



ANNUAL REPORT | 2009/10

"Working Together We Can Save More Water"



water affairs

Department:
Water Affairs
REPUBLIC OF SOUTH AFRICA





LIST OF ACRONYMS

ACRONYMS	DESCRIPTION
AGSA	Auditor-General South Africa
AMCOW	African Ministers' Council on Water
BWP	Berg Water Project
CDP	Councillor Development Programme
CMAs	Catchment Management Agencies
CMP	Consumer Management Programme
COGTA	Department of Cooperative Governance and Traditional Affairs
DBSA	Development Bank of Southern Africa
DRC	Democratic Republic of Congo
DWA	Department of Water Affairs
eWQMS	electronic Drinking Water Quality Management System
FBW	Free Basic Water
FIFA	Federation International de Football Association
GIMSA	Ground Water Management Institute of Southern Africa
GAAP	Generally Accepted Accounting Principles
GRAP	Generally Recognised Accounting Practices
HDIs	Historically Disadvantaged Individuals
IBSA	India-Brazil-South Africa dialogue forum
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMC	Inter-Ministerial Committee
IT	Information Technology
LGTS	Local Government Turn-around Strategy
LHWP	Lesotho Highlands Water Project
MIG	Municipal Infrastructure Grant
MTSF	Medium Term Strategic Framework
NEPAD	New Partnership for Africa's Development
NLA	National Laboratory Association
ORWRDP	Olifants River Water Resources Development Project
OSD	Occupation Specific Dispensation
PCRD	Post Conflict Reconstruction and Development
PILIR	Policy and Procedure on Incapacity Leave and Ill-health Retirement
PFMA	Public Finance Management Act





ACRONYMS	DESCRIPTION
PGDS	Provincial Growth and Development Strategy
PTO	Permission to Occupy
RMPs	Resource Management Plans
SADC	Southern African Development Community
SAICE	South African Institution of Civil Engineers
SANAS	South African National Accreditation Service
SMMEs	Small Medium and Micro Enterprises
SMS	Senior Management Service
TCC	Technical Coordinating Committee
TCTA	Trans-Caledon Tunnel Authority
UK	United Kingdom
UN	United Nations
UNCSD	United Nations Commission on Sustainable Development
UNFCCC	United Nations Framework Convention on Climate Change
VIP	Ventilated Improved Pit latrine
VRESAP	Vaal River Eastern Subsystem Augmentation Project
WARMS	Water Use Authorisation and Registration Management System
WfW	Working for Water
WHO	World Health Organisation
WMA	Water Management Area
WoF	Working on Fire
WQRS	Water Quality Regulation System
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSNIS	Water Services National Information System
WSPs	Water Service Providers
WUAs	Water User Associations
WWF	World Water Forum
WWQS	Waste Water Quality System
WWTWs	Waste Water Treatment Works

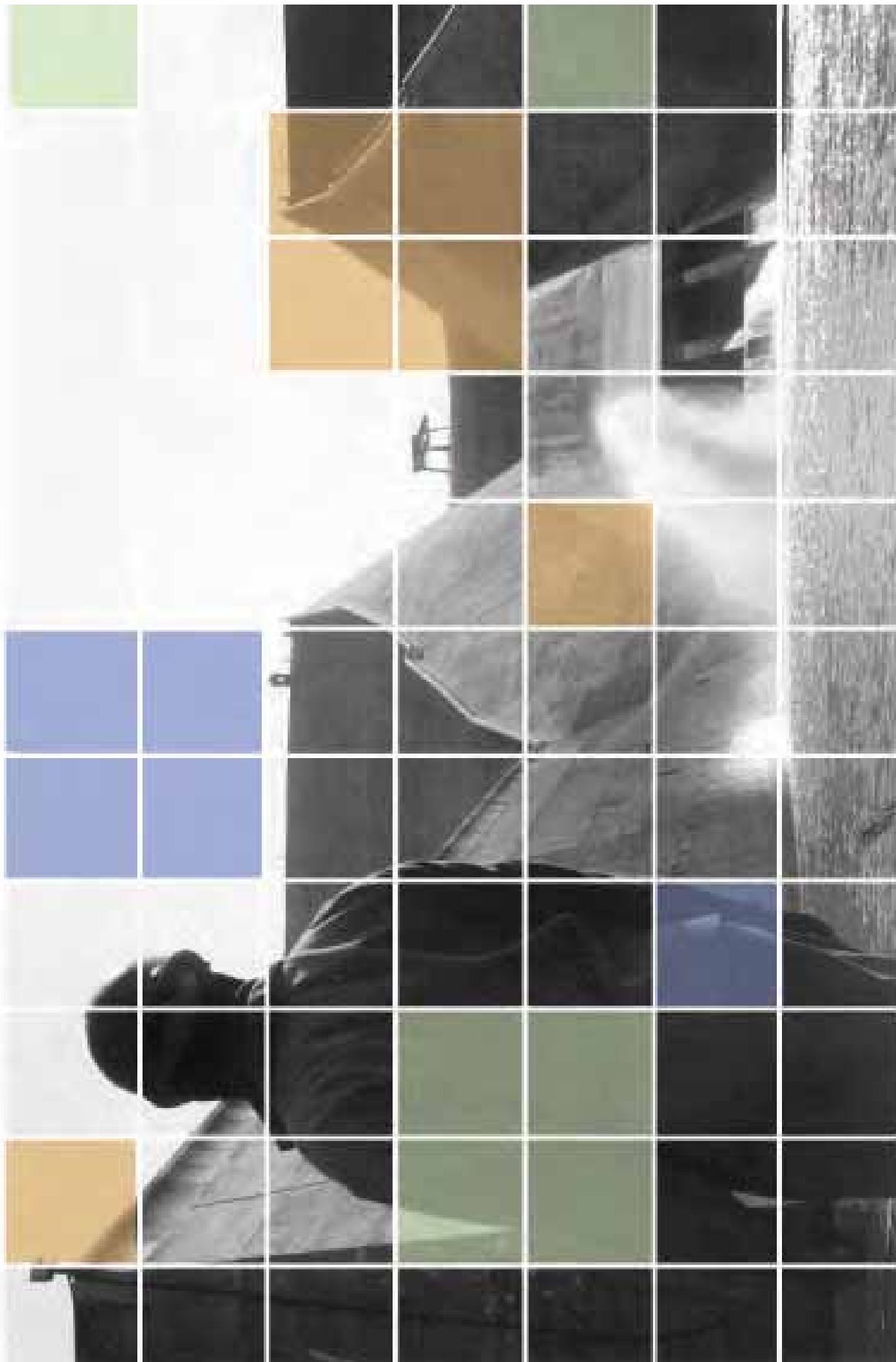




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SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY FOR THE YEAR ENDED 31 MARCH 2010

To the Minister of Water and Environmental Affairs

It is my pleasure to present this report on the work of the Department of Water Affairs for the financial year ended 31 March 2010.

Ms N. Ngele
Acting Director-General: Water Affairs





PART ONE

1. GENERAL INFORMATION

1.1 INTRODUCTION BY THE ACCOUNTING OFFICER

During the year under review, the Department has made some strides in ensuring that the priorities of government as articulated in the Medium-Term Strategic Framework (MTSF) 2009-2014 are achieved. The main focus was the rolling out of the Water for Growth and Development Framework (WfGDF) which was approved by Cabinet in 2008.

The WfGDF is a comprehensive response to the challenges facing the country in terms of long term water security while at the same time responding to the economic needs of the country. The Department undertook massive mobilisation and consultation of key stakeholders around, giving expression to the notion that water is central to all developmental initiatives. Successful mobilisation and consultation took place through the Provincial Water Summits that were led by the Minister. Through these provincial consultations, Provincial Action Plans were developed to facilitate that the WfGDF gets integrated into the respective Provincial Growth and Development Strategies (PGDSs). The key achievements are highlighted below:

1.1.1 Sustainable and equitable water resources management

The Department has embarked on the process of conducting studies on "Reconciliation Strategies" in various parts of the country to be able to address future water demands in a way that does not compromise the social, economic and ecological needs of the country. The Department has, during the year under review, completed three reconciliation strategies (for the Crocodile West, Vaal and KwaZulu-Natal coastal areas), to secure continued water supply to those areas at an appropriate level of assurance for various users.

Monitoring of our resources is critical to ensure that we have reliable data in terms of water quality and availability. It also enhances our ability to plan and manage the resource. In this regard, a total of 900 gauging stations were monitored and maintained at acceptable levels to ensure that the information is available to support sustainable management of water resources.

During the year under review, we have also concentrated on ensuring availability of water resources for meeting reserve requirements and the needs of all water users on a sustainable basis. We have achieved the following:

- A national water resource classification system has been finalised
- Regulations for the classification of water resources has been finalised
- National coverage of Reserve determination has been escalated to 60%

As part of improving water allocation, 16% of water licenses were issued to historically disadvantaged individuals (HDIs) and a further 18% backlog of licenses was eradicated.

1.1.2 Universal access to safe and affordable water services

As a sector regulator, the Department has a role to ensure the provision of water services to the South African population. During the year under review, the Department provided support to 168 Water Services Development Plans (WSDPs) for various municipalities, as well as to seven provincial plans.

1.1.3 Compliance, Monitoring and Enforcement

The Department conducted an assessment on the quality of drinking water under the Blue Drop programme, and a total of 23 out of 50 drinking water systems were awarded Blue Drop certificates. The Green Drop programme, which focuses on assessing the quality of Waste Water Treatment Works (WWTW), was also undertaken and resulted in 32 out of 60 WWTW being awarded certificates of compliance.

1.1.4 Infrastructure development and maintenance

An achievement of 92% and 95% was recorded on the completion of the schemes under construction and the maintenance programmes, respectively, to ensure that the country's water resources infrastructure is adequate to equitably provide water to users. The operations of water resources infrastructure aimed at meeting the supply of bulk raw water supply achieved 95% level of assurance of supplier to different users.





1.1.5 The road ahead

- The Department intends to undertake a **Legislative review** of the current water related legislation. The Water Services Act, 1997 (Act 108 of 1997) requires significant reviewing to ensure alignment with the provisions of the Municipal Systems Act, 2000 (Act 32 of 2000) and the Municipal Finance Management Act, 2003 (Act 56 of 2003). While The National Water Act, 1998 (Act 36 of 1998) provides a legal framework for the progressive realisation of the right to access sufficient water, there is however a need to review the act to ensure that there is equity in the allocation of water; to improve water resources management; and to streamline the regulatory processes.
- The Department is in the process of reviewing the **National Water Resource Strategy (NWRS)**. Since the publication of the 1st Edition of NWRS was in 2005, five years have elapsed; and it is therefore required that the NWRS be reviewed. This review provides an opportunity to ensure that water is at the centre of planning and supports the broad national economic and social development goals through the Water for Growth and Development Framework (WfGD) without compromising long-term sustainability of water resources.
- The Department is developing a methodology and framework to establish an **Economic Regulator**. This methodology/framework for the effective economic regulation of the entire water value chain is intended to ensure the alignment of legislation and furthermore to develop an operational model in order to deal with current challenges resulting from the growing imbalance between supply and demand for water in South Africa.
- A revision of the current **water pricing strategy** aims to improve the financial viability of government's bulk raw water business. The current provision to cap annual water tariff increases and exclude categories of users from paying the "Return on Assets" related tariffs results in annual deficits. Appropriate pricing of water is necessary to ensure that this scarce resource is valued by all citizens.
- Department of Water Affairs plans to complete seven **new bulk raw water augmentation projects** to support sustained economic growth and meet the growing social water needs. These projects will increase the asset value of government water works

with an estimated R21, 8 billion.

- A huge backlog has developed on the **regional bulk water and sanitation infrastructure** owned by municipalities, including water treatment and waste water treatment plants. Surveys done jointly with local government estimate the backlog at R60 billion. The Department has budgeted R5, 4 billion over the next four years to reduce this backlog and this excluded budget by local government.
- The Dam Safety rehabilitation Programme which commenced in 2005 will be continued and planned rehabilitation works will be completed at 25 dams. A similar programme has been started to rehabilitate water conveyance infrastructure. With these two programmes, the backlog is expected to be decreased by R 4 billion in the next four years using funds allocated from the fiscus and from revenue collected from the sale of water.
- The Department acknowledges that there is backlog in finalising Water Use Authorisation Applications and further acknowledges the urgency to deal with and clear the backlog. The Department has embarked on the "Letsema" initiative which to date (end of the 09/10 Financial Year) has been rolled out to three of the regions/provinces. Applications which are 7 months and older are considered to be part of the backlog.

I wish to take this opportunity to express my sincere appreciation of the Minister and Deputy Minister – for their continued guidance and leadership; the Portfolio Committee; the NCOP on Water and Environmental Affairs – for its continued support to the Department; and the members of top management and management committees, including all officials who demonstrated full dedication and commitment in ensuring that the Department delivers on its mandate quite firmly and effectively.

Ms N. Ngele
Acting Director-General: Water Affairs







1.2 INFORMATION ON THE MINISTRY

TABLE 1: MINISTER'S INTERNATIONAL TRIPS

Destination	Purpose of the trip	Date
France	Major Economies Forum	24/05/09
Kenya	Special session on Climate Change	28/05/09 - 30/05/09
Libya	To attend informal dialogue on Climate Change	26/06/09 - 05/07/09
Italy	Major Economies Forum on Climate Change	06/07/09 - 11/07/09
Sweden	To accompany Minister to attend EU's Energy and Environment Minister's	22/07/09 - 25/07/09
Nigeria	To attend an Executive Committee (AMCOW-EXCO) meeting in Abuja	28/07/09 - 02/08/09
Addis Ababa	To accompany Minister to attend special session on climate change	02/09/09 - 04/09/09
Washington and NewYork	To attend Major Economies Forum and United Nations General Assembly	15/09/09 - 24/09/09
France	To attend 35th session on United Nations Educational Scientific and Cultural Organisation UNESCO general conference	10/10/09 - 14/10/09
Sweden	To attend Major Economies Forum on Energy and Climate Change, to attend 4th edition of the European Development days, and to attend 1st ITUC World Women's conference	17/10/09 - 26/10/09
Sweden	4th ITUC World Women's Conference, 19-21 October 2009, Brussels, Belgium	24/10/09 - 25/10/09
Spain (Barcelona)	To attend an informal Ministerial meeting on Climate Change	29/10/09 - 01/11/09
Denmark	To attend informal Ministerial consultations (Pre-cop)	14/11/09 - 17/11/09
China	To attend the Basic Ministerial Co-ordination meeting in Beijing, China	25/11/09 - 29/11/09
Denmark	To attend Climate change conference	08/12/09 - 20/12/09
New Dehli and Switzerland	Basic Ministerial meeting and World Economic Forum	24/01/10 - 31/01/10
London	State Visit	01/03/10 - 06/03/10
New York	To attend World Water Day	20/03/10 - 24/03/10
Uganda	State Visit	26/03/10 - 27/03/10



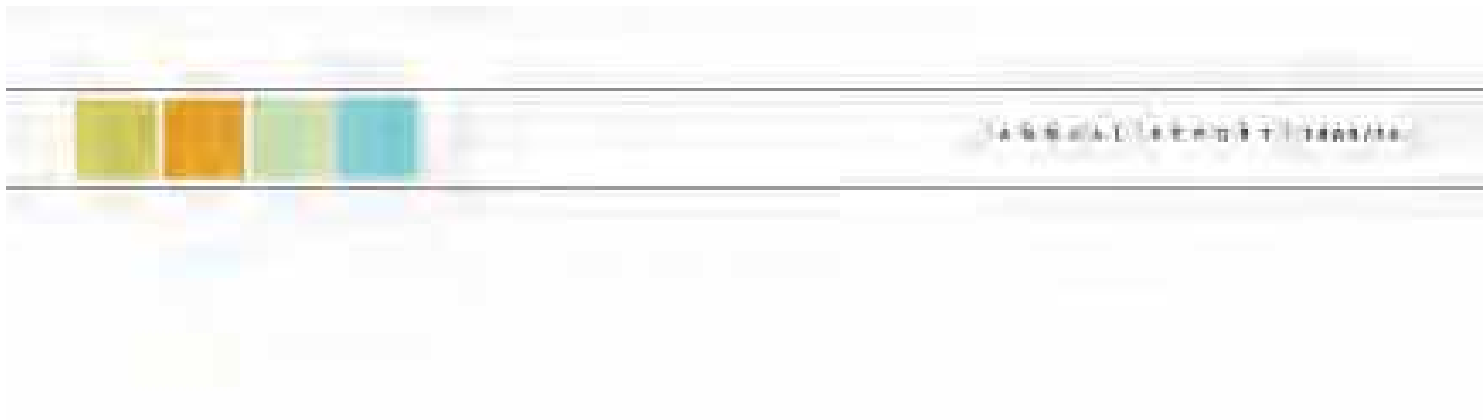


TABLE 2: DEPUTY MINISTER'S INTERNATIONAL TRIPS

Country	Purpose of the trip	Date
Stockholm-Sweden	World Water-Week	14-23 Aug 2009
Ethiopia	AU Conference	24-25 Aug 2009
Ethiopia	Orientation of Delegates	18-20 Sep 2009
Cairns-Australia	5 th GEF Waters Conference	24-30 Oct 2009
Munich-Germany	South Africa- Germany Business Forum	26-30 Nov 2009
Zambia	President's State Visit	8-10 Dec 2009
Bali-Indonesia	26 th Governing Council Conference of UNEP	22-26 Feb 2010
Namibia	African Environmental Leaders' Conference	8-10 Mar 2010
Cuba-Havana	International Conference on Environment and Development	6-10 July 2009
Cuba	Cuba/South Africa Trade and Investment Relations	14-18 June 2009
Argentina	Ministerial Panel to combat Desertification	26-30 Sept 2009
Zimbabwe	Ministerial meeting for Environment and Natural Resources	12-14 Dec 2009
Copenhagen	Climate Change	13-19 Dec 2009
Qatar-Doha	15 th Conference of the Parties	20-26 Mar 2010
Kenya-Nairobi	COP6 of Plenipotentiaries	30-01 Apr 2010





1.3 STRATEGIC OVERVIEW

1.3.1 Vision

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

1.3.2 Mission

The Department of Water Affairs makes a positive impact on our country and its people as custodians of our water resources, and as innovative and committed partners in the drive for sustainable development:

- We are service and delivery oriented. We strive to get it right the first time, every time, on time – ensuring that our citizens are provided with water services they deserve.
- We lead our sector and enable our partners with knowledge and capacity to ensure that all water services are delivered.
- We are committed to innovation and use cutting-edge technology as a catalyst of positive change, connecting our people and enabling them to work anywhere, anytime.
- We are a Department with a heart that values our investment in our people. We provide them with a caring and trusting environment that encourages personal development, and is a breeding ground for talent.

1.3.3 Values

- Transparency
- Respect
- Excellence
- Everyone

1.4 LEGISLATIVE MANDATES

The work of the Department is informed by various key legislative, policy and regulatory frameworks that are discussed as follows:

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

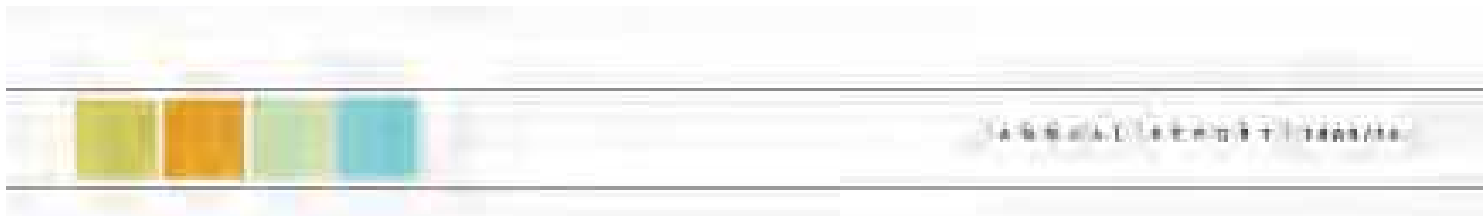
The objective of the Act is to provide for the rights of access to basic water supply and basic sanitation by setting national standards and norms. Section 156, read in conjunction with Part B of Schedule 4 of the Constitution of the Republic of South Africa (Act No. 108 of 1996) gives the Executive Authority the responsibility to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

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

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

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

To provide for the promotion of research in connection with water issues and, for that purpose, to establish the Water Research Commission and Water Research Fund, the Minister of Water and Environmental Affairs appoints members of the Commission and exercises executive oversight with regard to the Commission.



1.5 PUBLIC ENTITIES AND STATUTORY BODIES REPORTING TO THE MINISTER

The institutions reporting to the Minister include: the Catchment Management Agencies (CMAs); the Trans-Caledon Tunnel Authority (TCTA); the Water Research Commission (WRC); and fourteen (14) Water Boards.

1.5.1 Catchment Management Agencies

The Catchment Management Agencies (CMAs) are established in terms of Chapter 7 of the National Water Act, 1998 (Act No. 36 of 1998) and are classified as Schedule 3A public entities in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended. Their main responsibility is to manage water resources at catchment level in collaboration with local stakeholders, with a specific focus to involve local communities in the decision making processes, in terms of meeting basic human need, promoting equitable access to water and facilitating social and economic development.

1.5.2 Trans-Caledon Tunnel Authority (TCTA)

The TCTA was established in terms of the National Water Act, 1998 (Act No. 36 of 1998) and is listed as a Schedule 2 public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), as amended. It is responsible for the development of bulk raw water infrastructure and also provides an integrated treasury management and financial advisory services to water boards. Some of the mega projects that the TCTA is responsible for are: the Lesotho Highlands Water Project (LHWP); the Berg Water Project (BWP); and the Vaal River Eastern Subsystem Augmentation Project (VRESAP). By virtue of the relevant notice of establishment, the Department has delegated its project execution role and the National Treasury has delegated its borrowing powers to the TCTA.

