>The unit has been monitoring procurement activities in the department and ensured that compliance is adhered to in all projects, further in the finalising of projects SCM gets involved with contract management</p> <p>Finance has monitored the sundry payments to ensure that all the payments complied with the requirements. All the investigations which were carried out in the department identified irregularities and reported them accordingly</p> <p>Fruitless and wasteful expenditure has been closely monitored. The department is also monitoring all the procurement and payable activities to ensure that the Fruitless and Wasteful expenditure is avoided and accounted for</p>

REPORT OF THE ACCOUNTING OFFICER

Nature of Qualification	Financial year in which it first arose	Progress made in clearing/resolving the matter
<p>Commitments</p> <p>The department has implemented the LOGIS system in eight out of the nine regions to manage and track procurement of goods and services. However LOGIS was inadequate for the identification and recognition of all open orders at year end. And it was not always used to record regional bulk infrastructure procurement contracts. The limitation reported in the prior audit reports on the corresponding figures has not been corrected by management</p>	2011/12	<p>Commitments for 2011/12 were qualified due to lack of completeness. For the year 2012/13 the department has focussed on ensuring that disclosures are accurate. The information was compiled and verified against the expenditure indicated in the BAS report</p> <p>The RBIG Programme manager was involved to ensure that all the disclosed amounts are corrected</p>
<p>Immovable tangible capital assets</p> <p>The department did not provide appropriate supporting documents for R275.2 million disclosed as additions to other fixed structures resulting in limitation of scope</p>	2011/12	Supporting documentation amounting to R302.7 million in respect of the 2011/12 financial year additions to other fixed structures were obtained from the relevant implementing agents validated and submitted to the Auditor-General
<p>Movable tangible capital assets</p> <p>During 2011, I was unable to obtain sufficient appropriate audit evidence about completeness of movable assets reflected as R157.3 million. My opinion audit opinion on FS 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</p>	2011/12	This matter will no longer be reported in the annual financial statements of the department since this function was transferred to DEA
<p>Accruals</p> <p>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</p>	2011/12	Existing systems and processes for reporting normal accruals have been enhanced to incorporate regional bulk infrastructure projects, these accruals reporting has been performed monthly, quarterly with the Interim Financial Statements and also Annual Financial Statements
<p>Contingent Liabilities</p> <p>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.</p>	2011/12	A reconciliation of contingent liabilities and supporting documentation was performed. Amounts disclosed in the financial statements are having supporting documentation and processes have been put in place to ensure availability of supporting documentation to contingent liabilities. This qualification was resolved
<p>Loans</p> <p>Could not verify the valuation of current and non-current loans, stated at R8 million and R28.7 million. Debt acknowledgement not confirmed by Entities, confirmed balances varied with the Department's financial system</p>	2011/12	The loans have been reconciled and balances confirmed with the respective institutions. Systems and processes have been put in place to ensure regular reconciliation and confirmations. This qualification was resolved

REPORT OF THE ACCOUNTING OFFICER

WATER TRADING ENTITY (WTE)

Reference to previous audit report and SCOPA resolutions	Subject	Progress on Findings
<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 d) Sufficient appropriate audit evidence to satisfy existence, obligations, completeness, valuation and allocation of the clearing account could not be obtained <p>The Committee recommends that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> a) The Chief Financial Officer (CFO), Finance Director and Revenue 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; b) Adequate policies and procedures for the clearing of suspense accounts are designed; and c) Adequate reviews of suspense accounts are performed, timeously 	<p>2.1 Suspense Accounts</p>	<p>The matters raised by AGSA have since being resolved and in the 2011/12 they were not part of the qualification</p>

REPORT OF THE ACCOUNTING OFFICER

Reference to previous audit report and SCOPA resolutions	Subject	Progress on Findings
<p>The AGSA identified the following:</p> <ul style="list-style-type: none"> a) An amount of R231 791 894 relating to “return to sender” invoices was excluded from water related services revenue 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 c) There was an inadequate system of control to assess the probability of recording these amounts as revenue which is reliable for audit purposes 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>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. revenue could not be concluded. <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>2.2 Water related services revenue</p>	<p>The Implementation of the SAP upgrage from version 4.7 to ECC6 is underway and the service provider is currently on board Revenue Management is ringfenced for phase 1 of the project The Utilities Module will be implemented</p> <p>Top 100 customers were identified and this constitutes 80% of the debtors book Account reconstructions were done and WTE is in the process of obtaining signed off settlement agreements from customers</p> <p>The business plan target for 2012/2013 financial year was to obtain 98% accuracy on billing The WTE has exceeded the target and obtained a 99.28% accuracy in billing</p> <p>A Debt collector has also been appointed to ensure the recovery of all long outstanding debt that is over 60 days and over on the age analysis</p> <p>Revenue management turnaround strategy is in progress with the intention to ensure capacity both in competency and Human Capital is built 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 was completed end April 2012 and the impact thereof has 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 datamaintenance to one person and audit trails of changes are maintained and review process to be implemented This control measure is in place</p>

REPORT OF THE ACCOUNTING OFFICER

Reference to previous audit report and SCOPA resolutions	Subject	Progress on Findings
<p>The AGSA identified the following:</p> <p>a) There was no system of control over the recording of outstanding invoices at year-end</p> <p>b) There were no satisfactory audit procedures to obtain reasonable assurance that all outstanding invoices have been accrued or provided for</p> <p>c) The completeness of the accrual liability in the annual financial statements could not be concluded</p> <p>The Committee recommends that the Accounting Officer ensures that:</p> <p>a) Adequate cut-off procedures to guarantee that all transactions for the financial year are recorded in the annual financial statements; and</p> <p>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>	<p>2.3 Unrecorded liabilities</p>	<p>The matters raised by AGSA have since being resolved and in the 2011/12 they were not part of the qualification</p>
<p>The AGSA identified the following:</p> <p>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> <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</p>	<p>2.4 Accounts Receivable</p>	<p>Monthly reports from WARMS/ WULAT/SAP to identify changes to customer master data and new customers is taking place</p> <p>The implementation of the SAP upgrade will also address this issue</p> <p>Enhance process & procedures to include the Verification & validation of Customers on WARMS and SAP database and 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 Master Data clean up has taken place already therefore a vast improvement in our billing</p> <p>Improved integration between WARMS and SAP(Revenue Stabilisation Project); with adequate controls</p> <p>PROGRESS: SAP customer master</p>

REPORT OF THE ACCOUNTING OFFICER

Reference to previous audit report and SCOPA resolutions	Subject	Progress on Findings
<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>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 service providers on a regular basis to prevent further impairment of infrastructure assets;</p> <p>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> <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>e) The Department strengthens its internal control systems in order to avoid incurring further irregular expenditure</p>	<p>2.5 Irregular expenditure</p>	<p>SCM Guidelines and Process action plan drafted</p> <p>A Financial misconduct Committee has been established with a clear terms of reference</p> <p>The committee will make recommendations to the delegated authority to impliment action against defaulters</p> <p>A comprehensive database and disclosure forms are regularly sent to line managers to endorse, verify and report any cases of irregular expenditure</p> <p>National Treasury was consulted and the terms what constitutes of irregular expenditure was communicated to all managers at SCM workshops conducted during the last financial year been appointed to ensure the recovery of all long outstanding debt that is over 60 days and over on the age analysis</p>

REPORT OF THE ACCOUNTING OFFICER

Reference to previous audit report and SCOPA resolutions	Subject	Progress on Findings
<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 Entity at, and for the year ended, 31 March 2009</p> <p>The Committee recommends that the Accounting Officer ensures the following:</p> <p>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</p> <p>b) All amendments to financial statements and information are effected before the audit process commences</p>	2.6 Restatement of Corresponding figures	The matters raised by AGSA have since being resolved and in the 2011/12 they were not part of the qualification

1.17 Exemptions and deviations received from the National Treasury

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

1.18 Interim Financial Statements

The interim financial statements were submitted to the AGSA and the National Treasury for the period ending 30 June 2012, 30 September 2012, 31 December 2012 and 31 March 2013 in accordance with the modified cash basis of accounting and relevant guidelines specified or issued by the National Treasury.

1.19 Other

Invoices for prior year Regional Bulk Infrastructure payments.

During the 2010/11 and 2011/12 financial years the Department accounted for the KwaZulu-Natal Regional Bulk Infrastructure payments by means of funding claims and summary of record of payments from municipalities. In order to correct the prior year shortcoming in respect of supporting invoices the Department obtained and validated the detailed supporting documents from the municipalities and other implementing agents since the inception date of the projects. As part of the monitoring processes periodic performance evaluation and site visits have been undertaken on these projects.

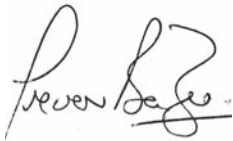
As at the reporting date an amount of R31.814 million was still being collected in respect of three projects namely Greater Eston: R6.244 million, Greater Mthonjaneni: R9.446 million and Mandlakazi: R16.23 million. The total amount of R31.814 has been disclosed as part of the contingent assets disclosure note.

REPORT OF THE ACCOUNTING OFFICER

In addition to the above interventions the system of accounting for the KwaZulu-Natal Regional Bulk Infrastructure payments have been corrected to comply with the Departmental prescripts in respect of payments with effect from the 2012/13 financial year.

1.20 Approval

The Annual Financial Statements set out in pages 190-273 have been approved by the Accounting Officer.



Name: Trevor Ian Balzer
Accounting Officer
Date: 31 May 2013





E1: VOTE 38

MAIN EXCHEQUER ACCOUNT

- 1.1 ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY
- 1.2 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS OF THE MAIN ACCOUNT (VOTE 38) FOR THE YEAR ENDED 31 MARCH 2013
- 1.3 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 38: DEPARTMENT OF WATER AFFAIRS: MAIN EXCHEQUAR ACCOUNT
- 1.4 ANNUAL FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AFFAIRS FOR THE YEAR ENDED 31 MARCH 2013



ACTING DIRECTOR-GENERAL
TREVOR BALZER

1.1 ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of responsibility for the annual financial statements for the year ended 31 March 2013

As the Accounting Officer I am responsible for the preparation of the Department's annual financial statements and for the judgments made in this information.

I am also responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the Department for the financial year that ended on 31 March 2013.

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

The Department of Water Affairs' annual financial statements for the year that ended on 31 March 2013 have been examined by the external auditors and their report is presented on page 184-189.

The annual financial statements of the Department set out on page 190-273 have been approved.

A handwritten signature in black ink, appearing to read 'Trevor Balzer', written in a cursive style.

Name: Trevor Ian Balzer
Accounting Officer
Date: 31 May 2013

1.2: REPORT OF THE AUDIT COMMITTEE

1.2 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS OF THE MAIN ACCOUNT (VOTE 38) FOR THE YEAR ENDED 31 MARCH 2013

The Audit Committee comprises the following members:-

NO.	AUDIT COMMITTEE MEMBER	DATE OF APPOINTMENT	NO. OF MEETINGS ATTENDED	STATUS
1	Ms Shelly Thomas (Previous Chairperson)	1 July 2008 Prior years	07	Resigned (04 December 2012)
2	Mr Justice Motha (Chairperson) (Acting Chairperson) (Ordinary member)	01 April 2013 28 August 2012 Prior years	09	Still the Chairperson
3	Mr Don Nkadimeng	Prior years	03	Contract ended (28 February 2013)
4	Mr Willem Du preez	Prior years	09	Contract ended (28 February 2013)
5	Ms Nosipho Maphumulo	01 April 2012	04	Still a member
6	Mr James Mpai	01 April 2012	02	Deceased
7	Mr Thiru Mudaly	01 April 2012	07	Still a member
8	Ms Natalie Skeepers	01 April 2013	n/a	Still a member
9	Ms Annah Badimo	01 April 2013	n/a	Still a member
10	Advocate Frans Van der Westhuizen	01 April 2013	n/a	Still a member
11	Advocate Mzondi Molapo	01 April 2013	n/a	Still a member

During the year under review the Audit Committee held six normal meetings and three special meetings. The term of office for most members came to an end during the year under review whilst the new members were appointed with effect from 1 April 2013. One member of the Audit Committee (Mr James Mpai) met his untimely death during the year under review, may his sole rest in peace. The Director General also attends the meetings of the Audit Committee as an ex-officio member.

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

Though the system of internal control was improved during the year under review certain weaknesses were noted, 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

1.2: REPORT OF THE AUDIT COMMITTEE

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 Audit Committee has also considered the quarterly management reports including performance information throughout the year as part of reviewing internal controls.

The Minister has appointed a Business Process Review Committee (BPR) during 2011/2012 financial year. The scope of work of the BPR included the review of financial management and the overall systems, including information technology. The Committee intends to monitor the implementation of the recommendations arising from the BPR. The Committee has also noted that Management has established a Financial Misconduct Committee to address significant deviation from the approved policies and procedures.

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

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 (vote 38). The Committee also noted that the basis of qualification have improved from 9 in the previous year (2011/2012) to 4 in the current financial year (2012/2013). Management has been directed to formulate a comprehensive corrective action plan to ensure that the main risks that gave rise to the qualification are addressed. The following are the main basis of qualification as identified by the Auditor General:

- 1) Lack of supporting documents for restatement of prior year commitments;
- 2) Inadequate audit evidence supporting the prior year adjustments on accruals;
- 3) Inadequate internal control system to ensure that all irregular expenditure is identified and recorded;
and
- 4) Inadequate accounting records to properly account for immovable tangible capital assets.

The first two basis of qualification relates to the prior year adjustments. These issues have been adequately addressed in the current year, whilst the last two is a present weakness in the internal control which must be addressed during the 2013/2014 financial year. The Audit Committee commends management on steady progress toward achieving clean audit.

1.2: REPORT OF THE AUDIT COMMITTEE

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.



Mr JA MOTH
DATE: 07/08/2013
CHAIRPERSON OF THE AUDIT COMMITTEE

1.3 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 38: DEPARTMENT OF WATER AFFAIRS: MAIN EXCHEQUAR ACCOUNT

REPORT ON THE FINANCIAL STATEMENTS

Introduction

- 1 I have audited the financial statements of the Department of Water Affairs set out on pages 190-273, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, 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.

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 Departmental 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, 2012 (Act No. 5 of 2012) (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 department'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 department'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

Commitments

- 6 I was unable to obtain sufficient appropriate audit evidence due to lack of supporting documents for the restatement of the corresponding figure for commitments. As described in note 22 to the financial statements, the restatement was made in order to rectify a prior year misstatement. I was unable to

1.3: REPORT OF THE AUDITOR-GENERAL

confirm the restatement by alternative means. Consequently I was unable to determine whether any adjustment to the commitments corresponding figure stated at R21.3 billion in the financial statements was necessary.

- 7 The department did not have adequate systems in place to maintain records of commitments where the procurement of goods and services have been approved and/or contracted, but where no delivery has taken place at year end, which resulted in commitments being misstated by R1.1 billion. In addition, I was unable to obtain sufficient appropriate audit evidence due to lack of supporting documents for the amounts disclosed as commitments in note 22 to the financial statements and I could not confirm the disclosure by alternative means. Consequently I was unable to determine whether any further adjustments to commitments stated at R19.7 billion in the financial statements were necessary.

Accruals

- 8 I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for accruals. As disclosed in note 23 to the financial statements, the restatement was made in order to rectify a prior year (2012) misstatement. I was unable to confirm the restatement by alternative means. Consequently I was unable to determine whether any adjustment to the accruals corresponding figure stated at R326.4 million in the financial statements was necessary.

Irregular expenditure

- 9 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. The department made payments in contravention of the supply chain management regulations amounting to R13.6 million in the current year (2012: R66 million) and are disclosed as irregular in note 26 to the financial statements. The system of control to ensure that all irregular expenditure is identified and disclosed was inadequate to allow me to confirm the irregular expenditure disclosure, and I could not confirm the irregular expenditure amount by alternative means. Consequently, I was unable to determine whether any adjustments relating to irregular expenditure disclosed as R1.1 billion (2012: R1.1 billion) in note 26 to the financial statements was necessary.

Immovable tangible capital assets

- 10 I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for the additions to the buildings and other fixed structures for the current and prior year due to the tatus of the accounting records. I was unable to confirm the amount by alternative means.

Consequently, I was unable to determine whether any adjustment to the additions to the buildings and other fixed structures stated at R358.2 million (2012: R275.2 million) in note 34 in the financial statements was necessary.

Qualified opinion

- 11 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 2013, and its financial performance and cash flows for the year then ended in accordance with Departmental financial reporting framework prescribed by the National Treasury and the requirements of the PFMA and DoRA.

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Emphasis of matter

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

Significant uncertainties

- 13 With reference to note 21.1 to the financial statements, the department is a defendant in a number of lawsuits. The ultimate outcome of these matters cannot currently be determined, and as a result no provision for any liability has been made in the financial statements.

Additional matter

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

Financial reporting framework

- 15 The Financial reporting framework prescribed by the National Treasury and applied by the department 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 reflects this requirement.

Unaudited supplementary schedules

- 16 The supplementary information set out on pages 251-273 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 17 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

I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 31-68 of the annual report.

- 18 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’s 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’s 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).

- 19 The material findings are as follows:

1.3: REPORT OF THE AUDITOR-GENERAL

Usefulness of information

Performance targets not specific

- 20 The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 64% of the targets relevant to programmes were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles

Performance targets not measurable

- 21 The FMPPI requires that performance targets be measurable. The required performance could not be measured for 64% of the selected targets. This was due to the fact that management did not adequately review the performance targets.

Performance Indicators not well defined

- 22 The FMPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 82% of the selected indicators were 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 lack of key controls in the systems of collection of actual performance information.

Reliability of information

Reported performance not valid, accurate and complete

- 23 The FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.
- 24 I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to Programme 4: Regional Implementation and Support. This was due to limitations placed on the scope of my work since the absence of the department's records did not permit the application of alternative procedures.

Compliance with laws and regulations

- 25 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:

Strategic planning and performance management

- 26 The accounting officer commenced a process to ensure that the department 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 but it was not yet fully implemented at year end.

1.3: REPORT OF THE AUDITOR-GENERAL

Annual financial statements, performance and annual reports

- 27 The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and were not supported by full and proper record as required by section 40(1) (a) of the Public Finance Management Act. 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 statement receiving a qualified opinion.

Asset Management

- 28 Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1)(d) of the Public Finance Management Act and Treasury Regulation 10.1.1(a).

Human resource management and compensation

- 29 Some funded vacant posts were not filled within 12 months as required by Public Service Regulations 1/VII/C.1A.2.
- 30 Persons in charge at pay points did not always certify that the employees receiving payment were entitled thereto as required by TR 8.3.4.

Expenditure management

- 31 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.
- 32 Contractual obligations and money owed by the department were not settled within 30 days or an agreed period, as required by section 38(1)(f) of the Public Finance Management Act and Treasury Regulation 8.2.3.
- 33 Sufficient appropriate audit evidence could not be obtained that effective and appropriate disciplinary steps were taken against officials who made and/or permitted irregular and fruitless and wasteful expenditure, as required by section 38(h)(iii) of the Public Finance Management Act and Treasury Regulation 9.1.3

Financial misconduct

- 34 Investigations were not conducted into all allegations of financial misconduct committed by officials, as required by Treasury Regulation 4.1.1. The department established a financial misconduct committee during the year.

Procurement and contract management

- 35 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.
- 36 Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised in the government tender bulletin as required by Treasury Regulations 16A6.3(c).

Internal control

- 37 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 a qualified

1.3: REPORT OF THE AUDITOR-GENERAL

opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- 38 The organisational structure has been reviewed but not yet implemented. HR management was not effective in placing skilled resources and monitoring performance.
- 39 The entity had experienced instability in leadership since 2009 as a result of a number of suspensions and dismissals in key leadership positions.

Financial and performance management

- 40 Policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities were not fully established and communicated.
- 41 Formal controls over IT systems to ensure the availability, accuracy and protection of information had not been designed and implemented.

Governance

- 42 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 completed during the year

- 43 Several investigations were conducted at the request of the Accounting officer and/or the Minister arising from allegations against officials of the department. The investigations resulted in recommendations for disciplinary and/ or criminal proceedings to be instituted against the department officials concerned.

Investigations in progress

- 44 Several investigations are being conducted at the request of the accounting officer and/or the Minister arising from allegations against officials of the department. Disciplinary action continued that lead to dismissals.

Performance audits

- 45 A performance audit was conducted on the use of consultants at eight national departments and covered 124 contracts with an estimated value of R5.5 billion. The audit covered the period 2008-09 to 2010-11 and was released on 24 January 2013. The report was subsequently considered by SCOPA.

