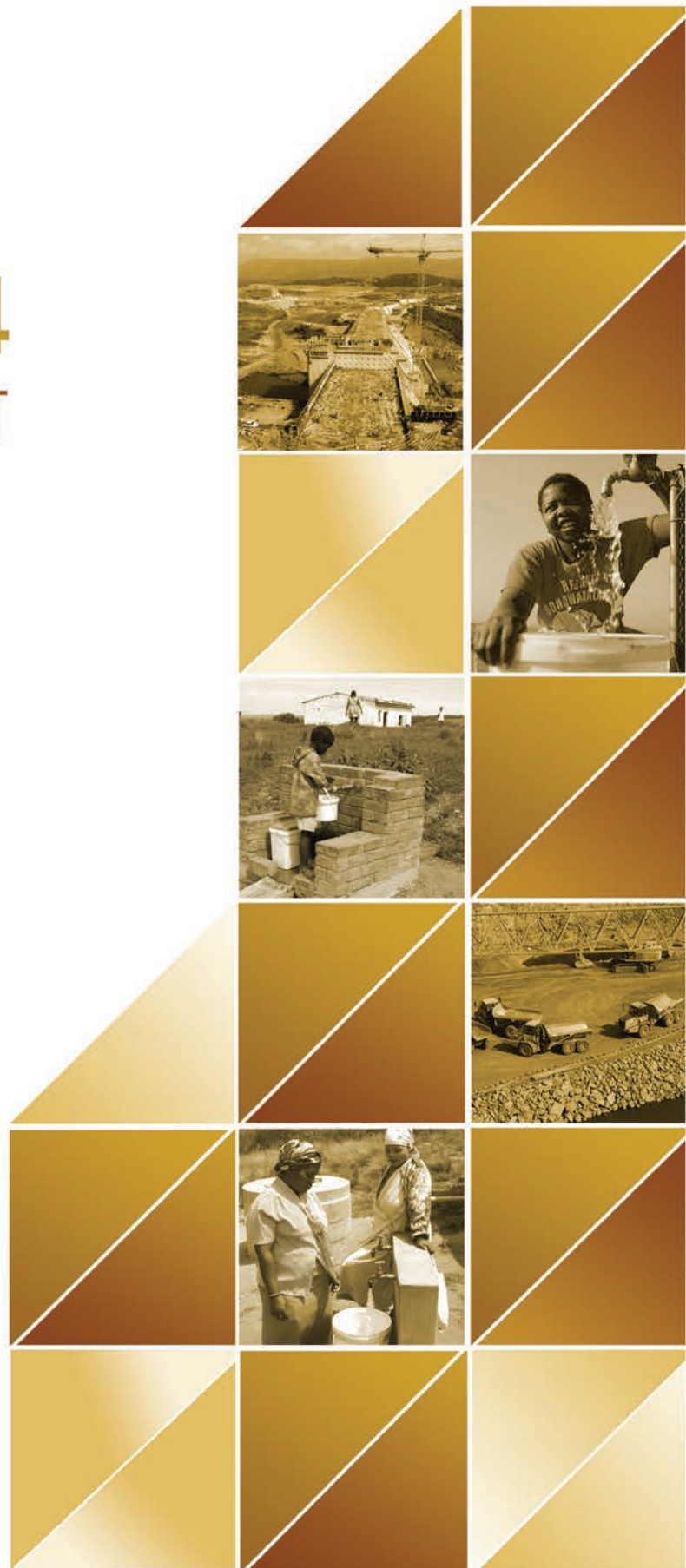


2013 | 14

ANNUAL REPORT



water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA





Minister
Nomvula Mokonyane

FOREWORD BY THE MINISTER

As the leadership of the new Department of Water and Sanitation we are hereby presenting to Parliament and all the sector partners the performance of the former Department of Water Affairs for the financial year 2013/14.

We are pleased and humbled by the progress the department has made in the previous year. We are keen together with Deputy Minister Tshwete, to take up the baton as directed by the mandate of the department and the appointment of the President to continue to bring life to people through the provision of the water resource.

The ideals of the department stand and will continue into the work of the new department of water and sanitation, but what has been achieved must be highlighted.

The issue of strengthening the department's regulation function and capacity was top of mind for the year. We are pleased to report that this was achieved not just by the creation of the Branch Water Sector Regulation, with its head at Deputy Director-General level and comprising four Chief Directorates, but the process of review of the Departmental Water policy was finalised in December 2013. This review was approved by Cabinet as it approved the twelve revised policy positions.

Through the support of the Portfolio Committee and consultation processes, the National Water Resource Strategy 2 was gazetted in July 2013. Work on the Institutional Reform and Realignment process is almost completed. The institutional framework for CMAs and water boards is finalised and work is at an advanced stage for the institutional model on national water resource infrastructure. This will continue as part of the work of the new department.

Within all this the compliance of water institutions has improved from 95% to 100% during the year under review. The two Catchment Management Agencies on the other hand received unqualified audit reports and compliance function has been improved at the local level where they exist. One other aspect that has an impact on society refers to the Revision of the Water Pricing Strategy to address socio-economic needs and equity across the water value chain and this is ongoing.

In line with the NDP's Chapter 4 on economic infrastructure that concerns the role of regulators, the Department established the Economic Regulation function.

It is important to highlight the continuing progress between the Department, DEA and DMR in relation to co-operation regarding the convergence of regulation especially with particular emphasis on mining licensing.

As we all know that we have to continue the important work on water Allocation Reform that began in 2005. The objective thereof is to ensure equitable access to water in eradicating poverty and promoting social and economic development. The programme's priorities are also to meet the water needs of previously disadvantaged individuals (HDIs), more so to ensure their participation in water resource management, promote the sustainable use of water resources and promote the beneficial and efficient use of water in the public interest. The process of water licensing must assist the department and thus government to ensure equitable access to water.

We also need to take into cognisance our responsibility towards the creation of jobs and job opportunities in the areas where our infrastructure is being built and located. In this regard the dictates of the New Growth Path lead us towards achieving the necessary gains that will lift the lives of the populace, and ensure a dignified existence for all. The department's input to infrastructure development and all manufacturing, mining, agriculture, in fact all industrial activity, implies that our actions have had to help the country to have stable activities that bring certainty and forward thinking enhanced by our forward planning to ensure security of water supply.

In this regard, the past financial year has seen a total of 21 942 job opportunities created, namely in Regional Bulk Infrastructure (RBIG) 20 885; Resource Poor Farmers (RPFs) 34; Rainwater Harvesting 821; Adopt-a-River 202 and the Municipal Water Infrastructure Grant (MWIG) programme.

With regard to the different programmes that we have in the department the following planned out in the year under review.

With regard to the RBIG programme, a total of 7 versus the planned 12 bulk water schemes were completed, namely FS (Tokologo Phase 1, Dihlabeng Phase 1 and Maluti-a-Phofung [Sterkspruit] Phase 1); KZN Middelburg Water Treatment Plant; MP (Bloemendal/Delmas Pipeline project and Acomhoek Bulk Pipeline) and WC (Hermanus Bulk Water Supply). Furthermore two wastewater treatment works were completed in WC (Struisbaai and Drakenstein WWTWs).

So far as Resource Poor Farmers are concerned, a total of 1 589 were supported in the following areas MP: 1 184 (Mbombela: 19, Umjindini: 1, Thaba Chweu: 99, and Bushbuckridge: 1 065); LP: 23 (Tzaneen: 22, and Molemole: 1); WC: 15 (Stellenbosch: 7 and Witzenburg: 8); NC: 23 (Elandskopbeen: 3, Duinplaas: 2, Massakloutjie: 3, Ceres: 3, Tierkop: 2, Dickerson: 5, Witputs: 4 and Aasvoëlpan: 1) FS: 27; NW: 48 Haartebeespoort WUA; EC: 73 Cacadu and KZN: 196 (Amajuba DM: 25, Harry Gwala DM: 99 and Uthungulu DM 72).

The River Health Programme which is designed to develop the capacity and information base, enabling reporting on the ecological state of our river systems, in an objective and scientifically sound manner is important. In this past year a total of 118 versus the planned 107 rivers were monitored. The monitored rivers were in the provinces of EC: 30, GP: 13, KZN: 16, LP: 4, MP: 4, NC: 3, NW: 8 and WC: 40. The additional rivers were in the province of Gauteng as a result of partnership with GDARD and in the NC was because of collaboration with the Department of Environmental Affairs.

The Adopt-a-River Programme used to create awareness among South Africans on the importance of caring for our scarce water resources and to actively participate in the protection and management thereof continues to grow in stature. As such there were 30 rivers adopted in the year as against a planned/predicted 9.

Water Conservation and Demand Management (WC/DM) is focused on four WC/DM pillars namely, social, technical, institutional and economic concepts, to ensure efficient use of water in a country that is water scarce. The many factors that contribute to water losses and wastage within the municipalities include: (a) Lack of adequate maintenance of infrastructure, (b) Illegal connections, (c) Physical water losses as a result of leakage and burst pipes and (d) Lack of water use efficiency awareness on current water use which emanates from current practices and water use availability. In this regard a total of 145 071 992 m³ versus the planned 13 million cubic meters volume of water was saved.

The Skills and Capacity chapter Implementation Plan has been developed and consulted with sectors through Water Sector Leadership Group Skills Task Team. This process has led the sector to agree on the 36 Key Performance Indicators (KPIs) that are critical and require immediate attention. These indicators are aligned with 5 strategic actions of the skills and capacity chapter.

The partnership with EWSETA in order to support capacity building programmes for benefit of the water sector is crucial. We also created the Water Sector Leadership Group (WSLG), with its associated Task Teams, to provide strategic leadership to the sector, one of which deals with issues of Skills and Capacity Development. It is called the Water Sector Leadership Skills Task Team and contributed to the development of the EWSETA Sector Skills Plan, registration of Process Control as a Trade, Water Institute of Southern Africa registered as a Professional Body with SAQA for its sector Professionalisation Programme.

The department had to also duly respond to the terms of Section 25 (1) of the Disaster Management Act that: "Each organ of state indicated in the National Disaster Management Framework must prepare a disaster management plan". Thus DWA



developed its level 1 Disaster Management Plan in 2011. Based on the National Plan being in place, there was a need to develop Regional Disaster Management Plans. 6 Regional Offices developed the disaster management contingency plans, namely KZN, EC, MP, NW, NC and WC. The Disaster Management Contingency Plan as developed with inputs from the sector informs stakeholders how DWA communicates, responds and mitigates the risks and crises in terms of DWA hazards, which are floods, pollution, drought and raw bulk water.

The work of the department is not done as there continues to be a need for planning to ensure security of supply for the country. Even as that happens we have to raise the importance and need to appreciate the resource, ensuring protection thereof, not polluting or abusing it, the country is encouraged to continue to conserve and respect it.

We thank the work of the department's officials led by the Acting Director-General and his colleagues at all levels, the leadership of the Portfolio Committee and the co-operation of the broader water sector. Working together we can be able to provide the requisite certainty for the availability of this critical resource we are responsible for.

Minister
Nomvula Mokonyane
Department of Water and Sanitation



Deputy Minister
Pamela Tshwete

STATEMENT BY THE DEPUTY MINISTER

The Annual Report that the Department of Water Affairs is presenting to Parliament accounts for the 2013/2014 financial year, as it completes the business of the fourth term of government and paves the way for the new Department to pursue the mandate entrusted to the fifth term of government.

The task of bridging the gap between the old and the new Department requires from the new Executive Authority maturity of thought in planning, broad consultation with all stakeholders, introduction of game changers and judicious financial planning in different fronts of our work. The Minister and I have accepted this daunting responsibility with great enthusiasm and political will to improve the lives of our people in relation to water and sanitation service and development.

Accordingly, in keeping with the Presidential Proclamations no. 43 of 2014, dated 08 July 2014, a Departmental Project Team (DPT) has been established to facilitate integration of the two mandates, under the leadership of the Acting Director-General Mr Trevor Balzer of Water Affairs.

This project team will take care of all logistical arrangements, in relation to the movement of staff, assets, funds and responsibilities from the Department of Human Settlements to the new Department of Water and Sanitation. It is envisaged that the team will complete its work by 26 September 2014.

In the process of fulfilling our mandate we have noted the importance of integrating the two mandates. It will also be important to incorporate the achievements made in the last term of government and especially the last financial year in our work.

As we look at the past financial year we have not only learnt from what has been done, but we need to ensure that we do work better and smarter to achieve our set goals. The ideal of ensuring water security including the supply of and sustainable sanitation cannot only focus on the needs of the moment, but should look beyond and consider the needs of generations to come.

During the last financial year, the Department has taken stock of all those factors that inhibit on consistent water supply, the Department together with local government and surrounding communities embarked on programmes directed at facilitating economic growth, social development, skills development and community participation.

These programmes included amongst others the following:

- War on Leaks
- Adopt-a-River
- River Health
- Youth Summit
- Bursary Schemes
- Women in Water Awards
- South African Youth Water Awards

These remain our flagship programmes aimed at water conservation, water management, making bursaries available to provide essential engineering skills, job creation, public participation, economic growth and development.

During the period under review the programme War on Leaks have substantially reduced water loss and unaccounted water seepage in most Local Municipalities country wide. This programme targeted women and youth and has generated so much enthusiasm that a great sense of water preservation has been developed amongst many community members who in the past took the issue of water supply for granted.

More youth, especially from rural areas, have registered with tertiary institutions for careers in engineering services, environmental management and the protecting ecological degradation. The same institutions of higher learning will work in partnerships with the Department of Water and Sanitation to train and develop in this regard.

We are aware of the overall approval and reception that these programmes continue to receive in our communities, which can be ascribed to the level of awareness created in the various sectors, and the value of the incentives benefiting to the individual households. These include projects such as War on Leaks, Adopt-a-River and Women in Water Awards.

Women and young people in the various provinces have been recognised for their efforts and contributions in securing quality water and the fight against water pollution. These efforts continue to draw large numbers of volunteers in the struggle for sustainable supply of quality water in all communities.

In recognising the scarcity of water and the high cost of bringing water to the people, the Department has provided assistance to provinces in particularly to the municipalities, through the Regional Bulk Infrastructure Grant, the Accelerated Community Infrastructure Projects and the Municipal Water Infrastructure Grant programmes.

Although there are still sections of our population without water, these programmes have substantially improved access to water services. The programmes have further contributed to the rehabilitation of the decaying infrastructure and made the rollout and development of the new infrastructure in some communities possible.

The backlog in providing water dates back from many years to the period of the colonial and apartheid government. Over time, poor and the rural communities were deliberately created, restrictive and racist laws like the Native Land Act of 1913 assented to which caused dispossession, and led to millions of people living in informal settlements with no access to basic services like clean water, sanitation, and electricity.

We are proud of the work this Department has done which led to the current levels of access to basic rights which are still outside the universal standards.

During the last four terms of government, we as a democratic nation, banished all forms of racist water legislation and replaced these with the National Water Act and Water Services Act, which treats water as a public resource that needs to be sustainably protected and used for social and economic development.

We are continuing on this trajectory in the Department, by working with other partners in the water family, that has achieved the necessary legislative review and has empowered the Executing Authority to plan and budget for water indiscriminately.

We believe that preservation and provision of water as a resource cannot be undermined by anyone or any action. It is therefore upon us to continue to share the requisite political leadership that will, and must be matched by the technical capabilities of all in order to bring water services and water supply to all our people.

The National Water Act requires a continuous review of the National Water Resource Strategy. The National Water Resource Strategy after review must always ensure that it addresses the country's current and future water demands.

The National Water Resource Strategy 1 focuses on the new water resources infrastructure, investment and improved safety of state dams amongst others. This work provided for the transformation of the single purpose dams into multi-purpose dams.

The National Water Resource Strategy 2 will focus on the 2030 vision and simultaneously ensure the sustainability, protection, conservation and management of our water resources to support development, eliminate poverty and inequality.

In conclusion, it is my honest view that, the level of mobilisation of the water family and as their participation is unfolding, we will certainly go a long way in delivering the kind of awareness and knowledge required in the management and delivery of water and sanitation services to all our communities in the country as a whole.



Deputy Minister
Pamela Tshwete
Department of Water and Sanitation



Acting DG
Trevor Ian Balzer

ACTING DIRECTOR-GENERAL TREVOR BALZER

REPORT OF THE ACCOUNTING OFFICER

Overview of the operations of the Department

In the current financial year the Department initiated a review of the National Water Policy that sought to enhance the existing water policy framework. This resulted in the Cabinet adoption of twelve key policy positions that shaped a new approach of developmental water management that aligns water management with the developmental and transformation goals of government. This approach was also adopted by the National Water Resources Strategy to prioritise actions that will have the greatest impact within the state's delivery capacity.

Central to the developmental water management approach is the consideration of the entire water value chain on how water can contribute to achieving equitable beneficial and sustainable development across the country. It was decided to consolidate the National Water Act and the Water Services Act into one piece of legislation that will govern the entire water value chain covering water supply and sanitation services as well as water resources infrastructure. This consolidation will also enhance cooperative governance and have clear institutional roles and responsibilities with commonly agreed targets for water delivery.

Water sector institutions are required to support the country's developmental objectives by reducing inequality and promoting access to water, leveraging additional investments for the development of water infrastructure; promoting citizen participation in decision-making, enhancing innovation and knowledge generation. The department's institutional reform and realignment process that informs the water sector institutions alignment to the developmental water management approach is at an advanced stage with four catchment management agencies established and future intentions to evolve water boards into regional water utilities.

As the bulk of the country's water resource infrastructure was created in the early 1900s and is thus aging, the dam safety rehabilitation programme was initiated to address dam safety related deficiencies. Since the inception of the programme in 2005, a total of 35 dams have been rehabilitated with a further 8 dams in construction phase. During the year under review, priority was given to the rehabilitation of conveyance systems with 23 sections of canals rehabilitated during the 2013/14 financial year.

The regulation function in particular water services regulation has experienced a paradigm shift as the focus is not only on awarding the best performance on compliance but also on supporting and ensuring continuous improvement within the poor performing municipalities.

Significant events that have taken place during the year

The launch of the eighteenth Strategic Infrastructure Projects (SIP 18) that will focus on water services. This SIP 18 presented a ten year plan that will address the estimated backlog of adequate water to 1.4 million households.

Two agreements were signed with Cuba and the Netherlands in September and November respectively. The Cuban agreement is to cement the exchange in expertise relating to integrated water resources management and in the field of providing bulk water infrastructure.

The Netherlands agreement will support the on-going institutional realignment programme to improve water resource management at catchment level. In addition, this agreement supports water projects in Ethekewini Metropolitan, Umgungudlovu and Elundini municipalities.

Major projects undertaken or completed during the year

A number of water infrastructure projects were constructed with seven projects completed. The water resource infrastructure projects completed during the year include the Mooi-Mgeni River Augmentation (i.e. Spring Grove Dam) in KwaZulu-Natal; Phase 2A of Olifants River Water Resource Development Project (i.e. the De Hoop Dam) in Limpopo and Komati Water Scheme Augmentation Project in Mpumalanga.

The water services infrastructure projects completed through the regional bulk infrastructure grant during the year include the Middledrift (Nkandla) water treatment works in KwaZulu-Natal; the Bloemendal pipeline in Mpumalanga; the Hermanus bulk water scheme in Western Cape and Acornhoek bulk water scheme in Mpumalanga.

Through the implementation of the various water infrastructure projects, the department created over 22 000 job opportunities.

The implementation of the Institutional Reform and Re-alignment of the water institutions progressed well resulting in the realignment of the existing catchment management agencies and certain water boards. The Inkomati CMA was realigned into Inkomati- Usuthu CMA and Breede-Overberg CMA was realigned into Breede- Gouritz CMA (currently at 98%). In order to enhance service delivery, the realignment of Bushbuckridge and Botshelo water boards was completed whilst the completion of the Pelladri water boards is at 95%.

Spending trends

Programme name	2013/2014			2012/2013		
	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	916 273	907 441	8 833	865 180	843 367	21 813
Water Sector Management	535 361	530 828	4 534	501 605	500 538	1 067
Water Infrastructure Management	2 565 203	2 558 847	6 356	2 251 496	2 251 496	-
Regional Implementation and Support	6 223 435	6 130 225	92 210	5 249 323	4 935 762	313 561
Water Sector Regulation	108 329	92 023	16 306	101 080	87 374	13 704
International Water Cooperation	26 953	26 880	73	24 478	22 970	1 508
TOTAL	10 375 554	10 246 242	129 312	8 993 162	8 641 508	351 654

Reasons for under/over spending

The department spent R10.246 billion of the allocated budget of R10.376 billion which represents 98.8% of the total spending. The remaining R129.312 million is attributable to the following

- Unfilled vacant posts across all programmes - (R29.010 million of the adjusted compensation of employees)
- Funds could not be spent on goods and services (R44.176 million) in respect of the review of pricing strategy, drinking water quality, waste water and water use efficiency due to unfinished work on the projects.
- An amount of R44 thousand could not be disbursed on interest and rent on land due to change in accounting treatment of finance lease.

- Transfer payment of R29.988 million could not be made to various institutions due to administrative and or non compliance issues (Ngaka Modiri Molema – R1.459, Public Sector Education and Training Authority - R2.483 million, Komati River Basin Authority – R6.370 million, other transfer such as payment of leave gratuity – R1.109 million and Several water boards – R18.567 million.
- Delays in invoicing by Water Services Authority for the work done on Regional Bulk Infrastructure grant resulted in invoicing amounting to R9.693 million to be late for payment processing
- A budget of R16.400 million earmarked for the prevention and mitigation of disaster and risks could not be spent due to complicated technical specifications and the nature of instrumentation required

Actions taken or planned to avoid recurrence

Through the Learning Academy's medium term plan, the objective is to increase the intake of new graduate trainees with the aim of closing the persistent technical skills gap in the water sector.

Virement

Section 43(1) of the Public Finance Management Act (PFMA), provides that the Accounting Officer of the Department may utilise a saving in the amount appropriated under a main division within a vote towards the defrayment of excess expenditure under another main division within the same vote, unless the relevant treasury directs otherwise.

Virements approved by the National Treasury

A total amount of R12 550 million was moved from Programme 1: Administration to Programme 2: Water Sector Management in Transfers and Subsidies to Non-Profit Institutions to introduce new transfer to Botshelo.

Virements approved by the Accounting Officer

- A total amount of R62 333 million was shifted from Programme 1: Administration to
 - Settle invoices for work done in respect of Acid Mine Drainage (R44 983 million),
 - Assist and bail out Botshelo Water Board to meet its immediate financial obligations of R12 550 million
 - Fund budget shortfalls in compensation of employees of Programme 6: International Water Cooperation (R1 540 million) and Programme 4: Regional Management and support (R4 711 million).
- A further R3 343 million was shifted from Programme 5: Water Sector Regulations to augment the compensation of employees in Programme 4: Regional Management.
- A total amount of R16 995 million was shifted to Programme 2: Water Sector Management to fund the development of information systems, maintenance thereof, and the support of the application.

The table below summarises the fund shifts and virements applied by the Department:

From			To		
Programmes	Reasons for virement	Amount R'000	Programmes	Reasons for virement	Amount R'000
Programme 1: Administration	Funds were shifted to Programme 2: Water Sector Management to defray over expenditure in Transfers and Subsidies to Non-Profit Institutions	12 550	Programme 2: Water Sector Management	To assist and bail out Botshelo Water Board to meet its immediate financial obligations	12 550
Programme 2: Water Sector Management	Funds were shifted within the programme to introduce new transfer payment	7 000	Programme 2: Water Sector Management	To introduce a new transfer payment to Water Research Commission	7 000

From			To		
Programmes	Reasons for virement	Amount R'000	Programmes	Reasons for virement	Amount R'000
Programme 5: Water Sector Regulations	Funds were shifted from Goods and Services to Programme 2: Water Sector Management to introduce new transfer	1 000	Programme 2: Water Sector Management	To introduce a new transfer payment to Water Research Commission	1 000
Programme 1: Administration	Funds were shifted to Programme 4: Regional Implementation and Support to defray over expenditure in Payments for Capital Assets	44 983	Programme 4: Regional Implementation and Support	To settle invoices for work done in respect of Acid Mine Drainage	44 983
Programme 1: Administration	Funds were shifted to Programme 6: International Water Cooperation to defray over expenditure in compensation of employees	1 540	Programme 6: International Water Co-operation	To fund budget shortfalls in compensation of employees	1 540
Programme 1: Administration	Funds were shifted to Programme 4: Regional Implementation and Support to defray over expenditure in compensation of employees	4 711	Programme 4: Regional Implementation and Support	To fund budget shortfalls in compensation of employees	4 711
Programme 5: Water Sector Regulations	Funds were shifted to Programme 4: Regional Implementation and Support to defray over expenditure in compensation of employees	3 343	Programme 4: Regional Management	To fund budget shortfalls in compensation of employees	3 343
Programme 1: Administration	Funds were shifted to Programme 2: Water Sector Management to defray over expenditure	16 995	Programme 2: Water Sector Management	To fund the development of information systems, maintenance thereof, and the support of the application.	16 995

Any other material matter

To prevent the recurrence of irregular, unauthorised, fruitless and wasteful expenditure an internal control unit headed by a director has been established which will enforce compliance and conduct regular inspections at head office and provincial offices (once capacitated). In addition, SCM policies, operations manual and delegations have been approved that will guide internal staff with procurement matters. In instances where irregular, unauthorised, fruitless and wasteful expenditures have been detected, the cases are reported to the Financial Misconduct Advisory Committee (FMAC) monthly to effect disciplinary action and take punitive measures against officials found guilty of transgressing.

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.

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, Water Trading Entity has revenue loss of R1.4 billion per annum. This has implications on the refurbishment and betterment of infrastructure assets.

Inventories

The total inventories on hand at year-end have been included in the Annexure on inventory.

Capacity constraints

The department has been consistently faced with capacity shortages when it comes to technical skills owing to among other things aging workforce and the inability to attract and retain young specialists as the occupational specific dispensation requirements are stringent. In an effort to mitigating this situation the department's approach for the year under review was to focus on reducing the vacancy rate for the scarce skills especially in the science and engineering fields. Through the learning academy, the department managed to place the highest number of qualified candidate engineers and scientist into permanent employment in key strategic work areas. These placements serve to increase the current human capacity needs of the Department, more so, in the future. The medium term plan is to increase the intake of graduate trainees by the Learning Academy, with a more bias towards the engineering fields.

Trading entities and public entities

Water Trading Entity

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 it presented its financial statement in compliance with Generally Accepted Accounting Practices (GAAP) for the first time at the end of 2005/6 financial year. It has converted from GAAP to General Recognized Accounting Practices (GRAP) which reports directly to the Accounting Officer of the Department of Water Affairs. The trading entity is divided into two parts namely, the Water Resource Management unit and the Infrastructure Branch.

Resource Management (Proto CMAs): 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.

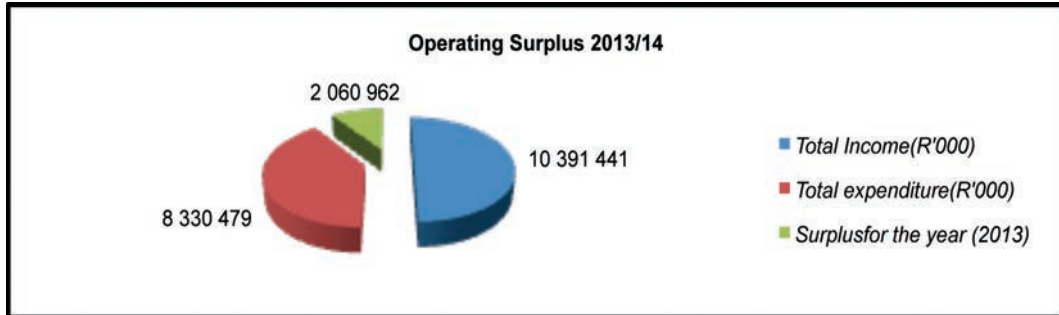
Bulk Water Supply Schemes: These are operated as standalone water schemes comprising primarily of the former homeland government schemes and agricultural sector is by far the largest consumer of water from this infrastructure.

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

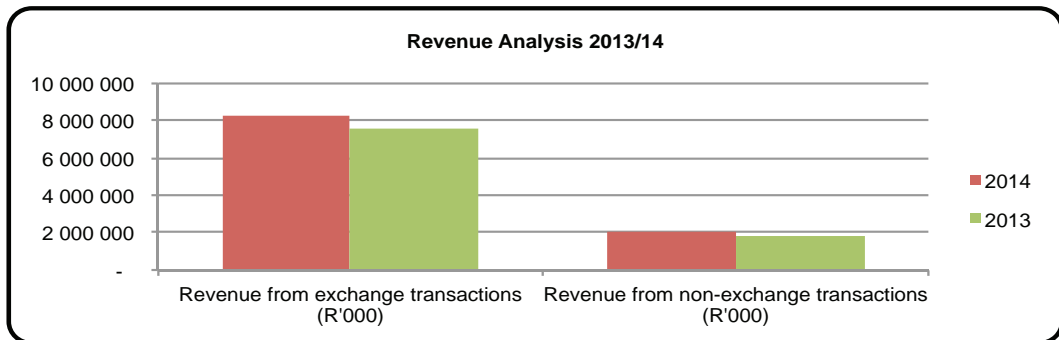
Operating Deficit: The Statement of Financial Performance depicted in figure 1 below reflects an operating surplus of R2 billion for the period ended 31 March 2014. This can be attributed to the increase on construction revenue and annual tariff increase. The operating expenditure increased from R2.5 billion in 2012/13 to R3.1 billion while the impairment of financial assets decreased from R1.1 billion in 2012/13 to R564 million in 2013/14. The entity wrote-off bad debts to the amount of R912 million during the financial year 2013/14.

Figure 1: Operating Deficit



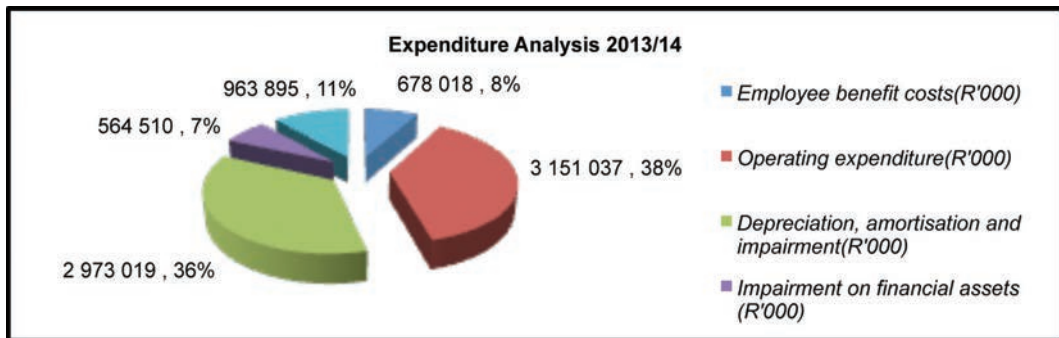
Operating Income (Revenue) Analysis: Income from operations depicted in figure 2 below has increased by 11% in the current year (i.e. from R9.4 billion in 2012/13 to R10.4 billion in 2013/14), as a result of the current year tariff adjustments, increase on construction revenue as well as improved billing processes. The increase on the revenue from non-exchange transactions from R1.82 billion to R2.09 billion is due to the increase in the allocation of the augmentation funds by the National Treasury.

Figure 2: Revenue Analysis



Total Expenditure Overview: the total expenditure depicted in figure 3 below has decreased from R9.5 billion in 2012/13 to R8.3 billion in 2013/14, due to the decline in the finance costs. The finance costs for the financial year 2012/13 reflected a higher amount due to the cash flow timing difference on off budget projects. The employee benefits costs have increased from R608 million in 2012/13 to R678 million in 2013/14, the increase was caused by the annual employee salary increase. The WTE aims to gradually reduce operating expenditure in real terms as operational efficiencies are realised.

Figure 3: Total Operating Expenditure



Liquidity

The current ratio of the entity has increased from 1.25:1 to 1.34:1 which indicates the entity has the ability to satisfy its current liabilities with its current assets available.

	2013/14	2012/13
Current ratio	1.34:1	1.25:1

Cash Flow from Operations

The entity has a net positive cash flow from operating activities amount to R6 billion. The positive cash balance is mainly attributed to the improvement in collection of debts through the implementation of the turnaround strategy and under spending on employee costs. The cash and cash equivalent reflects a positive balance of R1.9 billion as at 31 March 2014.

The return on assets

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

	2013/14	2012/13
Return on Assets	2%	0%

The return on assets reflects an increase of 2% as result of favourable surplus for the financial year 2013/14. The entity had reported deficit of R166 million in the previous financial year 2013/14.

The Debtors Days in Sales

The debtor's day's analysis reflects an improvement when compared to the prior year debtor's days of 208 days. The improvement on debt collection can be attributed to the appointment of a professional debt collector and efforts made by revenue to ensure that accounts of the top 100 customers are up to date.

	2013/14	2012/13
Debtor's days in Sales	190	208

Trans Caledon Tunnel Authority

The Trans-Caledon Tunnel Authority (TCTA) was established in 1986, by Notice 2631 in Government Gazette No. 10545, dated 12 December 1986, to finance and build the Delivery Tunnel North of the Lesotho Highlands Water Project (LHWP). In 1994 a directive was received to fulfil the financial obligations of the Government of South Africa, in terms of the Treaty, on the water transfer component in Lesotho.

On 24 March 2000, the Notice of Establishment was again amended by Notice 277 in Government Gazette No. 21017, to include the 1994 directive and to allow for the Minister, in terms of Section 24 (d) of the notice, to issue directives to TCTA in terms of Section 103(2) of the National Water Act (Act No. 36 of 1998). It is categorised as a Major Public Entity and listed in Schedule 2 of the Public Finance Management Act (Act 1 of 1999) (PFMA).

As the TCTA was originally established as a Special Purpose Vehicle to fulfil South Africa's Treaty obligations in respect of the Lesotho Highlands Water Project, it has undertaken further work, which varies considerably in nature, on directive from the Minister.

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 and 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. 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 augmentation of the transfer scheme from the Mooi into the Mgeni River Catchment.
- e) The Olifants River Water Resources Development Project Phase 2 [ORWRDP-2] comprises a 40-km distribution pipeline from De Hoop Dam, which feeds the De Hoop Water Treatment Works at Steel Bridge, and a pump station near Steelpoort, where it will interconnect with the Lebalelo Water User Association infrastructure and to the Mooihoek Treatment Works. The water from the dam is for the mining industry along the eastern Limb of the Bushveld Complex as well as for domestic consumers in the Sekhukhune District Municipality.
- f) The Komati Water Scheme Augmentation Project [KWSAP] augments the Komati Water Scheme through water transferred from the Vaal River, for the sole benefit of Eskom. The project entails the supply of approximately 57 Mm³/a, of water to Eskom's Duvha and Matla power stations in Mpumalanga. The primary purpose of the project was to ensure a secure second feed to Duvha power station, as the original feed from Witbank Dam could no longer be used due to the acidity of the dam water and to provide water for the new Kusile power station.
- g) The Mokolo Crocodile Water Augmentation Project [MCWAP] comprises a pump station and a 43-km pipeline from Mokolo Dam, parallel to and tying into existing infrastructure supplying Exxaro's Grootegeluk Mine, Eskom's Matimba power station, and Lephalale Local Municipality. It is required to increase by 30Mm³/a, the capacity of the scheme to supply water to the new Medupi power station, which is currently under construction.
- h) The Acid Mine Drainage Project is aimed at implementing the short-term intervention for the Western, Central and Eastern Basins of the Witwatersrand Goldfields, as recommended to the Inter-Ministerial Committee by a panel of experts. The short-term action plan was to stop decant in the Western Basin and to protect the Environmental Critical Level (ECL) in the Central and Eastern Basins. The project entails the implementation of infrastructure comprising water treatment plants, pumps and pipelines to pump, treat and release the treated water into the natural river system for each of the basins.
- i) The Mooi-Mgeni Transfer Scheme: Phase 1 comprises the refurbishment of the existing transfer scheme from Mearns Weir.
- j) The third Strategic Infrastructure Project (SIP-3) is both a spatial and a catalytic programme. As a spatial programme, it encompasses the manganese value chain that extends from the Northern Cape to the Eastern Cape and the transport linkages of the latter into KwaZulu-Natal. As a catalytic programme, it seeks to unlock economic opportunities in the Eastern Cape through significant investments in water, energy and transport infrastructure.
- k) The eighteenth Strategic Infrastructure Programme (SIP-18) is a nationwide programme, and encompasses the entire water supply infrastructure at national, regional, metro, district and local municipality levels. It aims to address the existing backlog of water provision to an estimated 1.4 million households, and basic sanitation to an estimated

2.1 million households. Through a decadal plan of new infrastructure, the rehabilitation and upgrading of existing infrastructure, and a renewed emphasis on the operations and maintenance of the latter, SIP-18 will guide water sector investments towards achieving overall water security, as well as equitable access to water and sanitation services for all South Africans. Water conservation and demand management options will complement the planning framework of new or upgraded infrastructure

Each of these projects is accounted for separately, 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 2013/14 financial year the TCTA was audited by Ernst & Young 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 summary of the financial information is as follows:

Fiscal year ended on 31 March 2014	2014 Actual	2013 Actual	% change
	R'000	R'000	
Construction Revenue	2 129 505	1 854 515	14.83%
Net deficit for the year	-2 229 190	-209 843	9.62%
Construction costs	2 129 505	1 854 515	14.83%
Other Operating expenses	-961 620	-938 039	2.51%
Other Operating income	-961 620	-938 039	2.51%
Net finance cost	-2 229 190	-209 843	9.62%
Non-current assets	26 216 874	28 831 025	-9.07%
Long term obligations	26 123 414	25 749 833	-1.45%
Accumulated surplus	4 044 553	6 274 242	35.54%

Water Research Commission

The Water Research Commission (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 Sanitation and reports directly to the Minister. It 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.

The WRC mainly derived its income from water research levies amounting to R177 million, but also obtained leverage income of R19.3 million. It managed 295 active research projects, initiated 87 new projects, managed to finalise 87 projects and published 79 research reports and products. A total of 484 students were supported by WRC-funded projects, of whom 46% were female and 401 or 83% of the total number of students were from previously disadvantaged groups.

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. Additionally, it extended its support of Mini-SASS, the simplified version of the Stream Assessment Scoring System. During 2013/14 the MiniSASS Web-based data management was finalised and ready for use. The data portal was successfully tested through the participation of a number of schools. Communities will now be able to upload their research and/or monitoring data in this portal. The WRC also published the highly popular Water@Work, a Career Guide for high school learners, which is intended as an overview of career paths available in the world of water.

During the 2013/14 financial year a qualified audit opinion was expressed by the Auditor-General. The statements of financial position and financial performance and data for the 2013/2014 financial years are presented as follows:

Fiscal year ended on 31 March 2014	2014 Actual	2013 Actual	% change
	R'000	R'000	
Revenue	202 446	193 090	4.8
Operating expenditure	(204 252)	(196 470)	3.9
Net deficit for the year	(1 806)	(3 380)	46.6
Property, plant and equipment	10 999	11 453	(3.9)
Intangibles	2 276	2 574	(11.6)
Investment	11 585	9 169	26.3
Current assets	190 311	130 438	45.9
Accumulated surplus	94 816	96 622	(1.8)
Long term liabilities	4 303	5 496	(21.7)
Current liabilities	116 052	51 516	125.3

Water Boards

Water Boards (WBs) are created through Chapter 6 of the Water Services Act, Act 108 of 19197 (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, Act No 1 of 1999, and is classified as a schedule 3B entity (National Government Business Enterprise), which is required to be self-funding.

The primary activity of a WB is to provide water services (bulk water and sanitation) 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 any other activities as defined by the WSA. These contracts form the basis of funding (revenue generation) for a water board. WBs statutory reporting requirements include annual reports, quarterly reports, policy statements, shareholder compacts and business (corporate) plans.

During the 2012/13 financial year the consolidated water volumes sold was 2.52 billion kiloliters with water sales at R11.54 billion.

During the 2012/13 financial year ten (10) of the twelve (12) water boards received unqualified audit reports. The consolidated income and expenditure for the 12 water boards in the 2012/13 financial year and variances between actual and budget is summarised in the following table.

Actual budget vs. actual income statement June 2013	Actual	Budget	Variance	Variance
	R000	R000	R000	%
Volume sold	2 520 471 388	2 531 871 900	-11 400 512	-0.45%
Sales	11 540 800	11 559 319	-18 519	-0.16%
Cost of sale	3 885 407	4 009 970	-124 563	-3.11%
Gross profit	7 655 393	7 549 349	106 044	1.40%
Other income	1 034 984	870 572	164 412	18.89%
Operating cost	7 001 733	6 884 562	-117 171	-1.70%
Direct labour	2 124 270	2 299 951	175 681	7.64%
Energy	1 808 057	1 851 798	43 741	2.36%
Maintenance material	259 986	269 950	9 964	3.69%
Chemical/purification	319 207	337 321	18 114	5.37%
Depreciation	670 527	576 277	-94 250	-16.35%
General expenses	1 666 539	1 421 210	-245 329	-17.26%
Other expenses	153 147	128 055	-25 092	-19.59%
Operating surplus (deficit)	1 688 644	1 535 359	153 285	9.98%
Net interest	230 584	151 462	79 122	52.24%
Other comprehensive income (cost)	1 073 344	7 662	1 065 682	13908.67%
Net surplus (deficit) for period	2 992 572	1 694 483	1 298 089	76.61%

A total of R2.48 billion was invested in water and sanitation infrastructure during the 2012/13 financial year and this expenditure and variances between actual and budget is summarised in the following table.

Water board	Actual 2012/2013	Budget 2012/2013	R over (under) spend	% over (under) spend	Budget 2014
Amatola	13 740	36 578	-22 838	-62.4%	43 363
Bloem	132 969	59 200	73 769	124.6%	137 100
Lepelle Northern	67 650	145 770	-78 120	-53.6%	235 893
Magalies	51 254	132 686	-81 432	-61.4%	442 991
Mhlathuze	35 196	124 754	-89 558	-71.8%	120 542
Overberg	2 463	4 211	-1 748	-41.5%	705
Rand	1 649 062	1 706 000	-56 938	-3.3%	2 892 670
Sedibeng	55 613	89 840	-34 227	-38.1%	118 342
Umgeni	476 117	944 812	-468 695	-49.6%	880 745
Total	2 484 064	3 243 851	-759 787	-23.4%	4 872 351

The total variance on capital expenditure (CAPEX) for all water boards is an under expenditure by 23.4% for the 2012/13 financial year which is a deterioration over the under expenditure of 9.7% achieved during the 2011/12 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.

Catchment Management Agencies

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 manage water resources at a catchment level through continuous engagement with all stakeholders and devolve 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 as well as development.

There are currently two operational CMAs in the country namely the Inkomati CMA (ICMA) and the Breede-Overberg CMA (BOCMA) and they receive grant funding from the Department. During the 2013/14 financial year, R35 674 642 was transferred to the ICMA and R23 624 000 was transferred to the BOCMA for the implementation of their functions according to their annual performance plans approved by the Minister.

In terms of the revised nine water management areas, the Inkomati CMA has been re-aligned to the Inkomati-Usuthu CMA and the Breede-Overberg CMA has been re-aligned to the Breede-Gouritz CMA. Two other CMAs have been gazetted as established, i.e. Limpopo-North West and Pongola-Umzimkulu CMAs. The Olifants CMA has been gazetted for public comments and the Vaal, Berg-Olifants, Orange and Mzimvubu-Tsitsikamma are at various stages of stakeholder engagements processes.

The Inkomati Catchment Management Agency statements of financial position and financial performance and data for the 2013/ 2014 financial year are presented as follows:

Fiscal year ended on 31 March 2014	2014 Actual	2013 Actual
	R'000	R'000
Revenue	32 273 864	22 327 186
Operating expenditure	(43 464 737)	(35 698 781)
Net surplus (deficit) for the year	(6 969 003)	(13 361 595)
Property, Plant and equipment	2 984 607	2 818 100
Current assets	14 828 612	15 777 743
Current liabilities	10 640 556	4 994 384
Non-executives: remuneration	885 800	1 492 161
Executives: remuneration	2 211 444	332 805

The BOCMA statements of financial position and financial performance and data for the 2013/ 2014 financial year are presented as follows:

Fiscal year ended on 31 March 2014	2014 Actual	2013 Actual
	R'000	R'000
Revenue	23 625 000	19 000 000
Operating expenditure	(26 268 423)	(23 473 970)
Net surplus (deficit) for the year	(2 279 291)	(4 049 941)
Property, Plant and equipment	950 192	1 312 509
Current assets	4 963 035	7 823 483
Current liabilities	904 228	1 907 984
Non-executives: remuneration	328 493	412 933
Executives: remuneration	2 898 992	2 774 157

Komati Basin Water Authority

The Komati Basin Water Authority was established in terms of a treaty between South Africa and Swaziland. The aim of the authority is to manage the water resources of the Komati River basin sustainably. The authority is responsible for financing, developing, operating and maintaining the water resources infrastructure in the basin, comprising the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland.

Public private partnerships (PPP)

There were no public private partnerships during the year under review.

Corporate governance arrangements

In line with best practices, King III report on corporate governance and the Public Sector Risk Management Framework the Department has adopted the Public Sector Risk Management framework. It also has approved its risk management policy and procedures. In order to enhance the risk management in the department, risk champions in each branch monitor the implementation of the policy and quarterly report in the risk champion forum. The chief risk officer consolidates the quarterly reports and prepares an annual risk report for management review.

In July 2013, the Department approved a Fraud Prevention Plan which sets down the Department's stance on fraud and corruption and reinforces the existing systems, policies, procedures, rules and regulations aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption. This Fraud Prevention Plan was developed after taking into account the fraud and corruption risks that were identified during the fraud and corruption risk assessments and sets out how fraud and corruption will be reduced in the Department.

The department has an independent internal audit that serves both the Main Exchequer Account and the Water Trading Entity with objective assurance and advisory services designed to add value and improve the department's operations. The internal audit may also conduct investigations and special assignments that are requested by senior management. Its activities were implemented in line with the annual operational plan which was approved by the audit committee as per the treasury regulation prescripts.

The Audit Committee, on the other hand, is a statutory committee of the Department constituted in terms of the Public Finance Management Act No.1 of 1999 (PFMA) as amended. It is established to serve as an independent governance structure whose function is to provide an oversight role on the systems of internal control, risk management, and governance. It thus assists the Accounting Officer (DG) in the effective execution of his/her responsibilities with the ultimate aim of the achievement of the department's objectives. It also reviews the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of internal audit with significant findings and the responses of management to specific recommendations.

The Department has established governance structures that meet on predetermined intervals to deal with their business as contained in their respective terms of references. These structures include the Executive Committee (EXCO); Top Management and Management Committee (MANCO).

In an effort to minimise the conflict of interest within supply chain management, the members of all procurement committees disclose their interests or lack thereof in every meeting attended. If any committee member declares an interest, they are excused from the procurement process, and in instances where any member does not declare but is found to have interest, their influence is investigated and disciplinary action is taken against the said member. In every financial year the Department requires all officials to declare companies where they have interests. Also, suppliers that conduct business with the Department are required to submit their declaration of relations with departmental and public service employees.

The department has a supply chain management code of conduct that is signed by the Departmental Bid Adjudication Committee and its sub-committees namely the regional bid adjudication and sub bid adjudication committees.

The Department has appointed all Deputy Directors-General and Heads of Departmental Provincial offices to be responsible for the Occupational Health and Safety; which is in line with section 16.2 of the Occupational Health and Safety Act. A number of policies (including personal protective equipment, occupational health and safety) have been approved with the implementation of OHSAS 18001 system in progress. Routine inspections and risk assessments are conducted and reports sent to responsible people for corrective actions. The Departmental National Occupational Health and Safety Committee meets quarterly to discuss OHS matters and come up with solutions.

Discontinued activities/activities to be discontinued

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

New/proposed activities

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

Asset management

All acquired assets have been captured in the asset register. The asset register meets the minimum requirements set out by National Treasury and is in line with what is required in terms of Modified Cash Based Accounting.

The challenges on asset management are on the Regional Bulk Infrastructure programme. This is as a result of dependencies on engineers and municipalities to provide supporting documents to ensure completeness as required by the prescripts.

Inventories

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

Events after the reporting date

The department was reconfigured to be the Department of Water and Sanitation under the executive leadership of Minister Mokonyane and Deputy Minister Tshwete.

Information on predetermined objectives

The reporting on predetermined objectives is sourced from the quarterly progress reports of the six (6) departmental budget programmes that are consolidated to produce an annual departmental report. The current process used to assess the achievement of predetermined objectives is allocating traffic light colours of green, yellow and red for achieved, partially achieved and not achieved respectively. Green is allocated for a 100% and above achievement; yellow for a 50% to 99% achievement and red for an achievement below 50%. The allocation of the traffic light colours is guided by the quarterly and annual targets that were determined during planning.

For each quarter, a management committee (MANCO) containing, directors, chief directors, the deputy directors-general, the director-general and the Executive Authority is convened to review the department's progress in achieving its targets. Emphasis is placed on the partial and non-achieved areas and the relevant managers are required to present their recovery plans to ensure achievement in the subsequent quarters. To improve the quality of the progress report that will be adopted by MANCO, individual sessions are convened with programmes. The progress report is thus adopted in a MANCO meeting and submitted to the Accounting Officer and the Executive Authority for sign off and subsequently submitted to the National Treasury.

In the second quarter of the period under review, the Department conducted a SMART analysis of the 2013/14 Annual Performance Plan (APP). This was to ensure that the APP was easily measurable and monitored within the automated monitoring and evaluation system (M&E). Some of the programme performance indicators (PPIs) in the APP were found not to be SMART and thus could not be recorded in the M&E in their current state. As the identified PPIs were qualitative, they could not be recorded in the system as only quantitative indicators can be recorded. The Department therefore decided to revise these PPIs so that they can be easily monitored. The result of this revision was the conversion of some indicators to percentages and the separation or splitting of other indicators. Details on the changes are indicated in the relevant programmes.

In the third quarter of the period under review, the department started using the automated monitoring and evaluation system containing balanced score cards. From this system a dashboard of the department's performance is available and the performance trends are now easily determined. Although the system is in a pilot phase, it has enhanced the department's planning, reporting and document management. As it is currently depicting the departmental scorecard (i.e. dashboard), the plan for the upcoming financial year is to make sure that it is used to depict dashboards for the various programmes.

Exemptions and deviations received from the National Treasury

The Department did not receive any exception from the PFMA or Treasury Regulations during the period under review.

Interim Financial Statements

Interim financial statements were issued for various quarters of the financial year that depicted a true and fair view of the financial performance, financial position, changes in net assets and cash flows of the department at the end of each quarter. The interim financial statements were prepared on a modified cash basis of accounting and the National Treasury-determined Framework as prescribed in the PFMA and Treasury Regulations and the relevant guidelines issued by the National Treasury.

Other

None.

Approval

The Annual Financial Statements set out on pages 193-279 and 288-328 have been approved by the Accounting Officer.



Accounting Officer
Trevor Ian Balzer
31 May 2014

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LIST OF ABBREVIATIONS/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
APP	Annual Performance Plan
AU	African Union
BDS	Bulk Distribution System
BNC	Bi-National Commission
BOCMA	Breede – Overberg Catchment Management Agency
BWP	Berg Water Project
BWS	Bulk Water Scheme
CCWA	Conservation Council of Western Australia
CMA	Catchment Management Agency
COGTA	Cooperative Governance and Traditional Affairs
CRR	Cumulative Risk Rating
DAFF	Department of Agriculture Forestry and Fisheries
DEA	Department of Environmental Affairs
DM	District Municipality
DMR	Department of Mineral Resources
DoRA	Division of Revenue Act
DPME	Department of Performance Monitoring and Evaluation
DRC	Democratic Republic of Congo
DTI	Department of Trade and Industry
DWA	Department of Water Affairs
EC	Eastern Cape
ECOMAG	A division of REAG Tekna, American Appraisal Group specialising in environmental consulting, energy, engineering and health and safety
EHWP	Employee Health and Wellness Programme
EMP	Environment Management Programme
EWSETA	Energy and Water Sector Education and Training Authority
FMAC	Financial Misconduct Advisory Committee
FS	Free State
GDARD	Gauteng Department of Agriculture and Rural Development
GIZ	Gesellschaft für Internationale Zusammenarbeit
GLeWAP	Greater Letaba River Water Resources Project
GP	Gauteng Province
GRAP	Generally Recognised Accounting Practice
GT	Graduate Trainee

ABBREVIATION/ ACRONYM	DESCRIPTION
Ha	Hectares
HDI	Historically Disadvantaged Individual
ICMA	Inkomati Catchment Management Agency
IT	Information Technology
JICA	Japan International Cooperation Agency
JSMC	Joint Study Management Committee
KOBWA	Komati Basin Water Authority
KPI	Key Performance Indicator
KWSAP	Komati Water Scheme Augmentation Project
KZN	KwaZulu-Natal
LAN	Local Area Network
LG	Local Government
LGSETA	Local Government Sector Education and Training Authority
LHWP	Lesotho Highlands Water Project
LIMCOM	Limpopo Watercourse Commission
LM	Local Municipality
LP	Limpopo
MCWAP	Mokolo Crocodile Water Augmentation Project
MMTS	Mooi-Mngeni Transfer Scheme
MoU	Memorandum of Understanding
MP	Mpumalanga
MWIG	Municipal Water Infrastructure Grant
NC	Northern Cape
NDP	National Development Plan
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
NIWIS	National Integrated Water Information System
NPA	National Prosecuting Authority
NW	North West
NWRS	National Water Resource Strategy
O & M	Operations and Maintenance
ODA	Official Development Assistance
ORASECOM	Orange Senqu River Commission
ORIO	Facility for Infrastructure Development
ORWRDP	Olifants River Water Resource Development Project
OSRLB	Orange Senqu River Learning Box
PA	Performance Agreement
PAIA	Promotion of Access to Information Act
PDP	Personal Development Plan

ABBREVIATION/ ACRONYM	DESCRIPTION
PFMA	Public Finance Management Act
PPI	Programme Performance Indicator
PPP	Public Private partnership
PSETA	Public Service Sector Education and Training Authority
PSP	Professional Service Provider
RAP	Relocation Action Plan
RB	River Basin
RBIG	Regional Bulk Infrastructure Programme
RHP	River Health Programme
ROA	Return on Assets
RPF	Resource Poor Farmer
RQO	Resource Quality Objective
RSA	Republic of South Africa
RWSSP	Regional Water Supply and Sanitation Programme
SADC	Southern African Development Community
SALGA	South African Local Government Authority
SANRAL	South African National Road Agency Limited
SAP	Systems Application Program
SAPS	South African Police Service
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SIWI	Stockholm International Water Institute
SMART	Specific, Achievable, Attainable, Realistic and Time-bound
SMS	Senior Management Service
SWWW	Stockholm World Water Week
TCTA	Trans Caledon Tunnel Authority
TR	Treasury Regulations
UNCSD	United Nations Conference on Sustainable Development
UNESCO	United Nations Education Science Organisation
UNFCCC	United Nations Framework Convention on Climate Change
USA	United States of America
VCT	Voluntary Counselling and Testing
VRESAP	Vaal River Eastern Subsystem Augmentation Project
WAR	Water Allocation Reform
WB	Water Board
WC	Western Cape
WC/DM	Water Conservation and Demand Management
WEF	World Economic Forum

ABBREVIATION/ ACRONYM	DESCRIPTION
WfGD	Water for Growth and Development
WISA	Water Institute of Southern Africa
WMA	Water Management Area
WMS	Water Management System
WRC	Water Research Commission
WRIM	Water Resources Information Management
WSA	Water Services Authority
WSLG	Water Sector Leadership Group
WTE	Water Trading Entity
WTW	Water Treatment Works
WUA	Water User Association
WULA	Water Use License Application
WWD	World Wetlands Day
WWF	World Water Forum
WWTW	Wastewater Treatment Works

GENERAL INFORMATION



PART A



1 STRATEGIC OVERVIEW

1.1 Vision

Safe water for all forever.