1.5.3 Water Research Commission (WRC)

The WRC was established in terms of the Water Research Act, 1971 (Act No. 34 of 1971) and is classified as a Schedule 3A public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. Its mandate includes the promotion of co-ordination, co-operation and communication in the area of water research and development, funding water research according to priorities, promoting effective transfer of information and knowledge, and ensuring capacity building in the water sector.

1.5.4 Water Boards

Water boards are established in terms of the Water Services Act, 1997 (Act No. 108 of 1997) as organs of State. The primary activity of water boards is to provide water services to other water services institutions within their respective service areas. They may perform other activities under conditions set out in section 30 of the Water Services Act, 1997 (Act No. 108 of 1997). The water boards are regulated by the Minister in terms of both the Water Services Act, 1997 (Act No. 108 of 1997) and the PFMA, 1999. Water boards submit, on an annual basis, shareholder's compacts (business plans) and policy statements to the Minister a month before the beginning of the new financial year. In as far as business plans are concerned, the Minister may direct water boards to change these in order to meet all the requirements of the Water Services Act, 1997 (Act No. 108 of 1997).





TABLE 3: LIST OF WATER BOARDS REPORTING TO THE DEPARTMENT

No.	Name of Water Board	Province
1	Albany Coast Water	Northern Cape
2	Amatola Water	Eastern Cape
3	Bloem Water	Free State
4	Botshelo Water	Free State
5	Bushbuckridge Water	Mpumalanga
6	Lepelle Northern Water	Limpopo
7	Magalies Water	North West
8	Mhlathuze Water	KwaZulu - Natal
9	Namakwa Water	Northern Cape
10	Overberg Water	Western Cape
11	Pelladrift Water	Northern Cape
12	Rand Water	Gauteng
13	Sedibeng Water	North West
14	Umgeni Water	KwaZulu - Natal

1.6 OTHER INSTITUTIONS REPORTING TO THE MINISTER

1.6.1 Irrigation Boards

In terms of the National Water Act, 1998 (Act No. 36 of 1998) existing irrigation boards are expected to transform into WUAs that will be inclusive of all affected stakeholders in their areas of operation. The membership of the irrigation boards previously consisted of commercial farmers and was based on water allocation which was connected to title deeds on land, with the previously disadvantaged groups not having access. The current arrangement requires that the previously marginalised sectors should be represented in the WUAs, including domestic water users receiving water through the WUAs' infrastructure, local government institutions, historically disadvantaged farmers, aspiring farmers and environmental concerns.

1.6.2 Smallholder water user associations

These are smallholder irrigation schemes that existed in

the former homeland areas where raw water supply and agricultural activities were managed by government or state-owned development organisations. Smallholder farmers farm mostly on communal land, which belongs to the State. Land allocation is administered by the tribal authority through the issuing of Permission to Occupy (PTO) certificates, which is in modern terms not regarded as valid security for production loans at financial institutions, since there is no basis upon which banks can repossess and sell land to recover losses on bad debt.

1.6.3 Multi-sectoral WUAs

The WUAs are co-operative associations of water users established in terms of the National Water Act, 1998 (Act No. 36 of 1998) to undertake water-related activities for the mutual benefit of all its members and also manage local water infrastructure, for example irrigation water supply schemes. WUAs play an important role towards the implementation of poverty alleviation and food security programmes. There are thirteen WUAs, namely Tulbagh; Kabous River; Northern Sandveld; Krom Antonies; Wolsel; Onrus; Duivenhoks; Kweekvallei; Oukloof; Sekhukhune; Tubatse; Ilanga; and Tshiping.





PART TWO

2. PROGRAMME PERFORMANCE FOR THE MAIN EXCHEQUER ACCOUNT

TABLE 4: VOTED FUNDS: VOTE 41

Appropriation	Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000
	7,893,827	7,774,002	7,580,539	187 173
Responsible Minister	Minister of Water and Environmental Affairs			
Administering Department	Department of Water Affairs			
Accounting Officer	Acting Director-General of Water Affairs			

2.1 AIM OF VOTE

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

2.2 DEPARTMENT'S STRATEGIC GOALS AND OBJECTIVES

During the year under review, the Department sought to pursue the strategic goals and objectives listed in Table 5. As far as possible, these objectives were aligned to the legislative mandate referred to in paragraph 1.4 above and the Medium Term Strategic Framework.

TABLE 5: STRATEGIC GOALS AND OBJECTIVES

Strategic Goals	Strategic Objectives
Ensuring sustainable and equitable water resources management	Forecasting and balancing of water demand and supply
	Ensure adequate information and knowledge to sustainably manage water resources
	Improve water allocation
	Improve water use efficiency
	Improved water resource quality
	Ensure protection of water resource quality and quantity
Ensure universal access to safe and affordable water services	Ensure water service delivery through policy and regulation
	Regulate Water Services Authorities
Build, operate and maintain infrastructure	Develop and construct new infrastructure
	Asset management
	Percentage maintenance of infrastructure as per maintenance plan
	Ensure the provision of regional bulk water
	Rehabilitation and refurbishment of water resources infrastructure





Strategic Goals	Strategic Objectives
Aligned and effective institutions	Effective oversight of institutions
	Establish appropriate institutions
Pursuing African advancement	Ensure implementation of cooperation agreements
	Shape the global agenda on water
	Strengthen regional institutions of water
Create a value driven, effective and responsive department	Organisational growth and development
Transformation	To provide gender equality and woman empowerment solutions
	Contribute towards poverty alleviation through job creation initiatives

2.3 DESCRIPTION OF PROGRAMMES

2.3.1. PROGRAMME 1: ADMINISTRATION

2.3.1.1 Purpose

The purpose is to provide leadership in policy development and advice and core support services through effective implementation of various systems and processes relating to financial management, human resources, communications, legal services, information management, as well as organisational performance management. It comprises various key sub-programmes, namely Corporate Services, Financial Management, Chief Operations Officer, Ministry (offices of Minister and Deputy Minister), and these are further broken down into sub-programmes mentioned below.

2.3.1.2 Brief description of sub-programmes

Various sub-programmes under this programme are described as follows:

Human resources provide human resource services and solutions which are targeted at adding value and improving business performance through people.

Communication services is responsible for the promotion of the effective profiling of the Department,

public awareness, education and communicating the work of the Department to the public and stakeholders.

Legal services is responsible for the provision of effective legal support to maximise the Department's pursuance of its mandate.

Gender and disability is responsible for ensuring that Departmental programmes and strategies are aligned to the national gender policy.

Administration is responsible for the provision of a safe and secure physical environment and appropriate logistical support.

Information services provide ICT support and solutions and oversee the management of IT operations.

Supply chain and asset management is responsible for the effective management of the supply chain management system and assets as required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) as amended. It also develops and implements policies and procedural guidelines in relation to procurement and asset management.

Revenue and debtors management is responsible for the management of the revenue generated through the Water Trading Entity, billing management, debt management, billing and collection of the Water Research Levy on behalf of the Water Research Commission.





Financial accounting and reporting is responsible for ensuring efficient management of daily financial operations, which include the classification, recording and reporting on financial accounting activities in accordance with Generally Recognised Accounting Practices (GRAP).

Management accounting is responsible for financial planning, implementing costing models to enhance overall financial performance and budget compilation.

Budget and planning is responsible for linking annual budgets to government priorities, provide guidance on budgeting processes, as well as the monitoring of expenditure against budget.

Financial management is responsible for ensuring improvement with regards to financial management processes and systems.

Office of the Director-General (DG) is responsible for providing administrative support to the DG and secretariat services to the Department.

Executive support is responsible for rendering administrative support services to the DG and the Minister, which entails the handling of correspondence between the Minister and the DG as well as the handling of priority enquiries and correspondence.

Policy coordination and stakeholder management is responsible for coordinating the Department's strategic liaison with Parliament and Cabinet, Cluster Committees, departmental entities and stakeholders.

Corporate planning is responsible for coordinating and facilitating the development of strategic and business plans as well as monitoring the implementation thereof through recording quarterly progress and annual reports.

External transformation is responsible for providing strategic direction, support and advice on the transformation policy, strategy development and for facilitating and monitoring the implementation of the transformation roadmap of the Department.

Internal audit is responsible for providing an independent, objective assurance and advisory services designed to add value and improve the Department's operations. Internal audit supports the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Risk management is responsible for the formulation, facilitation and coordination of risk management activities, ensuring that best practice is adopted and business continuity plans are put in place to mitigate the identified risks.

The 2010 FIFA World Cup Project Unit is responsible for the coordination of all activities directed at supporting host cities to provide safe drinking water for the 2009 Confederations Cup and 2010 FIFA World Cup events and also mobilise national teams' participation in the Green Goal Campaign through tree planting at various locations throughout the country as well as represent the Department in all 2010 FIFA World Cup Forums, e.g. the 2010 Inter-Ministerial Committee (IMC); the Technical Coordinating Committee (TMC); and the Host Cities Forum.





2.3.1.3 Key highlights

The following highlights were recorded during the reporting period:

(a) Gender and women empowerment

Implementation of six empowerment initiatives aimed at promoting, inter alia gender mainstreaming and women empowerment.

(b) Performance management and development system

Improvement in the signing of performance agreements and completion of performance assessment, particularly at senior management level.

(c) Skills development

Implementation of the workplace skills plan which resulted in the provision of various training interventions with regard to employees and also prospective employees who were provided with bursaries to pursue studies in the technical fields to address the skills shortage in the Department.

(d) Improvement of organisational performance monitoring and evaluation

A manual system for managing the performance of the Department was developed in the form of policy and procedure manuals. Although these are considered as interim measures while an automated monitoring and evaluation system is being developed and expected to be finalised towards the end of the 2010/11 financial year, it is expected that the Department will improve on the development of performance measures and indicators and set realistic targets within which proper monitoring and evaluation of what has been achieved against the set targets can take place. This issue was previously raised in the Auditor-General's report as an emphasis of a matter which required serious attention.

(e) Improvement of interaction with Parliamentary and Cabinet Cluster Committees

A system aimed at improving the interaction between the Department and the statutory committees was developed and implemented. Although it is manually based, the Department is able to track down all questions received from various Parliamentary committees and also improve on turnaround times with regard to responses.

(f) Establishment and functioning of governance structures

In order to ensure effective and efficient management of the Department, various governance structures were established and approved by the Minister to ensure that decisions are taken and implemented accordingly. This includes clarifying the distinct roles and responsibilities for each of these structures.

(g) Improving management capacity

Key senior management posts were filled within the finance, corporate services and chief operations office branches to enhance the capacity to deliver services as required by the Department's legislative mandate.

(h) Coordination of the 2010 FIFA World Cup

The Department effectively participated in various 2010 FIFA World Cup technical coordinating committees to ensure the successful hosting of the event and continuous dissemination of information relating to the status of the quality of drinking water in each of the host cities.

(i) Risk management

A Risk Management Framework was implemented and registers and plans for the Department, branches and regions were developed

(j) Sustain an unqualified audit opinion

About 90% of the milestones contained in the financial improvement plan was implemented to ensure that issues raised by the Auditor-General in the 2008/09 audit report do not recur.





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(k) Asset management

Various policies relating to asset management were implemented throughout the Department. The Departmental Asset Register is continually maintained by conducting monthly reconciliations; as a result the Asset Register is reconciled and reliable.

(l) Revenue management

There has been a tremendous improvement in the billing system. About 80% accuracy in the billing system was achieved which will ultimately result in an increase in the collection of revenue from water users. Inability to reduce the number of days for the collection of debts remains an ongoing challenge but an effort will be made to improve on this in the new financial year.

(m) Payment of suppliers

In the past the Department could not pay invoices within the prescribed 30 days. The Department has placed more effort in ensuring that invoices are paid within 30 days, as stipulated by the PFMA.

(n) Contract management

The Department has embarked on a project to develop a contract management system in an effort to improve the monitoring of contracts. The contract management system will be rolled-out during the 2010/11 financial year. This system will enable management to identify at any stage of the year, the current contracts, the date of commencement, the date of expected completion, the initial value of each contract, variation orders approved (date and value), the amount already paid in respect of each contract since the date of commencement, the remaining period and the amount still available.

(o) Business process

In order to facilitate an advanced understanding of the Department's business processes, the Department has, during the year under review, decided to invite the audit team to attend sessions addressed by each chief directorate and facilitated by Finance, before the

commencement of the audit process. During these sessions the business processes of each chief directorate were explained to the audit team and questions for clarification responded to. This exercise was a huge success as the audit queries and questions raised during the audit process were of a high standard which should help the auditing process.

(p) Transfer of functions

The functions in respect of Forestry and Sanitation were transferred to the Minister of Agriculture, Forestry and Fisheries and the Minister of Human Settlements respectively. According to the determination letters that were signed by the Minister of Public Service and Administration, the Sanitation function was transferred to the Department of Human Settlements with effect from 1 December 2009 and the Forestry function to the Department of Agriculture, Forestry and Fisheries with effect from 23 March 2010.

2.3.1.4 Key challenges and proposed solutions

The following challenges were experienced under this programme:

- (a) The Strategy on the Management of HIV/AIDS in the Workplace has not been finalised but various initiatives were implemented as part of supporting the national strategy on HIV/AIDS. This will receive serious attention in the next financial year to ensure that the Department clearly demonstrates its commitment to fight the pandemic.
- (b) There was inadequate funding for the implementation of various information technology initiatives aimed at enhancing the Department's capacity to deliver. As a remedy to this challenge, priority will be given to the funding of the master systems plan in the new financial year.
- (c) The automated monitoring and evaluation system which was scheduled to be developed during the reporting period, is still outstanding. The development of this system will intensify in the new financial year and is expected to be completed in March 2011.





- (d) A climate survey to measure the perceptions of the public towards understanding the value of water could not be conducted due to inadequate funding. Alternative means of gathering data will be implemented in the new financial year to get feedback from the public.
- (e) The slow recruitment process and difficulty in getting suitable candidates to fill critical positions has negatively impacted on the reduction of the vacancy rate which was targeted at 10%. This will be improved through the review of the recruitment process as well as the cleaning of PERSAL information to ensure the accuracy of post establishment information.
- (g) The Department has not been able to achieve the 1% target of employing people with disabilities because of not getting suitable candidates for vacant positions. The Department will continuously interact with organisations representing people with disabilities to ensure that candidates with the necessary skills can be identified to fill vacant positions.

2.3.2 PROGRAMME 2: WATER RESOURCES MANAGEMENT

2.3.2.1 Purpose

The purpose of the programme is to ensure that the country's water resources are used, developed, conserved and managed in a sustainable and equitable manner for the benefit of all people. It comprises two main sub-programmes, namely National Water Resources Infrastructure (NWRI) and Water Management, and two of the six branches of the Department, the branch: Policy and Regulation.

2.3.2.2 Brief description of sub-programmes

- (a) **Equitable supply** is responsible for covering policy, planning and regulatory functions required to ensure reliable and equitable supply of water for sustainable economic and social development, including the eradication of poverty. This includes assessing available water in particular areas and developing strategies to enable supply to meet demand.
- (b) **Sustainable supply** is responsible for the provision of reliable and equitable supply of bulk water, water conservation and demand management, as well as the Working for Water (WfW) and Working on Fire (WoF) programmes for sustainable economic and social development, including the eradication of poverty.
- (c) **Protection policies** covers policy, planning and regulatory functions required to ensure the protection of water resources, such as developing a system for classifying water resources as required by the National Water Act, 1998 (Act No. 36 of 1998).
- (d) **Protection measures** initiates and supports the implementation of measures to protect water resources, such as pollution protection measures or ensuring sufficient water for the aquatic ecosystem to function properly.
- (e) **Institutional regulation** provides policy and strategy support for developing and establishing effective water management institutions (CMAs and WUAs), and includes revenue collection from water use charges.
- (f) **Institutional development** ensures that effective water management institutions are developed in the regions.
- (g) **Strategic alignment** ensures that internal policies and strategies of the Department are consistent and aligned with relevant external policies and legislation. It develops and maintains monitoring and information systems, and promotes capacity





building among water resource management practitioners and stakeholders.

- (e) **Stakeholder empowerment** is responsible for developing empowered, skilled and representative staff and capacitates stakeholders and the general public to achieve integrated water resource management.
- (i) **African cooperation** is responsible for promoting integrated water resource management globally, and particularly in Africa in support of the New Partnership for Africa's Development (NEPAD).
- (j) **Water resource administration** provides management and administrative support services to the programme in the national office.
- (k) **Water resource support** provides support services to the programme in the regions, namely human resources, financial management and general administration.
- (l) **Operations of water resources** provides for the augmentation of the Water Trading Entity to ensure the effective management of water resources and the sustainable operation and management of bulk water infrastructure.
- (m) **Infrastructure development and rehabilitation** provides for the design, construction and commissioning of new water resource infrastructure, as well as the rehabilitation of existing infrastructure to ensure safety and functionality of departmental dams and related infrastructure.

2.3.2.3 Key highlights

Key highlights recorded under this programme relate to the following:

(a) Infrastructure development

The Vaal River Eastern Sub-system Augmentation Project was declared operational in June 2009. After a capital investment of R2.5 billion, water can now be conveyed through a large pipeline from the Vaal Dam to a distribution point near Secunda to ensure the provision

of additional water to Eskom and Sasol at the high level of assurance of supply required for strategic industries.

Completion of 38% of the Olifants River Water Resources Development Project (ORWRDP): this relates to the construction of the new 20 kilometre road (R555) which was relocated around the De Hoop Dam basin and opened for traffic in June 2009. Furthermore, a Project Charter was established to set socio-economic targets that would promote the optimisation of benefits for the local citizens of the Sekhukhune District and this Resulted in providing job opportunities to 1200 local workers.

The Department commenced with planning and design work for the implementation of four major water augmentation projects listed in Table 4, for which construction will only take place in the new financial year.

(b) Rehabilitation and maintenance

Implementation of the Dam Safety Rehabilitation Programme which resulted in the rehabilitation of eighteen dams to ensure sustainability of water supply, limiting water losses and increasing the spillway capacity to ensure the protection of the dams as part of disaster management. As a result, R324 million was spent and 4 169 decent jobs were created during the year under review.

Since 2007 to date, the Department has rehabilitated 24 river canals that supply the Voëlvlei Dam with water and this work is scheduled to be completed by 2011.

(c) Water for Growth and Development Framework

A total of seven provincial water summits were held as part of the consolidation of the Water for Growth and Development Framework, with specific focus on sectors such as agriculture and rural development, domestic as well as economic development.

Under this programme, the Department identified the need for the desalination and recycling programme in coastal towns such as Bitou, Knysna, George as well as Mossel Bay. These towns are now expected to introduce purification processes that can utilise sea water as a source for their potable water supplies.





(d) Blue and Green Drop Programmes

The Department implemented the Blue Drop Certification Programme which resulted in the issuing of twenty three (23) Blue Drop certificates to the systems in various municipalities. The 2010 FIFA World Cup host cities' Blue Drop Certification Report on Drinking Water Quality released in March 2010 rated all our host cities as excellent.

The Green Drop Report was finalised with thirty two (32) waste water treatment works (WWTW) attaining Green Drop status as part of the incentivised regulatory approach.

(e) Water and environmental courts

The Department managed to reach an agreement with the Minister of Justice and Constitutional Development to dedicate four courts for environmental and water related cases in the areas of the Johannesburg South Regional Court; the Durban Regional Court; the Nelspruit Regional Court; and the Hermanus District Court.

(f) Technical support intervention to municipalities

The Department assessed all integrated development plans (IDPs) of municipalities to ensure that water resources and water services issues are fully catered for and given the necessary priority. Furthermore, continuous technical support was provided to municipalities with regards to planning and the development of water services development plans (WSDPs).

(g) Contribution to rural development and food security

Support to 360 poorly resourced farmers, ranging from bulk water distribution infrastructure for irrigation to subsidising operation and maintenance payments billed by water users associations, were provided. Furthermore, about 2 544 water tanks were provided to 500 households as part of the contribution to both the Comprehensive Rural Development Programme and War on Poverty Campaign.