Auditor-General

Pretoria, 31 July 2013



1.4 ANNUAL FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AFFAIRS FOR THE YEAR ENDED 31 MARCH 2013

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Appropriation per programme										
APPROPRIATION STATEMENT	2012/13					2011/12				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
1 Administration										
Current payment	815 198	11 832	(5 862)	821 168	803 741	17 427	97.9%	821 930	743 999	
Transfers and subsidies	14 575	881	5 040	20 496	19 825	671	96.7%	18 200	15 513	
Payment for capital assets	35 229	(12 027)	-	23 202	19 520	3 682	84.1%	38 212	21 942	
Payment for financial assets	-	(686)	1 000	314	281	33	89.5%	37	37	
Subtotal	865 002	-	178	865 180	843 367	21 813		878 379	781 491	
2 Water Sector Management										
Current payment	352 291	10 671	11 225	374 187	373 300	887	99.8%	494 211	355 909	
Transfers and subsidies	67 371	(12 798)	31 686	86 259	86 119	140	99.8%	75 383	54 164	
Payment for capital assets	34 625	2 127	4 407	41 159	41 119	40	99.9%	257 348	76 325	
Payment for financial assets	-	-	-	-	-	-		25 409	25 409	
Subtotal	454 287	-	47 318	501 605	500 538	1 067		852 351	511 807	
3 Water Infrastructure Management										
Transfers and subsidies	2 251 496	-	-	2 251 496	2 251 496	-	100.0%	2 384 963	2 384 020	
Subtotal	2 251 496	-	-	2 251 496	2 251 496	-		2 384 963	2 384 020	
4 Regional Implementation and Support										
Current payment	1 168 186	(109 328)	(29 926)	1 028 932	1 024 811	4 121	99.6%	1 166 535	1 071 307	
Transfers and subsidies	575 364	(674)	-	574 690	574 687	3	100.0%	1 034 574	1 031 704	
Payment for capital assets	3 540 106	110 002	(4 407)	3 645 701	3 336 265	309 436	91.5%	2 573 036	2 272 490	
Subtotal	5 283 656	-	(34 333)	5 249 323	4 935 763	313 560		4 774 145	4 375 501	

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Appropriation per programme										
2011/12										
APPROPRIATION STATEMENT	2012/13					2011/12				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
5 Water Sector Regulation										
Current payment	108 966	(21)	(9 163)	99 782	87 047	12 735	87.2%	110 060	90 449	
Transfers and subsidies	.	21	.	21	21	.	104.8%	3	3	
Payment for capital assets	1 277	.	.	1 277	306	971	24.0%	2 307	701	
Subtotal	110 243	-	(9 163)	101 080	87 374	13 706		112 370	91 153	
6 International Water Cooperation										
Current payment	26 568	.	(4 000)	22 568	21 735	833	96.3%	24 993	19 735	
Transfers and subsidies	625	.	.	625	592	33	94.7%	601	682	
Payment for capital assets	1 285	.	.	1 285	643	642	50.0%	517	517	
Subtotal	28 478	-	(4 000)	24 478	22 970	1 508		26 111	20 934	
TOTAL	8 993 162	-	-	8 993 162	8 641 508	351 654	96.1%	9 028 319	8 164 906	
Reconciliation with statement of financial performance										
Add										
Departmental receipts				26 015				85 637		
Aid assistance				88 385				165 868		
Actual amounts per statement of financial performance (total revenue)				9 107 562				9 279 824		
Add										
Aid assistance					81 443				121 483	
Actual amounts per statement of financial performance (total expenditure)					8 722 951				8 286 389	

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Appropriation per economic classification									
2012/13							2011/12		
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	R'000
Current payments									
Compensation of employees	1 058 264	(11 184)	(7 830)	1 039 250	1 028 549	10 701	99.0%	1 093 565	922 832
Goods and services	1 410 504	(75 529)	(31 230)	1 303 745	1 278 579	25 166	98.1%	1 519 996	1 354 657
Interest and rent on land	2 441	(133)	1 334	3 642	3 506	136	96.3%	4 168	3 957
Transfers and subsidies									
Provinces and municipalities	562 556	299	1	562 856	562 849	7	100.0%	993 676	993 156
Departmental agencies and accounts	2 122 442	(12 798)	.	2 109 644	2 109 027	617	100.0%	2 280 542	2 259 018
Foreign governments and international organisations	180 625	.	.	180 625	180 592	33	100.0%	180 000	179 057
Public corporations and private enterprises	18 000	.	31 358	49 358	49 358	.	100.0%	.	.
Non-profit institutions	.	674	.	674	490	184	72.7%	.	.
Households	25 808	(745)	5 367	30 430	30 424	6	100.0%	59 506	54 854
Payments for capital assets									
Buildings and other fixed structures	3 512 658	109 988	2 210	3 624 856	3 321 749	303 107	91.7%	2 751 750	2 285 167
Machinery and equipment	84 669	(4 369)	(2 210)	78 090	67 195	10 895	86.0%	90 213	66 629
Software and other intangible assets	15 195	(5 484)	.	9 711	8 909	802	91.7%	29 457	20 133
Payments for financial assets	.	(719)	1 000	281	281	.	100.0%	25 446	25 446
Total	8 993 162	-	-	8 993 162	8 641 508	351 654	96.1%	9 028 319	8 164 906

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Detail per programme 1 – ADMINISTRATION

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.1 Ministry									
Current payment	24 260	11 057	10 912	46 229	46 229	·	100.0%	46 029	45 587
Transfers and subsidies	·	·	·	·	·	·	·	1 015	1 015
Payment for capital assets	122	700	·	822	822	·	100.0%	1 881	1 880
1.2 Departmental Management									
Current payment	79 615	(8 394)	5 120	76 341	76 341	·	100.0%	84 224	62 908
Transfers and subsidies	·	674	734	1 408	1 224	184	86.9%	2 383	·
Payment for capital assets	1 698	(1 209)	·	489	449	40	91.8%	2 295	944
1.3 Internal Audit									
Current payment	26 631	(10 990)	571	16 212	16 212	·	100.0%	21 622	19 147
Transfers and subsidies	·	·	21	21	21	·	100.0%	·	·
Payment for capital assets	116	515	·	631	631	·	100.0%	349	349
1.4 Corporate Services									
Current payment	268 935	42 016	3 103	314 054	313 772	282	99.9%	333 583	323 197
Transfers and subsidies	14 575	4	1 366	15 945	15 458	487	96.9%	14 206	13 902
Payment for capital assets	31 926	(13 840)	·	18 086	14 444	3 642	79.9%	26 109	17 336

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Detail per programme 1 – ADMINISTRATION (continue)

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.5 Financial Management									
Current payment	99 338	(3 215)	5 790	101 913	101 913	-	100.0%	128 250	87 988
Transfers and subsidies	-	203	2 919	3 122	3 122	-	100.0%	596	596
Payment for capital assets	1 367	1 807	-	3 174	3 174	-	100.0%	7 578	1 433
Payment for financial assets	-	(686)	1 000	314	281	33	89.5%	37	37
1.6 Office Accommodation									
Current payment	316 419	(18 642)	(31 358)	266 419	249 274	17 145	93.6%	208 222	205 172
Total	865 002	-	178	865 180	843 367	21 813	97.5%	878 379	781 491

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Programme 1 Economic classification	2012/13							2011/12	
	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	274 236	.	18 250	292 486	292 486	.	100.0%	273 644	262 161
Goods and services	540 962	11 989	(24 972)	527 979	510 552	17 427	96.7%	547 409	480 961
Interest and rent on land	.	(157)	860	703	703	.	100.0%	877	877
Transfers and subsidies to:									
Provinces and municipalities	.	4	.	4	4	.	100.0%	8	8
Departmental agencies and accounts	1 575	.	.	1 575	1 089	486	69.1%	1 500	1 195
Non-profit institutions	.	674	.	674	490	184	72.7%	.	.
Households	13 000	203	5 040	18 243	18 242	1	100.0%	16 692	14 310
Payment for capital assets									
Buildings and other fixed structures	2 929	.	.	2 929	871	2 058	29.7%	1 617	1 617
Machinery and equipment	19 388	(4 377)	.	15 011	13 387	1 624	89.2%	24 159	8 794
Software and other intangible assets	12 912	(7 617)	.	5 295	5 262	33	99.4%	12 436	11 531
Payments for financial assets	.	(719)	1 000	281	281	.	100.0%	37	37
Total	865 002	-	178	865 180	843 367	21 813	97.5%	878 379	781 491

Detail per programme 2 – WATER SECTOR MANAGEMENT

Detail per sub-programme	2012/13							2011/12	
	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 and Planning Management Support									
Current payment	4 045	(617)	.	3 428	3 428	.	100.0%	5 018	3 445
Payment for capital assets	98	(90)	.	8	.	8		463	.
2.2 Integrated Planning									
Current payment	126 451	30 218	6 026	162 695	161 814	881	99.5%	230 700	143 844
Transfers and subsidies	.	.	223	223	223	.	100.0%	326	326
Payment for capital assets	1 401	(636)	.	765	742	23	97.0%	209 537	34 523
2.3 Policy and Strategy									
Current payment	27 875	(54)	(799)	27 022	27 022	.	100.0%	37 907	23 790
Transfers and subsidies	.	.	3	3	3	.	100.0%	3	3
Payment for capital assets	96	104	.	200	193	7	96.5%	215	122
2.4 Water Ecosystem									
Current payment	31 014	449	.	31 463	31 463	.	100.0%	38 616	34 886
Transfers and subsidies	.	.	.	.	.	.		1	1
Payment for capital assets	447	159	.	606	606	.	100.0%	885	699

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Detail per programme 2 – WATER SECTOR MANAGEMENT (continue)

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
2.5 Water Information Management									
Current payment	123 457	(7 187)	1 661	117 931	117 925	6	100.0%	141 748	119 052
Transfers and subsidies	-	2	100	102	102	-	100.0%	913	913
Payment for capital assets	31 912	3 010	4 407	39 329	39 329	-	100.0%	45 086	40 705
2.6 Institutional Oversight									
Current payment	39 449	(12 138)	4 337	31 648	31 648	-	100.0%	40 222	30 892
Transfers and subsidies	67 371	(12 800)	31 360	85 931	85 791	140	99.8%	74 140	52 921
Payment for capital assets	671	(420)	-	251	249	2	99.2%	1 162	276
Payment for financial assets	-	-	-	-	-	-	-	25 409	25 409
Total	454 287	-	47 318	501 605	500 538	1 067	99.8%	852 351	511 807

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Programme 2 Economic classification	2012/13						2011/12		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appro- priation	Actual Expendi- ture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	161 967	(3 057)	5 227	164 137	164 137	.	100.0%	203 059	149 148
Goods and services	190 084	13 743	5 524	209 351	208 464	887	99.6%	290 784	206 577
Interest and rent on land	240	(15)	474	699	699	.	100.0%	368	184
Transfers and subsidies to:									
Provinces and municipalities	.	.	1	1	1	.	100.0%	2	2
Departmental agencies and accounts	49 371	(12 798)	.	36 573	36 433	140	99.6%	74 079	52 860
Public corporations and private enterprises	18 000	.	31 358	49 358	49 358	.	100.0%	.	.
Households	.	.	327	327	327	.	100.0%	1 302	1 302
Payment for capital assets									
Buildings and other fixed structures	27 219	.	2 210	29 429	29 429	.	100.0%	239 005	64 871
Machinery and equipment	5 931	(10)	2 197	8 118	8 078	40	99.5%	14 426	7 906
Software and other intangible assets	1 475	2 137	.	3 612	3 612	.	100.0%	3 917	3 548
Payments for financial assets									
	.	.	.	.	.	.		25 409	25 409
Total	454 287	-	47 318	501 605	500 538	1 067	99.8%	852 351	511 807

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Detail per programme 3 – WATER INFRASTRUCTURE MANAGEMENT

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds	Virement	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.1 Infrastructure Development and Rehabilitation									
Transfers and subsidies	2 092 003	.	.	2 092 003	2 092 003	.	100.0%	2 217 826	2 216 883
3.2 Operation of Water Resources									
Transfers and subsidies	159 493	.	.	159 493	159 493	.	100.0%	167 137	167 137
Total	2 251 496	-	-	2 251 496	2 251 496	-	100.0%	2 384 963	2 384 020
2012/13									
Programme 3 Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
	2 071 496	.	.	2 071 496	2 071 496	.	100.0%	2 204 963	2 204 963
Transfers and subsidies to:									
Departmental agencies and accounts	180 000	.	.	180 000	180 000	.	100.0%	180 000	179 057
Foreign governments and international organisations									
Total	2 251 496	-	-	2 251 496	2 251 496	-	100.0%	2 384 963	2 384 020

Detail per programme 4 – REGIONAL IMPLEMENTATION AND SUPPORT

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
4.1 Regional Management and Support									
Current payment	7 040	(1 279)	(1 000)	4 761	4 761	.	100.0%	6 009	4 685
Payment for capital assets	54	.	.	54	52	2	96.3%	102	102
4.2 Sector Support and Intergovernmental Relations									
Current payment	510 608	(4 297)	(11 670)	494 641	494 632	9	100.0%	552 700	509 869
Transfers and subsidies	6 500	(577)	.	5 923	5 924	(1)	100.0%	453 834	453 834
Payment for capital assets	382 194	(158 013)	.	224 181	217 382	6 799	97.0%	269 531	268 825
4.3 Institutional Establishment									
Current payment	19 394	6 600	(1 900)	24 094	23 897	197	99.2%	20 792	19 754
Transfers and subsidies	.	199	.	199	199	.	100.0%	9 684	9 684
Payment for capital assets	285	2 578	.	2 863	360	2 503	12.6%	649	577
4.4 Regional Programme Coordination									
Current payment	6	.	(6)	.	.	.		20	20
4.5 Natural Resource Management Programme									

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Detail per programme 4 – REGIONAL IMPLEMENTATION AND SUPPORT (continue)

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
4.6 Regional Bulks									
Current payment	66 219	1 699	-	67 918	65 648	2 270	96.7%	95 453	91 752
Transfers and subsidies	-	20	-	20	20	-	100.0%	-	-
Payment for capital assets	2 523 101	-	-	2 523 101	2 421 135	101 966	96.0%	1 727 379	1 646 856
4.7 Transfer of Water Schemes									
Current payment	142 235	(16 630)	(9 500)	116 105	114 468	1 637	98.6%	122 038	107 302
Transfers and subsidies	568 350	(1 689)	-	566 661	566 659	2	100.0%	566 506	564 237
Payment for capital assets	341	158	-	499	499	-	100.0%	407	407
4.8 Support Services									
Current payment	283 517	17 939	(3 500)	297 956	297 948	8	100.0%	346 313	319 904
Transfers and subsidies	514	1 357	-	1 871	1 869	2	99.9%	4 550	3 949
Payment for capital assets	14 697	1	(4 407)	10 291	6 772	3 519	65.8%	27 118	16 947
4.9 Water Services Projects									
Payment for capital assets	619 054	-	-	619 054	532 904	86 150	86.1%	547 519	338 445
4.10 Integrated Catchment Management									
Current payment	29 167	(3 360)	(2 350)	23 457	23 457	-	100.0%	23 210	18 021
Transfers and subsidies	-	16	-	16	16	-	100.0%	-	-
Payment for capital assets	380	-	-	380	376	4	98.9%	331	331
4.11 Mine Water Management									
Current payment	110 000	(110 000)	-	-	-	-	-	-	-
Payment of capital assets	-	265 278	-	265 278	156 785	108 493	59.1%	-	-
Total	5 283 656	-	(34 333)	5 249 323	4 935 763	313 560	94.0%	4 774 145	4 375 501

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Programme 4 Economic classification	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	542 674	(7 873)	(20 644)	514 157	510 863	3 294	99.4%	538 835	450 632
Goods and services	623 461	(101 494)	(9 282)	512 685	511 859	826	99.8%	624 855	617 858
Interest and rent on land	2 051	39	.	2 090	2 089	1	100.0%	2 845	2 864
Transfers and subsidies to:									
Provinces and municipalities	562 556	295	.	562 851	562 844	7	100.0%	993 066	992 465
Departmental agencies & accounts	.	.	.	.	9	(9)			
Households	12 808	(969)	.	11 839	11 834	5	100.0%	41 508	39 238
Payment for capital assets									
Buildings and other fixed structures	3 482 510	109 988	.	3 592 498	3 291 449	301 049	91.6%	2 511 128	2 218 679
Machinery and equipment	56 792	14	(4 407)	52 399	44 781	7 618	85.5%	48 834	48 711
Software and other intangible assets	804	.	.	804	35	769	4.4%	13 074	5 054
Total	5 283 656	-	(34 333)	5 249 323	4 935 763	313 560	94.0%	4 774 145	4 375 501

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Detail per programme 5 – WATER SECTOR REGULATION

Detail per sub-programme	2012/13						2011/12		
	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	2 899	(481)	(2 104)	314	282	32	89.8%	2 145	308
Payment for capital assets	36	(36)	.	.	.	.	.	187	.
5.2 Economic and Social Regulation									
Current payment	3 700	(2 879)	.	821	63	758	7.7%	.	.
5.3 Water Use Authorisation									
Current payment	14 977	5 281	.	20 258	19 514	744	96.3%	21 077	21 077
Transfers and subsidies	.	14	.	14	14	.	100.0%	.	.
Payment for capital assets	.	74	.	74	74	.	100.0%	234	234
5.4 Drinking Water Quality and Waste Services									
Current payment	26 225	.	.	26 225	23 764	2 461	90.6%	22 976	20 879
Payment for capital assets	88	40	.	128	128	.	100.0%	250	90
5.5 Resource Regulation									
Current payment	45 974	(1 942)	(7 059)	36 973	33 881	3 092	91.6%	50 461	39 971
Transfers and subsidies	.	7	.	7	7	.	100.0%	3	3
Payment for capital assets	493	(78)	.	415	104	311	25.1%	1 044	362
5.6 Compliance Monitoring									
Current payment	788	.	.	788	14	774	1.8%	1 000	2
5.7 Enforcement									
Current payment	14 403	.	.	14 403	9 529	4 874	66.2%	12 401	8 212
Payment for capital assets	660	.	.	660	.	660	.	592	15
Total	110 243	-	(9 163)	101 080	87 374	13 706	86.4%	112 370	91 153

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Programme 5 Economic classification	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	62 878	(254)	(9 163)	53 461	46 120	7 341	86.3%	63 322	47 779
Goods and services	46 003	233	.	46 236	40 926	5 310	88.5%	46 673	42 651
Interest and rent on land	85	.	.	85	1	84	1.2%	65	19
Transfers and subsidies to:									
Household	.	21	.	21	21	.	100.0%	3	3
Payment for capital assets									
Machinery and equipment	1 273	4	.	1 277	306	971	24.0%	2 277	701
Software and other intangible assets	4	(4)	.	.	.	.	.	30	.
Total	110 243	-	(9 163)	101 080	87 374	13 706	86.4%	112 370	91 153

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Detail per programme 6 – INTERNATIONAL WATER COOPERATION

Detail per sub-programme	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
6.1 International Relation Management and Support									
Current payment	5 159	650	(1 500)	4 309	3 803	506	88.3%	14 643	14 643
Payment for capital assets	581	.	.	581	345	236	59.4%	189	189
6.2 Africa Cooperation									
Current payment	11 019	(1 498)	(2 500)	7 021	6 950	71	99.0%	4 680	3 966
Transfers and subsidies	625	.	.	625	592	33	94.7%	601	682
Payment for capital assets	347	.	.	347	22	325	6.3%	140	140
6.3 Global Cooperation									
Current payment	10 390	848	.	11 238	10 982	256	97.7%	5 670	1 126
Payment for capital assets	357	.	.	357	276	81	77.3%	188	188
Total	28 478	-	(4 000)	24 478	22 970	1 508	93.8%	26 111	20 934

1.4.1: Appropriation Statement for the year ended 31 March 2013 (Vote 38)

Programme 6 Economic classification	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	16 509	.	(1 500)	15 009	14 943	66	99.6%	14 705	13 112
Goods and services	9 994	.	(2 500)	7 494	6 778	716	90.4%	10 275	6 610
Interest and rent on land	65	.	.	65	14	51	21.5%	13	13
Transfers and subsidies to:									
Provinces and municipalities	.	.	.	.	.	.	.	600	681
Foreign governments and international organisations	625	.	.	625	592	33	94.7%	.	.
Households	.	.	.	.	.	.	.	1	1
Payment for capital assets									
Machinery and equipment	1 285	.	.	1 285	643	642	50.0%	517	517
Total	28 478	-	(4 000)	24 478	22 970	1 508	93.8%	26 111	20 934

1.4.2: Notes to the Appropriation Statement for the year ended 31 March 2013 (Vote 38)

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 can be viewed in note 7 on Payments for financial assets to the Annual Financial Statements.

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

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 1				
Administration	865 180	843 367	21 813	2.5%
1	An allocation of R17.145 million could not be spent of Office Accommodation due to outstanding invoices in relation to municipal services and accommodation costs.			
Programme 2				
Water Sector Management	501 605	500 538	1 067	0.2%
1	Insignificant variance..			
Programme 3				
Water Infrastructure Management	2 251 496	2 251 496	-	-
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	5 249 323	4 935 763	313 560	6.0%
1	An allocation of R8.614 million could not be spent due unfilled vacant posts including OSD posts.			
2	An allocation R101.96 million was disbursed to a service provider in respect of Regional Bulk Infrastructure projects for the supply of steel pipes and material ordered outside the country.			
3	An allocation of R108 million was disbursed to a service provider in respect of Acid Mine Drainage for the purchase of abstraction capital equipment for the emergency work in the Witwatersrand and gold fields. The expenditure could not be charged against the vote until the work has been completed.			
Programme 5				
Water Sector Regulation	101 080	87 374	13 706	13.6%
1	An allocation of R7.339 million could not be spent due unfilled vacant posts.			
2	Late submission of invoices from services provider for services rendered.			
Programme 6				
International Water Cooperation	24 478	22 970	1 508	6.2%
1	An allocation of R1.5 million could not be spent due to postponement of overseas trips due to political dynamics in those countries. Insignificant variances.			