1.2 Mission

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

1.3 Values

Transparency	we fulfil our mandate in an ethical 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 African's people

1.4 Strategic outcome oriented goals

No	Strategic outcome oriented goals	Strategic objectives
1	An efficient, effective and development oriented sector leader	Improve and increase the skills pool and build competencies in the Department and within the sector Effective and efficient internal control environment Implement programmes that create job opportunities Improve water resources and water services information Coordinate regional and global water cooperation Ensure effective performance of water management and services institutions
2	Equitable and sustainable provisioning of raw water	Ensure the availability of/access to water supply for environmental and socio-economic use Improve equity and efficiency in water allocation Strengthen and implement strategies for water management in the country Improve water use efficiency
3	Provision of equitable and sustainable water services of acceptable quantity and quality	Ensure compliance to water legislation Support the water sector
4	Protection of freshwater ecosystems	Ensure compliance to water legislation Improve the protection of water resources and ensure their sustainability



2 LEGISLATIVE AND OTHER MANDATES

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

2.1 The Constitution of the Republic of South Africa

The Constitution sets out water resources management as a national competency. It also states that everyone has a right to an environment that is not harmful to their health or well-being and supports socially justifiable economic development.

The Constitution indicates the rights of individuals to have access to basic water and sanitation and sets out the institutional framework for the provision of these services. It gives municipalities the executive authority and the right to administer the provision of water services within their areas of jurisdiction.

The Constitution gives national and provincial government authority to regulate local government in term of water services. It further gives them the obligation to support and strengthen the capacity of local government to provide services.

2.2 The National Water Act, 1998 (Act No. 36 Of 1998)

The National Water Act seeks to ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of all people.

The Act assigns the national government as the public trustee of the water resources. Acting through the Minister, it has the power to regulate the allocation, use, flow and control of all water in the Republic.



2.3 The Water Services Act, 1997 (Act No. 108 of 1997)

The Water Services Act prescribes the legislative duty of municipalities as water service authorities to supply water and sanitation according to national norms and standards. In addition, it regulates Water Boards as important water service providers. This Act compels the Minister to maintain a National Water Services Information System and to monitor the performance of all water services institutions.

Currently, the provision of sanitation is governed by the Strategic Framework on Water Services (2003) and the Water Services Act. The Department's mandate is to develop policy, to regulate and oversee the provision of sanitation. The Department of Human Settlements on the other hand drives the sanitation policy review process which will result in the clarification of roles and responsibilities regarding sanitation.

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

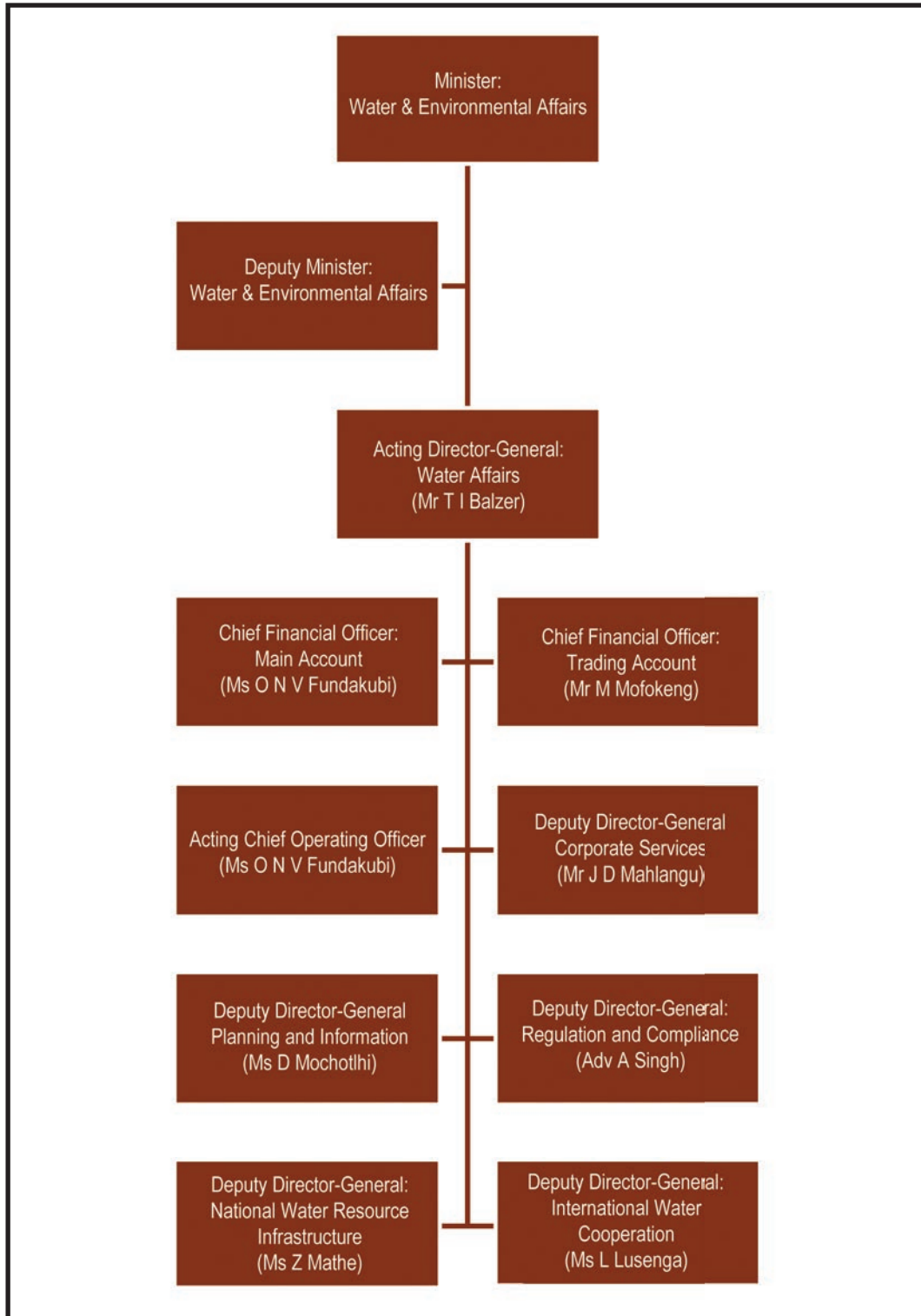
This Act established the Water Research Commission and the Water Research Fund and thus promotes water related research. The Minister appoints members of the Water Research Commission (the Commission) and thus exercises executive oversight over the Commission.

2.5 Policy mandates

The fundamental principle underlying the water policy is the management of water resources to ensure equitable access, sustainable use as well as efficient and effective water use for optimum social and economic benefit. The synopsis of water related policies is provided below:

- 2.5.1 The *White Paper on a National Water Policy for South Africa* adopted in 1997 contextualises the development of a new water law in post democracy South Africa. It outlines the direction for the development of water law and water management systems which will take the country into the next century.
- 2.5.2 The *Strategic Framework for Water Services* adopted in 2003 sets out the national framework for the water services (i.e. water supply and sanitation) sector. The framework provides the vision for the water services in the country and outlines the framework that will enable this vision to be achieved.
- 2.5.3 The *National Water Resource Strategy* adopted in 2004 sets out the framework (i.e. strategies, plans and institutional arrangements) within which the country's water resources will be managed. It provides information about the present and future availability of and requirements for water in respective water management areas and proposes interventions by which these may be reconciled. It also quantifies the proportion of available water in each water management area.

3 ORGANISATIONAL STRUCTURE



4 ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister

No	Name of Entity	Legislative Mandate	Financial Relationship R000's	Nature of Operations
1	Trans Caledon Tunnel Authority (TCTA)	The TCTA was originally established as a Special Purpose Vehicle to fulfil South Africa's Treaty obligations in respect of the Lesotho Highlands Water Project. It has undertaken further work, which varies considerably in nature, on directive from the Minister	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 2013/14 was R3 630 billion	The current projects under their management are the: <ul style="list-style-type: none"> • Lesotho Highlands Water Project (LHWP) • Berg Water Project (BWP), • Vaal River Eastern Subsystem Augmentation Project (VRESAP), • Mooi-Mgeni Transfer Scheme Phase 2 (MMTS-2), • Olifants River Water Resource Development Project (ORWRDP) – Phase 2C, • Komati Water Scheme Augmentation Project (KWSAP) • Mokolo and Crocodile River (West) Water Augmentation Projects – Phase 1 (MCWAP-1) • Short term intervention for Acid Mine Drainage (AMD) on the Witwatersrand • Refurbishment of Mooi-Mgeni Transfer Scheme Phase 1 (MMTS-1) • Strategic Infrastructure Projects 3 and 18
2	Water Research commission (WRC)	To facilitate research in the water sector	The Department collects the levies charged as part of the water use charge through the Water Trading Entity and pays them over to the WRC. The Minister of Water and Environmental Affairs approves the WRC's annual budget which was R230 190 890 for the 2013/14 financial year	The WRC promotes co-ordination, cooperation and communication in the area of water research and development. It also establishes water research needs and priorities. As well as stimulate and fund water research according to priority. It promotes effective transfer of information and technology and enhances knowledge and capacity building in the water sector.
Catchment Management Agencies (CMA)				
3	Inkomati (ICMA)	Water Resource Management	The Department transferred R35 674 642 to ICMA	Water resource management: Catchment Management Strategy Registered wasted use Authorised Water use Water User validation Stakeholder engagement. Resource Poor Farmers Facilitated and supported



No	Name of Entity	Legislative Mandate	Financial Relationship R000's	Nature of Operations
4	Breede Overberg (BOCMA)	Water Resource Management	The Department transferred R23 624 to BOCMA	Catchment Management Strategy Registered wastes Authorised Water use Water User validation Stakeholder engagement. Resource Poor Farmers Facilitated and supported
Water Boards				
5	Amatola Water	All Water Boards provide bulk water services to the municipalities, industries and the mines	R542 477	Water Board are regarded as key customers and have a total budget of R14 722 609. Quality potable bulk water supplied to water service institutions; infrastructure development and job creation.
6	Botshelo Water		R141 553	
7	Bushbuckridge Water		R168 278	
8	Bloem Water		R410 241	
9	Lepelle Northern Water		R469 863	
10	Magalies Water		R347 802	
11	Mhlathuze Water		R812 413	
12	Overberg Water		R35 499	
13	Pelladrift Water		R25 331	
14	Rand Water		R8 744 895	
15	Sedibeng Water		R736 721	
16	Umgeni Water		R2 287 536	



5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements contained in Part E have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

As the Accounting Officer I am responsible for the preparation of the 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 performance information, human resources information and the annual financial statements.

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and financial affairs of the Department for the financial year that ended on 31 March 2014.

Yours faithfully

Trevor Ian Balzer
Accounting Officer
Date: 31 May 2014

PERFORMANCE INFORMATION



Main Account

1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Reference is made to the AGSA report for Vote 38, pages 16-56 and set out on pages 188-192 in Part E: Financial Information of this annual report.

2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

Equitable and sustainable provision of raw water

In ensuring the realisation of its goal of equitable and sustainable provision of raw water, the department had committed to roll out an infrastructure built programme that entailed developing new water resources and water services infrastructure as well as rehabilitating existing water resources infrastructure. To ensure water security, it also planned to develop and update reconciliation strategies as well as complete and initiate feasibility plans. In support of rural development, plans were in place to support resource poor farmers and install rainwater harvesting tanks.

Within the water infrastructure planning environment the Mbombela reconciliation strategy was developed and twelve existing reconciliation strategies were updated. Delays were however experienced in the initiating the Vioolsdrift feasibility plan for water resource development. As this is a joint project between South Africa and Namibia, the agreement to initiate the project took longer than expected. Further delays were experienced in completing the Ncwabeni and Western Cape Augmentation feasibility plans. An appeal against the Ncwabeni environmental authorisation was received and had to be considered; as for the Western Cape Augmentation feasibility plan, the environmental authorisation is still outstanding.

Within the infrastructure built programme, the department achieved its target of impounding the De Hoop dam and completing the construction of the Spring Grove dam. The regional bulk infrastructure also managed to complete seven projects of which three are in the Free State, two are in Mpumalanga and the other two are in KwaZulu-Natal and the Western Cape respectively. The implementation of Olifants River Water Resource Development Project bulk distribution system in particular was delayed due to the users not signing the off-take agreements and the differences in the funding and implementation model between the department and the commercial users. The department is negotiating with the commercial users to contribute funds in implementing the project and where they cannot afford to contribute upfront, the department is considering the option of borrowing the money from the financial market to ensure that the project is implemented on time.



Other delays were experienced in progressing and completing other water infrastructure projects as some were affected by labour unrests, inclement weather patterns and appeals against records of decision.

The year under review also saw a number of service delivery protests that warranted the reprioritisation of some of the department's funds. To ensure service delivery, the department therefore collaborated with Departments of Human Settlements (DHS) and Cooperative Government (DCoG) in an accelerated sanitation programme with the intention of converting the bucket sanitation system into primarily water borne system where adequate water infrastructure and bulk sewer networks exist.

The support to rural development saw additional requests to support resource poor farmers within Mpumalanga, Eastern Cape and Western Cape. This resulted in the department having to support more resource poor farmers than planned. The plan to install rainwater harvesting tanks on the other hand experienced delays as prolonged flooding in the targeted areas especially in the North West, Limpopo and Mpumalanga rendered the areas inaccessible and the material could thus not be delivered.

Provision of equitable and sustainable water services of acceptable quantity and quality

In contributing to the achievement of this goal, the department planned to regulate compliance of targeted drinking water treatment systems and also support water services authorities that scored below 50% in associated the Blue Drop certification. In addition, plans were put in place to support water service authorities in water conservation management, preventing water quality and effluent quality incidents, providing interim or basic water supply in priority district municipalities and refurbishing prioritised schemes.

During the year under review the department managed to regulate 913 drinking water treatment systems. Of concern is the poor compliance with water quality norms and standards within certain municipalities resulting in associated communities experiencing water quality problems. To mitigate this, the department developed and is rolling out the implementation protocol on enforcement for pollution activities. In addition, lack of skilled technical personnel from the local government sphere compromises the quality and integrity of water quality data. In view of this the department published draft regulation 17 on training and registration of technical staff for comments and an memorandum of understanding (MOU) on the professionalisation of process controllers was developed for signature between the department and WISA.

The department's support programmes, particularly the accelerated community infrastructure programme (ACIP) continued to experience challenges as lack of operations and maintenance within local government negatively impact on the sustainability of the projects. In addition, as most water service authorities do not prioritise water conservation and therefore do not budget for it, the expectation is that the department must continue to related local government programmes despite the budget limitations. During the year under review, the department funded water conservation programmes through ACIP to avoid the regression of the circumstances.

Inadequate municipal implementation, monitoring and reporting of water conservation and demand management within their respective municipalities resulting in a threat to the security of water supply to municipal water users, lack of data and information. In view of this, the department has developed an incentive based management system on water conservation and demand management (also known as No Drop) that is being rolled as part of the Blue Water Service Audit.

Through the municipal water infrastructure grant (MWIG), the department managed to provide over 40 000 households with basic or interim water supply in the prioritised district municipalities. Despite this achievement, challenges were experienced with MWIG as it is a schedule 5B direct transfer to municipalities. Therefore, discussions were convened with National Treasury to convert allocations for underperforming municipalities from schedule 5B to 6B with the rest remaining as schedule 5B to avoid delays in the implementation of projects and also have total control over the grant.

Protection of freshwater ecosystems

In ensuring the protection and sustainability of the water resources, the department planned to regulate wastewater treatment collector systems, complete the institutional option for economic regulation and conduct compliance monitoring in targeted mines and dams. In addition, plans were in place to implement the river health programme and complete water infrastructure projects to prevent the pollution of water resources.

Through collaborations with certain provincial departments, the River Health Programme was implemented in 118 rivers as planned. Regulation also achieved its planned targets of assessing 967 wastewater treatment collector systems, completing the institutional option for economic regulation, evaluating 188 dams for compliance with dam safety regulations and monitoring 114 mines.

Despite these achievements, the limited understanding of the severity of water crimes by the justice system resulting in the transgressors being dealt with leniently is still a concern. To mitigate this, the department convened ad hoc training with the South African Police Service (SAPS) and the National Prosecuting Authority (NPA) with the intention to sign an instrument of cooperation whilst the long term solution of improving cooperation and training with the judiciary system is being developed.

Delays were experienced in completing the water infrastructure projects that prevent the pollution of water resources. Two wastewater treatment works were completed. The Central and Eastern Basin short term mitigation measures as well as the Witwatersrand long term solution experienced delays as industrial action and delays in finalising funding mechanisms occurred.

Efficient, effective and development oriented sector leader

In ensuring the achievement of this goal, the department planned to inter alia improve water resource information, ensuring effective water institutions, implement programmes that create job opportunities and coordinate regional and global water cooperation.

During the year under review, the prototype for the national integrated information system that seeks to improve the management of water resource information was developed and over 50 000 job opportunities were created when implementing some of the department's programmes.

With regards to water institutions, the realignment of the Nkomati-Usuthu catchment management agency (CMA) was completed with delays experienced with the realignment of the Breede-Gouritz CMA as the vastness of the area resulted in the consultation taking longer than expected. The year under review saw the disestablishment of three water boards with the increased debt owed by municipalities to water boards one of the contributors to the financial non-viability of some water boards. To mitigate this increasing debt to water boards, a dispute resolution mechanism for resolving the disputes between water boards and municipalities was developed.

Most of the planned regional and global water cooperation activities were achieved with nine existing Africa partnerships and three trans-boundary water management projects implemented. In addition, two new strategic partnerships were established with countries outside Africa, five were implemented with countries outside Africa and eight projects received organisational development assistance. Delays were experienced in the completion of the RSA-DRC project due to political instability in the region.

2.2 Service Delivery Improvement Plan

The tables below highlight the service delivery plan and the achievements to date.

Table 1: Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Reserve determinations	All water users (across sectors)	All water users (across sectors)	Reserves determined per ad hoc license applications, i.e. 288 per annum	117 of 288 reserves determined
Provision of integrated water information services	All identified clients and stakeholders.	All water users (across sectors)	Products & services available on time, cost effectively and within brief	Prototype System development completed, state of water resources report
Capacity building and skills development	Water Services Authorities and Water Services Providers DWA Regional Offices	Water Services Authorities and Water Services Providers DWA Regional Offices	Effective, efficient and sustainable water services institutions that are accountable and responsive to those that they serve	52 WSAs supported with councillor development programme
Billing of clients on time and accurately	Water Users	Water Users	Billing and invoice to be done within 30 days of consumption	Billing and invoice was done within 30 days of consumption
Effective debt management	Water Users	Water Users	Debtor's days to be 60	Debtors days are at an average debtors of 304 days
Effective customer relations	International and external stakeholders	International and external stakeholders	Response time in 5 days every month	The response time was in 5 days every month
Activate 100% of all existing voicemail facilities	Public & DWA	Public & DWA	Activate 100% all existing staff voicemail facilities	100% of all existing voicemail facilities activated
Respond to 100% of complaints/queries done via e-mail and voice mails within 48 hours	Internal and external clients	Internal and external clients	Acknowledge receipt to all (i.e. 100%) complaints/queries to the Department within 48 hours	Acknowledgement receipts were sent to all (i.e. 100%) complaints/queries to the Department within 48 hours
Support municipalities in emergency cases relating to shortages in water supply	Local Government CoGTA Public	Local Government CoGTA Public	Respond to 70% of all request for advice and/or support to municipalities in dealing with emergency incidents related to water supply within 24 hours	Responded to 70% of incidents reported within 24 hours
Emergency intervention to water pollution incidents	Public	Public	Take action within 24 hours from being notified of significant water pollution incidents	Action is taken within 24 hours from the period of notification
Payment of all invoices within 30 days receipt	Service providers and creditors	Service providers and creditors	Pay 100% of all invoices within 30 working days on receipt of correctly completed invoices	82% of all Main Account invoices were paid within 30 working days. On average the WTE pays within 37 days

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	Water users	Water users	100% infrastructure maintained according to standards	70% of planned infrastructure maintained was maintained
	Water users	Water users	Access: 90% Increase water storage capacity for water security and availability for social economic development	
Facilitate effective water services management WSA's through functional WSDPs/IDP assessment as well as associated process and tools	WS Sector, (specifically WSAs) and business	WS Sector, (specifically WSAs) and business	Professional and quality water management and planning in municipalities	A total of 156 municipalities were supported with IDP assessments. A national bulk master plan was developed
Enforcement actions taken against unlawful water users	All water users	All water users	Number of enforcement actions taken against unlawful water users	Five criminal cases were opened and five were resolved.
Responding to Presidential hotline queries within prescribed timeframe	Members of the public	Members of the public	100% responses within timeframe	91% or received calls were resolved. The department received 276 calls of which 252 have been resolved and 24 are active.
Responses to media queries on work of the Department	Journalists/Media companies	Journalists/Media companies	100% of media queries responded to	100% media responses within the requested timeframes
Response to Parliament	Members of Parliament	Members of Parliament	99% responded to within time frame	100% of parliamentary questions are responded to within the required annual cut off period.
Percentage of PAIA requested processed and finalised within timeframe (60 days)	Members of public	Members of public	100% request finalised within timeframe	70% PAIA requests finalised within required timeframes
Timeous responses to Chapter 9 institutions and the office of Public Service commission	Office of the Public Protector Human Right Commission CRL Commission	Office of the Public Protector Human Right Commission CRL Commission	100% all cases resolved within timeframe	80% Chapter 9 institutions cases resolved within timeframes
Compliance with financial and non-financial reporting prescripts	National Treasury AGSA DPSA DPME Parliament Department of Labour Public Service Commission	National Treasury AGSA DPSA DPME PSETA Public Works	100% compliance with reporting requirement within prescribed timeframes	100% compliance with reporting prescripts

Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers
Public consultation meetings on the management class and proposed resource quality objectives	Interested and affected parties in the specific area	Interested and affected parties in the specific area
Reconciliation strategies' steering committee meetings are convened every six months of which WC/WDM is part	National and Provincial government departments; local municipalities, organised agriculture, mines, industries	CMA's
Pricing economic regulation reform (pricing strategy, funding model and institutional options for economic reform)	All water users	All water users
Plea and sentence agreement agreements consultation with communities	Affected parties	-
Consultation on compulsory licensing allocation schedule	All water users in specific catchments	
Tariff consultation	Water users from all sectors	
Consultation on expropriation of land for developing new infrastructure	Affected land owners	
Consultation with major commercial water users on off-take agreements	Industry, mining and municipalities	Agriculture
As part of the debt recovery process, meeting with water boards on resolving disputes with regards to outstanding debt and facilitation of payments	Water boards, municipalities and agriculture	
WSLG Skills Task Team (provide strategic leadership into issues of skills and capacity building within water sector)	NGO's, Government Departments, EWSETA, LG SETA, private sectors	Water Services Authorities
CCWA (Committee that recommends funding subsidy to RPFs)	Department of Agriculture; Department of Basic Education, communities, municipalities, CCWA, Emerging Farmers and HDIs	Emerging Farmers and HDIs
Water Sector Forums (Deliberating about water issues that affect the communities)	Municipality, communities and CoGTA, SALGA,	Municipalities
District Managers Forum (This forum is for lesson sharing and peer review for the Water Service' s Managers in the rural areas	District Municipalities who are WSAs	District Water Services Managers

Service delivery access strategy

Access Strategy	Actual achievements
Conduct more high confidence reserve determinations in order to proactively respond to water use requirements	Minimum of 117 desktop reserves completed
Development of a comprehensive asset management plan for all government water schemes to improve efficiency in terms of the maintenance programme	On target for the three years implementation plan
Customer relation management	Unit was established during the year under review

Service information tool

Types of information tool	Actual achievements
NIWIS	Prototype on NIWIS developed
Rivers database	The rivers database has been upgraded
WMS	Maintained the WMS
GIS	Maintained
HYDSTRA	Maintained
Green Drop System	A record of effluent quality for municipal systems
Blue Drop System	A record of drinking water quality for municipal systems
Case management system	An up-to-date record of all administrative and criminal cases to monitor and report is maintained.
SAP	In process of upgrading to the latest version

Complaints mechanism

Complaints Mechanism	Actual achievements
Departmental Call centre (toll free line)	The call centre received a total of 7 780 calls. Of these, 1 201 were dropped or prank calls. From the remaining 6 579 calls, only 51 are still active and 6 528 were resolved.

2.3 Organisational Environment

In the year under review, at organisational level, the focus of the Department was to finalise the organisational reorganisation process, which began earlier in 2012. The reorganisation process, led by the Ministerial Business Process Re-Engineering Committee (BPRC), was aimed at reviewing the functional layout of the Department and its alignment to the strategic objectives and mandate. Concurrence was sought and received from the Minister of Public Service and Administration (MPSA) in February 2014, thus, paving way for the implementation of the implementation of the amended Departmental structure, starting March 2014.

The amended structure has considerable impact on the compass and placement of human resources, of which, the Department was able to keep the vacancy rate below 13% in previous two financial years. Rather than dealing with the issue of vacancy broadly, the approach had been to increase focus on scarce skills, especially in the science and engineering work areas. Hence, for the year under review the Department has managed to reduce the vacancy rate of skilled production level posts from the baseline of more 17% to 12%, with 3270 posts filled out of 4308. With the general scarcity of science and engineering skills in the country, the approach will also be to review the way the Department utilises its scarce skills.

Also in the year under review, the Department was able to place the highest number of qualified candidate engineers and scientist into permanent employment in key strategic work areas. The placement of candidates serves to increase the current human capacity needs of the Department, more so, in the future. For the medium term, the plan is to increase the intake of graduate trainees by the Learning Academy, with a more bias towards the engineering fields.

2.4 Key policy developments and legislative changes

Review of the water-related legislation

In May 2013, the Department initiated the National Policy Review process to augment its existing policy framework. Following a consultative engagement with stakeholders, Cabinet approved the 12 key policy positions that shaped the new approach of developmental water management. The approved policy positions champion improved access to more water for the citizenry,

promoting water allocation reform to address water inequity and redress of historical imbalances in water provision. This approval resulted in a decision to amalgamate both the Water Services and National Water Acts into one Water Act that will govern the entire water value chain covering water supply and sanitation services as well as water resources infrastructure.

The Water Research Amendment Bill has been submitted to the parliamentary Portfolio Committee for further processing. The key focus of the draft Water Research Amendment Bill is to reform the Water Research Commission into a Water Research Council/Board and effect other institutional and governance arrangements in line with good corporate governance principles.

In order to support economic development, the Department together with the Departments of Mineral Resources and Environmental Affairs, fast tracked the developed of a draft National Water Amendment Bill integrating the water use licensing process for the mining sector. The Bill amends and aligns the time frames for the processing of water use licenses within 300 days as the outer limit in line with relevant legislation from the respective departments.

With regard to the exploration of shale gas and other unconventional gas resources through hydraulic fracturing, the Department has issued a notice of intention to declare fracturing as a controlled activity in terms of the National Water Act. This will require any possible applicant to apply for a water use license, and appropriate conditions imposed for the protection of our underground aquifers and to minimise the use of hazardous toxins, which could contaminate our groundwater.

Review of the National Water Resource Strategy: In June 2013, the Department's second edition of the National Water Resources Strategy (NWRS2) was approved. It responds to the National Development Plan vision 2030 of supporting socio-economic development and access to potable water. The NWRS – 2 adopted a position of developmental water management that prioritises actions that will have the greatest impact within the state's delivery capacity. It requires the consideration of the entire water value chain on how water can contribute to achieving equitable beneficial and sustainable development across the country.

Revision of the water pricing strategy: The Water Pricing Strategy sets out the government's approach to pricing raw water. It provides, in principle, for full cost pricing for non-agriculture water users, including depreciation and a return on assets (ROA). In practice, annual price increases have been capped and hence prices are below full cost for most agricultural water schemes and some schemes dedicated to industrial and domestic supply. The gazetting of the draft strategy has experienced a setback as additional consultations with key stakeholders had to be done.

Development of the funding model: The purpose of the development of the funding model is to determine the variety of financing mechanisms or models adopted in South Africa and internationally to fund infrastructure. The project will look at the principles of infrastructure funding and financing and help to identify the lessons learnt that can shape future investment decisions in the South African water sector. Apart from identifying key success factors, the review is also expected to explore innovative and off-budget financing mechanisms, in order to consider their suitability for the South African water sector.

Establishment of an economic regulation institution: This project explores international practice in economic regulation in the water sector, as well as economic regulation in other sectors in South Africa, in order to support the development of economic regulation for the water sector in South Africa. The project will look into an economic regulator that regulates the entire water value chain. It will outline the functions and identify gaps in the current legislative framework for regulating the water sector. This will lead to the establishment of an effective economic regulator.

Institutional Reform and Realignment: The institutional reform and re-alignment process is on-going with the establishment of Inkomati- Usuthu and Breede- Gouritz CMAs at 100% and 98% completion respectively. In line with the NDP's vision of creation of regional water utilities to enhance service delivery, the realignment of water boards is progressing well with Bushbuckridge and Botshelo completed whilst Pelladrift is at 95%.

3 STRATEGIC OUTCOME ORIENTED GOALS

The analysis of the department's achievement of its strategic outcome oriented goals is tabulated below:

3.1 Main Account

Goal No	Goal description	Over achieved (>100%)	Achieved (100%)	Partially achieved (50 - 99%)	Not achieved (< 50%)
	An efficient, effective and development oriented sector leader	33.33%	48.48%	18.18%	0%
	Equitable and sustainable provisioning of raw water	16%	36%	48%	0%
	Provision of equitable and sustainable water services of acceptable quantity and quality	33.33%	33.33%	11.11%	22.22%
	Protection of freshwater ecosystems	31.58%	36.84%	31.58%	0%

3.2 Water Trading Entity

Goal No	Goal description	Over achieved (>100%)	Achieved (100%)	Partially achieved (50 - 99%)	Not achieved (< 50%)
1.	An efficient, effective and development oriented sector leader	42.86%	28.57%	14.29%	14.29%
2.	Equitable and sustainable provisioning of raw water	17.65%	41.18%	29.41%	11.76%
4.	Protection of freshwater ecosystems	33.33%	0%	66.67%	0%

4 PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

4.1.1 Programme purpose

The purpose of this programme is to provide policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication, and corporate planning.

4.1.2 List of sub-programmes

Ministry provides support to the Minister and the Deputy Minister and makes provision for their salaries. This entails handling priority enquires 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.

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

4.1.3 Financial Management ensures the efficient management of daily financial operations, processes and systems. Office Accommodation deals with payments of rental, municipal services, and rates and taxes for all accommodation leased by the Department.

Strategic objectives for the programme

Programme name: Administration						
No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
1.1	Improve and increase the skills pool and build competencies in the Department and within the sector	98% signed Performance Agreements aligned to business plan	100% of SMS Performance Agreements aligned and measured against the Department's APP 25% of non-SMS Performance Agreements aligned and measured against the Department's APP	100% of SMS Performance Agreements (PAs) aligned and measured against the APP 18% of non SMS Performance Agreements aligned and measured against the APP	- Under by 7%	- For non SMS members, their PAs are easily aligned and measured against Directorate Business Plans.
		82% of employees training interventions conducted in line with workplace skills plan	80% of employees trained in line with individual PDPs	99% employees trained in line with individual PDPs	Over by 19%	Staff members were constantly reminded through communication news flash and telephone calls to attend training as outlined in their PDPs.
		10.7% annual average vacancy rate	15% reduction of vacancy rate for scarce, critical, technical and professional skills	Vacancy rate for scarce, critical, technical, and professional skills reduced to 12.3%	Over by 2.7%	The turnover and vacancy rates decreased.
		61 graduate trainees admitted to the trainees development programme	50 graduate trainees added to the trainee development programme	72 graduate trainees (GTs) added to the trainee development programme	Over by 22	More funds were available to take in more GTs in place of those that were transferred to permanent posts in the Department.
		66 graduate trainees placed into candidate positions or permanent positions	35 graduate trainees placed into positions or permanent positions	72 graduate trainees placed into candidate positions or permanent positions	Over by 37	More GTs obtained professional registration and more opportunities were made available within line function.

Programme name: Administration						
No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
1.2	Effective and efficient internal control environment	-	100% compliance to non-financial reporting prescripts	100% compliance to non-financial reporting prescripts	-	-
		-	7 risk registers updated	7 risk registers updated	-	-
		-	100% compliance with financial reporting prescripts	100% compliance with financial reporting prescripts	-	-
		-	100% adherence to financial improvement plan	60% adherence to financial improvement plan	Under by 40%	The process is on-going as the annual financial statements are still being finalised.
		-	100% expenditure of Departmental budget	99% expenditure of Departmental budget	The 1% falls within the accruals.	
		-	3 updated financial policies	4 updated financial policies	Over by 1	A new Treasury circular issued during the financial year necessitated the revision of all policies and hence the over achievement.
		-	82 audit projects	67 audit projects completed	Under by 15 audit projects	The 15 incomplete projects were delayed and thus were still in progress by the end of the financial year.
1.4	Improve water resources and water services information	-	98% availability of Information Technology Network Systems	98% availability of Information Technology Network Systems	-	-
2.4	Improve water use efficiency	9 public awareness campaigns and stakeholder engagement initiatives	6 public awareness campaigns and stakeholder initiatives to promote sustainable water use	12 public awareness campaigns and stakeholder initiatives held to promote sustainable	Over by 6	Additional public campaigns and stakeholder initiatives were linked with other events organized by the Department
		-	5 000 schools	6 188 schools reached for water education awareness	Over by 1 188	The Department took advantage of schools that were willing to participate in the programme.

4.1.4 Performance indicators per sub-programme

Sub-programme name: Corporate Services						
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation	
Percentage of SMS Performance Agreements aligned and measured against the Department's Annual Performance Plan (APP)	98% signed Performance Agreements aligned to business plan	100% of SMS Performance Agreements aligned and measured against the Department's APP	100% of SMS Performance Agreements (PAs) aligned and measured against the APP (126 of 126 SMS)	-	-	
Percentage of non-SMS Performance Agreements aligned and measured against the Department's Annual Performance Plan		25% of non-SMS Performance Agreements aligned and measured against the Department's APP	18% of non SMS Performance Agreements aligned and measured against the APP (1 014 of 5 638 non-SMS)	Under by 7%	For non SMS members, their PAs are easily aligned and measured against Directorate Business Plans.	
Percentage of employees trained in line with individual Personal Development Plans (PDPs)	82% of employees training interventions conducted in line with Workplace Skills Plan (6 829 of 8 329 employees)	80% of employees trained in line with individual PDPs	99% employees trained in line with individual PDPs (3 656 of 3 662)	Over by 19%	Staff members were constantly reminded through communication news flash and telephone calls to attend training as outlined in their PDPs.	
Percentage reduction of vacancy rate for scarce, critical, technical and professional skills	10.7% annual average vacancy rate	15% reduction of vacancy rate for scarce, critical, technical and professional skills	Vacancy rate for scarce, critical, technical, and professional skills reduced to 12.3% (7 336 filled of 8 365)	Over by 2.7%	The turnover and vacancy rates decreased.	
Number of graduate trainees added to the trainee development programme of the learning academy	61 graduate trainees admitted to the trainees development programme	50 graduate trainees added to the trainee development programme	72 graduate trainees (GTs) added to the trainee development programme	Over by 22	More funds were available to take in more GTs in place of those that were transferred to permanent posts in the Department.	
Number of learning academy graduate trainees placed into positions or permanent positions	66 graduate trainees placed into candidate positions or permanent positions	35 graduate trainees placed into positions or permanent positions	72 graduate trainees placed into candidate positions or permanent positions	Over by 37	More GTs obtained professional registration and more opportunities were made available within line function.	

Sub-programme name: Corporate Services						
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation	
Percentage availability of information technology network systems	98% availability of Information Technology Network Systems	98% availability of Information Technology Network Systems	98% availability of Information Technology Network Systems	-	-	
Number of public awareness campaigns and stakeholder initiatives to promote sustainable water use	9 public awareness campaigns and stakeholder engagement initiatives	6 public awareness campaigns and stakeholder initiatives to promote sustainable water use	12 public awareness campaigns and stakeholder initiatives held to promote sustainable	Over by 6	Additional public campaigns and stakeholder initiatives were linked with other events organized by the Department	
Number of school reached for water education awareness	-	5 000 schools	6 188 schools reached for water education awareness	Over by 1 188	The Department took advantage of schools that were willing to participate in the programme.	
Sub-programme name: Financial Management (Main Account)						
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation	
Percentage compliance with financial reporting prescripts	-	100% compliance with financial reporting prescripts	100% compliance with financial reporting prescripts	-	-	
Percentage adherence to financial improvement plan	-	100% adherence to financial improvement plan	60% adherence to financial improvement plan	Under by 40%	The process is on-going as the annual financial statements are still being finalised.	
Percentage of expenditure of Departmental budget	-	100% expenditure of Departmental budget	99% expenditure		The 1% falls within the accruals.	
Number of updated financial policies	-	3 updated financial policies	4 updated financial policies	Over by 1	A new Treasury circular issued during the financial year necessitated the revision of all policies and hence the over achievement.	

Sub-programme name: Departmental Management					
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Percentage compliance to non-financial reporting prescripts	-	100% compliance to non-financial reporting prescripts	100% compliance to non-financial reporting prescripts	-	-
Updated risk registers	6 risk registers reviewed	7 risk registers updated	7 risk registers updated	-	-
Sub-programme name: Internal Audit					
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Number of audit projects undertaken to evaluate systems of control, risk management and governance	35 Audit Projects reports completed.	82 audit projects (i.e. 100% implementation of annual audit plan)	67 audit projects completed (i.e. 82% implementation of annual audit plan)	Under by 15 audit projects (i.e. under by 18% implementation of the audit plan)	The 15 incomplete projects were delayed and thus were still in progress by the end of the financial year.

4.1.5 Strategy to overcome areas of under performance

The 15 incomplete audit projects will be finalised during the 2014/15 financial year by including them in the updated three year strategic internal audit plan.

4.1.6 Changes to planned targets

a Changes to indicators

During the midterm, a change was made to the programme performance indicator (PPI) no. 1 for the sub-programme Corporate Services. When conducting the SMART analysis for implementing the automated monitoring and evaluation (M & E) system, it was found that the PPI in question was compounded (i.e. referring to both SMS and non-SMS members) with different targets. To simplify the reporting it was separated into two PPIs and improved to reflect the differences in targets as tabulated below.

PPI as tabled in the 2013/14 APP		Revised PPIs after the SMART analysis	
PPI no	Programme performance indicator	PPI no	Programme performance indicator
1	Percentage of Performance Agreements aligned and measured against the Department's Annual Performance Plan	1a	Percentage of SMS Performance Agreements aligned and measured against the Department's Annual Performance Plan (APP)
		1b	Percentage of non-SMS Performance Agreements aligned and measured against the Department's Annual Performance Plan (APP)

b Changes to targets

The sub-programme Financial Management's annual target for PPI no. 10: "Percentage of expenditure of departmental budget" was increased from 98% to 100%. During the financial year, the Department had put in place mechanisms to improve on its expenditure.

4.1.7 Linking performance with budgets

Sub-programme name	2013/14			2012/13		
	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
Ministry	45 310	45 300	10	47 051	47 051	-
Departmental Management	43 516	43 514	2	78 238	78 014	224
Internal Audit	18 240	18 237	3	16 864	16 864	-
Corporate Services	387 696	380 971	6 725	348 085	343 674	4 411
Financial Management	162 203	160 110	2 093	108 523	108 490	33
Office Accommodation	259 308	259 308	-	266 419	249 274	17 145
Total	916 273	907 440	8 833	865 180	843 367	21 813



4.2 Programme 2: Water Sector Management

4.2.1 Programme purpose

The purpose of the programme is to ensure that the county'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 based and procedures.

4.2.2 List of sub-programmes

Policy and Planning Management and Support ensure the overall management and oversight of the programme by ensuring effective and efficient operation of the branch.

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.

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

Water Ecosystems develops and implements measures to protect water resources. This entails determining appropriate protection levels and goals described by the Class, Resources Quality Objectives and Reserve of water resources as well as developing water resource protection strategies supported by water quality management plans aimed at priority interventions.

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, and coordinates and audits implementations 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's 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.

4.2.3 Strategic objectives for the programme

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Water Sector Management						
1.4	Improve water resources and water services information	The development of a prototype initiated	100% of the National integrated information system prototype completed	100% of the prototype system completed	-	-
1.6	Ensure effective performance of water management and services institutions	Business case for CMAs and water boards finalised	100% completion of Inkomati-Usuthu CMA establishment 100% completion of the Breede-Gouritz CMA establishment	100% completion of Inkomati-Usuthu CMA establishment 98% completion	- Under by 2%	- Due to vastness of the area, the consultation process took longer than expected and therefore delayed submission for the gazette notice.
2.1	Ensure the availability of access to water supply for environmental and socio-economic use	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)	16 Institutions' business plans submitted for water institutions 16 Institutions' quarterly reports submitted for water institutions 16 Institutions' annual reports submitted for water institutions	16 institutions' business plans were received and analysed 16 institutions' quarterly reports were received and analysed 16 institutions' annual reports were received and analysed	- - -	- - -
		4 strategies completed (Ollifants River system and 3 All Towns) reconciliation strategies	1 reconciliation strategy developed to ensure water security (Mbombela)	1 Mbombela Reconciliation Strategy developed	-	-
		5 reconciliation strategies maintained (Amatole, Vaal, KZN coastal metro, Algoa and Crocodile West)	12 strategies updated to ensure water security	12 strategies updated	-	-

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Water Sector Management						
		-	2 plans initiated for water resource development projects (Foxwood and Vioolsdrift)	1 plan was initiated (Foxwood)	Under by 1 plan (Vioolsdrift)	The initiation of Vioolsdrift feasibility plan was delayed. Since this is a joint project with Namibia the agreement to initiate the feasibility plan took longer than anticipated.
		Ncwabeni revised draft environmental and impact report Western Cape water supply system draft feasibility reports uMzimvubu water project preliminary phase of the study completed Draft long term pre-feasibility report for the Witwatersrand	2 plans completed for water resource development projects (Ncwabeni and Western Cape Augmentation)	2 plans partially completed	Under by 2 plans	For Ncwabeni the environmental authorization is being appealed. For Western Cape Augmentation the EIA is outstanding.
2.3	Strengthen and implement strategies for water management in the country	Draft status Quo Analysis Draft Raw Water Pricing strategy developed Business case for CMAs and water boards finalised	Draft Climate Change Strategy for Water Sector developed 100% development of revised Water Pricing Strategy and gazetting 100% completion of Bush-buckridge water board realignment 100% completion of Botshelo water board realignment	Draft Climate Change Strategy for the water sector completed Draft Pricing Strategy developed	- Under by 10%	- The draft pricing strategy was not gazetted due to requests for further consultation with stakeholders.

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Water Sector Management						
			100% completion of Pelladrift water board realignment	95% completion of Pelladrift water board realignment	Under by 5%	The gazetting was delayed due to the process of addressing stakeholder concerns
		Draft business case for national water resource infrastructure	100% completion of NWRI realignment	65% completion of NWRI realignment	Under by 35%	The revision of the business case took longer than expected
		Draft Water Research Bill developed and submitted to the Legal services	100% completion of legislation process for Water Research Amendment Bill	100% completion	-	-
		Draft Water Services Bill developed and submitted to the Legal services	100% completion of legislation process for Water Services Amendment Bill	80% completion	Under by 20%	The policy and legislative review process culminated in a decision for the department to have a single water act (i.e. the consolidation of the Water Service and National Water Act)
		Draft National Water Bill developed and submitted to the Legal services	100% completion of legislation process for National Water Bill	NWRS2 was gazetted on 17 June 2013 and the NWRS2 implementation plan was approved on 18 December 2013	-	-
		Draft National Water Resources Strategy 2 (NWRS) gazetted and public consultation	NWRS2 nd edition finalised and gazetted	1 779 ground water sites monitored	Over by 1 079 ground water sites monitored	More regional monitoring network information was uploaded following the training intervention on HYDSTRA.
4.2	Improve the protection of water resources and ensure their sustainability	1 689 ground water sites monitored	700 ground water sites monitored	1 458 gauging sites monitored	Over by 934 gauging sites monitored	The training of personnel with rigorous follow ups resulted in improved uploading of information in the system.

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Water Sector Management						
		Final annual Report on State of Water 2011/12 (per hydrological year)	1 annual report 2012/13 on state of water (as per hydrological year)	1 annual report 2012/13 on state of water (as per hydrological year)	-	-
		Revised draft RQO report for Olifants-Doom in place. Draft Information gap analysis report in place (Olifants)	100% completion of determining RQOs for Olifants-Doom	70% completion of the determination of the RQOs for Olifants - Doom	Under by 30%	Consultations with the State law advisors on technical specifications and legal information that should be included in the gazette document were substantive and required more time.
		2 (Olifants-Doom and Olifants)	75% completion of determining RQOs for Lower Vaal	60% completion of the determination of RQOs for Lower Vaal	Under by 15%	After the inclusion of the Resource Units delineation in the project plan there were unforeseen substantive technical consultations required.

4.2.4 Performance indicators per sub-programme

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Water Information Management					
National integrated information system prototype developed and implemented	The development of a prototype initiated	National integrated information system prototype developed	100% of the prototype system developed (100% of the prototype system completed)	-	-
Number of ground water sites monitored to assess ground water resources	1 689 ground water sites monitored	700 ground water sites monitored	1 779 ground water sites monitored	Over by 1 079 ground water sites monitored	More regional monitoring network information was uploaded following the training intervention on HYDSTRA.
Number of gauging sites monitored for effective management of water resources.	1 515 gauging sites monitored	500 gauging sites monitored	1 458 gauging sites monitored	Over by 934 gauging sites monitored	The training of personnel with rigorous follow ups resulted in improved uploading of information in the system.
Report on state of water	Final annual Report on State of Water 2011/12 (per hydrological year)	1 annual report 2012/13 on state of water (as per hydrological year)	1 annual report 2012/13 on state of water (as per hydrological year)	-	-
Number of new reconciliation strategies developed per year to ensure water security	4 strategies completed (Olifants river system and 3 All Towns reconciliation strategies)	1 reconciliation strategy (Mbombela) (i.e. 100% completion)	Mbombela Reconciliation Strategy developed	-	-
Number of reconciliation strategies updated per year to ensure water security	5 reconciliation strategy maintained (Amatole, Vaal, KZN Coastal Metro Strategy, Algoa and Crocodile (W) Strategies)	12 strategies updated (i.e. 100% completion)	12 strategies updated	-	-
Number of feasibility plans initiated for water resource development projects	-	2 plans initiated Foxwood and Vioolsdrift (i.e. 100% initiation)	1 plan (i.e. Foxwood) was initiated (i.e. 50% initiation)	Under by 1 plan (i.e. under by 50%)	The initiation of Vioolsdrift feasibility plan was delayed. Since this is a joint project with Namibia the agreement to initiate the feasibility plan took longer than anticipated.

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Integrated planning					
Number of feasibility plans completed for water resource development projects	Nowabeni revised draft environmental and impact report Western Cape water supply system draft feasibility reports uMzimvubu water project preliminary phase of the study completed Draft long term pre-feasibility report for the Witwatersrand	2 plans completed (i.e. 100% completion)	2 plans partially completed (namely Nowabeni and Western Cape Augmentation) (i.e. 50% completion)	Under by 2 plans (i.e. under by 50%)	For Nowabeni the environmental authorization is being appealed. For Western Cape Augmentation the EIA is outstanding.
Climate Change Strategy for the water sector developed	Draft status quo analysis Draft Climate Change Strategy for Water Sector	Draft Climate Change Strategy for Water Sector (i.e. 100% completion)	Draft Climate Change Strategy for the water sector completed (i.e. 100% completion)	-	-
Sub-programme name: Water Ecosystem					
Percentage completion of determining resource quality objectives (RQOs) for Olifants -Doom ¹	Revised draft RQO report for Olifants-Doom in place. Draft information gap analysis report in place (Olifants)	100% completion of determining RQOs (Olifants-Doom)	70% completion of the determination of the RQOs (i.e. Updated the government notice with proposed RQOs)	Under by 30% (i.e. The final RQOs and Management Class were not gazetted).	Consultations with the State law advisors on technical specifications and legal information that should be included in the gazette document were substantive and required more time.
Percentage completion of determining RQOs for Lower Vaal	2 (Olifants-Doom and Olifants)	75% completion of determining RQOs for Lower Vaal	60% completion of the determination of RQOs (i.e. Advertised published for the public meetings)	Under by 15% (i.e. The final RQOs and Management Class were not gazetted)	After the inclusion of the Resource Units delineation in the project plan there were unforeseen substantive technical consultations required.

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Institutional Oversight					
100% completion of Nkomati-Usuthu CMA	Business case for CMAs and water boards finalised	100% Gazetting for Consultation	100% completion (i.e. Inkomati-Usuthu CMA approved and gazetted)	-	-
100% completion of Breede-Gouritz CMA		100% Gazetting for Consultation	98% completion (i.e. Submission to gazette the Breede-Gouritz CMA submitted)	Under by 2%	Due to vastness of the area, the consultation process took longer than expected and therefore delayed submission for the gazette notice.
Number of Business Plans submitted for Water Institutions	10 Water board 2 MAs TCTA, WRC Annual reports analysed and submitted to the Minister Explanation for late tabling submitted for 2 water board (Botshelo & Bushbuckridge)	16 Institutions business plans (12 WBs) (TCTA) (WRC) (2 CMAs)	16 institutions business plans were received and analysed (i.e. 12 WBs, 2 CMAs, WRC & TCTA) submitted business plans)	-	-
Number of Quarterly Reports submitted for Water Institutions		16 Institutions quarterly reports (12 WBs) (TCTA) (WRC) (2 CMAs)	16 institutions quarterly reports were received and analysed (i.e. 12 WBs, 2 CMAs, WRC & TCTA) submitted quarterly reports)	-	-
Number of Annual Reports submitted for Water Institutions		16 Institutions annual reports (12 WBs) (TCTA) (WRC) (2 CMAs)	16 institutions annual reports were received and analysed (i.e. 12 WBs, 2 CMAs, WRC & TCTA) submitted Annual Reports for tabling)	-	-

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Institutional Oversight					
Water Pricing Strategy revised	Draft Raw Water Pricing strategy developed	Revised Water Pricing Strategy gazette for publication (100% completion)	Draft Pricing Strategy developed (90% completion)	Under by 10%	The draft pricing strategy was not gazetted due to requests for further consultation with stakeholders.
Percentage Completion of Bushbuck Ridge WB realignment	Business case for CMAs and water boards finalised	100% completion (Disestablishment Gazetted ²)	100% completion (Disestablishment Gazetted)	-	-
Percentage Completion of Botshelo WB realignment		100% (Disestablishment Gazetted ³)	100% completion (i.e. Disestablishment Gazetted)	-	-
Percentage Completion of Pella Drift WB realignment		100% (Disestablishment Gazetted) ⁴	95% completion (i.e. Completed the stakeholder consultation and the submission for disestablishment is awaiting approval)	Under by 5%	The gazetting was delayed due to the process of addressing stakeholder concerns
Percentage completion of NWRRI realignment	Draft business case for national water resource infrastructure	100% (Establishment Gazetted)	65% completion (i.e. An improved business case has been developed and consultation with the TCTA commenced)	Under by 35%	The revision of the business case took longer than expected

² In the APP the indicator was referred to as establishment gazetted instead of disestablishment gazetted

³ In the APP the indicator was referred to as establishment gazetted instead of disestablishment gazetted

⁴ In the APP the indicator was referred to as establishment gazetted instead of disestablishment gazetted

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Policy and Strategy					
Percentage completion of legislation process for Water Research Amendment Bill	Draft Water Research Bill developed and submitted to the Legal services	Water Research Amendment Bill finalised	100% completion The Water Research Amendment Bill was tabled to the Portfolio Committee	-	-
Percentage completion of legislation process for Water Services Amendment Bill	Draft Water Services Bill developed and submitted to the Legal services	Water Services Amendment Bill finalised	80% completion (i.e. National Water Amendment Bill 2014 developed)	Under by 20%	The policy and legislative review process culminated in a decision for the department to have a single water act (i.e. the consolidation of the Water Service and National Water Act)
Percentage completion of legislation process for National Water Bill	Draft National Water Bill developed and submitted to the Legal services	Draft National Water Bill developed	100% completion (i.e. NWRS2 was gazetted on 17 June 2013 and the NWRS2 implementation plan was approved on 18 December 2013)	-	-
NWRS2 nd edition finalised and gazetted	Draft National Water Resources Strategy 2 (NWRS2) gazetted and public consultation	100% (NWRS2 gazetted and implementation plan developed)			

4.2.5 Strategy to overcome areas of under performance

The areas of underperformance have been included in the 2014/15 APP for continuation and finalisation.