TABLE 6: LIST OF MEGA INFRASTRUCTURE PROJECTS AND OTHER ESTIMATED COMPLETION DATES

Project Description	Completion Period	Budget
Augmentation of Eastern Vaal Subsystem (VRESAP Pipeline) (Gauteng/ Mpumalanga)	2010	2,6 billion
Luvuvhu River GWS: Nandoni Water Treatment Works (Limpopo)	2010	405 million
Olifants River Water Resources Development Project Phase 1: De Hoop Dam (Limpopo)	2012	2,6 billion
Luvuvhu River GWS: Bulk Distribution Works (Limpopo)	2012	787 million
Sabie River GWS: Inyaka Water Treatment Works (Mpumalanga): Inyaka PH 3 Comp Inyaka PH 4 Comp	2012 2010 2012	424 million
Hluhluwe Regional water bulk distribution project	2012	290 million
Nwamitwa Dam	2015	1,032 billion
Raising of the Clanwilliam Dam wall	2015	1,173 billion
Dam Safety Rehabilitation Programme projects	2010 2011 2012 2013	414,5 million 440,8 million 288,8 million 72,2 million





2.3.2.4 Key challenges and proposed solutions

- (a) The programme continued to experience a shortage of dedicated technical personnel such as climate change specialists, water plant superintendents, artisans, technicians and engineers. In order to overcome this challenge, various interventions will be put in place such as the implementation of the Occupation Specific Dispensation (OSD) aimed at recruiting and retaining scarce skills, and the implementation of the graduate development programme wherein prospective employees are provided with financial assistance in the form of bursaries to pursue their studies in technical fields relating to the Department's functions, thereafter placing them in relevant positions.
- (b) The drought situation in the Southern Cape and the Algoa System was a serious challenge during the reporting period. The Department will ensure that such situations are carefully managed. Timely interventions will be implemented to ensure that there is adequate water supply.
- (c) Poor water quality negatively affected irrigation farmers. A two-year cleaning programme for canals will be developed and implemented as part of water resource protection.
- (d) The Department has not been able to convert any of the planned three dams from single to multi-purpose use due to the delay in the finalisation of the strategy for the conversion. The draft strategy will be finalised in the next financial year (2010/11).
- (e) The Climate Change Response Strategy has been delayed due to a shortage of personnel. A directorate focusing on climate change issues has been created and the rest of the required personnel will be appointed in the next financial year.
- (f) The review of the National Water Resources Strategy, 2004 will only be finalised in the next financial year (2010/11). However, an inception report was completed.
- (g) The target of 205 set for the issuing of water licences to HDIs was not achieved due to capacity constraints. However, a project team that is fully resourced has been established to ensure that all backlogs relating to the water licence applications are eradicated during the next financial year.
- (h) The final Compliance Management Strategy will only be approved in the next financial year, but an extensive consultation process was undertaken.
- (i) Only 25% of the 40% target of cases relating to compliance and enforcements identified were addressed. The reason for underachievement relates to the shortage of suitable personnel. The Department has established a directorate focusing mainly on this function to ensure that the compliance, monitoring and enforcement programme is implemented effectively.
- (j) Only 23 out of 50 water systems achieved Blue Drop certificates as this was the first report produced. Indications are that more systems will be assessed in the 2010 Blue Drop certification process as the participation of more municipalities during assessments was encouraging. The Department will enhance its efforts through continued engagement with respective water services authorities and providers to improve the efficacy of monitoring programmes. Also the South African National Accreditation Service (SANAS) as well as the National Laboratory Association (NLA) will be engaged to improve the credibility of laboratory results.
- (k) Only 449 out of 850 Waste Water Treatment Works (WWTWs) were assessed. Only 32 WWTWs out of 60 achieved Green Drop certificates due to shortages in appropriately skilled staff, the capacity of the plants as well as lack of funding for operation and maintenance of waste water treatment infrastructure. An action plan to address identified challenges and resource plans will be developed in conjunction with the relevant authorities. Also, the Department will support the Department of Cooperative Governance and Traditional Affairs (CoGTA) in the implementation of its turnaround strategy.





- (l) A lack of technical capacity to deal with reserve determinations was a challenge during the reporting period. However, suitable personnel at director level were appointed in the last quarter of the financial year (2009/10).
- (m) The delay in the finalisation of the institutional re-alignment project contributed largely to the slow process of establishing new CMAs and WUAs. The project will be adequately funded and carried out in the new financial year.
- (n) Poor commitment from countries that the DWA has identified to have relations with has resulted in delays to finalising agreements. This will be improved in the new financial year.
- (o) Inability to implement some signed agreements because of insufficient funding will be rectified through the mobilisation of funds in the new financial year.

2.3.3 PROGRAMME 3: WATER SERVICES

2.3.3.1 Purpose

The purpose of this programme is to ensure that all people in South Africa have access to adequate, sustainable, viable, safe, appropriate and affordable water services and use water wisely.

2.3.3.2 Brief description of sub-programmes

This programme comprises the following sub-programmes:

- (a) **Policies** ensure the basic supply of water and sanitation services for improved quality of life and poverty alleviation.
- (b) **Water and sanitation services** support the development of infrastructure for basic water supply and sanitation services at the regional level to improve quality of life and alleviate poverty.
- (c) **Water sector policies** provide a framework for the effective and sustainable delivery of water services to underpin economic and social development.
- (d) **The Africa initiative** promotes the programme's activities to achieve the United Nations Millennium Development Goals and the World Summit on Sustainable Development targets in Africa, and supports the New Partnership for Africa's Development (NEPAD). African participation promotes and supports policies to achieve the United Nations Millennium Development Goals in Africa.
- (e) **Water services administration** provides support services at the national level, including human resources, financial management and general administration.
- (f) **Water services support** provides support services at the regional level, including human resources, financial management and general administration.
- (g) **Operations of water services** ensures the reliable and sustainable supply of water for basic use and economic development. While this function is still with the Department, it is a temporary arrangement and will be phased out as the transfer programme is completed.
- (h) **Water sector support** supports the delivery of sustainable water services at the regional level to underpin economic and social development.
- (i) **Institutional policies** supports effective water services institutions.
- (j) **Institutional support** provides support at the regional and local level to ensure effective water services institutions.
- (k) **Transfer policies** guides the transfer of operations and maintenance functions and water services schemes for effective local operations and management.
- (l) **Transfer of functions** implements the transfer of water services schemes for water services institutions to ensure effective local level operation and management.





2.3.3.3 Key highlights

Key highlights during the reporting period relate to the following:

a) Access to basic water supply infrastructure

The target for 2009/10 was to serve 1.5 million people with basic water supply. During the year under review, basic water supply was provided by local government to 1.07 million people. Out of a population of 49.9 million people (based on a 2001 Census figure updated to the

end of March 2010) there are currently 1.65 million people with no access to a basic level of water supply and a further 1.98 million people that have access to a water supply that does not meet the basic services standard. Since 1994 access to water supply infrastructure in the sector has improved from 59% to 97% (improved supply) of the population. This percentage includes all people that benefit from access to infrastructure, including those that receive services below basic supply levels.

TABLE 7: ACCESS TO BASIC WATER SUPPLY INFRASTRUCTURE (POPULATION, MILLIONS)

Period	Estimated Population	Number of people with access to water supply infrastructure*	Number of people with access to basic services but below RDP service levels	Number of people with no access to infrastructure	Percentage access to water supply infrastructure
Current 2009/10	49.9 million	48.3 million	1.98 million	1.65 million	97%
People served April 2009 – March 2010)	-	1.07 million	-	-	-
Previous year (2008/09)	49.7 million	47.6 million	2.6 million	2.1 million	96%
People served 1994 - March 2010	-	20.79 million	-	-	-
1994	39.8 million	23 million	-	15.9 million	59%

NOTES FOR CLARIFICATION:

* "Access to water supply infrastructure" includes people served to higher than basic RDP levels of service as well as those with "access to basic services but below RDP service levels". The figures only reflect infrastructure provided and do not reflect quality of ongoing service provision. Water supply backlog figures are based on the 2001 Census and updated using information obtained on projects that have been implemented across the sector. Population figures are based on Statistics South Africa (STATS SA) mid-year estimates and have been adjusted to reflect annual population growth. The information on how many people were served is based on input from the Department of Water Affairs (DWA) and the Department of Cooperative Governance and Traditional Affairs (CoGTA) which excludes the delivery through municipalities' own funding or any other resources. Should this be considered, the delivery figures may increase.





b) Access to basic sanitation infrastructure

The target set by local government for the 2009/10 financial year was to serve 300 000 households with basic sanitation. During the year under review, 1.6 million people (377 000 households) received access to basic sanitation services. (Please refer to the notes below

Table 8). In 1994 only 49% of the population had access to basic sanitation. By 2009/10 this had increased to 79%, which reflects 3% growth from the previous reporting period.

TABLE 8: ACCESS TO BASIC SANITATION INFRASTRUCTURE (POPULATION, MILLIONS)

Period	Estimated Population	Supply, Basic level or higher	Supply, below RDP	Percentage access to services
Current 2009/10	49.9 million	39.42 million	10.56 million	79%
People served (April 2009 – March 2010)	-	1.63 million	-	-
Previous year (2008/2009)	49.7 million	37.6 million	12.1 million	76%
People served 1994 - March 2010	-	13.98 million	-	-
1994	39.8 million	19.4 million	20.4 million	49%

NOTES FOR CLARIFICATION:

The figures only reflect infrastructure provided and do not reflect quality of ongoing service provision. Sanitation supply backlog figures are based on the 2001 Census and updated using information obtained on projects that have been implemented across the sector. Population figures are based on STATS SA mid-year estimates and have been adjusted to reflect annual population growth. The "People served April 2009 - March 2010" information provided in Table 8 is based on input from DWA and CoGTA and excludes delivery through municipalities' own funding or any other resources.

It should be noted that although the sanitation function was moved to the Department of Human Settlements (DHS) after the April 2009 elections, DWA remains the sector leader for sanitation.

c) Bucket eradication programme

The bucket eradication programme was established in February 2005 and December 2007 was set as the national target for the eradication of the bucket system in established settlements that existed prior to 1994. At that stage, the bucket backlog was 252 254.

By September 2009, 244 258 buckets had been removed since the inception of the programme. During the year under

review, 1 048 buckets were removed, leaving a backlog of 7 996 buckets in the Free State, Eastern Cape and Northern Cape Provinces.

It must be noted that the national target has not been met due to delays caused by the excavation of hard rock, slow performance of contractors and the fact that some projects had to wait for the completion of sewer networks and pump stations before the buckets could be removed.





TABLE 9: ERADICATION OF THE BUCKET SYSTEM

Backlog in February 2005	Backlog as at 31 March 2009	Removed in 2009/10	Backlog as at 1 April 2010		Removed since commencement of the programme
			Province	Number	
252 254	9 044	1 048	Free State	7 179	97% (244 258)
			Eastern Cape	190	
			Northern Cape	627	
			Total	7 996	

d) Free basic services

Currently, 86.1% of South African households have access to Free Basic Water (FBW). This represents a 0.5% increase from the previous reporting period. A total of 97.6% of Water Services Authorities (WSAs) are implementing the FBW services programme. Presently, 86.55% of

poor households are benefiting from this service. "Poor households" refer to households earning less than R800 per month, except for the combined income of people who receive social grants. Of the 5.84 million poor households in South Africa, 5.05 million continue to receive FBW.

TABLE 10: AFFORDABLE ACCESS TO WATER (FREE BASIC WATER)

Period	Total WSAs	Total households (millions)	WSAs providing Free Basic Water	Total households with Free Basic Water (%)
Current (2009/10)	169	13.2	165 (97.6%)	86.1%
Previous year (2008/09)	169	13.1	165 (97.6%)	85.6%

Reporting focuses only on municipalities that are WSAs and that are implementing FBW.

TABLE 11: POOR PEOPLE THAT BENEFIT FROM FREE BASIC WATER

Period	Poor as percentage of total population	Percentage of poor served with Free Basic Water
Current (2009/10)	47%	86.55%
Previous year (2008/09)	47%	85.9%

e) Schools and clinics

The schools and clinics programme started during the 2007/08 financial year and the target for completion was set as the end of 2009/10. By March 2010, the clinics target was met and handed over to the Department of Health.

The schools water and sanitation programme target is to serve 1 061 schools with water and 1 113 schools with sanitation by the end of the programme. During the year under review, 641 schools were served with sanitation and 672 with water supply.





However, the backlog of schools that have never been served with water services would not have been eradicated as 1 727 would still not have water and 706 would still be without sanitation services. Additional funding is needed to eradicate this backlog.

f) Drinking water quality

The Department commenced with the Blue Drop Certification Programme (an incentive-based drinking water quality regulation approach) in 2008. The second Blue Drop Report was released at the end of the financial year and depicted a major improvement in the sector. A separate report was released during Water Week on the status of drinking water quality management in the 2010 FIFA host cities. This report indicated excellent compliance with all Blue Drop criteria.

During the year under review, DWA continued to provide municipalities with the electronic water quality management system (eWQMS) but also intensified the prominence of its regulatory systems (termed the Blue Drop System). This system allows the Department to engage with the general public on the quality of tap water through access to a search-engine based web-page called "My Water". The Blue Drop System (and My Water) had a record 121 000 visitors in February 2010. With the inception of the "My Water" concept in June 2009, the system had about 9 000 visits.

The Department improved its own regulatory ability regarding drinking water quality by strengthening ties with the Drinking Water Inspectorate in the United Kingdom (UK). Eight DWA officials were exposed to the regulatory approaches in England and Wales. This visit preceded the second round of local Blue Drop assessments that were strengthened by the assistance of a seasoned UK-based drinking water inspector.

DWA's direct involvement in the World Health Organisation (WHO) Regulation Network for drinking water quality regulators ensured that the locally developed Blue Drop Certification Programme was ratified internationally.

The World Health Organisation (WHO) introduced a Water Safety Plan concept which forms the basis for

international drinking water quality management. Through the Blue Drop process, the number of Water Safety Plans implemented in South Africa increased from 9 to 154 during 2009. This is a major improvement in ensuring that the catchment-to-consumer drinking water quality management principle is entrenched in South Africa.

The national average of drinking water quality compliance improved from 93.3% to 97.5% (as per the Blue Drop 2010 Report) based upon the microbiological compliance with SANS 241 of all samples analysed over the period of 2009. While this is most encouraging, the Department identified the need to improve monitoring programmes of some smaller municipalities.

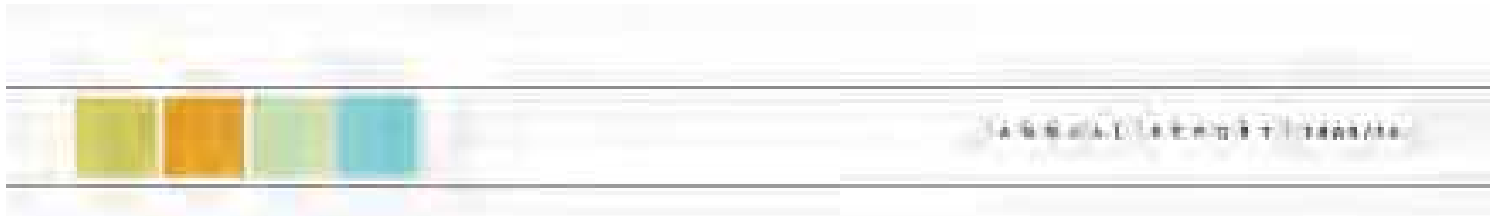
g) Waste water quality

The Green Drop Certification Programme was initiated as a twin project to the Blue Drop Certification Programme, focusing on waste water services management. The Green Drop approach was discussed in detail on two occasions with the Environment Agency in the UK and was well received.

The Green Drop Report was completed for 53% of conventional municipal waste water systems and was augmented by a national risk-based assessment that covered all municipalities and informed targets for the improvement of waste water services management in general. The risk-based targeted approach provided for a uniform waste water management performance measurement system. A risk profile was forwarded to each municipality which informed their integrated development planning (IDP) process towards turnaround and improvement. This process was also used to initiate a risk abatement project in the Berg River catchment in the Western Cape; two British Water specialists assisted with the formulation of site specific waste water risk abatement plans. The Development Bank of Southern Africa (DBSA) joined the Department to ensure the deployment of engineers to struggling municipalities.

The report revealed many gaps that require improvement as about 55% of waste water systems scored below 50% in compliance. However, pockets of excellence exist in





six municipalities over a spectrum of metro and smaller municipalities.

h) Service quality

The local government self-assessment survey reflects water services authority views on drinking water quality and service quality. In terms of the survey, 54% of WSAs achieved acceptable service quality. This is similar to the previous reporting period. (Service quality indicators include “the existence of a customer service system, appropriate levels of staffing, equipment, resources, funding and most importantly the ability to respond to customer call-outs within 24 hours”). The self-assessment indicated that lowest compliance to adequate service quality standards occurred in the Eastern Cape and North West Provinces respectively. No significant improvement in compliance was evident provincially.

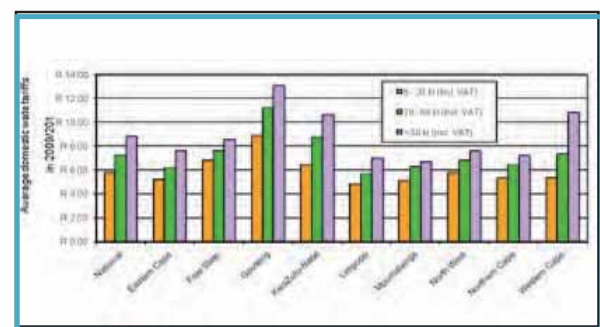
i) Municipal tariffs

The 2009/2010 municipal tariffs reflect the outcome of a survey among all local municipalities which obtained tariff information from 236 out of a total of 237 local municipalities. All tariffs quoted are VAT inclusive and the information includes the actual volume blocks used by municipalities. Also captured are the raw water and bulk water tariffs which influence the determination of the municipal retail tariffs.

j) Domestic water tariffs

The national average domestic water tariff for 2009/10 (including VAT) is R5.82 for the 6 kilolitre to 20 kilolitre (kl) block, R7.24 for 20 kilolitre to 60 kilolitre and R8.80 for usage above 60 kilolitre.

FIGURE 1: THE AVERAGE MUNICIPAL WATER SUPPLY TARIFFS FOR DOMESTIC USERS:



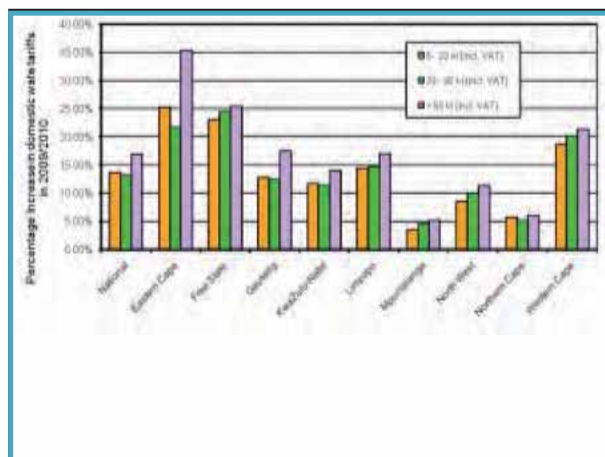
The highest domestic water tariffs are in Gauteng, KwaZulu-Natal and the Western Cape. The higher tariffs in Gauteng and Western Cape are generally associated with the high cost of water supply over vast distances (via inter-basin transfer schemes). The Western Cape, and to some extent also Gauteng and KwaZulu-Natal, have a steep rise in their block tariffs, indicating a demand management approach. The lower tariffs are associated with areas that have a high level of poverty and low levels of affordability, notably the Eastern Cape, Limpopo, Mpumalanga, North-West and Northern Cape Provinces.

In comparison to the 2008/09 financial year, municipal domestic water tariffs, the national average tariffs for 2009/2010 increased by 13.6% for the 6 to 20 kl block, 13.1% for the 20 to 60 kl block and 16.9% for the >60 kl block. The national increases are above the corresponding Consumers Price Index (CPI) of 9.5% year-on-year to March 2009.





FIGURE 2: THE PROVINCIAL PERCENTAGE INCREASES IN DOMESTIC WATER TARIFFS FROM THE 2008/2009 TO THE 2009/2010 FINANCIAL YEAR



COMMENTS:

- Eastern Cape municipalities on average showed the highest tariff increases with high end users being penalised the most. The sharp increases are mainly due to the ongoing drought in the region, but also due to a low base thus bringing the tariffs in line with other provinces.
- Free State municipalities are the second highest. Considering that this province had the lowest tariff increases in the previous year (negative corrections) it is in line with the national average increase over two years. The province is still reflecting some of the highest tariffs in the country, partly due to water distribution costs, but mostly due to high levels of non-revenue water losses.
- Western Cape also increased water tariffs above the inflation rate, primarily due to a below average increase in the previous year. It could also reflect on drought conditions in parts of the province and the capital repayment for the Berg River Water Scheme (BRWS) which was completed in 2008.

- Gauteng, KwaZulu-Natal, Limpopo and North West municipalities reflect the inflation rate for this reporting period and show below average increases in this financial year, following above average increases in the previous financial years.
- Mpumalanga and Northern Cape had tariff increases below the inflation rate. However, both provinces had above average increases in the previous year and thus remain in line with the inflation rate over the two years.
- Overall, most provinces show higher percentage increases in the upper blocks thereby introducing demand management measures.

About 57% of municipalities increased tariffs within the CPI range, while about 23% of municipalities increased tariffs below the CPI and a further 20% increased tariffs at levels above the CPI range. Comparing the different tariff blocks, percentage increases were higher for the high-volume blocks, which indicates increased demand management and utilisation of income from the high volume users to cross-subsidise the lower volume users. A comparison of urban and rural municipalities shows that tariffs in rural municipalities are about 10% below the equivalent tariffs in urban areas.

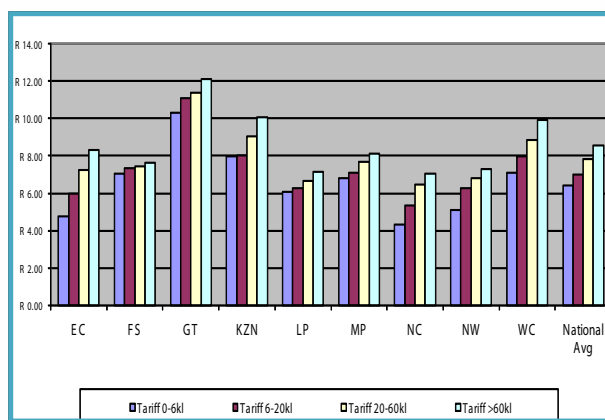
k) Commercial and industrial water tariffs

The average commercial tariffs are R7.02 for 6-20 kilolitre, R7.83 for 20-60 kilolitre and R8.56 for volumes above 60 kilolitre per month. The respective increases in these tariff blocks were, 12%, 16% and 17%, which is in line with the increases of the domestic water use tariffs and about 20% to 70% higher than the CPI for the same reporting period. The commercial and industrial tariffs are higher than the domestic tariffs in the lower blocks and in line on the higher use blocks thus indicating cross-subsidisation to the domestic water use sector. This is to be expected as many of the new domestic water services are for the low income and indigent customers.