1.4.2: Notes to the Appropriation Statement for the year ended 31 March 2013 (Vote 38)

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	1 039 250	1 028 549	10 701	1.0%
Goods and services	1 303 745	1 278 579	25 166	1.9%
Interest and rent on land	3 642	3 506	136	3.7%
Transfers and subsidies				
Provinces and municipalities	562 856	562 849	7	0.0%
Departmental agencies and accounts	2 109 644	2 109 027	617	0.0%
Public corporations and private enterprises	49 358	49 358	-	0.0%
Foreign governments and international organisations	180 625	180 592	33	0.0%
Non-profit institutions	674	490	184	27.3%
Households	30 430	30 424	6	0.0%
Payments for capital assets				
Buildings and other fixed structures	3 624 856	3 321 749	303 107	8.4%
Machinery and equipment	78 090	67 195	10 895	14.0%
Software and other intangible assets	9 711	8 909	802	8.3%
Payments for financial assets	281	281	-	0.0%

1.4.3: Statement of Financial Performance for the year ended 31 March 2013 (Vote 38)

PERFORMANCE	Note	2012/13 R'000	2011/12 R'000
REVENUE			
Annual appropriation	1	8 993 162	9 028 319
Departmental revenue	2	26 015	85 637
Aid assistance	3.3	88 385	165 868
TOTAL REVENUE		9 107 562	9 279 824
EXPENDITURE			
Current expenditure			
Compensation of employees	4	1 028 549	922 832
Goods and services	5	1 278 579	1 354 657
Interest and rent on land	6	3 506	3 957
Aid assistance	3.3	54 827	68 912
Total current expenditure		2 365 461	2 350 358
Transfers and subsidies			
Transfers and subsidies	8	2 932 740	3 486 085
Aid assistance	3.3	26 600	52 571
Total transfers and subsidies		2 959 340	3 538 656
Expenditure for capital assets			
Tangible capital assets	9	3 388 960	2 351 796
Software and other intangible assets	9	8 909	20 133
Total expenditure for capital assets		3 397 869	2 371 929
Payments for financial assets	7	281	25 446
TOTAL EXPENDITURE		8 722 951	8 286 389
SURPLUS/(DEFICIT) FOR THE YEAR		384 611	993 435
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		351 654	863 413
Annual appropriation		351 654	863 413
Departmental revenue and NRF Receipts	16	26 015	85 637
Aid assistance	3.3	6 942	44 385
SURPLUS/(DEFICIT) FOR THE YEAR		384 611	993 435

1.4.4: Statement of Financial Position for the year ended 31 March 2013 (Vote 38)

POSITION	Note	2012/13 R'000	2011/12 R'000
ASSETS			
Current assets		455 249	896 053
Unauthorised expenditure	10	3 782	3 782
Cash and cash equivalents	11	(3 226)	642 129
Prepayments and advances	12	347 230	206 825
Receivables	13	101 420	35 312
Loans	14	6 043	8 005
Non-current assets		50 949	51 550
Loans	14	50 949	51 550
TOTAL ASSETS		506 198	947 603
LIABILITIES			
Current liabilities		440 021	875 955
Voted funds to be surrendered to the Revenue Fund	15	351 654	863 413
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	16	516	902
Bank overdraft	17	74 294	439
Payables	18	6 615	11 201
Aid assistance repayable	3.3	6 942	
TOTAL LIABILITIES		440 021	875 955
NET ASSETS		66 177	71 648
	Note	2012/13 R'000	2011/12 R'000
Represented by:			
Recoverable revenue		65 009	66 002
Cash with commercial banks		1 168	5 646
TOTAL		66 177	71 648

1.4.5: Statement of Changes in Net Assets for the year ended 31 March 2013 (Vote 38)

NET ASSETS	Note	2012/13 R'000	2011/12 R'000
Recoverable revenue			
Opening balance		66 002	97 168
Transfers:		(993)	(31 166)
Debts revised		6 237	(6 237)
Debts recovered (included in departmental receipts)		(2 162)	(33 286)
Debts raised		(5 068)	8 357
Closing balance		65 009	66 002
Retained funds			
Opening balance		5 646	-
Utilised during the year		(5 646)	-
Cash with commercial banks		1 168	5 646
Closing balance		1 168	5 646
TOTAL		66 177	71 648

1.4.6: Cash Flow Statement for the year ended 31 March 2013 (Vote 38)

CASH FLOW	Note	2012/13	2011/12
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		9 107 562	9 279 812
Annual appropriated funds received	1.1	8 993 162	9 028 319
Departmental revenue received	2	26 015	85 625
Aid assistance received	3.3	88 385	165 868
Net (increase)/decrease in working capital		(211 099)	(205 908)
Surrendered to Revenue Fund		(889 814)	(375 276)
Surrendered to RDP Fund/Donor		-	(194 421)
Current payments		(2 365 461)	(2 350 358)
Payments for financial assets		(281)	(25 446)
Transfers and subsidies paid		(2 959 340)	(3 538 656)
Net cash flow available from operating activities	19	2 681 567	2 589 747
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(3 397 869)	(2 371 929)
Proceeds from sale of capital assets	2.3	-	12
(Increase)/decrease in loans		2 563	54 931
Net cash flows from investing activities		(3 395 306)	(2 316 986)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		(5 471)	(48 337)
Net cash flows from financing activities		(5 471)	(48 337)
Net increase/(decrease) in cash and cash equivalents		(719 210)	224 424
Cash and cash equivalents at beginning of period		641 690	417 266
Cash and cash equivalents at end of period	20	(77 520)	641 690

1.4.7: Accounting Policies for the year ended 31 March 2013 (Vote 38)

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.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The “modification” results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

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.

1.4.7: Accounting Policies for the year ended 31 March 2013 (Vote 38)

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial 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/Provincial 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/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial 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/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial 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

Aid 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.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year).

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

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 underspending of appropriated funds. The write off occurs at year-end or when funds are available.

1.4.7: Accounting Policies for the year ended 31 March 2013 (Vote 38)

No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements.

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 stipulated in the Act.

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.

1.4.7: Accounting Policies for the year ended 31 March 2013 (Vote 38)

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 a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease payment 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. These receivables are written off when identified as irrecoverable and are disclosed separately.

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/Provincial 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/ Provincial 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.

10 Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

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	2012/13			2011/12
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/not received R'000	Appropriation Received R'000
Administration	865 180	865 002	178	869 065
Water Sector Management	501 605	454 287	47 318	882 151
Water Infrastructure Management	2 251 496	2 251 496	-	2 384 963
Regional Implementation and Support	5 249 323	5 283 776	(34 453)	4 753 659
Water Sector Regulation	101 080	110 123	(9 043)	112 370
International Water Cooperation	24 478	28 478	(4 000)	26 111
Total	8 993 162	8 993 162	-	9 028 319

2 Departmental revenue

	Note 2	2012/13 R'000	2011/12 R'000
Sales of goods and services other than capital assets	2.1	3 009	7 620
Interest, dividends and rent on land	2.2	(558)	4 176
Sales of capital assets	2.3	-	12
Transactions in financial assets and liabilities	2.4	23 564	73 829
Departmental revenue collected		26 015	85 637

2.1 Sales of goods and services other than capital assets

	Note 2	2012/13 R'000	2011/12 R'000
Sales of goods and services produced by the department		2 964	7 548
Sales by market establishment		1 340	6 964
Other sales		1 624	584
Sales of scrap, waste and other used current goods		45	72
Total		3 009	7 620

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

2.2 Interest, dividends and rent on land

	Note 2	2012/13 R'000	2011/12 R'000
Interest		(558)	4 176
Total		(558)	4 176

2.3 Sale of capital assets

	Note 2	2012/13 R'000	2011/12 R'000
Tangible assets		-	12
Machinery and equipment		-	12
Total		-	12

2.4 Transactions in financial assets and liabilities

	Note 2	2012/13 R'000	2011/12 R'000
Loans and advances		2	-
Receivables		9 791	31 116
Stale cheques written back		2	-
Other Receipts including Recoverable Revenue		13 769	42 713
Total		23 564	73 829

3 Aid assistance

3.1 Aid assistance received in cash from RDP

	Note 3	2012/13 R'000	2011/12 R'000
Local			
Opening Balance		-	-
Revenue		26 600	35 000
Expenditure		(26 600)	(35 000)
Transfers		(26 600)	(35 000)
Closing Balance		-	-
Foreign			
Opening Balance		-	128 036
Revenue		61 785	130 868
Expenditure		(54 843)	(71 083)
Current		(54 827)	(68 912)
Capital		(16)	-
Transfers		-	(2 171)
Surrendered to the RDP		-	(187 821)
Closing Balance		6 942	-

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

3.2 Aid assistance received in cash from other sources

	Note 3	2012/13 R'000	2011/12 R'000
Local			
Opening Balance		-	22 000
Expenditure		-	(15 400)
Transfers		-	(15 400)
Surrendered to the donor		-	(6 600)
Closing Balance		-	-

3.3 Total assistance

	Note 3	2012/13 R'000	2011/12 R'000
Opening Balance		-	150 036
Revenue		88 385	165 868
Expenditure		(81 443)	(121 483)
Current		(54 827)	(68 912)
Capital		(16)	-
Transfers		(26 600)	(52 571)
Surrendered/Transferred to retained funds		-	(194 421)
Closing Balance		6 942	-

3.4 Analysis of balance

	Note 3	2012/13 R'000	2011/12 R'000
Aid assistance repayable		6 942	-
RDP		6 942	-
Closing balance		6 942	-

4 Compensation of employees

4.1 Salaries and Wages

	Note 4	2012/13 R'000	2011/12 R'000
Basic salary		701 680	637 855
Performance award		14 275	14 222
Service Based		2 089	2 009
Compensative/circumstantial		10 940	9 986
Periodic payments		13 744	1 358
Other non-pensionable allowances		156 560	141 469
Total		899 288	806 899

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

4.2 Social contributions

	Note 4	2012/13 R'000	2011/12 R'000
Employer contributions			
Pension		85 544	75 114
Medical		43 524	40 624
UIF		2	3
Bargaining council		191	192
Total		129 261	115 933
Total compensation of employees		1 028 549	922 832
Average number of employees		3 675	3 555

5 Goods and services

	Note 5	2012/13 R'000	2011/12 R'000
Administrative fees		13 249	8 854
Advertising		21 870	29 168
Assets less than R5,000	5.1	8 438	9 094
Bursaries (employees)		1 824	2 726
Catering		9 481	8 573
Communication		43 157	43 734
Computer services	5.2	109 172	132 055
Consultants, contractors and agency/outsourced services	5.3	441 599	564 083
Entertainment		189	157
Audit cost – external	5.4	24 922	17 447
Inventory	5.5	41 841	48 703
Operating leases		219 391	184 891
Property payments	5.6	66 288	47 090
Rental and hiring		379	2 009
Transport provided as part of the departmental activities		221	565
Travel and subsistence	5.7	231 797	208 324
Venues and facilities		12 828	16 843
Training and staff development		17 453	18 885
Other operating expenditure	5.8	14 480	11 456
Total		1 278 579	1 354 657

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

5.1 Assets less than R5,000

	Note 5	2012/13 R'000	2011/12 R'000
Tangible assets		8 379	9 055
Machinery and equipment		8 379	9 050
Transport assets		-	5
Intangible assets		59	39
Total		8 438	9 094

5.2 Computer services

	Note 5	2012/13 R'000	2011/12 R'000
SITA computer services		18 303	27 927
External computer service providers		90 869	104 128
Total		109 172	132 055

5.3 Consultants, contractors and agency/outsourced services

	Note 5	2012/13 R'000	2011/12 R'000
Business and advisory services		163 882	166 043
Infrastructure and planning		150 203	175 817
Laboratory services		2 944	3 477
Legal costs		4 112	5 854
Contractors		65 235	96 014
Agency and support/outsourced services		55 223	116 878
Total		441 599	564 083

5.4 Audit cost – External

	Note 5	2012/13 R'000	2011/12 R'000
Regularity audits		24 526	16 839
Performance audits		-	146
Investigations		27	79
Computer audits		369	383
Total		24 922	17 447

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

5.5 Inventory

	Note 5	2012/13 R'000	2011/12 R'000
Learning and teaching support material		5	52
Food and food supplies		1 982	2 408
Fuel, oil and gas		4 147	4 425
Other consumables		9 859	9 157
Materials and supplies		7 307	11 332
Stationery and printing		18 481	21 215
Medical supplies		60	112
Military stores		-	2
Total		41 841	48 703

5.6 Property payments

	Note 5	2012/13 R'000	2011/12 R'000
Municipal services		32 161	26 332
Property maintenance and repairs		6 969	380
Other		27 158	20 378
Total		66 288	47 090

5.7 Travel and subsistence

	Note 5	2012/13 R'000	2011/12 R'000
Local		212 975	190 332
Foreign		18 822	17 992
Total		231 797	208 324

5.8 Other operating expenditure

	Note 5	2012/13 R'000	2011/12 R'000
Professional bodies, membership and subscription fees		557	744
Resettlement costs		4 324	1 736
Gifts		34	15
Other		9 565	8 961
Total		14 480	11 456

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

6 Interest and rent on land

	Note 6	2012/13 R'000	2011/12 R'000
Interest paid		3 506	3 957
Total		3 506	3 957

7 Payments for financial assets

	Note	2012/13 R'000	2011/12 R'000
Debts written off	7.1	281	25 446
Total		281	25 446

7.1 Debts written off

	Note 7	2012/13 R'000	2011/12 R'000
Recoverable revenue written off			
Salary overpayment		-	21
Bursary		-	3
Telephone		21	1
Capital (Overberg)		-	25 409
Subsidised Transport		-	3
Ex-employees		-	1
Subtotal		21	25 438
Other debts written off			
Salary overpayments		181	41
Tax debt		-	12
Other		14	1
Subsistence and travel		7	
Suppliers		-	2
Ex-employees		85	5
Less receipts		-	(6)
Less: AHFIX (National Treasury call logged-under investigation)		(27)	(47)
Subtotal		260	8
Total debt written off		281	25 446

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

8 Transfers and subsidies

	Note 8	2012/13 R'000	2011/12 R'000
Provinces and municipalities	Annex 1A Annex 1B	562 849	992 475
Departmental agencies and accounts	Annex 1C	2 109 027	2 259 019
Foreign governments and international organisations	Annex 1F	180 592	179 738
Public corporations and private enterprises	Annex 1E	49 358	-
Households	Annex 1H	30 424	54 853
Gifts, donations and sponsorships made	Annex 1K	490	-
Total		2 932 740	3 486 085
Unspent funds transferred to the above beneficiaries		-	-

9 Expenditure for capital assets

	Note 9	2012/13 R'000	2011/12 R'000
Tangible assets		3 388 960	2 351 796
Buildings and other fixed structures	34.1	3 321 749	2 285 167
Machinery and equipment	32.1	67 211	66 629
Software and other intangible assets		8 909	20 133
Computer software	33.1	8 909	20 133
Total		3 397 869	2 371 929

9.1 Analysis of funds utilised to acquire capital assets – 2012/13

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	3 388 944	16	3 388 960
Buildings and other fixed structures	3 321 749	-	3 321 749
Machinery and equipment	67 195	16	67 211
Software and other intangible assets	8 909	-	8 909
Computer software	8 909	-	8 909
Total	3 397 853	16	3 397 869

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

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

	Voted funds R'000	Aid assistance R'000	Total 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	20 133	-	20 133
Computer software	20 133	-	20 133
Total	2 371 929	-	2 371 929

10 Unauthorised expenditure

10.1 Reconciliation of unauthorised expenditure

	Note 10	2012/13 R'000	2011/12 R'000
Opening balance		3 782	3 782
Unauthorised expenditure awaiting authorisation/ written off		3 782	3 782

10.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2012/13 R'000	2011/12 R'000
Current	495	495
Transfers and subsidies	3 287	3 287
Total	3 782	3 782

10.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2012/13 R'000	2011/12 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	3 782	3 782
Total	3 782	3 782

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

11 Cash and cash equivalents

	Note 11	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General Account		-	636 974
Disbursements		(4 493)	(1 052)
Cash on hand		97	95
Cash with commercial banks		1 170	6 085
Investments (Local)		-	27
Total		(3 226)	642 129

12 Prepayments and advances

	Note 12	2012/13 R'000	2011/12 R'000
Travel and subsistence		111	176
Advances paid	12.1	347 119	206 649
Total		347 230	206 825

12.1 Advances paid

	Note 12	2012/13 R'000	2011/12 R'000
National departments	Annex 8A	2 448	1 496
Provincial departments	Annex 8A	221 867	8 625
Public entities	Annex 8A	122 804	196 528
Total		347 119	206 649

13 Receivables

	Note	2012/13				2011/12
		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	13.1 Annex 4	78 835	6 658	3 458	88 951	25 411
Recoverable expenditure	13.2	-	-	-	-	1 536
Staff debt	13.3	3 756	1 296	6 065	11 117	8 175
Other debtors	13.4	1 281	7	64	1 352	190
Total		83 872	7 961	9 587	101 420	35 312

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

13.1 Claims recoverable

	Note 13	2012/13 R'000	2011/12 R'000
National departments		39 574	13 992
Provincial departments		3 240	9 945
Public entities		46 137	1 474
Total		88 951	25 411

13.2 Recoverable expenditure (disallowance accounts)

	Note 13	2012/13 R'000	2011/12 R'000
Sal: Deduction Disallowance Acc		-	178
Sal: Reversal Control Acc		-	1 214
Sal: Tax debt		-	141
Sal: Medical Aid		-	3
Total		-	1 536

13.3 Staff debt

	Note 13	2012/13 R'000	2011/12 R'000
Salary overpayment		5 334	2 669
Tax debt		187	44
Bursary (Breach of contract)		2 900	2 177
State Guarantees		95	102
T&S Advance: Dom		31	32
GG Accidents		150	160
Telephone Debt		45	70
Departmental Debt		6	6
Employee		80	156
Ex-employee		309	382
Fraud		100	413
Other		599	641
Subsidised Transport		1 281	1 323
Total		11 117	8 175

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

13.4 Other debtors

	Note 13	2012/13 R'000	2011/12 R'000
Suppliers		71	44
VAT clearing account		1 281	146
Total		1 352	190

14 Loans

	Note 14	2012/13 R'000	2011/12 R'000
Public corporations		50 949	51 550
Plus: Current portion of loans		6 043	8 005
Total		56 992	59 555
Analysis of Balance			
Opening balance		59 555	91 669
New Issues		3 884	4 808
Repayments		(6 447)	(5 276)
Write-offs		.	(25 409)
Adjustment (Refer to Annexure 2B)		.	(6 237)
Closing balance		56 992	59 555

15 Voted funds to be surrendered to the Revenue Fund

	Note 15	2012/13 R'000	2011/12 R'000
Opening balance		863 413	290 056
Transfer from statement of financial performance		351 654	863 413
Paid during the year		(863 413)	(290 056)
Closing balance		351 654	863 413

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

	Note 16	2012/13 R'000	2011/12 R'000
Opening balance		902	485
Transfer from Statement of Financial Performance		26 015	85 637
Paid during the year		(26 401)	(85 220)
Closing balance		516	902

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

17 Bank Overdraft

	Note 17	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General Account		74 292	-
Overdraft with commercial banks (Local)		2	439
Total		74 294	439

18 Payables – current

	Note 18	2012/13 R'000	2011/12 R'000
Advances received	18.1	5 648	11 006
Clearing accounts	18.2	835	191
Other payables	18.3	132	4
Total		6 615	11 201

18.1 Advances received

	Note 18	2012/13 R'000	2011/12 R'000
National departments	Annex 8B	5 648	11 006
Total		5 648	11 006

18.2 Clearing accounts

	Note 18	2012/13 R'000	2011/12 R'000
Salary deduction control accounts		345	191
Salary reversal control		489	-
Salary tax debt		1	-
Total		835	191

18.3 Other payables

	Note 18	2012/13 R'000	2011/12 R'000
Sal: ACB Recalls		1	3
Disallowance Miscellaneous		-	1
Claims: Gov & International Org: Claims received		25	-
Salary: Deduction disallowance		106	-
Total		132	4

1.4.8: Notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

19 Net cash flow available from operating activities

	Note 19	2012/13 R'000	2011/12 R'000
Net surplus/(deficit) as per Statement of Financial Performance		384 611	993 435
Add back non cash/cash movements not deemed operating activities		2 296 956	1 596 312
(Increase)/decrease in receivables – current		(66 108)	5 694
(Increase)/decrease in prepayments and advances		(140 405)	(192 180)
Increase/(decrease) in payables – current		(4 586)	(19 422)
Proceeds from sale of capital assets		.	(12)
Expenditure on capital assets		3 397 869	2 371 929
Surrenders to Revenue Fund		(889 814)	(375 276)
Surrenders to RDP Fund/Donor		.	(194 421)
Net cash flow generated by operating activities		2 681 567	2 589 747

20 Reconciliation of cash and cash equivalents for cash flow purposes

	Note 20	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General account		(74 292)	636 974
Disbursements		(4 493)	(1 052)
Cash on hand		97	95
Cash with commercial banks (Local)		1 168	5 673
Total		(77 520)	641 690

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

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

21 Contingent liabilities and contingent assets

21.1 Contingent liabilities

		Note 21	2012/13 R'000	2011/12 R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	168	168
Other guarantees	(KOBWA, TCTA, Land Bank and LHDA)	Annex 3A	21 832 957	21 389 892
Claims against the department		Annex 3B	60 345	58 507
Other departments (interdepartmental unconfirmed balances)		Annex 5	.	13
Total			21 893 470	21 448 580