4.2.6 Changes to planned targets

a Changes to indicators

During the midterm, changes were made to most of the PPIs within programme 2 as they were found to be relatively weak by the SMART analysis. Most were compounded and thus required redefining to ensure their simplicity and ease of reporting in the automated M & E system. The revised indicators are tabulated as follows

PPI as tabled in the 2013/14 APP		Revised PPIs after the SMART analysis	
PPI no	Programme performance indicator	PPI no	Programme performance indicator
16	National integrated information system developed and implemented	16	Percentage completion of system prototype
17	Number of functional catchment management agencies established	17a	Percentage completion of Nkomati–Usuthu CMA establishment
		17b	Percentage completion of Breede–Gouritz CMA establishment
18	Number of water institutions complying with corporate governance principles and legislation	18a	Number of business plans submitted for water institutions
		18b	Number of quarterly reports submitted for water institutions
		18c	Number of annual reports submitted for water institutions
19	Number of new reconciliation strategies developed per year to ensure water security	19	Percentage completion of Mbombela reconciliation strategy
20	Number of reconciliation strategies updated per year to ensure water security	20	The annual targets were not changed however; changes were made to the quarterly milestones to improve their measurability.
21	Number of feasibility plans initiated for water resource development projects	21	
22	Number of feasibility plans completed for water resource development projects	22	
23	Water pricing strategy revised	23	
24	Institutional realignment framework finalised and implemented	24a	Percentage completion of Bushbuckridge water board realignment
		24b	Percentage completion of Botshelo water board realignment
		24c	Percentage completion of Pelladriif water board realignment
		24d	Percentage completion of the national water resource infrastructure realignments
25	Water related legislation drafted, gazetted: Water Services, National Water and Water Research Amendment bills	25a	Percentage completion of the legislation process of the Water Research Amendment Bill
		25b	Percentage completion of the legislation process of the Water Services Amendment Bill

PPI as tabled in the 2013/14 APP		Revised PPIs after the SMART analysis	
PPI no	Programme performance indicator	PPI no	Programme performance indicator
26	National Water Resource Strategy 2nd edition finalised and gazetted	25c	Percentage completion of the legislation process of the National Water Amendment Bill
27	Climate change strategy for the water sector developed	26	The annual targets were not changed however; changes were made to the quarterly milestones to improve their measurability.
30	Report on the state of water	27	
31	Number of river systems with determined resource quality objectives	30	
		31a	Percentage completion of determining the resource quality objectives for the Olifants-Doom
		31b	Percentage completion of determining the resource quality objectives for the Lower Vaal

b Changes to targets

The sub-programme Water Information Management's annual targets for PPI no. 28 on "Number of ground water sites monitored to assess ground water resources" and PPI no 29 on "Number of gauging sites monitored for effective management of water resources" were reduced to 700 and 500 respectively. The high rate of decommissioning existing monitoring stations over commissioning new ones necessitated the importance of monitoring only active sites resulting in a drastic reduction of the monitored sites. The various reasons for the high rate of decommissioning stations range from budgetary constraints to the high rates of vandalism on the stations. For the 2014/15 financial year, Department has planned to review the existing water monitoring networks to improve the accuracy of water monitoring.

The sub-programme Water Ecosystems' annual targets for PPIs 31 (a) on "Percentage completion of determining resource quality objectives (RQOs) for the Upper Vaal was changed. This Upper Vaal APP target was erroneous as the RQO for the Olifants – Doorn was not completed during the 2012/13 financial year. As this is multi-year project, the target for the 2013/14 APP had to be revised to reflect the correct RQOs of Olifants-Doom (PPI no 31a). In addition, the target for the Lower Vaal (PPI no 31b) had to be revised from 100% to 75%.

4.2.7 Linking performance with budgets

Sub-programme name	2013/2014				2012/2013				
	Final appropriation	Actual expenditure	(Over)/Under expenditure	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	R'000	R'000	R'000
Policy and Planning Management and Support	4 667	4 667	-	3 436	3 428	8			
Integrated Planning	182 209	182 203	6	163 683	162 779	904			
Policy and Strategy	33 794	33 790	4	27 225	27 218	7			
Water Services and Local Water Management	-	-	-	-	-	-			
Water Ecosystem	46 943	46 943	-	32 069	32 069	-			
Water Information Management	162 655	162 653	2	157 362	157 356	6			
Institutional Oversight	105 093	100 571	4 522	117 830	117 688	142			
Water Use Authorisation and Enabling	-	-	-	-	-	-			
TOTAL	535 361	530 827	4 534	501 605	500 538	1 067			



4.3 Programme 4: Regional Implementation and Support

4.3.1 Programme 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.

4.3.2 List of sub-programmes

Regional Management and Support ensures the overall management and oversight of the programme

Water Sector Support coordinates sector collaboration and intergovernmental relations at national, provincial, and local level, provides hands on support to Local Government through the Rapid Response Unit and the Accelerated Community Infrastructure Programme to ensure effective, efficient, economic and sustainable provision of water supply.

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.

Institutional Establishment contributes to the establishment of effective water management institutions.

Regional Bulk develops regional bulk infrastructure for water supply and treatment works and supplements regional bulk sanitation collectors systems as well as regional waste water treatment works.

Transfer of Water Schemes guides the transfer of the operation and maintenance functions of water services schemes and water services institutions to ensure effective local operation and management.

Support Services provides support services to the programme in the regions, namely human resources, financial management and general administration.

Water Services Projects provides the construction of new water services infrastructure projects.

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

Mine Water Management coordinates and oversees the management of mine water in all mining areas in South Africa with specific emphasis on Acid Mine Drainage (AMD) to treat and purify polluted acid mine water into water of an acceptable standard.

4.3.3 Strategic objectives for the programme

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Regional Implementation and Support						
1.3	Implement programmes that create job opportunities	4 986 job opportunities created through the regional bulk infrastructure programme	2694 opportunities created through the regional bulk infrastructure programme	20 885 opportunities created through the regional bulk infrastructure programme	Over by 18 191	More labour was employed to accelerate projects in MP, NC, NW and EC.
		-	20 job opportunities through the resource poor farmer programme	34 job opportunities created through the resource poor farmer programme	Over by 14	As the projects are in deep rural areas with limited accessibility, contractors could not transport machinery to project sites and had to hire additional labourers for work that would have been done using machinery under normal circumstances.
		-	250 job opportunities created through the rainwater harvesting programme	503 job opportunities created through the rainwater harvesting programme	Over by 253	More local labourers were appointed in KZN to fast track the concurrent implementation of the various projects.
		-	123 job opportunities created through Adopt-A-River programmes	202 job opportunities created through Adopt-A-River programmes	Over by 79	Funding was made available to the EC and KZN provinces resulting in the increase in the number of created job opportunities.
		-	532 job opportunities created through interim/intermediate water supply programmes	429 job opportunities created through interim/intermediate water supply programmes	Under by 103	As this is a new programme and a schedule 5B grant, delays were experienced in finalising business plans and subsequent transfer of funds to municipalities. In addition, the protracted procurement process within municipalities caused further delays during the appointments processes
-	1 165 job opportunities created through the construction of water services projects	1 759 job opportunities were created through the construction of water services projects	Over by 594	The acceleration of the Valdezia pipeline resulted in the creation of additional job opportunities.		

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Regional Implementation and Support						
2.1	Ensure the availability of/ access to water supply for environmental and socio-economic use	3 completed 1 787 resource poor farmers 4 068 rain water harvesting tanks distributed	12 bulk infrastructure schemes completed 880 resource poor farmers provided with access to water 2 400 rain water harvesting tanks installed for food production	7 bulk infrastructure schemes completed 1 589 resource poor farmers provided with access to water 2 204 rain water harvesting tanks installed for food production	Under by 5 Over by 709 Under by 196	Some technical failures occurred during testing resulting in delays with the completion of some projects. Additional applications received in MP, EC and WC resulted in additional RPFs being supported. North West Project implementation could not be completed due to prolonged floods as the areas were inaccessible to deliver the material. Limpopo Project implementation could not be completed due to prolonged floods from January to early March in Vhembe, Sekukhune and Mopani District Municipalities. Mpumalanga Project implementation could not be completed due to prolonged floods from January to early March in Ehlanzeni and Mopani District Municipalities.
		98% completion	100% completion on project plan of Inyaka water treatment works	100% completion on project plan of Inyaka water treatment works	-	-
		79% completion	100% completion on project plan of Nandoni water treatment works and distribution	97% completion on project plan of Nandoni water treatment works and distribution	Under by 3%	Abnormal rain conditions that oversaturated the soils resulted in delays in completing the project

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Regional Implementation and Support						
		26% completion	100% completion on project plan of Nandoni water treatment works workshop	60% completion on project plan of Nandoni water treatment works workshop	Under by 40%	Resources had to be reallocated to accelerate the Valdezia distribution pipeline
		65% completion	100% completion on project plan of Nandoni distribution replacement of glass reinforced plastic pipeline	95% completion on project plan of Nandoni distribution replacement of glass reinforced plastic pipeline	Under by 5%	Abnormal rain conditions that oversaturated the soils resulted in delays in completing the project
		5% completion	20% completion on project plan of GLeWAP phase 1 (N'wamitwa distribution phase)	20% completion on project plan of GLeWAP phase 1 (N'wamitwa distribution phase)	-	-
2.4	Improve water use efficiency	130 376 929m ³	13 million m ³ saved for water use efficiency	145 million m ³ saved for water use efficiency	Over by 132 million m ³	Certain municipalities managed to increase their planned savings targets. These are Lephalale LM (LL), Mangaung Metro (FS), City of Cape Town (WC) and Emfuleni (GP). This has resulted in the significant contribution to the volume of water saved
3.2	Support the water sector	75 WSAs supported with Blue Drop score below 50%	40 WSAs supported with Blue Drop score below 50%	40 WSAs supported with Blue Drop score below 50%	-	-
		65 WSAs supported with Green Drop score 50%	62 WSAs supported with cumulative risk rating above 70%	62 WSAs were with cumulative risk rating above 70%	-	-
		34 WSAs supported to implement water conservation demand management	71 WSAs supported to implement water conservation demand management	61 WSAs were supported to implement water conservation demand management	Under by 10	As some of the War on Leaks projects in NC were combined with ACIP (WC/DM), the number of interventions were reduced
		14 community infrastructure water projects implemented	31 community infrastructure water projects (ACIP) implemented	8 community infrastructure water projects (ACIP) were implemented	Under by 23	The allocated funding was only sufficient for the 8 projects that were implemented

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Regional Implementation and Support						
		-	40 intervention to be made to prevent water supply, water quality and effluent quality incidents	177 interventions made to prevent water supply, water quality and effluent quality incidents	Over by 137	As this KPI is incident driven, more interventions were made to prevent water supply, water quality and effluent quality incidents
		-	30 000 households provided with interim or basic water supply in the 24 priority district municipalities	40 996 households were provided with interim or basic water supply in the 24 priority district municipalities	Over by 10 996	A number of projects were completed during the fourth quarter resulting in additional households receiving interim or basic water supply.
		59 prioritised schemes refurbished	125 prioritised schemes refurbished	41 prioritised schemes were refurbished	Under by 84	A number of Water Services Authorities (WSAs) could not comply with reporting requirements and as a result the Department invoked section 17 of DoRA, Act 02 of 2013 by withholding allocations due to non-compliance. This delayed the transfer of the last allocation to the respective WSAs and thus affecting completion of the projects.
4.2	Improve the protection of water resources and ensure their sustainability	3 wastewater treatment works completed	9 wastewater treatment works completed	2 wastewater treatment works were completed	Under by 2	In the NW, 5 ACIP projects were erroneously captured under RBIG. With this in mind, RBIG should have completed a total of 4 projects resulting to an under achievement of 2. The 2 under achieved projects are in Gauteng and NC (namely Westonaria Regional sewer scheme and Khathu WWTW). There was a delay in the appointment of mechanical and civil contractors resulting in a 3 months delay. There was also, unexpected bedrock that required an unscheduled blasting.

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Regional Implementation and Support						
-	-	107 rivers where River Health programme is implemented	River Health programme was implemented in 118 rivers	Over by 11	Additional monitoring of water resources occurred in Gauteng due to the partnership formed with GDARD. In the EC additional support was received to monitor projects. The Orange river in the NC was monitored because of the partnership that was established with the Department of Environmental Affairs.	
-	-	100% completion of the refurbished and extended Rand Uranium treatment plant	100% completion of the refurbished and extended Rand Uranium treatment plant	-	-	
-	-	100% completion of the short term mitigating measures in the Central Basin	95% completion of the short term mitigating measures in the Central Basin	Under by 5%	An industrial action during quarter 3 disrupted the contract work programme.	
-	-	25% completion of the short term mitigating measures in the Eastern Basin	20% completion of the short term mitigating measures in the Eastern Basin	Under by 5%	Delays were experienced in the appointment of the contractor due to finalising the linkage of the short term and long term solutions' funding mechanism.	
-	-	75% completion on the EIA for the AMD long term solution in the Witwatersrand	40% completion on the EIA for the AMD long term solution in the Witwatersrand	Under by 35%	The approval to proceed with the long term EIA study was dependent on the conclusion of the long term feasibility study (that took longer than planned) and appointment of the long term implementing agent.	
-	-	5% completion on project plan for the AMD long term solution	5% completion on project plan for the AMD long term solution	-	-	
-	-	1 catchment identified with mines that generate AMD	1 catchment identified with mines that generate AMD	-	-	
-	-	100% of Upper Vaal catchment assessed (with mines that generate AMD)	100% of Upper Vaal catchment assessed (with mines that generate AMD)	-	-	

4.3.4 Performance indicators per sub-programme

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Regional bulk					
Number of jobs opportunities created through the regional bulk infrastructure grant programme	-	2694 job opportunities	20 885 job opportunities created	Over by 18 191	More labour was employed to accelerate projects in MP, NC, NW and EC.
Number of bulk infrastructure schemes completed per year	3 completed EC: Tsomo RDP Project FS: Jagersfontein/Fauresmith BWS phase KZN: Emalangen Regional Bulk Water Supply	12 bulk infrastructure schemes completed	7 completed namely <ul style="list-style-type: none"> • 3 in FS (i.e. Tokologo Phase 1, Dihilabeng Phase 1 and Maluti-a-Phofung (Sterkfontein) Phase 1) • 1 in KZN (i.e. Middle drift Water Treatment Plant) • 2 in MP (i.e. Bloemendal/Delmas pipeline and Acorhoek Bulk Pipeline) and • 1 in WC (i.e. Hermanus Bulk Water Supply) 	Under by 5	Some technical failures occurred during testing resulting in delays with the completion of some projects.
Number of wastewater treatment works completed	3 wastewater treatment works completed Groot Marico in NW Colesberg in NC Hermanus in WC	9 wastewater treatment works	2 wastewater treatment works completed (Struisbaai WWTW and Drakenstein WWTW)	Under by 2	In the NW, 5 ACIP projects were erroneously captured under RBIG. With this in mind, RBIG should have completed a total of 4 projects resulting to an under achievement of 2. The 2 under achieved projects are in Gauteng and NC (namely Westonaria Regional sewer scheme and Khathu WWTW). There was a delay in the appointment of mechanical and civil contractors resulting in a 3 months delay. There was also, unexpected bedrock that required an unscheduled blasting.

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Institutional establishment					
Number of jobs opportunities created through Resources Poor Farmers programme	-	20 job opportunities	34 job opportunities created of which <ul style="list-style-type: none"> • 20 are in KZN (Uthungulu) • 2 are in MP (Ehlanzeni) • 12 are in LP (Merekomme) 	Over by 14	As the projects are in deep rural areas with limited accessibility, contractors could not transport machinery to project sites and had to hire additional labourers for work that would have been done using machinery under normal circumstances.
Number of job opportunities created through Rainwater Harvesting programme	-	250 job opportunities	503 job opportunities created of which <ul style="list-style-type: none"> • 63 are in EC • 3 are in FS • 305 are in KZN • 42 are in LP • 35 are in MP • 20 are in NC • 35 are in WC 	Over by 253	More local labourers were appointed in KZN to fast track the concurrent implementation of the various projects.
Number of job opportunities created through Adopt-A-River programmes	-	123 job opportunities	202 job opportunities created of which <ul style="list-style-type: none"> • 49 are in KZN • 120 are in EC • 33 are in FS 	Over by 79	Funding was made available to the EC and KZN provinces resulting in the increase in the number of created job opportunities.
Number of resource poor farmers (RPF) provided with access to water	1 787 resource poor farmers	880 resource poor farmers	1 589 resource poor farmers provided with access to water of which <ul style="list-style-type: none"> • 1184 are in MP • 23 are in LP • 15 are in WC • 23 are in NC • 27 are in FS • 48 are in NW • 73 are in EC • 196 are in KZN 	Over by 709	Additional applications received in MP, EC and WC resulted in additional RPFs being supported.

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Institutional establishment					
Number of rainwater harvesting tank installed for food production	4 068 rain water harvesting tanks distributed	2 400 rain water harvesting tanks installed for food production	2 204 rain water harvesting tanks installed of which <ul style="list-style-type: none"> • 1 165 are in EC • 100 are in MP, • 231 in LP, • 160 are in WC, • 110 are in NC • 438 are in KZN 	Under by 196	<p>North West</p> <p>Project implementation could not be completed due to prolonged floods as the areas were inaccessible to deliver the material.</p> <p>Limpopo</p> <p>Project implementation could not be completed due to prolonged floods from January to early March in Vhembe, Sekhukhune and Mopani District Municipalities.</p> <p>Mpumalanga</p> <p>Project implementation could not be completed due to prolonged floods from January to early March in Ehlanzeni and Mopani District Municipalities.</p>
Sub-programme name: Water Sector Support					
Volume of water saved to monitor water use efficiency	130 376 929m ³	13 million m ³	145 million m ³ of water saved of which <ul style="list-style-type: none"> • 39 million m³ was saved during quarter 1 • 33 million m³ was saved during quarter 2 • 35 million m³ was saved during quarter 3 • 38 million m³ was saved during quarter 4 	Over by 132 million m ³	Certain municipalities managed to increase their planned savings targets. These are Lephalele LM (LJ), Mangaung Metro (FS), City of Cape Town (WC) and Emfuleni (GP). This has resulted in the significant contribution to the volume of water saved

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Water Sector Support					
Number of supported Water Services Authorities: Number of supported Water Services Authorities with Blue Drop Score below 50%	75 WSAs supported with Blue Drop Score below 50%	40 WSAs supported	40 WSAs were supported of which: <ul style="list-style-type: none"> • 7 are in EC • 10 are in FS • 1 is in LP • 2 are in MP • 16 are in NC • 2 are in NW and • 2 are in WC 	-	-
Number of Supported Water Services Authorities: Number of supported Water Services Authorities with Cumulative Risk Rating (CRR) above 70%	65 WSAs supported with Green Drop Score below 50%	62 WSAs supported	62 WSAs were supported of which: <ul style="list-style-type: none"> • 8 are in EC • 17 are in FS • 4 are in KZN • 3 in MP • 19 are in NC • 7 are in NW and • 4 are in WC 	-	-
Number of water services Authorities: Number of municipalities supported to implement water conservation and water demand management	34 WSAs supported to implement water conservation and water demand management	71 WSAs supported	61 WSAs were supported of which: <ul style="list-style-type: none"> • 14 are in NC • 13 are in FS • 4 are in KZN • 30 are for ACIP 	Under by 10	As some of the War on Leaks projects in NC were combined with ACIP (WC/DM), the number of interventions were reduced
Number of community infrastructure water projects implemented: Accelerated Community Infrastructure Programme (ACIP)	14 community infrastructure water projects implemented	31 community infrastructure water projects implemented	8 community infrastructure water projects were implemented of which <ul style="list-style-type: none"> • 1 is in EC (Ikwezi) • 1 is in FS (Jacobsdal) • 4 are in LP (Tshlidzini, Mahlakwena, Muyexe, Giyani Pipeline C) • 1 is in MP (Mfolozi) and • 1 is in NW (Ottosdal) 	Under by 23	The allocated funding was only sufficient for the 8 projects that were implemented

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Water Sector Support					
Number of interventions to be made to prevent water supply, water quality and effluent, quality incidents	-	40 intervention to be made	177 interventions made of which <ul style="list-style-type: none"> • 13 were in EC • 33 were in FS • 13 were in GP • 4 were in KZN • 23 were in LP • 1 was in MP • 14 were in NC • 71 were in NW • 5 were in WC 	Over by 137	As this KPI is incident driven, more interventions were made to prevent water supply, water quality and effluent quality incidents
Number of households provided with (interim or basic) water supply in the 24 priority district municipalities	-	30 000 households	40 996 households were provided of which <ul style="list-style-type: none"> • 1 267 are in NC • 36 808 are in LP • 2 089 are in EC • 80 are in KZN • 752 are in NW 	Over by 10 996	A number of projects were completed during the fourth quarter resulting in additional households receiving interim or basic water supply.
Number of job opportunities created through the construction of water services projects	-	1165 job opportunities	1 759 job opportunities were created	Over by 594	The acceleration of the Valdezia pipeline resulted in the creation of additional job opportunities.
Sub-programme name: Water Services Projects					
Percentage completion on project plan of Inyaka Water treatment Works	98% completion	100% completion	100% completion	-	-
Percentage completion on Project plan of Nandoni WTW and Distribution	79% completion	100% completion	97% completion Construction of the water treatment works distribution	Under by 3%	Abnormal rain conditions that oversaturated the soils resulted in delays in completing the project

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Water Services Projects					
Percentage completion on project plan of Nandoni WTW Workshop	26% completion	100% completion	60% completion	Under by 40%	Resources had to be reallocated to accelerate the Vaidezia distribution pipeline
Percentage completion on project plan of Nandoni distribution replacement of glass reinforced plastic pipeline	65% completion	100% completion	95% completion	Under by 5%	Abnormal rain conditions that oversaturated the soils resulted in delays in completing the project
Percentage completion on project of Great Letaba Water Resource Project (GLEWAP) Phase1: N'wamitwa Distribution Phase	5% completion	20% completion (Major Phase: Design)	20% completion (Major Phase: Design) (1) Tender for pipe specials in progress. (2) Betterments to Nkambako WTW in progress (mixing chamber and clear water sump. (3) Repair of existing pipelines and boreholes almost complete. (4) Bhambanana Pipeline design almost finished	-	-
Sub-programme name: Transfer of Water Schemes					
Number of prioritised schemes refurbished	59 prioritised schemes refurbished	125 prioritised schemes refurbished	41 prioritised schemes were refurbished	Under by 84	A number of Water Services Authorities (WSA's) could not comply with reporting requirements and as a result the Department invoked section 17 of DoRA, Act 02 of 2013 by withholding allocations due to non-compliance. This delayed the transfer of the last allocation to the respective WSAs and thus affecting completion of the projects.

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Integrated Catchment Management					
Number of rivers where River Health Programme is implemented	110 rivers	107 rivers	River Health programme was implemented in 118 river of which <ul style="list-style-type: none"> • 30 are in EC • 13 are in GP • 16 are in KZN • 4 are in LP • 4 are in MP • 3 are in NC • 8 are in NW and • 40 are in WC 	Over by 11 of which <ul style="list-style-type: none"> • 5 are in EC (Ngandla, Jujura, Mngazi, Mzintla and Coastal Rivers); • 5 are in Gauteng (Rietspruit, Blesbokspruit, Elands, Bronkhorstspuit and Suikerbosrand) and; • 1 is in NC (Orange River). 	Additional monitoring of water resources occurred in Gauteng due to the partnership formed with GDARD. In the EC additional support was received to monitor projects. The Orange river in the NC was monitored because of the partnership that was established with the Department of Environmental Affairs.
Sub-programme name: Mine Water Management					
Refurbished and extended Rand Uranium Treatment Plant to 35 mega litres per day (immediate solution)	-	100% completion (Major phase: Commissioned and Operational)	100% plant fully commissioned and operational	-	-
Short term mitigating measures in the Central basin implemented	-	100% completion (Major phase: Commissioned and Operational)	95% completion All civil works was completed. The pumps, pipelines, electrical and related works was also completed. Testing and commissioning is underway.	Under by 5%	An industrial action during quarter 3 disrupted the contract work programme.

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Mine Water Management					
Short term mitigating measures in the Eastern basin implemented	-	25% completion (Major phase: The Eastern basin implemented)	20% completion The design and tender processes have been concluded for the appointment of the contractor.	Under by 5%	Delays were experienced in the appointment of the contractor due to finalising the linkage of the short term and long term solutions' funding mechanism.
Percentage completion on the Environmental Impact Assessment for the acid mine drainage long term solution in the Witwatersrand	-	75% completion (Major phase: EIA study)	40% completion The short term study has been developed which covers certain aspects of the long term EIA.	Under by 35%	The approval to proceed with the long term EIA study was dependent on the conclusion of the long term feasibility study (that took longer than planned) and appointment of the long term implementing agent.
Percentage completion on project plan for the acid mine drainage long term solution	-	5% completion (Major phase: procurement process and implementation)	5% completion The financial and institutional models have been identified. The desalination technology was also confirmed.	-	-
Number of catchments identified with mines that generate AMD	-	1 catchment	1 catchment (100% of Upper Vaal identified)	-	-
Percentage of assessment completion of catchments with mines that generate AMD	-	100% Upper Vaal assessed	1 catchment with 25 mines assessed (100% Upper Vaal assessed)	-	-

4.3.5 Strategy to overcome areas of under performance

The areas of underperformance have been included in the 2014/15 APP for continuation and finalisation. Also, for the department to have a bigger influence in the management of the interim/intermediate water supply programme (i.e. MWIG), the National Treasury was engaged on the conversion of the grant from a schedule 5B to a schedule 6B grant.

4.3.6 Changes to planned targets

a Changes to indicators

The sub-programme Mine Water Management's PPI no 57 on "Short term mitigating measures in the Western basin implemented" was removed from the 2013/14 APP as the refurbishment and extension of the Rand Uranium Treatment Plant (PPI no 56) was doing well and therefore there will be no further need to construct a new plant. Also, a change was made to PPI no. 62 for the sub-programme Mine Water Management. When conducting the SMART analysis for implementing the automated monitoring and evaluation (M & E) system, it was found that the PPI in question was compounded (i.e. referring to identification of catchments and assessing catchment with mines that generate AMD) with different targets. To simplify the reporting it was separated into two PPIs and improved to reflect the differences in targets as tabulated below.

PPI as tabled in the 2013/14 APP		Revised PPIs after the SMART analysis	
PPI no	Programme performance indicator	PPI no	Programme performance indicator
62	Number of catchments identified and assessed with mines that generate AMD	62a	Number of catchments identified with mines that generate AMD
		62b	Percentage of assessment completion of catchments with mines that generate AMD

b Changes to targets

There were no changes made to the annual targets during the period under review.

4.3.7 Linking performance with budgets

Sub-programme name	2013/2014				2012/2013				
	Final appropriation	Actual expenditure	(Over)/Under expenditure	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	R'000	R'000	R'000
Regional Management and Support	5 404	5 404	-	4 815	4 815	2	4 815	4 813	2
Water Sector Support	1 057 844	1 027 930	29 914	724 745	717 938	6 807	724 745	717 938	6 807
Water Regulation and Use	291 249	291 249	-	-	-	-	-	-	-
Institutional Establishment	40 914	40 908	6	27 156	24 456	2 700	27 156	24 456	2 700
Regional Bulk	3 346 338	3 313 370	32 968	2 591 039	2 486 803	104 236	2 591 039	2 486 803	104 236
Transfer of Water Schemes	571 578	541 339	30 239	683 265	681 626	1 639	683 265	681 626	1 639
Support Services	338 503	338 4953	10	310 118	306 589	3 529	310 118	306 589	3 529
Water Services Projects	190 453	190 380	73	619 054	532 904	86 150	619 054	532 904	86 150
Integrated Catchment Management	3 104	3 104	-	23 853	23 849	4	23 853	23 849	4
Mine Water Management	378 048	378 048	-	265 278	156 785	108 493	265 278	156 785	108 493
Water Use Authorisation and Administration	-	-	-	-	-	-	-	-	-
Total	6 223 435	6 130 225	913 210	5 249 323	4 935 762	6 223 435	5 249 323	4 935 762	6 223 435





4.4 Programme 5: Regulations and Compliance

4.4.1 Programme purpose

The purpose of the programme is to protect the resources through authorisation, monitoring compliance to legislation and enforcing compliance to legislation. It is also to protect the consumer without compromising the sustainability of the service providing institution.

4.4.2 List of 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.

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

Compliance Monitoring coordinates and monitors compliance to standards, licence conditions and regulation across the full water values chain including water resources, dam safety, water hazards and water services.

Enforcement ensures that appropriate legal action is taken against all unlawful water users. Function performed in this sub-programme includes monitoring and investigations, legal support and enforcement support.

4.4.3 Strategic objectives for the programme

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Water sector regulation						
2.2	Improve equity and efficiency in water allocation	Preliminary allocation schedule gazetted for Jan Dissel Proposed allocation schedule for Mhlathuze was gazetted	2 new catchment areas in which compulsory licensing processes have been completed (i.e. Mhlathuze and Jan Dissels)	Compulsory licensing processes have been completed in 1 new catchment area	Under by 1 new catchment area	On-going consultation with water users to finalise allocation schedule at Mhlathuze took longer than anticipated
3.1	Ensure compliance to water legislation	-	810 water treatment supply systems assessed	913 water treatment supply systems assessed	Over achieved by 103 water treatment supply	This was due to enhanced internal capacity as well as buy-in and improved communication with respective institutions
4.1	Ensure compliance to water legislation	-	100% completion of Blue Drop Progress Report	100% completion of Blue Drop Progress Report	-	-
		963 systems were assessed	960 wastewater treatment collector systems assessed	967 systems assessed	Over by 7	This was due to enhanced internal capacity as well as buy-in and improved communication with respective institutions
		-	100% completion of the Green Drop report	100% completion of the Green Drop report	-	-
		Institutional options developed	100% completion of the institutional option for economic regulation	100% completion of the institutional option for economic regulation	-	-
		148 dams declared/certified safe.	140 dams evaluated for compliance with dam safety regulations	188 dams evaluated for compliance with dam safety regulations	Over by 48 dams	This was due to enhanced internal capacity as well as buy-in by dam owners
		92 mines monitored for compliance and 31 investigated for compliance	100 mines monitored for compliance in accordance with water legislation	114 mines monitored for compliance in accordance with water legislation	Over by 14	There was improved intergovernmental coordination between the three departments of Water Affairs, Environmental Affairs and Mineral Resources as well as the mining sector.

4.4 Performance indicators per sub-programme

Performance Indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Water Use Authorisation					
Number of new catchment areas in which compulsory licensing processes have been completed per year	Preliminary allocation schedule gazetted for Jan Dissel	2 new catchment areas (i.e. Mhlatuze and Jan Dissels)	1 new catchment area	Under by 1 new catchment area	
	Proposed allocation schedule for Mhlatuze was gazetted		Jan Dissels The compulsory licensing process have been completed in Jan Dissels Mhlatuze The preliminary allocation schedule for Mhlatuze has been developed (93% completion overall)		On-going consultation with water users to finalise allocation schedule took longer than anticipated
Sub-programme name: Drinking Water Quality and Waste Water Services					
Number of water treatment supply systems assessed for compliance with drinking water quality standards	-	810 water treatment supply systems assessed	913 water treatment supply systems assessed	Over achieved by 103 water treatment supply	This was due to enhanced internal capacity as well as buy-in and improved communication with respective institutions
Percentage Completion of Blue Drop Progress Report	-	100% completion of Blue Drop Progress Report	100% completion Blue Drop progress report is complete	-	-
Number of wastewater treatment collector systems assessed for compliance with effluent standards	963 systems were assessed	960 wastewater treatment collector systems assessed	967 systems assessed	Over by 7	This was due to enhanced internal capacity as well as buy-in and improved communication with respective institutions
Percentage Completion of Green Drop Report	-	100%	100% completion Green Drop Report is completed	-	-
Sub-programme name: Economic and Social Regulation					
Economic regulator established to regulate water management across the value chain	Institutional options developed	Institutional option for economic regulation (100% completion)	Institutional option for economic regulation finalised (100% completion)	-	-

Performance Indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Resources Regulation					
Number of dams evaluated for compliance with dam safety regulations	148 dams declared/ Certified safe.	140 dams evaluated for compliance with dam safety regulations	188 dams evaluated for compliance with dam safety regulations	Over by 48 dams	This was due to enhanced internal capacity as well as buy-in by dam owners
Sub-programme name: Compliance Monitoring and Enforcement					
Number of mines monitored for compliance in accordance with water	92 mines monitored for compliance and 31 investigated for compliance	100	114 mines	Over by 14	There was improved intergovernmental coordination between the three departments of Water Affairs, Environmental Affairs and Mineral Resources as well as the mining sector.

4.4.5 Strategy to overcome areas of under performance

The areas of underperformance have been included in the 2014/15 APP for continuation and finalisation.

4.4.6 Changes to planned targets

a Changes to indicators

During the midterm, changes were made to some of the PPIs within programme 5 as the SMART analysis found them to be compounded and thus required redefining to ensure their simplicity and ease of reporting in the automated M & E system. The revised indicators are tabulated as follows:

PPI as tabulated in the 2013/14 APP		Revised PPIs after the SMART analysis	
PPI no	Programme performance indicator	PPI no	Programme performance indicator
64	Number of new catchment areas in which compulsory licensing processes have been completed per year	64	The annual targets were not changed however, changes were made to the quarterly milestones to improve their measurability.
65	Number of water treatment supply systems assessed for compliance with drinking water quality standards	65a	Number of water treatment supply systems assessed for compliance with drinking water quality standards
		65b	Percentage completion of the Blue Drop progress report
66	Economic regulator established to regulate water management across the value chain	66	Percentage completion of institutional option for economic regulation
68	Number of wastewater treatment collector systems assessed for compliance with effluent standards	68a	Number of wastewater treatment supply systems assessed
		68b	Percentage completion of the Green Drop report

b Changes to targets

There were no changes made to the annual targets for the period under review.

4.4.7 Linking performance with budgets

Sub-programme name	2013/2014				2012/2013				
	Final appropriation	Actual expenditure	(Over)/Under expenditure	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	R'000	R'000	R'000
Regulation Management and Support	928	852	76	314	282	32			
Economic and Social Regulation	-	-	-	821	63	758			
Water Use Authorisation Administration	16 114	12 825	3 289	20 346	19 602	744			
Water Supply Services and Sanitation Regulations	30 376	23 082	7 294	26 353	23 892	2 461			
Water Resource Regulation	43 180	41 800	1 380	37 395	33 992	3 403			
Compliance Monitoring	626	40	586	788	14	774			
Enforcement	17 105	13 424	3 681	15 063	9 529	5 534			
Total	108 329	92 023	16 306	101 080	87 374	13 706			

4.5 Programme 6: International Water Cooperation

4.5.1 Programme purpose

The purpose of the programme is to develop, promote and manage strategic 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 forums.

4.5.2 List of sub-programmes

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

Africa Corporation 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 ten African Union (AU), African Ministers' Council on Water (AMCOW), and the New Partnership for Africa's Development (NEPAD) programmes and the Southern African Development Community (SADC).

Global Corporation 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.



4.5.3 Strategic objectives for the programme

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: International Water Cooperation						
1.5	Coordinate regional and global water cooperation	<ul style="list-style-type: none"> (i) Uganda agreement signed. (ii) Ethiopia draft agreement negotiated (i) RSA and DRC water projects implemented (ii) Rwanda training modules of hydrologists implemented. (iii) DRC projects implemented. <p>Shared river basin organisation: MoU signed with Lesotho and Botswana on the Botswana extraction of water from the Lesotho Highlands Projects.</p> <p>RSA – Mexico: formal cooperation agreement negotiated</p> <p>RSA – Netherlands: Mou finalised</p> <p>Two financing agreements signed with Dutch ORIO for infrastructure grant for Elundini and uMgugundlovu municipalities.</p> <p>RSA-Japan: projects implemented as per the plan and partnership review workshop held in Japan.</p> <p>RSA China: Partnership implemented as planned.</p> <p>RSA-Vietnam implemented as planned.</p> <p>RSA-Russia: implemented as planned</p>	<p>2 strategic new partnerships established with countries in Africa</p> <p>9 existing partnerships implemented with countries in Africa</p> <p>3 trans-boundary Water Management projects implemented</p> <p>2 strategic new partnerships established with countries outside Africa</p>	<p>0 strategic new partnerships established with countries in Africa</p> <p>9 existing partnerships implemented with countries in Africa</p> <p>3 trans-boundary Water Management projects implemented</p> <p>2 strategic new partnerships established with countries outside Africa</p>	Under by 2	

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: International Water Cooperation						
		-	5 strategic existing partnerships implemented with countries outside Africa	5 strategic existing partnerships implemented with countries outside Africa		
		-	8 strategic engagements with international organisations	10 strategic engagements with international organisations	Over by 2	Due to DWA further engagements in multilateral position of the water agenda.
		-	8 programmes/projects receiving official development assistance (ODA)	8 programmes/projects receiving official development assistance (ODA)		

4.5.4 Performance indicators per sub-programme

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Africa cooperation					
Number of strategic new partnerships established with countries in Africa	Uganda agreement signed. Ethiopia draft agreement negotiated	2 new partnerships established with countries in Africa	None established however progress is as follows:	Under by 2	
			i) RSA – Ethiopia A memorandum of understanding is ready for signing		RSA-Zimbabwe Legal teams of both countries RSA and Zimbabwe did not agree on certain text of the agreement. The MoU will be renegotiated again
			ii) RSA-Zimbabwe The negotiations for establishing a partnership are still on-going		
			iii) RSA - Burundi A draft agreement is being negotiated		
			iv) RSA-Sao Tome and Principe A fact finding mission to Sao Tome and Principe was undertaken and a declaration of intent on Water and Health sector interventions was signed. A Sao Tome delegation was also hosted on a study tour.		RSA-Sao Tome and Principe This was not part of the 2013/14 APP. However, it was added as a Presidential project
v) RSA - Sierra Leone	RSA - Sierra Leone This was not part of the plan. However, it was added as per the request from the DTI visit to establish a partnership				

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Africa cooperation					
Number of existing partnerships implemented with countries in Africa	(i) RSA and DRC water projects implemented	9 existing partnerships implemented in Africa	9 existing partnerships implemented in Africa as follows: i) RSA - DRC: Implementation of the water supply infrastructure project in Katanga Province is on-going. ii) RSA - Rwanda: Phase 1 training for 27 Rwandese on hydrological services and flood management was conducted on 3-20 Sept 2013. iii) RSA - Namibia: Negotiations are on-going on the principles of cooperation. iv) RSA - Uganda The scheduled joint technical committee meeting was convened on 22-24 April 2013 where a draft action plan was developed. v) RSA- Sudan A delegation of 15 water experts from South Sudan was hosted from 26 – 30 August 2013 focussing on knowledge and information sharing on water for irrigation purposes.		
	(ii) Rwanda training modules of hydrologists implemented. DRC projects implemented.				

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Africa cooperation					
			<p>vi) RSA- South Sudan; A delegation of 15 water experts from South Sudan was hosted from 26 – 30 August 2013 focussing on knowledge and information sharing on water for irrigation purposes.</p> <p>vii) RSA – Swaziland The scheduled joint water commission meetings (23 October and 27 November 2013) were convened. They focused on Restructuring of KOBWA Loans, amendment of the treaty and the Driekoppies Relocation Action Plan (RAP).</p> <p>viii) RSA-Botswana The Presidential Bi-National Commission (BNC) was hosted in South Africa where the on-going water cooperation was re-endorsed with new initiatives.</p> <p>ix) RSA – Tanzania Cooperation in the water sector is on-going</p>		



Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Africa cooperation					
Number of trans-boundary Water Management Projects implemented	Shared river basin organisation: MoU signed with Lesotho and Botswana on the Botswana extraction of water from the Lesotho Highlands Projects.	3 trans-boundary Water Management projects implemented	<p>3 Trans-boundary Water Management Projects implemented</p> <p>i) Orange-Senqu River Basin Commission (ORASECOM) Through the Sasol /GIZ/Emfuleni Municipality Water Conservation Management Project, 40 local people have been trained as water conservation warriors and assistant plumbers.</p> <p>ii) Limpopo River Basin Commission (LIMCOM) The LIMCOM Monograph study to assess water availability in the Limpopo River Basin was completed in 18 December 2013.</p> <p>iii) Joint Study Management Committee (JSMC) Flowing from the MoU signed during the previous financial year, a task team was appointed to develop terms of reference for the feasibility study (i.e. Botswana to obtain water from the Lesotho Highlands Water project).</p>		

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Global cooperation					
Number of strategic new partnerships established with countries outside Africa	<p>RSA – Mexico: formal co-operation agreement negotiated</p> <p>RSA – Netherlands: Mou finalised</p> <p>Two financing agreements signed with Dutch ORIO for infrastructure grant for Elundini and uMgugundlovu municipalities.</p> <p>RSA-Japan: projects implemented as per the plan and partnership review workshop held in Japan.</p> <p>RSA China: Partnership implemented as planned.</p> <p>RSA-Vietnam implemented as planned.</p> <p>RSA-Russia: implemented as planned.</p>	2 new established partnerships	<p>2 new partnerships established outside Africa as follows:</p> <p>i) RSA-Cuba</p> <p>The agreement was signed on 09 September 2013</p> <p>RSA-Netherlands</p> <p>The agreement was signed on 21 November 2013</p>		



Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Number of strategic existing partnerships implemented with countries outside Africa	Sub-programme name: Global cooperation				
	(i) RSA - Japan, (ii) RSA - China (iii) RSA-Vietnam	5 existing partnerships implemented	5 existing partnerships implemented with countries outside Africa as follows: i) RSA – Japan One (1) Ministerial and three (3) technical engagements were convened ii) RSA – China A Bi - National Commission (BNC) was held on 28 - 29 October 2013 and a commission meeting held including the training of two (2) DWA officials on artificial recharge in China. iii) RSA – Vietnam A joint meeting was held in August 2013 that agreed on a new focus area (WC/DM) for implementation. iv) RSA-Russia A formal communication on SA's decision on a hydrological model (ECOMAG) and a proposal to review RSA-Russia agreement was submitted to the Russians.		

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Global cooperation					
Number of strategic engagements with international organisations		8 strategic engagements with international organisations	<p>v) RSA – Netherlands The development phase of the DWA – ORIO agreements on Ethekwini, Elundini and Umgungundlovu were implemented and finalised.</p> <p>10 strategic engagements with international organisations as follows:</p> <p>i) UNFCCC The Department participated and contributed in subsidiary bodies on scientific and technological advice and innovation on 3 – 14 June 2013 in Bonn, Germany as well as the COP-19 in Warsaw.</p> <p>ii) WEF The Department participated and contributed during the World Economic Forum in Davos, 21-26 January 2014</p> <p>iii) Stockholm World Water Week (SWWW) The Department coordinated the South African Water sector participation at the SWWW through inter alia thematic presentations, exhibitions, junior water prize.</p>	Over by 2	Due to DWA further engagements in multilateral position of the water agenda.



Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Global cooperation					
			<p>iv) World Water Day The Department participated and contributed through presentations and panel discussions at the WWD on 20 – 21 March 2014 in Tokyo.</p> <p>v) UNCSD / Post 2015 The Department participated and contributed in the Post 2015 process through four UN Open Working Group meetings in Geneva, New York, Hungary and Korea which resulted in the development of the Water Sector Position for inclusion in the National position. Also contributed to the Africa agenda in support of three (3) cluster teams namely, Environmental Sustainability, Economic Development and People to People. The latter was held at UN headquarters in March 2014.</p> <p>vi) Stockholm International Water Institute (SIWI) The Department negotiated the renewal of the Stockholm Junior Water Prize agreement.</p>		

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Global cooperation					
			<p>vii) UNESCO The Department participated at the UNESCO Strategic and High Level meeting on Water Security and Cooperation in Nairobi, Kenya, from 11-13 September 2013.</p> <p>viii) World Water Forum 7 The Department participated at the Budapest Water Summit in Hungary, 11-13 October 2013.</p> <p>ix) AMCOW South Africa participated in the 11th AMCOW EXCO and TAC meetings from 3-6 June 2013 in Egypt where a 2013 AMCOW country progress report and 10 African mechanisms for monitoring and evaluation for reporting to the AU summit were adopted.</p> <p>x) SADC South Africa participated in the SADC regional water supply and sanitation programme that was scheduled from 24 to 28 March 2014 in Livingstone, Zambia.</p>		

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Global cooperation					
Number of programmes/projects receiving official development assistance (ODA)		8 projects receiving ODA	8 projects receiving ODA (i) Two Departmental officials received support from JICA to attend a training on water supply management in Japan to the value of R100 000. (ii) 19 municipal officials led by a departmental official received training funded by Japan to the value of R1.2 million. (iii) The DWA-ORIO uMgungundlovu agreement has been signed to the value of R5.5 million. (iv) Modimolle municipality received training on sewage technology and urban drainage in Japan to the value of R120 000. (v) The ORIO – EThekweni agreement has been signed to the value of R150 million.		

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Global cooperation					
			(vi) The departmental North West province officials received funding to attend a training on water distribution and service in Japan to the value of R120 000		
			(vii) The departmental Free State province received support from JICA to attend a training programme on water quality and purification to the value of R120 000.		
			(viii) Approval has been granted for the DWA-ORIO Elundini project for the implementation phase to the value of approximately R100 million.		

4.5.5 Strategy to overcome areas of under performance

The areas of underperformance have been included in the 2014/15 APP for continuation and finalisation.

4.5.6 Changes to planned targets

a Changes to indicators

During the midterm, changes were made to some of the PPIs within programme 6 as the SMART analysis found them to be compounded and thus required redefining to ensure their simplicity and ease of reporting in the automated M & E system. The revised indicators are tabulated as follows

Old PPI as tabled in the 2013/14 APP		Revised PPIs after the SMART analysis	
PPI no	Programme performance indicator	PPI no	Programme performance indicator
70	Number of strategic new partnerships established and existing implemented with countries in Africa	70a	Number of new strategic partnerships established with countries in Africa
		70b	Number of existing strategic partnerships implemented with countries in Africa
72	Number of strategic new partnerships established and existing implemented with countries outside Africa	72a	Number of new strategic partnerships established with countries outside Africa
		72b	Number of existing strategic partnerships implemented with countries outside Africa

b Changes to targets

There were no changes made to the annual targets for the period under review.

Linking performance with budgets

Sub-programme name	2013/2014			2012/2013		
	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	5 847	5 842	5	4 890	4 148	742
Africa Cooperation	10 461	10 395	66	7 993	7 564	429
Global Cooperation	10 645	10 643	2	11 595	11 258	337
Total	26 953	26 880	73	24 478	22 970	1 508

WATER TRADING ENTITY

5 AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Reference is made to the AGSA report for Vote 38, pages 12-41, set out on pages 284-287 in this annual report.

6 PERFORMANCE INFORMATION BY PROGRAMME

6.1 Programme 1: Administration

6.1.1 Programme 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.

6.1.2 List of sub-programmes

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



6.1.3 Strategic objectives for the programme

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Administration (Water Trading Entity)						
1.2	Effective and efficient internal control environment	90%	100% completeness of asset register	100% completeness of asset register	-	-
		80%	100% reduction in irregular expenditure	71% reduction in irregular expenditure	Under by 29%	An irregular expenditure is unavoidable and can only be dealt with ex post facto.
		99.29%	100% of actual billing versus planned billing	100% of actual billing versus planned billing	-	-
		0% reduction	50% of reduction in outstanding debt over 60 days	11% of reduction in outstanding debt over 60 days	Under by 39%	The municipalities are the major contributors to the slow reduction in outstanding debt despite the use of the debt collector.
		-	Value of revenue generated per year to fund the refurbishment programme to be R848m	Value of revenue generated per year to fund the refurbishment programme is R1.63 billion	Over by R215 million	Improve recovery due to the appointment of a debt recovery agency that had a positive impact on the debt recovered.

6.1.4 Performance indicators per sub-programme

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Financial Management (Water Trading Entity)					
Percentage completeness of asset register	90%	100%	100%	-	-
Percentage reduction in irregular expenditure	80%	100%	71%	Under by 29%	An irregular expenditure is unavoidable and can only be dealt with ex post facto.
Percentage of actual billing versus planned billing	99.29%	100%	100%	-	-
Percentage of reduction in outstanding debt over 60 days	0% reduction	50%	11%	Under by 39%	The municipalities are the major contributors to the slow reduction in outstanding debt despite the use of the debt collector.
Value of revenue generated per year to fund the refurbishment programme	-	R848 m	R1.63 billion	Over by R215 million	Improve recovery due to the appointment of a debt recovery agency that had a positive impact on the debt recovered.

6.1.5 Strategy to overcome areas of under performance

For the irregular expenditure, the WTE has developed a policy which established the Financial Misconduct Advisory Committee (FMAC) as guided by the National Treasury Regulations. The FMAC establishment assists SCM in reducing the irregular expenditure as strict disciplinary action and punitive measures are taken against officials found guilty of transgressing. In accordance with the PFMA's section 45(c), cases are reported to the FMAC monthly as deterrent of irregular, fruitless and wasteful expenditure. In addition workshops and training sessions were held with the staff to enhance the prevention of such transgressions.

For the reduction in outstanding debt over 60 days, the department will embark a legal recovery process. This will include issuing of summons and this action expected to improve reaction from defaulting customers.

6.1.6 Changes to planned targets

a Changes to indicators

There were no changes made to the PPIs within programme 1 of the WTE.

b Changes to targets

During the year under review, changes were made to the quarterly milestones of APP indicator no 77 on "Actual Revenue Billed against the Target Revenue". This change entailed converting the unit of measurement from a consistent 100% to specific quarterly milestones. The reason for this amendment is there are various billing plans that are determined on a case-by-case basis for specific periods.

6.2 Programme 3: Water Infrastructure Management

6.2.1 Programme purpose

The purpose of the programme is to ensure a reliable supply of water from bulk raw water resources infrastructure to meet sustainable demand objectives for South Africa within acceptable risk parameters. 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.

6.2.2 List of 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 departmental dams and related infrastructure.

Operations of Water Resources funds expenditure on water resources management activities conducted by the departments or catchment management agencies within water management areas.