FIGURE 3: THE AVERAGE PROVINCIAL TARIFFS FOR COMMERCIAL AND INDUSTRIAL USERS



Gauteng, KwaZulu-Natal and Western Cape have the highest tariffs, while Limpopo, Mpumalanga, Northern Cape and North West are on the lower end. Eastern Cape had the highest annual increases of 37% in the lower blocks up to 57% in the higher blocks, reflecting on the drought in the region and the demand management intervention. Limpopo, Free State and Gauteng are second highest with increases of 17% to 34% from lower to higher blocks. The other provinces had increases within the Consumer Price Index (CPI).

l) Sector operating expenditure

Based on the municipal budgets for May 2009, the total operating expenditure for the water services sector is estimated at R21.4 billion with R17.2 billion for water supply and R4.2 billion for sanitation. Municipal budgets target a total income of more than R24 billion of which R19.5 billion is to be gathered from water supply and R4.6 billion from sanitation services. If achieved, water services will generate a net surplus of about R4.1 billion which will be used to cross-subsidise other services or, if approved, could be used for re-capitalisation of water services assets. About 55% of the operating expenditure (R12 billion) is used by the six metros and of the remainder, roughly R7 billion is used by local municipalities and about R2 billion by district municipalities.

TABLE 12: ESTIMATED ANNUAL MUNICIPAL WATER SERVICES OPERATING EXPENDITURE

Perspective	Water Supply R'000	Sanitation R'000	Total for 2009/2010 R'000
National	17 201	4 208	21 409
Eastern Cape	1 438	793	2 231
Free State	869	235	1 104
Gauteng	7 625	875	8 500
KwaZulu-Natal	3 492	1 076	4 568
Limpopo	281	25	306
Mpumalanga	733	94	827
North West	596	242	838
Northern Cape	167	43	210
Western Cape	1 998	826	2 824

m) Regional bulk

As the custodian of water resources, the leader and regulator of the water services sector, DWA has to act as an intermediary to facilitate integrated planning and implementation of large multi-institutional regional bulk infrastructure projects through the involvement of all stakeholders. Hence the initial allocation of R1.4 billion to the Department (over three years) of which R617 million was earmarked for the 2009/10 financial year.

The focus of the Water Services Regional Bulk Infrastructure fund is on regional and local bulk water supply and sanitation services. This includes "enabling infrastructure" required to connect water resources over vast distances with bulk and reticulation systems. Eleven projects have been completed since the inception of the Regional Bulk Infrastructure Grant in 2007/08. In March 2010, 16 projects were at design and tender stage, 48 at feasibility and implementation readiness phase and 38 in the construction phase. Six projects were completed





in the 2009/10 financial year. An overview of all bulk infrastructure requirements in the country is ongoing and it is estimated that the total funding required is R112 billion.

n) Water services planning and information

During the year under review, several enhancements were made to the Water Services National Information System (WSNIS), a comprehensive Water Quality Regulation System (Blue Drop System) was used, a Waste Water Quality System (Green Drop System) was developed and will be applied soon, a new Water Services Development Planning System was developed, and a Regulatory Performance Monitoring System was implemented in municipalities.

Planning initiatives continued to focus on municipal support activities. This included the development of a new Water Services Development Plan Guideline and several municipal planning products such as the Backlog Eradication Strategies, Municipal Master Plans, future Regional Bulk Infrastructure requirements, and Water Treatment Works perspectives for different provinces.

o) Sector development

The not-so good relationship between WSAs and Water Services Providers (WSPs) (i.e. water boards and other municipalities that provide bulk and retail water services to WSAs) often prohibits effective and sustainable delivery of water services. While debts were a challenge in the past, disputes within partnerships that are based on undated contracts are currently a problem.

Legislation requires formal contracts and DWA provided sector support in this regard to ensure continuous and uninterrupted services to residents. As such, 16 water services contracts between WSAs and WSPs have been developed. A few have been signed and the rest are in the process of being signed. In addition, a draft guideline towards the development of effective retail water and sanitation tariffs by WSAs has been developed.

In response to the strained relationships between some WSAs and their consumers, the Department has supported municipalities to develop Consumer Management Plans (CMPs) to ensure that they meet the needs and interests of their consumers. DWA also developed tools and guidelines to capacitate and empower the Water Sector Institutions in understanding the water business. The tools and guidelines were rolled out in the North-West, Free State, Limpopo, Mpumalanga, Gauteng, Western Cape and Northern Cape Province. The tools and guidelines were also presented at various conferences, sector forums and ministerial indaba's.

Furthermore, political interference has been identified as one of the key causes of poor service delivery, especially lack of proper decision-making. In this regard, the Department developed a Councillor Development Programme (CDP), targeting all councillors within the water portfolio. The purpose of the programme is to empower councillors to actively participate in water and sanitation business processes and make informed decisions affecting water services business within the municipalities and communities they serve. In 2009/10, the Department held CDP workshops in the Free State, Northern Cape (five districts), and Eastern Cape.

p) Local government support

Support to local government entails the provision of technical advice and hands-on support to municipalities to undertake their roles as WSAs and to comply to set norms and standards on water service delivery projects. The aim of support is to ensure that municipalities have the capacity to manage their own affairs, to exercise their powers and to perform their functions by means of legislative and other measures.

Support to all municipalities during the 2009/10 financial year was focused on ensuring understanding of the requirements of the Regulations Performance Measurement System (RPMS), Blue Drop and Green Drop Certification processes, analysing the Water Services

The Millennium Development Goals (MDGs) are time-bound goals with quantifiable targets which measure extreme poverty in all its dimensions and, in turn, measure the level to which countries are meeting the aims of the Millennium Declaration (signed in 2000 by 189 countries). South Africa has reached the MDGs for both basic water and basic sanitation.





Development Plans as part of the IDP process, systems support to ensure regular monitoring and reporting on drinking water quality and extending the system to include effluent quality reporting and the development of a risk ratio matrix which identifies and prioritises WWTW according to four (4) key risk areas. In addition, the Department gave comprehensive inputs to COGTA's Local Government Turn-around Strategy (LGTS) and extensive support was provided to municipalities to develop Municipal Turn-around Strategies.

2.3.3.4 Key challenges and proposed solutions

a) Skills

The shortage of skills in the water sector remains a high risk area in relation to the provision of effective water services and water resources management. As with many other sectors in the country requiring engineers, technicians, artisans and scientists, the water sector faces major challenges in the recruitment and retention of suitably qualified staff including addressing the remuneration of the category of employees in the public service. Of particular concern is the loss of skilled civil engineering personnel by municipalities.

There is also a lack of skills development programmes or committed training in many municipalities. The DWA partnership with COGTA in supporting dedicated and accredited local government training is crucial in this regard.

b) Access to basic water and sanitation

Despite the Department achieving the Millennium Development Goal of "halving by the year 2015, the proportion of people who are unable to reach or to afford safe drinking water", DWA remains deeply concerned about the persistent backlogs in certain parts of the country. The Department is also aware of the anomalies in water distribution, where people reside adjacent to water sources and yet have no access to these resources, or indeed vulnerable groups such as the aged and physically challenged who do not have appropriate access to water services infrastructure. The Department will achieve the target of ensuring that

every person, including vulnerable groups, has access to safe and reliable supply of drinking water, although it has to reconsider how this can be achieved.

It is recommended that the service backlogs, which are predominant in the KwaZulu-Natal, Eastern Cape, Limpopo, and the North West Provinces, are prioritised and addressed through a combination of short-term interventions such as rainwater harvesting, exploring further options of supplying communities from available sources and the further exploitation of groundwater sources, which may necessitate a policy change.

The ability of some smaller municipalities to deliver sustainable water services must be revisited as, despite all efforts to support, some have shown very little or no improvement to perform on their core mandate. A key challenge is poor financial management, which leaves many municipalities with a weak revenue base, and a growing dependency on grants.

If the country is to meet the national water services targets, the capacity of local government will have to be considered together with the process they follow to deliver on these services. DWA is currently supporting the LGTS together with COGTA and reflecting on the viability of smaller municipalities to fulfil their roles and responsibilities.

Specific challenges exist in the metros which directly influence service delivery to informal settlements and include massive basic services needs, bulk infrastructure dependencies, huge funding requirements, comprehensive and integrated planning (including water resources planning), and policy uncertainties.

Currently, the Ventilated Improved Pit (VIP) toilets are considered to be the most preferred sanitation technology in areas where waterborne systems cannot be installed. However, toilets that have been built five or more years ago are filling up and municipalities do not have the appropriate mechanisms to empty full pits. This creates new backlogs from areas that otherwise would have been considered as served. It is recommended that steps be undertaken to make it mandatory for municipalities





to consider other technological options, both for new sanitation systems and maintaining existing ones, that will ensure sustainability in sanitation delivery.

Key challenges facing these programmes are a lack of integration by the affected Departments of Water Affairs, Human Settlements, Energy and CoGTA. Improved integration will ensure that there is alignment in policies and effective utilisation of resources. There is a need to make amendments to the current MIG policy to ensure that a certain proportion of the MIG funding goes towards operations and maintenance to prevent further deterioration of infrastructure. (The MIG policy is currently under review.) The use of equitable share funding which is supposed to address, among other issues, the operation and maintenance of infrastructure and this provision of free basic services to the poor, has to be looked at. It is recommended that the equitable share should have certain conditions attached to it to make it mandatory for municipalities to use it for the identified purposes. (The Equitable Share Policy is also currently under review.)

c) Regulation

DWA's regulatory function used to be contained within various units reporting to different structures. This situation was improved with the establishment of the Chief Directorate: Regulation. However, the Water Services Regulation Unit still requires additional specialist (technical and scientific) capacity to cater for the ever increasing regulatory demand.

Illegal water use is a serious challenge in many parts of the country, both in terms of illegal abstraction (mainly for agricultural use and mining) and the illegal discharge of effluents into rivers and dams. Unlawful water abstraction means that in some areas the demand for water will be higher than the availability especially during periods of poor rainfall or drought. Municipalities, industries and mines discharging effluent that does not meet compliance standards pose a severe problem to the environment, to the health of rivers and to the well-being of communities.

d) Drinking water quality

There is an international drive to improve drinking water quality (DWQ) from catchment to consumer level through a risk-based process. Sector development and support programmes must incorporate water safety planning as a key initiative. As such, the Department introduced this concept through the Blue Drop Certification Programme which requires the implementation of a Water Safety Plan.

The credibility of DWQ data was negatively affected by the general lack of access to accredited laboratories. The Blue Drop Certification Programme successfully bridged this gap through the promotion of accredited proficiency testing schemes in order to raise the accuracy levels of analyses. There is a need for a "step-ladder" approach towards increased access to accredited laboratories. A draft DWQ Laboratory Strategy is being finalised with the objective of addressing this identified shortcoming in the most practical manner possible.

Existing process controlling skills are also not acceptable in terms of the Blue Drop Programme. The Draft Regulation that has been proposed to replace Regulation 2834 under the Water Act of 1956 (in terms of 1985 requirements) will be revised. This will be done with the objective of enhancing the general skills level of process controllers through mandatory training, and to ensure that the profile of water and waste water operators are raised through a new grading and licensing programme. Other elements such as asset management improvement will be addressed through the incentive-based regulation initiative.

e) Water conservation and demand management

South Africa is the 30th driest country in the world, yet water is wasted through lack of appropriate asset management by those responsible for the delivery of safe drinking water, from the source to the consumer.

A lack of asset management results in poor water demand management, operation and maintenance of infrastructure and ageing infrastructure that should have been replaced by efficient and appropriate technology. Besides the technical perspective, consumers do not





conserve water efficiently as there is a general lack of awareness by users to conserve, together with an individual selfishness that believes that their own water habits will not contribute to the bigger picture.

It is essential that asset management, water demand management and water recycling become the key priority in the delivery of sufficient, safe drinking water in the future. If water conservation measures are not implemented urgently, the country will face water shortages in many of our cities. A recent study estimates that some R33 billion should be invested in various structural and operational water saving measures over the next decade. Two thirds of this amount would be required to address structural and operational issues, giving rise to water wastage in the agricultural sector which uses in excess of 60% of our available water. The balance would be required for the municipal sector.

Leakage through poorly maintained infrastructure not only reduces the quantity of safe and clean drinking water reaching consumers, but also reduces income to Water Service Authorities and the money they need to deliver such services – the water that leaks still has to be paid for. A Water Research Commission (WRC) study estimated that over 30% of revenue from water is lost by municipalities through leaking pipes, illegal connections and poor billing systems. This does not include non-payment for water services. Only once asset management is addressed, water demand management is practiced and water wastage is significantly reduced, can alternative supplies such as desalination be considered.

f) Local government support

There is a large financing gap in the bulk infrastructure programme aimed at delivering water where it is needed and thereby improving the safety of treated drinking water. The Department has noted that there is inadequate management of sanitation infrastructure, from Ventilated Improved Pit latrines to waste water treatment works, resulting in technical breakdowns and declining service delivery performance, as well as an increased demand for water sanitation thereby compromising the available water in catchments.

There is lack of consistency in defining indigent households as well as targeting the poor in preference to all. Some municipalities are experiencing poor communication and co-operation between users, councillors, local government officials and different spheres of government and it has been found that some municipalities are not viable in their current form to fulfil their service delivery mandates.

The planning and management delivery chain throughout projects is weak due to poor municipal revenue management which is declining in many areas and new infrastructure which is increasing the financial and operating burden for municipalities. Most tariffs are not cost-reflective and are unable to balance affordability with long-term sustainability, creating a growing gap between expenditure and income for water services and equitable share not being used to fund the provision of free basic services and operation and maintenance.

The Department has the following interventions in place:

- stronger emphasis on enforcing compliance through a set of protocols;
- better reporting systems in place that feed into the RPMS;
- professionalisation of water services, following the example of introducing defined Qualification levels for municipal finance managers; and
- working in collaboration with the DBSA on the Siyenza Manje Programme to address engineering and artisan skills shortages.





2.4 PERFORMANCE AGAINST TARGETS

TABLE 13: STRATEGIC GOAL 1: ENSURING SUSTAINABLE AND EQUITABLE WATER RESOURCES MANAGEMENT

Strategic Goal 1: Ensuring sustainable and equitable water resources management

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Targets	Actual achievement
Forecasting and balancing of water demand and supply	Plans on the four-river systems to reconcile water requirements and available resources (Vaal, Umgeni, Algoa/Nelson Mandela Metro and (Berg) Cape Town	Number of strategies for priority / areas /systems completed	Reconciliation strategy/studies for all (smaller) towns in the five planning areas (Vaal, Umgeni, Algoa, Mokolo and Berg) already initiated	Complete strategies in three areas	Reconciliation strategies completed in three areas namely Crocodile (West), Vaal and KZN coastal areas
Ensure adequate information and knowledge to sustainably manage water resources	1 300 operational monitoring stations countrywide	Number of operational monitoring stations	900 stations in good working condition	Monitor and maintain existing stations	All 900 stations are maintained and monitored.
	2 nd edition of National Water Resources Strategy	National Water Resources Strategy reviewed	1 st edition of the National Water Resources Strategy	Draft 2 nd edition ready for gazetting	Only an inception report was produced
	Water for Growth and Development Framework	Sector conservation targets agreed for Agriculture and Domestic	Draft framework approved for public consultation	Framework approved and sector targets agreed upon	Only a bilateral meeting took place between DWA and the Department of Agriculture, Forestry and Fisheries. Process will be taken forward in the 2010/11 financial year
	Climate change response plan	Climate change water sector response strategy developed	Nil	Climate change water sector response strategy approved	Draft climate change sector response strategy developed





Strategic Goal 1: Ensuring sustainable and equitable water resources management

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Targets	Actual achievement
Improved water resource quality	River health programmes implemented in all regions (Crocodile, Olifants, Vaal and Umsunduzi)	Regulated water use as per licence conditions in four polluted river systems	Target polluted river systems such as Vaal, Olifants, Crocodile West and Umsunduzi	Identify critical sources of pollution	Critical source of pollution and extent of waste discharge in various water management areas identified River health programme implemented in the Crocodile River and the Vaal River
	Compliance with Waste Water Treatment Works (WWTW)	Percentage of municipalities assisted for WWTW authorisations	Inventory of unauthorised WWTW	Achieve 10% authorisation of WWTW	3% authorisation of WWTW
Ensure protection of water resource quality and quantity	Compliance with Monitoring (CM) programmes countrywide	Number of regions and water institutions where CM programme is implemented	None	CM strategy approved and implementation plans completed	Draft Compliance Management Strategy developed
	60% improvement in finalisation of non-compliance cases	% of identified cases successfully addressed	40%	40%	25% achieved
	Reduction in invasive plants (Working-for-Water)	Number of hectares cleared of invasive alien plants	662 448 hectare	1 018 000 hectares	895 900 hectares cleared





TABLE 14: KEY CHALLENGES RELATING TO STRATEGIC GOAL 1

Key challenge	Proposed action
1 Shortage of dedicated technical personnel such as climate change specialists to develop and implement climate change programmes	A directorate focusing on climate change issues has been established and personnel will be appointed to effectively perform this function in the next financial year.
2 Inability to successfully address all identified compliance cases due to shortage of suitable personnel to carry out the functions successfully	A directorate focusing on compliance, monitoring and enforcement has been established.
3 Inability to finalise all water use licence backlogs due to capacity constraints	A project team that is fully resourced has been established to ensure that all backlogs relating to water use licence applications are eradicated during the next financial year.
4 The review of the National Water Resources Strategy, 2004 was not finalised, however, an inception report was completed.	This process will be carried over to the next financial year.



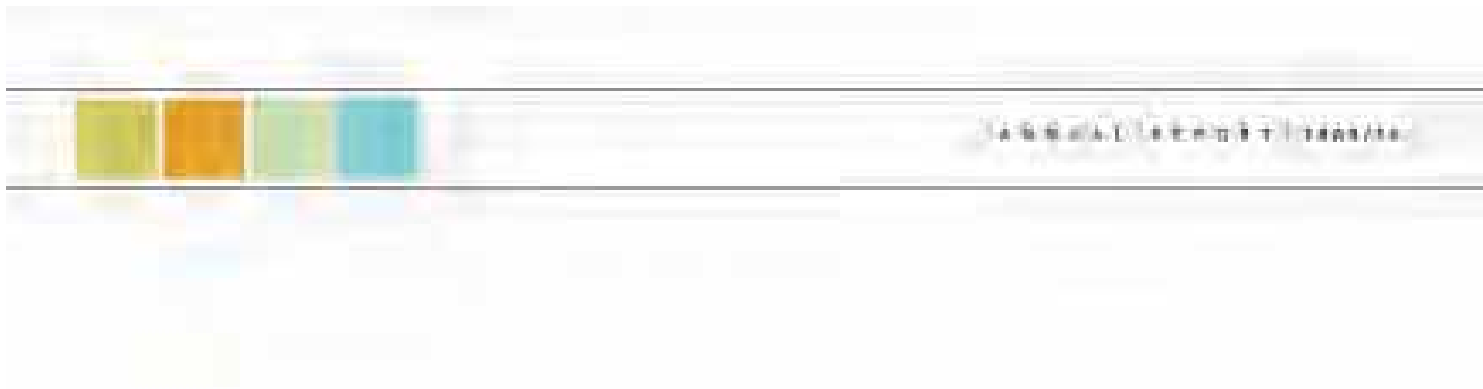


TABLE 15: STRATEGIC GOAL 2: ENSURE UNIVERSAL ACCESS TO SAFE AND AFFORDABLE WATER SERVICES

Strategic Goal 2: Ensure universal access to safe and affordable water services

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	Actual achievement
				2009/10 Targets	
Ensure water service delivery through policy and regulation	Effective support provided to municipalities	Number of provincial plans supported	2 (Limpopo and Free State)	4	5 provincial plans supported (Eastern Cape, Mpumalanga Northern Cape, Gauteng and North West)
		Number of feasibility studies supported	0	11	11 feasibility studies supported
		Number of Water Services Development Plans (WSDPs) supported	168	168	168 WSDPs supported
		Improved financing model to ensure accelerated and sustainable infrastructure development	Interdepartmental consultation	Draft revised MIG and Equitable Share Policy	Inputs on the development of the Equitable Share Policy were provided to COGTA
	Implementation of Municipal Indaba Action Plan	Percentage of under-capacitated municipalities supported	80%	85%	60% achieved
		Information on backlogs, ISP plans provided to municipalities Improved planning	80% of municipalities provided with information	100% of municipalities provided with information	95% achieved
	Municipal compliance to norms and standards	Percentage of municipalities with water conservation and water demand plans	80%	90% of municipalities	20% achieved
		Number of drinking water systems achieving Blue Drop status	22 Municipalities achieved Blue Drop certification	50	25 drinking water systems achieving Blue Drop status





Strategic Goal 2: Ensure universal access to safe and affordable water services

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Targets	Actual achievement
Regulate Water Service Authorities	Comprehensive Monitoring and Evaluation Systems in place	Number of waste water works achieving Green Drop status	30 waste water works achieving Green Drop status	60	32 Green Drop systems

TABLE 16: KEY CHALLENGES RELATING TO STRATEGIC GOAL 2

Key challenges	Proposed solutions
1 Technical capacity challenges at municipal level	Assist municipalities in adhering to the Blue Drop and Green Drop certification programmes.
2 Dilapidating waste water treatment plants infrastructure	Mobilise for funding for infrastructure refurbishment, operation and maintenance.