21.2 Contingent assets

	Note 21	2012/13 R'000	2011/12 R'000
Nature of contingent asset			
Mametsa (Motor Accident)		.	2
Guma & Steenbok (Outstanding rental)		.	2
Nemaungane (Outstanding rental)		.	7
Braam Gouws (Defective cupboards)		.	7
CN Polo (Outstanding rental)		.	14
Noordvaal Crushers (Motor Accident)		.	35
MF Latakomo (Motor vehicles misuse)		.	209
PD Kruger vs Camagu Chumu Ayaya Mthshizana (Main)		.	37
Fountains Civil Engineering (Main)		12	12
TPD Business Solutions (Main)		176	176
George Kuyler (Main)		56	56
Minister of DWA vs SHP Roberts (Main)		.	7
DWA/ NR Horne (Main)		68	68
T-Systems and Senokwane (Main)		.	2 900
Total		312	3 532

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

22 Commitments

	Note 22	2012/13 R'000	2011/12 R'000
Current expenditure			
Approved and contracted		882 523	600 817
Approved but not yet contracted		252 319	25 530
		1 134 842	626 347
Capital expenditure			
Approved and contracted		18 552 708	20 686 664
Approved but not yet contracted		-	9 897
		18 552 708	20 696 561
Total Commitments		19 687 550	21 322 908

The total amount, for both years, include commitments longer than a year.
The prior year commitments were adjusted by R20, 686, 664 billion relating to RBIG Projects

23 Accruals

		Note 23	2012/13 R'000	2011/12 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	124 987	35 410	160 397	163 790
Interest and rent on land				112
Transfers and subsidies				7 333
Capital assets	40 345	7 784	48 129	155 148
Other	-	67	67	-
Total	165 332	43 261	208 593	326 383
		Note 23	2012/13 R'000	2011/12 R'000
Listed by programme level				
Administration			130 330	103 495
Water Sector Management			12 264	15 692
Regional Implementation and Support			65 213	200 017
Water Sector Regulation			538	6 219
International Water Cooperation			248	960
Total			208 593	326 383
		Note	2012/13 R'000	2011/12 R'000
Confirmed balances with other departments		Annex 5	2 405	48
Total			2 405	48

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

24 Employee benefits

	Note 24	2012/13 R'000	2011/12 R'000
Leave entitlement		50 034	40 174
Service bonus (Thirteenth cheque)		27 539	24 528
Performance awards		14 076	16 434
Capped leave commitments		85 922	85 237
Total		177 571	166 373

25 Lease commitments

25.1 Operating leases expenditure

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	51 869	-	51 869
Later than 1 year and not later than 5 years	-	-	234 625	-	234 625
Later than five years	-	-	97 197	-	97 197
Total lease commitments	-	-	383 691	-	383 691
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

25.2 Finance leases expenditure**

2012/13	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	12 296	12 296
Later than 1 year and not later than 5 years	-	-	-	18 602	18 602
Total lease commitments	-	-	-	30 898	30 898

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

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
Total lease commitments	-	-	-	16 311	16 311
LESS: finance costs	-	-	-	5 507	5 507
Total present value of lease liabilities	-	-	-	10 804	10 804

**This note excludes leases relating to public private partnership as they are separately disclosed to note no.39.

26 Irregular expenditure

26.1 Reconciliation of irregular expenditure

	Note 26	2012/13 R'000	2011/12 R'000
Opening balance		1 085 827	68 997
Add: Irregular expenditure – relating to prior year		48	1 009 670
Add: Irregular expenditure – relating to current year		13 626	66 051
Less: Amounts condoned		(8 958)	(58 891)
Less: Amounts recoverable (not condoned)		(12 667)	-
Irregular expenditure awaiting condonation		1 077 876	1 085 827
Analysis of awaiting condonation per age classification			
Current year		13 626	66 051
Prior years		1 064 250	1 019 776
Total		1 077 876	1 085 827

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

26.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
HO-RQS Lease contract for copier and printer	Nashua	76
HO- Rendering of indoor plants		18
HO-PSP for draft Water Amendments Bill		500
LIM-Bathsoap for cholera		390
LIM-Drainage of faeces on portable chemical toilets	Takisi	440
Lim-Mechanical and electrical works	Khuvutlu Water and Cost Recovery	28
NW-Maintenance	Record Console	267
NW-Routers	Telemaster	69
NW-Finance Lease	Hewlette Packard	260
NW-Maintenance	WVS Kommunikasie	25
EC-Venue for recruitment drive	Slim Hire cc	37
NW-Water supply interventions in Lekgalong	Ministerial Intervention-Magalies Water	326
NW-Advertising of Blue/Green Drop assessment results		18
NW-Publication of Bathopele advert		13
NW-Advertisement	Noordwes Koerante	31
NW-Ministerial Public Participation	Magalies Water	337
HO-RQS Annual Labware Maintenance Renewal		200
HO-RQS-Annual Magic Maintenance renewal		98
HO-SCM	Logis system software license	82
WC-PM 027848- Catering for 200 people	Ziniya Trading Enterprise	13
WC-PM- 027909-Venue and Facilities	Protea Hotel King	20
WC-OR26716	Boland Velddienste	26
WC-OR26305	Boland Velddienste	28
WC OTT three quotations		28
WC-OR26533	Rieman Hydrolics	20
FS-catering for Dept activities	Reorohile Trading CC	11
FS catering for dept activities	Luvuyo Catering Equipment CC	12
NC-INV 38/86 P& D Bemarking		58
NC-INV 6721 Prestige Cleaning Services		22
LIM-PM 285957	Forever Resorts	18
LIM-WQ 15179- Supply and Delivery of promotional material	Alblok Consulting and Pro	804
KZN-OR 007610	Holizwe Suppliers	28
KZN-PM007274	DPI - Ichweba	30
KZN-OR 007340	Rantsane Mario	1
EC-PM306140 Photocopier	Minolco	6
HO-PM 294216- property Payments	Servest (PTY) Ltd	238
HO-PM 282217/28719	catersales PTY	1 856
HO-PM 277414/308148	Frozen Foods - Sea Word	1 600
HO-PM287199	Meat and Vegetables - Meat and Veg Corner	2
HO- ARVM0024128 and others	Cleaning Services- Servest Hygiene	11
HO-Transformation attending project management training		16
NC-Lowest quote not selected	Direct Management Solutions	6
MPU-Lowest Bidder disqualified due to TCC	Izinto Trading Projects	26
MPU- WQ17580- Two quotations obtained	JB Nkosi	17

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

MPU- WQ 16489 -Two quotations obtained- Pududu Suppliers	66
MPU-Two quotations obtained - Des & Pres Construction and Projects	59
MPU- Two quotations obtained - Aniware Trading	80
MPU-WQ16592- Two quotations obtained - Akanani Surveys	300
MPU- One Quotation obtained - Model Maker System	23
MPU-WP10700- Tender advertised less than 21 days	635
KZN- two quotations obtained - Gooderson Leisure	113
KZN- No TCC- SABC	104
KZN-No TCC - Garden Court	36
KZN-No TCC - Wild Coast	202
KZN-No TCC- Moses Mabida Stadium	120
KZN-NO TCC - Garden Court	32
KZN-No TCC - Garden Court	115
KZN-No TCC- Southern Sun Elangeni	36
EC- Tender not advertised in the Tender Bulleting - CSZ Trading & Ser	684
EC- Tender not advertised in the Tender Bulleting -On Form Construction	870
GP-3 quotations not obtained - Black Icon Designs	163
EC-Payments made after lease expired - Minolco	10
KZN-Three quotations not obtained - Imivuso Construction	432
LIM-Three quotations not obtained- SA Fine and Industrial	29
Lowest quotation not selected-jo Clare	26
WC-Overtime payment in excess of 30%	2
FS-Three quotations not obtained- Mphuthi	10
FS-Three quotations not obtained- Molise	10
FS-Three quotations not obtained - Versatex Trading	26
FS-Three quotations not obtained- Tlong Re Tswelleng Pele Trading	137
EC-Bidder with lowest points and high price awarded- Copy world	235
LIM-W 10207 - Contract exceeded by 15% without approval by delegated auth	685
WC- Payments made without a valid SLA-Windeed System	25
HO-WQ17421-PM322967 - Three quotations not sourced reasons provided	15
HO-WQ17015-PM342187 - Three quotations not obtained reasons provided	11
HO-WQ18234-PM345839 - Three quotations not obtained	11
HO-WQ17436-PM31980 - Three quotations not obtained	12
HO-WQ18131-PM344092 - Three quotations not obtained	13
HO-WQ11707-PM329936 - Three quotations not obtained	15
HO-WQ17451-PM323509 - Three quotations not obtained	23
HO-WQ17716-PM334519 - Three quotations not obtained	27
HO-WQ17611 - Three quotations not obtained	26
HO-WQ16882-PM315323 - Three quotations not obtained	26
HO-WQ18116-PM347084 - Three quotations not obtained	21
HO-WQ18145 - Three quotations not obtained	11
HO-PM347087 - Three quotations not obtained	21
HO-PM277937 - Three quotations not obtained	17
Total	13 626

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

26.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2012/13 R'000
HO-Rendering of indoor plants		18
Water use implementation verification (Mpu)		3 000
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
Contract scope extended without prior approval - Competence based Ass & Recruit		1 875
Services rendered without following scm procedures - Exhibitions, tickets etc.		206
Transcribing the Water Tribunal Cassettes		13
Admin support and response handling during recruitment drive - Limpopo		636
Service 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
Mooi-Mgeni Transfer scheme		350
Services Rendered during Water Week		174
2020 Vision Programme - BBBEE and school interventions		1 150
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
Total		8 958

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

26.4 Details of irregular expenditure recoverable (not condoned)

Incident	Condoned by (condoning authority)	2012/13 R'000
Overpayment to Inkomati Catchment Management		12 667
Total		12 667

27 Fruitless and wasteful expenditure

27.1 Reconciliation of fruitless and wasteful expenditure

	Note 27	2012/13 R'000	2011/12 R'000
Opening balance		23 101	369
Fruitless and wasteful expenditure – relating to prior year		-	18 833
Fruitless and wasteful expenditure – relating to current year		1 707	3 899
Less: Amounts resolved		(30)	-
Fruitless and wasteful expenditure awaiting resolution		24 778	23 101

27.2 Analysis of awaiting resolution per economic classification

	Note 27	2012/13 R'000	2011/12 R'000
Current		23 425	23 101
Capital		1 353	-
Total		24 778	23 101

27.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
FS: WQ16787 Big Screen acquired but not utilised		118
FS: Overpayment of supplier: Luvuyo Catering		1
FS: Overpayment of supplier for petrol card: First Auto		4
FS: Overpayment of supplier: Minolta		3
MPU: Vat paid to non vat vendor- Tusa Travel Agency	Money to be recovered from supplier	1
EC: Venue for recruitment drive: Slim Hire	Warning letters were issued Training was provided Condonement letter was submitted to DBAC	118
NC: Vat paid to no vat vendor – Nosipho Consulting	Money to be recovered from supplier	14
NC: Vat paid to no vat vendor – Sedibeng Water	Money to be recovered from supplier	15
Limpopo protective clothing		80
EXYS Security system		1 353
Total		1 707

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

27.4 Amounts resolved

Incident	Note 27	2012/13 R'000
MPU: Vat paid to non vat vendor - Tusa Travel Agency		(1)
NC: Vat paid to no vat vendor – Nosipho Consulting		(14)
NC: Vat paid to no vat vendor – Sedibeng Water		(15)
Total		(30)

It should be noted that the total amount paid to Exys Security System was R4 895 543.13 however not all included in the payment constitute fruitless and wasteful expenditure. Included in this amount is equipment that was delivered and subsequent this equipment was re-used by the current service provider and labour cost for the amount of R1 353 027.30 is the only amount that can be quantified whilst the department is awaiting the analysis report of what was re-used or not. Only at the receipt of such report the department will be in a position to disclose the correct amount.

28 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 Botshelo Water and Rand Water. See Annexure 1E.
- 5 Transfers made to CMA's Inkomati and Breede-Overberg. See Annexure 1C.
- 6 Schedule 3: Water Research Commission, Amatola Water, Bloem Water, Bushbuckridge Water, Lepele Northern Water, Magalies Water, Mhlathuze Water, Namakkwa Water, Overberg Water, Pelladri Water, Sedibeng Water and Umgeni Water.

29 Key management personnel

	No. of Individuals	2012/13 R'000	2011/12 R'000
Political office bearers (provide detail below)	2	3 659	3 468
Officials:			
Level 15 to 16	7	8 229	8 646
Level 14 (incl. CFO if at a lower level)	36	25 799	21 537
Total		37 687	33 651

In note 5 under the item: "Consultants, contractors and agency/outsourced services" an amount of R14,368,782.90 (current year) and R15,338,176.78 (previous year) are 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:

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

Names	2012/13	2011/12
	Remuneration	Remuneration
	R c	R c
Mr A Z Dlamini	1 154 354.50	1 179 796.71
Prof GM Nkondo	2 128 914.50	1 913 795.00
Ms R Kalidass	392 282.58	1 897 492.00
Mr T Modise	1 426 408.20	1 492 480.33
Mr F Zondach	0.00	1 437 196.00
Ms B Mabandla	1 208 336.50	1 064 826.00
Mr R Motsepe	274 696.65	297 604.50
In Touch Training CC	1 862 354.66	1 026 849.00
Rocalistep (Pty) Ltd	2 402 235.36	1 554 612.00
The Village Leadership Consulting	0.00	435 549.75
Mr W Metcalt	1 112 400.00	1 234 800.00
Mr B Schreiner	846 323.69	567 489.00
Mr J Kanjere	624 442.50	177 044.49
Dr T Mkhondo	936 033.76	1 058 642.00
	14 368 782.90	15 338 176.78

30 Impairment

	Note 30	2012/13 R'000	2011/12 R'000
Impairment			
Loans (State)		36 472	-
Debtors (Staff)		8 443	2 644
Other and prepayments		17 700	-
Total		62 615	2 644

31 Provisions

	Note 31	2012/13 R'000	2011/12 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

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

32 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	203 573	(421)	56 356	1 508	258 000
Transport assets	4 193	61	6 978	-	11 232
Computer equipment	53 974	948	13 254	1 185	66 991
Furniture and office equipment	35 320	(829)	4 891	323	39 059
Other machinery and equipment	110 086	(601)	31 233		140 718
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	203 573	(421)	56 356	1 508	258 000

32.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	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	70 682	-	(13 007)	(1 319)	56 356
Transport assets	13 089	-	(6 111)	-	6 978
Computer equipment	13 131	-	-	123	13 254
Furniture and office equipment	4 853	-	-	38	4 891
Other machinery and equipment	39 609	-	(6 896)	(1 480)	31 233
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	70 682	-	(13 007)	(1 319)	56 356

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

32.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013				
	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	-	1 508	1 508	-
Computer equipment	-	1 185	1 185	-
Furniture and office equipment	-	323	323	-
Other machinery and equipment	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	1 508	1 508	-

32.3 Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	151 950	59 061	7 438	203 573
Transport assets	4 546	984	1 337	4 193
Computer equipment	43 857	13 485	3 368	53 974
Furniture and office equipment	30 884	5 867	1 431	35 320
Other machinery and equipment	72 663	38 725	1 302	110 086
TOTAL MOVABLE TANGIBLE ASSETS	151 950	59 061	7 438	203 573

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

32.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013						
	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	-	55	-	32 355	-	32 410
Curr Year Adjustments to Prior Year balances	-	-	-	(903)	-	(903)
Additions	-	59	-	7 951	-	8 010
Disposals	-	-	-	313	-	313
TOTAL MINOR ASSETS	-	114	-	39 090	-	39 204

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	-	17	-	24 188	-	24 205
Additions	-	38	-	9 849	-	9 887
Disposals	-	-	-	1 682	-	1 682
TOTAL MINOR ASSETS	-	55	-	32 355	-	32 410

33 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	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	46 177	(4 390)	8 909	-	50 696
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	183	(183)	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	46 360	(4 573)	8 909	-	50 696

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

33.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Cash	Non-Cash	(Develop-ment 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	8 909	-	-	-	8 909
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	8 909	-	-	-	8 909

33.2 Movement for 2011/12

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	26 044	20 133	-	46 177
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	183	-	-	183
TOTAL INTANGIBLE CAPITAL ASSETS	26 227	20 133	-	46 360

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

34 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	Opening balance	Curr Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	308 763	(222 033)	358 382	-	889 178
Dwellings	9 092	(4)	182	-	9 270
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	292 748	(222 037)	358 200	-	872 985
LAND AND SUBSOIL ASSETS	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	320 266	(22 033)	358 382	-	900 681

34.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013					
	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	3 321 749	358 200	(3 321 567)	-	358 382
Dwellings	182	-	-	-	182
Other fixed structures	3 321 567	358 200	(3 321 567)	-	358 200
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	3 321 749	358 200	(3 321 567)	-	358 382

1.4.9: Disclosure notes to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

34.2 Movement for 2011/12

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	34 214	275 248	699	308 763
Dwellings	9 791	-	699	9 092
Non-residential buildings	6 923	-	-	6 923
Other fixed structures	17 500	275 248	-	292 748
LAND AND SUBSOIL ASSETS	11 503	-	-	11 503
Land	11 503	-	-	11 503
TOTAL IMMOVABLE TANGIBLE ASSETS	45 717	275 248	699	320 266

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2011/12 Division of Revenue Act R'000
	Division of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds With-held	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
WATER SERVICES OPERATING SUBSIDY GRANT											
HEAD OFFICE MISALLOCATION											
NORTH WEST											
Moretele Mun	7 705	.	.	7 705	7 705	.	.	.	1 343	17%	3 205
Madibeng Mun	7 910	.	.	7 910	7 910	.	.	.	1 838	23%	3 910
Rustenburg Mun	3 564	.	.	3 564	3 564	.	.	.	1 363	38%	606
Moses Kotane Mun	11 341	.	.	11 341	11 341	.	.	.	4 142	37%	2 542
Central District Mun	17 342	.	.	17 342	17 342	.	.	.	5 657	33%	17 530
Dr Ruth Segomotsi Mompoti Mun	13 092	.	.	13 092	13 092	.	.	.	1 764	13%	6 991
MPUMALANGA											
Albert Luthuli Mun	8 145	.	.	8 145	8 145	.	.	.	4 997	61%	7 071
Thembisile Mun	3 136	.	.	3 136	3 136	.	.	.	2 283	73%	6 985
Dr JS Moroka Mun	10 243	.	6 500	16 743	16 743	.	.	.	8 739	52%	24 285
Mbombela Mun	6 009	.	3 500	9 509	9 509	.	.	.	6 009	63%	14 650
Nkomazi Mun	7 494	.	.	7 494	7 494	.	.	.	2 772	37%	9 059
Thaba Chweu Mun	5 300	.	.	5 300	5 300	.	.	.	5 300	100%	660

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT			2011/12
	Division of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds With-held	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	%	R'000	R'000
Bushbuckridge Mun	18 886	.	(10 000)	8 886	8 886	.	.	.	7 146	80%	27 787	
FREE STATE												
Kopanong Mun	2 712	.	.	2 712	2 712	.	.	.	1 394	51%	.	.
Dihlabeng Mun	2 200	.	.	2 200	2 200	.	.	.	929	42%	.	.
Maluti-a-Phofung Mun	7 661	.	.	7 661	7 661	.	.	.	558	7%	.	.
Mangaung Mun	.	.	6 000	6 000	6 000	.	.	.	.		7 661	
Metsimaholo Mun	3 497	.	.	3 497	3 497	.	.	.	2 676	77%	784	
GAUTENG												
City of Tshwane Mun	2 227	.	.	2 227	2 227	.	.	.	2 227	100%	22 619	
KWA-ZULU NATAL												
Ungu District Mun	6 300	.	.	6 300	6 300	.	.	.	2 778	44%	.	.
Uthukela District Mun	7 193	.	.	7 193	7 193	.	.	.	3 794	53%	.	.
Amajuba District Mun	8 360	.	.	8 360	8 360	.	.	.	2 048	24%	.	.
Newcastle Mun	6 182	.	.	6 182	6 182	.	.	.	1 512	24%	12 910	
Zululand Mun	8 268	.	.	8 268	8 268	.	.	.	6 659	81%	.	.

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT			2011/12
	Division of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds With-held	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	%	R'000	
Ilembe Mun	7 642	-	-	7 642	7 642	-	-	-	2 191	29%	-	
Sisonke Mun	9 618	-	-	9 618	9 618	-	-	-	2 836	29%	322	
LIMPOPO												
Mopani District Mun	44 133	-	(20 000)	24 133	24 133	-	-	-	12 479	52%	70 496	
Vhembe Mun	107 637	-	3 534	111 171	111 171	-	-	-	78 271	70%	132 970	
Capricorn Mun	36 425	-	7 194	43 619	43 619	-	-	-	43 619	100%	39 447	
Polokwane Mun	3 273	-	-	3 273	3 273	-	-	-	3 273	100%	19 518	
Lephalale Mun	1 855	-	-	1 855	1 855	-	-	-	1 885	102%	7 022	
Mogalakwena M	13 382	-	-	13 382	13 382	-	-	-	5 762	43%	11 248	
Greater Sekhukhune	43 460	-	-	43 460	43 460	-	-	-	43 460	100%	39 108	
Bela-Bela Mun	130	-	-	130	130	-	-	-	-	-	277	
NORTHERN CAPE												
Moshaweng Mun	1 875	-	-	1 875	1 875	-	-	-	626	33%	3 875	
Ga-Segonyane	1 481	-	-	1 481	1 481	-	-	-	987	67%	1 481	
Phokwane Mun	16 357	-	-	16 357	16 357	-	-	-	9 489	58%	1 357	
EASTERN CAPE												
Amatola District	18 281	-	752	19 033	19 033	-	-	-	14 005	74%	12 111	
Buffalo City Mun	1 283	-	91	1 374	1 374	-	-	-	1 374	100%	1 714	
Chris Hani Mun	16 878	-	530	17 408	17 408	-	-	-	8 455	49%	7 670	

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2011/12
	Division of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds With-held	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	%	R'000
OR Tambo Mun	26 646	-	1 298	27 944	27 944	-	-	-	7 929	28%	15 895
Alfred Nzo Mun	22 817	-	601	23 418	23 418	-	-	-	6 287	27%	6 189
Joe Gqabi Mun	11 604	-	-	11 604	11 604	-	-	-	8 623	74%	-
WESTERN CAPE											
West Coast Mun	303	-	-	303	303	-	-	-	303	100%	303
Cederberg Mun	193	-	-	193	193	-	-	-	193	100%	193
Outdtshoorn Mun	2 394	-	-	2 394	2 394	-	-	-	2 394	100%	1 894
MUNICIPAL DROUGHT RELIEVE											
Nelson Mandela Bay											450 000
Total	562 434			562 434	562 434	-		-	332 369		992 345

National Departments are reminded of the DORA requirements to indicate any re-allocations by the National Treasury or the transferring department, certify that all transfers in terms of this Act were deposited into the primary bank account of a province or, where appropriate, into the CPD account of a province as well as indicate the funds utilised for the administration of the receiving officer.