6.2.3 Strategic objectives for the programme

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Water Infrastructure Management						
1.3	Implement programmes that create job opportunities		7 050 of job opportunities created through augmentation projects	Cumulative total of 10 486 job opportunities created through augmentation projects	Over by 3 436	The emergency projects caused the increase demand for job opportunities to be created
			184 of job opportunities created through the Dam Safety Rehabilitation Programme	256 of job opportunities created through the Dam Safety Rehabilitation Programme	Over by 72	The volume of work increased in some instances and thus required more manpower. In some instances additional employment was due to the need to speed up the pace of site work.
2.1	Ensure the availability of/ access to water supply for environmental and socio-economic use	95%	99% completion on project plan of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure)	99% completion on project plan of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure)	-	
		18%	50% completion on project plan of Olifants River water resources development project phase 2B, 2C and 2D (bulk distribution system)	14% completion on project plan of Olifants River water resources development project phase 2B, 2C and 2D (bulk distribution system)	Under by 36%	Allocated funding was only sufficient for phase 2C.
			100% completion on project plan of Vaal River Eastern Sub-System Augmentation Project (VRESAP) (Abstraction works-pump house and pipeline to Knoppiesfontein)	100% completion on project plan of Vaal River Eastern Sub-System Augmentation Project (VRESAP) (Abstraction works-pump house and pipeline to Knoppiesfontein)	-	

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Water Infrastructure Management						
			60% completion on project plan of phase 1 of Mokolo River augmentation	55% completion on project plan of phase 1 of Mokolo River augmentation	Under by 5%	Construction delays were experienced as a result of labour unrest and shortage of pipe supply in the country due to high demand. Also, extreme flooding in the project area (Lephalale) resulted in a 94 working days delay.
		-	90% completion on project plan of Komati Water Supply Augmentation Project (KWSAP)	92% completion on project plan of Komati Water Supply Augmentation Project (KWSAP)	Over by 2%	Favourable construction conditions resulted in the over achievement.
		36%	54% completion on project plan of Mdloti River Development (Raising of Hazelmere Dam)	54% completion on project plan of Mdloti River Development (Raising of Hazelmere Dam)	-	-
		84%	20% completion on project plan of raising Clan William Dam wall	20% completion on project plan of raising Clan William Dam wall	-	-
		42% completion (The demolition of the priority has commenced. Designs ready for tender)	90% completion on project plan of Mooi Mgeni Transfer Scheme (MMTS-phase 2)	71% completion on project plan of Mooi Mgeni Transfer Scheme (MMTS-phase 2)	Under by 19%	Appeals to the record of decision caused the delays.
		8% completion (SANRAL designs ready to go out on tender. DWA contractor submitted draft construction programme)	10% completion on project plan of Great Letaba River Water Resources Project (N'wamitwa Dam)	10% completion on project plan of Great Letaba River Water Resources Project (N'wamitwa Dam)	-	-

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Water Infrastructure Management						
		50%	25% completion on project plan of Great Letaba River Water Resources project: (Raising of Tzaneen Dam)	16% completion on project plan of Great Letaba River Water Resources project: (Raising of Tzaneen Dam)	Under by 9%	Resources were reallocated to projects that needed acceleration such as Mizimvubu and N'wamitwa
		5%	20% completion on project of Lesotho Highlands Water Project Phase II	20% completion on project of Lesotho Highlands Water Project Phase II	-	-
		5%	39 dam safety rehabilitation projects completed per year to meet dam safety regulations to be	35 dam safety rehabilitation projects completed per year to meet dam safety regulations	Under with the completion of 4 projects	Seasonal climate patterns resulted in further delays in construction work due to planning challenges.
		Design of infrastructure well advanced	90% adherence to the demand as per bulk water supply agreements to ensure sustainable bulk water supply	90% adherence to the demand as per bulk water supply agreements to ensure sustainable bulk water supply	-	-
			20 section of water conveyance projects rehabilitated	22 sections of water conveyance projects rehabilitated	Over by 2	Favourable construction conditions allowed for an increase in casting pace

6.2.3 Performance indicators per sub-programme

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Infrastructure development and rehabilitation					
Number of job opportunities created through augmentation projects	4 986 job opportunities	7050	Cumulative Total 10 486	Over by 3 436	The emergency projects caused the increase demand for job opportunities to be created
Percentage completion on project plan of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure)	95%	99% (Major phase: commissioning and close out)	99% completion Impoundment commenced and dam inaugurated by the President in March 2014.	-	-
Percentage completion on project plan of Olifants River water resources development project phase 2B, 2C and 2D (bulk distribution system)	18%	50% (Major phase: Design/ Construction)	14% complete (20km of the 140km pipeline laid) Phases 2B and 2D: the tender documents are complete. Phase 2C: 50% complete (The first 10 km to deliver water to De Hoop Water Treatment Works serving Jane Furse/Nebo Plateau was completed in Jan 2014. A total 20km out of the 40km pipeline was laid by end Mar 2014)	Under by 36%	Allocated funding was only sufficient for phase 2C.
Percentage completion on project plan of Vaal River Eastern Sub-System Augmentation Project (VRESAP) (Abstraction works-pump house and pipeline to Knoppiestfontein)	-	100% (project closed)	Project completed	-	-

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
<p>Sub-programme name: Infrastructure development and rehabilitation</p> <p>Percentage completion on project plan of phase 1 of Mokolo River augmentation</p>	36%	60% (Major phase: Construction/Commissioning)	<p>55%</p> <p>Intermediate milestone of debottlenecking (increasing operational efficiency) the existing pipeline at km 6,6 was achieved on 19 May 2013 and at km 10,3 was achieved on 29 October 2013.</p> <p>Water supply has been increased by 37% and 57% due to the debottlenecking at km 6, 6 and km 10, 3 respectively.</p> <p>Debottlenecking provides sufficient capacity to enable Eskom to commission four of its Medupi Units and meet the forecasted high water demand scenarios until December 2015.</p> <p>26.6 km of the 43 km pipeline was laid (March 2014).</p>	Under by 5%	Construction delays were experienced as a result of labour unrest and shortage of pipe supply in the country due to high demand. Also, extreme flooding in the project area (Lephalale) resulted in a 94 working days delay.



Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Infrastructure development and rehabilitation					
Percentage completion on project plan of Komati Water Supply Augmentation Project (KWSAP)	84%	90% (Major phase: Construction)	92% completion Project is at a Project Close-out Phase. KWSAP was declared operational on 4 June 2013. The Duvha and Matla pipelines were taken over in December 2013. Remaining components cathodic protection of pipeline and rehabilitation of servitude scheduled to be handed over to DWA for O&M in April 2014)	Over by 2%	Favourable construction conditions resulted in the over achievement.
Percentage completion on project plan of Mloti River Development (Raising of Hazelmere Dam)	42% completion (The demolition of the priority has commenced. Designs ready for tender)	54% completion (Major phase: Design)	54% completion (1) Tender for civil works was re-advertised. (2) Valuation of affected properties in progress.	-	-
Percentage completion on project plan of raising Clan William Dam wall	8% completion (SANRAL designs ready to go out on tender. DWA contractor submitted draft construction programme)	20% completion (Major phase: Design)	20% completion (1) The contractor for the N7 re-alignment has started. (2) The dam designs drawings are complete		

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Infrastructure development and rehabilitation					
Percentage completion on project plan of Mooi Mgeni Transfer Scheme (MMTS- phase 2)	50%	90% (Major phase: Construction)	71% completion Spring Grove Dam The construction of the dam wall is complete and was inaugurated by the President in November 2013. The project is now in the domain of O&M. Water Transfer System Construction of the 15 km pipeline and pump station of the Water Transfer System including Umgeni Water pipe commenced on 21 Oct 2013. Refurbishment of MMTS-1 The refurbishment of the Mearns pipeline has been completed. The pump station refurbishment is ongoing.	Under by 19%	Appeals to the record of decision caused the delays.
Percentage completion on project plan of Great Letaba River Water Resources Project (N'wamitwa Dam)	5%	10% (Major phase: Design)	10% Design work continues, Environmental Management Plans (EMP) have been drafted		
Percentage completion on project plan of Great Letaba River Water Resources project: (Raising of Tzaneen Dam)	5%	25% (Major phase: Design)	16% completion	Under by 9%	Resources were reallocated to projects that needed acceleration such as Mzimvubu and N'wamitwa
Percentage completion on project of Lesotho Highlands Water Project Phase II	Design of infrastructure well advanced	20% (Major phase: Design)	20% completion (Completion of the gauging weir design)	-	-

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Operation of water resources					
Number of job opportunities created through the Dam Safety Rehabilitation Programme	-	184	256	Over by 72	The volume of work increased in some instances and thus required more manpower. In some instances additional employment was due to the need to speed up the pace of site work.
Total number of dam safety rehabilitation projects completed per year to meet dam safety regulations	The following dam rehabilitation projects were completed during 2012/13: <ul style="list-style-type: none"> • Nsami Dam • Chumiespoort Dam • Grassridge Dam • Sterkfontein Dam • Klaserie Dam • Modjadji Dam • Magwa Dam 	39	35	Under with the completion of 4 projects	Seasonal climate patterns resulted in further delays in construction work due to planning challenges.
Percentage adherence to the demand as per bulk water supply agreements to ensure sustainable bulk water supply	-	90% adherence to the Demand as per Bulk Water Supply Agreements	90% adherence to the Demand as per Bulk Water Supply Agreements	-	-

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Total number of water conveyance projects rehabilitated	7 (Completed fill areas and Balancing Dam counted).	20 sections of canals to be completed	22 sections of canals completed namely: <ul style="list-style-type: none"> • Ncora: 1 section completed • Lindleyspoort: 7 sections completed • Vlakfontein Canal: 5 sections completed • Lakeside canal: 3 sections completed • Qamata: 1 section completed • Nzhelele: 3 sections completed • Boskop RB canal: 2 sections completed 	Over by 2	Favourable construction conditions allowed for an increase in casting pace
	<p>Sub-programme name: Operation of water resources</p>				



6.2.5 Strategy to overcome areas of under performance

A proposal for the funding and institutional arrangements for implementation is being reviewed for phases 2B and 2D of the Olifants River Water Resources Development Project. Also, the areas of underperformance have been included in the 2014/15 APP for continuation and finalisation.

6.2.6 Changes to planned targets

a Changes to indicators

There were no changes made to the PPIs of programme 3 for the period under review.

b Changes to targets

Some of the sub-programme Infrastructure Development and Rehabilitation's annual targets were amended as follows:

PPI No	PPI	2013/14 targets as per the tabled APP	Revised annual target for 2013/14	Reason for revising the target
82	Percentage completion on project plan of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure)	100%	99%	Latest revised construction programme estimated the completion and commissioning as September 2014. The annual target had to be adjusted to align with the updated schedule.
85	Percentage completion on project plan of phase 1 of Mokolo River augmentation	95%	60%	Construction delays were experienced as a result of labour unrest and shortage of pipe supply in the country due to high demand.
87	Percentage completion on project plan of Mdloti River Development (Raising of Hazelmere Dam)	85%	54%	The construction of the civil works was delayed as the received bids exceeded the allocated budget.
90	Percentage completion on project plan of Greater Letaba River Water Resources Project (N'wamitwa Dam)	12%	10%	The Record of Implementation Decision (RID) for GLEWAP was received later than planned. Also, the mapping for N'wamitwa dam basin was delayed by inclement weather conditions.
93	Total number of dam safety rehabilitation projects completed per year to meet dam safety regulations	41	39	There was a miscalculation of the number of dams completed since the start of the Dam Safety Rehabilitation Programme that led to a wrong baseline figure.





6.3 Programme 4: Regional Implementation and Support

6.3.1 Programme purpose

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

6.3.2 List of sub-programmes

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

6.3.3 Strategic objectives for the programme

No	Strategic objectives	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Programme name: Regional Implementation and Support						
2.2	Improve equity and efficiency in water allocation	288 was a decision made but the processed applications were 400	100% of water use license applications finalised within the year under review	38% of water use license applications finalised within the year under review (136 of 357 applications finalised)	Under by 62% (Under by 221)	Some applications especially from municipalities had outstanding information and therefore could not be finalised. Also, 198 backlog applications were finalised during the year under review.
2.4	Improve water use efficiency	28 237 039 m ³	5 million m ³ of water allocated to Historical Disadvantage Individuals (HDIs)	28 million m ³ of water allocated to Historical Disadvantage Individuals (HDIs)	Over by 23 million m ³	-
4.2	Improve the protection of water resources and ensure their sustainability	36 939 695 m ³	60 million m ³ of water losses reduced (around the catchment areas) through water conservation and demand management	46 million m ³ water losses were reduced	Under by 14 million m ³	The measuring of water savings in the catchment areas was only done by the two provincial offices
		1 794	1 582 of sampling points monitored to assess water resource quality	1 403 sampling points were monitored	Under by 179	EC, FS and LP could not monitor some of their planned water sampling points
		749	851 of waste discharge points monitored to assess water resource quality	786 of waste discharge points monitored	Under by 65	EC, FS, MP and GP could not monitor some of their points as they had planned
		179	168 of mines where pollution inspection is conducted to assess water resource quality	196 of mines where pollution inspection is conducted to assess water resource quality	Over by 28	As the KPI is incident driven, there was a need to inspect more mines for pollution

6.3.4 Performance indicators per sub-programme

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Sub-programme name: Integrated catchment management					
Percentage of water use license applications finalised within the year under review	288 was a decision made but the processed applications were 400	100% water use license applications finalised	38% of water use license applications finalised within the year under review (136 of 357 applications finalised)	Under by 62% (i.e. under by 221)	Some applications especially from municipalities had outstanding information and therefore could not be finalised. Also, 198 backlog applications were finalised during the year under review.
Volume of water allocated to Historical Disadvantage Individuals (HDIs)	28 237 039 m ³	5 million m ³	28 million m ³ volume of water was allocated to HDIs	Over by 23 million m ³	-
Volume of water losses reduced (around the catchment areas) through water conservation and demand management programme	36 939 695 m ³	60 million m ³	46 million m ³ water losses were reduced of which 9 million m ³ are from GP 37 million m ³ are from LP	Under by 14 million m ³	The measuring of water savings in the catchment areas was only done by the two provincial offices
Number of sampling points monitored to assess water resource quality	1 794	1 582 sampling points	1 403 sampling points were monitored of which <ul style="list-style-type: none"> • 176 are in EC • 90 are in FS • 165 are in GP • 355 are in KZN • 79 are in LP • 204 are in MP • 70 are in NC • 103 are in NW • 161 are in WC 	Under by 179	EC, FS and LP could not monitor some of their planned water sampling points

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation from planned target to actual 2013/14 achievement	Comment on deviation
Number of waste discharge points monitored to assess water resource quality	749	851 waste discharge points	786 of waste discharge points monitored of which <ul style="list-style-type: none"> • 132 are in EC • 88 are in FS • 85 are in GP • 194 are in KZN • 30 are in LP • 60 are in MP • 35 are in NC • 44 are in NW • 118 are in WC 	Under by 65	EC, FS, MP and GP could not monitor some of their planned points
Number of mines where pollution inspection is conducted to assess water resource quality	179	168 mines	191 mines were inspected of which <ul style="list-style-type: none"> • 1 is in EC • 13 are in FS • 22 are in GP • 39 are in KZN • 20 are in LP • 25 are in MP • 54 are in NC • 8 are in NW • 9 are in WC 	Over by 23	As the KPI is incident driven, there was a need to inspect more mines for pollution

6.3.5 Strategy to overcome areas of under performance

The areas of underperformance have been included in the 2014/15 APP for continuation and finalisation.

6.3.6 Changes to planned targets

There were no changes made to the indicators and targets for the period under review.

7 SUMMARY OF FINANCIAL INFORMATION

7.1 Departmental receipts

Departmental receipts	2013/2014			2012/2013		
	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
Sale of goods and services other than capital assets	4 647	142	4 505	4 678	2 783	1 895
Transfers received						
Fines, penalties and forfeits						
Interest, dividends and rent on land	2 910	207	2 703	8 000	4 612	3 388
Sale of capital assets						
Financial transactions in assets and liabilities	18 000	2 259	15 741	12 000	58 555	(46 555)
Total	25 557	2 608	22 949	24 678	65 949	(41 272)

The budgeted revenue for 2012/13 was R24 336 and for 2013/14 was R24 678. When comparing the two financial years, the actual collection for 2012/13 was R26 015 making it 105% of the budget whilst for the 2013/14 it was R65 950 making it 267% of the budgeted revenue. The main reason for the significant increase in revenue in 2013/14 compared to 2012/13 is due to bad debts written off of R50 106 which were long outstanding, prescribed, uneconomical to recover and simply irrecoverable and recovery of debts.

The Water Trading Entity (WTE) on the other hand projected to collect total revenue of R9.0 billion in 2013/14 which was successfully collected at the end of financial year. During the year under review, the entity focused on revenue collection and reconciliation of top 100 customers. Despite this, there is a need for further improvement in the billing and the entity's ability to collect its outstanding debts quicker. In an effort to improve collection WTE has appointed a debt collector to assist the entity in collecting the long outstanding debt.

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.

7.2 Programme expenditure

Programme name	2013/2014			2012/2013		
	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	916 273	907 440	8 833	865 180	843 367	21 813
Water Sector Management	535 361	530 828	4 534	501 605	500 538	1 067
Water Infrastructure Management	2 565 203	2 558 847	6 356	2 251 496	2 251 496	-
Regional Implementation and Support	6 223 435	6 130 225	93 210	5 249 323	4 935 763	313 561
Water Sector Regulation	108 329	92 023	16 306	101 080	87 374	13 704
International Water Cooperation	26 953	26 880	73	24 478	22 970	1 508
TOTAL	10 375 554	10 246 242	129 312	8 993 162	8 641 508	351 654

7.3 Transfer payments to public entities

Public entities receive sizeable transfer payments from government and are often the front-line providers of services on behalf of government. It is therefore important to understand the impact of these services on the community. Departments are requested to provide information on the services provided by these public entities, transfer payments to the public entities, the actual amount spent from the transfer received by the public entities, strategic achievements of the public entity. Departments must also comment on monthly monitoring systems or the lack thereof to monitor spending on such transfer payments. If such monitoring did take place, departments must provide details of difficulties experienced and what steps (if any) were taken to rectify such difficulties.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	
Water Research Commission	Facilitate research in the water sector	8 000	8 000	
Trans-Caledon Tunnel Authority	ORWRDP-2C (See pages 188-189)	625 000	625 000	
Catchment Management Agencies				
Inkomati	Water resource management at catchment level	35 674 642	35 674 642	
Breede Overberg		23 624	23 624	

7.4 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made to municipalities for the period 1 April 2013 to 31 March 2014. The list of all municipalities that received transfer payments is included in Annexure 1A of the Main Account annual financial statements.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the department comply with S38(1)(j) of the PFMA	Amount transferred	Amount spent by entity	Reasons for the funds unspent by the entity
				R' 000	R' 000	
WSOS	Municipalities	Refurbishment and operations and maintenance	Yes	420 945	150 675	
MWIG	District municipalities	Upgrading of infrastructure	Yes	601 507	123 763	

7.5 Conditional grants and earmarked funds paid

The table below describes each of the conditional grants and earmarked funds paid by the department.

Conditional Grant 1: Water Services Operation Subsidy Grant

Department/Municipality to whom the grant has been transferred	Various (List attached)
Purpose of the grant	To refurbish water services schemes previously owned and/or operated by the Department of Water Affairs (DWA) or by other agencies on behalf of the Department
Expected outputs of the grant	Schemes refurbished to standards outlined in terms of the agreed policy framework
Actual outputs achieved	41 schemes refurbished
Amount per amended DORA	R420,945,000 (Combined)
Amount transferred (R'000)	R420,945,000 (Combined)
Reasons if amount as per DORA not transferred	
Amount spent by the department/municipality (R'000)	R155,676,000
Reasons for the funds unspent by the entity	Project execution is done within municipal financial year hence average expenditure
Monitoring mechanism by the transferring department	Enhance monitoring through scheduled and unscheduled site inspection of projects, regular bilateral and multilateral engagement with municipalities to enhance performance and compliance

Conditional Grant 2: Municipal Water infrastructure Grant

Department/Municipality to whom the grant has been transferred	WSA (list attached)
Purpose of the grant	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service
Expected outputs of the grant	<ul style="list-style-type: none"> • Number of fully functional projects completed and signed off by the Mayor and Municipal Manager of the relevant WSA • Number of people or households provided with a water supply service as a result of this grant • Number of rural schemes that are functional in line with norms and standards as prescribed by the Water Services Act • Number of communities benefiting • Number of job opportunities created
Actual outputs achieved	<p>13 Projects Completed:</p> <p>Northern Cape (3 project completed) namely Ga-Ruele (phase), Gasebolao (phase 1) and Drieloop/Kganung</p> <p>Eastern Cape (9 project completed) namely Dumsi Reticulation, Bonxa GWD, Spethu refurbishment, Gwabeni Reticulation, Meje GWD, Mngxiphongweni Refurbishment, Nongwadla Spring Dev, Cedarville GWD, Tsitsong bulk pipelines, reticulation and standpipes</p> <p>North West (1 Project Completed) namely Logageng Water Supply</p>
Amount per amended DORA	602 965
Amount transferred (R'000)	601 507
Reasons if amount as per DORA not transferred	Late compliance to DWA withholding requirements lead to late transfer of the third quarter funds to WSA (Ngaka Modiri Molema) and special transfer was requested on the 31st March 2014 whereby only the portion. The entire R7, 958,000 however our finance mistakenly captures R6, 500,000 instead of R7, 958,000. The result in us having to transfers only R6, 500,000 leaving behind R1, 458,000 not transferred.
Amount spent by the department/ municipality (R'000)	103 098
Reasons for the funds unspent by the entity	Project execution is done within municipal financial year hence average expenditure
Monitoring mechanism by the transferring department	By ensuring that benefiting WSA submits monthly projects progress reports, attending projects meetings, conduct project site visits.

Conditional Grant 3: Regional Bulk Infrastructure Grant

Department/Municipality to whom the grant has been transferred	Various (list attached)
Purpose of the grant	To develop infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality. In the case of sanitation, to supplement regional bulk collection as well as regional waste water treatment works.
Expected outputs of the grant	Number of regional bulk projects initiated Number of projects completed Number of people or households impacted Number of municipalities benefiting Number of job opportunities created
Actual outputs achieved	During the year under review a total of 7 bulk water schemes were completed namely; FS (Tokologo Phase 1, DhiLabeng Phase 1 and Maluti-a-Phofung [Sterkspruit] Phase 1); KZN Middledrift Water Treatment Plant; MP (Bloemendal/Delmas Pipeline project and Acornhoek Bulk Pipeline) and WC (Hermanus Bulk Water Supply). Furthermore two wastewater treatment works were completed in WC (Struisbaai and Drakenstein WWTWs)
Amount per amended DORA	3 262 038 (this includes R58 million of approved rollover from 2012/13 financial year.
Amount transferred (R'000)	3 242 768
Reasons if amount as per DORA not transferred	(19 270) The work was completed and IA submitted the invoices due to cut time, the invoices could not be authorised before cut time.
Amount spent by the department/municipality (R'000)	3 242 768
Reasons for the funds unspent by the entity	The work was completed and IA submitted the invoices due to cut time, the invoices could not be authorised before cut time
Monitoring mechanism by the transferring department	By ensuring that benefiting WSA submits monthly projects progress reports (Project Slide), attending projects meetings, conduct project site visits and performance evaluation quarterly and annually.

7.6 Conditional grants and earmarked funds received

The table below describes each of the conditional grants and earmarked funds received by the department

Conditional Grant 1: Earmarked Grant on Disaster Management Prevention & Mitigation funds

Department who transferred the grant	National Treasury
Purpose of the grant	To upgrade hydro systems, repair gauging and monitoring stations and any other related disaster management activities
Expected outputs of the grant	Repaired gauging and monitoring stations, Hydro equipments installed at prioritised monitoring stations
Actual outputs achieved	Repaired Riverside Gauging station in Mpumalanga, and the development of the 6 Regional Offices Disaster Management Contingency Plans.
Amount received (R'000)	
Amount per amended DORA	Not under Dora allocation
Amount transferred (R'000)	R18,810,000
Reasons if amount as per DORA not transferred	-
Amount spent by the department/municipality (R'000)	R2,521,563
Reasons for the funds unspent by the entity	Delay in finalising the contract due to the SLAs with the successful bidders not yet finalised. Roll over request submitted to National Treasury.
Monitoring mechanism by the transferring department	Grant not continuing for financial year 14/15

7.7 Donor Funds Received

The Department did not receive donor assistance during the period under review.

7.8 Capital investment, maintenance and asset management plan

Infrastructure projects	2012/2013			2013/2014		
	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	3 227 079	3 214 519	12 560	2 983 871	2 983 871	-
Existing infrastructure assets	501 292	613 480	(112 188)	383 904	383 904	-
Upgrades and additions	272 735	397 726	(124 991)	237 025	237 025	-
Rehabilitation, renovations and refurbishments	143 521	140 323	3 198	100 853	100 853	-
Maintenance and repairs	85 036	75 431	9 605	46 026	46 026	-
Infrastructure transfer	2 460 265	2 469 882	(9 617)	2 071 496	2 071 496	-
Current	85 036	75 431	9 605	46 026	46 026	-
Capital	6 103 600	6 222 450	(118 850)	5 393 245	5 393 245	-
TOTAL	6 188 636	6 297 881	(109 245)	5 439 271	5 439 271	-

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 Vlakfontein 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.

GOVERNANCE





1 INTRODUCTION

The department's commitment to maintain the highest standards of governance is fundamental to the management of its public finances and resources. In assuring the users that the Department has good governance structures in place to effectively, efficiently and economically utilise the state resources, which is funded by the tax payer, below is the governance report for the year under review.

2 RISK MANAGEMENT

In line with best practices, King III report on corporate governance and the Public Sector Risk Management Framework, the Department has a risk management policy and strategy that has been approved by the Accounting Officer that guides employees with regards to risk management activities.

In the year under review, the Department performed the annual strategic risk and operational risk assessments and developed risk registers that identified risks, detailed their mitigating measures and identified associated risk owners. As a Risk Management Committee was not established in the early part of the financial year, the Audit Committee discharged these responsibilities in line with the Public Sector Risk Management Framework. The Audit Committee therefore convened two sessions that were dedicated to risk management, the adequacy and effectiveness of risk management in the Department that included recommendations for improvement.

Although strategic and operational risks were identified and assessed, the management and monitoring of the effectiveness and the adequacy of the risk mitigating factors had always been a problem. It was thus decided to include risk management as a standing agenda item in the Top Management and Management Committee meetings. Furthermore, the Department is exploring the inclusion of risk management as a key performance area in all the senior managements' performance agreements contracts.

Towards the end of the financial year, the Risk Management Committee that includes three external members and all the Deputy Directors-General was appointed. In addition, risk champions for all branches (including the departmental provincial offices) were appointed. A quarterly risk champions' forum that assists management in monitoring the implementation of the Departmental risk strategy was also established.

3 FRAUD AND CORRUPTION

The Department has an approved Fraud Prevention Plan which sets down the stance of the Department on fraud and corruption which reinforces existing systems, policies, procedures, rules and regulations of the Department aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption. The Fraud Prevention Plan was approved on 04 July 2013 and developed after taking into account the fraud and corruption risks that were identified during the fraud and corruption risk assessments. It is an overall plan setting out how the Department will endeavour to reduce fraud and corruption. It also aims to confirm that the Department supports and fosters a culture of zero tolerance to fraud and corruption in all its activities. It covers aspects such as the relevant role players, special initiatives to root out fraud, highlighting red flags, setting out details of the fraud response plans, actions to be taken.

A National Anti-Corruption Hotline (NACH) was set up for the Public Service by the Public Service Commission (PSC) to ensure that all cases of fraud and corruption are reported centrally and re-directed to the Departments for investigation. The Department, after investigating the allegations, provides feedback to the Public Service Commission on how the matter was handled.

Officials also have an option of reporting all incidents and allegations of fraud and corruption to Internal Audit to initiate an investigation and provide a written report to the Director-General and Senior Management of the Department. All managers are responsible for the detection and prevention of fraud and corruption and must report all such incidents and allegations to Internal Audit.

In line with the Protected Disclosures Act, 26 of 2000, it is the Department's policy that:

- An employee who reports suspected fraud and corruption may remain anonymous should he/she so desire.
- He/she will not suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption which occurred within the Department.

All allegations of fraud and corruption are being pursued through an investigation and to the fullest extent of the law, including consideration of the following:

- Taking disciplinary action within a reasonable time;
- Instituting civil action to recover losses;
- Reporting the matter to the law enforcement agencies;
- Any other legal remedy.

4 MINIMISING CONFLICT OF INTEREST

In an effort of minimising the conflict of interest within supply chain management, the members of all procurement committees namely, the departmental bid adjudication, the regional bid adjudication, the sub-bid adjudication and the evaluation committees disclose their interests or lack thereof in every meeting attended. If any committee member declares an interest, they are excused from the procurement process, and in instances where any member does not declare but is found to have interest, their influence is investigated and disciplinary action is taken against the said member.

In every financial year, the Department requires all officials to declare companies where they have interests. Also, suppliers that conduct business with the Department are required to submit their declaration of relations with departmental and public service employees.

In line with the DPSA requirements, all Departmental senior management service is required to submit financial disclosure forms to the DPSA.

In addition to the financial disclosures required from the department's senior management service (SMS), financial declarations for all non-SMS officials are submitted to the Demand Management unit.

5 CODE OF CONDUCT

The Department has a supply chain management code of conduct that is signed by the Departmental Bid Adjudication Committee and its sub-committees namely the regional bid adjudication and sub bid adjudication committees, and all SCM practitioners at Head Office and regional offices.

6 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department has appointed all Deputy Directors-General and heads of departmental provincial offices to be responsible for the Occupational Health and Safety; which is in line with section 16.2 of the Occupational Health and Safety Act. In addition, a number of policies (including personal protective equipment, occupational health and safety) have been approved with the implementation of OHSAS 18001 system in progress.

Qualified Safety Officers or Coordinators are appointed in all departmental offices to ensure the implementation of Occupational Health and Safety Act in their areas of responsibility. Other legal appointments such as Health and Safety Representatives, First Aiders, Fire Fighters are also appointed and trained with regional health and safety committees established and functioning.

Routine inspections and risk assessments are conducted and reports sent to responsible people for corrective actions. The departmental National Occupational Health and Safety Committee meets quarterly to discuss OHS matters and come up with solutions. Minutes and quarterly reports are sent to the Accounting Officer for intervention where required.

Incidents are reported and investigated and safety measures are implemented. An evacuation drill is conducted annually with the last drill taking place on 01 October 2013. The OHS compliance audits are conducted in the departmental provincial offices and reports are sent to the Top Management Committee for review.

Although great strides have been made in streamlining health safety and environmental issues in the department, there are still challenges that still need to be resolved that include tightening performance management of OHS, procuring an OHS management system to ensure standardisation and consistency in implementation across the various offices.

7 PORTFOLIO COMMITTEES

The Department had eight (8) engagements with the Portfolio Committee on Water and Environment in the current year. A summary of what was raised in the meetings and how the issues were dealt with is as follows:

- Progress report on the business process review, water hotspots, strategic infrastructure projects, funding sources for water infrastructure and a summary of the transfers available for water scheduled on 16 April 2013. In this hearing, the water quality and water management was identified as a priority that needs to be dealt with.
- Budget hearings for the department's entities were scheduled on 17, 18 and 24 April 2013. The water boards presented their previous year's financial statements with inputs from the Department, the National Treasury and SALGA. The Department was requested to provide quarterly progress reports on the outstanding debt owed to water boards by municipalities, progress on the rationalisation of the water boards including a strategy to ensure their viability and progress on their capital expenditure.
- A briefing on the matters pertaining to the committees' constituency work was scheduled on 20 August 2013. Members raised specific constituency issues with the Departments of Water Affairs and Environmental Affairs. With regard to water issues, members asked about the progress with the regional sewerage works project and limited access to water and poor water quality in various rural areas.
- A briefing on the Water Research Amendment Bill took place on 10 September 2013. Members were satisfied with the current content of the Bill. While appreciating that the Presidential review had not yet been concluded, members wished to see the recommendations made on this matter. The Bill could not be fully processed before the institutional review arrangements were clarified. The Department was advised to look at the latest drafts of the South African Weather Services (SAWS) Bill for guidance.
- A briefing on the department's budgetary review and recommendations report took place on 16 October 2013. The Committee reviewed the 2012/13 Annual Report and concluded by adopting the Water Affairs Budgetary Review and Recommendations Report.
- The Department proposed amendments to the National Environmental Management Laws Amendment (NEMLA) Bill scheduled on 23 October 2013. The department presented their amendments to the NEMLA.
- A briefing on the matters pertaining to the committees' constituency work took place on 6 November 2013. The Department reported work undertaken in the provinces, to update Members before they went on their constituency work. This report included the status on the Sedibeng regional sewer scheme and the status of water services in the various areas.

8 SCOPA RESOLUTIONS

Although there were no SCOPA resolutions during the period under review, the progress is based on the resolutions that were taken on the 2009/10 annual financial statements:

Reference to previous audit report and SCOPA resolutions	Subject	Progress on Findings
<p>The AGSA identified the following:</p> <p>a) An amount of R231 791 894 relating to “return to sender” invoices was excluded from water related services revenue.</p> <p>b) The South African Statement of Generally Accepted Accounting Practice (GAAP) and the International Accounting Standards (IAS) 18 require that revenue should be recorded when it is probable that economic benefit will flow to the entity.</p> <p>c) There was an inadequate system of control to assess the probability of recording these amounts as revenue which is reliable for audit purposes.</p> <p>d) Audit evidence to support the completeness of water related services revenue of R1 643 715 as disclosed in the statement of comprehensive income could not be obtained sufficiently.</p> <p>The Committee recommends that the Accounting Officer ensures that:</p> <p>a) Adequate evidence exists to conclude when it is probable that economic benefits will flow into the entity for a specific invoice;</p> <p>b) Revenue recorded is complete; and</p> <p>c) The Entity complies with IAS 18</p> <p>The Committee recommends that the Accounting Officer ensures that:</p> <p>The monthly debtors’ reconciliations are prepared and reviewed through regular monitoring to ensure that the debtors’ balances are correct at the end of the financial year.</p>	<p>2.2 Water related services revenue</p>	<p>The Implementation of the SAP upgrade from version 4.7 to ECC6 is underway and the service provider is currently on board Revenue Management is ring-fenced 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 of 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 data maintenance to one person and audit trails of changes are maintained and review process to be implemented. This control measure is in place.</p>

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) There was no system of control over the recording of outstanding invoices at year-end. b) There were no satisfactory audit procedures to obtain reasonable assurance that all outstanding invoices have been accrued or provided for c) The completeness of the accrual liability in the annual financial statements could not be concluded. <p>The Committee recommends that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> a) Adequate cut-off procedures to guarantee that all transactions for the financial year are recorded in the annual financial statements; and b) Adequate creditor reconciliations is done for all significant creditors at 31 March in order to ensure that all outstanding liabilities have been recorded in the annual financial statements 	2.3 Unrecorded liabilities	The matters raised by AGSA have since being resolved and in the 2011/12 they were not part of the qualification
<p>The AGSA identified the following:</p> <ul style="list-style-type: none"> a) The completeness, existence and valuation of water user debtors as disclosed in note 10.1 of the financial statements could not be verified. b) A limited amount of debtors confirmed their balances and the alternative audit procedure did not render satisfactory results. c) Reasonable assurances that debtors balance exists and are disclosed at the correct value in the annual financial statements. d) The completeness of the trade debtors due to the limitation in the completeness of the water related services 	2.4 Accounts Receivable	<p>Monthly reporting from WARMS/ WULATS/ SAP to identify changes to customer master data and new customers is taking place. 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>

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> <ul style="list-style-type: none"> 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; 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; 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; d) 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); e) Monthly debtors reconciliations are prepared and reviewed on a regular basis; and f) There is continuous monitoring of debtors accounts to guarantee that account balances are correct at the end of the financial year. g) The Department strengthens its internal control systems in order to avoid incurring further irregular expenditure. 	<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 implement 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>

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>	<p>2.6 Restatement of Corresponding figures</p>	<p>The matters raised by AGSA have since being resolved and in the 2011/12 they were not part of the qualification</p>

9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Table 1: Main Account prior modifications to audit

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter																		
<p>Commitments</p> <p>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 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.</p>	2012/13	<p>Two workshops were conducted with RBIG project managers on defining commitments.</p> <p>Data for all projects was collected and a process of collecting supporting documents is underway. Once the reconciliation is finalised the financial statements will be adjusted and reported.</p> <p>RBIG team provided briefing to Internal Audit and Finance on business process.</p> <p>Logistics updates all the movement of invoices to ensure that commitments are accurate.</p> <p>Monitoring of all awarded contracts</p> <p>Managers in the Regions must quality check the commitments prior submitting to H/O.</p>																		
<p>Accruals</p> <p>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.</p>	2012/13	<p>Restated accruals have supporting documents and this applies to overall processes and procedures on correcting any information incorporating changing prior financial statements. All adjustments made have supporting documents.</p>																		
<p>Irregular Expenditure</p> <p>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.</p>	2011/12	<p>There is an improvement in the reporting of the irregular expenditure due to departmental interactions on how to identify and deal with it. During the interim reporting period, the regional offices reported the following:</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Cases</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>NW</td> <td>5</td> <td>273 955</td> </tr> <tr> <td>W. Cape</td> <td>5</td> <td>49 402</td> </tr> <tr> <td>KZN</td> <td>94</td> <td>2 444 396</td> </tr> <tr> <td>Limpopo</td> <td>71</td> <td>7 569 639</td> </tr> <tr> <td>E. Cape</td> <td>1</td> <td>322 274</td> </tr> </tbody> </table> <p>With regards to failure to source three quotations, officials are encouraged to source more than three suppliers to ensure the responses are within the prescripts. Also, the policy has been amended to align it with Practise note 8 of 2007 that includes one quotation for training.</p> <p>Officials have told only use suppliers that are in the departmental supplier database to avoid using suppliers that are not complying with the legislations, and/or are being blacklisted by the National Treasury</p> <p>A checklist has been developed and provided to Regions to ensure that all required supporting bid documents are attached.</p>	Region	Cases	Value	NW	5	273 955	W. Cape	5	49 402	KZN	94	2 444 396	Limpopo	71	7 569 639	E. Cape	1	322 274
Region	Cases	Value																		
NW	5	273 955																		
W. Cape	5	49 402																		
KZN	94	2 444 396																		
Limpopo	71	7 569 639																		
E. Cape	1	322 274																		

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
<p>Immovable tangible capital assets:</p> <p>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 status 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.</p>	2011/12	<p>A thorough reconciliation has been done from the 2010/2011 financial year to date to address all issues that were highlighted by the AGSA namely:</p> <p>Project codes created for all ACIP projects</p> <p>Completion certificates collected for completed projects</p> <p>Split of projects phases accounted for</p> <p>Journals passed and adjustments made to prior advances relating to KZN</p>

Table 2: Water Trading Entity prior modifications to audit

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
<p>Revenue from exchange transaction</p> <p>The entity did not have any adequate system of control over the recording of sales of water services on which I could rely on for the purpose 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.</p>	2012/13	<p>Issued a Government Gazette notice that stated that late registrations were no longer possible as the previous amnesty periods as per Government Notice 334 of 6 April 2001 had expired. Therefore any existing lawful users that did not register will have to apply for a water licence through the usual process. Also, strict penalties will be levied based on actual or estimated usage plus an additional percentage for any unlawful use.</p> <p>In process of obtaining Accounting Officer Approval.</p> <p>The Department is strict on the issuing of licences and ensure the process is diligent. Strict penalties are applied for any unlawful use, which will be based on actual or estimated use plus an additional percentage. Potential use by new applicants is monitored to prevent illegal use as included in the updated policy.</p> <p>In process of obtaining Accounting Officer Approval.</p> <p>It is recommended that the policy relating to the measuring of water for billing purposes be accepted to avoid discrepancies around the accuracy of the amount that should be billed. The intention of the WTE to bill administrative fees and penalties for the over use of water or late registrations should be communicated through a Government Notice.</p> <p>Process approved by Accounting Officer.</p> <p>Policy on Revenue and Receivables relating to closure of accounts, billing of accounts until validly closed and cut-off of billing is approved.</p>

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
		<p>Upgrade the current SAP system to deal with clients on an integrated system, which deals both with client master data and billing.</p> <p>Revenue and Receivables revised policy is approved.</p> <p>SAP Upgrade pre go live phase End User Training currently underway.</p> <p>The interface between SAP and WARMS needs to be tested and reconciled to ensure accurate and complete billing information on SAP.</p> <p>All reconciling items need to be followed up before the billing run takes place to prevent inaccurate billings.</p> <p>Inter-phase tested Reconciliations regularly done.</p> <p>Accuracy of billing greatly improved.</p> <p>PSP for installation of meters appointed and project currently underway.</p> <p>This will drastically improve accuracy and completeness.</p> <p>Extent the scope of the debt collection service provider to:</p> <ol style="list-style-type: none"> a) Validate and verify customer contact details (i.e. physical address, telephone numbers, e-mail addresses, connected persons contacts). b) Collect outstanding amount as a result of tracing the debtor. <p>PSP contracted and in process of validating data.</p> <p>Data clean up in process.</p>
<p>Impairment of final assets</p> <p>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: R 2 467 410 000) in note 12 to the financial statements.</p>		<p>Data Purification of Customer Information.</p> <p>Verification and Validation of the Following:</p> <ul style="list-style-type: none"> • Customer Addresses • Existence of Customers • Verification of Ownership <p>The current Debt Collection Service Provider is in process of conducting the relevant Data purification, Validation and Verification of Customer information.</p>

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
<p>Receivable from exchange transactions</p> <p>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 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.</p>		<p>Obtain settlement Agreements and Debtor's Balances with all categories of customers.</p> <p>Meetings held with various customers.</p> <p>Water boards have confirmed debtors balances.</p> <p>Debtor Line Item Clearing done and reduced to well below material value.</p> <p>Revenue Management has identified specific categories of debt for write off.</p> <p>Cases that fall under the prescription act.</p> <p>Cases with debtor balances that are too low where the cost of recovery will exceed the outstanding balance.</p> <p>Cases that are irrecoverable due to deaths, insolvency and untraceable cases.</p> <p>The value is approximately R1 bn.</p>
<p>Financial instrument disclosure</p> <p>The entity could not provide sufficient appropriate audit evidence to support the disclosure made in terms of the SA Standards of GRAP, GRAP 104, and 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 instruments disclosure in note 23 to the financial statement were necessary.</p>		

10 INTERNAL CONTROL UNIT

Internal Control for the 2013/14 financial year was under the sub-directorate policies and monitoring in financial accounting. The unit performed the following duties:

- Developing financial policies.
- Review and updating of the existing policies and financial delegations.
- Development of circulars and business procedures relating to Directorate: Financial Accounting.
- Distribution of audit samples to regional and head office and attending to audit requests.
- Attending Audit steering committee meetings both at regions and head office.
- Review of audit responses for quality and submission of supporting documents to audit findings.
- Serving as a secretariat on the Financial Misconduct Committee.
- Disclosure of gifts, donations and sponsorships, audit costs and accruals to the IFS/AFS.
- Consolidation of the quarterly risk register for the finance branch.
- Retrieving and filling of documents in the store room.
- Presenting at the induction course.

The Internal Control Unit was established effectively from the 01 April 2014 at a directorate level. Currently the unit is occupied with the matters of audit and parallel to this with the establishment of the unit as a whole.

11 INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit provides an independent, objective assurance and advisory services designed to add value and improve the department's operations. It assists the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

The department's internal audit serves both the Main Exchequer Account and the Water Trading Entity and its activities include the assessing and evaluating:

- The reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.
- The systems established to ensure compliance with those policies, plans, procedures, laws, and other prescripts relevant to the Department.
- The means of safeguarding assets and, where appropriate, the verification of the existence of such assets.
- The economic and efficient management of the Department's financial, human and other resources, and the effective conduct of its operations.
- The operations and/or programmes to ascertain whether or not results are consistent with established objectives and goals and whether or not the operations are being carried out as planned.

The internal audit may also conduct investigations and special assignments that are requested by senior management. Its activities were implemented in line with the annual operational plan which was approved by the audit committee as per the treasury regulation prescripts.

The Audit Committee, on the other hand, is a statutory committee of the Department constituted in terms of the Public Finance Management Act No. 1 of 1999 (PFMA) as amended. It is established to serve as an independent governance structure whose function is to provide an oversight role on the systems of internal control, risk management, and governance. It thus assists the Accounting Officer (DG) in the effective execution of his/her responsibilities with the ultimate aim of the achievement of the department's objectives.

The Audit Committee also review the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of internal audit with significant findings and the responses of management to specific recommendations.

The table below discloses relevant information on the audit committee members:

No	Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
1	Mr Justice Motha	B.Com (Hons)/CTA, Chartered Accountant	External	N/A	October 2008	N/A	9 of 9
2	Mr Thiru Mudaly	B.Com (Hons)/Diploma in Insolvency Law and Practice. Chartered Accountant	External	N/A	01 April 2012	N/A	7 of 9
3	Ms Nosipho Maphumulo	B.Compt (Hons)/CTA, Chartered Accountant	External	N/A	01 April 2012	N/A	4 of 9
4	Ms Natalie Carol Skeepers	MSH/ BTech in Environmental health	External	N/A	01 April 2013	N/A	9 of 9
5	Ms Annah Mmanoko Badimo	BSC (HONS)/MSC/BC	External	N/A	01 April 2013	N/A	7 of 9

No	Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
6	Adv. FJ Van Der Westhuizen	B Legum	External	N/A	01 April 2013	N/A	9 of 9
7	Adv. Mzondi Job Molapo	LLM qualification	External	N/A	01 April 2013	N/A	2 of 9

12 AUDIT COMMITTEE REPORT

Reference is made to the Audit Committee report for Vote 38, set out on pages 185-186 in this annual report.

Reference is made to the Audit Committee report for the Water Trading Entity, set out on pages 281-282 in this annual report.

HUMAN RESOURCE MANAGEMENT



1 LEGISLATION THAT GOVERNS HR 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

For the financial year under review, the Department had 7 336 posts filled out of 8 365, with a vacancy rate of 12,3% by March 2014. The Departmental strategy to fill posts was augmented by the placement of candidate engineers and scientists into permanent positions. The Learning Academy has placed 72 candidates in the year under review, which was the highest number of placements of all the years. In the medium term, the objective is to increase the intake of new graduate trainees with the aim of closing the persistent skills gap in the water sector.

The Department has also been successful in the implementation training interventions, in line with the Workplace Skills Plan. By March 2014, employees had attended training in the areas of finance, management, labour relations and strategic planning, mainly through the DPISA's Public School of Government. For the 2014/15 financial the focus will also include the implementation of the Adult Basic Education and Training (ABET) and the Recognition of Prior Learning (RPL) programmes. The introduction of the two programmes, especially RPL is aimed at bridging the gap between prior learning through job experience and professional qualification, thus increase the skills gap at operational level. The implementation of the two programmes will be incrementally staggered into the MTEF.

The Department has reviewed all human resources policies:

- Resettlement Policy
- Overtime Policy
- Special Leave Policy
- Employee Initiated Transfers Policy
- Job Evaluation Policy
- Skills Development Policy
- PMDS Policy
- Employee Wellness Policy
- HIV/AIDS Policy
- Sexual Harassment Policy
- Bursary Policy
- Recruitment and Selection Policy
- Bereavement Policy

This intervention was embarked on to ensure that these policies are up to date and adhere to 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 May 2013 to consult with all internal and external stakeholders including organised labour.

3 HUMAN RESOURCE OVERSIGHT STATISTICS

3.1 Personnel related expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. In particular, they provide an indication of the amount spent on personnel as well as amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme

Programme	Total Expenditure	Personnel Expenditure	Training Expenditure	Professional and Special Services Expenditure	Personnel Expenditure as a % of total expenditure	Average personnel cost per employee
	(R'000)	(R'000)	(R'000)	(R'000)	%	(R'000)
Administration	907 440	227 613	9 274	47 984	25%	84
Water Sector Management	530 827	133 590	2 377	149 801	25%	49
Water Infrastructure Management	2 558 847	-	-	-	-%	0
Regional Implementation and Support	6 130 225	447 179	9 312	241 548	7%	160
Water Sector Regulation	92 023	36 061	758	88 758	39%	13
International Water Cooperation	26 880	12 700	724	137	47%	5
TOTAL	10 246 242	857 143	22 445	528 228	8%	311

Table 3.1.2 Personnel costs by salary band

Salary band	Personnel Expenditure	% of total personnel cost	No. of employees	Average personnel cost per employee
	(R'000)			(R'000)
Lower skilled (Levels 1-2)	24 691	2.1	214	115 379
Skilled (level 3-5)	108 170	9	698	154 971
Highly skilled production (levels 6-8)	323 003	26.9	1266	255 137
Highly skilled supervision (levels 9-12)	428 980	35.8	874	490 824
Senior and Top management (levels 13-16)	147 002	12.3	154	954 558
Contract (Levels 3-5)	23 689	2	178	133 084
Contract (Levels 6-8)	41 227	3.4	203	203 089
Contract (Levels 9-12)	25 175	2.1	68	370 221
Contract (Levels 13-16)	6 625	0.6	5	1 325 000
Periodical Remuneration	676	0.1	1	676 000
Total	1 129 238	94.1	3661	308 451

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	(R'000)		(R'000)		(R'000)		(R'000)	
Administration	217 114	95%	2 878	1%	7 512	3%	10 558	5%
Water Sector Management	124 116	93%	102	0%	3 558	3%	5 814	4%
Water Infrastructure Management	-	-	-	-	-	-	-	-
Regional Implementation and Support	389 001	87%	2 172	0%	19 067	4%	26 490	6%
Water Sector Regulation	33 499	93%	-	0%	906	3%	1 656	5%
International Water Cooperation	11 730	92%	-	-	518	4%	452	4%
TOTAL	775 460	90%	5 152	0%	31 561	4%	44 970	5%

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	(R'000)		(R'000)		(R'000)		(R'000)	
Skilled (level 1-2)	16 199	60.7	167	0.1	2 094	0.9	1 813	6.8
Skilled (level 3-5)	70 593	60.4	1 861	1.6	7 050	6	8 164	7
Highly skilled production (levels 6-8)	227 246	67.5	2 327	0.7	12 440	3.7	19 590	5.8
Highly skilled supervision (levels 9-12)	322 495	70	698	0.2	6 881	1.5	12 911	2.8
Senior management (level 13-16)	117 042	73.8	0	0	2 922	1.8	2 299	1.4
Contract (Levels 3-5)	23 478	97.8	46	0.2	0	0	0	0
Contract (Levels 6-8)	40 931	97.5	42	0.1	8	0	28	0.1
Contract (Levels 9-12)	22 433	85.8	28	0.1	142	0.5	239	0.9
Contract (Levels 13-16)	5 810	83.6	0	0	155	2.2	61	0.9
Total	846 227	98%	5 169	0.6%	31 692	3.7%	45 105	5.2%

3.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies. The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables namely programme, salary band and critical occupations.

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	1190	1033	13.2	65
Water Sector Management (permanent)	467	401	14.1	16
Water Sector Management (temporary)	1	1	0	0
Regional Implementation and Support	2416	2069	14.4	138
Water Sector Regulation	142	120	15.5	2
International Water Cooperation	40	36	10	0
Unknown, Permanent	4007	3591	10.4	1042
Water resource planning (p3) fund 1000, Permanent	102	85	16.7	0
TOTAL	8365	7336	12.3	1263

Table 3.2.2 Employment and vacancies by salary band

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	1020	887	13	3
Skilled(3-5)	2262	1954	13.6	449
Highly skilled production (6-8)	2691	2392	11.1	358
Highly skilled supervision (9-12)	1616	1377	14.8	191
Highly skilled supervision (9-12), Temporary	1	1	0	0
Senior management (13-16)	248	198	20.2	0
Contract (Levels 3-5)	195	195	0	150
Contract (Levels 6-8)	226	226	0	58
Contract (Levels 9-12)	101	101	0	53
Contract (Levels 13-16)	5	5	0	1
TOTAL	8365	7336	12.3	1263

Table 3.2.3 Employment and vacancies by critical occupations

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	454	385	15.2	58
Agricultural animal oceanography forestry & other science, Permanent	4	4	0	0
Agriculture related, Permanent	4	4	0	0
All artisans in the building metal machinery etc., Permanent	121	104	14	0
Artisan project and related superintendents, Permanent	7	6	14.3	0
Auxiliary and related workers, Permanent	518	446	13.9	7
Biologists botanists zoologists & related professional, Permanent	3	3	0	0
Building and other property caretakers, Permanent	103	94	8.7	0
Bus and heavy vehicle drivers, Permanent	29	24	17.2	0
Cartographers and surveyors, Permanent	9	5	44.4	0
Cartographic surveying and related technicians, Permanent	21	19	9.5	0
Chemical and physical science technicians, Permanent	14	11	21.4	0
Civil engineering technicians, Permanent	155	126	18.7	1
Cleaners in offices workshops hospitals etc., Permanent	163	154	5.5	0
Client inform clerks(switchboard receipt inform clerks), Permanent	12	11	8.3	2
Communication and information related, Permanent	36	31	13.9	1
Community development workers, Permanent	92	80	13	2
Computer programmers., Permanent	1	1	0	0
Computer system designers and analysts., Permanent	1	1	0	0
Economists, Permanent	3	1	66.7	0
Electrical and electronics engineering technicians, Permanent	3	3	0	0
Engineering sciences related, Permanent	472	397	15.9	41
Engineers and related professionals, Permanent	98	78	16.1	23
Farm hands and labourers, Permanent	71	69	2.8	0
Farming forestry advisors and farm managers, Permanent	1	1	0	0
Finance and economics related, Permanent	186	159	14.5	18
Financial and related professionals, Permanent	15	13	13.3	0
Financial clerks and credit controllers, Permanent	510	421	17.5	40
Food services aids and waiters, Permanent	22	22	0	0
Forestry labourers, Permanent	9	9	0	0
General legal administration & rel. professionals, Permanent	11	10	9.1	0
Geologists geophysicists hydrologists & related profession, Permanent	191	157	17.8	0

PART D: HUMAN RESOURCE MANAGEMENT

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Head of department/chief executive officer, Permanent	1	1	0	0
Health sciences related, Permanent	2	1	50	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 & organisational development & related profession, Permanent	47	43	8.5	0
Human resources clerks, Permanent	180	154	14.4	10
Human resources related, Permanent	149	120	19.5	4
Information technology related, Permanent	26	26	0	0
Language practitioners interpreters & other communication, Permanent	41	33	19.5	0
Librarians and related professionals, Permanent	5	4	20	0
Library mail and related clerks, Permanent	46	42	8.7	0
Light vehicle drivers, Permanent	53	47	11.3	0
Logistical support personnel, Permanent	90	79	12.2	4
Material-recording and transport clerks, Permanent	189	160	15.3	7
Mechanical engineering technicians, Permanent	2	2	0	0
Messengers porters and deliverers, Permanent	105	96	8.6	1
Mining geology & geophysical & related technicians, Permanent	23	20	13	0
Motor vehicle drivers, Permanent	42	36	14.3	0
Motorised farm and forestry plant operators, Permanent	53	53	0	0
Natural sciences related, Permanent	330	267	19.1	16
Natural sciences related, Temporary	1	1	0	0
Nature conservation and oceanographically related technicians, Permanent	4	3	25	0
Other administration & related clerks and organisers, Permanent	608	490	19.4	52
Other administrative policy and related officers, Permanent	107	102	4.7	0
Other information technology personnel., Permanent	9	8	11.1	0
Other machine operators, Permanent	3	3	0	0
Other occupations, Permanent	981	978	0.3	974
Photographic lithographic and related workers, Permanent	2	1	50	0
Quantity surveyors & related professions not classified elsewhere, Permanent	1	1	0	0
Regulatory inspectors, Permanent	29	27	6.9	0
Risk management and security services, Permanent	6	6	0	0
Road workers, Permanent	9	9	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Safety health and quality inspectors, Permanent	11	10	9.1	0
Secretaries & other keyboard operating clerks, Permanent	161	147	8.7	1
Security guards, Permanent	50	46	8	0
Security officers, Permanent	140	139	0.7	0
Senior managers, Permanent	146	110	24.7	0
Social sciences related, Permanent	55	51	7.3	0
Social work and related professionals, Permanent	4	4	0	0
Statisticians and related professionals, Permanent	1	1	0	0
Trade labourers, Permanent	1111	983	11.5	1
Trade related, Permanent	1	1	0	0
Trade/industry advisers & other related profession, Permanent	4	4	0	0
Water plant and related operators, Permanent	195	171	12.3	0
TOTAL	8365	7336	12.3	1263

3.3 Filling of SMS posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	1	100	0	0
Salary Level 15	14	9	64	5	36
Salary Level 14	41	28	68	13	32
Salary Level 13	134	108	80	26	20
Total	190	146	77	44	23

Table 3.3.2 SMS post information as on 30 September 2013

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	1	100	0	0
Salary Level 15	12	7	58	5	42
Salary Level 14	36	27	75	9	25
Salary Level 13	126	108	86	18	14
Total	175	143	82	32	18

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2013 and 31 March 2014

SMS level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months of becoming vacant
Level 15	Deputy Director General: Water Sector Partnerships and IGC	0	1
Level 15	Deputy Director General: Programme Management Unit	0	1
Level 14	Chief Information Officer	1	0
Level 14	Chief Director: Compliance Monitoring	0	1
Level 14	Chief Director: Water Services Regulation	0	1
Level 14	Chief Director: Enforcement	0	1
Level 14	Chief Director: Economic Regulation	0	1
Level 14	Chief Director: Human Resources	0	1
Level 14	Chief Director: Business Development	0	1
Level 14	Chief Director: Corporate Support Services	0	1
Level 13	Director: Legal Services Legislation Contracts International Agreements	0	1
Level 13	Director: National Water Resource Planning	0	1
Level 13	Director: Compliance Monitoring Agriculture and Afforestation	0	1
Level 13	Director: Compliance Monitoring Mining	0	1
Level 13	Director: Compliance Monitoring Industries	0	1
Level 13	Director: Dam Safety Regulation	0	1
Level 13	Director: Enforcement	0	1
Level 13	Director: Drinking Water Quality Regulation	0	1
Level 13	Director Human Resource Transactions & Information	0	1
Level 13	Director: Water Services Scientific Regulation	0	1
Level 13	Director: Media Liaison	0	1
Level 13	Director: Operational Support	0	1
Level 13	Director: Investigations and Quality Assurance Audits	0	1

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2013 and 31 March 2014

Reasons for vacancies not advertised within six months
Posts are advertised after the necessary approval had been generated. The review of the delegations for the filling of SMS posts resulted in a lengthy process, that effected the time frame to fill posts.
Reasons for vacancies not filled within twelve months
The delegations to fill the SMS posts were revised during the financial year, resulting in a lengthy process to fill posts.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2013 and 31 March 2014

Reasons for vacancies not advertised within six months
The Department is to relook the delegation to fill SMS posts with the Director-General able to approved from Level 13-14, including all OSD.
Reasons for vacancies not filled within six months
The Department is to relook the delegation to fill SMS posts with the Director-General able to approved from Level 13-14, including all OSD.