TABLE 17: STRATEGIC GOAL 3: BUILD, OPERATE AND MAINTAIN INFRASTRUCTURE

Strategic Goal 3: Build, operate and maintain infrastructure					
Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
Develop and construct new infrastructure	Implementation of new bulk water infrastructure to meet social water needs, economic growth and development	Percentage completion as per project specification	40%	De Hoop Dam 41% complete	38%
			90%	Nandoni Water Treatment Works 99% complete	98%
			90%	Nandoni Distribution scheme 96% complete	70%
			50%	Injaka Water Treatment Works 57% complete	58%
			70%	Hluhluwe Regional Water Scheme 73% complete	63%
			40%	Mdloti River Development 42% complete	6%
			6%	Groot Letaba RWRP	4%
			100%	Vaal River East Sub-system Augmentation Project (VRESAP) 100% complete and fully commissioned	99%
			0%	Mooi-Mgeni Transfer Scheme 2 (Spring-Grove Dam) 5%	3%
			0%	Komati Water Augmentation Scheme (KWAS) 5%	4%





Strategic Goal 3: Build, operate and maintain infrastructure

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
		Percentage betterments completed as per project plan and specification	0	Mokolo Water Augmentation Project (8 % complete)	3%
			0%	Olifants River Water Resource Development Project 2B-I : Bulk Distribution Scheme (5 % complete)	2%
Asset Management	Operations of water infrastructure to ensure supply of bulk raw water	Operate schemes as per System Operating Rules in accordance with bulk water agreements and licences	Water supplied according to existing bulk water agreement and licence	100% level of assurance of supply for different user groups	95% level of assurance for different achieved water users
Percentage maintenance of infrastructure as per maintenance plan	Maintenance of water resources infrastructure to meet water supply demands	Maintenance of Infrastructure as per maintenance plan and procedures required to ensure infrastructure availability	Infrastructure availability	80% availability	95% availability
		Percentage of Resource Management Plans (RMPs) to ensure controlled and sustainable state land	0	2 RMPs completed	2 RMPs Implemented but not completed (Fika Patso and Metsi Matso)



Strategic Goal 3: Build, operate and maintain infrastructure

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
	Efficiency improvement programme New bulk water resources infrastructure implemented	Percentage of water losses curtailed to industry norms	0	30% water losses on conveyance systems	Extensive work need to be done on irrigation scheme canals to reduce conveyance losses. Many of the irrigation schemes are old and the canal losses are unacceptably high. Extensive rehabilitation is required to reduce these losses. Due to financial constraints on the capital budgets the targets to reduce these losses could not be realised during this reporting period. A long-term plan is being put in place to reduce conveyance losses.
		Number of projects completed	One project commissioned Three projects progressed to completion of implementation preparations and commencement of construction	Implementation of four projects under construction monitored	Six regional bulk projects were implemented - Eastern Cape (2), KZN (2) and Mpumalanga (2)
			One project advanced to completion of project implementation preparation		



Strategic Goal 3: Build, operate and maintain infrastructure

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
	Preparation for implementation of the Lesotho Highlands Water Project (LHWP) Phase 2	Protocol on LHWP Phase 2 approved by governments of RSA and Lesotho	Protocol on LHWP Phase 2 drafted and submitted for approval by both parties by March 2010	Project Management Unit established Environmental studies commenced Procure consultants for design of related infrastructure	Project Management Unit established First draft report available for discussion
	Conversion of single-to multiple-purpose dams	Number of single- purpose use dams converted to multi-purpose use dams	0	Three dams converted to multi-purpose use dams	Waiting for finalisation of conversion strategy
Asset management	Operations of water infrastructure to ensure supply of bulk raw water	Percentage of water supplied	100%	100% level of assurance of supply for different user groups	80% compliance to levels of assurance of supply for different user groups
	Maintenance of water resources infrastructure to meet water supply demands	Percentage of infrastructure availability	70%	80% availability	95% availability
		Development of Resource Management Plans (RMPs) to ensure controlled and sustainable development of state land	No uncontrolled development on/around DWA dams	2 RMPs completed	2 RMPs implemented but not completed (Fika Patso and Metsi Matso)
Ensure the provision of regional bulk water	Regional bulk schemes implemented in all 9 regions to support access to water and sanitation programmes	Number of regional bulk schemes initiated	45	49	49 regional bulk schemes initiated



Strategic Goal 3: Build, operate and maintain infrastructure

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
	Fully functional and sustainable schemes (dams, canals, pump stations, etc)	Percentage of transferred schemes refurbished by 2012	40% of the schemes refurbished	40% of the transferred schemes refurbished	63% (Regions)
Rehabilitation and refurbishment of water resources infrastructure	Fully functional and sustainable schemes (dams, canals, pump stations, etc)	Percentage of infrastructure that meet design standards	30% of infrastructure meet original design capacity/ performance requirements Condition of Infrastructure rated "Poor (Level-D)" by SAICE report	50% of infrastructures meet design standards/ capacity	70% of infrastructure meet design standards/capacity
		Percentage expenditure and number of dams in the construction phase	Zero percentage expenditure and number of dams in the construction phase	12% budget expenditure on planned projects (22)	80% budget expenditure spent on planned projects



TABLE 18: KEY CHALLENGES RELATING TO STRATEGIC GOAL 3

Key challenges	Proposed solutions
1 Training of staff on dam safety issues	Training of technicians regarding operating rules, operation and maintenance manuals and emergency preparedness plans
2 Shortage of dedicated technical personnel such as Climate Change Specialists, Water Plant Superintendents, Artisans, Technicians and Engineers.	Implementation of the Occupation Specific Dispensation aimed at recruiting and retaining scarce skills and the graduate development programme wherein prospective employees are given bursaries to pursue their studies in technical field relating to the Department's functions
3 Drought situation in the Southern Cape as well as the Algoa System	The situation needs to be managed and timely interventions need to be implemented to ensure that adequate water supply continues
4 Poor water quality negatively affecting irrigation farmers	Develop a two-year cleaning program for canals
5 The delay in the finalisation of the strategy for the conversion of dams resulted in the delay to convert any of the three dams planned from single to multi-purpose use.	The available draft strategy will be finalised and implemented during the next financial year.





TABLE 19: STRATEGIC GOAL 4: ALIGNED AND EFFECTIVE INSTITUTIONS

Strategic Goal 4: Aligned and effective institutions

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
Effective oversight of institutions	Compliance (aligned and effective institution)	Percentage institutions business plans and annual reports submitted are received and assessed	100%	100%	100% achieved by all water sector institutions reporting to the Minister in terms of submitting business plans and annual reports
Establish appropriate institutions	Implementation of the Institutional Realignment project	Number of effective water institutions established as per guidelines	<ul style="list-style-type: none"> - 2 CMAs - 14 water boards - WUA s 	Institutional realignment project finalised 2 WUAs established	2 Water User Associations established, namely the Mokolo WUA and the Koue Bokkeveld WUA

TABLE 20: KEY CHALLENGES RELATING TO STRATEGIC GOAL 4

Key challenges	Proposed solutions
1 Delay in the finalisation of the Institutional Re-alignment Project contributed largely to the slow process in establishing new CMAs and WUAs	The project will be adequately funded and supported by policy makers (Parliament, relevant democratic institutions and Minister) carried out in the new financial year





TABLE 21: STRATEGIC GOAL 5: PURSUING AFRICAN ADVANCEMENT

Strategic Goal 5: Pursuing African advancement					
Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
Ensure implementation of cooperation agreements	Implement six cooperation agreements in shared river basins	Reports on cooperation agreements for shared river basins (Orange Senqu Basin, Inkomati/Maputo, Limpopo, Lesotho Highlands Water Commission, Permanent Water Commission RSA/Namibia, Joint Water Commission RSA/Botswana) as per agreed schedule	Six studies in two shared river basins (Orange Senqu and Inkomati/Maputo) in progress	<p>Reports on studies conducted according to agreed schedule</p> <p>Ratification of Limpopo River Basin Commission (LIMCOM)</p>	<p>1 Joint Water Commission(JWC) Agreement between the Republic of South Africa (RSA) and Swaziland finalised on 23 July 2010. A joint report will be compiled by the JWC secretariat and forwarded to both ministers.</p> <p>2 Permanent Water Commission (PWC) Between RSA and Namibia - Negotiations deadlocked and matter has been elevated to Ministerial level and Presidential level</p> <p>3 Limpopo Water Commission (LIMCOM) Between RSA, Botswana, Mozambique and Zimbabwe - Mozambique proposed provisional entry into force of the agreement and RSA supports this proposal. The next LBPTC meeting is scheduled to take place in November 2010. A report will be produced after the meeting by the Branch: Internal Relations, together with the LBPTC commissioners.</p>





Strategic Goal 5: Pursuing African advancement

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
					<p>4 Joint Permanent Technical Committee (JPTC) Between RSA and Botswana - the generic Agreement form done in 2007 to be used as a guideline for community awareness raising. Process on Marico Hydrological study on track and to be completed in July 2010; endorsed with further funding on projects still to be solicited.</p> <p>5 Tripartite Permanent Technical Committee (TPTC) between RSA, Swaziland and Mozambique - Progressive Realisation of Inkomati-Maputo Agreement (PRIMA); Secretariat of IIMA currently soliciting funding and also busy with the implementation of certain projects; two IIMA projects were attended by DWA experts; a report on the study was finalised.</p> <p>6 The Orange Senqu River Commission (ORASECOM) - finalisation of the lease agreement. A commissioners meeting was held in Botswana in October 2009. All task teams provided feedback reports on their progress.</p>





Strategic Goal 5: Pursuing African advancement

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
					<p>7 JWC RSA / MOZAMBIQUE - SA provided letter of no objection to Mozambique. Bilateral discussion on PRIMA capacity exchange programme was held. After the Mozambique engagement has taken place, a report be produced.</p> <p>8 Lesotho Highlands Water Commission (LHWP) - Legal agreement content finalised – taxation, legal, compensation of community and bilateral task team of Lesotho Highlands Water Agency. A report will be compiled by the Branch: International Relations and the LHWP commissioners after the signing of the agreement.</p>
Shape the global agenda on water	Compliance with all cooperative agreement	Service all cooperative agreements as per specified time lines	Existing signed MoUs and cooperation agreements	Signing of outstanding agreements and implement existing agreements	<ul style="list-style-type: none"> - There were two agreements targeted for the year 2009/2010 - The Rwanda agreement has been signed and ready to be implemented - The Democratic Republic of Congo (DRC) agreement is still being negotiated. - The Russia agreement was signed in 2007 and the China agreement was signed in 2005 - The above two existing agreements are five year agreements which are partially implemented on a yearly basis





Strategic Goal 5: Pursuing African advancement

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
	Participate in multi-lateral forums	Participation and significant contribution in multilateral forums	DWA affiliation to the WWF, UNCSD	Participate and contribute in multilateral forum- Stockholm Water Week, UNCSD, UNFCCC, IBSA	<p>Reports produced on the Department's participation in the Stockholm Water Week and UNCSD</p> <p>Department did not attend IBSA forums due to reduction in number of participating departments by the Dept of International Relations and Cooperation</p> <p>Started negotiating agreements with the following countries:</p> <p>DRC to ensure that funding received from the African Renaissance Fund will be utilised for the implementation of the project in the Katanga region.</p> <p>Action plans for Russia and China are at final stages (IWRM)</p> <p>The reports form the basis of the measurement of the contribution made</p>
Strengthen regional institutions (water)	Effective support provided to regional water institutions	Participate in all strategic SADC and Africa water engagements	Revised SADC Protocol on Shared Watercourses	Improved multilateral and bilateral cooperation in SADC and Africa Chair AMCOW Host 2 nd Africa Water Week	<p>Established the Ground Water Management Institute of South Africa (GIMSA)</p> <p>Concluded SADC Hydrological Cycle Observing System (HYCOS) project phase II</p> <p>Report on the DWA successfully hosting the 2nd Africa Water Week</p> <p>RSA took over the Chair of AMCOW</p>





TABLE 22: STRATEGIC GOAL 5 - KEY CHALLENGES RELATING TO STRATEGIC GOAL 5

Key challenge	Proposed action
1 Poor commitment from countries that DWA has identified to have relations with has resulted in delays regarding the finalisation of agreements	Effectively engage the countries that the Department has continual relations with
2 Inability to implement some signed agreements due to the delay in their finalisation and insufficient funding	Ensure timeous conclusion of agreements and mobilise financial resources to finance the projects

TABLE 23: STRATEGIC GOAL 6: CREATE A VALUE DRIVEN, EFFECTIVE AND RESPONSIVE DEPARTMENT

Strategic Goal 6: Create a value driven, effective and responsive department

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance Targets	
				2009/10 Target	Actual achievement
Organisational growth and development	Implementation of the information technology interventions in line with the Department's Master System Plan (MSP)	Number of MSP initiatives implemented	Nil	3	Five (5) initiatives implemented (Enterprise Architecture (EA), IT Infrastructure Refurbishment, Automated Monitoring and Evaluation System, Contract Management on SAP and fax to e-mail)
	Implementation of the Business Process Reengineering Project	Number of business processes mapped and implemented	Nil	Water billing system Licensing system Registration of users Job evaluation Recruitment and selection HR planning	Five (5) business processes mapped and implemented Water audit report compiled to inform licensing, registration of users and billing.
	Organisational culture improvement programme implemented	Number of organisational culture improvement interventions implemented	4 culture improvement interventions implemented	Four road shows per Branch: embedding change journey two theatre shows on embedding values One climate survey Team effectiveness workshops for Senior Management Service at a branch level	Task teams were dissolved. Organisational Development to play and implement interventions in the next financial year.





Strategic Goal 6: Create a value driven, effective and responsive department

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance Targets	
				2009/10 Target	Actual achievement
	Healthy labour relations climate	% of grievance handled and completed	75%	100% grievance resolved	90% of grievance resolved timeously
	Improved implementation of PMDS	Percentage of staff assessed on the basis of signed performance agreements	70%	100% of staff assessed based on signed performance agreements	90% of staff assessed
	Leadership model implemented	Number of leadership development interventions implemented	2 leadership development interventions	3 leadership development interventions	3 leadership development interventions implemented
	Increased retention of critical skills	% of staff exposed to learning and development	28% of staff (4 258 officials)	30% based skills gap analysis	20% of staff has been exposed to training
	Aligned organisational structures, governance structures and processes	Approved organisational structure in place	Organisational structure signed-off by Minister for consideration by DPSA	Organisational structure approved	New organisational structure signed-off by Minister in October 2009 and approved by DPSA in Feb 2010
		% of organisational levels Implemented	Nil	100% of Level 2 & 3	100% achieved on the implementation of structure levels 1,2,3 & 4 (Director-General, Deputy Directors-General, Chief Directors and Directors)
		% of staff exposed to learning and development	10%	30%	Achieved. 30% of staff exposed to learning and development
	Reduction of vacancy rate	% reduction of vacancy rate	29%	10% reduction	The review of the recruitment process as well as the cleaning of PERSAL information will be improved to ensure accuracy of post establishment information
	Implement skills development in line with relevant legislation	% training budget set aside	2% training budget available	5% of training budget	4% of personnel pay roll





Strategic Goal 6: Create a value driven, effective and responsive department

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance Targets	
				2009/10 Target	Actual achievement
	Implement an HIV and AIDS programme in line with Public Service Regulations requirements	HIV and AIDS programme implemented	Nil	Finalise the HIV and AIDS programme	<p>The following initiatives were undertaken in support of the HIV and AIDS programme:</p> <ol style="list-style-type: none"> 1 Implementation of the National Health Calendar: <ul style="list-style-type: none"> - Honouring HIV and AIDS Candlelight Memorial - Promotion of blood donation campaign 2 Care and Support programme for HIV positive employees 3 Compulsory counselling and voluntary testing for HIV 4 Referral for counseling services <ul style="list-style-type: none"> - Trauma counselling 5 Policy review and development <ul style="list-style-type: none"> - Review of HIV and AIDS policy to include TB management
	Adherence to employment equity targets set by Cabinet	% of women in senior management positions	30 % of women in senior management	38% of women in senior management	33.51% women in senior management





Strategic Goal 6: Create a value driven, effective and responsive department

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance Targets	
				2009/10 Target	Actual achievement
		% of people with disabilities employed	0,78% employed by Department	1% of people with disabilities employed	4% of personnel pay roll
	Improve organisational performance management	Automated Monitoring and Evaluation system in place	Manual system in place	Automated Monitoring and Evaluation system developed	Only the Monitoring and Evaluation system framework is in place
	Positive media profiling of water issues	% improvement to the positive base line of coverage	46%	10% in addition to the baseline	60% achieved in addition to the baseline
	Implement programmes to improve stakeholder awareness and understanding of the value of water	% of informed and engage employees, citizens and stakeholders	Nil	5%	Joint campaign with SABC and Rand Water Regular updates of the DWA website Branding and marketing materials have been produced Adverts on most radio stations
	An effective water sector leadership group	Number of stakeholder sessions	Quarterly	6 meetings	6 meetings held
Improve financial management	Improved revenue management	Number of days debtors remain uncollected	90 days	60 days	Not achieved debt collection still at 192 days
		% of error free revenue statement and reports	80% up to date and accurate and reliable	100% up to date and accurate and reliable	80% accuracy in billing achieved
	Effective asset management (complete, reliable and updated asset register)	% of asset registers reconciled	80% of asset registers reconciled	100% reconciled	95% of asset registers reconciled





Strategic Goal 6: Create a value driven, effective and responsive department

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance Targets	
				2009/10 Target	Actual achievement
		% of official Department's site implementing approved asset management policies	50% of office sites	100% of implementation of policies in all Departmental office sites	The approved policies have been implemented throughout the Department.
	Full compliance with Supply Chain Management framework	% compliance to the Supply Chain Management framework	100 % compliance	100 % compliance	95% compliance
	Effective Risk management	Extent of implementation of milestones achieved in the risk management plan	Approved risk management plan	50% implementation	80% implementation achieved
	Developed business processes and procedure manuals and systems processes	All the Department's sites that have access to functional financial systems	60% of the total number	All DWA sites with functional financial systems	BAS and SAP systems were available; 44% of sites are using LOGIS
		Number of invoice days outstanding	30 days for big companies 15 days for SMMEs	30 days for big companies 10 days for SMMEs	On average invoices were paid within 30 days.
	Implementation of financial improvement plan	Milestones achieved in the financial improvement action plan	Unqualified audit opinion by the Auditor-General – 100% milestones achieved	Unqualified audit opinion by the Auditor-General - 100% milestones achieved	Unqualified audit for the 2008/09 financial year
		Implementation of financial improvement plan	Percentage of compliance with the In-year Monitoring and Reporting requirements	100% compliance	100% compliance as all In-year reports filed with Top Management, EXCO and Minister





Strategic Goal 6: Create a value driven, effective and responsive department					
Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance Targets	
				2009/10 Target	Actual achievement
	Implement the three year Internal Audit Strategic Plan in line with IIA standards	Internal Audit Coverage Plan fully implemented	Coverage Plan developed	Full implementation of the Internal Audit Coverage Plan	60% of the Internal Audit Coverage Plan was implemented

TABLE 24: KEY CHALLENGES RELATING TO STRATEGIC GOAL 6

Key challenges	Proposed solutions
1 Non-finalisation of the Strategy on the Management of HIV/ AIDS in the Workplace	The strategy will be finalised in the new financial year
2 Inadequate funding for the implementation of various information technology initiatives aimed at enhancing the Department's capacity to delivery	Prioritise funding in the new financial year
3 Unavailability of the automated monitoring and evaluation system	The development of this system will continue in the new financial year and is expected to be completed in March 2011.
4 Inability to reduce the number of days for the collection of debts	The Department will improve on this in the new financial year. Based on the water use report, a plan that includes capacity building and systems development will be implemented in 2010/11.
5 A climate survey to measure the perception of the public on their understanding of the value of water could not be conducted due to inadequate funding.	Various alternative means of gathering data will be implemented in the new financial year to ensure that feedback is obtained from clients.