ANNEXURE 1B

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

DESCRIPTION	GRANT ALLOCATION				TRANSFER		SPENT			2011/12 Total available R'000
	Amount	Roll-overs	Adjust-ments	Total available	Actual transfer	% of Available funds transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
Vehicle licences	122	-	300	422	415	98%	-	-	-	124
Donations and Gifts	-	-	-	-	-	-	-	-	-	-
Fines and Penalties	-	-	-	-	-	-	-	-	-	6
Total	122	-	300	422	415	-	-	-	-	130

ANNEXURE 1C

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12 Appropriation Act R'000
	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: Augmentation (Capital)	2 071 496	-	-	2 071 496	2 071 497	100%	2 037 826
Inkomati Catchment Management Agency	30 231	-	(12 800)	17 431	17 431	100%	34 767
Breede-Overberg Catchment Management Agency	19 140	-	-	19 140	19 000	99%	18 094
Bushbuckridge Water Board	-	-	-	-	-	-	-
Catchment Management Agencies	-	-	-	-	-	-	-
Skills Development Levy	1 575	-	2	1 577	1 089	69%	1 195
Operation of Water Resource	-	-	-	-	-	-	167 137
COM: licences (Radio and TV)	-	-	-	-	10	-	-
Total	2 122 442	-	(12 798)	2 109 644	2 109 027	-	2 259 019

ANNEXURE 1E

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2011/12 Appropriation Act
	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	Capital R'000	Current R'000	
Public Corporations									
Transfers									
Botshelo Water Board	-	-	31 358	31 358	31 358	100%	-	-	-
Rand Water Board	18 000	-	-	18 000	18 000	100%	-	-	-
Total	18 000	-	31 358	49 358	49 358	-	-	-	-

ANNEXURE 1F

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE			2011/12 Actual transfer Appropriation Act R'000
	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%	500	
AMCOW	125	-	-	125	92	74%	181	
Komati River Basin Water Authority	180 000	-	-	180 000	180 000	100%	179 057	
Total	180 625	-	-	180 625	180 592	-	179 738	

ANNEXURE 1H

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2011/12 Appropriation Act R'000
	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							
Leave Gratuities	6 420	.	4 861	11 281	11 281	100%	27 732
Bursaries (Non-employees)	13 000	.	(1 164)	11 836	11 836	.	11 931
Claim Against the State Cash	.	.	3 321	3 321	3 320	.	28
Resource for poor Farmers	.	.	.	.	.	.	15 162
Farmer Support Household	6 388	.	(4 226)	2 162	3 987	184%	.
Total	25 808	-	2 792	28 600	30 424		54 853

ANNEXURE 1I

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13		2011/12	
		R'000		R'000	
Received in kind					
Various companies (MTN, TWF and Delloitte)	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
		R'000	R'000	R'000	R'000
Received in cash					
European Union	Water and Sanitation services Masibane programme	-	59 785	52 843	6 942
Ireland	WRC: Governs Grant: Research of projects in area of sustainable water and sanitation services	-	2 000	2 000	-
African Renaissance	DRC Project (Urban Water Sector)	-	6 600	6 600	-
African Renaissance	Building of Metalong Dam in Lesotho	-	20 000	20 000	-
Subtotal		-	88 385	81 443	6 942
Received in kind					
Netherlands	ORIO: Sustainable water and sanitation development programme for indigent communities	-	132	132	-
Netherlands	ORIO: Project for water Provision and sustainability in uMgungundlovu District Municipality	-	1 205	1 205	-
Netherlands	ORIO: Project for water Provision and sustainability in uMgungundlovu District Municipality	-	1 621	1 621	-
Netherlands	ORIO: Project for water Provision and sustainability in uMgungundlovu District Municipality	-	3 672	3 672	-
Netherlands	ORIO: Project for water Provision and sustainability in uMgungundlovu District Municipality	-	8 823	8 823	-
JICA	Capacity building of water sector officials	-	846	846	-
Subtotal		-	16 299	16 299	-
Total		-	104 684	97 742	6 942

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)	2012/13	2011/12
	R'000	R'000
Paid in cash		
RE Tshwenyegile Home Based Care	50	
Setoto Women Empowerment	20	
Nababeep advies & ontwikkelings	50	
Ikaheng Maatrika	20	
Mzilela community garden co oper	100	
Khiphikhon disabled organisation	100	
Shomang Sebenzani Development in	100	
Eyami Eyakho Services Primary Co	50	
20/20 Vision – Schools completion (EC)	66	
Subtotal	556	
Made in kind		
Corporate gifts		15
Wreath, flowers, food basket	1	
Beaded gifts/Basket vases, cards, bookmark	9	
Stress balls	3	
Kitchen utensils	16	
Pink magnetic breast cancer pin	4	
20/20 Vision – Schools competition furniture (EC)	14	
Subtotal	47	15
Total	603	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	
		2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
		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	-	-	-	-	-	-	2 733	3 124
Lepelle NW (Duiwelskloof)	Purchase of the Duiwelskloof scheme	-	-	-	-	-	-	149	669
Sedibeng Water	Purchase of the Balkfontein and Sandriver Government water scheme	-	-	-	-	-	-	-	1 238
IRRIGATION BOARDS									
Agterkliphoogte	For irrigation	-	-	-	-	-	-	47	58
Bellair	For irrigation	-	-	-	-	-	-	33	30
Brandwag	For irrigation	-	-	-	-	-	-	36	49
Buffelskloof	For irrigation	-	-	-	-	-	-	62	74
Cogmanskloof	For irrigation	-	-	-	-	-	-	702	780
De Rust	For irrigation	-	-	-	-	-	-	7	23
Eureka	For irrigation	-	-	-	-	-	-	534	545
Gamkarivier	For irrigation	-	-	-	-	-	-	97	91
Groenland	For irrigation	-	-	-	-	-	-	-	(4)
Haarlem	Dam and pipelines	-	-	-	-	-	-	8 700	8 806
Hexvalley	Purchase of Sandrift Government Water Schem	-	-	-	-	-	-	1 725	1 590

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Hexrivier	For irrigation	.	.	.	.	.	.	2	6
Hooprivier	For irrigation	.	.	.	.	.	.	(5)	(2)
Illovo	For irrigation	.	.	.	.	.	.	128	147
Impala	Guaranteed payments	.	.	.	.	.	.	5 761	5 446
Ixopo	For irrigation	.	.	.	.	.	.	(317)	231
Kanoneiland	For irrigation	.	.	.	.	.	.	772	963
Kingna	For irrigation	.	.	.	.	.	.	.	(19)
Klaasvoogds	For irrigation	.	.	.	.	.	.	1	1
Komatirivier	For irrigation	.	.	.	.	.	.	(209)	232
Krommerivier	For irrigation	.	.	.	.	.	.	107	100
Malelane	For irrigation	.	.	.	.	.	.	(34)	42
Manchester Noordwyk	For irrigation	.	.	.	.	.	.	3 478	3 329
Mzalanyoni	For irrigation	.	.	.	.	.	.	53	64
Nootgedacht	For irrigation	.	.	.	.	.	.	(3)	3
Noord Agter Paarl	For irrigation	.	.	.	.	.	.	622	648
Nuyrivier	For irrigation	.	.	.	.	.	.	13	29
Perdeberg	For irrigation	.	.	.	.	.	.	1 061	1 393
Ranch Karino	For irrigation	.	.	.	.	.	.	.	(2)
Sondagsrivier (Elandslaag)	For irrigation	.	.	.	.	.	.	76	123
Sterkspruitrivier	For irrigation	.	.	.	.	.	.	(113)	667
Suid Agter Paarl	For irrigation	.	.	.	.	.	.	597	745
Trans Elands	For irrigation	.	.	.	.	.	.	(7)	(7)
Uitmoed	For irrigation	.	.	.	.	.	.	462	433
Umlaas	For irrigation	.	.	.	.	.	.	198	216
Van Wyksdorp	For irrigation	.	.	.	.	.	.	1	18
White Water Major	For irrigation	.	.	.	.	.	.	4	4

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities		
		2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Zanddrift	For irrigation	-	-	-	-	-	-	-	3	
MUNICIPALITIES										
Amajuba District	Purchase of portion of the Ngagane Regional water supply scheme	-	-	-	-	-	-	29 418	27 514	
Ngwathe (Heilbron)	Purchase of Heilbron pipeline	-	-	-	-	-	-	22	53	
Saldanha		-	-	-	-	-	-	79	102	
Total		-	-	-	-	-	-	56 992	59 555	

Note:

The loan interest rates, charged to various institutions, have been amended from fixed interest rate to standard rate on government loans as prescribed by the Minister of Finance. These changes have been effected retrospectively from 29 March 2011 and thus the 2011/12 financial year, loan accounts, opening balances have been restated from R36,738 million to R59,555 million accordingly. The net effect of the adjustment is R22,817 million. (Amajuba reinstated at R29,054 million and interest rate reduction R6,237 million). Furthermore the disclosure of loan accounts have been amended by disclosing the total amount due by institution and not individual loans as previously disclosed. Also refer to note 14.

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Guarantees drawdowns during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	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	32	-	-	-	32	-	-
Standard Bank	Loans	1 281	136	-	-	-	136	-	-
	Subtotal	1 591	168	-	-	-	168	-	-
	Other								
KOBWA (18)	DBSA Driekoppies Dam	488 401	320 905	-	25 455	-	295 450	-	-
KOBWA (21)	Hambros Maguga Dam	380 000	380 000	-	-	-	380 000	21 094	-
KOBWA (27)	Gensec Bank Maguga Dam	165 000	102 374	-	15 653	-	86 721	4 471	-
KOBWA	Rand Merchant Bank Maguga Dam	380 000	268 465	-	24 372	-	244 093	4 522	-
KOBWA	Nedcor Bank Maguga Dam	233 000	168 749	-	15 429	-	153 320	-	-
Land Bank (30)	Water Projects by WUA's	150 000	48 847	-	4 018	-	44 829	1 027	-
Land Bank (28)	Kalahari East Water Board	77 400	15 537	-	10 492	-	5 045	775	-
Land Bank (29)	Unzinkulwana WUA	500	180	-	152	-	28	17	-
TCTA (13)	Call bills & Capital bills.	4 000 000	232 000	684 000	517 000	-	399 000	455	-
TCTA (14)	Holders of L H W Projects	21 000 000	19 002 196	939 306	500 000	-	19 441 502	496 126	-
LHDA	DBSA – 2868/1	2 700	1 074	-	210	-	864	30	-
	Subtotal	26 877 001	20 540 327	1 623 306	1 112 781	--	21 050 852	528 517	-
Total		26 878 592	20 540 495	1 623 306	1 112 781		21 051 020	528 517	-

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Guarantees drawdowns during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	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								
LHDA (OSL 23)	HSBC Investment Bank	302 970	11 690	·	13 406	1 716	·	·	·
LHDA (OSL 24)	HSBC Investment Bank	164 574	5 795	·	6 646	851	·	·	·
LHDA (OSL 27)	EIB	117 761	36 477	·	5 612	·	30 865	45	·
LHDA (OSL 26)	EIB	518 147	51 302	·	9 080	7 534	49 756	249	·
OSL 26 ZAR		·	46 264	·	7 711	·	38 553	55	·
OSL 26 A		·	9 200	·	1 533	·	7 667	11	·
LHDA (OSL 25)		413 906	8 373	·	6 671	1 636	3 338	12	·
TCTA (FXL 08)	EIB	491 103	145 286	·	24 214	·	121 072	1 965	·
	Total	2 008 461	314 387	·	74 873	11 737	251 251	2 337	·
Reconciliation to Disclosure Note 21.1 (Other Guarantees)									
									Total
Other – Local							21 050 852	528 517	21 579 369
Other - Foreign							251 251	2 337	253 588
Total									21 832 957

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of Liability	Opening Balance 1 April 2012	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2013
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Stephan Mogohlwane & Others	50	-	-	-	50
Freddy Aphane	10	-	-	-	10
Black Child Productions	10 000	-	-	-	10 000
Attachmate Corporation/DWA	33 000	-	-	-	33 000
S Walters "Voelvie!" vs. Minister of public works and Minister of Water Affairs and Forestry	5 000	-	-	-	5 000
Takalani Mudau/DWA	19	-	-	-	19
Kiel Trust	22	-	-	-	22
Kiel Trust	17	-	-	-	17
Kiel Trust	234	-	-	-	234
Seani Silas Mbedzi	6 000	-	-	-	6 000
Johathan Pillay	105	-	-	-	105
Reinhardt Transport Group/DWA	4	-	-	-	4
Shilatang Collins Mkansi vs DWA	1 000	-	-	-	1 000
Solal Technologies Pty Ltd	-	17	-	-	17
Naledi Office Equipment	-	238	-	-	238
Diners Club	-	1 583	-	-	1 583
Standard Bank	2 813	-	-	-	2 813
JS Nkuna	51	-	-	-	51
EK Mothibe	66	-	-	-	66
Elsie Muller	8	-	-	-	8
Rothchild	108	-	-	-	108
Total	58 507	1 838	-	-	60 345

The opening balance has been adjusted by a net amount of R2,409 million. These related to previously disclosed cases without supporting documents or those that belong to WTE and DAFF.

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

ANNEXURE 4

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Eastern Cape: Department of Health (D2)			12	5	12	5
National Department: Minerals Resources (26)			56	656	56	656
National: Agriculture, Forestry & Fisheries (Forestry staff debts)			.	5	.	5
National: Dept of Agriculture (Forestry Expenditure claim)			6 311	6 311	6 311	6 311
KZN: Agriculture, Environmental Affairs & Rural Development (1K)			.	42	.	42
Gauteng: Dept of Health & Social Development (G9)			11	16	11	16
Dept of Justice and Constitutional Development (12)			5	102	5	102
North West: Agriculture (2Z)			.	27	.	27
Gauteng Dept of Education (K5)			66	66	66	66
National Water Affairs- Trading Account (W7)	25 890			14	25 890	14
National Agriculture, Forestry & Fisheries (47)	.		40	1 493	40	1 493
National Human Settlements (14)	.		275	275	275	275
Western Cape Province Education Department (15)	19			19	19	19
National Environmental Affairs & Tourism (17)	.		6 601	3 701	6 601	3 701
National Public Works (19)	.		.	14	.	14

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department of Health (20)	.	.	.	15	.	15
National Cooperative Governance & Traditional Affairs (27)	.	8	.	.	.	8
International Relations and Cooperation (31)	.	.	.	12	.	12
Department of Energy (64)	55	.	.	55	55	55
Department of Women Children and People with Disabilities (65)	.	.	.	70	.	70
KZN Provincial Government: Public Works (9K)	.	.	.	4	.	4
South African Police Services (90)	.	.	.	1	.	1
National Correctional Services (95)	.	.	.	2	.	2
Agriculture: Forestry (10)	.	.	.	796	.	796
DWA: RC	.	.	144	144	144	144
National Treasury (B3)	.	.	.	9	.	9
Mpumalanga Social Development (L9)	.	.	.	11	.	11
Limpopo Province Economic Development Environmental Tourism (P3)	.	.	.	19	.	19
Limpopo Province Department of Roads and Transport (P6)	.	.	.	1	.	1
Limpopo Province Economic Education (P8)	.	.	11	11	11	11
Limpopo Province Cooperative Governance Human Settlement (Q2)	.	.	.	12	.	12
Limpopo Province Safety Security and Liaison (Q3)	.	.	.	1	.	1
Eastern Cape Department of Human Settlement (Q4)	.	.	.	1	.	1
Public Admin Leadership and Management Academy (S8)	.	.	.	1	.	1

1.4.10: Annexures to the Annual Financial Statements for the year ended 31 March 2013 (Vote 38)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
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
Gauteng Treasury (4G)	-	-	28	-	28	-
Rural Development and Land Reform (42)	-	-	13	-	13	-
Gauteng Social Development (5G)	-	-	5	-	5	-
Western Cape Local Government (Y1)	-	-	63	-	63	-
Forestry	-	-	(32)	-	(32)	-
Limpopo Province Health (P8)	-	-	1	-	1	-
Subtotal	25 964	8	13 610	13 984	39 574	13 993
Other Government Entities						
Provincial Department Western Cape	-	-	3 240	9 944	3 240	9 944
Public Entities	-	-	1 431	1 474	1 431	1 474
Inkomati Catchment Management Agency (ICMA)	-	-	4 896	-	4 896	-
Trans Caledon Tunnel Authority (TCTA)	-	-	39 810	-	39 810	-
Subtotal	-	-	49 377	11 418	49 377	11 418
Total	25 964	8	62 987	25 402	88 951	25 411

The amount of R4,896 million for ICMA and R39,810 million for TCTA are adjustments done outside the system (TB).

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Justice and Constitutional Development	2 383	.	.	.	2 383	.
SAPS	2	.	.	.	2	.
Gauteng: Provincial Government Agriculture	.	20	.	.	.	20
Department Sport, Recreation, Arts and Culture	20	.	.	.	20	.
Independent Complaints Directorate	.	8	.	.	.	8
Department of Labour	.	20	.	.	.	20
Agric & Rural Development Free State	.	.	.	13	.	13
Total	2 405	48	.	13	2 405	61

ANNEXURE 6

INVENTORY

Inventory	Note	Quantity	2012/13 R'000	Quantity	2011/12 R'000
Opening balance		508 648	3 838	462 989	3 771
Less: Adjustments to prior year balances		(8 027)	(163)	.	(71)
Add: Additions/Purchases – Cash		302	17 301	437 836	18 927
Add: Additions - Non-cash		10 420	105	7 475	183
(Less): Disposals		.	.	(22 870)	(223)
(Less): Issues		(302)	(16 705)	(376 820)	(18 758)
Add/(Less): Adjustments		(387)	(793)	38	9
Closing balance		510 654	3 583	508 648	3 838

ANNEXURE 7

MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2013					
	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance	
	R'000	R'000	R'000	R'000	
BUILDINGS AND OTHER FIXED STRUCTURES	3 664 192	3 321 567	855 485	6 130 274	
Other fixed structures	3 664 192	3 321 567	855 485	6 130 274	
Total	3 664 192	3 321 567	855 485	6 130 274	

ANNEXURE 8A

INTER-ENTITY ADVANCES PAID (Note 12.1)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
National Departments						
DIRCO	.	.	2 448	1 496	2 448	1 496
Subtotal			2 448	1 496	2 448	1 496
Provincial Departments						
Department of Agriculture Western Cape	.	.	750	1 000	750	1 000
Lepelle Northern Water Board	.	.	2 771	7 239	2 771	7 239
Mogalakwena Municipality	.	.	21 572	.	21 572	.
Sekhukuni District Municipality	.	.	77 286	.	77 286	.
Chris Hani District Municipality	.	.	10 995	386	10 995	386
Gauteng TCTA	.	.	108 493	.	108 493	.
Subtotal	-	-	221 867	8 625	221 867	8 625
Public Entities						
Advance: Ukhahlamba	.	.	1 187	1 187	1 187	1 187
Advance: Chris Hani	.	.	19 124	39 986	19 124	39 986
Bargaining Council: Magagane	.	.	6	.	6	.
Bargaining Council: Motebe	.	.	6	.	6	.
Advance: Eskom RBIG	.	.	10 440	10 440	10 440	10 440
Advance: MP Accorn	.	.	.	30 000	.	30 000
Advance: Gamtoos	.	.	3 777	3 777	3 777	3 777
Independent Development	.	.	2 113	2 113	2 113	2 113
Water Trading Entity	.	.	86 151	.	86 151	.
TCTA	.	.	.	105 200	.	105 200
Umgeni Water	.	.	.	3 825	.	3 825
Subtotal	-	-	122 804	196 528	122 804	196 528
Total	-	-	347 119	206 649	347 119	206 649

ANNEXURE 8B

INTER-ENTITY ADVANCES RECEIVED (Note 18.1)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
National Departments						
Ministry of Agriculture, Water and Forestry (Namibia)	-	-	5 648	4 071	5 648	4 071
Subtotal	-	-	5 648	4 071	5 648	4 071
Provincial Departments						
Gauteng Department of Agriculture (Provincial)	-	6 908	-	-	-	6 908
Subtotal	-	6 908	-	-	-	6 908
Other institutions						
Irrigation Boards	-	27	-	-	-	27
Subtotal	-	27	-	-	-	27
Total	-	6 935	5 648	4 071	5 648	11 006





E2: WATER TRADING ENTITY

- 2.1 ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY
- 2.2 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS OF THE WATER TRADING ENTITY FOR THE YEAR ENDED 31 MARCH 2013
- 2.3 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE WATER TRADING ENTITY
- 2.4 ANNUAL FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AFFAIRS FOR THE YEAR ENDED 31 MARCH 2013

2.1: ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY



ACTING DIRECTOR-GENERAL
TREVOR BALZER

2.1 ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of responsibility for the annual financial statements for the year ended 31 March 2013

As the Accounting Officer I am responsible for the preparation of the Department's annual financial statements and for the judgments made in this information.