3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled.

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	1020	0	0	0	0	4	0
Skilled (Levels 3-5)	2262	0	0	8	0	9	0
Highly skilled production (Levels 6-8)	2691	0	0	6	0	0	0
Highly skilled supervision (Levels 9-12)	1617	15	0.9	26	173.3	2	13.3
Senior Management Service Band A	146	0	0	0	0	0	0
Senior Management Service Band B	84	0	0	0	0	0	0
Senior Management Service Band C	15	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
Contract (Levels 3-5)	195	0	0	0	0	0	0
Contract (Levels 6-8)	226	0	0	6	0	0	0
Contract (Levels 9-12)	101	0	0	0	0	0	0
Contract (Band A)	3	0	0	0	0	0	0
Contract (Band C)	1	0	0	0	0	0	0
Contract (Band D)	1	0	0	0	0	0	0
Total	8365	15	0.9	46	306.7	15	100

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiary	African	Asian	Coloured	White	Total
Female	31	2	0	4	37
Male	27	1	0	3	31
Total	58	3	0	7	68
Employees with a disability	1	1	0	1	3

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2013 and 31 March 2014

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Senior State Accountant	1	8	8 notch 12	Retention of services
State Accountant	1	7	7 notch 12	Retention of services
Total number of employees whose salaries exceeded the level determined by job evaluation				2
Percentage of total employed				0.026%

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2013 and 31 March 2014

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	2				2
Total	2				2
Employees with a disability	0	0	0	0	0

3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations.

Table 3.5.1 Annual turnover rates by salary band

Salary Band	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	833	123	28	3.4
Skilled (Levels3-5)	1973	94	131	6.6
Highly skilled production (Levels 6-8)	2362	64	92	3.9
Highly skilled supervision (Levels 9-12)	1285	39	59	4.6
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	0
Senior Management Service Bands A	140	1	7	5
Senior Management Service Bands B	66	0	10	15.2
Senior Management Service Bands C	8	0	1	12.5
Senior Management Service Bands D	3	0	0	0
Other, Permanent	1	0	0	0
Contract (Levels 1-2), Permanent	0	4	0	0
Contract (Levels 3-5), Permanent	197	166	105	53.3
Contract (Levels 6-8), Permanent	208	51	23	11.1
Contract (Levels 9-12), Permanent	80	28	14	17.5
Contract (Band A), Permanent	5	0	0	0
Contract (Band B), Permanent	2	0	1	50
Contract (Band C), Permanent	2	0	1	50
Contract (Band D), Permanent	1	0	0	0
Total	7167	570	472	6.6

Table 3.5.2 Annual turnover rates by critical occupation

Critical Occupation	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, Permanent	370	59	52	14.1
Agricultural animal oceanography forestry & other sciences, Permanent	3	0	0	0
Agriculture related, Permanent	4	0	0	0
All artisans in the building metal machinery etc., Permanent	107	2	7	6.5
Artisan project and related superintendents, Permanent	7	1	2	28.6
Auxiliary and related workers, Permanent	455	12	20	4.4
Biologists botanists zoologists & related professional, Permanent	4	0	0	0
Building and other property caretakers, Permanent	91	9	3	3.3
Bus and heavy vehicle drivers, Permanent	29	1	4	13.8
Cartographers and surveyors, Permanent	5	0	0	0
Cartographic surveying and related technicians, Permanent	21	0	1	4.8
Chemical and physical science technicians, Permanent	12	0	0	0
Civil engineering technicians, Permanent	131	4	10	7.6
Cleaners in offices workshops hospitals etc., Permanent	154	12	9	5.8
Client inform clerks(switchboard reception inform clerks), Permanent	10	3	4	40
Communication and information related, Permanent	38	0	8	21.1
Community development workers, Permanent	83	4	1	1.2
Computer programmers., Permanent	1	0	0	0
Computer system designers and analysts, Permanent	1	0	0	0
Custodian personnel., Permanent	1	0	0	0
Economists, Permanent	1	0	0	0
Electrical and electronics engineering technicians, Permanent	4	0	1	25
Engineering sciences related, Permanent	357	97	49	13.7
Engineers and related professionals, Permanent	61	2	10	16.4
Farm hands and labourers, Permanent	63	8	2	3.2
Finance and economics related, Permanent	130	21	10	7.7
Financial and related professionals, Permanent	12	0	1	8.3
Financial clerks and credit controllers, Permanent	448	28	34	7.6
Food services aids and waiters, Permanent	22	0	0	0
Forestry labourers, Permanent	9	0	0	0

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Critical Occupation	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
General legal administration & rel. professionals, Permanent	10	0	0	0
Geologists geophysicists hydrologists & related profession, Permanent	152	7	5	3.3
Head of department/chief executive officer, Permanent	1	0	0	0
Health sciences related, Permanent	1	0	0	0
Household and laundry workers, Permanent	5	0	0	0
Household food and laundry services related, Permanent	1	0	0	0
Housekeepers laundry and related workers, Permanent	1	0	0	0
Human resources & organisational development & relate professional, Permanent	35	3	1	2.9
Human resources clerks, Permanent	138	12	2	1.4
Human resources related, Permanent	125	6	7	5.6
Information technology related, Permanent	29	1	3	10.3
Language practitioners interpreters & other communication, Permanent	32	1	1	3.1
Librarians and related professionals, Permanent	5	0	0	0
Library mail and related clerks, Permanent	39	1	3	7.7
Light vehicle drivers, Permanent	44	3	2	4.5
Logistical support personnel, Permanent	76	8	4	5.3
Material-recording and transport clerks, Permanent	165	11	12	7.3
Mechanical engineering technicians, Permanent	2	0	0	0
Messengers porters and deliverers, Permanent	98	9	9	9.2
Mining geology & geophysical & related technicians, Permanent	20	0	1	5
Motor vehicle drivers, Permanent	37	0	1	2.7
Motorised farm and forestry plant operators, Permanent	63	0	9	14.3
Natural sciences related, Permanent	258	9	11	4.3
Natural sciences related, Temporary	1	0	0	0
Nature conservation and oceanographically related technician, Permanent	4	0	1	25
Other administration & related clerks and organisers, Permanent	470	48	18	3.8
Other administrative policy and related officers, Permanent	101	0	2	2
Other information technology personnel., Permanent	9	0	0	0
Other machine operators, Permanent	3	0	0	0
Other occupations, Permanent	955	58	55	5.8

Critical Occupation	Number of employees at beginning of period-April 2013	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Quantity surveyors & related profession not classified elsewhere, Permanent	1	0	0	0
Regulatory inspectors, Permanent	22	2	1	4.5
Risk management and security services, Permanent	4	0	0	0
Road workers, Permanent	9	0	0	0
Safety health and quality inspectors, Permanent	8	2	1	12.5
Secretaries & other keyboard operating clerks, Permanent	136	14	3	2.2
Security guards, Permanent	47	3	3	6.4
Security officers, Permanent	126	13	0	0
Senior managers, Permanent	102	1	10	9.8
Social sciences related, Permanent	48	0	1	2.1
Social work and related professionals, Permanent	4	0	0	0
Trade labourers, Permanent	966	89	60	6.2
Trade/industry advisers & other related profession, Permanent	3	0	0	0
Water plant and related operators, Permanent	177	6	18	10.2
TOTAL	7167	570	472	6.6

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department

Termination Type	Number	% of Total Resignations
Death, Permanent	52	11
Resignation, Permanent	147	31.1
Expiry of contract, Permanent	109	23.1
Transfers, Permanent	2	0.4
Discharged due to ill health, Permanent	11	2.3
Dismissal-misconduct, Permanent	12	2.5
Retirement, Permanent	135	28.6
Other, Permanent	4	0.8
Total	472	100
Total number of employees who left as a % of total employment	472	6.6%

Table 3.5.4 Promotions by critical occupation

Occupation	Employees 1 April 2013	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	370	40	10.8	189	51.1
Agricultural animal oceanography forestry & other sciences	3	0	0	0	0
Agriculture related	4	0	0	4	100
All artisans in the building metal machinery etc.	107	1	0.9	83	77.6
Artisan project and related superintendents	7	0	0	4	57.1
Auxiliary and related workers	455	12	2.6	337	74.1
Biologists botanists zoologists & related professional	4	0	0	3	75
Building and other property caretakers	91	2	2.2	66	72.5
Bus and heavy vehicle drivers	29	0	0	15	51.7
Cartographers and surveyors	5	0	0	2	40
Cartographic surveying and related technicians	21	1	4.8	12	57.1
Chemical and physical science technicians	12	0	0	8	66.7
Civil engineering technicians	131	1	0.8	102	77.9
Cleaners in offices workshops hospitals etc.	154	1	0.6	114	74
Client inform clerks (switchboard reception inform clerks)	10	0	0	6	60
Communication and information related	38	3	7.9	21	55.3
Community development workers	83	7	8.4	53	63.9
Computer programmers	1	0	0	1	100
Computer system designers and analysts	1	0	0	1	100
Custodian personnel:	1	0	0	0	0
Economists	1	0	0	0	0
Electrical and electronics engineering technicians	4	0	0	1	25
Engineering sciences related	357	2	0.6	84	23.5
Engineers and related professionals	61	0	0	25	41
Farm hands and labourers	63	0	0	52	82.5
Finance and economics related	130	12	9.2	90	69.2
Financial and related professionals	12	5	41.7	10	83.3
Financial clerks and credit controllers	448	25	5.6	275	61.4
Food services aids and waiters	22	0	0	19	86.4
Forestry labourers	9	0	0	8	88.9
General legal administration & rel. professionals	10	2	20	3	30
Geologists geophysicists hydrologists & related professional	152	4	2.6	106	69.7

Occupation	Employees 1 April 2013	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Head of department/chief executive officer	1	0	0	0	0
Health sciences related	1	0	0	1	100
Household and laundry workers	5	0	0	3	60
Household food and laundry services related	1	0	0	1	100
Housekeepers laundry and related workers	1	0	0	0	0
Human resources & organisational development & related professional	35	5	14.3	21	60
Human resources clerks	138	14	10.1	87	63
Human resources related	125	15	12	78	62.4
Information technology related	29	1	3.4	21	72.4
Language practitioners interpreters & other communication	32	4	12.5	25	78.1
Librarians and related professionals	5	0	0	4	80
Library mail and related clerks	39	3	7.7	20	51.3
Light vehicle drivers	44	4	9.1	26	59.1
Logistical support personnel	76	15	19.7	44	57.9
Material-recording and transport clerks	165	4	2.4	100	60.6
Mechanical engineering technicians	2	0	0	2	100
Messengers porters and deliverers	98	0	0	71	72.4
Meteorologists statistical & related technicians	0	2	0	0	0
Mining geology & geophysical & related technicians	20	1	5	11	55
Motor vehicle drivers	37	6	16.2	22	59.5
Motorised farm and forestry plant operators	63	0	0	29	46
Natural sciences related	259	20	7.7	140	54.1
Nature conservation and oceanographically related technician	4	0	0	3	75
Other administration & related clerks and organisers	470	27	5.7	283	60.2
Other administrative policy and related officers	101	3	3	68	67.3
Other information technology personnel	9	0	0	6	66.7
Other machine operators	3	0	0	0	0
Other occupations	955	269	28.2	28	2.9
Photographic lithographic and related workers	0	0	0	1	0
Quantity surveyors & related professional not classified elsewhere	1	0	0	0	0
Regulatory inspectors	22	4	18.2	15	68.2
Risk management and security services	4	2	50	3	75

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Occupation	Employees 1 April 2013	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Road workers	9	1	11.1	7	77.8
Safety health and quality inspectors	8	1	12.5	8	100
Secretaries & other keyboard operating clerks	136	3	2.2	102	75
Security guards	47	0	0	33	70.2
Security officers	126	4	3.2	94	74.6
Senior managers	102	21	20.6	33	32.4
Social sciences related	48	8	16.7	29	60.4
Social work and related professionals	4	1	25	2	50
Statisticians and related professionals	0	1	0	0	0
Trade labourers	966	11	1.1	691	71.5
Trade related	0	1	0	0	0
Trade/industry advisers & other related profession	3	2	66.7	1	33.3
Water plant and related operators	177	8	4.5	111	62.7
TOTAL	7167	579	8.1	3918	54.7

Table 3.5.5 Promotions by salary band

Salary Band	Employees 1 April 2013	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2), Permanent	833	0	0	550	66
Skilled (Levels 3-5), Permanent	1973	168	8.5	1088	55.1
Highly skilled production (Levels 6-8), Permanent	2362	211	8.9	1371	58
Highly skilled supervision (Levels 9-12), Permanent	1285	160	12.5	825	64.2
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	1	100
Senior management (Levels 13-16), Permanent	217	32	14.7	62	28.6
Other, Permanent	1	0	0	0	0
Contract (Levels 3-5), Permanent	197	0	0	4	2
Contract (Levels 6-8), Permanent	208	3	1.4	7	3.4
Contract (Levels 9-12), Permanent	80	2	2.5	9	11.3
Contract (Levels 13-16), Permanent	10	3	30	1	10
Total	7167	579	8.1	3918	54.7

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2014

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	49	6	6	8	34	2	1	7	113
Professionals	499	32	18	172	434	25	22	38	1240
Technicians and associate professionals	621	80	18	107	528	17	22	80	1473
Technicians and associate professionals, Temporary	0	0	0	0	0	0	0	1	1
Clerks	396	32	5	20	760	60	20	132	1425
Service and sales workers	162	2	1	6	45	2	1	1	220
Craft and related trades workers	64	6	2	38	1	1	0	0	112
Plant and machine operators and assemblers	865	82	4	155	126	18	2	55	1307
Elementary occupations	947	97	2	10	367	17	1	2	1443
Other, Permanent	1	0	0	0	0	0	1	0	2
Total	3604	337	56	516	2295	142	70	316	7336
Employees with disabilities	24	3	0	14	23	2	1	6	73

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2014

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	2	0	1	4	6	0	0	0	13
Senior Management, Permanent	62	7	6	50	40	2	3	15	185
Professionally qualified and experienced specialists and mid-management, Permanent	516	47	19	270	416	17	20	72	1377
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	0	0	0	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	961	67	15	132	928	68	32	189	2392
Semi-skilled and discretionary decision making, Permanent	1271	161	6	19	424	31	7	35	1954
Unskilled and defined decision making, Permanent	560	33	2	2	274	15	1	0	887
Contract (Top Management), Permanent	2	0	0	0	0	0	0	0	2
Contract (Senior Management), Permanent	3	0	0	0	0	0	0	0	3
Contract (Professionally qualified), Permanent	34	6	1	25	26	0	6	3	101
Contract (Skilled technical), Permanent	104	14	5	9	84	8	1	1	226
Contract (Semi-skilled), Permanent	89	2	1	5	97	1	0	0	195
Total	3604	337	56	516	2295	142	70	316	7336

Table 3.6.3 Recruitment

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	18	3	0	5	10	0	3	0	39
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	35	1	0	2	23	0	1	2	64
Semi-skilled and discretionary decision making, Permanent	45	4	1	1	38	2	0	3	94
Unskilled and defined decision making, Permanent	85	3	1	0	34	0	0	0	123
Contract (Professionally qualified), Permanent	9	2	0	9	6	0	2	0	28
Contract (Skilled technical), Permanent	20	0	3	2	25	1	0	0	51
Contract (Semi-skilled), Permanent	73	2	1	5	84	1	0	0	166
Contract (Unskilled), Permanent	2	0	0	0	2	0	0	0	4
TOTAL	287	15	6	24	223	4	6	5	570
Employees with disabilities	1	0	0	0	4	1	0	0	6

Table 3.6.4 Promotions

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	1	0	1	1	3	0	0	0	6
Senior Management, Permanent	33	2	6	18	22	0	2	5	88
Professionally qualified and experienced specialists and mid-management, Permanent	376	30	16	185	302	13	12	51	985
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	0	0	0	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	561	46	15	71	702	54	24	109	1582
Semi-skilled and discretionary decision making, Permanent	843	120	2	12	243	21	3	12	1256
Unskilled and defined decision making, Permanent	345	24	1	2	168	10	0	0	550
Contract (Senior Management), Permanent	3	0	0	0	1	0	0	0	4
Contract (Professionally qualified), Permanent	6	0	0	0	3	0	1	1	11
Contract (Skilled technical), Permanent	2	0	0	0	8	0	0	0	10
Contract (Semi-skilled), Permanent	0	0	0	0	4	0	0	0	4
TOTAL	2170	222	41	289	1456	98	42	179	4497
Employees with disabilities	15	2	0	6	11	0	0	5	39

Table 3.6.5 Terminations

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	1	0	0	0	0	1
Senior Management, Permanent	6	1	0	9	0	0	0	1	17
Professionally qualified and experienced specialists and mid-management, Permanent	20	2	1	18	12	1	0	5	59
Professionally qualified and experienced specialists and mid-management, Temporary	46	3	0	10	25	0	1	7	92
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	93	9	0	2	25	0	0	2	131
Semi-skilled and discretionary decision making, Permanent	20	0	0	0	7	1	0	0	28
Unskilled and defined decision making, Permanent	1	0	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	0	0	0	1	0	0	0	0	1
Contract (Professionally qualified), Permanent	6	0	0	2	5	0	0	1	14
Contract (Skilled technical), Permanent	11	1	0	1	10	0	0	0	23
Contract (Semi-skilled), Permanent	34	2	0	2	65	0	1	1	105
TOTAL	237	18	1	46	149	2	2	17	472
Employees with disabilities	1	0	0	2	2	0	0	2	5

Table 3.6.6 Disciplinary action

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
None	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	35	10	6	24	39	9	4	15	142
Professionals	287	37	14	77	291	9	12	29	756
Technicians and associate professionals	271	3	9	22	149	14	10	13	491
Clerks	306	19	1	10	387	33	9	56	821
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	179	3	0	11	45	0	0	4	242
Elementary occupations	591	87	15	27	432	14	3	35	1204
Total	1669	159	45	171	1343	79	38	152	3656
Employees with disabilities									

3.7 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability, salary bands and critical occupations.

Table 3.7.1 Performance Rewards by race, gender and disability

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, Female	490	2272	21.6	7 592	15 493
African, Male	998	3580	27.9	18 390	18 427
Asian, Female	27	69	39.1	594	21 991
Asian, Male	26	56	46.4	657	25 268
Coloured, Female	53	140	37.9	848	15 997
Coloured, Male	109	334	32.6	2 339	21 456
White, Female	157	310	50.6	3 840	24 458
White, Male	259	502	51.6	10 845	41 871
Employees with a disability	10	73	13.7	171	17 149
TOTAL	2129	7336	29	45 276	21 266

Table 3.7.2 Performance Rewards by salary band for personnel below Senior Management Service

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	139	885		882	6 345	15.7
Skilled (Levels 3-5)	596	1955		7 245	12 156	30.5
Highly skilled production (Levels 6-8)	817	2392		14 889	18 224	34.2
Highly skilled supervision (Levels 9-12)	517	1379		19 216	37 168	37.5
Contract (Levels 3-5)	0	195		0	0	0
Contract (Levels 6-8)	3	226		65	21 667	1.3
Contract (Levels 9-12)	4	101		222	55 500	4
Periodical Remuneration	0	8		0	0	0
TOTAL	2076	7141		42519	20481	29.1

Table 3.7.3 Performance Rewards by critical occupation

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	91	384	23.7	2 074	22 791
Agriculture animal oceanography forestry & other sciences	0	4	0	0	0
Agriculture related	2	4	50	62	31 000
All artisans in the building metal machinery etc.	29	104	27.9	583	20 103
Artisan project and related superintendents	1	6	16.7	44	44 000
Auxiliary and related workers	113	446	25.3	1 381	12 221
Biologists botanists zoologists & related professional	1	3	33.3	15	15 000
Building and other property caretakers	22	94	23.4	165	7 500
Bus and heavy vehicle drivers	3	24	12.5	24	8 000
Cartographers and surveyors	2	5	40	42	21 000
Cartographic surveying and related technicians	5	19	26.3	100	20 000
Chemical and physical science technicians	0	11	0	0	0
Civil engineering technicians	35	126	27.8	856	24 457
Cleaners in offices workshops hospitals etc.	35	154	22.7	249	7 114
Client inform clerks(switchboard reception inform clerks)	2	11	18.2	24	12 000
Communication and information related	8	31	25.8	185	23 125
Community development workers	15	80	18.8	278	18 533
Computer programmers.	0	1	0	0	0
Computer system designers and analysts.	1	1	100	29	29 000
Custodian personnel:	0	1	0	0	0
Economists	3	3	100	85	28 333
Electrical and electronics engineering technicians	55	397	13.9	2 351	42 745
Engineering sciences related	24	78	30.8	1 278	53 250
Engineers and related professionals	5	69	7.2	29	5 800
Farm hands and labourers	0	1	0	0	0
Finance and economics related	31	159	19.5	815	26 290
Financial and related professionals	2	13	15.4	63	31 500
Financial clerks and credit controllers	98	421	23.3	1 498	15 286
Food services aids and waiters	3	22	13.6	22	7 333
Forestry labourers	0	9	0	0	0
General legal administration & rel. professionals	0	10	0	0	0
Geologists geophysicists hydrologists & related professional	22	157	14	503	22 864
Head of department/chief executive officer	0	1	0	0	0
Health sciences related	0	1	0	0	0
Household and laundry workers	4	5	80	25	6 250

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Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Household food and laundry services related	1	1	100	6	6 000
Housekeepers laundry and related workers	0	1	0	0	0
Human resources & organisational development & related professional	13	43	30.2	279	21 462
Human resources clerks	50	154	32.5	701	14 020
Human resources related	41	120	34.2	1 018	24 829
Information technology related	7	26	26.9	133	19 000
Language practitioners interpreters & other communication	7	33	21.2	100	14 286
Librarians and related professionals	2	4	50	20	10 000
Library mail and related clerks	9	42	21.4	109	12 111
Light vehicle drivers	13	47	27.7	104	8 000
Logistical support personnel	13	79	16.5	186	14 308
Material-recording and transport clerks	30	160	18.8	354	11 800
Mechanical engineering technicians	1	2	50	24	24 000
Messengers porters and deliverers	26	96	27.1	168	6 462
Meteorologists statistical & related technicians	4	20	20	73	18 250
Mining geology & geophysical & related technicians	4	36	11.1	34	8 500
Motor vehicle drivers	4	53	7.5	32	8 000
Motorised farm and forestry plant operators	61	268	22.8	1 978	32 426
Natural sciences related	0	3	0	0	0
Nature conservation and oceanographically related technician	119	490	24.3	1 448	12 168
Other administration & related clerks and organisers	25	102	24.5	557	22 280
Other administrative policy and related officers	2	8	25	28	14 000
Other information technology personnel.	0	2	0	0	0
Other machine operators	813	978	83.1	21 517	26 466
Other occupations	0	1	0	0	0
Photographic lithographic and related workers	0	1	0	0	0
Quantity surveyors & related professional not classified elsewhere	0	2	0	0	0
Regulatory inspectors	6	27	22.2	100	16 667
Risk management and security services	1	6	16.7	7	7 000
Road workers	1	9	11.1	5	5 000
Safety health and quality inspectors	1	10	10	17	17 000
Secretaries & other keyboard operating clerks	48	147	32.7	767	15 979
Security guards	7	46	15.2	46	6 571
Security officers	2	139	1.4	16	8 000
Senior managers	24	110	21.8	1 150	47 917

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Social sciences related	10	51	19.6	270	27 000
Social work and related professionals	0	4	0	0	0
Statisticians and related professionals	0	1	0	0	0
Trade labourers	142	983	14.4	931	6 556
Trade related	0	1	0	0	0
Trade/industry advisers & other related profession	0	4	0	0	0
Water plant and related operators	30	171	17.5	320	10 667
TOTAL	2129	7336	29	45278	21267

Table 3.7.4 Performance related rewards (cash bonus), by salary band for Senior Management Service

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Band A	31	119		1 599	51 581	1.8
Band B	21	69		1 095	52 143	1.8
Band C	1	11		63	63 000	0.8
Band D	0	4		0	0	0
Total	53	203		2757	52018.9	1.7

3.8 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.8.1 Foreign workers by salary band

Salary Band	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production (Levels 6-8)	2	10	3	13.6	1	50
Highly skilled supervision (Levels 9-12)	6	30	9	40.9	3	150
Senior management (Levels 13-16)	1	5	2	9.1	1	50
Contract (Levels 6-8)	2	10	2	9.1	0	0
Contract (Levels 9-12)	5	25	5	22.7	0	0
Contract (Levels 13-16)	4	20	1	4.5	-3	-150
TOTAL	20	100	22	100	2	100

Table 3.8.2 Foreign workers by major occupation

Major Occupation	01 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% Change
Administrative office workers	2	10	2	9.1	0	0
Information technology personnel	2	10	1	4.5	-1	-50
Other occupations	2	10	2	9.1	0	0
Professionals and managers	13	65	15	68.2	2	100
Technicians and associated professionals	1	5	2	9.1	1	50
TOTAL	20	100	22	100	2	100

3.9 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.9.1 Sick leave

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)
Lower skilled (Levels 1-2)	3895	91.2	459	9.5	8	1 094
Skilled (Levels 3-5)	12254	93.7	1190	24.5	10	4 065
Highly skilled production (Levels 6-8)	16936.5	84.4	1853	38.2	9	10 542
Highly skilled supervision (Levels 9-12)	7878	85	962	19.8	8	10 500
Senior management (Levels 13-16)	745	82.1	132	2.7	6	2 464
Contract (Levels 3-5)	356.5	65.6	99	2	4	151
Contract (Levels 6-8)	457	70.7	103	2.1	4	285
Contract (Levels 9-12)	428	83.6	55	1.1	8	684
Contract (Levels 13-16)	10.5	85.7	3	0.1	4	32
TOTAL	42960.5	87.4	4856	100	9	29817

Table 3.9.2 Disability leave (temporary and permanent)

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)
Lower skilled (Levels 1-2)	386	100	3	7.9	129	116
Skilled (Levels 3-5)	596	100	5	13.2	119	243
Highly skilled production (Levels 6-8)	1743	100	20	52.6	87	1 190
Highly skilled supervision (Levels 9-12)	349	100	7	18.4	50	548
Senior management (Levels 13-16)	18	100	1	2.6	18	60
Contract (Levels 3-5)	35	100	2	5.3	18	15
TOTAL	3127	100	38	100	82	2172

PART D: HUMAN RESOURCE MANAGEMENT

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.9.3 Annual Leave

Salary Band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	16336.21	865	19
Skilled (Levels 3-5)	47076	2054	23
Highly skilled production (Levels 6-8)	55391.81	2504	22
Highly skilled supervision (Levels 9-12)	32133	1441	22
Senior management (Levels 13-16)	4768	212	22
Contract (Levels 3-5)	1877.76	231	8
Contract (Levels 6-8)	2884	226	13
Contract (Levels 9-12)	1167	89	13
Contract (Levels 13-16)	98.92	6	16
Not Available	30	10	3
TOTAL	161762.7	7638	21

Table 3.9.4 Capped leave

Salary Band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 December
Lower skilled (Levels 1-2)	20	5	4	57
Skilled (Levels 3-5)	154	28	6	86
Highly skilled production (Levels 6-8)	106	27	4	76
Highly skilled supervision (Levels 9-12)	107	19	6	75
Senior management (Levels 13-16)	42	10	4	63
TOTAL	429	89	5	77

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.9.5 Leave pay-outs

Reason	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave pay-out for 2013/14 due to non-utilisation of leave for the previous cycle	196	6	32667
Capped leave pay-outs on termination of service for 2013/14	1 289	93	13860
Current leave pay-out on termination of service for 2013/14	22	99	222
TOTAL	1507	198	7611

3.10 HIV/AIDS & Health Promotion Programmes

Table 3.10.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	

Table 3.10.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1 Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Mr Sam Moyi, Director: Organisational Development (appointed by DG in 2011)
2 Does the department have a dedicated unit or has it designated specific staff members to promote the 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		11-3 in national office and 1 in each region (province) – R7M
3 Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		Psycho-social services; nursing services (health education, awareness and screening and chronic disease management); life-skills workshops; HIV & AIDS & TB management; health awareness campaigns.
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		Mr Sam Moyi, Ms Anna Moabelo, Ms Tshidi Baloyi, Mr Eric Ramaswe, Mr Matome Makwaeba, Mr Ngwako Maphoto, – Stakeholders - SMS members, labour Union, CD: Communications, EHWP office, Gender and Disability. The OHS representative resigned from the department
5 Has the department reviewed its employment policies and practices 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		Review year for the 4 EHWP policies is 2014. The policies are EHWP policy, HIV & AIDS & TB management policy, Bereavement policy and Sports and Recreation policy. All these policies are aligned to relevant labour legislation.
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		The HIV & AIDS policy has provision for measures to be taken to protect those discriminated against as a result of their HIV-status. <ul style="list-style-type: none"> • Education on employee rights • Disciplinary action facilitated through D: HRM • Referral to CCMA if matter not resolved internally. • No pre-employment testing for HIV • No discrimination on the basis of access to job opportunities, promotions and benefits. VCT services provided by trained and professional health professionals (nurses) take place on an on-going basis throughout the department. Monthly VCT (HCT) reports are submitted to DPSA

Question	Yes	No	Details, if yes
7 Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		A total of 498 employees have been tested during this financial year. An EHWP survey was conducted late in 2013 and report on findings is available. <ul style="list-style-type: none"> • Attendance registers and evaluation questionnaires on workshops and EHWP events/campaigns implemented. • Analysis of trends obtained in EHWP monthly reports on utilisation rate.
8 Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Mr Sam Moyi, Director: Organisational Development (appointed by DG in 2011)

3.11 Labour Relations

Table 3.11.1 Collective agreements

Subject Matter	Date
None	

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review

Table 3.11.2 Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	0	0%
Final written warning	6	24%
Suspended without pay	6	24%
Fine	0	0%
Demotion	1	4%
Dismissal	8	32%
Not guilty	2	8%
Case withdrawn	2	8%
Total	25	100%

Table 3.11.3 Types of misconduct addressed at disciplinary hearings

Type of misconduct (based on annexure A)	Number	% of total
Fraud	3	12%
Procurement irregularities	8	32%
Misuse of state vehicle	6	24%
Gross dishonesty	1	4%
Excessive absenteeism	1	4%
Insubordination	2	8%
Negligent	2	8%
Theft	1	4%
Assault	1	4%
Total	25	100%

Table 3.11.4 Grievances logged

	Number	% of Total
Number of grievances resolved	26	52%
Number of grievances not resolved	24	48%
Total number of grievances lodged	50	100%

Table 3.11.5 Disputes logged

	Number	% of Total
Number of disputes upheld	11	69%
Number of disputes dismissed	5	31%
Total number of disputes lodged	16	100%

Table 3.11.6 Strike actions

Total number of persons working days lost	0
Total costs working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 3.11.7 Precautionary suspensions

Number of people suspended	10
Number of people whose suspension exceeded 30 days	8
Average number of days suspended	90
Cost (R'000) of suspension	463568

3.12 Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.12.1 Training needs identified

Occupational Category	Gender	Number of employees as at 1 April 2013	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	56	-	45	-	45
	Male	83	-	48	-	48
Professionals	Female	547	-	1013	-	1013
	Male	921	-	1150	-	1150
Technicians and associate professionals	Female	726	-	1495	-	1495
	Male	746	-	1893	-	1893
Clerks	Female	833	-	2104	-	2104
	Male	925	-	1082	-	1082
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	133	-	19	-	19
	Male	390	-	531	-	531
Elementary occupations	Female	457	-	480	-	480
	Male	1398	-	1413	-	1413
Sub Total	Female	2755	-	5156	-	5156
	Male	4458	-	6117	-	6117
Total		7213	-	11273	-	11273

Table 3.12.2 Training provided for the period

Occupational Category	Gender	Number of employees as at 1 April 2013	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	56	-	67	-	67
	Male	83	-	75	-	75
Professionals	Female	547	-	341	-	341
	Male	921	-	415	-	415
Technicians and associate professionals	Female	726	-	186	-	186
	Male	746	-	305	-	305
Clerks	Female	833	-	485	-	485
	Male	925	-	336	-	336
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	133	-	49	-	49
	Male	390	-	193	-	193
Elementary occupations	Female	457	-	484	-	484
	Male	1393	-	720	-	720
Sub Total	Female	2755	-	1612	-	-
	Male	4458	-	2044	-	-
Total		7213	-	3656	-	-

3.13 Injury on duty

The following table provide basic information on injury on duty.

Table 3.13.1 Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	70	100%
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	70	100%

3.14 Utilisation of Consultants

Table 3.14.1 Report on consultant appointments using appropriated funds

Project Title	Total Number of consultants that worked on project	Duration in months	Contract value in Rand
Appointment of a PSP for environmental impact assessment feasibility study for augmentation of the Lusikisiki regional water supply scheme	25	18	2,892,055.00
Appointment of PSP for water quality management (KZN) to undertake the necessary studies to inform the remediation process and the development of a remediation plan for the Hammarsdale sludge ponds	14	8	2,206,476.00
Approval to appoint supplier for refurbishment of Leandra waste water treatment works	4	5	2,100,000.00
Appointment of supplier for water conservation and demand management in Thaba Chweu local municipality	6	24	2,195,091.52
Appointment of a service provider for the upgrade of data storage infrastructure at the head office	4	24	5,855,046.13
Appointment of the supply and delivery of spares parts, certificate of fitness, services and repairs, hydraulic system, overhauling of engines, transmissions and axles of Water Resources Information Management (WRIM) and equipment and motors	1	36	2,881,375.00
Appointment of a PSP to undertake the reserve determination studies for selected surface water, groundwater, estuaries and wetlands in the Gouritz water management area	20	24	12,388,243.32
Appointment of a PSP to undertake the reserve determination studies for selected surface water, groundwater, estuaries and wetlands in the Usuthu to Mhlathuze catchment	18	36	14,208,890.69
Supply and delivery of office furniture for spectrum house in Western Cape region	4	24	3,201,873.54
Appointment of the supply and delivery of Tungsten carbide bits and 6 inch and 8 inch down the hole for a period of 36 months for Limpopo Region		36	1,082,203.41
Approval to appoint supplier for the refurbishment of Mhlathikop waste water treatment works	6	6	2,771,165.61
Appointment of contractor for the refurbishment of the Amsterdam waste water treatment works under accelerated community infrastructure programme for Mpumalanga province	9	4	3,450,431.16
Appointment of PSP to undertake the determination of water resource classes and associated resource quality objectives in the Inkomati Water Management area	8	24	4,976,053.26
Appointment of PSP for the development of reconciliation strategy for Richards Bay and surrounding towns	21	36	2,841,208.00
Outsourcing of DWA IT Services	25	60	419,635,327.25
Supply, installation and maintenance of a supplier database solution for DWA Main Account	8	12	781,999.92
Appointment of PSP for support to the continuation of the reconciliation strategy for the KZN Coastal Metropolitan area	14		2,945,056.00
Appointment of a supplier for the point to point fibre link layer 2 services between Sedibeng and Continental building over a period of one year	0	12	371,021.00
Appointment of PSP for review, evaluation and optimization of the National Water Resource Monitoring Network	23	42	7,745,456.33
Appointment of service provider for the maintenance and support of the Local Area Network (LAN) infrastructure for Northern Cape and Supply and Installation of goods and service	0	12	3,201,512.54

PART D: HUMAN RESOURCE MANAGEMENT

Project Title	Total Number of consultants that worked on project	Duration in months	Contract value in Rand
Appointment of service provider for the maintenance and support of the Local Area Network (LAN) infrastructure for Northern Cape and Supply and Installation of goods and service	3	12	191,520.00
Appointment of a supplier for the provision of a telephone management system for DWA for a period of 24 months	23	24	956,368.80
Appointment of a PSP for laboratory analysis - Water Quality analysis of water resources (Water courses, surface water and Aquifers), Drinking water, waste water from sewage works and industries / mines in Limpopo Province	5	24	2,800,000.00
Appointment of a PSP for the continuation of support with the maintenance of the water reconciliation strategy for Amatole Water Supply System	11	36	2,971,337.87
Appointment of a PSP for the development of operating rules water supply and drought management for stand-alone dams and schemes Southern Cluster	7	36	6,985,685.00
Appointment of a PSP for the development of operating rules water supply and drought management for stand-alone dams and schemes Northern Cluster	10	36	6,481,750.13
Appointment of a PSP for the development of operating rules water supply and drought management for stand-alone dams and schemes Eastern Cluster	7	36	3,586,432.00
Supply of security guards at access control points plus patrolling of premises at Waterberg district for the duration of 24 months	4	24	1,128,024.00
Supply of security guards at access control points plus patrolling of premises at Vhembe (Phalaphala)	4	24	1,129,008.00
Supply of security guards at access control points plus patrolling of premises at Vhembe District Nandoni Water works for the duration of twenty four months	10	24	2,650,080.00
Supply of security guards at access control points plus patrolling of premises at Regional Office AZMO place for the duration of twenty four months	10	24	2,648,016.00
Appointment of a PSP to develop Limpopo Water Management Area North reconciliation strategy	35	36	6,939,182.00
Appointment of suppliers for the refurbishment of Komatipoort wastewater treatment works and sewage pump station	2	12	6,254,317.48
Appointment of PSP to develop and implement an accredited water sector councillor development program	9	18	1,154,272.80
Approval to appoint a professional service provider to undertake the environmental impact assessment for the Mzimvubu water project	13	12	9,001,829.80
Appointment of supply and delivery of borehole casing for a period of 36 months in Limpopo Region		36	2,880,000.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
22			

Table 3.14.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Appointment of a PSP for environmental impact assessment feasibility study for augmentation of the Lusikisiki regional water supply scheme	0	2	
Appointment of PSP for water quality management (KZN) to undertake the necessary studies to inform the remediation process and the development of a remediation plan for the Hammarsdale sludge ponds	4.58	3	
Approval to appoint supplier for refurbishment of Leandra waste water treatment works	0	0	
Appointment of supplier for water conservation and demand management in Thaba Chweu local municipality	0	1	
Appointment of a service provider for the upgrade of data storage infrastructure at the head office	10	3	
Appointment of the supply and delivery of spares parts, certificate of fitness, services and repairs, hydraulic system, overhauling of engines, transmissions and axles of Water Resources Information Management (WRIM) and equipment and motors	0	3	
Appointment of a PSP to undertake the reserve determination studies for selected surface water, groundwater, estuaries and wetlands in the Gouritz water management area	22.94	2	
Appointment of a PSP to undertake the reserve determination studies for selected surface water, groundwater, estuaries and wetlands in the Usuthu to Mhlathuze catchment	30	1	
Supply and delivery of office furniture for spectrum house in Western Cape region	0	1	
Appointment of the supply and delivery of Tungsten carbide bits and 6 inch and 8 inch down the hole for a period of 36 months for Limpopo Region	0	0	
Approval to appoint supplier for the refurbishment of Mhlathikop waste water treatment works	0	1	
Appointment of contractor for the refurbishment of the Amsterdam waste water treatment works under accelerated community infrastructure programme for Mpumalanga province	100	3	
Appointment of PSP to undertake the determination of water resource classes and associated resource quality objectives in the Inkomati Water Management area	0	4	
Appointment of PSP for the development of reconciliation strategy for Richards Bay and surrounding towns	4.58	3	
Outsourcing of DWA IT Services	4.98	3	
Supply, installation and maintenance of a supplier database solution for DWA Main Account	0	4	
Appointment of PSP for support to the continuation of the reconciliation strategy for the KZN Coastal Metropolitan area	4.33	3	
Appointment of a supplier for the point to point fibre link layer 2 services between Sedibeng and Continental building over a period of one year	4.13	3	

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Appointment of PSP for review, evaluation and optimization of the National Water Resource Monitoring Network	30.80	2	
Appointment of service provider for the maintenance and support of the Local Area Network (LAN) infrastructure for Northern Cape and Supply and Installation of goods and service	20	2	
Appointment of service provider for the maintenance and support of the Local Area Network (LAN) infrastructure for Northern Cape and Supply and Installation of goods and service	38.50	1	
Appointment of a supplier for the provision of a telephone management system for DWA for a period of 24 months	18.76	4	
Appointment of a PSP for laboratory analysis - Water Quality analysis of water resources (Water courses, surface water and Aquifers), Drinking water, waste water from sewage works and industries /mines in Limpopo Province	0	4	
Appointment of a PSP for the continuation of support with the maintenance of the water reconciliation strategy for Amatole Water Supply System	7	2	
Appointment of a PSP for the development of operating rules water supply and drought management for stand-alone dams and schemes Southern Cluster	42.80	4	
Appointment of a PSP for the development of operating rules water supply and drought management for stand-alone dams and schemes Northern Cluster	0	4	
Appointment of a PSP for the development of operating rules water supply and drought management for stand-alone dams and schemes Eastern Cluster	4.34	2	
Supply of security guards at access control points plus patrolling of premises at Waterberg district for the duration of 24 months	25	3	
Supply of security guards at access control points plus patrolling of premises at Vhembe (Phalaphala)	100	3	
Supply of security guards at access control points plus patrolling of premises at Vhembe District Nandoni Water works for the duration of twenty four months	0		
Supply of security guards at access control points plus patrolling of premises at Regional Office AZMO place for the duration of twenty four months	100	3	
Appointment of a PSP to develop Limpopo Water Management Area North reconciliation strategy	4.34	2	
Appointment of suppliers for the refurbishment of Komatipoort wastewater treatment works and sewage pump station	0	3	
Appointment of PSP to develop and implement an accredited water sector councillor development program	0	4	
Approval to appoint a professional service provider to undertake the environmental impact assessment for the Mzimvubu water project	10.08	2	
Appointment of supply and delivery of borehole casing for a period of 36 months in Limpopo Region	0	3	

MAIN ACCOUNT (VOTE 38)



PART F



1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

We are pleased to present our report for the financial year ended 31 March 2014

The Audit Committee comprises the following members

No	Audit Committee Member	Role	Date appointed	No of meetings attended
1	Mr Justice Motha (CA, SA)	Chairperson	01 April 2013	9 out of 9
2	Ms Nosipho Maphumulo (CA, SA)	Member	01 April 2012	4 out of 9
3	Mr Thiru Mudaly (CA, SA)	Member	01 April 2012	7 out of 9
4	Ms Natalie Skeepers	Member	01 April 2013	9 out of 9
5	Ms Annah Badimo	Member	01 April 2013	7 out of 9
6	Advocate Frans Van der Westhuizen	Member	01 April 2013	9 out of 9
7	Advocate Mzondi Molapo	Member	01 April 2013	2 out of 9
8	Mr Trevor Balzer	Ex officio member	February 2013	7 out of 9

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 has adopted appropriate formal terms of reference as its Audit Committee Charter regulated its affairs in compliance with this Charter, and has discharged all its responsibilities as contained therein.

The Audit Committee has considered the results of the annual financial statements audit for the period under review for:

- Vote 38 (Main Account)

The effectiveness of Internal Control

Though management have committed to improve the system of internal control during the year under review certain weaknesses were noted. These weaknesses resulted from a breakdown in the functioning of some of the controls or the absence thereof as reported by the internal and external auditors. The weaknesses reported previously have not been fully and satisfactorily addressed and the impact thereof is reflected in the annual financial statements audit results. To this end the Committee is concerned about management capacity and capability to systematically resolve the weaknesses in internal control system. Skills audit is necessary to assist in identifying the skills gap that might exist within the department. The void caused by the absence of the Director-General also contributes directly to the weaknesses in the internal control system. Management has also not prioritised risk management and resourcing of this function.

The Committee noted that management has established a Financial Misconduct Committee which addresses significant deviation from the approved policies and procedures.

In-Year Management and Monthly/Quarterly Report

The Committee has considered the quarterly management reports including performance information throughout the year as part of reviewing internal controls. The Department is also required by the PFMA to submit these reports to the National Treasury on regular intervals.



INTERNAL AUDITING

The Internal Audit Chief 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 internal control risks and exposure to the attention of management and the committee through the provision of comprehensive internal audit reports.

The Committee noted with concern the prolonged period for filling of Internal Audit vacancies which results non achievement of the Audit Plan as approved by the Audit Committee.

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 has improved from a number of 4 qualified items in the previous year (2012/2013) to a number of 3 qualified items in the current financial year (2013/2014). The following are the main basis of qualification as identified by the Auditor-General:

- 1) **Commitments:** The department did not have adequate systems in place to maintain records of Regional Bulk Infrastructure Projects (RBIG) 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 RBIG commitments being misstated, accruals.
- 2) **Accruals:** The department did not have adequate systems in place to maintain records of accruals where goods and services have been received or rendered, but not yet paid for at year end, which resulted in accruals being misstated.
- 3) **Immovable tangible capital assets:** The department did not have adequate systems in place to maintain records of additions to the buildings and other fixed structures for the current and prior year due to the status of the accounting records, which resulted in additions being misstated.

The Committee is particularly concerned that the basis of qualification were also raised in the previous financial year and whilst the department has presented the action plans to address the issues raised in 2013/14 financial year, the issues were not fully cleared and were repeated as basis of qualification. The committee has resolved to have a session with management to analyse the basis of the qualification as well as to establish what actions will be required to address the issues. This will include understanding whether management has the capacity and capability to resolve the issues.

EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the annual financial statements prepared by the department for submission to the Auditor General for audit purposes however the audited financial statements were not presented to the Committee for review.

AUDITOR-GENERAL'S REPORT ON FINANCIAL STATEMENTS

The Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements.



Mr Justice Motha CA (SA)
Date: 15/08/2014
Chairperson of the Audit Committee
Department of Water Affairs

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

- 1 I have audited the financial statements of the Department of Water Affairs set out on pages 193-279, which comprise the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as 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 financial statements in accordance with Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 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 entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Commitments

- 6 The department did not have adequate systems in place to maintain records of Regional Bulk Infrastructure Projects (RBIG) 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 RBIG commitments being misstated by R576 million for the restatement of the corresponding figure for RBIG commitments. The restatement was made in order to rectify a prior year misstatement. I was unable to confirm the restatement by alternative means. In addition, I was unable to obtain sufficient appropriate audit evidence for the corresponding amounts disclosed as RBIG 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 prior year RBIG commitments stated at R5.9 billion in the financial statements were necessary.
- 7 The department did not have adequate systems in place to maintain records of RBIG 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 RBIG commitments being misstated by R630 million. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as RBIG 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 RBIG commitments stated at R5.4 billion in the financial statements were necessary.

Accruals

- 8 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 RBIG, was inadequate and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all outstanding invoices for RBIG have been included in accruals. Consequently I was unable to determine whether any further adjustments to accruals stated at R1 billion in note 23 to the financial statements was necessary.

Immovable tangible capital assets

- 9 The department did not have adequate systems in place to maintain records of additions to the buildings and other fixed structures for the current and prior year due to the status of the accounting records, which resulted in additions being misstated by R204 million. In addition, I was unable to obtain sufficient appropriate audit evidence due to lack of supporting documents for the amounts disclosed as additions for current year and prior year in note 33 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 additions stated at R1.5 billion (2013: R358.2 million) in the financial statements were necessary.

Qualified opinion

- 10 In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department of Water Affairs as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard prescribed by National Treasury and the requirements of the PFMA and DORA.

Emphasis of matter

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

Significant uncertainties

- 12 With reference to note 21 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 that may result has been made in the financial statements.

Restatement of corresponding figures

- 13 As disclosed in note 35 to the financial statements, the corresponding figures for 2013 have been restated as a result of errors discovered during 2014 in the financial statements of the Department of Water Affairs at, and for the year ended 31 March, 2013.

Additional matter paragraphs

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

Unaudited supplementary schedules

- 15 The supplementary information set out on pages 259-279 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 16 In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

- 17 I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:
- Programme 2: Water Sector Management on pages 54-66
 - Programme 4: Regional Implementation and Support on pages 67-82
- 18 I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 19 I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).
- 20 I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 21 The material findings in respect of the selected programmes are as follows:

WATER SECTOR MANAGEMENT

Usefulness of reported performance information

- 22 Treasury Regulation 5.2.4 requires the annual performance to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 25% of the reported indicators and targets were not consistent with those in the approved annual performance. This was due to, when planning targets and indicators, a proper assessment was not performed on each targets and indicator to ensure that the department will be able to consistently collect and report on the planned indicator and target.
- 23 Treasury Regulation 5.1.1 requires the executive authority to approve annual performance plan. Therefore, if this plan is changed in the year due to significant policy or mandate changes, the executive authority must also approve the updated plan. Material changes were made, indicators and targets reported in the annual performance report without these changes being approved. This was due to management not ensuring that if a target or indicator is changed during the year, proper approval is documented and obtained on all changes made to planned indicators and indicators

The FMPPPI requires the following:

- 24 Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 38% of the targets were not specific.
- 25 Performance targets must be measurable. We could not measure the required performance for 50% of the targets.
- 26 Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 50% of the indicators were not well defined.
- 27 This was because management did not adhere to the requirements of the FMPPPI due to a lack of proper systems and processes and adequate technical indicator descriptions.

Reliability of reported performance information

- 28 I did not raise any material findings on the reliability of the reported performance information for Water Sector Management.

REGIONAL IMPLEMENTATION AND SUPPORT

Usefulness of reported performance information

The FMPPPI requires the following:

- 29 Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 35% of the targets were not specific.

- 30 Performance targets must be measurable. We could not measure the required performance for 32% of the targets.
- 31 Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 35% of the indicators were not well defined.
- 32 This was because management did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes and adequate technical indicator descriptions.

Reliability of reported performance information

- 33 The FMPPI requires auditee to 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. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of monitoring of the completeness of source documentation in support of actual achievements and frequent review of the validity of reported achievements against source documentation.

Additional matter

- 34 I draw attention to the following matter:

Achievement of planned targets

- 35 Refer to the annual performance report on pages 54-66 and 67-82 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected programmes reported in paragraphs 22-33 of this report.