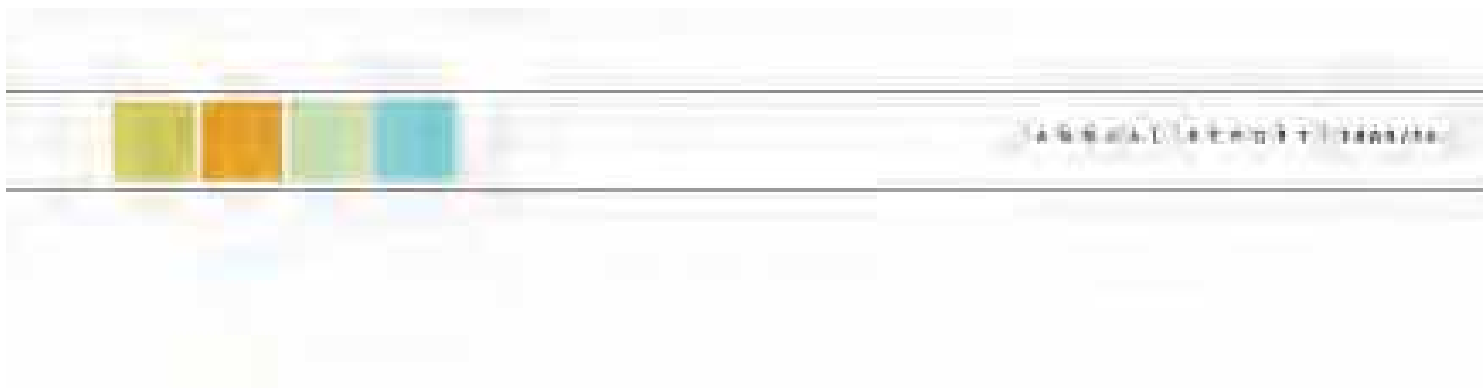


TABLE 25: STRATEGIC GOAL 7: TRANSFORMATION

Strategic Goal 7: Transformation

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance Targets	
				2009/10 Target	Actual achievement
To provide gender equality and women empowerment solutions	Implementation of the disability mainstreaming programme	% of people with disability participating and benefiting from the Departmental programme	Nil	15%	Only 1.7% of people with disability participated and benefited from the Departmental programme
	Implement empowerment initiatives	Number of empowerment initiatives implemented	Nil	5	<p>6 empowerment initiatives implemented</p> <p>Initiative 1 (Eastern Cape)</p> <p>Training of 50 women in Machibini (Eastern Cape) on water conservation, R775 000 of the budget was used for the project</p> <p>Initiative 2 (Limpopo)</p> <p>Acknowledgement of women of the Tzaneen Municipality that have contributed immensely to the Water Conservation Programme. R300 000 was use to acknowledge them.</p> <p>Initiative 3-6 (information sharing session on water as a women's issue)</p> <p>The sessions were held in the following regions:</p> <p>Limpopo: 90% women attended Budget: R350 000</p> <p>Western Cape: 70% women attended Budget: R120 000</p> <p>Northern Cape: 90% women attended Budget: R450 000</p> <p>Free State: 90% women attended Budget: R150 000</p>





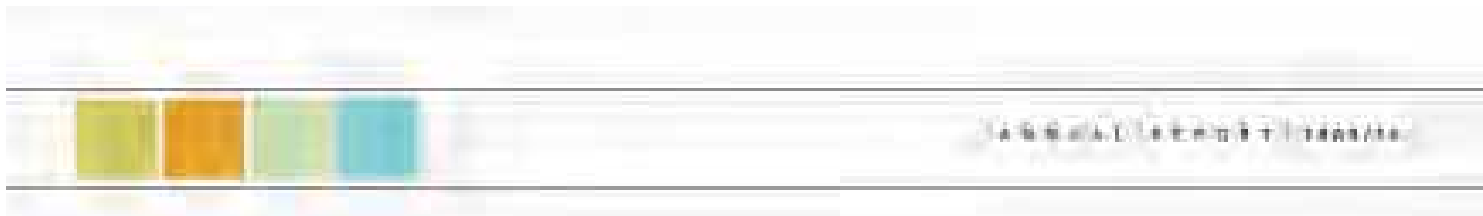
Strategic Goal 7: Transformation

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance Targets	
				2009/10 Target	Actual achievement
	Women's organisation in place	Approved phases of model of the women's organisation	Phase 1: Feasibility study finalised	Phase 2: Women's organisation set up	Process under review to be in line with new government priorities as per directive of the political principals
Contribute towards poverty alleviation through job creation initiatives	Implement EPWP programmes	No. of jobs created through the Working-for-Water Programme	8,600.000 person days of employment created	2,124.000 person days	2,025.051 per days which resulted in 19,203 job opportunities created
	Youth Development Strategy finalised	Number of youth projects implemented	Nil	Implementation plan approved	Youth Development Implementation Plan finalised but not approved
	BBBEE Plan implemented	Number of SMMEs and BEE enterprises participating in programmes	BBBEE Strategy approved	% budget spent on BEE and SMMEs	50% compliance

TABLE 26: KEY CHALLENGES RELATING TO STRATEGIC GOAL 7

Key challenges	Proposed solutions
1 Inability to reach 15% of people with disabilities participating and benefiting from Departmental programmes	A gender mainstreaming programme that caters for disabilities initiatives will be implemented in the new financial year.
2 Delay in the approval of the Implementation Plan for the Youth Development Strategy	The draft Implementation Plan will be approved in the next financial year.





2.5 PROGRAMME PERFORMANCE FOR THE WATER TRADING ENTITY

2.5.1 Purpose and background

The Water Trading Entity (WTE) was first established as a Water Trading Account which was then approved in 1983 through Circular SY3/6/B under the Exchequer Act, 1975 (Act No. 66 of 1975) as amended, and was subsequently amended by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) as amended, which converted it into a Water Trading Entity. Under the PFMA, the WTE was required to change from cash-based accounting to accrual-based accounting.

In terms of the National Water Act, 1998 (Act No. 36 of 1998), the Department is responsible for the regulation of water use in South Africa by ensuring that water is allocated equitably and used beneficially in the public interest, and it is also required to create a register of all water users in the country. The Act makes provision for cost recovery on services rendered by the Department to water users. It is against this background that the Department created the Water Trading Entity within its administration. It has been operating as an integral part of the Department with very limited segregation of functions from the Department's Main Exchequer Account. The accountability for its functioning is vested in the Director-General who acts as its accounting officer. The funding of its activities comes from the Department as a transfer payment and through revenue collection from the various water schemes operated throughout the country.

2.5.2 Description of components

2.5.2.1 Component 1: Integrated Water Resources Management

This trading account covers specifically water resources management functions. The integrated water management activities are geared towards ensuring that water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of the people residing

in the relevant water management areas. Key focal areas include integrated water resources quality, control and authorisation of water use, and promotion of water conservation measures.

Through Component 1, water resources will be managed within water management areas to achieve improvement in resource protection, catchment management, water use and support to established catchment management agencies. Through trading accounts 2 and 3, water resources infrastructure is developed, operated and maintained in terms of best accepted practices that embrace enterprise-wide risk and asset management and optimal revenue management. Much work has already been done on water resources infrastructure including construction of new infrastructure to increase capacity for water security and availability.

2.5.2.2 Component 2: Integrated Water Resources Systems

This function is charged with the responsibility of developing, managing, operating and maintaining water supply schemes as integrated water resources systems. This includes transfer schemes that ensure meeting water demands by transferring water from water rich areas within and between water management areas. An example of this is the Vaal River System where a number of dams and pipelines are operated as one inter-linked system. The activities underlying this function are funded mainly through a consumptive water use charges.

2.5.2.3 Component 3: Bulk Water Supply

This function deals with water resources schemes operated as stand-alone schemes and do not form part of an integrated water resources system. The supply of water is in bulk to different water user groups, but the agricultural sector is by far the largest consumer. Expenditure in this component covers operations and maintenance as well as management costs, and revenue is earned through the sales of water related services, most in bulk.

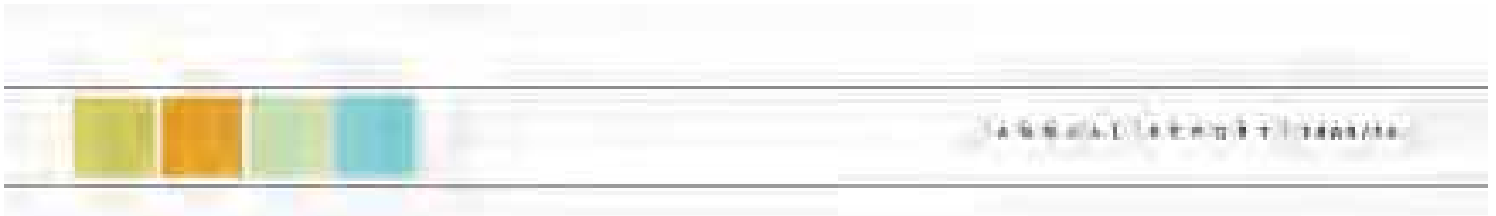




2.5.3 Key milestones

- (a) On Olifants River Water Resources Development Project (ORWRDP) 2A and the new 20 kilometre stretch of the R555 road relocated around the dam basin was completed and opened for traffic in June 2009. The related infrastructure including site offices, materials laboratory, community hall and permanent housing for operators was completed and commissioned for use. For the De Hoop Dam, the foundation excavations were completed and mostly covered with a first layer of concrete. The procedures for placing roller compacted concrete at high rates were refined and the contractor is now ready for placing concrete. The second stage river diversion has been successfully completed. There are currently 752 people employed by the project.
- (b) The successful commissioning of the Nandoni water treatment work on the Dam Safety Rehabilitation Programme, the Lakeside Dam, the Molepo Dam, the Toleni Dam and the Gcuwa Dam have been successfully completed. The planning of the raising of the Clanwilliam Dam is at an advanced stage. These projects will serve households that were not previously served with clean potable water. Phase I of the Mokolo River augmentation project will supply water to the new Medupi power station, coal mines and Lephalale Municipality. Further phases of the project that are scheduled to commence during the next financial year and completed after 2014 will create opportunities for the development of future power stations, new petrochemical industries in Limpopo province and many more initiatives. On average about 500 jobs will be created over the next five years and expected to allow Broad Based Black Economic Empowerment (BBBEE) participation.
- (c) The Mooi-Mgeni Transfer Scheme project involves the construction of the Spring Grove Dam for domestic water supply in the Ethekwini and Umgungundlovu municipal areas. The construction of a transfer pipeline from the Mooi River to the Mgeni River is part of this project for which construction is planned to commence by the end of 2010 and the first water delivery is expected by 2013.
- (d) The Department is planning to spend in excess of R1 billion per annum in the next four years on capital maintenance projects, including the Gamtoos Irrigation Scheme, the Vlakfontein Canal, and the Bospoort and Nsami Dams. The 24 Rivers Canal is one of the canals that supply Voëlvlei Dam with water. The canal has reached the end of its design life and rehabilitation work on the canal commenced in 2007 and should be completed by 2011. A total of R11 million was spent on the rehabilitation of the 24 Rivers Canal during the 2009/2010 financial year.
- (e) The Bulshoek Barrage in the Olifants River, diverts water into the main canal supplying the irrigation scheme at Vredendal. Wall sluices are used to regulate the discharge into the canal. This 90-year old structure has no provision to isolate the wall sluices, thus caissons were installed to remove old wall sluices without disrupting supply.
- (f) The Impofu Dam is one of the major suppliers to the Nelson Mandela Bay Metro. After 25 years in service, the corrosion protection on the mild steel pipes in the dam was due for replacement. The intake pipes could be removed to accomplish this, but the 400 m long outlet pipeline has to be done in situ.
- (g) The Laing Dam is a major source of water for Buffalo City. The 60-year old cast iron inlet pipes have been developing leaks and had to be replaced. To supply the treatment plant immediately downstream, a siphon was installed over the spillway. The single intake system pipes are currently being removed to be replaced with a twin system.
- (h) Through the water resources infrastructure asset validation and verification project (Sakhile), the Department identified R10,1 billion worth of backlogs in the area of Dam Safety and Rehabilitation. To date eighteen dams have been rehabilitated. In this financial year, a further seven





dams will be rehabilitated. The upgrading of these dams brings substantial benefits, including the sustainability of water supply to water users, limiting water losses and increasing the spillway capacity to ensure the protection of the dam as part of disaster management. Dam safety rehabilitation works are substantially completed at the Gcuwa Dam and the Toleni Dam in the Eastern Cape. Other asset management initiatives included:

- Dam safety rehabilitation works are substantially completed at the Boskop Dam in the North West Province.
 - Dam safety rehabilitation works are substantially completed at Acornhoek in Mpumalanga.
 - Substantial rehabilitation work was undertaken on several elements of the Gamtoos GWS in order to improve the reliability of water supply to users, including the Port Elizabeth area.
 - No water delivery failures occurred due to infrastructure unavailability during the year;
 - Eskom's full demand was delivered in the Eastern Highveld for the thermal power stations without any curtailments.
 - Sasol's full demand was met.
 - Rand Water's full demand, in excess of 1 300 000 000 m³, was met.
 - Large floods were successfully routed through the dams.
- (i) Through the operations and maintenance clusters, 95% compliance to levels of assurance of supply for different user groups was ensured; however it must be noted that 99.5% to the energy sector was ensured to the energy sector





2.5.4 Performance against targets

TABLE 27: STRATEGIC GOAL 3: BUILD, OPERATE AND MAINTAIN INFRASTRUCTURE

Strategic Goal: Build, operate and maintain infrastructure

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
Develop and construct new infrastructure	Implementation of new bulk water infrastructure to meet social water needs, economic growth and development	Percentage completion as per project specification	40%	De Hoop Dam 41% complete	38%
			90%	Nandoni Water Treatment Works 99% complete	98%
			90%	Nandoni Distribution 96% complete	70%
			50%	Injaka Water Treatment Works 57% complete	58%
			70%	Hluhluwe Regional Water Scheme 73% complete	63%
			40%	Mdloti River Development 42% complete	6%
			6%	Groot Letaba RWRP	4%
			100%	Vaal River East Sub-system Augmentation Project (VRESAP) 100% complete and fully commissioned	99%
			0%	Mooi-Mgeni Transfer Scheme 2 (Spring-Grove Dam) 5%	3%
			0	Komati Water Augmentation Scheme (KWAS) 5%	4%
		Percentage betterments completed as per project plan and specification	0	Mokolo Water Augmentation Project 8 % complete	3%



Strategic Goal: Build, operate and maintain infrastructure

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
			0%	Olifants River Water Resource Development Project 2B-I: bulk Distribution Scheme (5 % complete)	2%
Asset Management	Operation of water infrastructure to ensure supply of bulk raw water	Operate schemes as per System Operating Rules in accordance with bulk water agreements and licences	Water supplied according to existing bulk water agreement and licence	100% level of assurance of supply for different user group	95% level of assurance of supply for different achieved water users
	Maintenance of water resources infrastructure to meet water supply demands	Maintenance of infrastructure as per maintenance plan and procedures required to ensure infrastructure availability	70% infrastructure availability	80% availability	95% availability
		Percentage of resource management plans (RMPs) to ensure controlled and sustainable state land	0	2 RMPs completed	2 RMPs completed (Fika Patso and Metsi Matso)
	Efficiency improvement programme	Percentage of water losses curtailed to industry norms	0	30% water losses on conveyance systems	Extensive work need to be done on irrigation scheme canals to reduce conveyance losses. Many of the irrigation schemes are old and the canal losses are unacceptably

Strategic Goal: Build, operate and maintain infrastructure

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
					high. Extensive rehabilitaion is required to reduce these losses. Due to financial constraints on the capital budgets the targets to reduce these losses could not be realised during this reporting period. A long-term plan is being put in place to reduce conveyance losses.
	New bulk water resources infrastructure implemented	Number of projects completed	One project commissioned Three projects progressed to completion of implementation Preparations and commencement of construction One project advanced to completion of project implementation preparation.	Implementation of four projects under construction monitored	Five regional bulk projects were implemented in Eastern Cape (1), KZN (2) and Mpumalanga (2)
	Preparation for implementation of Lesotho Highlands Water Project (LHWP) Phase 2	Protocol on LHWP Phase 2 approved by governments of RSA and Lesotho	Protocol on LHWP Phase 2 drafted and submitted for approval by both parties by March 2010	Project Management Unit established Environmental studies commenced Procure consultants for design of related infrastructure	Project Management Unit established First draft report available for discussion



Strategic Goal: Build, operate and maintain infrastructure

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
	Conversion of single, to multiple-purpose dams	Number of single-purpose use dams converted to multi-purpose use dams	0	3 dams converted to multi-purpose use dams	Not achieved
Ensure the provision of regional bulk water	Regional bulk schemes implemented in all nine regions to support access to water and sanitation programmes	Number of regional bulk schemes initiated	45	49	49 regional bulk schemes initiated by means of conducting feasibility studies
	Fully functional and sustainable schemes (dams, canals, pump stations, etc)	Percentage of transferred schemes refurbished by 2012	40% of the schemes refurbished	40% of the transferred schemes refurbished	63% (Regions)
Rehabilitation and refurbishment of water resources infrastructure	Fully functional and sustainable schemes (dams, canals, pump stations, etc)	Percentage of infrastructure that meet design standards	30% condition of infrastructure meet original design capacity/ performance requirements. Condition of infrastructure rated "Poor (Level-D)" by SAICE report	50% of infrastructure meet design standards/capacity.	70% of infrastructure meet design standards/capacity
		Percentage expenditure and number of dams in the construction phase	Zero percentage expenditure and number of dams in the construction phase	12% budget expenditure on planned projects (22)	80% budget expenditure spent on planned projects





TABLE 28: KEY CHALLENGES RELATING TO STRATEGIC GOAL 3

Key challenges	Proposed solutions
1 Training of staff on dam safety issues.	Training of technicians regarding operating rules, operation and maintenance manuals and emergency preparedness plans.
2 Shortage of dedicated technical personnel such as Climate Change Specialists, Water Plant Superintendents, Artisans, Technicians and Engineers.	Implementation of the Occupation Specific Dispensation aimed at recruiting and retaining scarce skills and the graduate development programme wherein prospective employees are given bursaries to pursue their studies in technical field relating to the Department's functions
3 Drought situation in the Southern Cape as well as the Algoa System	The situation needs to be managed and timely interventions need to be implemented to ensure that adequate water supply continues
4 Poor water quality negatively affecting irrigation farmers	Develop a two-year cleaning programme for canals
5 Inability to convert any of the three dams planned from single to multi-purpose due to the delay in the finalisation of the strategy for the conversion	The available draft strategy will be finalised and implemented during the next financial year.
6 Slow conversion of water use debtors into cash	Implementation of recommendations contained in the water user audit report, in particular the reconfiguring of SAP and improved debt collection efforts; in addition, water user associations will be approached to serve as billing and collection agents for some of the water user charges.



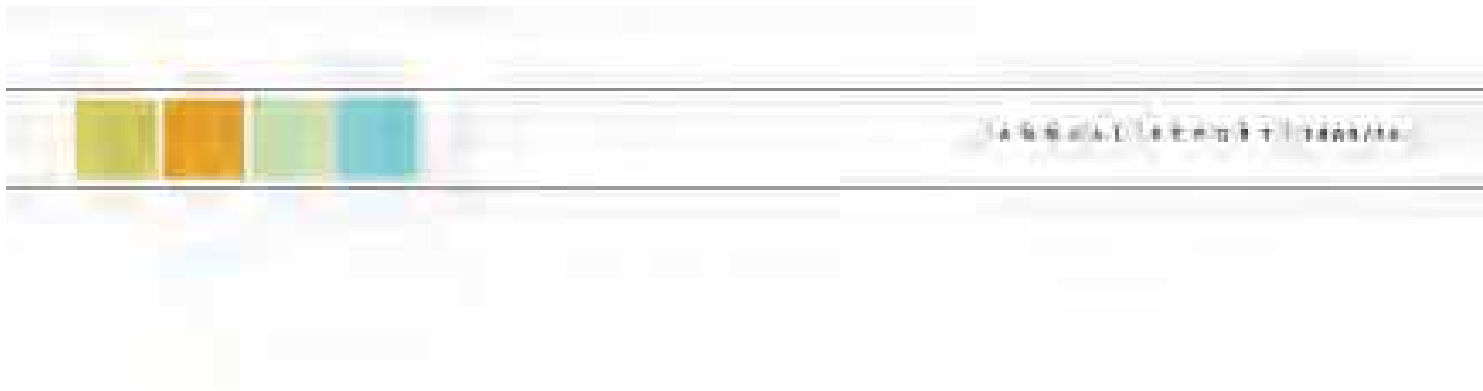


TABLE 29: STRATEGIC GOAL 4: ALIGNED AND EFFECTIVE INSTITUTIONS

Strategic Goal: Aligned and effective institutions

Strategic Objective	Output (s)	Performance Indicator (s)	Baseline information	Performance against targets	
				2009/10 Target	Actual achievement
Establish appropriate institutions	Implementation of the Institutional Realignment Project	Number of effective water institutions established as per guidelines	2 CMAs 14 water boards WUA s	Institutional realignment project finalised 2 WUAs established	2 Water User Associations established, namely Mokolo WUA and Koue Bokkeveld WUA

TABLE 30: KEY CHALLENGES RELATING TO STRATEGIC GOAL 4

Key challenges	Proposed solutions
Delay in the finalisation of the Institutional Re-alignment Project contributed largely to the slow process in establishing new CMAs and WUAs	The project will be adequately funded and carried out in the new financial year.





PART THREE

3. AUDIT COMMITTEE REPORT

3.1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

The Audit Committee comprises the following members:-

Name of Member	Number of Meetings attended
Ms S. Thomas (Chairperson)	7
Mr J.A Boyd	3
Mr W.G du Preez	6
Mr K.D Nkadimeng	2
Mr J. Motha	6
Ms H. Kabini – Zondo	5
Ms N. Ngele (Acting Director General)	1

During the year under review the Audit Committee held six normal meetings and one special meeting

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 attempted to discharge its responsibilities as contained therein.

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

- Department of Water Affairs – Vote 34

INTERNAL CONTROL

The system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain

instances. During the year under review, instances of non compliance were reported by the internal and external auditors that resulted from a breakdown in the functioning of controls. In certain instances, the weaknesses reported previously have not been fully and satisfactorily addressed, and the impact thereof in contained in the annual financial statements. The entity is currently reviewing its systems of internal control which should rectify the non compliance identified and provide more effective control.