I am also responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the Department for the financial year that ended on 31 March 2013.

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

The Department of Water Affairs' annual financial statements for the year that ended on 31 March 2013 have been examined by the external auditors and their report is presented on page 280-286.

The annual financial statements of the Department set out on page 287-327 have been approved.

A handwritten signature in black ink, appearing to read 'Trevor Balzer'.

Name: Trevor Ian Balzer
Accounting Officer
Date: 31 May 2013

2.2: REPORT OF THE AUDIT COMMITTEE

2.2 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS OF THE WATER TRADING ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

The Audit Committee comprises of the following members:-

NO.	AUDIT COMMITTEE MEMBER	DATE OF APPOINTMENT	NO. OF MEETINGS ATTENDED	STATUS
1	Ms Shelly Thomas (Previous Chairperson)	1 July 2008 Prior years	07	Resigned (04 December 2012)
2	Mr Justice Motha (Chairperson) (Acting Chairperson) (Ordinary member)	01 April 2013 28 August 2012 Prior years	09	Still the Chairperson
3	Mr Don Nkadimeng	Prior years	03	Contract ended (28 February 2013)
4	Mr Willem Du preez	Prior years	09	Contract ended (28 February 2013)
5	Ms Nosipho Maphumulo	01 April 2012	04	Still a member
6	Mr James Mpai	01 April 2012	02	Deceased
7	Mr Thiru Mudaly	01 April 2012	07	Still a member
8	Ms Natalie Skeepers	01 April 2013	n/a	Still a member
9	Ms Annah Badimo	01 April 2013	n/a	Still a member
10	Advocate Frans Van der Westhuizen	01 April 2013	n/a	Still a member
11	Advocate Mzondi Molapo	01 April 2013	n/a	Still a member

During the year under review the Audit Committee held six normal meetings and three special meetings. The term of office for most members came to an end during the year under review whilst the new members were appointed with effect from 1 April 2013. One member of the Audit Committee (Mr James Mpai) met his untimely death during the year under review, may his sole rest in peace. The Director General also attends the meetings of the Audit Committee as an ex-officio member.

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

2.2: REPORT OF THE AUDIT COMMITTEE

INTERNAL CONTROL

Though the system of internal control was improved during the year under review certain weaknesses were noted, 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 Audit Committee has also considered the quarterly management reports including performance information throughout the year as part of reviewing internal controls.

The Minister has appointed a Business Process Review Committee (BPR) during 2011/2012 financial year. The scope of work of the BPR included the review of financial management and the overall systems, including information technology. The Audit Committee intends to monitor the implementation of the recommendations arising from the BPR as part of enhancing of internal controls. The Audit Committee has also noted that Management has established the Financial Misconduct Committee to address significant deviation from the approved policies and procedures.

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

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 Water Trading Entity. The Audit Committee also noted that the basis of qualification have improved from 6 in the previous year (2011/2012) to 5 in the current financial year (2012/2013). Management has been directed to formulate a comprehensive corrective action plan in consultation with the Auditor General to ensure that the main risks that gave rise to the qualification are addressed. The following are the main basis of qualification as identified by the Auditor General.

- 1) The entity did not have an adequate system of control over recording of sales of water services;
- 2) The entity did not have an adequate system in place to follow up and impair long outstanding receivables;
- 3) There were significant differences between the amounts recording as outstanding and the amounts confirmed by individual debtors from exchange transactions;
- 4) Inadequate accounting records to properly account for immovable tangible capital assets; and
- 5) The entity did not provide adequate evidence to support the disclosure of financial instruments.

2.2: REPORT OF THE AUDIT COMMITTEE

The Audit Committee noted minor improvements on the significant issues which gave rise to the qualification. Until all the substantive issues involving revenue and receivables are resolved the entity is unlikely to achieve a clean audit. The Audit Committee noted the appointment of permanent Chief Financial Officer for Water Trading Entity.

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.



Mr JA MOTH
DATE: 07/08/2013
CHAIRPERSON OF THE AUDIT COMMITTEE

2.3 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 287-327, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 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 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.

AuditorGeneral'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 and fair presentation 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 management

Revenue from exchange transaction

- 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,

2.3: REPORT OF THE AUDITOR-GENERAL

Revenue from exchange transactions are met. This revenue is disclosed in note 3 to the financial statements at an amount of R6 605 816 000 (2012: R5 786 918 000), The entity did not have an 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 recorded accurately. I was unable to confirm the revenue from the sale of water services by alternative means. 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 same limitation reported in the prior year audit report on the corresponding figures has not been corrected by management and consequently I am still unable to determine whether any adjustments to the prior year figures of water sales and trade receivable balances were necessary.

Impairment of 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 amounting to R3 262 702 000 (2012: R2 467 410 000) in note 12 to the financial statements. I was unable to confirm the provision for impairment of trade debtors by alternative means. 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 and consequently I am still unable to determine whether any adjustments to the prior year figures for the provision of impairment to trade receivables were necessary.

Receivables from exchange transactions

- 8 I was unable to obtain sufficient and appropriate audit evidence about the trade receivable balance reflected as R6 144 075 000 (2012: R5 196 833 000) 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 and consequently I am still unable to determine whether any adjustments to the prior year figures for receivables from exchange transactions were necessary.

Financial instrument disclosure

- 9 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. I was also not able to confirm the financial instrument disclosures by alternative means. Consequently, I was unable to determine whether any adjustments to the financial instrument disclosure in note 23 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 and consequently I am still unable to determine whether any adjustments to the prior year financial instrument disclosures were necessary.

Qualified opinion

- 10 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 Water Trading Entity as at 31 March 2013 and its financial performance, statement of comparison of budget and actual amounts and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

Significant uncertainties

- 11 With reference to note 27 to the financial statements, the Water Trading Entity (WTE) is a defendant in a number of lawsuits. The ultimate outcome of these matters cannot currently be determined, and as a result no provision for any liability has been made in the financial statements.
- 12 With reference to note 28 to the financial statements, the WTE has legal claims against several companies. The ultimate outcome of these matters cannot currently be determined, and as a result no debtor accrual has been made in the financial statements.

Restatement of corresponding figures

- 13 As disclosed in note 31.1 to the financial statements, the corresponding figures for the year ended 31 March 2012 have been restated as a result of an error discovered during the year ended 31 March 2013 in the financial statements of the WTE at, and for the year ended, 31 March 2012.

Impairment of trade receivables

- 14 As disclosed in note 12 to the financial statements, impairment of trade receivables of R795 292 999 (2012: 172 463 000) occurred as a result of customers not being able to pay their accounts for water-related services.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 15 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

I performed procedures to obtain evidence about the usefulness and reliability of the information in the performance information report as set out on pages 71-88 of the annual report.

- 16 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's 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's Framework for managing programme performance information (POPP!).

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

- 17 The material findings are as follows:

Usefulness of information

Presentation

Reasons for major variances not supported by sufficient appropriate evidence

- 18 The National Treasury's 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 93% of the selected 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 reliability of the reasons for major variances.

Measurability

Performance targets not specific

- 19 The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 100% of the selected targets were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management did not adequately review the performance targets.

Performance targets not measurable

- 20 The FMPPI requires that performance targets be measurable. The required performance could not be measured for 100% of the selected targets. This was due to the fact that management did not adequately review the performance targets.

Performance information not well defined

- 21 The FMPPI 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 100% of the selected indicators were 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 lack of key controls in the systems of collection of actual performance information.

Performance information not verifiable

- 22 The FMPPI requires performance targets to be specific in clearly identifying the nature and required level of performance. A total of 100% of the selected targets 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.

Reliability of information

Reported performance not valid, accurate and complete

- 23 The FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets
- 24 I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to Programme 3: Water Infrastructure Management. This was due to limitations placed on the scope of my work since the absence of the institution's records did not permit the application of alternative procedures.

Compliance with laws and regulations

- 25 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

- 26 The trading entity did not had and maintained effective, efficient and transparent systems of financial and risk management and internal controls as required by section 38(1)(a)(i) of the PFMA.

Annual financial statements, performance and annual reports

- 27 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, with the result that financial statements received a qualified audit opinion.

Internal audit

- 28 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 struggled to fulfill its responsibilities for the year as set out in Treasury Regulation (TR) 3.2.

Human resource management and compensation

- 29 Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1NII/C.1A.2.
- 30 Employees received overtime compensation in excess of 30% of their monthly salaries, in contravention of Public Service Regulation IN/D_2 (d).

Expenditure management

- 31 The accounting officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1.

2.3: REPORT OF THE AUDITOR-GENERAL

- 32 Contractual obligations and money owed by the (entity) were not settled within 30 days or an agreed period, as required by section 38(1)(f) of the PFMA and TR 8.2.3.
- 33 Effective and appropriate disciplinary steps were not taken against officials who made and/or permitted irregular and fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA and TR 9.1.3.

Revenue management

- 34 Interest was not charged on debts as required by TR 11.5.1.
- 35 The accounting officer did not take effective and appropriate steps to collect all money due, as required by section 38(1)(c)(i) of the PFMA and TR 11.2.1, 15.10.1.2(a) and 15.10.1.2(e).

Financial misconduct

- 36 The outcomes of disciplinary hearings were not reported to the Department of Public Services and Administration and Public Service Commission as soon as the hearings were completed, as required by TR 4.3.1.

Internal control

- 37 I considered internal control relevant to my audit of the financial statements, performance information 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 a qualified opinion, the findings on the performance information report and the findings on compliance with laws and regulations included in this report.

Leadership

- 38 The organisational structure has been reviewed but not yet implemented. HR management was not effective in placing skilled resources and monitoring performance.
- 39 The entity experienced instability in leadership since 2009 as a result of a number of suspensions and dismissals in key leadership positions.
- 40 The high vacancy rate resulted in core functions being performed by consultants or delegated to existing staff to act in those positions without the necessary skills and training.

Financial and performance management

- 41 Formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information had not been designed and implemented.
- 42 Policies and procedures to enable and support understanding and execution of internal control objectives, processes, and responsibilities were not established and communicated adequately.

Governance

- 43 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 WTE and, as a result, the internal audit function struggled to fulfil its responsibilities for the year as set out in TR (TR) 3.2.

OTHER REPORTS

Investigations

Completed during the year

- 44 Several investigations were conducted by the internal audit unit at the request of the accounting officer and/or the minister, arising from allegations of procurement irregularities by the departmental and VTE officials. Disciplinary action continued that lead to dismissals.

Investigations in progress

- 45 Several investigations are in process of 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 and WTE officials.
- 46 The Director: Financial Accounting and Director: Revenue Management had been suspended in June 2011 and the investigation was still ongoing.

Performance audits

- 47 A performance audit was conducted on the use of consultants at eight national departments (including WTE) and covered 124 contracts with an estimated value of R5.5 billion. The audit covered the period 2008-09 to 2010-11 and was released on 24 January 2013. The report was subsequently considered by SCOPA.

Auditor-General

Pretoria
31 July 2013



2.4.1: STATEMENT OF FINANCIAL PERFORMANCE (WTE)

2.4 ANNUAL FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AFFAIRS FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013	2012
		R'000	Restated R'000
Revenue		9 160 786	8 185 944
Revenue from exchange transactions	3	7 343 559	6 251 495
Revenue from non-exchange transactions	4	1 817 227	1 934 449
Expenditure		8 624 329	6 021 856
Employee benefit costs	5	616 488	619 538
Operating expenditure	6	2 509 616	1 796 445
Impairment on financial assets	7	807 288	173 181
Finance cost	8	1 635 831	1 247 739
Depreciation, amortisation and impairment	9	2 994 744	2 163 691
Loss on disposal of fixed assets	10	60 362	21 262
Surplus/(deficit) for the year		536 457	2 164 088

2.4.2: STATEMENT OF FINANCIAL POSITION (WTE)

	Notes	2013 R'000	2012 Restated R'000
ASSETS			
Current assets			
		6 244 044	5 074 106
Cash and cash equivalents	11	2 094 920	1 488 681
Receivables from exchange transactions	12	4 068 167	3 417 048
Inventory	13	80 957	168 377
Non-current assets			
		88 244 011	88 567 154
Property, plant and equipment	14	72 343 736	72 658 442
Intangible assets	15	15 900 275	15 908 712
Total assets		94 488 055	93 641 260
LIABILITIES			
Current liabilities			
		4 296 662	4 193 130
Payables from exchange transactions	16	755 438	576 179
Employee benefits	17	155 562	156 321
Provisions	18	-	26 681
Finance lease liability	19	7 495	9 341
Financial liabilities: TCTA	20	3 378 167	3 424 608
Non-current liabilities			
		26 691 208	26 484 402
Finance lease liability	19	1 044	4 670
Financial liabilities: TCTA	20	26 690 164	26 479 732
Total liabilities		30 987 870	30 677 532
Total net assets		63 500 184	62 963 726
NET ASSETS			
Reserves			
Accumulated surplus		63 252 691	62 691 207
Pumping cost reserve		247 493	272 519
Net assets		63 500 184	62 963 726

2.4.3: STATEMENT OF CHANGE IN NET ASSETS (WTE)

	Note	Accumulated surplus R'000	Pumping Cost Reserve R'000	Net Assets R'000
Balance at 1 April 2011		60 513 083	286 557	60 799 641
As previously stated		60 818 229	286 557	61 104 786
Prior period error	31	(305 145)	-	(305 145)
Surplus for the year		2 164 086		2 164 086
As previously stated		2 023 185		2 023 185
Prior period error	31	140 901		140 901
Net movement in reserves		14 038	(14 038)	-
Transfers between reserves		14 038	(14 038)	-
Balance at 31 March 2012		62 691 207	272 519	62 963 726
As previously stated		62 855 451	272 519	63 127 970
Prior period error	31	(164 244)	-	(164 244)
Surplus for the year		536 457	-	536 457
Net movement in reserves		25 026	(25 026)	-
Transfers between reserves		25 026	(25 026)	-
Balance at 31 March 2013		63 252 691	247 493	63 500 184

2.4.4: CASH FLOW STATEMENT (WTE)

	Notes	2013	2012
		R'000	Restated R'000
Cash flows from operating activities			
Cash receipts		7 720 019	7 129 281
Taxes and transfers		1 817 102	1 934 178
Sale of water services		5 652 947	5 046 185
Construction and other revenue		132 697	84 847
Water research levies - receipts		77 545	25 489
Commission earned		1 717	1 794
Lease revenue earned		15 978	17 968
Interest revenue		22 033	18 820
Cash payments		(1 959 402)	(1 803 935)
Employee benefits		617 247	610 429
Water Research Commissioner - payments		76 436	64 917
Goods and services		1 264 999	1 103 698
Finance cost paid		721	24 890
Net cash flows from operating activities	21	5 760 616	5 325 346
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1 045 256)	(1 264 590)
Acquisition of intangible assets		(94)	(40 496)
Proceeds on disposal of non-current assets		871	5 192
Net cash flows used in investing activities		(1 044 478)	(1 299 894)
Cash flows from financing activities			
Finance lease payments		(13 782)	(12 097)
Repayments of other financial liabilities		(4 096 117)	(3 546 660)
Net cash flows from financing activities		(4 109 899)	(3 558 757)
Net increase/(decrease) in cash and cash equivalents		606 239	466 695
Cash and cash equivalents at beginning of year		1 488 681	1 021 986
Cash and cash equivalents at end of year	11	2 094 920	1 488 681

2.4.5: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (WTE)

	Notes	Approved Budget	Final Budget	Actual Amounts	Variance Amounts
		R'000	R'000	R'000	R'000
Revenue		4 965 533	8 846 964	9 160 786	313 822
Taxes and transfers		1 850 882	1 817 102	1 817 102	-
Sale of water services		2 668 996	6 429 996	6 605 816	175 820
Construction revenue		445 655	599 866	688 728	88 862
Commission earned		-	-	1 717	1 717
Lease revenue earned		-	-	15 978	15 978
Interest revenue		-	-	22 033	22 033
Other receipts		-	-	9 412	9 412
Total revenue		4 965 533	8 846 964	9 160 786	313 822
Expenses		(4 077 762)	(6 954 444)	(8 624 329)	1 669 885
Employee benefit costs		872 376	872 376	616 488	255 888
Operating expenditure		1 605 386	2 542 071	2 509 616	32 455
Impairment on financial assets		-	-	807 288	(807 288)
Finance cost		-	1 939 997	1 635 831	304 166
Depreciation, amortisation and impairment		1 600 000	1 600 000	2 994 744	(1 394 744)
Loss on disposal of fixed assets		-	-	60 362	(60 362)
Total expenses		(4 077 762)	(6 954 444)	(8 624 329)	1 669 885
Surplus/(deficit) from operating activities		887 771	1 892 520	536 457	1 983 707
Capital expenditure		2 206 732	3 371 387	2 919 948	451 439
Allocation from government grants		1 309 904	1 309 904	1 310 606	702
Other additions		896 828	2 061 483	1 609 342	452 141
Budget surplus/(deficit)		(1 318 961)	(1 478 867)	(2 383 491)	1 532 268

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

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 following Standards of GRAP, that become effective in the current financial year, were adopted early in the previous year. As a result, there is no impact in the current financial year.

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

The Standard of GRAP on the Presentation of Budget Information (GRAP 24), were fully implemented in the current financial year. In the previous financial year, only a Statement of Comparison of Budget and Actual was presented.

In addition to the Standards that have to be applied, the WTE early adopted the amendments to the Standards made as a result of the improvements project of the ASB in so far as it is applicable to the transactions of the WTE. The applicable Standards, effective from 1 April 2013, are listed below:

IGRAP 1	Applying the probability test on initial recognition of revenue
IGRAP 2	Changes in existing decommissioning restoration and similar liabilities
IGRAP 3	Determining whether an arrangement contains a lease
IGRAP 4	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IGRAP 5	Applying the restatement approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 7	The limit on a Defined Benefit Asset, minimum funding requirements and their interaction
IGRAP 8	Agreements for the construction of assets from exchange transactions
IGRAP 9	Distributions of non-cash assets to owners
IGRAP 10	Assets received from customers
IGRAP 13	Operating Leases - Incentives
IGRAP 14	Evaluating the substance of transactions involving the legal form of a lease
IGRAP 15	Revenue - Barter transactions involving advertising services

Based on the analysis of the transactions of the WTE, these Standards do not currently have an impact on the WTE and the adoption of these Standards will thus have no impact on the current financial statements.

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

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. The WTE used the Standard of GRAP on Employee Benefits (GRAP 25) to develop its accounting policies on employee benefits and the Standard of GRAP on Related Party Disclosures (GRAP 20) to determine the extent of disclosures for related party transactions and balances.

1.3.1 Standard utilised in developing accounting policies

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

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

1.3.2 Standard utilised in developing disclosures

The WTE has utilised the following Standard of GRAP to determine the disclosures around related parties:

GRAP 20	Related Party Disclosures
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In the previous year IPSAS 20 were applied. The principles between IPSAS 20 and GRAP 20 are aligned. As a result, the adoption of GRAP will have no impact.

1.3.3 Standards not yet applicable

It's unlikely that the following Standards and/or amendments to Standards, that have been issued but are not yet effective, will have a material impact on the financial statements of the WTE once they become effective and therefore accounting policies have not been developed for the following Standards:

IGRAP 6	Loyalty programmes
IGRAP 11	Consolidation – Special purpose entities
IGRAP 12	Jointly controlled entities – Non-monetary contributions by ventures
GRAP 6 (as revised 2010)	Consolidated and Separate Financial Statements
GRAP 7 (as revised 2010)	Investments in Associates
GRAP 8 (as revised 2010)	Interests in Joint Ventures
IGRAP16	Intangible assets – website costs
GRAP 18	Segment Reporting
GRAP 27 (as revised 2012)	Agriculture (Replaces GRAP 101)
GRAP 31 (as revised 2012)	Intangible Assets (Replaces GRAP 102)
GRAP 105	Transfer of functions between entities under common control
GRAP 106	Transfer of functions between entities not under common control
GRAP 107	Mergers

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

Based on the analysis of the transactions of the WTE, these Standards do not impact the WTE and the adoption of these Standards will thus have no impact on the current financial statements.

1.4 Basis of preparation

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 31.

1.9 Significant judgments and sources of estimation uncertainty

1.9.1 Initial measurement of financial assets

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

1.9.2 Impairment of financial assets

An impairment is recognised for estimated losses firstly on an individually significant receivables and secondly on a group of receivables with similar credit risk that are assessed to be impaired based on objective evidence as a result of one or more events that occurred during the reporting period. For debtors which have defaulted, management makes judgments based on an assessment of their ability to make future payments. Creditworthiness is not used in assessing debtor balances. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment losses recognised. The current year's provision for impairment is based on management's best estimate of the expected cash flows for amounts that are outstanding for longer than the normal payment terms. A full provision was made for trade debtors that could not be traced after significant effort has been made. The future expected receipt has been discounted at the current interest rate (8.5%) applicable to entities owing money to the state (prior year: 8.5%).