Compliance with legislation

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

Annual financial statements, performance and annual reports

- 37 The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full proper records as required by section 40(1) (a) and (b) of the Public Finance Management Act. Material misstatements of disclosure items identified by auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
- 38 The 2013/14- annual performance plan did not form the basis for the annual report as required by Treasury Regulation 5.2.4 and 5.2.1

Expenditure management

- 39 Effective steps were not taken to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.
- 40 Effective internal controls were not in place for payment approval and processing, as required by Treasury Regulation 8.1.1.
- 41 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.

Procurement and contract management

- 42 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.
- 43 Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury regulation 16A6.4.
- 44 Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury regulation 16A8.3.
- 45 Persons in service of the department whose close family members, partners or associates had a private or business interest in contracts awarded by the department failed to disclose such interest, as required by Treasury Regulation 16A8.4.

Human resource management and compensation

- 46 Employees were appointed without following a proper process to verify the claims made in their applications in contravention of Public Service Regulation 1/VII/D.8
- 47 Employees were appointed at salaries higher than the minimum of the salary range without proper justification in contravention of section 37(2)(a) of the Public Service Act and Public Service Regulation 1/V/C3.
- 48 Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2.
- 49 Some senior managers did not have signed Performance Agreements for the year under review as required by Public Service Regulation 4/III/B.1.

Asset management

- 50 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).

Internal control

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

Leadership

- 52 Inadequate oversight responsibility to prevent irregular and fruitless and wasteful expenditure.
- 53 Ineffective review and monitoring of controls in place to ensure, accurate and valid financial and performance information reported.

Financial and performance management

- 54 Proper record keeping was not implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting. The poor record keeping for RBIG Commitments was also affected by the poor internal controls in Municipalities.
- 55 A lack of review and monitoring resulted in non-compliance with laws and regulations.

Governance

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

OTHER REPORTS

Investigations

Completed during the year

- 57 Several investigations are being conducted by the internal audit at the request of the Accounting officer and/ or the Minister arising from allegations against officials of the department. The investigations resulted in recommendation for disciplinary and/or criminal proceedings to be instituted against the department officials concerned.

Investigations in progress

- 58 Several investigations are being conducted by the internal audit at the request of the Accounting officer and/ or the Minister arising from allegations against officials of the department.
- 59 The Director-General was suspended in February 2013 and the disciplinary process is still on-going.

Auditor-General

Pretoria

31 July 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

3 APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

Appropriation per programme

APPROPRIATION STATEMENT	Appropriation per programme									
	2013/14					2013/12				
	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	9 6344	(68 151)	(55 702)	822 491	820 368	2 123	99.7%	821 168	803 741	
Transfers and subsidies	16 304	123	-	16 427	13 723	2 704	83.5%	20 496	19 825	
Payment for capital assets	15 958	15 986	(6 631)	25 313	21 307	4 006	84.2%	23 202	19 520	
Payment for financial assets	-	52 042	-	52 042	52 042	-	100.0%	314	281	
Subtotal	978 606	-	(62 333)	916 273	907 440	8 833		865 180	843 367	
2 Water Sector Management										
Current payment	426 737	(8 578)	12 679	430 838	426 316	4 522	99.0%	374 187	373 300	
Transfers and subsidies	51 839	93 78	12 550	73 767	73 759	8	100.0%	86 259	86 119	
Payment for capital assets	38 790	200	(8 234)	30 756	30 752	4	100.0%	41 159	41 119	
Subtotal	517 366	1 000	16 995	535 361	530 827	4 534		501 605	500 538	
3 Water Infrastructure Management										
Transfers and subsidies	2 565 203	-	-	2 565 203	2 558 847	6 356	99.8%	2 251 496	2 251 496	
Subtotal	2 565 203	-	-	2 565 203	2 558 847	6 356		2 251 496	2 251 496	
4 Regional Implementation and Support										
Current payment	1 194 737	(41 917)	8054	1 160 874	1 109 901	50 973	95.6%	1 028 932	1 024 811	
Transfers and subsidies	1 284 141	3 707	-	1 287 848	1 266 941	20 907	98.4%	574 600	574 687	
Payment for capital assets	3 692 397	38210	44 106	3 774 713	3 753 388	21 330	99.4%	3 645 701	3 336 265	
Subtotal	6 171 275	-	52 160	6 223 435	6 130 225	93 210	-	5 249 323	4 935 763	

Appropriation per programme										
APPROPRIATION STATEMENT	2013/14					2012/13				
	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	116 032	(1 027)	(8 362)	106 643	91 034	15 609	85.4%	99 782	87 047	
Transfers and subsidies	-	27	-	27	27	-	100.0%	21	21	
Payment for capital assets	1 659	-	-	1 659	962	697	58.0%	1 277	306	
Subtotal	117 691	(1 000)	(8 362)	108 329	92 023	16 306		101 080	87 374	
6 International Water Cooperation										
Current payment	23 594	(33)	2 090	25 651	25 651	-	100.0%	22 568	21 735	
Transfers and subsidies	625	33	-	658	642	16	97.6%	625	592	
Payment for capital assets	1 194	-	(550)	644	587	57	91.1%	1 285	643	
Subtotal	25 413	-	1 540	26 953	26 880	73		24 478	22 970	
TOTAL	10 375 554	-	-	10 375 554	10 246 242	129 312	98.8%	8 993 162	8 641 508	
Reconciliation with statement of financial performance										
Add										
Departmental receipts				65 950				2 6015		
Aid assistance				7 088				88385		
Actual amounts per statement of financial performance (total revenue)				10 448 592				9 107 562		
Add										
Aid assistance				7 088					81 443	
Actual amounts per statement of financial performance (total expenditure)				10 253 330					8 722 951	

Appropriation per economic classification

Appropriation per economic classification									
2013/14									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	1 181 519	(35 015)	(5 158)	1 141 346	1 112 336	29 010	97.5%	1 039 250	1 028 549
Goods and services	1 525 705	(84 679)	(35 977)	1 405 049	1 360 873	44 176	96.9%	1 303 745	1 278 579
Interest and rent on land	220	(12)	(106)	102	58	44	56.9%	3 642	3 506
Transfers and subsidies									
Provinces and municipalities	1 024 106	134	-	1 024 240	1 022 773	1 467	99.9%	562 856	562 849
Departmental agencies and accounts	2 431 547	8010	-	2 439 557	2 437 071	2 486	99.9%	2 109 644	2 109 027
Foreign governments and international organisations	188 624	-	-	188 624	182 254	6 370	96.6%	180 625	180 592
Public corporations and private enterprises	250 000	179	12 550	262 729	244 161	18 568	92.7%	493 558	493 558
Non-profit institutions	740	670	-	1 410	1 181	229	83.8%	674	490
Households	23 095	4 275	-	27 370	26 502	868	96.8%	30 430	30 424
Payments for capital assets									
Buildings and other fixed structures	3 642 077	70 757	40 292	3 753 126	3 751 092	2 034	99.9%	3 624 856	3 321 749
Machinery and equipment	100 331	(17 145)	(3 909)	79 277	55 218	24 059	69.7%	78 090	67 195
Biological assets	11	(10)	-	1	-	1	-	-	-
Intangible assets	7 579	794	(7 692)	681	681	-	100.0%	9 711	8 909
Payments for financial assets	-	52 042	-	52 042	52 042	-	100.0%	281	281
Total	10 375 554	-	-	10 375 554	10 246 242	129 312	98.8%	8 993 162	8 641 508

Detail per programme

Programme 1: Administration

Detail per sub-programme	2013/14						2012/13		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Ministry									
Current payment	42 044	1 755	-	43 799	43 798	6	100.0%	46 229	46 229
Transfers and subsidies	2	4	-	6	4	2	66.7%	-	-
Payment for capital assets	148	1 357	-	1 505	1 503	2	99.9%	822	822
1.2 Departmental Management									
Current payment	42 800	(389)	-	42 411	42 411	-	100.0%	76 341	76 341
Transfers and subsidies	2	15	-	17	15	2	88.2%	1 408	1 224
Payment for capital assets	1 947	(859)	-	1 088	1 088	-	100.0%	489	449
1.3 Internal Audit									
Current payment	24 029	(1 684)	(4 459)	17 886	17 888	3	100.0%	16 212	16 212
Transfers and subsidies	-	26	-	26	26	-	100.0%	21	21
Payment for capital assets	644	(316)	-	328	328	-	100.0%	631	631
1.4 Corporate Services									
Current payment	353 846	23 386	(24 166)	353 066	353 040	26	100.0%	314 054	313 772
Transfers and subsidies	16 300	(369)	-	15 931	13 232	2 699	83.1%	15 945	15 458
Payment for capital assets	12 349	12 981	(6 631)	18 699	14 699	4 000	78.6%	18 086	14 444
1.5 Financial Management									
Current payment	140 935	(34 914)	-	106 021	103 933	2 088		101 913	101 913
Transfers and subsidies	-	447	-	447	446	1		3 122	3 122
Payment for capital assets	870	2 823	-	3 693	3 689	4		3 174	3 174
Payment for financial assets	-	52 042	-	52 042	52 042	-		314	281
1.6 Office Accommodation									
Current payment	342 690	(56 305)	(27 077)	259 308	259 308	-	100%	2 664 19	2 492 74
Total	978 606	-	(62 333)	916 273	907 440	8 833	99.0%	865 180	843 367

Programme 1 Economic classification	2013/14						2012/13		
	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	332 404	(22 007)	(13 186)	2 97 211	2 95 486	1 725	99.4%	2 92 486	2 92 486
Goods and services	613 850	(46 201)	(42 426)	525 223	524 825	3 98	99.9%	527 979	510 552
Interest and rent on land	90	57	(90)	57	57	-	100.0%	703	703
Transfers and subsidies to:									
Provinces and municipalities	-	4	-	4	4	-	100.0%	4	4
Departmental agencies and accounts	2 504	-	-	2 504	21	2 483	0.8%	1 575	1 089
Non-profit institutions	740	-	-	740	519	221	70.1%	674	490
Households	13 060	119	-	13 179	13 179	-	100.0%	18 243	18 242
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	2 929	871
Machinery and equipment	12 355	13 876	(1063)	25 178	21 172	4 006	84.1%	15 011	13 387
Intangible assets	3 603	2 110	(5 578)	135	135	-	100.0%	5 295	5 262
Payments for financial assets	-	52 042	-	52 042	52 042	-	100.0%	281	281
Total	978 606	-	(62 333)	916 273	907 440	8 833	99.0%	865 180	843 367

Programme 2: Water Sector Management

Detail per sub-programme	2013/14						2012/13		
	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	5062	(458)	-	4 604	4 604	-	100.0%	3 428	3 428
Payment for capital assets	34	29	-	63	63	-	100.0%	8	-
2.2 Integrated Planning									
Current payment	1 793 69	1 685	-	1 81 054	1 81 054	-	100.0%	1 62 695	1 61 814
Transfers and subsidies	-	130	-	130	124	6	95.4%	223	223
Payment for capital assets	1 847	(50)	(772)	1 025	1 025	-	100.0%	765	742
2.3 Policy and Strategy									
Current payment	41 258	(8 297)	-	32 961	32 960	1	100.0%	27 022	27 022
Transfers and subsidies	-	46	-	46	45	1	97.8%	3	3
Payment for capital assets	571	216	-	787	785	2	99.7%	200	1 93
2.4 Water Ecosystem									
Current payment	38 486	7 509	564	46 559	46 559	-	100.0%	31 463	31 463
Transfers and subsidies	-	4	-	4	4	-	100.0%	-	-
Payment for capital assets	571	-	(191)	380	380	-	100.0%	606	606
2.5 Water Information Management									
Current payment	119 540	1 780	12 115	133 435	133 435	-	100.0%	117 931	117 925
Transfers and subsidies	-	1 049	-	1 049	1 049	-	100.0%	102	102
Payment for capital assets	34 745	5	(6 579)	28 171	28 169	2	100.0%	39 329	39 329
2.6 Institutional Oversight									
Current payment	43 022	(10 797)	-	32 225	27 704	4 521	86.0%	31 648	31 648
Transfers and subsidies	51 839	8 149	12 550	72 538	72 537	1	100.0%	85 931	85 791
Payment for capital assets	1 022	-	(692)	330	330	-	100.0%	251	249
Total	5 17 366	1 000	16 995	5 35 361	5 30 827	4 534	99.2%	5 01 605	5 00 538

Programme 2 Economic classification	2013/14							2012/13	
	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	191 196	(11 541)	20	179 675	179 673	2	100.0%	164 137	164 137
Goods and services	235 541	2 968	12 659	251 163	246 643	4 520	98.2%	209 351	208 464
Interest and rent on land	-	-	-	-	-	-	-	699	699
Transfers and subsidies to:									
Provinces and municipalities	-	5	-	5	6	(1)	120.0%	1	1
Departmental agencies and accounts	51 839	8 002	-	59 841	59 840	1	100.0%	36 573	36 433
Public corporations and private enterprises	-	1 79	12 550	12 729	12 728	1	100.0%	49 358	49 358
Non-profit institutions	-	19	-	19	13	6	68.4%	-	-
Households	-	1 173	-	1 173	1 172	1	99.9%	327	327
Payment for capital assets									
Buildings and other fixed structures	28 229	-	(3 814)	24 415	24 415	-	100.0%	29 429	29 429
Machinery and equipment	7 901	200	(2 306)	5 795	5 791	4	99.9%	8 118	8 078
Intangible assets	2 660	-	(2 114)	546	546	-	100.0%	3 612	3 612
Total	517 366	1 000	16 995	535 361	530 827	4 534	99.2%	501 605	500 538

Programme 3: Water Infrastructure Management

Detail per sub-programme	2013/14							2012/13	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Infrastructure Development and Rehabilitation									
Transfers and subsidies	2 398 058	-	-	2 398 058	2 391 702	6 356	99.7%	2 092 003	2 092 003
3.2 Operation of Water Resources									
Transfers and subsidies	1 67 145	-	-	1 67 145	1 67 145	-	100.0%	1 59 498	1 59 498
Total	2 565 203	-	-	2 565 203	2 558 847	6 356	99.8%	2 251 496	2 251 496

Programme 3 Economic classification	2013/14							2012/13	
	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
Transfers and subsidies to:									
Departmental agencies and accounts	2 377 202	-	-	2 377 202	2 377 202	-	100.0%	2 071 496	2 071 496
Foreign governments and international organisations	188 001	-	-	188 001	181 645	6 356	96.6%	180 000	180 000
Total	2 565 203	-	-	2 565 203	2 558 847	6 356	99.8%	2 251 496	2 251 496

Programme 4: Regional Implementation and Support

Detail per sub-programme	2013/14						2012/13		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Regional Management and Support									
Current payment	6 441	(1 143)	-	5 298	5 298	-	100.0%	4 761	4 761
Payment for capital assets	149	(43)	-	106	106	-	100.0%	54	52
4.2 Water Sector Support									
Current payment	288 573	(6 256)	-	282 317	2 70 272	12 045	95.7%	494 641	4 94 632
Transfers and subsidies	602 980	1 370	-	604 350	602 887	1 463	99.8%	5 923	5 924
Payment for capital assets	181 557	(10 380)	-	171 177	154 771	16 406	90.4%	224 181	217 382
4.3 Water Use and Regulation									
Current payment	277 229	(4 566)	1 165	273 828	273 828	-	100.0%	-	-
Transfers and subsidies	4 891	289	-	5 180	5 180	-	100.0%	-	-
Payment for capital assets	30 260	(18 019)	-	12 241	12 241	-	100.0%	-	-
4.4 Institutional Establishment									
Current payment	45 105	(5 175)	-	39 930	39 928	2	100.0%	24 094	23 897
Transfers and subsidies	-	440	-	440	440	-	100.0%	199	199
Payment for capital assets	908	(364)	-	544	540	4	99.3%	2 863	360
4.5 Regional Bulk									
Current payment	84 941	-	-	84 941	72 392	12 549	85.2%	67 918	65 648
Transfers and subsidies	250 000	-	-	250 000	231 432	18 568	92.6%	20	20
Payment for capital assets	3 011 397	-	-	3 011 397	3 009 546	1 851	99.9%	2 523 101	2 421 135
4.6 Transfer of Water Schemes									
Current payment	144 171	(1 398)	-	142 773	116 407	2 6366	81.5%	116 105	114 468
Transfers and subsidies	424 545	-	-	424 545	423 678	867	99.8%	566 661	566 659
Payment for capital assets	4 260	-	-	4 260	1 254	3 006	29.4%	499	499

Detail per sub-programme	2013/14						2012/13		
	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
4.7 Support Services									
Current payment	342 852	(20 784)	6 674	328 742	328 731	11	100.0%	297 956	297 948
Transfers and subsidies	1 725	1 608	-	3 333	3 324	9	99.7%	1 871	1 869
Payment for capital assets	14 864	(8 436)	-	6 428	6 438	(10)	100.2%	10 291	6 772
4.8 Water Services Projects									
Payment for capital assets	190 453	-	-	190 453	190 380	73	100.0%	619 054	532 904
4.9 Integrated Catchment Management									
Current payment	5 425	(2 595)	215	3 045	3 045	-	100.0%	23 457	23 457
Transfers and subsidies	-	-	-	-	-	-	-	16	16
Payment for capital assets	56	3	-	59	59	-	100.0%	380	376
4.10 Mine Water Management									
Payment for capital assets	258 493	75 449	44 106	378 048	378 048	-	100.0%	265 278	156 785
Total	6 171 275	-	52 160	6 223 435	6 130 225	93 210	98.5%	5 249 323	4 935 763

Programme 4 Economic classification	2013/14						2012/13		
	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	550 874	(1 440)	8054	597 488	572 505	24 983	95.8%	514 157	510 863
Goods and services	603 863	(40 478)	-	563 385	537 392	25 993	95.4%	512 685	511 859
Interest and rent on land	-	1	-	1	1	-	100.0%	2 090	2 089
Transfers and subsidies to:									
Provinces and municipalities	1 024 106	125	-	1 024 231	1 022 763	1 468	99.9%	562 851	562 844
Departmental agencies and accounts	-	5	-	5	5	-	100.0%	-	9
Public corporations and private enterprises	250 000	-	-	250 000	231 433	18 567	92.6%	-	-
Non-profit institutions	-	651	-	651	649	2	99.7%	-	-
Households	10 035	2 926	-	12 961	12 094	867	93.3%	11 839	11 834
Payment for capital assets									
Buildings and other fixed structures	3 613 848	70 757	44 106	3 728 711	3 726 677	2 034	99.9%	3 592 498	3 291 449
Machinery and equipment	77 222	(31 221)	-	46 001	26 706	19 295	58.1%	52 399	44 781
Biological assets	11	(10)	-	1	-	1	-	-	-
Intangible assets	1 316	(1 316)	-	-	-	-	-	804	35
Total	6 171 275	-	52 160	6 223 435	6 130 225	93 210	98.5%	5 249 323	4 935 763

Programme 5 – Water Sector Regulation

Detail per sub-programme	2013/14						2012/13		
	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	2 498	-	(1 639)	859	814	45	94.8%	314	282
Payment for capital assets	69	-	-	69	38	31	55.1%	-	-
5.2 Economic and Social Regulation									
Current payment	1 000	(1 000)	-	-	-	-	-	821	63
5.3 Water Use Authorisation									
Current payment	22 758	(680)	(6 138)	15 940	12 697	3 243	79.7%	20 258	19 514
Transfers and subsidies	-	-	-	-	-	-	-	14	14
Payment for capital assets	174	-	-	174	128	46	73.6%	74	74
5.4 Drinking Water Quality and Waste Services									
Current payment	28 329	1 769	-	30 098	23 048	7 050	76.6%	26 225	23 764
Transfers and subsidies	-	14	-	14	14	-	100.0%	-	-
Payment for capital assets	264	-	-	264	20	244	7.6%	128	128
5.5 Resource Regulation									
Current payment	43 466	(662)	-	42 804	41 397	1 407	96.7%	36 973	33 881
Transfers and subsidies	-	13	-	13	13	-	100.0%	7	7
Payment for capital assets	363	-	-	363	390	(27)	107.4%	415	104
5.6 Compliance Monitoring									
Current payment	1 080	(454)	-	626	40	586	6.4%	788	14
5.7 Enforcement									
Current payment	16 901	-	(585)	16 316	13 038	3 278	79.9%	14 403	9 529
Payment for capital assets	789	-	-	789	386	403	48.9%	660	-
Total	117 691	(1 000)	(8 362)	108 329	92 023	16 306	84.9%	101 080	87 374

Programme 5 Economic classification	2013/14						2012/13		
	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	53 452	(27)	(3 354)	50 071	47 771	2 300	95.4%	53 461	46 120
Goods and services	62 520	(1 000)	(4 992)	56 528	43 263	13 265	76.5%	46 236	40 926
Interest and rent on land	60	-	(16)	44	-	44		85	1
Transfers and subsidies to:									
Departmental agencies and accounts	-	3	-	3	3	-	100.0%	-	-
Households	-	24	-	24	24	-	100.0%	21	21
Payment for capital assets									
Machinery and equipment	1 659	-	-	1 659	962	697	58.0%	1 277	306
Total	117 691	(1 000)	(8 362)	108 329	92 023	16 306	84.9%	101 080	87 374

Programme 6: International Water Cooperation

Detail per sub-programme	2013/14						2012/13		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 International Relation Management and Support									
Current payment	4 049	-	1 559	5 608	5 608	-	100.0%	4 309	3 803
Payment for capital assets	489	-	(250)	239	234	5	97.9%	581	345
6.2 Africa Cooperation									
Current payment	9 918	(33)	(405)	9 480	9 480	-	100.0%	7 021	6 950
Transfers and subsidies	624	-	-	624	609	15	97.6%	625	592
Payment for capital assets	357	-	-	357	306	51	85.7%	347	22
6.3 Global Cooperation									
Current payment	9 627	-	986	10 563	10 563	-	100.0%	11 238	10 982
Transfers and subsidies	1	33	-	34	33	1	97.1%	357	276
Payment for capital assets	348	-	(300)	48	47	1	97.9%	-	-
Total	25 413	-	1 540	26 953	26 880	73	99.7%	24 478	22 970

Programme 6 Economic classification	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	13 598	-	3 308	16 901	16 901	-	100.0%	15 009	14 943
Goods and services	9 931	37	(1 218)	8 750	8 750	-	100.0%	7 494	6 778
Interest and rent on land	70	(70)	-	-	-	-	-	65	14
Transfers and subsidies to:									
Departmental agencies and accounts	2	-	-	2	-	2	-	-	-
Foreign governments and international organisations	623	-	-	623	609	14	97.8%	625	592
Households	-	33	-	33	33	-	100.0%	-	-
Payment for capital assets									
Machinery and equipment	1 194	-	(550)	644	587	57	91.1%	1 285	643
Total	25 413	-	1 540	26 953	26 880	73	99.7%	24 478	22 970

4 NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

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

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

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

3 Details on payments for financial assets

Details of these transactions per programme can be viewed in the note 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	916 273	907 440	8 833	1%
The unspent funds realised from the adjusted allocations are mainly due to the following:				
<ul style="list-style-type: none"> Unfilled vacant posts across all the sub programmes within this programme. Transfer payment budgeted for skills levy could not be transferred to Public Sector Education and Training Authority (PSETA) due to the directive issued by the Department of Public Service and Administration on the implementation of training budgets. Allocation of R4 million could not be spent on upgrading of data storage infrastructure because the service provider was appointed last quarter of the financial year. 				
Programme 2				
Water Sector Management	535 361	530 827	4 534	1%
Allocation of R4.5 million could not be spent in respect of the review of pricing strategy, due to change in scope of work which resulted in postponement in gazetting the pricing strategy.				
Programme 3				
Water Infrastructure Management	2 565 203	2 558 847	6 356	0%
The spending on this programme is on acceptable level, the variance is insignificant.				
Programme 4				
Regional Implementation & Support	6 223 435	6 130 225	93 210	1%
The under spending on this programme is mainly due to the following:				
<ul style="list-style-type: none"> Unfilled vacant posts including Occupational Specific Dispensation (OSD) positions. A total allocation of R18.567 million could not be spent on Regional Bulk Infrastructure Grant due to late processing of invoices which could not be finalised before payment cut-off time. An allocation of R16.406 million could not be spent on Prevention Mitigation of Disaster and Risks due to delayed approval of the flood management contract. 				

Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 5				
Water Sector Regulation	108 329	92 023	16 306	15%
The under expenditure on this programme is mainly attributable to the following: Unfilled vacant posts including Occupation Specific Dispensation (OSD) positions. An allocation of R4.6 million could not be spent in respect of provisions for scientific and technical support to the drinking water quality, Waster Water and Water Use Efficiency as a result of delayed appointment of a service provider.				
Programme 6				
International Water Cooperation	26 953	26 880	73	0%
The variance is insignificant.				

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	1 141 346	1 112 336	29 010	3%
Goods and services	1 405 049	1 360 873	44 176	3%
Interest and rent on land	102	58	44	43%
Transfers and subsidies				
Provinces and municipalities	1 024 240	1 022 773	1 467	0%
Departmental agencies and accounts	2 439 557	2 437 071	2 486	0%
Public corporations and private enterprises	263 469	244 161	19 308	7%
Foreign governments and international organisations	188 624	182 254	6 370	3%
Non-profit institutions	13 730	1 181	12 549	91.0%
Households	14 310	26 502	(12 192)	(85.0%)
Payments for capital assets				
Buildings and other fixed structures	3 753 126	3 751 092	2 034	0%
Machinery and equipment	79 277	55 218	24 059	30%
Biological assets	1	-	1	100%
Intangible assets	681	681	-	0%
Payments for financial assets	52 042	52 042	-	0%

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Water Affairs				
Water Services Op Subsidy Grant	420 945	420 945	-	0%

5 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2014

	Note	2013/14	2012/13
		R'000	R'000
REVENUE			
Annual appropriation	1	10 375 554	8 993 162
Departmental revenue	2	65 950	26 015
Aid assistance	3	7 088	88 385
TOTAL REVENUE		10 448 592	9 107 562
EXPENDITURE			
Current expenditure			
Compensation of employees	4	1 112 336	1 028 549
Goods and services	5	1 360 873	1 278 579
Interest and rent on land	6	58	3 506
Aid assistance	3	7 088	54 827
Total current expenditure		2 480 355	2 365 461
Transfers and subsidies			
Transfers and subsidies	8	3 913 942	2 982 740
Aid assistance	3	-	26 600
Total transfers and subsidies		3 913 942	2 959 340
Expenditure for capital assets			
Tangible assets	9	3 800 734	3 388 960
Intangible assets	9	6 257	8 909
Total expenditure for capital assets		3 806 991	3 397 869
Payments for financial assets	7	52 042	281
TOTAL EXPENDITURE		10 253 330	8 722 951
SURPLUS/(DEFICIT) FOR THE YEAR		195 262	384 611
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		129 312	351 654
Annual appropriation		129 312	351 654
Departmental revenue and NRF Receipts	16	65 950	26 015
Aid assistance	3	-	6 942
SURPLUS/(DEFICIT) FOR THE YEAR		195 262	384 611

6 STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2014

	Note	2013/14 R'000	2012/13 R'000
ASSETS			
Current assets		135 340	456 152
Unauthorised expenditure	10	3 782	3 782
Cash and cash equivalents	11	56 004	(4 394)
Prepayments and advances	12	48 918	347 230
Receivables	13	23 523	103 491
Loans	14	3 113	6 043
Non-current assets		10 233	50 949
Loans	14	10 233	50 949
TOTAL ASSETS		145 573	507 101
LIABILITIES			
Current liabilities		126 598	440 021
Voted funds to be surrendered to the Revenue Fund	15	96 824	351 654
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	16	29 343	516
Bank overdraft	17	2	74 294
Payables	18	429	6 615
Aid assistance repayable	3	-	6 942
TOTAL LIABILITIES		126 598	440 021
NET ASSETS		18 975	67 080

	Note	2013/14 R'000	2012/13 R'000
Represented by:			
Recoverable revenue		18 975	67 080
Retained funds		-	-
TOTAL		18 975	67 080

7 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2014

	Note	2013/14	2012/13
		R'000	R'000
Recoverable revenue			
Opening balance		67 080	68 073
Transfers:		(48 105)	(993)
Irrecoverable amounts written off	7.2	(34 293)	-
Debts revised		(15 753)	6 237
Debts recovered (included in departmental receipts)		(1 151)	(2 162)
Debts raised		3 092	(5 068)
Closing balance		18 975	67 080
Retained funds			
Opening balance		-	5 646
Utilised during the year		-	(5 646)
Cash with commercial banks		-	-
Closing balance		-	-
TOTAL		18 975	67 080

Comparative balance of R1 168 000 in respect of cash in transit has been adjusted in the 2012/13.

8 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Note	2013/14 R'000	2012/13 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		10 416 104	9 107 562
Annual appropriated funds received	1.1	10 343 066	8 998 162
Departmental revenue received	2	61 338	26 573
Interest received	2.2	4 612	(558)
Aid assistance received	3	7 088	88 385
Net (increase)/decrease in working capital		372 094	(211 099)
Surrendered to Revenue Fund		(388 777)	(889 814)
Surrendered to RDP Fund/Donor		(6 942)	-
Current payments		(2 480 297)	(2 361 955)
Interest paid		(58)	(3 506)
Payments for financial assets		(52 042)	(281)
Transfers and subsidies paid		(3 913 942)	(2 959 340)
Net cash flow available from operating activities	19	3 946 140	2 681 567
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(3 806 991)	(3 397 869)
(Increase)/decrease in loans	14	43 646	2 563
Net cash flows from investing activities		(3 763 345)	(3 395 306)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(48 105)	(5 471)
Net cash flows from financing activities		(48 105)	(5 471)
Net increase/(decrease) in cash and cash equivalents		134 690	(719 210)
Cash and cash equivalents at beginning of period		(78 688)	640 522
Cash and cash equivalents at end of period	20	56 002	(78 688)

Comparative balance of R1 168 000 in respect of cash in transit has been adjusted in the 2012/13.

9 ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2014

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

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 (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The financial statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment/receipt.
6	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	Revenue
7.1	Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.
7.2	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and/penalties) is measured at amounts receivable from collecting agents.</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accrued expenditure payable</p> <p>Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.</p> <p>Accrued expenditure payable is measured at cost.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>

9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position.</p> <p>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.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
15	<p>Payables</p> <p>Loans and receivables are recognised in the statement of financial position at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <p><i>[Capital Assets]</i></p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>

16.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
16.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p>
	<p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
17	Provisions and Contingents
17.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements 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 or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably</p>
17.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department</p>
17.4	<p>Commitments</p> <p>Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash</p>

18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefore are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Related party transactions</p> <p>Specific information with regard to related party transactions, where relevant is included in the disclosure note.</p>
22	<p>Prior period errors</p> <p>Specific information relating to prior period errors committed, where relevant is included in detail in the disclosure notes to the Annual Financial Statements (AFS).</p>
23	<p>Key management personnel</p> <p>Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes to the Annual Financial Statements (AFS).</p>
24	<p>Public private partnership (PPP)</p> <p>A description of the PPP arrangements, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.</p>

10 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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	2013/14			2012/13
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	91 6273	978 606	(62 333)	865 002
Water Sector Management	535 361	517 136	18 225	454 287
Water Infrastructure Management	2 565 203	2 565 203	-	2 251 496
Regional Implementation and Support	6 223 435	6 138 895	84 540	5 283 776
Water Sector Regulation	108 329	117 783	(9 454)	110 123
International Water Cooperation	26 953	25 443	1 510	28 478
Total	10 375 554	10 343 066	32 488	8 993 162

2 Departmental revenue

	Note	2013/14	2012/13
		R'000	R'000
Sales of goods and services other than capital assets	2.1	2 783	3 009
Interest, dividends and rent on land	2.2	4 612	(558)
Transactions in financial assets and liabilities	2.3	58 555	23 564
Departmental revenue collected		65 950	26 015

2.1 Sales of goods and services other than capital assets

	Note	2013/14	2012/13
		R'000	R'000
Sales of goods and services produced by the department	2	2 774	2 964
Sales by market establishment		1 000	1 340
Other sales		1 774	1 624
Sales of scrap, waste and other used current goods		9	45
Total		2 783	3 009

2.2 Interest, dividends and rent on land

	Note	2013/14	2012/13
		R'000	R'000
Interest	2	4 612	(558)
Total		4 612	(558)

2.3 Transactions in financial assets and liabilities

	Note	2013/14	2012/13
	2	R'000	R'000
Loans and advances		-	2
Receivables		36 334	9 791
Stale cheques written back		1	2
Other Receipts including Recoverable Revenue		22 220	13 769
Total		58 555	23 564

3 Aid assistance

3.1 Aid assistance received in cash from RDP

	Note	2013/14	2012/13
	3	R'000	R'000
Local			
Opening Balance		-	-
Revenue		-	26 600
Expenditure		-	(26 600)
Transfers		-	(26 600)
Closing Balance		-	-
Foreign			
Opening Balance		6 942	-
Revenue		7 088	61 785
Expenditure		(7 088)	(54 843)
Current		(7 088)	(54 827)
Capital		-	(16)
Surrendered to the RDP		(6 942)	-
Closing Balance		-	6 942

Total assistance

	2013/14	2012/13
	R'000	R'000
Opening Balance	6 942	-
Revenue	7 088	88 385
Expenditure	(7 088)	(81 443)
Current	(7 088)	(54 827)
Capital	-	(16)
Transfers	-	(26 600)
Surrendered to RDP/Donor	(6 942)	-
Transferred to retained funds	-	-
Closing Balance	-	6 942

Analysis of balance

	Note	2013/14	2012/13
		R'000	R'000
Aid assistance repayable	3	-	6 942
RDP		-	6 942
Closing balance		-	6 942

4 Compensation of employees

4.1 Salaries and Wages

	Note	2013/14	2012/13
	4	R'000	R'000
Basic salary		775 461	701 680
Performance award		13 216	14 275
Service Based		3 108	2 089
Compensative/circumstantial		11 862	10 940
Periodic payments		718	13 744
Other non-pensionable allowances		169 287	156 560
Total		973 652	899 288

4.2 Social contributions

	Note	2013/14	2012/13
	4	R'000	R'000
Employer contributions			
Pension		93 514	85 544
Medical		44 970	43 524
UIF		2	2
Bargaining council		198	191
Total		138 684	129 261
Total compensation of employees		1 112 336	1 028 549
Average number of employees		3 701	3 675

5 Goods and services

	Note	2013/14	2012/13
	5	R'000	R'000
Administrative fees		7 336	13 249
Advertising		20 750	21 870
Minor Assets	5.1	4 639	8 438
Bursaries (employees)		2 471	1 824
Catering		9 617	9 481
Communication		36 818	43 157
Computer services	5.2	125 789	109 172
Consultants, contractors and agency/outourced services	5.3	501 647	441 599
Entertainment		557	189
Audit cost – external	5.4	22 961	24 922
Fleet services		1 030	-
Inventory	5.5	17 705	13 501
Consumables	5.6	24 554	28 374
Operating leases		231 815	219 391
Property payments	5.7	67 044	66 288
Rental and hiring		2 388	379
Transport provided as part of the departmental activities		36	221
Travel and subsistence	5.8	230 341	231 797
Venues and facilities		16 009	12 828
Training and development		22 445	17 453
Other operating expenditure	5.9	14 921	14 446
Total		1 360 873	1 278 579

*Due to the reallocation on the SCOA reimplementation of 2013/14 the following re-allocations were done to the previous year figures which resulted in a total increase of **R28,374 million** (Other consumables **R9,859 million** from note 5.5 plus Gifts **R34 thousand** from note 5.9 and Stationary and printing **R18,481 million** from Note 5.6) The previous year figure increased to **R28,374 million***

5.1 Capital assets less than R5 000

	Note	2013/14	2012/13
	5	R'000	R'000
Tangible assets		4 637	8 379
Machinery and equipment		4 637	8 379
Intangible assets		2	59
Total		4 639	8 438

5.2 Computer services

	Note	2013/14	2012/13
	5	R'000	R'000
SITA computer services		24 946	18 303
External computer service providers		100 843	90 869
Total		125 789	109 172

5.3 Consultants, contractors and agency/outsourced services

	Note	2013/14	2012/13
	5	R'000	R'000
Business and advisory services		188 792	163 882
Infrastructure and planning		167 941	150 203
Laboratory services		3 526	2 944
Legal costs		8 917	4 112
Contractors		106 028	65 235
Agency and support/outsourced services		31 443	55 223
Total		501 647	441 599

5.4 Audit cost – External

	Note	2013/14	2012/13
	5	R'000	R'000
Regularity audits		21 856	24 526
Investigations		365	27
Computer audits		740	369
Total		22 961	24 922

5.5 Inventory

	Note	2013/14	2012/13
	5	R'000	R'000
Clothing material and accessories		2 438	-
Farming supplies		185	-
Food and food supplies		776	1 982
Fuel, oil and gas		3 357	4 147
Learning, teaching and support material		1	5
Materials and supplies		4 835	7 307
Medical supplies		40	60
Other supplies	5.5.1	6 073	-
Total		17 705	13 501

5.5.1 Other supplies

	Note	2013/14	2012/13
	5.5	R'000	R'000
Assets for distribution		3 623	-
Other		2 450	-
Total		6 073	-

5.6 Consumables

	Note	2013/14	2012/13
	5	R'000	R'000
Consumable supplies		5 451	9 898
Uniform and clothing		306	-
Household supplies		3 309	-
Building material and supplies		604	-
Communication accessories		9	-
IT consumables		691	-
Other consumables		532	9 898
Stationery, printing and office supplies		19 103	18 481
Total		24 554	28 374

5.7 Property payments

	Note	2013/14	2012/13
	5	R'000	R'000
Municipal services		32 856	32 161
Property maintenance and repairs		4 428	6 969
Other		29 760	27 158
Total		67 044	66 288

5.8 Travel and subsistence

	Note	2013/14	2012/13
	5	R'000	R'000
Local		212 739	212 975
Foreign		17 602	18 822
Total		230 341	231 797

5.9 Other operating expenditure

	Note	2013/14	2012/13
	5	R'000	R'000
Professional bodies, membership and subscription fees		662	557
Resettlement costs		3 626	4 324
Other		10 633	9 565
Total		14 921	14 446

6 Interest and rent on land

	Note	2013/14	2012/13
	6	R'000	R'000
Interest paid		58	3 506
Total		58	3 506

7 Payments for financial assets

	Note	2013/14	2012/13
		R'000	R'000
Other material losses written off	7.1	17 749	-
Debts written off	7.2	34 293	281
Total		52 042	281

7.1 Other material losses written off

	Note	2013/14	2012/13
	7	R'000	R'000
Nature of losses			
Prepayments and Advances		8 897	-
Claims Recoverable		8 843	-
Salary Control Accounts		9	-
Total		17 749	-

7.2 Debts written off

	Note	2013/14	2012/13
	7	R'000	R'000
Nature of debts written off			
Telephone		-	21
Subtotal		-	21
Other debts written off			
Salary Overpayments		-	181
Loans and State Guarantees		27 840	-
Other		-	14
Subsistence and Travel		-	7
Ex-employees		-	85
Staff Debt		6 453	-
Less: AHFIX(National Treasury call logged-under investigation)		-	(27)
Subtotal		34 293	260
Total debt written off		34 293	281

8 Transfers and subsidies

		2013/14	2012/13
		R'000	R'000
	Note		
Provinces and municipalities	Annex 1A Annex 1B	1 022 773	562 849
Departmental agencies and accounts	Annex 1C	2 437 071	2 109 027
Foreign governments and international organisations	Annex 1F	182 254	180 592
Public corporations and private enterprises	Annex 1E	244 161	493 558
Non-profit institutions	Annex 1G	-	-
Households	Annex 1H	26 502	30 424
Gifts, donations and sponsorships made	Annex 1K	1 181	490
Total		3 913 942	2 932 740

9 Expenditure for capital assets

	Note	2013/14	2012/13
		R'000	R'000
Tangible assets		3 800 734	3 388 960
Buildings and other fixed structures	33.1	3 751 093	3 321 749
Machinery and equipment	31.1	49 641	67 211
Intangible assets		6 257	8 909
Software	32.1	6 257	8 909
Total		3 806 991	3 397 869

9.1 Analysis of funds utilised to acquire capital assets – 2013/14

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	3 800 734	-	3 800 734
Buildings and other fixed structures	3 751 093	-	3 751 093
Machinery and equipment	49 641	-	49 641
Intangible assets	6 257	-	6 257
Software	6 257	-	6 257
Total	3 806 991	-	3 806 991

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

	Voted funds	Aid assistance	Total
	R'000	R'000	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
Intangible assets	8 909	-	8 909
Software	8 909	-	8 909
Total	3 397 853	16	3 397 869

10 Unauthorised expenditure

10.1 Reconciliation of unauthorised expenditure

	Note	2013/14	2012/13
	10	R'000	R'000
Opening balance		3 782	3 782
Unauthorised expenditure awaiting authorisation/written off		3 782	3 782
Analysis of awaiting authorisation per economic classification			
Current		495	495
Transfers and subsidies		3 287	3 287
Total		3 782	3 782

10.2 Analysis of unauthorised expenditure awaiting authorisation per type

		2013/14	2012/13
		R'000	R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		495	495
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division		3 287	3 287
Total		3 782	3 782

11 Cash and cash equivalents

	Note	2013/14	2012/13
	11	R'000	R'000
Consolidated Paymaster General Account		55 737	-
Disbursements		27	(4 493)
Cash on hand		93	97
Investments (Domestic)		147	2
Total		56 004	(4 394)

12 Prepayments and advances

	Note	2013/14	2012/13
		R'000	R'000
Travel and subsistence		22	111
Advances paid	12.1	48 896	347 119
Total		48 918	347 230

12.1 Advances paid

	Note	2013/14	2012/13
	12	R'000	R'000
National departments		9 589	2 448
Provincial departments		11 097	221 867
Public entities		28 210	122 804
Total		48 896	347 119

13 Receivables

	Note	R'000	R'000	R'000	2013/14	2012/13
		Less than one year	One to three years	Older than three years	R'000	R'000
					Total	Total
Claims recoverable	13.1 Annex 4	9 241	-	-	9 241	88 951
Recoverable expenditure	13.2	9 930	-	-	9 930	
Staff debt	13.3	2 929	713	710	4 352	11 117
Other debtors	13.4	-	-	-	-	3 423
Total		22 100	713	710	23 523	103 491

The amount of R2 071 492.24 was overpaid to an Implementing Agent during the 2012/13 financial year the error was discovered in the financial year under review. The 2012/13 receivables increased from R101 420 million to R103 491 million. The receivables and debt receivable income have been restated retrospectively.

13.1 Claims recoverable

	Note	2013/14	2012/13
	13	R'000	R'000
National departments		9 240	39 574
Provincial departments		1	3 240
Public entities		-	46 137
Total		9 241	88 951

13.2 Recoverable expenditure (disallowance accounts)

	Note	2013/14	2012/13
	13	R'000	R'000
Sal: Deduction Disallowance Accounts		60	-
Sal: Reversal Control Accounts		40	-
Sal: Tax Debt		5	-
Disallowance Dishonoured Cheques		1 370	-
Disallowance Payment Fraud: CA		4 909	-
Disallowance Miscellaneous: CA		3 546	-
Total		9 930	-

13.3 Staff debt

	Note	2013/14	2012/13
	13	R'000	R'000
Salary Overpayment		1 288	5 334
Tax Debt		-	187
Bursary(Breach of contract)		1 829	2 900
State Guarantees		10	95
T&S Advance: Dom		14	31
GG Accidents		117	150
Telephone Debt		9	45
Departmental Debt		-	6
Employee		-	80
Ex-employees		-	309
Fraud		-	100
Other		-	599
Subsidies Transport		1 085	1 281
Total		4 352	11 117

13.4 Other debtors

	Note	2013/14	2012/13
	13	R'000	R'000
Suppliers		-	2 142
Vat Clearing Account		-	1 281
Total		-	3 423

13.5 Impairment of receivables

	Note	2013/14	2012/13
	13	R'000	R'000
Estimate of impairment of receivables		1 288	-
Total		1 288	-

14 Loans

	Note	2013/14	2012/13
	14	R'000	R'000
Non-Current portion of loans		10 233	50 949
Current portion of loans		3 113	6 043
Total		13 346	56 992
Analysis of Balance			
Opening balance		56 992	59 555
New Issues		2 719	3 884
Repayments		(4 768)	(6 447)
Write-offs and Revision		(41 597)	-
Closing balance		13 346	56 992

15 Voted funds to be surrendered to the Revenue Fund

	Note	2013/14	2012/13
	15	R'000	R'000
Opening balance		351 654	863 413
As restated		351 654	-
Transfer from statement of financial performance (as restated)		129 312	351 654
Voted funds not requested/not received	1.1	(32 488)	-
Paid during the year		(351 654)	(863 413)
Closing balance		96 824	351 654

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

	Note	2013/14	2012/13
	16	R'000	R'000
Opening balance		516	902
As restated		516	-
Transfer from Statement of Financial Performance (as restated)		65 950	26 015
Paid during the year		(37 123)	(26 401)
Closing balance		29 343	516

17 Bank Overdraft

	Note	2013/14	2012/13
	17	R'000	R'000
Consolidated Paymaster General Account			74 292
Overdraft with commercial banks (Local)		2	2
Total		2	74 294

18 Payables – current

	Note	2013/14	2012/13
	18	R'000	R'000
Advances received	18.1	-	5 648
Clearing accounts	18.2	429	835
Other payables	18.3	-	132
Total		429	6 615

18.1 Advances received

	Note	2013/14	2012/13
	18	R'000	R'000
National departments		-	5 648
Total		-	5 648

18.2 Clearing accounts

	Note	2013/14	2012/13
	18	R'000	R'000
Sal: Deduction Control Account		-	345
Sal: Reversal Control Account		-	489
Sal: Tax Debt		-	1
Sal: Income Tax		225	-
Sal: Pension Fund: CL		59	-
Cash Clearing		145	-
Total		429	835

18.3 Other payables

	Note	2013/14	2012/13
	18	R'000	R'000
Sal: ACB Recalls		-	1
Claims: Gov & International Org: Claims Received		-	25
Salary: Deduction Disallowance Account		-	106
Total		-	132

19 Net cash flow available from operating activities

	Note	2013/14	2012/13
	19	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		1 952 62	384 611
Add back non cash/cash movements not deemed operating activities		3 750 878	2 296 956
(Increase)/decrease in receivables – current		79 968	(66 108)
(Increase)/decrease in prepayments and advances		2 983 12	(140 405)
Increase/(decrease) in payables – current		(6 186)	(4 586)
Expenditure on capital assets		3 806 991	3 397 869
Surrenders to Revenue Fund		(388 777)	(889 814)
Surrenders to RDP Fund/Donor		(6 942)	-
Voted funds not requested/not received		(32 488)	-
Net cash flow generated by operating activities		3 946 140	2 681 567

20 Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2013/14	2012/13
	20	R'000	R'000
Consolidated Paymaster General account		55 737	(74 292)
Disbursements		27	(4 493)
Cash on hand		98	97
Cash with commercial banks (Local)		145	-
Total		56 002	(78 688)

11 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

21 Contingent liabilities and contingent assets

21.1 Contingent liabilities

Liable to	Nature	Note	2013/14	2012/13
		21	R'000	R'000
Housing loan guarantees	Employees	Annex 3A	378	378
Other guarantees (KOBWA, TCTA, Land Bank and LHDA)		Annex 3A	21 767 879	21 832 957
Claims against the department		Annex 3B	36 669	60 345
Total			21 804 926	21 893 680

21.2 Contingent assets

Nature of contingent asset	Note	2013/14	2012/13
	21	R'000	R'000
Fountains Civil Engineering (Main)		12	12
TPD Business Solutions (Main)		-	176
George Kuyler (Main)		-	56
DWA/NR Horne (Main)		68	68
Total		80	312

22 Commitments

	Note	2013/14	2012/13
	22	R'000	R'000
Current expenditure			
Approved and contracted		684 548	882 523
Approved but not yet contracted		168 778	252 319
		853 326	1 134 842
Capital expenditure			
Approved and contracted		4 529 290	4 812 191
Approved but not yet contracted		-	-
		4 529 290	4 812 191
Total Commitments		5 382 616	5 947 033

The total amount includes commitments to be paid beyond 2014/15 financial year.

It should be noted that the prior year commitments have been adjusted due to RBIG figures where actual contract amount has been considered instead of using the estimated feasibility costs which pushed the commitments to R18 191 804 billion for 2012/13, which has since been adjusted to R4 572 288 billion.

23 Accruals and payables not recognised

Listed by economic classification	30 Days	30+ Days	Note	2013/14	2012/13
			23	R'000	R'000
			Total	Total	Total
Goods and services	35 680	28 256		63 935	162 755
Transfers and subsidies	2	-		2	-
Capital assets	813 426	194 336		1 007 762	342 672
Other	-	-		-	-
Total	849 108	222 592		1 071 700	505 427

			Note	2013/14	2012/13
			23	R'000	R'000
Administration				37 998	205 513
Water Sector Management				10 369	15 049
Regional Implementation and Support				1 021 783	284 044
Water Sector Regulation				1 221	541
International Water Cooperation				329	280
Total				1 071 700	505 427

			Note	2013/14	2012/13
			Annex 5	R'000	R'000
Confirmed balances with other departments				120	2 405
Total				120	2 405

24 Employee benefits

			Note	2013/14	2012/13
			24	R'000	R'000
Leave entitlement				54 644	50 034
Service bonus (Thirteenth cheque)				29 988	27 539
Performance awards				13 089	14 076
Capped leave commitments				82 476	85 922
Total				180 197	177 571

25 Lease commitments

25.1 Operating leases expenditure

2013/14	Specialised Military equipment	Land	Buildings and other fixed structures	Machinery And equipment	Total
Not later than 1 year	-	-	144 856	-	144 856
Later than 1 year and not later than 5 years	-	-	502 210	-	502 210
Later than five years	-	-	32 061	-	32 061
Total lease commitments	-	-	679 127	-	679 127

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

25.2 Finance leases expenditure**

2013/14	Specialised Military equipment	Land	Buildings and other fixed structures	Machinery And equipment	Total
Not later than 1 year	-	-	-	6 424	6 424
Later than 1 year and not later than 5 years	-	-	-	4 357	4 357
Total lease commitments	-	-	-	10 781	10 781

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

**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	2013/14	2012/13
	26	R'000	R'000
Opening balance		1 077 876	1 085 827
Add: Irregular expenditure – relating to prior year		653	48
Add: Irregular expenditure – relating to current year		14 552	13 626
Less: Prior year amounts condoned		(920 598)	-
Less: Current year amounts condoned		-	(8 958)
Less: Amounts recoverable (not condoned)		-	(12 667)
Irregular expenditure awaiting condonation		172 483	1 077 876
Analysis of awaiting condonation per age classification			
Current year		14 552	13 626
Prior years		157 931	1 064 250
Total		172 483	1 077 876

It should be noted that the prior year 2012/13 balance will increase with the amount of R653 000.00 which will increase the opening balance to be R14 279 000.00. In addition, it should also be noted that the IT tender that was finalised in January 2013 is still under discussion with the AGSA, SITA and the Department.