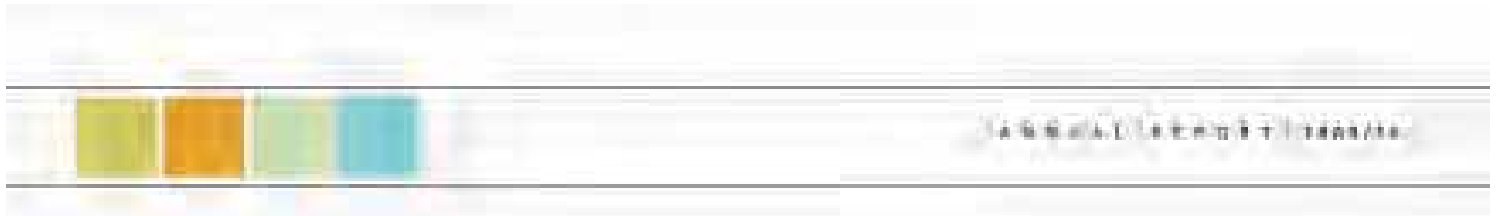
RISK MANAGEMENT

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

INTERNAL AUDITING

Internal auditing provides a supportive role to management and the Audit Committee to achieve their





objectives by assisting in the management of risk within the department

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

During the year under review the internal audit department did not have adequate capacity which has resulted in the audit plan for the year not being adequately covered. The Audit Committee is monitoring the progress with appointments within the internal audit department.

MATTERS REQUIRING SPECIFIC MENTION

The committee notes with concern, the Auditor-General's Qualified Audit Opinion on the financial statements of the Main Account. Management will be required to implement corrective measures to address the concerns raised by the Auditor-General that gave rise to the above-mentioned opinion.

EVALUATION OF FINANCIAL STATEMENTS

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

MS S THOMAS

DATE: 23 August 2010

CHAIRPERSON OF THE AUDIT COMMITTEE





3.2 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY FOR THE YEAR ENDED 31 MARCH 2010

The Audit Committee comprises the following members:-

Name of Member	Number of Meetings attended
Ms S. Thomas (Chairperson)	7
Mr J.A Boyd	3
Mr W.G du Preez	6
Mr K.D Nkadimeng	2
Mr J. Motha	6
Ms H. Kabini – Zondo	5
Ms N. Ngele (Acting Director General)	1

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

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 attempted to discharge its responsibilities as contained therein.

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

- Water Trading Entity

INTERNAL CONTROL

The system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review, instances of

non compliance were reported by the internal and external auditors that resulted from a breakdown in the functioning of controls. In certain instances, the weaknesses reported previously have not been fully and satisfactorily addressed, and the impact thereof is contained in the annual financial statements. The entity is currently reviewing its systems of internal control which should rectify the non compliance identified and provide more effective control.

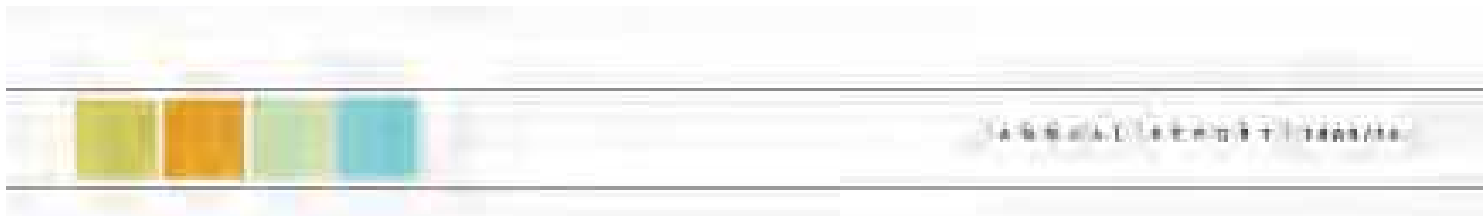
RISK MANAGEMENT

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

INTERNAL AUDITING

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





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

During the year under review the internal audit department did not have adequate capacity which has resulted in the audit plan for the year not being adequately covered. The Audit Committee is monitoring the progress with appointments within the internal audit department.

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. Management will be required to implement corrective measures to address the concerns raised by the Auditor-General that gave rise to the above-mentioned opinion.

The committee is further concerned with the material prior year adjustments processed in the currently year's financial statements especially as the 2009 financial statements were unqualified.

EVALUATION OF FINANCIAL STATEMENTS

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

Ms S. THOMAS

DATE: 23 August 2010

CHAIRPERSON OF THE AUDIT COMMITTEE





ANNUAL REPORT 2009/10

PART FOUR

4. ANNUAL FINANCIAL STATEMENTS FOR DEPARTMENT OF WATER AFFAIRS FOR THE YEAR ENDED 31 MARCH 2010





4.1 REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1 IMPORTANT POLICY DECISIONS AND STRATEGIC ISSUES FACING THE DEPARTMENT

The Department of Water Affairs is the custodian of water resources, charged with the primary responsibility of ensuring safe and reliable water to all South Africa's citizens. The Department also has a key role to regulate the water sector and to provide strategic leadership to the entire sector. The Department plays an important role in contributing to various key programmes of Government as informed by the priorities contained in the Medium-term Strategic Framework (2009-2014). Some of the key programmes contribute directly to economic growth, social development and poverty alleviation with the intent to create job opportunities. The Department has during the year under review embarked on focusing its delivery of service through the following seven strategic areas:

1.1.1. Ensure sustainable and equitable water resources management

The Water for Growth and Development Strategic Framework was developed to set in motion a course of action to ensure that there is sufficient water in both quantitative and qualitative terms to support South Africa's growth path. To give expression to the framework, the Department has executed the following measures.

(i) Water Resource Reconciliation Strategy Studies

The IWRP continued to develop key strategies to ensure that sufficient water would be available to meet the growth and development needs of the country. The following reconciliation strategy studies were completed during the 2009/10 financial year:

- Vaal River System – it was recommended that Phase 2 of the Lesotho Highlands Water Project be implemented, illegal water abstraction for irrigation

in the Vaal System to be eradicated, water losses from the domestic and industrial water supply system be reduced by at least 15%.

- Crocodile (West) River System – it was recommended that the Mokolo Crocodile West Augmentation Project be implemented to meet the growing needs in the Lephalale area. Growing return flows from Gauteng North area will be used to meet the needs of the Crocodile (West) System Supply Area.
- KZN Coastal – the re-use of effluent from urban areas of the KZN Coastal area will be required to meet future demands and the Mooi-mgeni Transfer Scheme, entailing the construction of Spring Grove Dam and Associated works, needs to be urgently implemented. Desalination of sea water needs to be investigated.

In addition, the following studies were also carried out to develop reconciliation strategies for –

- the Algoa Water Supply Area
- the Bloemfontein Area and surrounds
- all other towns in South Africa.

Strategies for Cape Town and the Amatola water supply systems, which were completed in the previous financial years, were updated and the recommended actions followed.

(ii) Operating Rules for Water Supply and Drought Management

The IWRP has over the years developed robust water operating rules, which are protocols for regulating the storage and movement of water resources in systems (dams) in order to match water availability with requirements. Operating rules guide the applications in order to ensure equitable supply of water and mitigation against risk of failure of water resources during drought conditions. This approach has largely been successful.

During the 2009/10 financial year, the process of developing and enhancing its water operating rules, including tools with benchmarks, early warning systems,





a monitoring procedures process of enhancing and triggering to spark corrective measures like restrictions in order to mitigate system failures during drought conditions, was continued. The following systems were analysed and actions recommended for optimum operation:

- Integrated Vaal River System which supplies Gauteng and the surrounds
- Western Cape Water Supply System which supplies the City of Cape Town and the surrounds
- Amatola Water Supply System which supplies the Buffalo City and the surrounds
- Algoa Water Supply System which supplies the Nelson Mandela Metro and the surrounds
- Mgeni Water Supply System which supplies eThekweni and the surrounds

These assessments recommended key actions which helped to minimise the impact of drought especially in some areas of the Eastern Cape.

The review of the National Water Resources Strategy, 2004, which describes how water resources will be protected, used, managed and conserved, was supposed to be revised during the period under review. However, the inception report was only completed in March 2010 and it is expected that the actual work will be carried out in the next financial year.

(iii) **Water Conservation and Water Demand Management**

The IWRP continued to assess opportunities for improving the efficient use of water through the development and implementation of appropriate sector strategies. Extensive education and awareness campaigns, especially amongst the youth, to inform communities about water use efficiency, were confirmed. This was done through projects such as the 2020 vision programme, where schools get to participate in water efficiency programmes. These include water and sanitation related competitions such as the South African Youth Water Prize and Baswa Le Meetsi (Youth in Water). Also, communities were encouraged to use water efficiently through projects such as the Community Water

Efficiency Programme (COWEP), the Blue Bus Campaign, and the annual WCWDM Sector Awards for contributions towards the efficient use of water.

The Department, as a regulator, must ensure that Water Service Authorities adhere to water quality standards and continue to ensure that drinking water quality monitoring programmes are improved. The quality of water, both supplied to consumers and waste discharged back into water resources, depends on the quality of the treatment facilities. As the development of policy for water services infrastructure development is the Department's regulatory responsibility, the Department will ensure that there is adequate planning for the management, operation, maintenance, refurbishment and upgrading of infrastructure.

1.1.2 Establishment of the Compliance and Enforcement Unit

A new unit responsible for Compliance, Monitoring and Enforcement was established and a total of fourteen Water Management Inspectors have been recruited and trained. As a result of the implementation of the Compliance, Monitoring and Enforcement programme, a total of 239 directives have been issued of which 31 have been resolved positively and 14 will be dealt with in court.

The eradication of authorisation of water use will be a major contribution development to economic development as almost all developments require water. Water use authorisation is also a major part of the efficient integrated water resource management as it serves as a regulatory basis and a foundation for the sustainability of the resource (prevention of pollution and over abstraction by regulatory).

- Provincial water indabas were held in nine provinces and water sector plan were developed.
- A national water resource classification system has been finalised.
- Regulations for classification of water resources have been finalised.
- National coverage of Reserve determination has been improved to 60%.





1.1.3 Infrastructure development and maintenance

Capital expenditure on mega projects provides opportunities to positively impact on the socio-economic environment. The Department has already achieved success on recently completed projects (Berg Water project and Vaal Pipeline) by setting project specific targets for creating job opportunities and procurement of goods and services from local communities. Targets are set in a consultative manner and enforced through penalty clauses in service contracts. Time is needed to set the targets associated with planned capital investment projects.

- 99% completion of the Vaal River East Sub-system Augmentation Project (VRESAP), launched in April 2009;
- 63% of transferred water schemes refurbished; and
- 98% completion of the Nandoni Treatment Works.

To ensure operational efficiency the extensive backlog on rehabilitation / refurbishment, which had developed due to insufficient funding for maintenance, needs to be urgently addressed. The Department has recently assessed all national water resources infrastructure and concluded that a R10 billion backlog has developed with regard to the assets currently valued at R58 billion (depreciated replacement cost).

The rehabilitation of civil works and the refurbishment of mechanical and electrical components of existing water resources infrastructure are taking part. Examples are the completion of extensive work done on the Gamtoos River distribution canals in the Eastern Cape and the improvements at the De Hoop Dam. The associated Dam Safety Rehabilitation Programme has also resulted in the completion of substantive upgrades to the Bospoort Dam in Limpopo, the Belfort Dam in the Eastern Cape and 18 smaller projects as well as 32 more projects that are planned for completion in the coming financial years. Both these programmes made major contributions to reducing the backlog in infrastructure rehabilitation and improved the efficiency, safety and useful lifespan of strategically important water resources infrastructure.

1.1.4 Ensure universal access to safe and affordable water services

The Department's role is to create an enabling environment in which local government is equipped to fulfil its Constitutional mandate and improve service delivery. This requires a joint effort and better collaboration between the three spheres of government, with the Department of Cooperative Governance and Traditional Affairs being the main role player. This will be made easy with the implementation of the Local Government Turn-around Strategy that was approved by Cabinet in January 2010. As the Constitution clearly defines the role of the Department of Water Affairs with regard to the provision of water services, the Department's responsibility relates to the provision of support to municipalities, particularly those that are under capacitated. This is done through the development of Water Services Development Plans (WSDP) and Integrated Development Plans (IDP) by the deployment of expertise in partnership with the Development Bank of Southern Africa (DBSA), as well as the operation and maintenance of water services infrastructure.

1.1.5 Transformation

The legislative and policy instruments provide strategic direction for the implementation of the transformation agenda in the water sector. Internal strategic tools were developed to give expression to the transformation imperatives of government as contained in legal frameworks. These include the Broad Based Black Economic Empowerment strategy, the youth development strategy and guidelines on the establishment of Catchment Management Agencies, the Water Allocation Reform programme, support to resource poor farmers, the women empowerment and disability programme, human resources development strategy and the public education and awareness programme. Annual targets are set against each focus area and monitored in terms of the performance monitoring and evaluation system.

The Department played an important role with regard to poverty alleviation by creating 19 203 job opportunities through the Working-for-Water programme. This directly





supports the Expanded Public Works Programme. Women empowerment events and disability campaigns were implemented as part of the transformation agenda. The involvement of communities during the event was given a strong focus.

1.1.6 Pursuing Africa's advancement

The Department played an important role in shaping the global agenda on water through the implementation of various cooperation agreements at regional and international level aimed at improving the management of water resources. As an active participant to the regional and continental water engagements, the Minister of Water and Environmental Affairs was elected the chairperson of the African Ministers' Council on Water (AMCOW), with the term running over a period of two years starting from November 2009. This particular privilege reflects the confidence of governments in the ability of the Minister to provide leadership on issues of growing importance like the collective management of trans-boundary and shared water resources.

1.1.7 Create a value driven effective and responsive department

The organisational structure of the Department was reviewed in response to the problems of misalignment, role ambiguity and to give strategic focus to the core business of the Department. This process was enhanced through the development of job profiles for senior management echelons. The learning continued to play a key role in securing an adequate human resource supply of the relevant technical skills to meet the current and future demands of the Department.

The Department implemented a financial management improvement plan focusing on addressing all the issues raised in the Auditor General's report. The alignment between a corporate strategy, business plans and performance agreements continues to be a challenge. We will continue to implement measures to improve alignment and create a sense of strategic coherence.

1.2 CHALLENGES FACING THE DEPARTMENT

Key ongoing challenges facing the Department relates to:

- Preventing the pollution of water resources from mining activities and sewerage
- Ensuring equity in access to water for domestic and productive purposes
- Curbing unlawful water use
- Inadequately qualified financial professionals
- Inadequate management capabilities
- Retention of technical skills
- Limited financial resources allocated to the refurbishment of water resource infrastructure
- Ageing water resources infrastructure
- Inadequate funding of mega capital infrastructure
- Water license backlog

1.3 SIGNIFICANT EVENTS THAT HAVE TAKEN PLACE DURING THE FINANCIAL YEAR

1.3.1 Ensuring sustainable and equitable water resources management

- The River Health programme was implemented in the Vaal and Crocodile Rivers. This resulted in cleaner rivers, an improved ecosystem and improved water quality. The programme trains and employs people from local communities to clean rivers.
- There was a 25% improvement in the finalisation of non-compliance cases (CME). Compliance enforcement is necessary to ensure sustainable water resource managements.
- 895 900 hectares were cleared of invasive species through the Working for Water (WfW) programme.
- Reconciliation strategies for the Crocodile (West), Vaal and KwaZulu-Natal coastal areas that are meant to secure continued water supply to those areas at an appropriate level of assurance for the





various users were completed. This is over and above work that has been done in areas such as the Western Cape, Amatole (East London area), Algoa and others.

The Department implemented the BLUE DROP programme, aimed at assessing the quality of drinking water in various municipalities and highlighting drinking water quality related deficiencies to Water Service Authorities. This was also complemented by the implementation of the GREEN DROP programme which focused on the assessment of the waste water treatment works in various municipalities to determine their level of compliance to minimise the negative environmental impact and the human health risks.

1.3.2 Ensure universal access to safe and affordable basic water

- Four provincial plans supported as part of support to municipalities
- 60% of under-capacitated municipalities were identified and supported as part of the Municipal Indaba Action Plan
- Eight provincial water sector plans were reviewed and aligned to the Water for Growth and Development (WfGD) Framework
- Six regional CME implementation plans were approved for implementation in 2010/11

1.3.3 Build, operate and maintain infrastructure

1.3.3.1 New augmentation

- Olifants River Water Resources Development Project (ORWRDP) 2A: The new 20 km stretch of the R555 road relocated around the dam basin was completed and opened for traffic in June 2009.
- De Hoop Dam: The project employed 752 people in this period. The foundation excavations were completed and mostly covered with a first layer of concrete. The procedures for placing roller compacted concrete at high rates were refined and ready for placing concrete.
- Dam Safety and Rehabilitation Programme: The Nandoni water treatment works was commissioned.

The Lakeside Dam, Molepo Dam, Toleni Dam and Gcuwa Dam were completed. The planning of the raising of Clanwilliam Dam is at an advanced stage. At the end of the financial year at total of eighteen dams had been rehabilitated. The upgrading of these dams ensures: (i) sustainability of water supply, (ii) limiting water losses, and (iii) increase the spillway capacity to ensure the protection of the dam as part of disaster management.

- Mokolo River Augmentation Project: Phase I will supply water to the new Medupi power station, coal mines and the Lephalale Municipality. Further phases of the project, scheduled to be completed after 2014, will create opportunities for the development of future power stations, new petrochemical industries in the Limpopo Province and many more initiatives. On the average, about **500 jobs will be created** over the next five years.
- Mooi-Mgeni Transfer Scheme Project: involves the construction of the Spring Grove Dam for domestic water supply in the Ethekwini and Umgungundlovu municipal areas. The construction of a transfer pipeline from the Mooi River to the Mgeni River is part of this project for which construction is planned to commence by the end of 2010 and the first water delivery is expected by 2013.
- Levels of assurance of supply:
 - 95% compliance for different user groups was ensured; 99.5% to the energy sector was ensured.
 - 63% of the transferred schemes were refurbished as part of ensuring the provision of regional bulk water
 - 23 regional bulk readiness studies were completed
 - 29 regional bulk projects were initiated
 - 2 regional bulk projects were completed
- The Vaal River Eastern Sub-system Augmentation Project (VRESAP) was declared operational in June 2009. Water can now be conveyed from the Vaal Dam to a distribution point near Secunda to ensure





the provision of additional water to Eskom and Sasol at the high level of assurance of supply required for strategic industries.

1.3.3.2 Regional Bulk Infrastructure Programme (RBIG)

The RBIG is a targeted support programme to Water Services Authorities (WSAs) established in 2007 to supplement the financing for the development of regional bulk water infrastructure, regional bulk sanitation collection as well as regional water treatment works and waste water treatment works. The programme started with a budget of R300 million in the 2007/08 financial year and up to the end of the 2009/10 financial year an amount of R1,362 billion had been invested. Furthermore, the programme had **created a total of 6 342 job opportunities**.

- A total of 11 projects had been completed with improved access to approximately 249 000 people.

1.3.3.3 Accelerated Community Infrastructure Programme (ACIP)

- The ACIP is a "rapid intervention programme" with a focus on: (i) community infrastructure water and sanitation, (ii) Water conservation and demand management, (iii) the Waste Water Infrastructure Refurbishment programme, and (iv) drought intervention in the Eastern Cape. It is being implemented in partnership with the targeted municipalities which are also co-funding implementation. An initial amount of R500 million was identified and set aside by the Department to kick start the programme. At the end of the financial year a total of 14 projects for water supply and 13 projects for household sanitation were selected and ranked on the basis of exposure to the impacts of cholera and high water services backlogs (typically where between 50% and 100% of households were not served). These projects will benefit from the co-financing of municipalities during implementation in the 2010/11 financial year.

1.4 PURSUING AFRICAN ADVANCEMENT AND ENHANCED INTERNATIONAL COOPERATION AND DEVELOPMENT

- During this period, the Department (on behalf of the country) hosted the second Africa Water Week event and Seventh Session of the African Minister's Council on Water (AMCOW). During this event, South Africa, through the Department of Water Affairs, took over the chair of AMCOW for the next two years. This places a huge responsibility on the country to provide strategic leadership and guidance to address the problem of water security on the Africa continent.

1.5 CREATE A VALUE DRIVEN, EFFECTIVE AND RESPONSIVE DEPARTMENT

The Department undertook improving financial management as a contribution to government priority. Positive progress had been made in the following:

- In the 2008/09 financial year, the Department received an unqualified audit opinion from the Auditor-General.
- Financial management improvement initiatives have been undertaken in areas of (i) asset management, (ii) revenue management, (iii) the establishment of risk management, and (iv) the enhancement of internal audit function.
- The Enterprise Wide Asset Management (EWAM) project undertook the verification and valuation of major water infrastructure assets with a view to producing a complete and verified asset management register, including the establishment of relevant asset management policies.

¹ Bulk infrastructure plays a central and critical role in facilitating: (i) universal access to basic water, (ii) municipal growth and economic development, (iii) drinking water quality and wastewater management, (iv) water resources management including effective use and environmental protection.





1.6 TRANSFORMATION/ POVERTY ALLEVIATION PROGRAMMES

- 2 025 051 person days of employment were created through the Extended Public Works Programme (Natural Resource Management Programmes - WfW, WoF, WfWoodlands)
- 1 442 SMMEs were created through Extended Public Works Programme (Natural Resource Management Programmes- WfW, WoF, WfWoodlands)
- The Department installed underground rainwater tanks in 500 households to be used for food gardens and in addition 300 resource poor farmers were supported.

1.7 ANY OTHER MATERIAL MATTER-SOCCER WORLD CUP CLOTHING AND TICKETS

The Department did not engage in any expenditure in this regard.