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

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, except for certain construction equipment which is earmarked for sale. The review of the useful lives and residual values are performed annually based on a risk assessment approach. This approach takes 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 judgment, taken into account historical usage patterns as well as the condition of the asset. As the WTE plans to use the assets for their entire economic life, the residual values on these assets are estimated to be zero. The estimated useful life of leased assets that are capitalised are usually equal to the term of the lease contract unless other factors exist that may indicate a shorter lease period.

Property, plant and equipment and intangible assets are assessed annually for indicators of impairment. The assessment takes into account utilisation, condition, functional performance and obsolescences. Changes in these factors may lead to either an impairment loss or a reversal of previous impairment losses recognised.

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

Infrastructure assets	
Land	99 years
Buildings	1 - 75 years
Canals	1 - 298 years
Dams and weirs	1 - 496 years
Pipelines	1 - 60 years
Pump stations	1 - 75 years
Reservoirs	1 - 80 years
Treatment works	1 - 50 years
Tunnels	1 - 253 years
Power Supply	1 - 30 years
Roads and Bridges	15 - 71 years
Boreholes	8 - 50 years
Measuring Facilities	1 - 80 years
Telemetry	1 - 30 years
Servitudes	3 - 99 years
Movable assets	
Vehicles	5 - 34 years
Computer equipment	2 - 59 years
Office equipment and furniture	3 - 57 years
Construction equipment	Based on usage (kilometers, hours, month)
Machinery and equipment	5 - 59 years
Dwellings: mobile homes	20 - 56 years
Intangible assets	
Software and licenses	3 - 13 years

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 from the Department of Water Affairs. Therefore, any impairment that has been identified was calculated using the recoverable service amount of the asset.

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

The depreciation methods were assessed and are considered to be appropriate and will not change unless there is a change in the way that assets will be utilised, which is unlikely in the foreseeable future.

1.9.4 Recognition of servitudes

Servitudes on land are often acquired as part of construction of water infrastructure. Where the cost of servitudes can be measured reliably, these assets are included in the cost of infrastructure as it forms an integral part of the cost of the asset, and are recognised as separate components of the water infrastructure.

1.9.5 Agreements with Trans Caledon Tunnel Authority (TCTA)

As the DWA through WTE is responsible for the development, operation and maintenance of specific water resources infrastructure and managing water resources in specific water management areas, management concluded that the WTE controls the infrastructure assets that are constructed by the TCTA and has to assume the related liabilities. The cost of the assets recognised includes all the cost attributable to the asset until the asset has been ready for its intended use. The internal cost of capital was assumed to approximate the cost of capital of the TCTA, as the DWA (effectively through the WTE) is providing the required guarantees for the debt (and thus TCTA and WTE) have a similar risk profiles to obtain external funding from commercial borrowings.

1.9.6 Measurement of inventories on hand

Materials on hand are 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 be equal to or exceed the cost of the item at year-end. Therefore, there has been no provision made at year-end for losses in the value of stock due to price changes.

1.9.7 Commitments

Commitments included in disclosure note 25 have been based on orders relating to capital projects but where the goods or services have not been delivered.

1.9.8 Contingent liabilities and provisions

Contingent liabilities and provisions have been based on the best estimate available. Contingent liabilities relating to litigation have been based on the assessment of the estimated claim against the WTE as at 31 March 2013.

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 judgment. The allocation usually occurs on a proportionate basis and where the items produced are to be used internally, exclude internal profits. Abnormal losses are determined based on judgment and is excluded from the cost of assets under construction.

1.9.10 Classification of leases

The WTE classifies lease agreements in accordance with risks and rewards incidental to ownership. Where the lessor transfers substantially all the risks and rewards to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

2 Significant accounting policies

2.1 Revenue

When the WTE receives value in the form of an asset and directly provides approximate equal value in exchange, the WTE classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable, net of any VAT, trade discounts and volume rebates and recognised when it becomes due to the WTE.

2.1.1 Revenue from non-exchange transactions

The WTE recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions.

Where services are received in-kind, and a reliable estimate can be made, the WTE will recognise the related revenue. In all other cases, the WTE will only disclose the event.

2.1.2 Revenue from exchange transactions

Revenue relating to the supply of water is recognised either on the consumption of water by the water users or in accordance with registered volumes, depending on the specific agreement with licensed water users.

Revenue from construction contracts is recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. The stage of completion is based on the cost to date and is assessed based on surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the Statement of Financial Performance in the period in which it was incurred.

Interest is recognised using the effective interest rate method.

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

2.1.3 Agency fees and revenue

The WTE bills and collects water research levies on behalf of the Water Research Commissioner and earns 2% commission, excluding VAT, on the amount billed. The revenue collected (amounts billed less outstanding debt) is recognised as a liability and the payments made to the WTE decreases the liability. The net asset/liability is recognised in the statement of financial position.

The commission earned is recognised as revenue from exchange transactions in the statement of financial performance and the amount owed/overpaid on the commission is recognised in receivables/payables from exchange transactions.

2.2 Expenditure

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

The WTE recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability, other than those relating to distributions to owners, has arisen, that can be measured reliably.

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

The WTE recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

The WTE also recognises expenses in the statement of financial performance in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

Finance cost is recognised as an expense in surplus or deficit in the statement of financial performance in the period in which it is incurred, using the effective interest rate method.

2.3 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The WTE incurs borrowing costs as a result of the construction of infrastructure. The WTE capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are expensed in the period in which it is incurred.

2.4 Employee benefits

2.4.1 Short-term employee benefits

The WTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

- As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds the undiscounted amount of the benefits due, the entity recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.
- As an expense, unless the entity uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

2.4.2 Leave benefits

The WTE recognises the expected cost of short-term employee benefits in the form of compensated absences (paid leave) when the employees render service that increases their entitlement to future compensated absences.

The expected cost of accumulating compensated absences is measured as the additional amount that the WTE expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.4.3 Performance and service bonuses

The WTE recognises the expected cost of performance or service bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made. The WTE considers the present obligation to exist when it has no realistic alternative but to make the payments related to performance bonuses.

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

2.4.4 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy for these benefits or resigns. The WTE recognises termination benefits when it is demonstrably committed either to terminate the employment of current employee(s) according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the financial year are discounted to present value.

2.4.5 Retirement and medical benefits

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

2.5 Leases

2.5.1 The WTE as a lessee

The WTE classifies certain leases of equipment and vehicles as finance leases.

The assets acquired under finance leases is recognised as assets and the associated lease obligations as liabilities in the statement of financial position at the commencement of the lease term. The assets and liabilities is recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Where practicable, the discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Where this is not practical, the WTE's incremental borrowing rate is used. Any initial direct costs are added to the amount recognised as an asset.

The WTE measures the liability as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest (i.e. the WTE recognises the capital portion of the obligation as a liability and recognises the interest over the lease term).

The leased assets are subsequently measured at cost less accumulated depreciation and impairment. The leased assets are depreciated over the shorter of the lease agreement or the useful life of the asset. The minimum lease payments is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases that are longer than 1 year are measured on a straight line basis as an expense, and the difference between the actual payments and the expense is accrued through payables or receivables. Where the lease is less than 1 year, the actual expenses is recognised in the statement of financial performance.

2.5.2 The WTE as a lessor

The WTE receives lease revenue for the hiring out of equipment and renting of houses to its employees.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, where the lease term can be determined. The lease charge of construction equipment is based on a charge-out tariff determined on a cost recovery basis.

2.6 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the WTE, and the cost or fair value of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

After recognition as an asset, items of property, plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses, except for assets under construction. Subsequent costs are included in the assets carrying amount or recognised as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of that item can be reliably measured.

Assets under construction are stated at cost, excluding abnormal losses. Depreciation only commences on these assets when they are in the condition necessary for them to be capable of operating in the manner intended by management.

Cost comprises of the purchases price or construction cost of the asset (excluding internal profits), costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an estimate of the cost of dismantling or rehabilitation.

Where an intangible asset is an integral part of an item of property, plant and equipment, the cost of the intangible asset is not recognised separately from the cost of the asset, but rather, it is included as a separate component of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciable amount of an asset is allocated on a systematic basis over its useful life. Depreciation is calculated on a straight line basis over the expected life of each major component of an asset. Depreciation is charged to the statement of financial performance, unless it forms part of the cost of inventories or the cost of assets under construction.

The residual value and the useful life of an asset is reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate.

The WTE must assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the WTE will estimate the recoverable service amount of the asset. Items of property, plant and equipment are tested for impairment whenever there are impairment indicators. An impairment loss is recognised where the carrying amount exceeds recoverable service amount for non-cash generating assets and where the carrying amount exceeds the recoverable amount for cash-generating assets.

The WTE assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the WTE will estimate the recoverable service amount of that asset. An impairment loss recognised in prior periods for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

Impairment and reversals of impairment is recognised in the statement of financial performance at the time when the event occurred.

Gains or losses arising from the derecognition of an item of property, plant and equipment is recognised directly in surplus or deficit in the statement of financial performance when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.7 Intangible assets

Identifiable intangible assets are recognised if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the WTE, and the cost or fair value of the item can be measured reliably. An intangible asset is measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, is measured at its fair value as at that date.

An asset meets the identifiability criterion in the definition of an intangible asset when it is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, unless such useful lives are indefinite.

An intangible asset with an indefinite useful life is not amortised. Intangible assets with an indefinite useful life or an intangible asset not yet available for use, are tested for impairment at the end of each financial year and whenever there is any indication that the intangible asset could be impaired. Other intangible assets are only tested for impairment where there is an indication that impairment exists.

Gains and losses on intangible assets, including impairment and impairment reversals, are treated similarly to gains and losses for property, plant and equipment.

2.8 Non-current assets held for sale

The WTE classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable, i.e. a committed plan to dispose of the asset will exist.

The WTE measures non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell.

2.9 Inventory

Inventories are assets in the form of materials or supplies to be consumed in the production process; in the form of materials or supplies to be consumed or distributed in the rendering of services; held for sale or distribution in the ordinary course of operations; or in the process of production for sale or distribution.

Inventory is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the WTE; and the cost of the inventory can be measured reliably.

Inventory is initially measured at cost (or fair value if the item was acquired through a non-exchange transaction), and subsequently measured at the lower of cost or net realisable value. Cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition are included in the cost of inventories. Construction and building materials are measured using the FIFO method and all other inventories are measured using the Weighted Average Cost method. Where inventory is distributed at no or a nominal charge, inventory is measured at the lower of cost or replacement cost.

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

2.10 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

2.11 Financial instruments

2.11.1 Initial recognition and classification

The WTE classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the WTE becomes a party to the contractual provisions of the instruments and WTE funds are committed or receive the benefits.

The WTE does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exists; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.11.2 Initial measurement

Financial instruments are initially measured at fair value.

2.11.3 Transaction costs

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. Transaction costs on other financial instruments are included in the cost of the instrument.

2.11.4 Subsequent measurement

All non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that has been designated at fair value or are held for trading, are measured at amortised cost. Instruments that do not meet the definition of financial assets or financial liabilities measured at amortised cost are measured at fair value unless fair value cannot be determined. Those instruments, where fair value cannot be measured reliably, is measured at cost.

Amortised cost is calculated based on the effective interest rate method.

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Net gains or losses on the financial instruments at fair value through profit or loss includes transaction costs, interest and foreign exchange gains or losses. A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

2.11.5 Impairment of financial assets

At each reporting date the WTE assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Impairment losses are recognised in the statement of financial performance as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed does not exceed the carrying amount that would have been recognised had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

The following items included in the statement of financial position contains financial instruments:

- Cash and cash equivalents;
- Receivables from exchange transactions;
- Other financial assets;
- Payables from exchange transactions; and
- Other financial liabilities.

2.11.6 Derecognition

Financial assets

The WTE derecognises financial assets using trade date accounting.

The WTE derecognises a financial asset only when:

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

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

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

If the WTE transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the WTE adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

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

Financial liabilities

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

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

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

2.12 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.

2.13 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised cost arise from transactions with water users. Prepayments and advances consist of amounts paid to contractors and employees for which future

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

2.14 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the WTE has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement in which the WTE is receiving non-exchange revenue. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

2.15 Other financial assets

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

2.16 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.

2.17 Payables from non-exchange transactions

The WTE recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue as a result of outstanding obligations.

Payables from non-exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

2.18 Other financial liabilities

Included in other financial liabilities are the liability incurred to the TCTA. The liability is initially measured at fair value and is subsequently measured at amortised cost. Effective interest is capitalised against the amounts outstanding in accordance with the respective agreements.

2.19 Provisions and accruals

Provisions and accruals are liabilities where uncertainty exists about the timing or amount of the future expenditure required to settle the liability.

The WTE recognises, in payables, an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but the invoice is outstanding or a formal agreement with the supplier has not been concluded.

Provisions are liabilities, excluding accruals that are recognised where the WTE has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the amount to settle the present obligation at the reporting date, discounting to present value where the time value of money is expected to be material.

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

2.20 Contingents assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 27 and 28.

2.21 Reserves

The WTE classifies its reserves in two categories namely pumping cost reserve and accumulated reserves. None of these reserves are distributable reserves.

2.21.1 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.

2.21.2 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.

2.22 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.

2.23 Related parties

Parties are considered to be related if one party has the ability to control the other party, exercise significant influence over the other party or jointly controls the other party. Specific information with regard to related party transactions is included in note 24.

2.24 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 29 and 30. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Any receivable recognised as a result of irregular, fruitless and wasteful expenditure or material losses through criminal conduct, are subject to an annual impairment assessment.

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

	Notes	2013 R'000	2012 R'000
3 Revenue from exchange transactions			
Sale of water services		6 605 816	5 786 918
Construction revenue		688 728	402 123
Commission earned		1 717	1 794
Receivables		1 256	1 384
Short-term deposits and bank accounts		461	410
Interest revenue		22 033	18 820
Receivables		22 027	18 820
Short-term deposits and bank accounts		6	-
Lease revenue earned		15 978	17 968
Equipment		3 532	4 521
Property		12 446	13 447
Sale of goods - scrap materials and waste paper		916	17 187
Other revenue		8 371	6 686
		7 343 559	6 251 495
The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable, net of any discount and VAT.			
4 Revenue from non-exchange transactions			
Transfer revenue includes:			
Funds from the Department of Water Affairs		1 817 102	1 934 178
Other revenue:			
Water usage license fees		123	271
Penalties for late registration of water use		2	-
		1 817 227	1 934 449
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			
Employee benefits consists of:			
Short term employee benefits		1 154 622	1 311 561
Less: direct labour capitalised to assets under construction		(381 544)	(527 700)
Less: amounts capitalised to construction costs for third parties		(156 590)	(164 323)
		616 488	619 538

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

	2013	2012
	R'00	R'00
6 Operating expenditure		
Construction costs incurred	623 616	322 091
Administrative fees	2 449	2 084
Audit cost	16 788	12 624
Communication	21 961	23 841
Computer services	6 573	8 689
Electricity	233 861	163 678
Entertainment	51	6
Facility and management fee: TCTA	945 824	742 906
Materials consumed	117 952	49 784
Maintenance, repairs and running costs	77 800	100 481
Operating leases	61 493	29 802
Owned and leasehold property expenditure	27 262	29 323
Professional services: Business and advisory services, contractors and agency/outsourced services	82 101	81 319
Professional services: Infrastructure and planning	137 642	110 545
Printing, posting and stationery	9 040	5 593
Transport costs	(360)	89
Travel and subsistence		
Domestic	114 616	78 848
Foreign	2 522	2 792
Training and staff development	11 947	7 755
Venues and facilities	4 894	2 639
Auxiliary	11 584	21 556
	2 509 616	1 796 445
The amounts above includes changes in estimates for reversals in accruals		
7 Impairment on financial assets		
Impairment relating to:		
Trade receivables	795 292	172 463
Staff receivables	520	647
Other receivables	11 476	71
	807 288	173 181
8 Finance cost		
Bank balances	-	-
Finance leases	1 625	1 875
Interest on amortised payables	1 634 206	1 245 864
	1 635 831	1 247 739

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

		2013	2012
		R'00	R'00
9	Depreciation, amortisation and impairment		
	Depreciation on property, plant and equipment	3 213 262	1 600 611
	Computer equipment	3 451	9 091
	Equipment	38 436	20 058
	Furniture and Fittings	4 395	6 448
	Infrastructure	3 156 114	1 551 731
	Leased equipment	3 147	4 141
	Leased vehicles	6 042	6 146
	Mobile homes	1 358	2 253
	Vehicles	318	743
	Amortisation on intangible assets	8 645	251
	Computer software	8 645	251
	Change in estimate	(883 413)	-
	Computer equipment	(1 480)	-
	Equipment	(32 064)	-
	Furniture and Fittings	1 015	-
	Infrastructure	(850 201)	-
	Mobile homes	(387)	-
	Vehicles	(181)	-
	Computer software	(115)	-
	Impairment and impairment reversals	118 119	562 829
	Computer equipment	3 105	143
	Computer software	-	-
	Equipment	1 014	1 353
	Furniture and Fittings	910	80
	Infrastructure	112 581	561 253
	Mobile homes	258	-
	Vehicles	251	-
	Change in estimate · impairment	538 132	-
	Infrastructure	538 132	-
		2 994 744	2 163 691
10	Loss on disposal of fixed assets		
	Loss on disposal of fixed assets	60 362	21 262
		60 362	21 262
11	Cash and cash equivalents		
	Cash and cash equivalents at fair value:		
	Current accounts at commercial banks	2 094 612	1 488 395
	Short-term deposits	105	107
	Cash on hand	203	179
		2 094 920	1 488 681

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

		2013	2012
		R'000	R'000
12	Receivables from exchange transactions		
	Current		
	Financial assets at amortised cost		
	Trade receivables	6 144 075	5 196 833
	Less: Provision for impairment	(3 262 702)	(2 467 410)
	Carrying amount at the beginning of the period	(2 467 410)	(2 294 947)
	Amount utilised	-	-
	Current year provision	(795 292)	(172 463)
		2 881 373	2 729 423
	Advances to public entities	639 730	316 601
	Staff related receivables	10 962	5 040
	Gross carrying amount	12 129	5 687
	Less: Provision for impairment	(1 167)	(647)
	Claims recoverable - Departments	454	58
	Claims recoverable - Other	-	142
	Water Research Commission - advances	158 812	157 703
	Gross amount of water research levies due	(68 597)	(89 226)
	Outstanding debtors	227 409	246 929
	Other receivables	376 836	208 081
	Gross carrying amount	388 312	208 154
	Less: Provision for impairment	(11 476)	(73)
		4 068 167	3 417 048
	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:	512 409	1 540 838
	Age analysis of financial assets that are past due but not impaired:		
	not more than two months;	17 577	
	more than two months and not more than three months;	9 088	
	more than three months and not more than four months;	67 572	
	more than four months and not more than five months;	52 711	
	more than five months;	365 463	
		512 409	
	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		
	Construction and building materials	58 417	156 166
	Consumables	8 832	7 865
	Fuel and lubricants	6 745	3 782
	Stationery	6 963	564
		80 957	168 377

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

Summary	Cost/ revaluation	Accumulated depreciation and impairment	Carrying amount	Cost/ revaluation	Accumulated depreciation and impairment	Carrying - Restated amount
	R'000	R'000	R'000	R'000	R'000	R'000
14 Property, plant and equipment	85 993 657	(13 657 830)	72 335 828	83 314 416	(10 669 840)	72 644 577
Owned assets						
Assets under construction	9 244 974	-	9 244 974	6 636 425	-	6 636 425
Computer equipment	50 784	(24 497)	26 287	45 572	(20 449)	25 123
Equipment	1 119 322	(499 456)	619 867	1 097 001	(470 055)	626 947
Furniture and fittings	75 291	(31 522)	43 769	70 050	(25 671)	44 379
Infrastructure assets	75 439 066	(13 078 428)	62 360 638	75 402 340	(10 131 877)	65 270 463
Mobile homes	56 937	(20 159)	36 778	55 315	(18 253)	37 062
Motor vehicles	7 283	(3 768)	3 515	7 713	(3 535)	4 178
Leased assets	23 943	(16 035)	7 908	25 759	(11 894)	13 865
Equipment	7 535	(4 716)	2 819	13 101	(8 772)	4 329
Motor vehicles	16 408	(11 319)	5 089	12 658	(3 122)	9 536
	86 017 600	(13 673 865)	72 343 736	83 340 175	(10 681 734)	72 658 442
Leased assets are encumbered by finance lease liabilities. Refer Note 19.						