26.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
H/O-Water ecosystem-No DBAC approval, WRC	Matter will be presented at FMAC	4 800
H/O-Booked outside the contract, Birchwood	Matter will be presented at FMAC	40
NW- Maintenance- SCM process not followed, Journey Vehicle	Matter will be presented at FMAC	16
NW-Maintenance- SCM process not followed, Record Console	Matter will be presented at FMAC	6
NW-Routers- SCM process not followed, Telemaster	Matter will be presented at FMAC	62
NW-Finance Lease- SCM process not followed, Hewlette Parkard	Matter will be presented at FMAC	165
EC- Protective Clothing- Awarded after the expiry of validity, Shihlangule Trading	Matter will be presented at FMAC	322
KZN-Air Transport Services-Not approved by the delegated authority, Duma Travel	Matter will be presented at FMAC	4
KZN-Air Transport Services-Not approved by the delegated authority, Duma Travel	Matter will be presented at FMAC	3
KZN-Air Transport Services-Not approved by the delegated authority, Duma Travel	Matter will be presented at FMAC	6
KZN-Air Transport Services-Not approved by the delegated authority, Duma Travel	Matter will be presented at FMAC	4
KZN-Accommodation Services-SCM process not followed, Chanti Travel	Matter will be presented at FMAC	1
KZN-Accommodation and Travel Services-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	49
KZN-Accommodation and Air Travel Services-SCM process not followed, Diners Club SA (Pty) Ltd	Matter will be presented at FMAC	88
KZN-Accommodation and Travel Services-SCM process not followed, Diners Club SA (Pty) Ltd	Matter will be presented at FMAC	20
KZN-Subscription Fee-SCM process not followed, MTN Service Provider	Matter will be presented at FMAC	12

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
KZN-Catering Services-SCM process not followed, Zazama Trading	Matter will be presented at FMAC	2
KZN-Accommodation Service-SCM process not followed, Majuba Lodge	Matter will be presented at FMAC	7
KZN-Accommodation Service-SCM process not followed, Chanti Travel	Matter will be presented at FMAC	5
KZN-Air Travel Booking-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	12
KZN-Hiring of Sound System and Scottburgh Hall for Deputy Minister's visit on 27 June 2013-SCM process not followed, Zamagudu Trading CC	Matter will be presented at FMAC	21
KZN-Conference Booking-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	85
KZN-Air Travel Booking-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	23
KZN-Catering Services-SCM process not followed, Zazama Trading	Matter will be presented at FMAC	5
KZN-Air Travel Booking-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	7
KZN-Catering Services for Team Building-SCM process not followed, Come Today Trading & Projects 250	Matter will be presented at FMAC	7
KZN-Accommodation-SCM process not followed, Protea Hotel	Matter will be presented at FMAC	6
KZN-Accommodation-SCM process not followed, Protea Hotel	Matter will be presented at FMAC	2
KZN-Subscription Services, SCM Process not followed, Autopage Cellular	Matter will be presented at FMAC	11
KZN-Subscription Services, SCM Process not followed, Autopage Cellular	Matter will be presented at FMAC	11
KZN-Venues & Facilities-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	12
KZN-Advertising Material-SCM process not followed, Siz Promotions CC	Matter will be presented at FMAC	54
KZN-Procurement of 200 Flasks (Travel Mugs)-SCM process not followed, Fezile Konke Trading	Matter will be presented at FMAC	30
KZN-Procurement of 200 Memory Sticks (2 Gig)-SCM process not followed, Mafulela Trading Enterprise	Matter will be presented at FMAC	20
KZN-Accommodation for Vusi Sibeko (Resettlement/Relocation)-SCM process not followed, Royal Hotel	Matter will be presented at FMAC	59
KZN-Groceries for the Chief Director's Office-SCM process not followed, Mac Tab Trading & Investments	Matter will be presented at FMAC	4
KZN-Catering for 15 officials attending Excel Intermediate & Advance(30-31 July 2013)-SCM process not followed, Sakhukuphila Trading	Matter will be presented at FMAC	6
KZN-Catering for 25 officials for 3 days-SCM process not followed, Hugzin Trading	Matter will be presented at FMAC	13
KZN-Catering for 42 people for Take a girl to work campaign-SCM process not followed, Albert Khabazela Trading	Matter will be presented at FMAC	5
KZN-Advertising on Print Media for National Water Week-SCM process not followed, Mail & Guardian	Matter will be presented at FMAC	40
KZN-Catering for 50 Batswa le Meetse Educators at Uthungulu District Municipality-SCM process no followed, Kwazikwanda Trading	Matter will be presented at FMAC	5
KZN-Air Travel Services-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	4
KZN-Conference Booking Service (Venue Hire)-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	5
KZN-Conference Booking Service (Venue Hire)-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	17
KZN-Air Travel Services-SCM process not followed, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	24

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
FS-Cleaning Services-Evaluation criteria changed during the evaluation, Phuthamo Cleaning Services	Matter will be presented at FMAC	996
WC-Institution Oversight-Contract amount exceeded without prior approval, Informage Consortium	Matter will be presented at FMAC	279
MP-Imbizo-No RBAC Approval, Lumkela Transport & Projects	Matter will be presented at FMAC	60
MP-Imbizo-No RBAC Approval, Sunay Trading 70	Matter will be presented at FMAC	60
MP-Imbizo-No RBAC Approval, Khethowako Trading & Projects	Matter will be presented at FMAC	60
MP-Imbizo-No RBAC Approval, Hopewell Services Provider	Matter will be presented at FMAC	60
MP-Imbizo-No RBAC Approval, Minga's Building Consortium	Matter will be presented at FMAC	60
MP-Imbizo-No RBAC Approval, Singis Trading	Matter will be presented at FMAC	60
FS-Hydrology System-Services rendered after the contract had expired, East Coast Instrumentation Sales	Matter will be presented at FMAC	16
H/O-Air travel-Contract expired, Travel with Flair	Matter will be presented at FMAC	202
H/O-Laboratory analyses of samples taken in Phalaborwa-SCM process not followed, CSIR	Matter will be presented at FMAC	190
H/O-National Water Policy Review Project-SCM process not followed, Water Research Commission	Matter will be presented at FMAC	366
EC-School Projects-Not advertised in tender bulletin, Aurecon	Matter will be presented at FMAC	957
Limpopo-Lowest quoted supplier not appointed and no reasons provided, Comficare	Matter will be presented at FMAC	4
Limpopo-Lowest quoted supplier not appointed and no reasons provided, Ark Printers	Matter will be presented at FMAC	9
NC- Lowest quoted supplier not appointed and no reasons provided, Freenix Solutions	Matter will be presented at FMAC	8
NC- Lowest quoted supplier not appointed and no reasons provided, Horatius Trading	Matter will be presented at FMAC	11
NC- Lowest quoted supplier not appointed and no reasons provided, Motshabi and Son General Trading	Matter will be presented at FMAC	4
Limpopo-Bid awarded to a bidder who scored lowest points, Ngwanakgomo Trading Enterprises	Matter will be presented at FMAC	1 129
Limpopo-Bidder scored lowest points in functionality but proceeded to the next phase, Nazwo Trading	Matter will be presented at FMAC	533
Limpopo-Bid not evaluated according to the evaluation criteria, Thick and Thin Security	Matter will be presented at FMAC	773
Gauteng-Three quotations not obtained and no motivation attached, Easy Africa Solutions	Matter will be presented at FMAC	25
Limpopo- Three quotations not obtained and no motivation attached, Excu Prime Training	Matter will be presented at FMAC	56
Limpopo- Three quotations not obtained and no motivation attached and supplier not registered on database, Best Information Solution	Matter will be presented at FMAC	45
Limpopo- Three quotations not obtained and no motivation attached and supplier not registered on database, Mzansi Conference and Training	Matter will be presented at FMAC	36
E Cape - Hlume Security	Matter will be presented at FMAC	14
FS - Invoice paid exceeds the contract amount, Mega Measurement	Matter will be presented at FMAC	2

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
KZN - Car rental not approved by the delegated authority, Phakisa World	Matter will be presented at FMAC	59
KZN - Car rental not approved by the delegated authority, Phakisa World	Matter will be presented at FMAC	12
Limpopo - Conference booking approved by unauthorised delegation as per Flight & accommodation reservation policy, Duma Travel	Matter will be presented at FMAC	7
Limpopo - Conference booking approved by unauthorised delegation as per Flight & accommodation reservation policy, Duma Travel	Matter will be presented at FMAC	7
Limpopo - Conference booking approved by unauthorised delegation as per Flight & accommodation reservation policy, Duma Travel	Matter will be presented at FMAC	24
Limpopo - Minimum number of quotations are not attached as required by procurement procedures, Ntina Mogwatike & Sons Transport	Matter will be presented at FMAC	29
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	4
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	4
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	4
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	4
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	15
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	8
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	4
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	20
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	4
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	15
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	12
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Turbo Power	Matter will be presented at FMAC	24

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Turbo Power	Matter will be presented at FMAC	7
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	29
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	29
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Turbo Power	Matter will be presented at FMAC	18
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	25
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Turbo Power	Matter will be presented at FMAC	29
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Turbo Power	Matter will be presented at FMAC	18
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	14
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	29
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	28
Limpopo - Payment made without a valid a contract, Afrox	Matter will be presented at FMAC	3
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	3
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	30
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Turbo Power	Matter will be presented at FMAC	30
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	6
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	29

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	29
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	27
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	30
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	21
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	20
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	30
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	21
Limpopo - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services & Fitment	Matter will be presented at FMAC	12
Limpopo - Goods procured from non-registered company. The departmental policy defines a supplier as the juristic person or legal entity that provides goods and services, Lubbe HM	Matter will be presented at FMAC	1
Limpopo - Splitting of orders to avoid bidding procurement processes, Ngoalengwe Trading Enterprise	Matter will be presented at FMAC	12
Limpopo - Splitting of orders to avoid bidding procurement processes, Ngoalengwe Trading Enterprise	Matter will be presented at FMAC	11
Limpopo - Splitting of orders to avoid bidding procurement processes, Jametsi Maintenance	Matter will be presented at FMAC	30
Limpopo - Splitting of orders to avoid bidding procurement processes, Jametsi Maintenance	Matter will be presented at FMAC	30
Limpopo - The use of the expensive quotations, Nashua	Matter will be presented at FMAC	14
Limpopo - Resettlement for the appointed interns ,arrangement of accommodation on behalf of the two interns which is not in accordance with the Resettlement Policy, Departmental Non-Technical, Semanki Trading	Matter will be presented at FMAC	33
Limpopo - Payments made after the contract has expired and with an invalid agreement, Technology Acceptance	Matter will be presented at FMAC	1
Limpopo - Evaluation criteria not followed when awarding, Kani Motors	Matter will be presented at FMAC	277
Mpumalanga - Three quotations not sourced, ABC Business event	Matter will be presented at FMAC	17
Northern Cape - Three quotations not sourced, Remonas Catering	Matter will be presented at FMAC	8
North West - SCM process not followed, Food Works Catering Investment	Matter will be presented at FMAC	310
North West - Lowest quoted supplier not appointed, Blackbird Trading 206 CC	Matter will be presented at FMAC	6

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
Northern Cape - Three quotations not sourced, PK Entertainment	Matter will be presented at FMAC	13
North West - SCM process not followed, IPM	Matter will be presented at FMAC	35
North West – RT Contract not used, VK Kommunikasie	Matter will be presented at FMAC	18
Eastern Cape - Sounds Fantastic	Matter will be presented at FMAC	30
Free State - Training service, NOSA	Matter will be presented at FMAC	14
Gauteng - Training service - Three quotations not obtained and no motivation attached, Commerce Edge SA	Matter will be presented at FMAC	42
KZN - Training service - Three quotations not sourced, Training B2B	Matter will be presented at FMAC	30
KZN - Training service - Three quotations not sourced, Training B2B	Matter will be presented at FMAC	27
Limpopo – Conference - Conference booking approved by unauthorised delegation as per Flight & accommodation reservation policy, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	8
Limpopo – Conference - Conference booking approved by unauthorised delegation as per Flight & accommodation reservation policy, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	2
Limpopo – Conference - Conference booking approved by unauthorised delegation as per Flight & accommodation reservation policy, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	32
Limpopo - Trailer for Permits(Labour) - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	4
Limpopo - Repairs - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Xanadu Properties 141	Matter will be presented at FMAC	19
Limpopo – Repair & Building - Minimum number of required quotes were not attached and there is no approval of Head of Supply Chain Management/or his delegates as per the regulations, Q & A Services	Matter will be presented at FMAC	5
Limpopo – Repairs & Supply of parts - Three quotations not sourced, Mercedes Benz	Matter will be presented at FMAC	399
Mpumalanga - Training Service - Three quotations not sourced, University of Stellenbosch	Matter will be presented at FMAC	26
Mpumalanga - Training Service - Three quotations not sourced, ABC Business Event	Matter will be presented at FMAC	68
Mpumalanga - Training Service - Three quotations not sourced, Aluwani Event & Management	Matter will be presented at FMAC	15
Western Cape – Training - One quotation sourced, Training B2B	Matter will be presented at FMAC	57
Western Cape – Training - Three quotations not sourced, Informage Consortium	Matter will be presented at FMAC	29
Western Cape – Training - Three quotations not sourced, Siyanqoba	Matter will be presented at FMAC	21
Western Cape – Training - Three quotations not sourced, Sani-Tech	Matter will be presented at FMAC	2
Western Cape – Training - Three quotations not sourced, Sani-Tech	Matter will be presented at FMAC	2
Western Cape - Air Transport Services - Approved by the unauthorised delegated, Duma Travel (Pty) Ltd	Matter will be presented at FMAC	16
Total		14 552

26.3 Details of irregular expenditure – prior year

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
WC- External Computer Services-No contract, Windeed	Matter will be presented at FMAC	9
WC- External Computer Services-No contract, Windeed	Matter will be presented at FMAC	12
WC- External Computer Services-No contract, Windeed	Matter will be presented at FMAC	10
WC- External Computer Services-No contract, Windeed	Matter will be presented at FMAC	7
WC- External Computer Services-No contract, Windeed	Matter will be presented at FMAC	10
KZN-Advertisement for National Water Week for 2012/13 financial year-SCM process not followed, SABC Airtime Sales	Matter will be presented at FMAC	48
KZN-Advertisement for National Water Week for 2012/13 financial year-SCM process not followed, SABC Airtime Sales	Matter will be presented at FMAC	49
KZN-Advertisement for National Water Week for 2012/13 financial year-SCM process not followed, SABC Airtime Sales	Matter will be presented at FMAC	11
KZN-Advertisement for National Water Week for 2012/13 financial year-SCM process not followed, Siwaphi Trading CC	Matter will be presented at FMAC	25
KZN-Advertisement for National Water Week for 2012/13 financial year-SCM process not followed, ADSWORLD	Matter will be presented at FMAC	68
KZN-Advertisement for National Water Week for 2012/13 financial year-SCM process not followed, XO Productions CC	Matter will be presented at FMAC	384
Limpopo - Conference booking approved by unauthorised delegation as per Flight & accommodation reservation policy, Duma Travel	Matter will be presented at FMAC	20
Total		653

26.4 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2013/14 R'000
EC-01/ 2013/14: Price quotation awarded after quotation expiry date	Director-General (Accounting Officer)	322
HO/03 13/14 - HO/49 13/14: No contract, Kay Govender	Director-General (Accounting Officer)	217
HO/52 13/14: Supplier not on the database, 3 quotations were not sourced	Director-General (Accounting Officer)	60
HO/53 13/14: Supplier not on the database, 3 quotations were not sourced	Director-General (Accounting Officer)	60
HO/54 13/14: Supplier not on the database, 3 quotations were not sourced	Director-General (Accounting Officer)	60
HO/55 13/15: Supplier not on the database, 3 quotations were not sourced	Director-General (Accounting Officer)	60
HO/56 13/14: Supplier not on the database, 3 quotations were not sourced	Director-General (Accounting Officer)	60
HO/57 13/14: Supplier not on the database, 3 quotations were not sourced	Director-General (Accounting Officer)	60
HO/59 13/14: Contravention of S44 and S56 of PFMA	Director-General (Accounting Officer)	15
HO/58 13/14: Renewal of a licence not done on time	Director-General (Accounting Officer)	58
Schedule 6 transfer budget (RBIG)	Director-General (Accounting Officer)	869 550
H/O SCM(Finance) - Supplier of stationery (Sihlangule Trading)	Director-General (Accounting Officer)	15
H/O SCM(Finance) - Catering Services (Koki Lesedi)	Director-General (Accounting Officer)	23
H/O SCM(Finance) - Catering Services (Miavho Trading)	Director-General (Accounting Officer)	27
H/O SCM(Finance) - Services of multipurpose sampler MP2 Gerstel Twister (Chemetrix)	Director-General (Accounting Officer)	26
H/O SCM(Finance) - Supply and print of paper bags (Moshanti place trading)	Director-General (Accounting Officer)	26
H/O SCM(Finance) - Procurement of Mercer PC3 (Modiko Technologies)	Director-General (Accounting Officer)	21
H/O SCM(Finance) - Catering Services (Ben Sherman)	Director-General (Accounting Officer)	11
H/O SCM(Finance) - Catering Services (Modika Technologies)	Director-General (Accounting Officer)	21
H/O SCM(Finance) - Catering Services (Phoroza Trading and Projects)	Director-General (Accounting Officer)	17
H/O SCM(Finance) - Three quotes not sourced Training	Director-General (Accounting Officer)	14
RQS - No contract exists for an operating lease payment	Director-General (Accounting Officer)	31
H/O-Corporate Services: HR - Company not registered on the data base and utilised without prior approval	Director-General (Accounting Officer)	155
H/O-Corporate Services: HR - Company not registered on the data base and utilised without prior approval	Director-General (Accounting Officer)	37
H/O-Corporate Services: Gender - Services rendered without internal authorisation component of the Department	Director-General (Accounting Officer)	3 175
Mr. George Mohajane - Services rendered without an order	Director-General (Accounting Officer)	3
Finance (SCM) - Order was issued without departmental authorisation	Director-General (Accounting Officer)	82

Incident	Condoned by (condoning authority)	2013/14 R'000
Mtya Vukani - Transformation attending project management training - service rendered without order	Director-General (Accounting Officer)	16
Finance (SCM) - Three quotations not sourced reasons provided	Director-General (Accounting Officer)	15
Finance (SCM) - Goods and services were procured without getting three (3) quotations. The reasons for deviations were not documented, appropriate or approved by the delegated official	Director-General (Accounting Officer)	11
Finance (SCM) - Goods and services were procured without getting three (3) quotations. The reasons for deviations were not documented, appropriate or approved by the delegated official	Director-General (Accounting Officer)	11
Finance (SCM) - Goods and services were procured without getting three (3) quotations. The reasons for deviations were not documented, appropriate or approved by the delegated official	Director-General (Accounting Officer)	12
Finance (SCM) - Goods and services were procured without getting three (3) quotations. The reasons for deviations were not documented, appropriate or approved by the delegated official	Director-General (Accounting Officer)	13
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	13
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	23
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	27
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	26
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	26
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	21
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	11
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	21
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	17
Finance (SCM) - Three quotations not sourced	Director-General (Accounting Officer)	14
Ms. Elna Vermaak - Order was issued without departmental authorisation	Director-General (Accounting Officer)	298
Ms. Anna Moabelo - Double the quantity of employees attended the event than initially budget and no departmental authorization was obtained for additional budget.	Director-General (Accounting Officer)	443
Mr. A. Bogoshi - The services were rendered without an order	Director-General (Accounting Officer)	23
Limpopo - Payments made not authorised by the delegated official	Director-General (Accounting Officer)	764
Limpopo - Payments made not authorised by the delegated official	Director-General (Accounting Officer)	1 975
Limpopo - Payments made not authorised by the delegated official	Director-General (Accounting Officer)	6 043
Limpopo - Payments made not authorised by the delegated official	Director-General (Accounting Officer)	2 783
Limpopo - Payments made not authorised by the delegated official	Director-General (Accounting Officer)	27 000
KZN - Evaluation criteria not specified on request for quotation	Director-General (Accounting Officer)	444
KZN - Evaluation criteria not specified on request for quotation	Director-General (Accounting Officer)	489
KZN - Evaluation criteria not specified on request for quotation	Director-General (Accounting Officer)	428
KZN - Evaluation criteria not specified on request for quotation	Director-General (Accounting Officer)	380
KZN - Evaluation criteria not specified on request for quotation	Director-General (Accounting Officer)	470
KZN - Evaluation criteria not specified on request for quotation	Director-General (Accounting Officer)	445
KZN - Evaluation criteria not specified on request for quotation	Director-General (Accounting Officer)	497

PART E: FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT (VOTE 38)

Incident	Condoned by (condoning authority)	2013/14 R'000
KZN - Evaluation criteria not specified on request for quotation	Director-General (Accounting Officer)	482
KZN - Three (3) quotations not sourced	Director-General (Accounting Officer)	374
KZN - Company not registered on the data base and utilised without prior approval. Company invoiced before an order was generated	Director-General (Accounting Officer)	1 872
KZN - Company not registered on the data base and utilised without prior approval. Company invoiced before an order was generated	Director-General (Accounting Officer)	114
KZN - Three (3) quotations not sourced	Director-General (Accounting Officer)	27
KZN - Supplier not on the database	Director-General (Accounting Officer)	44
KZN - Supplier not on the database	Director-General (Accounting Officer)	68
KZN - Supplier not on the database	Director-General (Accounting Officer)	7
KZN - Supplier not on the database	Director-General (Accounting Officer)	22
KZN - Supplier not on the database	Director-General (Accounting Officer)	8
KZN - Supplier not on the database	Director-General (Accounting Officer)	35
KZN - Supplier not on the database	Director-General (Accounting Officer)	3
Supplier not on the database, 3 quotations were not sourced, Ms. S Moselekwa.	Director-General (Accounting Officer)	360
Corporate Travel, Travel and Accommodation, TWF	Director-General (Accounting Officer)	217
Total		920 598

27 Fruitless and wasteful expenditure

27.1 Reconciliation of fruitless and wasteful expenditure

	Note	2013/14	2012/13
	27	R'000	R'000
Opening balance		24 778	23 101
Fruitless and wasteful expenditure – relating to current year		1 702	1 707
Less: Amounts resolved		-	(30)
Fruitless and wasteful expenditure awaiting resolution		26 480	24 778

27.2 Analysis of awaiting resolution per economic classification

	Note	2013/14	2012/13
	27	R'000	R'000
Current		24 836	23 425
Capital		1 644	1 353
Total		26 480	24 778

27.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
Limpopo no show accommodation Duma	The matter will be presented to FMCA	1
Limpopo no show accommodation Duma	The matter will be presented to FMCA	1
Limpopo no show accommodation Duma	The matter will be presented to FMCA	1
Limpopo no show accommodation Duma	The matter will be presented to FMCA	1
FS Repair of a system	Dimension Date matter will be presented to FMAC	2
Mpumalanga VAT paid to non VAT vendor	Canon Masakhane matter will be presented to FMAC	2
NW contract cancelled without notice	VWS Kommunikasie matter will be presented to FMAC	18
Head Office security access system	Exys Security System, the company went insolvent; our legal department will register claim with the creditors.	1 644
Gauteng VAT paid to non VAT vendor	Process to recover from the supplier to kick in	3
Limpopo no show for arranged training	Process to recover from officials	13
Limpopo no show for arranged training	Process to recover from officials	15
H/O repair of system	The amount due to supplier paid into wrong account further investigation to be conducted	1
Total		1 702

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 Associations. See Annexure 2B.
4	Transfers made to Botshelo 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, Lepelle Northern Water, Magalies Water, Mhlathuze Water, Namakwa Water, Overberg Water, Pelladri Water, Sedibeng Water and Umgeni Water.

29 Key management personnel

	No. of Individuals	2013/14	2012/13
		R'000	R'000
Political office bearers (provide detail below)	2	3 841	3 659
Officials:			
Level 15 to 16	11	11 984	8 229
Level 14 (incl. CFO if at a lower level)	36	31 055	25 799
Total	49	46 880	37 687

In note 5.3, under the item "Consultants, contractors and agency/outsourced services" an amount of R7 614 517.89 (current year) and R14 368 782.90 (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 the government and evaluate all legal instruments. The remuneration is as follows:

Names	2013/14	2012/13
	Remuneration R'C	Remuneration R'C
Mr A Z Dlamini	217 001.24	1,154,354.50
Prof GM Nkondo	348 369.00	2,128,914.50
Ms R Kalidass	-	392,282.58
Mr T Modise	1 009 602.44	1,426,408.20
Ms B Mabandla	771 515.33	1,208,336.50
Mr R Motsepe	44 740.35	274,696.65
In Touch Training CC	1 462 127.52	1,862,354.66
Rocalistep (Pty) Ltd	1 374 817.04	2,402,235.36
Mr W Metcalfe	1 116 000.00	1,112,400.00
Pegasys Strategy and Development	604 006.20	846,323.69
Mr J Kanjere	66 870.69	624,442.50
Dr T Mkhonto	599 468.08	936,033.76
Total	7 614 517.89	14 368 782.90

30 Impairment: Other

	Note	2013/14	2012/13
	29	R'000	R'000
Loans (State)		-	36 472
Debtors (Staff)		1 288	8 443
Other and prepayments		-	17 700
Total		1 288	62 615

31 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	258 000	(2 380)	31 942	121	287 441
Transport assets	11 232	(257)	1 457	-	12 432
Computer equipment	66 991	(1 348)	12 567	121	78 089
Furniture and office equipment	390 59	(508)	5 231	-	43 782
Other machinery and equipment	140 718	(267)	12 687	-	153 138
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	258 000	(2 380)	31 942	121	287 441

31.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014					
	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	49 641	-	(17 363)	(336)	31 942
Transport assets	11 216	-	(9 759)	-	1 457
Computer equipment	12 805	-	-	(238)	12 567
Furniture and office equipment	12 647	-	(7 604)	188	5 231
Other machinery and equipment	12 973	-	-	(286)	12 687
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	49 641	-	(17 363)	(336)	31 942

31.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014				
	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	-	121	121	-
Computer equipment	-	121	121	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	121	121	-

31.3 Movement for 2012/13

MOVEMENT OF MOVABLE TANGIBLE 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
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

31.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014						
	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	-	114	-	39 090	-	39 204
Current Year Adjustments to Prior Year balances	-	-	-	(473)	-	(473)
Additions	-	2	-	4 653	-	4 655
TOTAL MINOR ASSETS	-	116	-	43 270	-	43 386

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
Current 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

32 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	50 696		789		51 485
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	5 468	-	5 468
TOTAL INTANGIBLE CAPITAL ASSETS	50 696	-	6 257	-	56 953

32.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014					
	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	789	-	-	-	789
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	5 468	-	-	-	5 468
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	6 257	-	-	-	6 257

32.2 Movement for 2012/13

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
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

33 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	889 178	(855 485)	1 573 726	-	1 607 419
Dwellings	9 270	-	-	-	9 270
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	872 985	(855 485)	1 573 726	-	1 591 226
LAND AND SUBSOIL ASSETS	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	900 681	(855 485)	1 573 726	-	1 618 922

33.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014					
	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	3 751 093	1 573 726	(3 751 093)	-	1 573 726
Other fixed structures	3 751 093	1 573 726	(3 751 093)	-	1 573 726
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	3 751 093	1 573 726	(3 751 093)	-	1 573 726

33.2 Movement for 2012/13

MOVEMENT IN IMMOVABLE TANGIBLE 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
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	222 033	358 382	-	900 681

34 Agent-principal arrangements

34.1 Department acting as the principal

	2013/14
	R'000
Regional Bulk Infrastructure Grant (RBIG) total payments made to implementing agents during the period	3 240 264
Accelerated Community Infrastructure Programme (ACIP) total payments made to implementing agents during the period	225 591
Total	3 465 855

The Department of Water Affairs appointed various municipalities and water boards as implementing agents to construct regional bulk infrastructure for water supply and water treatment works, supplement regional bulk sanitation collector systems as well as regional wastewater treatment works. During 2013/14 financial year, the Department made total payments of R3 240 264 billion to implementing agents under Regional Bulk Infrastructure Grant (RBIG). The Department of Water Affairs made total payments of R225 591 million to various implementing agents under Accelerated Community Infrastructure Programme (ACIP). The Accelerated Community Infrastructure Programme (ACIP) aims to accelerate the achievement of universal access to water and sanitation services through Water Conservation and Demand Management, Waste Water Infrastructure Refurbishment and Community Infrastructure: Water Supply. The nature, circumstances and terms relating to the arrangements differ from one implementing agents to another.

35 Prior period errors

35.1 Correction of prior period error for secondary information - Receivables

	Note	2013/14	2012/13
	35	R'000	R'000
The comparative amounts in Note 13 were restated as follows:			
Line item 1 affected by the change		-	101 420
Line item 2 affected by the change		-	(103 491)
Net effect on the note		-	2 071

The amount of R2 071 492.24 was overpaid to an Implementing Agent during the 2012/13 financial year the error was discovered in the financial year under review. The 2012/13 receivables increased from R101 420 million to R103 491 million. The receivables and debt receivable income have been restated retrospectively.

35.2 Correction of prior period error for secondary information - Commitments

	Note	2013/14	2012/13
	35	R'000	R'000
The comparative amounts in Note 22 were restated as follows:			
Line item 1 affected by the change		-	19 687 550
Line item 2 affected by the change		-	(5 947 033)
Net effect on the note		-	(13 740 517)

It should be noted that the prior year commitments have been adjusted due to RBIG figures where actual contract amount has been considered instead of using the estimated feasibility costs which pushed the commitments to R18 191 804 billion for 2012/13, which has since been adjusted to R4 572 288 billion.

35.3 Correction of prior period error for secondary information – Accruals and payables not recognised

	Note	2013/14	2012/13
	35	R'000	R'000
The comparative amounts in Note 23 were restated as follows:			
Line item 1 affected by the change		-	208 593
Line item 2 affected by the change		-	(505 427)
Net effect on the note		-	296 834

The amount of R208 593 million for prior year has been adjusted by R296 834 million which relates to prior year invoices which were omitted in the notes to prior year Annual Financial Statements; the amount disclosed in the notes to the Annual Financial Statements during prior financial year (2012/13) was understated by R296 834 million. The adjustment has been made to rectify prior year (2012/13) misstatement on accruals disclosed. The net effect of adjustment is R296 834 million.

35.4 Correction of prior period error for secondary information – Immovable Tangible Assets

	Note	2013/14	2012/13
	35	R'000	R'000
The comparative amounts in Note 33 were restated as follows:			
Line item 1 affected by the change		-	1 396 236
Line item 2 affected by the change		-	(1 573 726)
Net effect on the note		-	177 490

The entire figure of R855 485 million was adjusted and the new restated figure is R1 573 726 billion which now includes current year additions and completed infrastructure assets as well as prior year completed projects. The prior figures was adjusted as a result of the prior audit qualification relating to RBIG phases split, ACIP projects not created on the system and KZN payments that were not supported by proper supporting documents.

12 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2012/13 % of Available Funds spent by municipality	Division Of Revenue Act
	Division Of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury Or National Department	Amount Received By municipality	Amount spent by municipality		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
WATER SERVICES OPERATING SUBSIDY GRANT											
NORTH WEST											
Moretele Municipality	3 000	-	-	3 000	3 000	-	-	3 000	2 499	62%	7 705
Madibeng Municipality	8 650	-	-	8 650	8 650	-	-	8 650	4 842	56%	7 910
Rustenburg Municipality	-	-	-	-	-	-	-	-	-	-	3 564
Municipality	5 300	-	-	5 300	5 300	-	-	5 300	3 518	66%	11 341
Central District Municipality	14 000	-	-	14 000	14 000	-	-	14 000	973	7%	17 342
Dr Ruth Segomotsi Mompati Municipality	9 000	-	-	9 000	9 000	-	-	9 000	1 818	20%	13 092
MPUMALANGA REGION											
Albert Luthuli Municipality	12 260	-	-	12 260	12 260	-	-	12 260	10 105	82%	8 145
Thembisile Municipality	5 000	-	-	5 000	5 000	-	-	5 000	4 090	82%	3 136
Dr JS Moroka Municipality	10 925	-	-	10 925	10 925	-	-	10 925	4 120	38%	16 743
Mbombela Municipality	9 180	-	-	9 180	9 180	-	-	9 180	-	-	9 509
Nkomazi Municipality	8 493	-	-	8 493	8 493	-	-	8 493	489	6%	7 494
Thaba Chweu Municipality	3 000	-	-	3 000	3 000	-	-	3 000	1 762	59%	5 300
Bushbuckridge Municipality	10 522	-	-	10 522	10 522	-	-	10 522	-	-	8 886

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2012/13 % of Available Funds spent by municipality	Division Of Revenue Act
	Division Of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury Or National Department	Amount Received By municipality	Amount spent by municipality		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
FREE STATE REGION											
Kopanong Municipality	2 712	-	-	2 712	2 712	-	2 712	-	338	12%	2 712
Dihlabeng Municipality	2 200	-	-	2 200	2 200	-	2 200	-	2 200	100%	2 200
Maluti-a-Phofung Municipality	5 000	-	-	5 000	5 000	-	5 000	-	-	-	7 661
Mangaung Municipality	6 900	-	-	6 900	6 900	-	6 900	-	6 314	92%	6 000
Meisimaholo Municipality	2 712	-	-	2 712	2 712	-	2 712	-	1 985	71%	3 497
GAUTENG REGION											
City of Tshwane Municipality	14 000	-	-	14 000	14 000	-	14 000	-	12 810	92%	2 227
KWA-ZULU NATAL REGION											
Ugu District Municipality	5 565	-	-	5 565	5 565	-	-	5 565	338	6%	6 300
Uthukela District Municipality	6 000	-	-	6 000	6 000	-	-	6 000	886	14%	7 198
Amajuba District Municipality	1 500	-	-	1 500	1 500	-	-	1 500	1 051	70%	8360
Newcastle Municipality	9 682	-	-	9 682	9 682	-	-	9 682	2 159	22%	6 182
Zululand Municipality	8 821	-	6 900	15 721	15 721	-	-	15 721	8 963	57%	8 268
Ilembe Municipality	11 139	-	-	11 139	11 139	-	-	11 139	1 545	14%	7 642
Sisonke Municipality	-	-	-	-	-	-	-	-	-	-	9 618
eThekweni Municipality	-	-	-	-	-	-	-	-	-	-	-
Umkhanyathi Municipality	7 500	-	-	7 500	7 500	-	-	7 500	4 948	66%	-
Umkhanyakude Municipality	9 022	-	-	9 022	9 022	-	-	9 022	5 162	57%	-
Uthungulu Municipality	7 210	-	-	7 210	3 124	-	-	3 124	203	6%	-
Umrhlatuze Municipality	3 124	-	-	3 124	7 210	-	-	7 210	3 839	53%	-

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2012/13 % of Available Funds spent by municipality	Division Of Revenue Act
	Division Of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury Or National Department	Amount Received By municipality	Amount spent by municipality		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
LIMPOPO REGION											
Mopani District Municipality	20 000	-	(2 000)	18 000	18 000	-	-	18 000	14 872	83%	111 171
Vhembe Municipality	57 219	-	(2 000)	55 219	55 219	-	-	55 219	7 859	14%	43 619
Capricorn Municipality	20 669	-	(560)	20 109	20 109	-	-	20 109	-	-	3 273
Polokwane Municipality	10 000	-	-	10 000	10 000	-	-	10 000	-	-	1 855
Lephalale Municipality	5 000	-	-	5 000	5 000	-	-	5 000	-	-	13 382
Mogalakwena M	5 000	-	-	5 000	5 000	-	-	5 000	-	-	43 460
Greater Sekhukhune	15 000	-	(2 000)	13 000	13 000	-	-	13 000	-	-	130
Bela-Bela Municipality	-	-	1 000	1 000	1 000	-	-	1 000	-	-	-
NORTHERN CAPE REGION											
Moshaweng Municipality	8 000	-	-	8 000	8 000	-	-	8 000	7 961	100%	1 875
Ga-Segonyane Municipality	6 500	-	-	6 500	6 500	-	-	6 500	2 330	36%	1 481
Pokwane Municipality	10 000	-	2 000	12 000	12 000	-	-	12 000	11 115	100%	16 357
EASTERN CAPE REGION											
Amatola District	6 000	-	-	6 000	6 000	-	-	6 000	4 605	77%	19 033
Buffalo City Municipality	-	-	-	-	-	-	-	-	-	-	1 374
Chris Hani Municipality	10 000	-	1 000	11 000	11 000	-	-	11 000	10 362	94%	17 408
OR Tambo Municipality	10 000	-	3 000	13 000	13 000	-	-	13 000	-	-	27 944
Alfred Nzo Municipality	15 000	-	(5 000)	10 000	10 000	-	-	10 000	-	-	23 418
Joe Gqabi Municipality	10 000	-	-	10 000	10 000	-	-	10 000	1 121	11%	11 604

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2012/13 % of Available Funds spent by municipality	Division Of Revenue Act
	Division Of Revenue Act	Roll-overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury Or National Department	Amount Received By municipality	Amount spent by municipality		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
WESTERN CAPE REGION											
West Coast Municipality											303
Cederberg Municipality	2 000			2 000	2 000			2 000	1 271	64%	193
Oudtshoorn Municipality	7 800		(2 340)	5 460	5 460			5 460	1 982	36%	2 394
Matzikama Municipality	340			340	340			340	340	100%	-
MUNICIPAL WATER INFRASTRUCTURE GRANT											
Eastern Cape Region	86 778	-	-	86 778	86 778			86 778	42 828	49%	
Free State Region	20 795	-	-	20 795	20 795			20 795	1 446	7%	
Kwa-Zulu Natal	2 67 463	-	-	2 67 463	2 67 463			2 67 463	32 666	12%	
Limpopo Region	93 473	-	-	93 473	93 473			93 473	22 044	24%	
Mpumalanga Region	89 468	-	-	89 468	89 468			89 468	9 460	11%	
Northern Cape Region	16 371	-	-	16 371	16 371			16 371	10 656	65%	
North West Region	28 617	-	-	28 617	27 159			27 159	4 663	17%	
Totals	1 023 910	-	-	1 023 910	1 022 452	-	-	1 022 452	274 438	27%	562 434

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2012/13 Total Available R'000
	Amount	Roll-overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount Received By municipality	Amount spent by municipality	% of Available Funds spent by municipality		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%		
Vehicle licences	119	-	-	119	316	266%	-	-	-	415	
PD: Claims Against State	-	-	-	-	5	-	-	-	-	-	
Total	119	-	-	119	321	266%	-	-	-	415	

ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER			2012/13 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)	2 377 202	-	-	2 377 202	2 377 201	100%	2 071 497	
Inkomati Catchment Management Agency	28214	-	-	28214	28214	100%	17 431	
Breedee-Overberg Catchment Management Agency	23 625	-	-	23 625	23 625	100%	19 000	
Water Research Commission(WRC)	-	-	7 000	7 000	8 000	100%	-	
Skills Development Levy	2 500	-	-	2 500	-	775%	1 089	
Com: licences (Radio and TV)	4	-	-	4	31	-	10	
Total	2 431 545	-	7 000	2 438 545	2 437 071	-	2 109 027	

ANNEXURE 1E
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2012/13
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers	-	-	-	-	-	-	-	-	-
Botshelo Water Board	-	-	-	-	12 550	-	-	-	31 358
Rand Water Board	-	-	-	-	-	-	-	-	18 000
Magalies Water	200 000	-	-	200 000	124 441	62%	-	-	-
Umgeni Water	50 000	-	-	50 000	106 992	214%	-	-	-
Subsidies									
Donations & Gifts Public Corporate	-	-	82	82	81	99%	-	-	-
Claims Against State Public Corp	-	-	97	97	97	100%	-	-	-
ESKOM	-	-	-	-	-	-	-	-	-
Total	250 000	-	179	250 179	244 161	-	-	-	49 358

ANNEXURE 1F
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2012/13 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments 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	123	-	-	123	109	109%	92
Komati River Basin Water Authority	188 001	-	-	188 001	181 645	97%	180 000
Total	188 624	-	-	188 624	182 254	-	180 592

ANNEXURE 1H
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2012/13 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll-overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	
Transfers							
Leave Gratuities	4 060	-	2 205	6 265	9 503	152%	11 281
Bursaries (Non-employees)	12 660	-	-	12 660	12 436	98%	11 886
Claim Against the State Cash	-	-	-	-	51	-	3 320
Resource for poor Farmers	-	-	-	-	-	-	-
Farmer Support Household	5 450	-	(1 000)	4 450	4 512	101%	3 987
Donation & Gifts (Cash)	-	-	-	-	-	-	-
Total	22 170	-	1 205	23 375	26 502	-	30 424

ANNEXURE 11
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2013/14	2012/13
		R'000	R'000
Received in cash			
Sediberg Water	Sponsorship for Deputy Minister's Stakeholders Session in Stockholm	40	-
Subtotal		40	-
Received in kind			
Paul Leeuwerk	Pinotage (1 Bottle)	-	-
Songezo Ntinge (Unic Bands)	Coffee Mugs	-	-
Profounder Intelligence Management	Samsung Galaxy Tab 2X3	7	-
Escon	Phone Pad	2	-
Esosh Consulting	Samsung Notebook	3	-
Esosh Consulting	Asus "7" Phone Pad	2	-
Masana Brainstorm Conferencing	Acer Icon B1 Tablet X3	3	-
Nkanyelo Training	Cell Phone Tablet X3	8	-
Empowerex Training Solutions	Multipad 7.0 Android Tablet X4	8	-
CCM Training	IPad Apple	6	-
Escon	IPad Mini – A1455	4	-
Pongolapoort Water Association	Isitebe (Wooden Meat Board) and Shield	-	-
Umgeni Water	Rugby Match Tickets	-	-
Envision International	Acer Travelmate Laptop	4	-
Musket	Memo Pad, Printer MFC-J220	3	-
Subtotal		50	-
TOTAL		90	-

ANNEXURE 1J
STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING	REVENUE	EXPENDITURE	CLOSING
		BALANCE			BALANCE
		R'000	R'000	R'000	R'000
Received in cash					
European Union	Water and Sanitation services Masibambane programme	6 942	146	7 088	-
Irish Aid	WRC: Governs Grant: Research of projects in area of sustainable water and sanitation services	-	-	-	-
African Renaissance	DRC Project (Urban Water Sector)	-	-	-	-
African Renaissance	Building of Metalong Dam in Lesotho	-	-	-	-
Subtotal		6 942	146	7 088	-
Received in kind					
Japan International Co-operation Agency (JICA)	Training of 19 officials on Waste Water Treatment Plant	-	-	-	-
ORIO	Project for Water provision and sustainability in uMgungundlovu District Municipality	-	-	-	-
Subtotal		6 942	146	7 088	-
TOTAL		6 942	146	7 088	-

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)	2013/14		2012/13	
	R'000		R'000	
Paid in cash				
Re Tshwenyegile Home Based Care	-	-	-	50
Seisoto Women Empowerment	-	-	-	20
Nababeep Advies & Ontwikkelings	-	-	-	50
Ikaheng Maafrika	-	-	-	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 Competition - EC	-	-	-	66
20/20 Vision - Schools Competition - KZN	7	7	-	-
Baswa Le Meetse Competition - EC	53	53	-	-
Baswa Le Meetse Competition - FS	91	91	-	-
Baswa Le Meetse Competition - WC	54	54	-	-
Baswa Le Meetse Competition - NC	51	51	-	-
Baswa Le Meetse Competition - MP	150	150	-	-
Baswa Le Meetse Competition - GP	95	95	-	-
SA Youth Water Prize School Competition - KZN	30	30	-	-
SA Youth Water Prize School Competition - HO	5	5	-	-
SA Youth Water Prize School Competition - NW	87	87	-	-
SA Youth Water Prize School Competition - EC	8	8	-	-
SA Youth Water Prize School Competition - MP	24	24	-	-
SA Youth Water Prize School Competition - WC	5	5	-	-
SA Youth Water Prize School Competition - Limpopo	10	10	-	-
Women in Water Awards	520	520	-	-

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2013/14	2012/13
	R'000	R'000
Subtotal	1 190	556
Made in kind		
Wreath, Flowers, Food Basket	2	1
Wreath	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
Ostrich Eggs with African Art	11	-
Flask	6	-
Latte Mugs	2	-
Memory Stick	5	-
Paper Bags	35	-
Trophy	28	-
Certificate, Frames and Papers	17	-
Scientific Calculators	10	-
Installing of Granite Plaque - NC	9	-
Dala Fabric Paint	3	-
Supply, Installation and Printing of Brass Plaque	2	-
Desk Clocks with Branding - Best Performer 2013	28	-
Key Holder	2	-
Subtotal	161	47
TOTAL	1 351	603

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	
		R'000		R'000		R'000		R'000	
		2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Controlled entities									
Water Boards									
Kalahari West	Construct a stock drinking scheme	-	-	-	-	-	-	2 626	2 733
Lepelle NW (Duiwelskloof)	Purchase of the Duiwelskloof scheme	-	-	-	-	-	-	-	149
Sediberg Water	Purchase of the Balkfontein and Sandivier Government water scheme	-	-	-	-	-	-	-	-
White River Valley	Purchase of Primkop Dam and Lommere Dam	-	-	-	-	-	-	-	-
Irrigation Boards									
Agterkliphooft	For irrigation	-	-	-	-	-	-	36	47
Bellair	For irrigation	-	-	-	-	-	-	26	33
Brandwag	For irrigation	-	-	-	-	-	-	-	36
Buffelskloof	For irrigation	-	-	-	-	-	-	48	62
Cogmanskloof	For irrigation	-	-	-	-	-	-	545	702
De Rust	For irrigation	-	-	-	-	-	-	-	7
Eureka	For irrigation	-	-	-	-	-	-	-	534
Gamkarivier	For irrigation	-	-	-	-	-	-	39	97
Groenland	For irrigation	-	-	-	-	-	-	-	-
Haarlem	Dam and pipelines	-	-	-	-	-	-	5194	8 700
Hex valley	Purchase of Sanddrift Government Water Scheme	-	-	-	-	-	-	-	1 725
Hexrivier	For irrigation	-	-	-	-	-	-	-	2
Hooprivier	For irrigation	-	-	-	-	-	-	-	(5)
Illovo	For irrigation	-	-	-	-	-	-	99	128
Impala	Guaranteed payments	-	-	-	-	-	-	-	5 761
Ixopo	For irrigation	-	-	-	-	-	-	-	(317)
Kanonieland	For irrigation	-	-	-	-	-	-	452	772
Kingna	For irrigation	-	-	-	-	-	-	-	-

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Klaas Voogds	For irrigation	-	-	-	-	-	-	-	1
Komatirivier	For irrigation	-	-	-	-	-	-	-	(209)
Krommerivier	For irrigation	-	-	-	-	-	-	-	107
Malelane	For irrigation	-	-	-	-	-	-	-	(34)
Manchester Noordwyk	For irrigation	-	-	-	-	-	-	2 435	3 478
Mzalanyoni	For irrigation	-	-	-	-	-	-	-	53
Nootgedacht	For irrigation	-	-	-	-	-	-	-	(3)
Noord Agter Paarl	For irrigation	-	-	-	-	-	-	543	622
Nourivier	For irrigation	-	-	-	-	-	-	-	13
Perdeberg	For irrigation	-	-	-	-	-	-	707	1 061
Ranch Karino	For irrigation	-	-	-	-	-	-	-	-
Sondagsrivier (Elandslaagte)	For irrigation	-	-	-	-	-	-	25	76
Sterkspruitrivier	For irrigation	-	-	-	-	-	-	-	(113)
Suid Agter Paarl	For irrigation	-	-	-	-	-	-	338	597
Trans Elands	For irrigation	-	-	-	-	-	-	-	(7)
Uitnood	For irrigation	-	-	-	-	-	-	178	462
Urmlaas	For irrigation	-	-	-	-	-	-	-	198
Van Wyksdorp	For irrigation	-	-	-	-	-	-	-	1
White Water Major	For irrigation	-	-	-	-	-	-	-	4
Municipalities									
Amajuba District	Purchase of portion of the Ngagane Regional water supply scheme	-	-	-	-	-	-	-	29 418
Ngwathe (Heilbron)	Purchase of Heilbron pipeline	-	-	-	-	-	-	-	22
Saldanha Bay	Purchase of Stompneus reservoir	-	-	-	-	-	-	55	79
TOTAL		-	-	-	-	-	-	13 346	56 992

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL

Guarantor institution	Guarantee in respect of	Original Guaranteed Capital amount	Opening Balance 1 April 2013	Guarantees Drawdowns during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	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
	Housing								
ABSA	Housing Loans	70	70	-	-	-	70	-	-
NP Dev. Corp	Housing Loans	310	126	-	-	-	126	-	-
Standard Bank	Housing Loans	1 281	182	-	-	-	182	-	-
	Subtotal	1 661	378	-	-	-	378	-	-
	Other								
KOBWA (18)	DBSA Driekoppies Dam	488 401	295 450	-	28 072	-	267 378	-	-
KOBWA (21)	Hambros Maguga Dam	380 000	380 000	-	-	-	380 000	21 094	-
KOBWA (27)	Gensec Bank Maguga Dam	1 650 000	86 721	-	17 761	-	68 960	2 116	-
KOBWA	Rand Merchant Bank Maguga Dam	380 000	244 092	-	27 202	-	216 890	2 014	-
KOBWA	Nedcor Bank Maguga Dam	233 000	153 320	-	17 188	-	136 132	-	-
Land Bank (30)	Water Projects by WUJA's	150 000	44 829	-	1 394	-	43 435	816	-
Land Bank (28)	Kalahari East Water Board	77 400	5 045	-	5 045	-	-	126	-
Land Bank (29)	Unzinkulwana WUA	500	28	-	-	-	28	5	-
TCTA (13)	Call Bills & Capital Bills.	4 000 000	399 000	111 700	383 700	-	127 000	39	-

Guarantor institution	Guarantee in respect of	Original Guaranteed Capital amount	Opening Balance 1 April 2013	Guarantees Drawdowns during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TCTA (14)	Holders of L H W Projects	21 000 000	19 441 503	3 776 700	2 743 800	-	19 791 735	4 985 509	-
LHDA	DBSA – 28688/1	2 700	868	-	344	-	519	-	-
	Subtotal	26 877 001	21 050 851	4 893 700	508 144	-	21 032 077	5 247 719	-
	Total	26 878 662	21 051 229	4 893 700	508 144	-	21 032 455	5 247 719	-
LHDA (OSL 27)	EIB	136 262	30 865	-	5 612	-	25 253	44	-
LHDA (OSL 26)	EIB	599 554	49 755	-	11 599	11 866	50 022	249	-
OSL 26 ZAR		-	38 553	-	7 711	-	30 842	52	-
OSL 26 A		-	7 667	-	1 533	-	6 134	10	-
LHDA (OSL 25)		454 275	3 339	-	3 840	501	-	-	-
TCTA (FXL 08)	EIB	588 568	121 071	-	24 214	-	96 857	1 620	-
	Total	1 778 659	251 250	-	54 509	12 367	209 108	1 975	-
Reconciliation to Disclosure Note 21.1 (Other Guarantees)									
	Total								
	Other – Local						21 032 077	5 247 719	21 556 796
	Other - Foreign						209 108	1 975	211 083
	Total								21 767 879

The housing loans comparative have been adjusted to R 378 000 in line with the guarantee approval date.

ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014

Nature of Liability	Opening Balance 1 April 2013	Liabilities Incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities Recoverable (Provide Details hereunder)	Closing Balance 31 March 2014
	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	-	25 000	-	8 000
S Walters "Voëlviel" 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	1 672	91	-	-	1 763
Solal Technologies Pty Ltd	17	-	-	-	17
Naledi Office Equipment	238	-	-	-	238
Diners Club	1 588	-	-	-	1 588
Standard Bank	2 813	-	-	-	2 813
JS Nkuna	51	-	-	-	51

Nature of Liability	Opening Balance 1 April 2013	Liabilities Incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities Recoverable (Provide Details hereunder)	Closing Balance 31 March 2014
	R'000	R'000	R'000	R'000	R'000
EK Mothibe	66	-	-	-	66
Claims against the department					
Eisie Muller	8	-	8	-	-
Rothchild	108	-	-	-	108
Nashua Communications	249	-	249	-	-
Choice Technology	-	116	-	-	116
DY Visagie	-	106	-	-	106
J Britz	-	41	-	-	41
JT Khanyile	-	165	-	-	165
African Oxygen Group	-	45	-	-	45
Lomakhofi Trading CC	-	96	-	-	96
TOTAL	61 266	660	25 257	-	36 669

Included in the total contingent liabilities paid/cancelled/reduced during the year of R25, 257 million, is an amount of R2 186 920-04 million including interest, that the Department has been ordered by the court to pay but the Plaintiff is appealing the court judgment.

ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
Departments						
Eastern Cape: Department of Health (D2)	-	-	-	12	-	12
National Department: Minerals Resources (26)	-	-	-	56	-	56
National Department of Agriculture (Forestry Expenditure Claim)	19	-	-	6 311	19	6 311
Gauteng Cooperative Gov and Traditional Affairs (G8)	-	-	-	-	-	-
Gauteng: Dept. of Health & Social Development (G9)	17	-	-	11	17	11
Gauteng Department of Finance(I1)	9	-	-	-	9	-
Gauteng Dept. of Education (K5)	-	-	-	66	-	66
Department of Energy (64)	-	55	-	-	-	55
DWA: RC (W7)	-	-	-	144	-	144
Limpopo Province Health (P4)	4	-	-	1	4	1
Limpopo Province Economic Education (P8)	-	-	-	11	-	11
Limpopo Social Development (Q7)	1	-	-	-	1	-
Independent Police Investigative (Q9)	13	-	-	-	13	-
Free State Dept of Education(V6)	7	-	-	-	7	-
National Water Affairs-Trading Account (W7)	9 029	25 890	-	-	9 029	25 890
Western Cape Local Government (Y1)	-	-	-	68	-	68
North West Public Works Roads and Transport (1Z)	4	-	-	-	4	-
Gauteng Treasury (4G)	-	-	-	28	-	28
Gauteng Social Development (5G)	-	-	-	5	-	5
Dept of Justice and Constitutional Development (12)	-	-	-	5	-	5
National: Human Settlements (14)	-	-	-	275	-	275

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
Western Cape Province Education Department (15)	-	19	-	-	-	19
National: Environmental Affairs & Tourism (17)	-	-	-	6 601	-	6 601
KZN Prov. Gov Premier (18)	7	-	-	-	7	-
National Dept of Public Works (19)	7	-	-	-	7	-
Department of Health(20)	12	-	-	-	12	-
National Dept of Transport (25)	35	-	-	-	35	-
Rural Development and Land Reform (42)	-	-	-	13	-	13
National: Agriculture, Forestry & Fisheries (47)	-	-	-	40	-	40
Forestry	-	-	-	(32)	-	(32)
South African Police Services (90)	47	-	-	-	47	-
National Dept of Correctional Services (95)	29	-	-	-	29	-
Subtotal	9 240	25 964	-	13 610	9 240	39 574
Other Government Entities						
Provincial Department Western Cape	-	-	-	3 240	-	3 240
Public Entities	-	-	-	1 431	-	1 431
Inkomati Catchment Management Agency	-	-	-	4 896	-	4 896
Trans Caledon Tunnel Authority	-	-	-	39 810	-	39 810
Gauteng Region	2	-	-	-	2	-
Subtotal	2	-	-	49 377	2	49 377
TOTAL	9 242	25 964	-	62 987	9 242	88 951

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000
DEPARTMENTS						
Current						
Department of Justice and Constitutional Development	-	2 388	-	-	-	2 388
South African Police Service	-	2	-	-	-	2
Gauteng: Provincial Government: Agriculture	-	-	-	-	-	-
Department of Sport, Recreation, Arts and Culture	-	20	-	-	-	20
Department of Economic Development and Tourism	8	-	-	-	8	-
Department of Health: Kimberley	11	-	-	-	11	-
Department of Health North West	9	-	-	-	9	-
Limpopo: Department of Economic Development and Tourism	12	-	-	-	12	-
Department of Higher Education & Training	37	-	-	-	37	-
Free State: Department of Premier	23	-	-	-	23	-
Department of Communications	20	-	-	-	20	-
Total	120	2 405	-	-	120	2 405

ANNEXURE 6
INVENTORY

Inventory	Note	Quantity	2013/14 R'000	Quantity	2012/13 R'000
Opening balance		510 654	3 588	508 648	3 888
Add/(Less): Adjustments to prior year balance		-	(173)	(8 027)	(163)
Add: Additions/Purchases - Cash		170 085	15 771	302	17 301
Add: Additions - Non-cash		61 595	-	10 420	105
(Less): Disposals		-	-	-	-
(Less): Issues		(227 886)	(15 456)	(302)	(16 705)
Add/(Less): Adjustments		-	31	(387)	(793)
Closing balance		514 448	3 756	510 654	3 588

ANNEXURE 7A
MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2014				
	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	6 938 631	3 751 093	1 573 726	9 115 998
Other fixed structures	6 938 631	3 751 093	1 573 726	9 115 998
TOTAL	6 938 631	3 751 093	1 573 726	9 115 998

ANNEXURE 8A
INTER-ENTITY ADVANCES PAID (Note 12)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
DIRCO	798	-	4	2 448	802	2 448
GCIS	8 787	-	-	-	8 787	-
Subtotal	9 585	-	4	2 448	9 589	2 448
PROVINCIAL DEPARTMENTS						
Department of Agriculture Western Cape	-	-	-	750	-	750
Chris Hani District Municipality: EC	-	-	11 097	-	11 097	-
Subtotal	-	-	11 097	750	11 097	750
PUBLIC ENTITIES						
Advance - Ukhahlamba	-	-	-	1 187	-	1 187
Advance - Chris Hani RBIG	-	-	17 770	19 124	17 770	19 124
Bargaining Council: Magagane	-	-	-	6	-	6
Bargaining Council: Motebe	-	-	-	6	-	6
Advance - Eskom RBIG	-	-	-	10 440	-	10 440
Advance - MP Accorn	-	-	10 440	-	10 440	-
Advance - Gamtoos	-	-	-	3 778	-	3 778
Independent Development	-	-	-	2 112	-	2 112
Water Trading Entity	-	-	-	86 151	-	86 151
Lepelle Northern Water Board	-	-	-	2 771	-	2 771
Gauteng TCTA	-	-	-	108 493	-	108 493
Subtotal	-	-	28 210	234 068	28 210	234 068
OTHER INSTITUTIONS						
Chris Hani District Municipality	-	-	-	10 995	-	10 995
Mogalakwena Municipality	-	-	-	21 572	-	21 572
Sekhukhune District Municipality	-	-	-	77 286	-	77 286
Subtotal	-	-	-	109 853	-	109 853
Total	9 585	-	39 311	347 119	48 896	347 119

ANNEXURE 8B

INTER-ENTITY ADVANCES RECEIVED (note 21 AND note 22)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Current						
Ministry of Agriculture, Water and Forestry (Namibia)	-	-	-	5 648	-	5 648
Subtotal	-	-	-	5 648	-	5 648
TOTAL	-	-	-	5 648	-	5 648
Current	-	-	-	5 648	-	5 648

WATER TRADING ENTITY



Water Trading Account

13 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

We are pleased to present our report for the financial year ended 31 March 2014.