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

Movement 2013	31 March 2012 Carrying amount restated	Additions	Disposals and write- offs	Transfers	Depreciation	Impairment	Impairment Reversal	Other move- ments	31 March 2013 Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	72 644 575	2 867 188	(61 233)	(137 679)	(2 320 774)	(665 167)	8 916	-	72 335 828
Assets under construction	6 636 424	2 692 290	-	(83 741)	-	-	-	-	9 244 974
Computer equipment	25 123	7 371	(607)	(525)	(1 971)	(3 105)	-	-	26 287
Equipment	626 946	94 170	(42 569)	(51 294)	(6 372)	(1 014)	-	-	619 867
Furniture and fittings	44 379	7 117	(1 064)	(342)	(5 410)	(910)	-	-	43 769
Infrastructure assets	65 270 463	64 904	(16 550)	(1 554)	(2 305 913)	(659 629)	8 916	-	62 360 638
Mobile homes	37 062	1 304	(166)	(193)	(971)	(258)	-	-	36 778
Motor vehicles	4 178	33	(278)	(30)	(137)	(251)	-	-	3 515
Leased assets	13 865	6 685	-	-	(9 188)	-	-	(3 454)	7 908
Equipment	4 329	1 322	-	-	(3 146)	-	-	314	2 819
Motor vehicles	9 536	5 362	-	-	(6 042)	-	-	(3 768)	5 089
TOTAL ASSETS	72 658 441	2 873 873	(61 233)	(137 679)	(2 329 962)	(665 167)	8 916	(3 454)	72 343 736

*

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

Movement 2012	31 March 2011 Carrying amount restated	Additions	Disposals and write- offs	Transfers	Depreciation	Impairment	Impairment Reversal	Other move- ments	31 March 2012 Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	71 904 225	2 984 717	(26 419)	(64 793)	(1 590 325)	(562 829)	-	-	72 644 576
Assets under construction	4 049 320	2 747 893	-	(160 790)	-	-	-	-	6 636 424
Computer equipment	29 203	6 319	(151)	(1 013)	(9 091)	(143)	-	-	25 123
Equipment	627 497	97 360	(24 902)	(51 600)	(20 056)	(1 353)	-	-	626 947
Furniture and fittings	48 256	5 163	(186)	(2 323)	(6 451)	(80)	-	-	44 379
Infrastructure assets	67 106 971	126 408	(1 164)	151 233	(1 551 731)	(561 253)	-	-	65 270 463
Mobile homes	38 527	1 073	(16)	(269)	(2 253)	-	-	-	37 062
Motor vehicles	4 451	501	-	(31)	(743)	-	-	-	4 178
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
	71 913 496	2 999 634	(26 454)	(64 793)	(1 600 613)	(562 829)	-	-	72 658 442

* Leased assets were restated as a result of change in the method of calculating the present value of lease liabilities.

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

		2013	2012
		R'000	R'000
15	Intangible assets		
	Summary		
	Enduring benefit: Lesotho Highlands	15 844 203	15 844 203
	Computer software	56 072	64 509
	Gross carrying amount	81 884	81 794
	Accumulated amortisation and impairment	(25 812)	(17 286)
		15 900 275	15 908 712
	Reconciliation		
	Enduring benefit: Lesotho Highlands	15 844 203	15 844 203
	Computer software	56 072	64 509
	Gross carrying amount at the beginning	64 508	24 268
	Additions	121	40 496
	Transfers	(27)	(2)
	Amortisation	(8 530)	(251)
		15 900 275	15 908 712
	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 transactions		
	Current		
	Financial liabilities at amortised cost	745 055	567 349
	Trade payables	398 883	158 385
	Accruals	126 711	90 267
	Amounts due to customers: trade debtors	134 088	139 715
	Amounts due to customers: construction contracts	10 932	78 315
	Retention creditors	36 660	12 795
	Claims payable	-	104
	VAT payable	37 750	87 757
	Other payables	31	11
	Non-financial liabilities	10 383	8 830
	Unclaimed deposits	10 152	8 601
	Advances received	231	229
		755 438	576 179

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

		2013	2012
		R'000	R'000
17	Employee benefits		
	Current obligations:		
	Leave benefits due	100 505	97 063
	Carrying amount at the beginning of the period	97 063	91 450
	Current service costs	33 366	21 671
	Less: benefits utilised	(29 924)	(16 058)
	Performance bonuses	28 722	34 477
	Carrying amount at the beginning of the period	34 477	33 100
	Current service costs	39 207	34 805
	Less: benefits utilised	(44 962)	(33 428)
	Service bonuses - 13th Cheque	26 335	24 781
	Carrying amount at the beginning of the period	24 781	22 662
	Current service costs	60 568	57 544
	Less: benefits utilised	(59 015)	(55 425)
		155 562	156 321
18	Provisions		
	Current	-	26 681
		-	26 681
	Other provisions		
	Carrying amount at the beginning	26 681	31 807
	Amount utilised	-	(16 263)
	Current year provision	-	11 137
	Change in estimate	(26 681)	-
	Carrying amount at the end	-	26 681
	Estimated settlement to be:		
	Within one year	-	26 681
	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.		

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

		2013	2012
		R'000	R'000
19	Finance lease liability		
	Current obligation	7 495	9 341
	Non-current obligation	1 044	4 670
	Carrying amount at the end	8 539	14 011
	Reconciliation of the carrying amount:		
	Future minimum lease payments due:	9 057	15 301
	Later than 1 year but less than 5 years	6 945	4 887
	Less than 1 year	2 112	10 414
	Less: Future finance charges	(518)	(1 290)
	Present value of minimum lease payments	8 539	14 011
	The finance lease obligations consist of various leases. The incremental borrowing rate (effective interest) was determined based on the difference between the fair value of the asset and the future minimum lease payments. Where the fair value of the asset could not be determined, the incremental rate was based on the rate of similar instruments in the market and the fair value is assumed to estimate the present value of the minimum lease payments. The effective interest rates vary between 9% and 15%. The liability is secured by the leased assets disclosed in note 14.		
20	Financial liabilities: TCTA		
	Current obligation	3 378 167	3 424 608
	Non-current obligation	26 690 164	26 479 732
	Reconciliation		
	Carrying amount at the beginning of the period	29 904 340	29 831 791
	Additions	4 260 108	3 619 209
	Construction cost	1 680 799	1 655 329
	Interest accrued	1 633 485	1 220 974
	Facility and management fee	945 824	742 906
	Payments	(4 096 117)	(3 546 660)
	Financial liabilities at amortised cost	30 068 331	29 904 340
	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.		

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

	2013	2012
	R'000	R'000
21 Net cash flows from operating activities		
Surplus for the year	536 457	2 164 088
Adjusted for non-cash items	6 549 788	4 449 045
Change in estimates of provisions	(26 681)	11 137
Change in estimates of employee benefits	133 142	114 020
Depreciation, amortisation and impairment	2 994 744	2 163 691
Impairment on financial assets at amortised cost	807 288	173 181
Finance cost: Finance leases	1 625	1 875
Interest accrued: TCTA	1 633 485	1 220 974
Facility and management fee: TCTA	945 824	742 906
Loss on disposal of fixed assets	60 362	21 262
Additional cash items	(133 901)	(121 173)
Provisions utilised	-	(16 263)
Employee benefits utilised	(133 901)	(104 910)
Operating cash flows before working capital changes	6 952 344	6 491 960
Working capital changes:	(1 191 728)	(1 166 614)
(Increase)/(decrease) in receivables from exchange transactions (increase)	(1 458 407)	(1 071 625)
Decrease/(increase) in inventories (increase)	87 420	(5 014)
Increase/(decrease) in payables from exchange transactions (decrease)	179 259	(89 975)
Net cash from operating activities	5 760 616	5 325 346
22 Budget information		
Reconciliation between budget deficit and statement of financial performance		
Budget deficit	(2 383 491)	
Capital expenditure	2 919 948	
Surplus/(deficit) for the year per Statement of financial performance	536 457	
Reason for original budget deviation		
The reduction of R33 million on government grant received from national Treasury is due to the efficiency saving enforced on WTE by National Treasury. The increase on construction revenue is due to the roll-over for Nandoni GRP Pipeline. The roll-over amounted to R154 million as approved in programme 4 of VOTE 38 by National Treasury. WTE incorrectly accounted for the TCTA arrangement in the past, the TCTA was treated as the principal in an agency relationship. The income and expenses relating to TCTA contracts were off-set against each other in the past and net liability/assets have been disclosed. The effect of this is that the WTE understated revenue, operating expenditure and capital assets budget by R3.7 billion, R936 million and R1.1 billion respectively.		

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

		2013	2012
		R'000	R'000
Reason for original budget deviation in revenue			
The revenue performance for the financial year 2012/13 reflect a favourable variance of R390 million due to the improvement on the efficiency and accuracy of revenue billing.			
Reason for original budget deviation in expenditure			
The favourable variance on employee benefit costs is due to the increase in the vacancy rate. The entity had a vacancy rate of 18% for the financial year 2012/13. The entity is still struggling to attract and retain personnel who meet OSD requirements and officials with financial skills. Inability to fill vacant positions for WTE has also impacted negatively on operational expenditure, as most of the operational expenditure such as accommodation, travelling and subsistence allowance are mainly driven by number of employees. The under spending on pumping cost is due to the facts that we had enough rain and as a results only normal pumping had to happen. The delay in appointment of maintenance contracts has also impacted negatively on the spending of the maintenance cost budget. The entity does not budget for the impairment of financial assets, hence there is expenditure but no budget.			
Reason for original budget deviation in capital expenditure projects			
The under spending on capital expenditure is due to the lack of officials who meet the OSD requirements and the fact that some of the operations don't have maintenance contracts in place.			
23	Financial instruments		
	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	2 094 920
	Financial assets at amortised cost	12	
	Receivables from exchange transactions	12	4 068 167
	Total financial assets		6 163 087
	Financial liabilities at amortised cost	16	30 823 769
	Payables from exchange transactions	16	755 438
	Other financial liabilities	20	30 068 331
	Total financial liabilities	31	30 823 769

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)


	2013 R'000	2012 R'000
Net losses included in the statement of financial performance on amortised receivables	807 288	173 181
<p>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.</p> <p>Interest rate risk exposure</p> <p>The WTE has an obligation to settle the cost incurred by TCTA for the construction of infrastructure on its behalf. Due to the long term nature of these projects, the WTE is exposed to changes in the interest rates relating to these borrowings as the amounts to settle its obligation to the TCTA is dependent on the interest rates. The effective interest rate for the current period amounted to 8% (2012: 8%). Finance leases are discounted at the interest rates implicit in the lease and do not expose the WTE to any further risk as the rates are fixed for the term of the lease. The short term payables expose the WTE to a very limited risk of losses as a result of fluctuations in interest rates. The WTE endeavors to comply with the PFMA requirements to settle its debt within 30 days of receipt of an invoice.</p> <p>Credit risk exposure</p> <p>Receivables and prepayments</p> <p>Potential areas of credit risk consist of trade accounts receivable and cash investments.</p> <p>Accounts receivable consists mainly of government owned institutions and government owned entities.</p> <p>The WTE monitors the ageing of debtors on an ongoing basis and engages their customers where there is an indication of possible problems with regard to recovery from customers. Provision is made for specific bad debts and at the end of the financial year management did not consider there to be any material credit risk exposure that was not already covered by the impairment provision.</p> <p>Cash and cash equivalents</p> <p>Cash investments are investments made by the entity with the South African Reserve Bank and credit risk is considered to be acceptably low. Short-term deposits are held in the Corporation for Public Deposits (CPD) as required by the Treasury Regulations.</p>		
Maximum credit risk exposure		
Cash and cash equivalents	2 094 717	1 488 502
Receivables	4 068 167	3 417 048
	6 162 884	4 905 550
% of total financial assets	100.0%	100.0%
Liquidity risk		
<p>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.</p>		
Contractual maturities of non-derivative financial liabilities are:		
Due within 30 days	815 532	
Later than one month but not later than 12 months	3 325 568	
Later than one year but not later than 5 years	5 651 958	
Later than 5 years	21 057 970	

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

		2013	2012
		R'000	R'000
	The amounts to be paid within 30 days relate mainly to trade and other payables. Amounts due after 30 days include payments due to TCTA that are measured at amortised cost. These payments may vary for certain projects as they are based on actual water sales and are subject to change due to changes in the interest rates. TCTA has various loans with commercial banks that exposes the WTE to liquidity risk.		
	Other risks and possible losses		
	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
24	Related party transactions		
24.1	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.		
24.2	Related party transactions and outstanding balances		
24.2.1	Department of Water Affairs		
	Revenue from non-exchange transactions	1 817 102	1 934 178
	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 on behalf of the WTE which include, but is not limited to, rent for office space, internal audit cost, IT cost and other administrative costs(including cost related to the business restructuring process). A reliable estimate cannot be made for these services rendered.		
24.2.2	Water Research Commission		
	Revenue from exchange transactions	1 256	1 384
	Outstanding balances	158 812	157 703

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

		2013	2012
		R'000	R'000
24.2.3	Trans-Caledon Tunnel Authority		
	The following transactions were carried out with TCTA:		
	Construction activities	1 680 799	1 655 329
	Finance cost	1 633 485	1 220 974
	Management and facility fees	945 824	742 906
	Outstanding balances - amount due to TCTA	30 068 331	29 904 340
	Prepayment in terms of construction contract	639 730	316 601
	TCTA is constructing assets on behalf of the WTE on a full cost recovery basis.		
24.2.4	Eskom		
	The following disclosable items were carried out with Eskom:		
	Revenue	193 921	597 075
	Outstanding balances	154 828	501 207
	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.		
24.2.5	Rand Water		
	The following disclosable items were carried out with Rand Water:		
	Sale of water services		
	Revenue	3 139 974	2 803 271
	Finance revenue (discounting)	20 634	18 421
	Gross amount billed	3 160 608	2 821 693
	Outstanding balances	600 130	536 017
	Gross amount due	604 074	554 438
	Less: Effect of discounting	(3 944)	(18 421)
	Rand Water receives 60 days to pay for water related services instead of the normal 30 days.		
24.2.6	Komati Basin Water Authority		
	The following disclosable items were carried out with Komati Basin Water Authority:		
	Land claim settlements	1 200	
24.3	Close family members		
	The husband of a Chief Director is the sole shareholder of Hattingh Anderson Associates, which provide consulting services to the WTE in the prior year.		
	Hattingh Anderson Associates		
	For consulting services	-	1 484



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2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

24.4 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 2013 R'000	Basic salary	Performance related payments	Other short term employee benefits	Post- employment benefits	Total
Ms Mathe ZY - Deputy Director General		614	-	512	80	1 206
Mr Keet M - Chief Director		618	44	254	79	996
Ms Anderson H - Executive Manager		385	-	170	50	606
Mr Smith FJ - Chief Director		754	-	333	93	1 180
Mr Van der Westhuizen WG - Chief Director		775	96	352	101	1 324
Mr Mofokeng MJ- Deputy Chief Financial Officer		646	-	368	84	1 098
Mr Madondo PJ - Chief Director		509	-	201	66	776
Manus LAV - Chief Director		262	-	189	34	485
		4 563	140	2 380	587	7 670
	March 2012 R'000	Basic salary	Performance related payments	Other short term employee benefits	Post- employment benefits	Total
Ms Mathe ZY - Chief Director		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
Comparative figure						
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 Sirenye M	Director General					
Mr Balzer T Acting	Director General (previous)					
Mr Ismail F	Acting Chief Financial Officer					

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

	2013 R'000	2012 R'000
25 Capital commitments		
Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.		
The amounts disclosed above for capital commitments exclude VAT.	1 164 593	389 062
The comparative figure for commitments have been adjusted due to errors identified during the preparation of the financial statements. This resulted in a increase of R11 million.		
26 Operating lease commitments		
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 2013 are as follows:		
Residential Buildings :	4 163	2 107
Due within 1 year	4 163	2 107
Due later than 1 year but less than 5 years	-	-
Office administration Buildings :	232	506
Due within 1 year	232	506
Due later than 1 year but less than 5 years	-	-
Land :	489	933
Due within 1 year	489	444
Due later than 1 year but less than 5 years	-	489
Total minimum lease payments	4 884	3 546
27 Contingent liabilities		
27.1 Claims against the State		
Legal claims		
Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R60,420 million excluding interest of approximately R9,365 million at 15.5%.	60 420	207 548
Other claims		
The WTE identified possible interest and penalties due. However, the payment is still under investigation and has not been confirmed.	23 465	-
	83 885	207 548




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DEPARTMENT OF WATER AFFAIRS



water affairs

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2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

	Note	2013 R'000	2012 R'000
27.2 Guarantees			
The WTE has issued guarantees in favor of various financial institutions to support employees to obtain loans for housing. To date the WTE has not been called to honor any of these obligations. No loss is expected to materialise in respect of these guarantees in the foreseeable future.		109	93
28 Contingent Assets			
Legal claims		878 175	-
		878 175	-
The WTE have legal claims against several companies of which the outcome is still uncertain.			
29 Irregular expenditure			
29.1 Reconciliation			
Opening balance		637 813	600 843
Add: Irregular expenditure - current year	29.2	48 009	40 392
Add: Irregular expenditure - prior year	29.3	5 654	3 434
Less: Amounts condoned	29.4	(851)	(6 856)
		690 625	637 813
Less: Amounts recoverable (not condoned)		-	-
Less: Amounts not recoverable (not condoned)		-	-
Irregular expenditure awaiting condonation		690 625	637 813
Analysis of expenditure awaiting condonation per age classification			
Current year		47 159	33 536
Prior years		643 467	604 277
Total		690 625	637 813
Comparative figure for irregular expenditure decreased by R126,2 million due to errors identified during the preparation of the financial statements. The prior years financial statements incorrectly included irregular expenditure relating to bids not advertised for the required 21 days relating to prior years. Subsequent to year-end, National Treasury confirmed that days were to be counted as calendar days. This resulted in the restatement of irregular expenditure amounting to R91,6 million.			
Additional expenditure incurred on contracts where the certificate independent bid determination forms (SBD9) were not completed were also revised. This resulted in a restatement amounting to R33, 1 million.			
Expenditure that exceeded the original contract amount/or where there was no contract in place, were not disclosed in the prior year. This resulted in a restatement of R1.4 million.			

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

			2013 R'000	2012 R'000
	Incident	Disciplinary steps taken/ criminal proceedings		
29.2	Details of Irregular Expenditure - Current year			
	Expenditure incurred where insufficient quotations were obtained from suppliers	None	5 734	
	Splitting of orders to circumvent procurement procedures	None	2 789	
	Expenditure incurred without written approval by delegated official	None	6 317	
	Use of transversal contract regarding fleet management where WTE was not part thereof (RT46)	None	24 514	
	Expenditure exceeding original contract amount/or no contract in place	None	6 614	
	Expenditure incurred where person in service had an interest in the contract and failed to disclose the fact	Yes	1 443	
	Expenditure incurred on contracts where there is no tax clearance certificate	None	35	
	Expenditure incurred on contracts awarded to contractors who are not registered with the Construction Industry Development Board	None	200	
	Suppliers to whom awards were made did not submit declarations to declare that a close family member/ partner/ associate of the supplier or of a director/ member/principal shareholder/stakeholder of the supplier is in the service of the institution.	None	363	
			48 009	
	Incident	Disciplinary steps taken/ criminal proceedings		
29.3	Details of Irregular Expenditure - Identified in current year relating to prior year			
	Procurement process not followed	None	1 287	
	Expenditure incurred where insufficient quotations were obtained from suppliers	None	855	
	Splitting of orders to circumvent procurement procedures	None	97	
	Expenditure exceeding original contract amount/or no contract in place	None	3 415	
			5 654	
29.4	Details of Irregular Expenditure condoned			
	Incident	Condoned by (condoning authority)		
	Expenditure exceeding original contract amount/or no contract in place	Director- General	851	
			851	

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

			2013 R'000	2012 R'000
30	Fruitless and Wasteful Expenditure			
	Incident	Disciplinary steps taken/criminal proceedings	2013 R'000	2012 R'000
	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 have been taken against the responsible employees.	-	24 890
	Interest paid to Eskom	None	411	
	Side Agent returned items without following correct procedures and extra charge for transport was invoiced by supplier.	None	17	
	Booking of accommodation for Central Operations not utilised.	None	30	
			458	24 890
	Possible fruitless and wasteful expenditure with regards to the procurement of inferior quality pipes was identified during the reporting period. This possible fruitless and wasteful expenditure relates to a project which originated in 2007 for the installation of glass-reinforced thermosetting plastics (GRP) pipes from Nandoni Dam to Thoyandou, which was installed and subsequently removed. Corrective action has been taken by management since 2009 to recover this possible fruitless and wasteful expenditure. On 5 May 2010, the Minister of Water and Environment sued the two companies for damages and expenses incurred in installing and removing the inferior quality pipes. As at reporting date, the legal process is still underway. The possible fruitless and wasteful expenditure will be quantified and disclosed once the legal process has been concluded.			
			2012 R'000	2011 R'000
31	Prior year errors			
	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		(1 622 981)	(1 519 046)
	(Increase)/Decrease in liabilities		1 458 737	1 213 901
	Increase/((Decrease) in net assets		(164 244)	(305 145)
	Represented by:			
	Increase/(decrease) in accumulated surplus:			
	Increase in revenue		73 882	(140 811)
	Decrease in expenses		67 019	(181 057)
	Effect on surplus/deficit		140 901	(321 868)
	Effect on opening reserves		(305 145)	16 723
			(164 244)	(305 145)

2.4.6: NOTES TO THE FINANCIAL STATEMENT (WTE)

	2012 R'000	2011 R'000
31.1 Rehabilitation provision		
Provisions for the rehabilitation of dams was provided for and recognised incorrectly in prior years and therefore the rehabilitation provision should be reversed.		
Decrease in property, plant and equipment - infrastructure cost	(160 056)	(1 270 093)
Decrease in provisions	160 056	1 270 093
	-	-
31.2 Other immaterial corrections in prior years to ensure completeness and accuracy		
Receivables from exchange transactions	75 911	(239 920)
Property, plant and equipment	(19 752)	(9 197)
Intangible assets	(37)	164
Payables from exchange transactions	7 026	(4 569)
Provisions	3 522	(719)
Financial liabilities: TCTA	74 232	(50 903)
	140 901	(305 145)
Revenue from exchange transactions	73 882	(291 459)
Revenue from non-exchange transactions	-	150 648
Employee benefit costs	-	(287)
Operating expenditure	78 603	(44 273)
Depreciation, amortisation and impairment	3 341	(136 497)
Loss on disposal of fixed assets	(14 926)	-
	140 901	(321 868)
Effect on opening reserves	(305 145)	16 723
	(164 244)	(305 145)