The Audit Committee comprises of the following members:

No	Audit Committee Member	Role	Date appointed	No of meetings attended
1	Mr Justice Motha (CA, SA)	Chairperson	01 April 2013	9 out of 9
2	Ms Nosipho Maphumulo (CA, SA)	Member	01 April 2012	4 out of 9
3	Mr Thiru Mudaly (CA, SA)	Member	01 April 2012	7 out of 9
4	Ms Natalie Skeepers	Member	01 April 2013	9 out of 9
5	Ms Annah Badimo	Member	01 April 2013	7 out of 9
6	Advocate Frans Van der Westhuizen	Member	01 April 2013	9 out of 9
7	Advocate Mzondi Molapo	Member	01 April 2013	2 out of 9
8	Mr Trevor Balzer	Ex officio member	February 2013	7 out of 9

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 also considered the results of the financial statements audit for period under review for: Water Trading Entity.

The effectiveness of Internal Control

The Committee noted significant improvement in the internal control system for Water Trading Entity. Though certain weaknesses have been noted the Committee is satisfied that the management of Water Trading Entity is taking appropriate actions in improving internal control system. Based on interaction with management and auditors the Committee is satisfied with the capacity and capability within Finance Function of the Water Trading Entity. Should management continue with the implementation of the action plan to address the weaknesses which affected the audit results the Water Trading Entity will be in the position to achieve better audit results in the subsequent years.

In-Year Management and Monthly/Quarterly Report

The Committee has considered the quarterly management reports including performance information throughout the year as part of reviewing internal controls. The department is also required by the PFMA to submit these reports to the National Treasury on regular intervals.

INTERNAL AUDITING

The Internal Audit Chief 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 internal control risks and exposure to the attention of management and the committee through the provision of comprehensive internal audit reports.

The Committee noted with concern the prolonged period for filling of Internal Audit vacancies which results non achievement of the Audit Plan as approved by the Audit Committee.



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 5 in the previous year (2012/2013) to only 1 in the current financial year (2013/2014). 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 is the main basis of qualification as identified by the Auditor General.

The entity did not recognise all revenue relating to water licences issued, in accordance with GRAP 9 Revenue from exchange transactions. Water use licenses were approved and issued to users in the current and prior period. The approved licenses were not uploaded on the Water Users Allocation and Registration Management System (WARMS), which resulted in the non-billing of lawful water users.

The Committee noted the improvements on the significant issues which gave rise to the qualification. The Audit Committee commend management for the improvements made in the Water Trading Entity. The Committee was also assured by management that corrective actions are being taken against the employees who might have been negligent in execution of their duties which resulted in the negative audit results.

EVALUATION OF FINANCIAL STATEMENTS

We have reviewed the annual financial statements prepared by the department for submission to the Auditor General for audit purposes however the audited financial statements were not presented to the Committee for review. The financial statements were subsequently circulated to the Committee members.

AUDITOR-GENERAL'S REPORT ON FINANCIAL STATEMENTS

We have reviewed the department's implementation plan for the audit issues raised in the previous year and are satisfied that the matters have been adequately resolved except for the following:

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 Justice Motha
Date: 15/08/2014
Chairperson of the Audit Committee
Department of Water Affairs

14 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 288-328, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as 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 Practise (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.

Auditor-General's responsibility

- 3 My responsibility is to express an opinion on these financial statements based on my audit. I conduct 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 from exchange transactions

- 6 The entity did not recognise all revenue relating to water licenses issued, in accordance with GRAP 9 Revenue from exchange transactions. Water use licenses were approved and issued to users in the current and prior period. The approved licenses were not uploaded on the Water Users Allocation and Registration Management System (WARMS), which resulted in the non-billing of lawful water users. I was unable to obtain sufficient appropriate audit evidence that all revenue from the sale of water services had been recognised and I could not confirm the revenue from the sale of water services through alternative means. Consequently, I was unable to determine whether any adjustments to the sale of water services and related trade receivable balance stated at R7 308 824 000 (2013: R6 462 074 000) and R2 420 596 000 (2013: R2 055 117 000), as disclosed in note 3 and 12 to the financial statements was necessary. Additionally, there was a resultant impact on the surplus for the period and accumulated surplus. I was also not able to determine the full extent of the understatement of penalties for late registration of water use, as the Water Trading Entity did not maintain adequate records to indicate whether the users whom were granted licenses in the current and prior year period were unlawfully using water before their license applications were approved.

Qualified opinion

- 7 In my opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Water Trading Entity as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA).

Emphasis of matter

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

Significant uncertainties

- 9 With reference to note 26 to the financial statements, the Water Trading Entity is a defendant in a number of lawsuits. The ultimate outcome of these matters cannot currently be determined, and no provision for any liability that may result has been made in the financial statements.
- 10 With reference to note 27 to the financial statements, the Water Trading Entity has legal claims against several companies. The ultimate outcome of these matters cannot currently be determined, and no debtor accrual that may result has been made in the financial statements.

Restatement of corresponding figures

- 11 As disclosed in note 30 to the financial statements, the corresponding figures for the year ended 31 March 2013 have been restated as a result of errors discovered during the year ended 31 March 2014 in the financial statements of the Water Trading Entity at, and for the year ended, 31 March 2013.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 12 In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

- 13 I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the Water Trading Entity for the year ended 31 March 2014.
- Programme 3 – Water Infrastructure Management on pages 106-116
 - Programme 4 – Regional Implementation and Support on pages 117-120
- 14 I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- 15 I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPP)*.
- 16 I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 17 The material findings in respect of the selected programmes are as follows:

Programme 3 – Water Infrastructure Management

Usefulness of reported performance information

- 18 The FMPP requires the following:
- Performance targets must be specific in clearly identifying the nature and required level of performance and must be measurable.
 - and

- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. Performance indicators must also be verified.
- 19 The measurability of the planned targets and indicators could not be assessed due to inadequate technical indicator descriptions and lack of proper systems and processes and formal standard operating procedures. This was because management did not adhere to the requirements of the FMPPPI due to a lack of proper systems and processes and adequate technical indicator descriptions. 73% of the selected targets were not specific in clearly identifying the nature and the required level of performance. 73% of the selected indicators were not well defined and could not be verified; in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.

Reliability of reported performance information

- 20 The FMPPPI requires auditees to 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. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to limitations placed on the scope of our work due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.
- 21 I was unable to obtain information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of our work due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.

Programme 4 - Regional Implementation and Support

Usefulness of reported performance information

- 22 No reasons for variances between planned and actual achievements reported in the annual performance report were given for 60% of the targets not achieved, as required by the National Treasury's *Guide for the preparation of the annual report*. This was due to limited review of the presentation of the annual performance report by management. Adequate reasons were not provided for 60% of the major variances relating to the selected targets as disclosed in the annual performance report.

Reliability of reported performance information

The FMPPPI requires auditees to 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. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented systems descriptions for the accurate recording of actual achievements. We were unable to obtain appropriate information and explanations necessary to satisfy ourselves as to the reliability of information presented with respect to the Regional Implementation and Support; 21% of the targets audited were found to be materially misstated.

Additional matter

- 23 I draw attention to the following matter:

Achievement of planned targets

- 24 Refer to the annual performance report on pages 106-116 and 117-120 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected programmes reported in paragraphs 18-22 of this report.

Compliance with legislation

- 25 I performed procedures to obtain evidence that the Water Trading 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 legislation 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 did not ensure that the entity 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 in section 38(1)(a)(i) and (b) of the PFMA.

Annual financial statements, performance and annual reports

- 27 The financial statements submitted for auditing were not fully prepared in all material respects in accordance with section 40(1) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided, which resulted in the financial statements receiving a qualified audit opinion.

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 fulfil its responsibilities for the year as set out in Treasury Regulation (TR) 3.2.

Procurement and contract management

- 29 Employees of the trading entity performed remunerative work outside their employment in the trading entity without written permission from the relevant authority as required by section 30 of the Public Service Act.
- 30 Persons in service of the trading entity who had a private or business interest in contract awarded by the trading entity failed to disclose such interest, as required by Treasury Regulation 16A8.4.
- 31 Persons in service of the trading entity whose close family members, partners or associates had a private or business interest in contracts awarded by the trading entity failed to disclose such interest, as required by Treasury Regulation 16A8.4.

Expenditure management

- 32 Effective steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.
- 33 Contractual obligations and money owed by the trading entity 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.

Asset management and liability management

- 34 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).

Internal control

- 35 I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

Leadership

- 36 The high vacancy rate resulted in core function being performed by contracted in specialists or delegated to existing staff to act in those positions without the necessary skills and training.
- 37 Inadequate compliance checklists to enforce compliance with applicable laws and regulations which has resulted in the instances on irregular and fruitless and wasteful expenditure.

Financial and performance management

- 38 Although improvement has been noted, effective financial and performance systems and management thereof have not been fully implemented to ensure fairly accurate financial and performance reporting.
- 39 Formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information have not been designed and implemented.

Governance

- 40 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 fulfil its responsibilities for the year as set out in Treasury Regulation (TR) 3.2.
- 41 Significant internal control deficiencies were identified during the audit that resulted in the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

OTHER REPORTS

Investigations

Completed during the year

- 42 Several investigations are being conducted by the internal audit unit at the request of the Accounting officer and/or the Minister arising from allegations of procurement irregularities by the WTE officials. The investigations resulted in recommendations for disciplinary and/ or criminal proceedings to be instituted against the trading entity and WTE officials concerned.

Investigations in progress

- 43 Several investigations are being conducted by the internal audit unit at the request of the accounting officer and/or the Minister arising from allegations of procurement irregularities by the WTE officials.
- 44 The Director-General has been suspended in March 2013 and the disciplinary process is still on-going.

Auditor-General

Pretoria

31 July 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

15 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014	2013 Restated
		R'000	R'000
Revenue		10 391 441	9 352 253
Revenue from exchange transactions	3	8 300 457	7 526 569
Revenue from non-exchange transactions	4	2 090 984	1 825 684
Expenditure		8 330 479	9 519 139
Employee benefit costs	5	678 018	608 360
Operating expenditure	6	3 151 037	2 514 842
Impairment on financial assets	7	564 510	1 134 039
Finance cost	8	918 573	2 200 778
Depreciation, amortisation and impairment	9	2 973 019	3 000 758
Loss on disposal of fixed assets	10	45 322	60 362
Surplus/(deficit) for the year		2 060 962	(166 886)

16 STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	2014	2013
		R'000	Restated R'000
ASSETS			
Current assets		6 323 664	5 417 434
Cash and cash equivalents	11	1 924 357	2 094 566
Receivables from exchange transactions	12	4 230 123	3 241 911
Inventory	13	169 184	80 957
Non-current assets		87 098 445	88 322 257
Property, plant and equipment	14	71 202 815	72 421 982
Intangible assets	15	15 895 630	15 900 275
Total assets		93 422 109	98 739 691
LIABILITIES			
Current liabilities		4 713 599	4 351 327
Payables from exchange transactions	16	895 004	788 713
Employee benefits	17	195 445	176 398
Finance lease liability	18	7 121	8 054
Financial liabilities: TCTA	19	3 616 029	3 378 167
Non-current liabilities		25 342 669	28 088 487
Finance lease liability	18	17 223	17 261
Financial liabilities: TCTA	19	25 325 446	28 066 226
Total liabilities		30 056 268	32 434 814
Total net assets		63 365 841	61 304 875
NET ASSETS			
Reserves			
Accumulated surplus		63 097 253	61 057 382
Pumping cost reserve		268 586	247 493
Net assets		63 365 841	61 304 875

17 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2014

	Note	Accumulated surplus	Pumping Cost Reserve	Net Assets
		R'000	R'000	R'000
Balance at 1 April 2012		61 199 242	272 519	61 471 761
As previously stated		62 691 207	272 519	62 963 726
Prior period error	30	(1 491 965)	-	(1 491 965)
Deficit for the year		(166 887)		(166 887)
As previously stated		536 457		536 457
Prior period error	30	(703 344)		(703 344)
Net movement in reserves		25 026	(25 026)	-
Transfers between reserves		25 026	(25 026)	-
Balance at 31 March 2013		61 057 383	247 493	61 304 876
As previously stated		63 252 691	247 493	63 500 184
Prior period error	30	(2 195 308)	-	(2 195 308)
Surplus for the year		2 060 962		2 060 962
Net movement in reserves		(21 093)	21 093	-
Transfers between reserves		(21 093)	21 093	-
Balance at 31 March 2014		63 097 253	268 586	63 365 841

18 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014	2013 Restated
		R'000	R'000
Cash flows from operating activities			
Cash receipts		8 990 988	7 690 972
Taxes and transfers		2 085 265	1 817 103
Sale of water services		6 487 188	5 289 690
Construction and other revenue		292 396	140 155
Water research levies - receipts		(53 097)	77 545
Commission earned		1 903	1 717
Lease revenue earned		16 792	15 978
Interest revenue		160 541	348 784
Cash payments		(2 959 864)	(1 922 182)
Employee benefits		658 966	588 288
Water Research Commissioner - payments		77 413	76 436
Goods and services		2 219 527	1 254 067
Finance cost paid		109	721
Finance cost paid: Leases		3 849	2 670
Net cash flows from operating activities	20	6 031 124	5 768 790
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1 027 227)	(1 057 028)
Acquisition of intangible assets		(372)	(94)
Proceeds on disposal of non-current assets		1 831	871
Net cash flows used in investing activities		(1 025 767)	(1 056 251)
Cash flows from financing activities			
Finance lease payments		(9 355)	(8 864)
Repayments of other financial liabilities		(5 166 211)	(4 097 790)
Net cash flows from financing activities		(5 175 566)	(4 106 654)
Net increase/(decrease) in cash and cash equivalents		(170 209)	605 885
Cash and cash equivalents at beginning of year		2 094 566	1 488 681
Cash and cash equivalents at end of year	11	1 924 357	2 094 566

19 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Approved Budget	Final Budget	Actual Amounts	Variance Amounts
		R'000	R'000	R'000	R'000
Revenue		9 554 153	9 554 153	10 391 441	837 288
Taxes and transfers		2 085 264	2 085 264	2 085 265	1
Sale of water services		7 210 575	7 210 575	7 308 824	98 249
Construction revenue		202 000	202 000	808 441	606 441
Commission earned		-	-	1 903	1 903
Lease revenue earned		-	-	16 792	16 792
Interest revenue		56 314	56 314	160 541	104 227
Other receipts		-	-	9 675	9 675
Total revenue		9 554 153	9 554 153	10 391 441	837 288
Expenses		(7 178 478)	(7 178 478)	(7 696 370)	517 892
Employee benefit costs		909 426	909 426	678 018	231 408
Operating expenditure		2 531 265	2 531 265	2 516 928	14 337
Impairment on financial assets		-	-	564 510	(564 510)
Finance cost		1 365 765	1 365 765	918 573	447 192
Depreciation, amortisation and impairment		2 372 022	2 372 022	2 973 019	(600 997)
Loss on disposal of fixed assets		-	-	45 322	(45 322)
Total expenses		(7 178 478)	(7 178 478)	(7 696 370)	517 892
Surplus/(deficit) from operating activities		2 375 675	2 375 675	2 695 071	1 355 180
Projects expenditure		2 545 810	2 545 810	2 241 323	304 487
Allocation from government grants		1 569 160	1 569 160	1 569 160	-
Other additions		976 650	976 650	672 163	304 487
Budget surplus/(deficit)		(170 135)	(170 135)	453 749	1 050 692

20 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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 25	Employee Benefits
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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.

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 Related Party Disclosures (GRAP 20) to develop its accounting policies on Related Party Disclosures to determine the extent of disclosures for related party transactions and balances.

1.3.1 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.

1.3.2 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 – Nonmonetary 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

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 30.

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%).

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. 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 obsolesences. 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 (kilometres, hours, months)
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.

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 24 have been based on orders relating to capital projects but where the goods or services have not been delivered.

1.9.8 Contingent liabilities and provisions

Contingent liabilities and provisions have been based on the best estimate available. Contingent liabilities relating to litigation have been based on the assessment of the estimated claim against the WTE as at 31 March 2014.

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.

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.

2.4.4 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.

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. Costs of purchases, costs 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 First-In-First-Out 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.

2.10 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.

2.11.5 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.

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.

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).

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.

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 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.

2.20 Contingents assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 26 and 27.

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 23.

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 28 and 29. 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.

21 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
		R'000	R'000
3	Revenue from exchange transactions		
	Sale of water services	7 308 824	6 462 074
	Construction revenue	808 441	688 728
	Commission earned	1 903	1 717
	Receivables	1 379	1 256
	Short-term deposits and bank accounts	524	461
	Interest revenue	160 541	348 784
	Receivables	160 531	348 778
	Short-term deposits and bank accounts	10	6
	Lease revenue earned	16 792	15 978
	Equipment	3 756	3 532
	Property	13 036	12 446
	Sale of goods - scrap materials and waste paper	6 629	916
	Other revenue	(2 673)	8371
		8 300 457	7 526 569
	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		
	<i>Transfer revenue includes:</i>		
	Funds from the Department of Water Affairs	2 085 265	1 817 103
	<i>Other revenue:</i>	89	123
	Water usage license fees	5 631	7 461
	Penalties for late registration of water use	2 090 985	1 825 685
	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		
	<i>Employee benefits consists of:</i>		
	Short term employee benefits	1 192 361	1 146 494
	Less: direct labour capitalised to assets under construction	(225 135)	(381 544)
	Less: amounts capitalised to construction costs for third parties	(289 208)	(156 590)
		678 018	608 360

	Notes	2014	2013
		R'000	R'000
6	Operating expenditure		
	<i>Construction costs incurred</i>	806 975	623 616
	<i>Other operating expenditure</i>		
	Administrative fees	2 115	2 803
	Audit cost	17 430	16 788
	Communication	28 971	22 300
	Computer services	6 596	6 573
	Electricity	263 579	233 861
	Entertainment	16	51
	Facility and management fee: TCTA	988 303	927 329
	Materials consumed	302 271	117 977
	Maintenance, repairs and running costs	95 374	69 400
	Operating leases	71 207	60 113
	Owned and leasehold property expenditure	53 673	27 262
	Professional services: Business and advisory services, contractors and agency/outsourced services	196 720	82 162
	Professional services: Infrastructure and planning	136 959	136 223
	Printing, posting and stationery	12 188	9 076
	Transport costs	755	(361)
	Travel and subsistence		
	Domestic	123 279	118 284
	Foreign	2 260	2 522
	Training and staff development	16 089	11 947
	Venues and facilities	5 053	4 894
	Auxiliary	21 223	42 023
		3 151 038	2 514 842
	The amounts above includes changes in estimates for reversals in accruals		
7	Impairment on financial assets		
	Impairment relating to:		
	Trade receivables	626 272	1 122 043
	Staff receivables	2 336	520
	Other receivables	31 496	11 476
		660 104	1 134 039
	Interest amounting to R133,617,725 in 2014 financial year and R326,751,241 in 2013 financial year have never been billed against the customer accounts and these amounts have been fully impaired (included in Trade Receivables) in compliance with Generally Recognised Accounting Practice.		
8	Finance cost		
	Finance leases	3 849	2 670
	Interest on amortised payables	914 723	2 198 109
		918 573	2 200 778

	Notes	2014	2013
		R'000	R'000
9	Depreciation, amortisation and impairment		
	Depreciation on property, plant and equipment	3 149 860	3 219 277
	Computer equipment	7 526	3 778
	Equipment	8 147	38 861
	Furniture and Fittings	6 111	5 440
	Infrastructure	3 115 919	3 160 460
	Leased equipment	2 342	3 147
	Leased vehicles	7 628	5 882
	Mobile homes	1 613	1 386
	Vehicles	574	372
	Amortisation of intangible assets	8 724	8 645
	Computer software	8 724	8 645
	Change in estimate	(225 819)	(883 413)
	Computer equipment	(39)	(1 480)
	Equipment	-	(32 064)
	Furniture and Fittings	(548)	1 015
	Infrastructure	(221 505)	(850 201)
	Mobile homes	(14)	(387)
	Vehicles	(4)	(181)
	Computer software	(3 708)	(115)
			-
	Impairment and impairment reversals	44 739	118 120
	Computer equipment	640	3 106
	Computer software	1	-
	Equipment	3 271	1 014
	Furniture and Fittings	1 048	910
	Infrastructure	39 749	112 581
	Mobile homes	11	258
	Vehicles	19	251
	Change in estimate - impairment	(4 485)	538 132
	Infrastructure	9 880	538 132
	Equipment	(14 365)	-
		2 973 019	3 000 758

		Notes	2014 R'000	2013 R'000
	Various Movable assets and Infrastructure assets with original remaining useful lives varying between 1-100 years have been revised in the beginning of the current period to reflect a new depreciable amount (impairment implications) and the actual pattern of service potential derived from these assets (Revised useful lives). For the current financial year the depreciation and impairment are decreased due to the change in useful lives approximating around R230 million. In the future the depreciation and impairment will increase with the R230 million based on the new estimate in order to depreciate the assets over the useful live.			
10	Loss on disposal of fixed assets			
	Loss on disposal of fixed assets		45 322	60 362
			45 322	60 362

		Notes	2014 R'000	2013 R'000
11	Cash and cash equivalents			
	Cash and cash equivalents at fair value:			
	Current accounts at commercial banks		1 924 161	2 094 612
	Short-term deposits		106	105
	Cash on hand		90	(151)
			1 924 357	2 094 566

	Notes	2014	2013
		R'000	R'000
12 Receivables from exchange transactions			
Current			
<i>Financial assets at amortised cost</i>			
Trade receivables		5 397 552	5 317 819
Less: Provision for impairment		(2 976 956)	(3 262 702)
Carrying amount at the beginning of the period		(3 262 702)	(2 467 409)
Trade receivables written off		912 018	326 751
Current year provision		(626 272)	(1 122 044)
		2 420 596	2 055 117
Advances to public entities		899 593	639 730
Staff related receivables		2 074	10 962
Gross carrying amount		5 576	12 129
Less: Provision for impairment		(3 502)	(1 167)
Claims recoverable - Departments		137	455
Claims recoverable - Other		-	-
Water Research Commission - advances		28 302	1 588 812
Gross amount of water research levies due		(57 398)	(68 597)
Outstanding debtors		85 699	227 409
Other receivables		694 117	376 836
Gross carrying amount		737 162	388 385
Less: Provision for impairment		(43 044)	(11 549)
VAT receivable		185 305	-
		4 230 123	3 241 911
The fair value of the short term receivables approximates the carrying amount of the balances due to their short-term maturity.			
Interest amounting to R133,617,725.19 in 2014 financial year and R326,751,241.11 in 2013 financial year have never been billed against the customer accounts and these amounts have been fully impaired (included in trade receivables) in compliance with Generally Recognised Accounting Practices.			
<i>Amounts past due not impaired</i>			
Included in the financial assets at amortised cost above is an amount past due but not impaired:		25 966	512 409
<i>Age analysis of financial assets that are past due but not impaired:</i>			
not more than two months;		-	17 577
more than two months and not more than three months;		-	9088
more than three months and not more than four months;		1 490	67 572
more than four months and not more than five months;		-	52 711
more than five months;		24 477	365 463
		25 966	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.			

	Notes	2014	2013
		R'000	R'000
13	Inventory		
	Construction and building materials	153 153	63 317
	Consumables	7 147	8 832
	Fuel and lubricants	6 670	6 745
	Stationery	2 214	2 062
		169 184	80 956

PART E: FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

14	Property, plant and equipment	Property, plant and equipment								
		Summary			March 2014			March 2013		
		Cost/ revaluation R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000	Cost/ revaluation R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000	Cost/ revaluation R'000	Accumulated depreciation and impairment R'000	Carrying amount - Restated R'000
	Owned assets	88 119 011	(16 938 697)	71 180 314	86 267 583	(13 869 688)	72 397 897			
	Assets under construction	7 854 528	-	7 854 528	9 168 197	-	9 168 197			
	Computer equipment	47 588	(27 237)	20 351	51 826	(24 969)	26 857			
	Equipment	1 218 984	(581 721)	637 213	1 121 325	(500 536)	620 790			
	Furniture and fittings	882 666	(42 246)	460 200	80 430	(34 289)	46 141			
	Infrastructure assets	78 841 103	(16 260 582)	62 580 521	75 781 220	(13 285 799)	62 495 422			
	Mobile homes	62 036	(23 366)	38 670	57 075	(20 214)	36 861			
	Motor vehicles	6 556	(3 545)	3 011	7 510	(3 881)	3 629			
	Leased assets	35 968	(13 468)	22 500	39 636	(15 550)	24 086			
	Equipment	5 841	(3 677)	2 164	7 719	(4 729)	2 990			
	Motor vehicles	30 127	(9 791)	20 336	31 917	(10 821)	21 096			
		88 154 979	(16 952 165)	71 202 815	86 307 219	(13 885 238)	72 421 982			

Leased assets are encumbered by finance lease liabilities. Refer Note 18.

Movement 2014	31 March 2013										31 March 2014
	Carrying amount restated R'000	Additions R'000	Disposals and write-offs R'000	Transfers R'000	Depreciation R'000	Impairment R'000	Impairment Reversal R'000	Other movements R'000	Carrying amount R'000		
Owned assets	72 397 895	1 951 118	(47 153)	(163 512)	(2 917 780)	(51 346)	11 094		71 180 316		
Assets under construction	9 168 197	1 820 206	-	(3 133 875)	-	-	-	-	7 854 528		
Computer equipment	2 683	6 459	(1 573)	(3 266)	(7 487)	(639)	-	-	20 352		
Equipment	620 789	114 810	(9 389)	(91 944)	(8 147)	-	11 094	-	687 213		
Furniture and fittings	4 614	6 411	(2 430)	2 510	(5 563)	(1 048)	-	-	4 602		
Infrastructure assets	62 495 421	-	(33 479)	3 062 622	(2 894 414)	(49 629)	-	-	62 580 521		
Mobile homes	3 686	3 189	(5)	235	(1 599)	(11)	-	-	38 670		
Motor vehicles	3 629	44	(278)	205	(570)	(19)	-	-	3 011		
Leased assets	24 086	8 384	-	-	(9 970)	-	-	-	22 499		
Equipment	2 990	1 516	-	-	(2 342)	-	-	-	2 164		
Motor vehicles	21 096	6 868	-	-	(7 628)	-	-	-	20 336		
TOTAL ASSETS	72 421 999	1 959 502	(47 153)	(163 512)	(2 927 750)	(51 346)	11 094	-	71 202 815		

PART E: FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

Movement 2013	31 March 2012										31 March 2014	
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Impairment	Impairment Reversal	Other movements	Carrying amount			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
Owned assets	72 703 726	2 875 331	(61 233)	(137 679)	(2 326 999)	(665 167)	8 916	998	72 397 897			
Assets under construction	6 648 119	2 700 435	-	(180 358)	-	-	-	-	91 668 197			
Computer equipment	25 134	7 369	(607)	(525)	(2 298)	(3 105)	-	889	26 857			
Equipment	628 254	94 169	(42 569)	(51 294)	(6 797)	(1 014)	-	40	620 790			
Furniture and fittings	47 726	7 118	(1 064)	(342)	(6 455)	(910)	-	70	46 141			
Infrastructure assets	65 312 974	64 904	(16 550)	95 063	(2 310 259)	(659 629)	8 916	-	62 495 422			
Mobile homes	37 173	1 304	(166)	(193)	(999)	(258)	-	-	36 862			
Motor vehicles	4 346	33	(278)	(30)	(191)	(251)	-	-	3 629			
Leased assets	12 076	20 816	-	-	(8 978)	-	-	171	24 086			
Equipment	4 643	1 321	-	-	(3 146)	-	-	171	2 990			
Motor vehicles	7 433	19 495	-	-	(5 832)	-	-	-	21 096			
TOTAL ASSETS	72 715 802	2 896 148	(61 233)	(137 679)	(2 335 977)	(665 167)	8 916	1 169	72 421 982			

* Leased assets in the prior year were restated as a result of a change in the method of calculating the present value of lease liabilities.

		2014	2013
		R'000	R'000
15	Intangible assets		
	Summary		
	Enduring benefit: Lesotho Highlands	15 844 203	15 844 203
	Computer software	51 427	56 072
	Gross carrying amount	82 289	81 884
	Accumulated amortisation and impairment	(30 862)	(25 812)
		15 895 630	15 900 275
	Reconciliation		
	Enduring benefit: Lesotho Highlands	15 844 203	15 844 203
	Computer software	51 427	56 072
	Gross carrying amount at the beginning	56 072	64 508
	Additions	432	121
	Transfers	(60)	(27)
	Amortisation	(5 016)	(8 530)
		15 895 630	15 900 275
	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.		
18	Payables from exchange transactions		
	Current		
	Financial liabilities at amortised cost	887 215	778 329
	Trade payables	341 318	398 883
	Accruals	130 813	161 363
	Amounts due to customers: trade debtors	304 203	134 088
	Gross amounts due to customers: construction contracts	53 149	10 932
	Retention creditors	57 504	36 660
	VAT payable	-	36 372
	Other payables	228	31
	Non-financial liabilities	7 788	10 384
	Unclaimed deposits	7 788	10 153
	Advances received	-	231
		895 004	788 713

PART E: FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

		2014	2013
		R'000	R'000
17	Employee benefits		
	<i>Current obligations:</i>		
	Leave benefits due	115 878	100 505
	Carrying amount at the beginning of the period	100 505	97 063
	Current service costs	33 152	33 366
	Less: benefits utilised	(17 779)	(29 924)
	Performance bonuses	50 374	49 553
	Carrying amount at the beginning of the period	49 553	34 477
	Current service costs	39 477	60 038
	Less: benefits utilised	(38 656)	(44 962)
	Service bonuses - 13th Cheque	29 192	26 335
	Carrying amount at the beginning of the period	26 335	24 781
	Current service costs	65 396	60 568
	Less: benefits utilised	(62 539)	(59 015)
		195 445	176 393
18	Finance lease liability		
	Current obligation	7 121	8 054
	Non-current obligation	17 223	17 261
	<i>Carrying amount at the end</i>	24 344	25 315
	Reconciliation of the carrying amount:		
	Future minimum lease payments due:	29 917	31 597
	Later than 1 year but less than 5 years	20 224	21 005
	Less than 1 year	9 693	10 592
	Less: Future finance charges	(5 573)	(6 283)
	Present value of minimum lease payments	24 344	25 315
	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.		

		2014	2013
		R'000	R'000
19	Financial liabilities: TCTA		
		3 616 029	3 378 167
	Current obligation		
	Non-current obligation	25 325 446	280 662 226
	<i>Reconciliation</i>		
	Carrying amount at the beginning of the period	2 663 293	4 805 515
	Additions	760 375	1 680 799
	Construction cost	914 615	2 197 387
	Interest accrued	988 303	927 329
	Facility and management fee	(5 166 211)	(4 097 790)
	Payments		
	<i>Financial liabilities at amortised cost</i>	28 941 475	31 444 393
	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.		
20	Net cash flows from operating activities		
	Surplus for the year	2 060 962	(166 886)
	Adjusted for non-cash items	5 719 388	7 446 168
	Change in estimates of provisions	-	(26 681)
	Change in estimates of employee benefits	138 025	153 973
	Depreciation, amortisation and impairment	2 973 019	3 000 758
	Assets transferred at no cost	-	(998)
	Impairment on financial assets at amortised cost	205 241	807 288
	Interest accrued: TCTA	914 615	2 197 387
	Facility and management fee: TCTA	988 303	927 329
	Loss on disposal of fixed assets	45 322	60 362
	Additional cash items	(118 974)	(133 901)
	Provisions utilised	-	-
	Employee benefits utilised	(118 974)	(133 901)
	Operating cash flows before working capital changes	7 661 376	7 145 381
	Working capital changes:	(1 630 252)	(1 376 591)
	(Increase) in receivables from exchange transactions	(1 648 316)	(1 677 922)
	(Increase)/decrease in inventories	(88 227)	87 420
	Increase in payables from exchange transactions	106 291	213 911
	Net cash from operating activities	6 031 124	5 768 790

		2014	2013
		R'000	R'000
21	Budget information		
	Reconciliation between budget deficit and statement of financial performance		
	Budget deficit	(180 360)	(3 086 834)
	Project expenditure	2 241 323	2 919 948
	Surplus/(deficit) for the year per Statement of financial performance	2 060 962	(166 886)

The basis of preparation of the budget during 2014 financial year is not the same with the actual expenditure. The operating expenditure includes project expenditure to the value of R634 million, while the funding allocated is under the project expenditure.

Reason for original budget deviation in revenue

The revenue performance reflect a favourable variance in comparison with the budget for the financial year 2013/14 and this can be attributed to the efforts that the entity is making in improving the efficiency and accuracy of the revenue billing. The improvement can also be attributed to the increase on the construction revenue as a result of the acceleration program to complete the water services projects.

Reason for original budget deviation in expenditure

The under-spending on employee benefit is due to the fact that the entity is still struggling to attract and retain personnel who meet the OSD requirements. However the vacancy rate reflects an improvement from 4% when compared with the prior year -2012/13. The inability to fill the vacant positions has impacted negatively on operational expenditure during the financial year 2013/14. Expenditure such as accommodation, travelling and subsistence allowance are mainly driven by the number of employees. The variance on depreciation, amortisation and impairment is due to the completion of Spring Groove dam that is part of Mooi-Mgeni Transfer Scheme (MMTS 1) and Komati Water Scheme Augmentation Project (KWSAP) that were undertaken by TCTA on behalf of the Water Trading Entity. The favourable variance in finance costs is due to the timing difference on the project cash flow that resulted in the reduction of finance costs in 2013/14 financial year.

Reason for original budget deviation in capital expenditure projects

The spending on the capital expenditure reflects an under spending due to the late appointment of the term contracts and lack of officials who meet the OSD requirements.

	Notes	2014	2013
		R'000	R'000
22	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	1 924 357
	2 094 566		
	Financial assets at amortised cost		
	Receivables from exchange transactions	12	4 044 819
	3 241 912		
	Total financial assets		5 969 176
			5 336 478
	Financial liabilities at amortised cost	16	29 836 479
	Payables from exchange transactions	16	895 004
	788 713		
	Other financial liabilities	19	28 941 475
	31 444 393		
	Total financial liabilities		29 836 479
			32 233 106
	Net losses included in the statement of financial performance on amortised receivables		564 510
			1 134 039

Exposure to continuously changing market conditions has highlighted the importance of financial risk management as an element of control for the WTE. The WTE finances its operations primarily from cash receipts from customers and augmentation income received from the government. There are primarily two financial risks that the WTE faces namely credit and interest rate risk.

Interest rate risk exposure

The WTE has an obligation to settle the cost incurred by TCTA for the construction of infrastructure on its behalf. Due to the long term nature of these projects, the WTE is exposed to changes in the interest rates relating to these borrowings as the amounts to settle its obligation to the TCTA is dependent on the interest rates. The effective interest rate for the current period amounted to 8% (2013: 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 endeavours to comply with the PFMA requirements to settle its debt within 30 days of receipt of an invoice.

Credit risk exposure

Receivables and prepayments

Potential areas of credit risk consist of trade accounts receivable and cash investments.

Accounts receivable consists mainly of government owned institutions and government owned entities.

The WTE monitors the ageing of debtors on an on-going 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.

Cash and cash equivalents

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.

		2014	2013
		R'000	R'000
<i>Maximum credit risk exposure</i>			
	Cash and cash equivalents	1 924 267	2 094 717
	Receivables	4 044 819	3 241 912
		5 969 086	5 336 629
	% of total financial assets	100.0%	100.0%
Liquidity risk			
The WTE is exposed to liquidity risk with regards to the amounts owed to contract creditors and sudden increases in pumping cost expenses. The WTE manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in short term deposits.			
Contractual maturities of non-derivative financial liabilities are:			
	Due within 30 days	1 080 419	848 807
	Later than one month but not later than 12 months	2 046 689	3 326 127
	Later than one year but not later than 5 years	15 681 872	5 668 175
	Later than 5 years	23 414 320	21 057 970
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 expose the WTE to liquidity risk.			
23	Related party transactions		
23.1	Related party relationships and control		
The WTE is controlled through the Department of Water Affairs at National Government level.			
As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.			
Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.			
23.2	Related party transactions and outstanding balances		
23.2.1	<i>Department of Water Affairs</i>		
	Revenue from non-exchange transactions	2 085 265	1 817 103
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.			
The Department of Water Affairs 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.			

	Notes	2014 R'000	2013 R'000
2322	Water Research Commission		
	Revenue from exchange transactions	1 379	1 256
	Outstanding balances (Receivables)	28 302	158 812
	WRL payment	77 413	104 771
	Water Research Commission and WTE both report to the Minister of Water Affairs. WTE performs the billing and collection of revenue on behalf of Water Research Commission (i.e. Agent-Principal Relationship).		
2323	Trans-Caledon Tunnel Authority		
	The following transactions were carried out with TCTA:		
	Construction activities	760 375	1 680 799
	Finance cost	914 615	2 197 387
	Management and facility fees	988 303	927 329
	Outstanding balances - amount due to TCTA	28 941 475	31 444 393
	Prepayment in terms of construction contract	899 593	639 730
	TCTA is constructing assets on behalf of the WTE on a full cost recovery basis.		
2324	Eskom		
	The following disclosable items were carried out with Eskom:		
	Revenue	809 754	432 336
	Outstanding balances	89 997	154 828
	Payment for electricity	514 679	339 418
	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.		
2325	Rand Water		
	The following disclosable items were carried out with Rand Water:		
	Sale of water services		
	Revenue	3 437 232	3 139 974
	Finance revenue (discounting)	24 644	20 634
	Gross amount billed	3 461 877	3 160 608
	Outstanding balances	622 312	600 130
	Gross amount due	626 774	604 074
	Less: Effect of discounting	(4 462)	(3 944)
	Project cost payment	160 796	5147
	Rand Water (a Water Board) and WTE both report to the Minister of Water Affairs. Rand Water receives 60 days to pay for water related services instead of the normal 30 days.		

		2014	2013
		R'000	R'000
2326	<i>Inkomati Catchment Management Agency</i>		
	The following disclosable items were carried out with Inkomati Catchment Management Agency:		
	Water Management area revenue collected and paid	12 357	-
	Inkomati Catchment Management Agency and WTE both report to the Minister of Water Affairs. WTE performs the billing and collection of revenue on behalf of Inkomati Catchment Management Agency (i.e. Agent-Principal Relationship).		
2327	<i>Entities under control of the Minister of Water Affairs</i>		
	The following Water Boards and Agency are under the common control of the Minister of Water Affairs. WTE bills the Water Boards under arm's length transactions in order to recover water infrastructure related charges:		
	Amatola Water Board		
	Bloem Water Board		
	Botshelo Water Board		
	Bushbuckridge Water Board		
	Lepelle Northern Water Board		
	Magalies Water Board		
	Mhlathuze Water Board		
	Overberg Water Board		
	Rand Water Board		
	Umgeni Water Board		
	Sedibeng Water Board		
	Pella Drift Water Board		
	Breede-Overberg Catchment Management Agency (BOCMA)		
	Komati Basin Water Authority (KOBWA)- Is managed by the treaty between the South African Government and the Swaziland Government. The treaty resulted in KOBWA constructing Maguga and Driekoppies Dam.WTE owns Driekoppies Dam which was build through the finances raised by KOBWA on behalf of DWA.		
23.3	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.		

PART E: FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

	March 2014 R'000	Basic salary	Performance related payments	Other short term employee benefits	Post employment benefits	Total
Ms Mathe ZY - Deputy Director General		666	-	486	153	1 304
Mr Keet M - Chief Director		654	-	261	109	1 024
Mr Smith FJ - Chief Director		843	-	320	224	1 387
Mr Swart HJ-Construction Manager		852	63	262	150	1 327
Mr Van der Westhuizen WG - Chief Director		852	-	346	150	1 348
Mr Mofokeng MJ- Chief Financial Officer		682	-	315	180	1 177
Mr Madondo PJ - Chief Director		56	-	39	13	108
Mr Manus LAV - Chief Director		558	-	363	78	999
Mr Williams MR- Chief Director		273	-	97	40	410
		5 436	63	2 489	1 096	9 085

	March 2014 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 Swart HJ-Construction Manager		775	63	276	101	1 216
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
Mr Manus LAV - Chief Director		262	-	189	34	485
		5 338	204	2 657	688	8 886

Comparative figure

In the prior year Mr Swart HJ-Construction Manager was omitted from key management personnel. The effect on the prior year is R1 215 495.54

Key management personnel remunerated through Department of Water Affairs - Main account

The following officials are also considered to be key management personnel. These officials are paid by the Department of Water Affairs - Main account.

Official	Position		
Mr Sirenya M	Director General		
Mr Balzer T	Acting Director General		

		2014	2013
		R'000	R'000
24	Capital commitments		
	Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.	955 206	1 164 593
	The amounts disclosed above for capital commitments exclude VAT.		
	The comparative figure for commitments has been adjusted due to errors identified during the preparation of the financial statements. This resulted in an increase of R2.8 million.		
25	Operating lease commitments		
	The Water Trading Entity leases various residential buildings, Office Spaces and one piece of Land under operating lease agreements and instalments are payable monthly in advance. The instalments 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 2014 are as follows:		
	Residential Buildings:	11 593	4 163
	Due within 1 year	11 255	4 163
	Due later than 1 year but less than 5 years	338	-
	Office administration Buildings:	948	232
	Due within 1 year	895	232
	Due later than 1 year but less than 5 years	53	-
	Land:	472	489
	Due within 1 year	472	489
	Due later than 1 year but less than 5 years	-	-
	Total minimum lease payments	13 013	4 884
26	Contingent liabilities		
26.1	Claims against the State		
	Legal claims		
	Group Five Construction (Pty) Ltd vs. Minister of Water Affairs and Forestry	54 670	54 670
	Rodio Geotechnics (Pty) Ltd vs. The Minister of Water and Environmental Affairs	500	500
	Thabani Zulu and Company (Pty) Ltd vs. Minister of Water Affairs	2 220	2 220
	JJ Schutte vs. The Minister of Water Affairs and Forestry	1 100	1 100
	Other claims against the state	1 770	1 980
		60 260	60 420
	Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R60,260 million excluding interest of approximately R9,340 million at 15.5%.		
	Other claims	-	23 465
	Possible interest and penalties due.	-	23 465

	Note	2014	2013
		R'000	R'000
26.2	Guarantees		
	The WTE has issued guarantees in favour of various financial institutions to support employees to obtain loans for housing. To date the WTE has not been called to honour any of these obligations. No loss is expected to materialise in respect of these guarantees in the foreseeable future.	109	109
27	Contingent Assets		
	Legal claims		
	Department of Water Affairs and Forestry vs. A.P.S. South Africa (Pty) Ltd	178 231	178 231
	The Minister of Water and Environmental Affairs vs. Flowtite Vectus (PTY) Ltd	697 101	697 101
	Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane	2 843	2 843
	SARS VAT refund	164 268	-
		1 042 443	878 175
	The WTE have legal claims against several companies of which the outcome is still uncertain. <ul style="list-style-type: none"> Department of Water Affairs and Forestry vs. A.P.S. South Africa (Pty) Ltd - breach of contract due to delivery of defective supplies. The Minister of Water and Environmental Affairs vs. Flowtite Vectus (PTY) Ltd - breach of contract due to delivery of defective supplies. Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane - relates to fraud committed by Mr. Bokhutlo Senokwane against the Department whilst under the employment of T-Systems. <p>The VAT refund asset disclosed hereunder was calculated as a result of a review and re-performance of past years VAT reconciliations in response to a VAT audit from SARS. This calculation exercise resulted in WTE laying an objection with SARS.</p>		
28	Irregular expenditure		
28.1	Reconciliation		
	Opening balance	688 002	637 813
	Add: Irregular expenditure - current year	28.2. 30 323	45 386
	Add: Irregular expenditure - prior year	28.3 -	5 654
	Less: Amounts condoned	28.3 (64 572)	(851)
		653 753	688 002
	Less: Amounts recoverable (not condoned)	-	-
	Less: Amounts not recoverable (not condoned)	-	-
	Irregular expenditure awaiting condonation	653 753	688 002
	Analysis of expenditure awaiting condonation per age classification		
	Current year	28 202	45 386
	Prior years	625 551	642 616
	Total	653 753	688 002

	Incident	Disciplinary steps taken/criminal proceedings	2014 R'000
28.2	Details of Irregular Expenditure - Current year		
	Goods or services of a transaction value of R10 000 to R500 000 were procured without inviting at least three written price quotations from prospective suppliers and the deviation was not approved by delegated person.	Matter referred to the Financial Misconduct Advisory Committee	2 082
	Goods and services with a transaction value above R500 000 were not procured by means of a competitive bidding process and the deviation was not approved by the accounting officer or his delegate in accordance with the SCM policy.	Matter referred to the Financial Misconduct Advisory Committee	6 551
	IT goods and services of a transaction value of below R500 000 were procured through quotations from suppliers who are not registered on the SITA list of prospective suppliers.	Matter referred to the Financial Misconduct Advisory Committee	85
	Procurement of goods and services was deliberately split into parts or items of smaller value merely to avoid complying with the requirements of the SCM policy and legislation.	Matter referred to the Financial Misconduct Advisory Committee	394
	Goods or services of a transaction value of more than R2 000 to R30 000 were procured without inviting at least three written price quotations from prospective suppliers and the deviation was not approved by delegated person.	Matter referred to the Financial Misconduct Advisory Committee	393
	Deviations from competitive bidding were approved on the basis of the goods and services only being produced by, or available from, a sole service supplier even though other suitable suppliers were available on the market.	Matter referred to the Financial Misconduct Advisory Committee	283
	The final decision on the acceptance of quotations was not done by a properly delegated official or committee.	Matter referred to the Financial Misconduct Advisory Committee	33
	Expenditure exceeding original excess of the approved contract or quoted amount or no contract in place	Matter referred to the Financial Misconduct Advisory Committee	2 187
	Correct SCM processes and procedures not adhered to	Matter referred to the Financial Misconduct Advisory Committee	1 100
	Contract extended without proper delegation	Matter referred to the Financial Misconduct Advisory Committee	128
	Services rendered without an existing SITA Service Level Agreement	Matter referred to the Financial Misconduct Advisory Committee	728
	Goods or services of a transaction value of R10 000 to R500 000 were procured without inviting at least three written price quotations from prospective suppliers and the deviation was not approved by delegated person.	None	160
	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	104
	Contracts awarded without original tax clearance certificates or tax clearance certificates expired	None	13 267
	Lowest quotation not selected and no motivation provided	None	21
	Non-compliance with Treasury Regulation for the procurement in excess of R500 000. 00	None	2 579
	Awards made to suppliers prohibited from doing business with the state	None	4
	Preferential Procurement Policy Framework not followed in the evaluation of bids for quotations or SCM evaluation criteria not fairly applied	None	224
			30 323

	Incident	Condoned by (condoning authority)	2014	2013
			R'000	R'000
28.3	Details of Irregular Expenditure condoned			
	Failure to obtain three written quotations for the procurement of goods and services	Director-General	7 868	0
	Expenditure exceeding original contract amount/ or no contract in place	Director-General	3 407	851
	Use of transversal contract illegally	Director-General	44 851	-
	Procurement of goods and services without following the proper SCM procedures	Director-General	3 643	-
	Request for ex post facto approval	Director-General	3 116	-
	Splitting of orders to circumvent SCM policies and procedures	Director-General	1 687	-
			64 572	851
29	Fruitless and Wasteful Expenditure			
	Incident	Disciplinary steps taken/criminal proceedings		
	Side Agent return items without following correct procedures and extra charge for transport was invoice by supplied	Matter referred to Finance Misconduct Advisory Committee	-	17
	Booking of accommodation for Central Operations not utilised	Matter referred to Finance Misconduct Advisory Committee	-	30
	Interest expenditure incurred on overdue accounts paid to Eskom	Matter referred to Finance Misconduct Advisory Committee	2	-
	Interest expenditure incurred on overdue accounts paid to municipalities	Matter referred to Finance Misconduct Advisory Committee	1	411
	Deviation from the scope of contract without approval - Change from mechanical gates to design and construction drawings for Piano Key Weir	Matter referred to Finance Misconduct Advisory Committee	17 928	
	Legal Services cost incurred due to case lost on appeal at High Court - The DWA lost its appeal on 27/06/2013. The High Court by its ruling took the position of DBAC awarded the tender to specification. This ruling also opened the validity period.	Matter referred to Finance Misconduct Advisory Committee	895	
	Official failed to notify Travel Administrators for cancellation of booking.	Matter referred to Finance Misconduct Advisory Committee	2	
			18 828	458

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 Thohoyandou, 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.

		2013	2012
		R'000	R'000
30	Prior year adjustments		
	The omission of various transactions in the prior years represent prior period accounting errors which must be accounted for retrospectively in the financial statements. Consequently, WTE shall adjust all comparative amounts presented in the current period's financial statements affected by the accounting errors.		
	The prior errors relate mainly to revenue and the related receivables from water charges, as well as retrospective adjustment for TCTA assets and liabilities. 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	(748 363)	(661 663)
	(Increase)/Decrease in liabilities	(1 446 945)	(830 302)
	Increase/((Decrease) in net assets	(2 195 308)	(1 491 965)
	<i>Represented by:</i>		
	<i>Increase/(decrease) in accumulated surplus:</i>		
	Increase in revenue	191 467	(227 401)
	Decrease in expenses	(894 811)	(1 310 873)
	Effect on surplus/deficit	(703 344)	(1 538 273)
	Effect on opening reserves	(1 491 965)	46 309
		(2 195 308)	(1 491 965)
30.1	Other corrections in prior years to ensure completeness and accuracy		
	Cash and cash equivalents	(354)	-
	Receivables from exchange transactions	(107 237)	(719 020)
	Inventory	-	-
	Property, plant and equipment	20 890	57 357
	Payables from exchange transactions	(34 653)	1 377
	Employee benefits	(20 831)	-
	Finance lease liability	(17 425)	648
	Financial liabilities: TCTA	(543 734)	(832 328)
		(703 344)	(1 491 965)
	Revenue from exchange transactions	183 010	(247 959)
	Revenue from non-exchange transactions	8 457	20 559
	Employee benefit costs	8 128	-
	Operating expenditure	(5 226)	10 552
	Administrative expenditure	-	-
	Impairment on financial assets	(326 751)	(483 098)
	Finance cost	(564 947)	(832 328)
	Depreciation, amortisation and impairment	(6 014)	(5 999)
		(703 344)	(1 538 273)
	Effect on opening reserves	(1 491 965)	46 309
		(2 195 308)	(1 491 965)

DEPARTMENT OF WATER AFFAIRS

185 Francis Baard Steet, Pretoria, 0001, South Africa
Private Bag X313, Pretoria, 0001, South Africa

Tel: +27 12 336 7500

www.dwa.gov.za

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