1.8 SPENDING TRENDS

The National Treasury has granted approval that the Department reschedule earmarked funds of R502 million owing to -

- delays in signing a memorandum of agreement with the mining sector needed to raise funding on the open market; and
- delays in reaching water supply agreements with individual mines due to the global economic crisis.

As result, the Department anticipated to spend only R98 million of the R600 million earmarked for phases 2B and 2G of the De Hoop Dam. The Department therefore requested the National Treasury to utilise the remaining R502 million as follows:

- R297 million was needed to further develop the following infrastructure projects:
 - Nandoni Water Treatment Works

- Inyaka Water Treatment Works

- Hluhluwe Regional Water Scheme

- Augmentation to the Water Trading Entity (WTE)
 - R205 million to cover the cost of water services infrastructure projects undertaken by the WTE in the 2008/09 financial year.

Virement

• Programme 2: Water Resource Management

An amount of R8.4 million was shifted to Programme 1: Administration to defray over-expenditure on Programme 1: Administration mainly attributable to additional accommodation needed by the Department as well as the increased cost of office accommodation and municipal services.

• Programme 3: Water Services

An amount of R26.4 million was shifted to Programme 1: Administration to defray over-expenditure on Programme 1: Administration mainly attributable to additional accommodation needed by the Department as well as the increased cost of office accommodation and municipal services.

Comparisons of expenditure between the 2008/09 and 2009/10 financial year

In comparison with the 2008/09 financial year when only 92 % of the appropriated amount was spent, 98% was spent in 2009/10. The percentages per programme were as follows:

Programme	2008/09	2009/10
Administration	100%	100%
Water Resource Management	86%	99%
Water Services	100%	95%
Percentage spent	92%	98%





2. SERVICES RENDERED BY THE DEPARTMENT

2.1 THE FOLLOWING SERVICES ARE RENDERED BY THE DEPARTMENT

The main services rendered by the Department are related to:

- Ensuring integrated planning for water to facilitate alignment with SDF
- Ensuring the availability of water at national level to facilitate equitable and sustainable social and economic development
- Providing support to ensure supply of water services at local level
- Ensure compliance, monitoring and enforcing of prescripts in terms of the National Water Act, 1998 (Act No. 36 of 1998)

2.2 TARIFF POLICY

The policy framework for charging for the use of water resources is set out in sections 56 to 60 of the National Water Act, 1998 (Act No. 36 of 1998). The pricing strategy for raw water use charges was published in *Government Gazette* No. 1353 of 12 November 1999. The first review of the pricing strategy has been completed and implemented by Notice No. 296973 in the *Government Gazette* of 16 March 2007 for implementation since April 2007. It remains valid until it is replaced by a new pricing strategy.

The following abstraction related uses are charged for in terms of the current pricing strategy:

- Taking water from a water resource (underground or surface water)
- The annual refilling of dams constructed to enhance property values or for recreation and which are located in important water-courses also constitutes a use, based on an estimation of evaporation losses
- Engaging in a stream flow reduction activity such as afforestation

The proposed pricing for waste discharge related uses and return flows will be implemented after the review of the existing pricing strategy and other fiscal policy measures that have an impact on environmental taxes.

A big and enduring problem with the implementation of the pricing strategy so far has been that insufficient revenue is collected by means of infrastructure-related water use charges to fund the maintenance, refurbishment and betterment of government water resources infrastructure at a sustainable level. It was thought that this problem could potentially be solved by trying to address the government funding model for water resources infrastructure during the pricing strategy review process, but if this did not turn out to be feasible to at least make a serious effort to increase the efficiency of the Department's revenue collection process and broaden the consumer base, to appeal to the National Treasury for more financial support to keep water resources infrastructure at a sustainable level.

Schedule 1 of the National Water Act, 1998 (Act No. 36 of 1998) states that the following uses need no authorisation and are thus not subject to pricing:

- water for reasonable domestic use;
- water for small gardening not for commercial purposes;
- the watering of animals within the grazing capacity of the land;
- storage and use of run-off water from a roof;
- water used in emergency situations;
- non-consumptive use of water for recreational purposes under certain conditions; and
- discharging of water containing waste into a communal conduit controlled by another authorised person

2.3 FREE BASIC SERVICES

Various technical and administrative support services were provided to Water Services Authorities and Water Management Institutions. These vary over a wide range of actions but mostly around support such as the provision of information to municipalities, the media and the public. Booklets, guidelines and pamphlets were





distributed free of charge to municipalities, civil society and NGOs working in the water sector. It is estimated that Water Services Authorities provided water to a further 107 million people during the reporting period through the respective Water Services Development Plans and it is reported that R2,5 billion of the Municipal Infrastructure Grant (MIG) was spent during this period. Reports indicate that access to basic water supply services improved from 59% (1994) to 93% (2010) of the national population based on the Census 2001 results, as updated annually by the Department.

Free training was provided to operators of water works, councillors and water board members. Specialised planning was done to assist municipalities in forward planning for water resources and water services. All these were done in addition to participation in several actions, activities and workshops organised by other spheres of government such as provincial and local government.

2.4 INVENTORIES

Inventories amounted to R81 827 000 as at 31 March 2010. These are reflected as Note 5.5 to the Annual Financial Statements.

3. UTILISATION OF DONOR FUNDS

The donor-funded programme, Masibambane, which is in its third phase, is one of the most significant vehicles aimed at strengthening the Department's ability to effectively discharge its mandate through the implementation of the Community Water Supply and Sanitation Programme (CWSS). The details of the donor funds received are reflected in Note 3 to the Annual Financial Statements and such funds were used for the following activities:

- local government capacity building and knowledge sharing;
- the implementation of water and sanitation infrastructure projects; and
- the implementation of financial management improvement practices.

4. STATUTORY BODIES, TRADING AND PUBLIC ENTITIES REPORTING TO THE MINISTER

The Department comprises various statutory institutions and entities that have been established in accordance with the acts of Parliament and accounts directly to the Executive Authority. These institutions and entities are mentioned below.

4.1 TRADING ENTITIES

4.1.1 Water Trading Entity

The Water Trading Entity (WTE) was first established as a Water Trading Account by Cabinet approval in 1983 made via Circular SY3/6/B under the Exchequer Act, 1975 (Act No. 66 of 1975) as amended. It was subsequently amended by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) as amended, which converted it into a Water Trading Entity. In terms of the PFMA, the WTE was required to change from cash-based accounting to accrual-based accounting. This conversion to accrual-based accounting from cash-based accounting has been achieved as evidenced by the audit outcome of 2008/09.

In terms of the National Water Act, 1998 (Act No. 36 of 1998), the Department is responsible for the regulation of water use in South Africa by ensuring that water is allocated equitably and used beneficially in the public interest. It is also required to create a register of all water users in the country. The Act makes provision for cost recovery on services rendered by the Department to water users. It is against this background that the Department created the Water Trading Entity within its administration to operate the raw water supply infrastructure. The WTE has continued to operate as an integral part of the Department with a fair segregation of functions from the Department's Main Exchequer Account. The accountability for its functioning is vested in the Director-General of the Department of Water Affairs who is the accounting officer. The operating activities of WTE are funded by the Department as an augmentation and through revenue collection from water users throughout the country.





Component 1: Integrated Water Resources Management

This component specifically covers water resources management functions. The integrated water management activities are geared towards ensuring that water resources in those areas are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of the people residing in the relevant water management areas. Key focal areas include integrated water resources quality, control and authorisation of water use, and promotion of water conservation measures.

Through Component 1, water resources are managed within water management areas to achieve improvement in resource protection, catchment management, water use and support to establish catchment management agencies. Through Components 2 and 3, water resources infrastructure is developed, operated and maintained in terms of best accepted practices that embrace enterprise-wide risk and asset management and optimal revenue management. Much work has already been done on water resources infrastructure including construction of new infrastructure to increase capacity for water security and availability.

Component 2: Integrated Water Resources Systems

This function is charged with the responsibility of developing, managing, operating and maintaining water supply schemes as integrated water resources systems. This includes transfer schemes that ensure meeting water demands by transferring water from water rich areas within and between water management areas. An example of this is the Vaal River system where a number of dams and pipelines are operated as one inter-linked system. The activities underlying this function are funded mainly through consumptive water use charges.

Component 3: Bulk Water Supply

This function deals with water resources schemes operated as stand-alone schemes and does not form part of an integrated water resources system. The supply of water is in bulk to different water user groups, but

the agricultural sector is by far the largest consumer. Expenditure in this component covers operations and maintenance as well as management costs, and revenue is earned through the sales of water related services, most in bulk.

4.2 PUBLIC ENTITIES

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

This is a specialised liability management entity mandated to finance, develop and implement bulk raw-water infrastructure within an acceptable risk framework and in the most cost-effective manner to benefit water consumers. It was established in 1986 in terms of the Water Act, 1956 (Act No. 54 of 1956) which was repealed by the National Water Act, 1998 (Act No. 36 of 1998). Besides implementing and financing new water infrastructure projects as directed by the Minister, it is mandated to provide treasury and financial advisory services to the Department and other water management institutions. Over the medium term, the Trans-Caledon Tunnel Authority (TCTA) is expected to increase expenditure by nine percent which is in line with the increased expenditure in projects.

The TCTA has been given mandates to implement and finance the following projects:

- the Vaal River Eastern Sub-system Augmentation Project (VRESAP);
- the Mooi-Mgeni Transfer Scheme Phase 2 (MMTS-2)
- the Komati Water Scheme Augmentation Project (KWSAP);
- the Bulk Distribution System for the Olifants River Water Resource Development Project, Phase 2B-2I; and
- the Mokolo-Crocodile Water Augmentation Project (MCWAP).

The TCTA has successfully completed the implementation and funding of the part of the Lesotho Highlands Water Project (LHWP) phase 1 on Southern African soil and is currently responsible for the operation and maintenance





of the same components. It also provides debt management services to the Department of Water Affairs (DWA) for the LHWP Phase 1.

The TCTA has successfully completed the implementation and funding of the Berg River Water Project and is responsible for debt management of the related borrowings. The TCTA derives its mandate from the notice of establishment that effectively allows it to delegate its borrowing powers and for the DWA to delegate its project implementation and execution to the TCTA.

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

The Water Research Commission (WRC) was established in terms of the Water Research Act, 1971 (Act No. 34 of 1971) to promote the coordination, communication and cooperation in water research, to establish water research needs and priorities from a national perspective, to fund prioritised research, to promote the effective transfer, dissemination and application of research findings and to enhance knowledge and capacity building in the water sector. The WRC has five key strategic areas, each providing an integrated framework for investment in addressing a portfolio of key water related needs. These five areas are:

- water resources management;
- water-linked ecosystems;
- water use and waste management;
- water use in agriculture; and
- water-centred knowledge.

The areas allow for multidisciplinary studies and are focused on solving problems related to national needs and supporting society as well as the water sector. While each of the areas is unique and mutually exclusive, they collectively cover the spectrum of water-related topics of strategic importance.

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

In terms of Chapter 7 of the National Water Act, 1998 (Act No. 36 of 1998), provision is made for the establishment of Catchment Management Agencies (CMAs) that should perform delegated water resources management functions at the regional or catchment level and to

involve local communities in decision-making processes. CMAs are classified as Schedule 3A public entities in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended which implies that they are supposed to have governing structures in the form of a board and a chief executive officer (CEO). Only two CMAs, namely Inkomati and Breede-Overberg, currently exist. Both have function governing boards and CEOs. Seed funding of R42 million for the two established CMAs was disbursed to them to support their operations. Both are operational with governing boards, first line managers and staff in place.

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

Water boards have been established to operate as water services providers, which mainly entails the provision of bulk portable water supply. These boards manage water services in their supply areas, provide potable water at cost-effective prices and act as important intermediaries between bulk infrastructure provision, water reticulation and end users. There are currently 14 water boards that have been set up as financially independent institutions in terms of section 34(1) of the Water Services Act, 1997 (Act No. 108 of 1997) and must aim to be financially viable. The water boards currently reporting to the Minister are as follows:

TABLE 1: LIST OF WATER BOARDS

No.	Name of Water Board	Province
1	Albany Coast Water	Northern Cape
2	Amatola Water	Eastern Cape
3	Bloem Water	Free State
4	Botshelo Water	Free State
5	Bushbuckridge Water	Mpumalanga
6	Lepelle Northern Water	Limpopo
7	Magalies Water	North West
8	Mhlathuze Water	KwaZulu-Natal
9	Namakwa Water	Northern Cape
10	Overberg Water	Western Cape
11	Pelladrift Water	Northern Cape
12	Rand Water	Gauteng
13	Sedibeng Water	North West
14	Umgeni Water	KwaZulu-Natal





4.2.5 Water user associations

According to Chapter 8, Schedule 3 of the National Water Act, 1998 (Act No. 36 of 1998), all irrigation boards formed under the Water Act of 1956 (Act No. 54 of 1956) must be transformed into water user associations (WUAs) to provide a vehicle for localised users to operationally manage the use of the resource in a more integrated manner. Currently, all irrigation boards are in the process of being transformed into water user associations to fall within the ambit of the National Water Act, 1998 (Act No. 36 of 1998). To date, only 59 of the 279 irrigation boards have been transformed into water user associations. In addition, 31 new water user associations have been established and most of these are focused on supporting resource-poor farmers.

4.3 OTHER ENTITIES

Although these entities are active in the water sector they are not public entities which report to the Minister of Water and Environmental Affairs.

Komati River Basin Water Authority

The Komati River Basin Water Authority (KOBWA) has been established in terms of the treaty on water resources of the Komati River basin entered into between South Africa and Swaziland. It is governed by the Joint Water Commission, whose members consist of officials from both governments.

The Komati River Basin Water Authority was responsible for financing, building, operating and maintaining the water resources infrastructure in the Nkomati River basin, comprising the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland, with ancillary works.

The construction of the Driekoppies Dam was secured through a loan of R488.4 million from the Development Bank of South Africa. The loan is payable biannually in 40 instalments, at an interest rate of 10% per annum from March 2001. The liability is secured by a 100% guarantee from the South African Government. The outstanding balance on the loan as at 31 March 2010 was R364.8 million.

The loan of R1 158 000 000, structured by a promissory note as agreed by the South African and Swaziland Governments, is an additional facility to complete the Maguga Dam. It bears interest of 13.1% per year, payable biannually in arrears. The capital and interest are repayable in 30 biannual instalments from June 2002. The loan is fully guaranteed by the South African Government and in turn the Swaziland Government guarantees 40% per cent of the loan to South Africa. The balance on the outstanding loan as at 31 March 2010 amounts to R1 013 078 000.

5 ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

All entities to which transfer payments have been made are reflected in Note 11 to the Annual Financial Statements.

5.1 REASONS FOR TRANSFER PAYMENTS

5.1.1 Grants to municipalities

Transfer payments are made to municipalities in terms of section 64 of the Water Services Act, 1997, (Act No. 108 of 1997) which is intended to subsidise the operation and maintenance of water schemes owned and/or operated by the Department or by other agencies on behalf of the Department.

5.1.2 Accountability arrangement

Funds are transferred on the basis of a transfer agreement (contract between the Department and the receiving institution). The transfer agreement is intended to ensure the effective and sustainable delivery of infrastructure in accordance with the required accountability aspects of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended and the Division of Revenue Act, 2009 (Act No. 12 of 2009).





5.2 OTHER TRANSFERS

The Water Trading Entity (WTE) operates under the administration of the Department and any deficit must be made good from the Main Exchequer Account as an augmentation. For the year under review, augmentation to the WTE amounted to R2,195 million for infrastructure, R123,208 million for normal augmentation and R175,952 million for the Komati Water Basis Authority (KOBWA).

6. PUBLIC-PRIVATE PARTNERSHIPS

The Department does not have any public-private partnerships.

7. CORPORATE GOVERNANCE ARRANGEMENTS

The King Report, informed by the Constitution and Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, and the dictates of the King I, II and III reports, address the conformance of the Department of Water Affairs to the relevant statutory and regulatory imperatives. The Department, as a government entity, is required to prepare and submit annual financial statements which incorporate a corporate governance report.

Senior management of the Department of Water Affairs (DWA) endorses the Code of Corporate Practices and Conduct contained in the King III Report on Corporate Governance. By supporting the Code, senior management has recognised the need to conduct the DWA's affairs with integrity and in accordance with generally accepted corporate practices.

7.1 RISK MANAGEMENT APPROACH

The Department has appointed a Director: Risk Management to manage the risk management function at enterprise level. The Director: Risk Management reports to the Chief Operations Officer (COO). A Risk

Management Committee has been established to which the Director: Risk Management reports functionally. The Audit Committee is responsible for oversight requirements of risk management and evaluating and monitoring the Department's performance with regard to risk management.

The Department has a risk management policy in place. The day-to-day work practices involve risk assessment which is carried out intuitively and formally in line with the risk management policy. The risk management policy formalises the risk management process with risk registers maintained and reviewed as part of the business planning process.

Risk management champions were identified at branch level to strengthen the implementation of the function. Various risk management workshops were held which resulted in risk management plans containing ten significant risks being developed for the individual branches and regions.

A fraud risk assessment was performed from which a fraud risk register was developed. This informs the review of the Department's fraud policy and response plan.

7.2 FRAUD PREVENTION POLICIES

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

The Department has identified the risk in this area as being the lack of application, knowledge, awareness, effective communication and training with regard to its prevailing prescripts, as well as some policies and procedures which may be inadequate.





Management will improve awareness and knowledge of the relevant systems, policies, procedures, rules and regulations, including the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended, the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and the Supply Chain Management (SCM) Guidelines among the employees.

This will be done through the development of clearly defined communication and training strategies ensuring that all employees are aware of the policies and procedures and that they would be able to implement these in their respective duties and responsibilities.

7.3 EFFECTIVENESS OF INTERNAL AUDIT AND THE AUDIT COMMITTEE

The Internal Audit Unit of the Department discharges its responsibilities in accordance with the Treasury Regulation requirements. The unit has enhanced its capacity during the year by the appointment of key personnel which put it in a position to adequately deliver on its mandate. The Internal Audit Unit is headed by a Chief Director who reports operationally to the Accounting Officer and functionary to the Audit Committee. The component implement a risk-based internal audit plan annually which is in line with the standards set by the Institute of Internal Auditors. It performs an advisory role to management by ensuring that periodic audits and reports are produced based on the evaluation of the Department's system of internal controls and risk management processes. The unit also assesses the Department's ability to comply with legislative requirements as well as the performance of its functions in accordance with the mandate and commitment made in the strategic plans.

The Audit Committee has been appointed in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) as amended and members discharge their functions in accordance with the PFMA, Treasury Regulations and the Audit Committee Charter. Members have at each Audit Committee meeting engaged management on, among others, matters relating to

performance and financial management improvement action plans formulated to address performance and financial management weakness identified by the external auditors in the previous financial years.

7.4 OTHER GOVERNANCE STRUCTURES, INCLUDING MANAGEMENT PROCESSES TO MINIMISE CONFLICT OF INTEREST

The following committees exist: Top Management, Executive Committee (EXCO), the Management Committee (MANCO) and the Departmental Bid Adjudication Committee (DBAC). These are functioning effectively and are achieving their objectives. Management structures are in place to deal with the flow of information, issues of conflict of interest, provide leadership and facilitate decision making. .

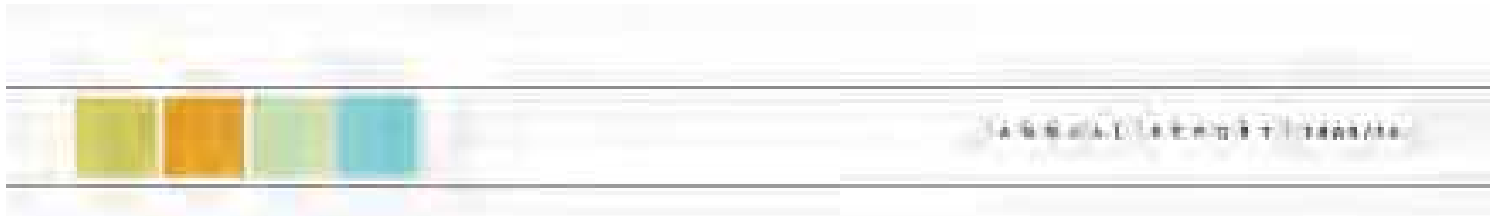
7.5 IMPLEMENTATION OF THE CODE OF CONDUCT

The Department had in the absence of its own code of conduct for employees adopted and continued to implement the Public Service Code of Conduct developed by the Department of the Public Service and Administration to manage the conduct of employees. This is supplemented by the Public Service Coordinating Bargaining Council (PSCBC) Resolutions such as the Disciplinary Procedures (Resolution 2 of 1999) and the Grievance Procedures (Resolutions 14 of 2002) in the public service to deal with disciplinary matters as well as formal complaints from employees.

7.6 SAFETY, HEALTH AND ENVIRONMENTAL ISSUES FACING THE ORGANISATION

The Department adheres to health and safety standards and regulations that are contained in the acts and policies by ensuring that plans and structures are in place to safeguard the wellbeing of the employees.





8. DISCONTINUED ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED

According to the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) the administrative powers and functions entrusted by legislation can be transferred to certain Cabinet Ministers in terms of section 97 of the Constitution.

Given under his Hand and the Seal of the Republic of South Africa, His Excellency Mr J Zuma, in his capacity as President of South Africa, signed the transfer of certain functions to various Cabinet Ministers on 22 June 2009 and it was published in *Government Gazette* No. 32367 dated 1 July 2009.

As a result of this, the administration, powers and functions in respect of the forestry and sanitation functions were transferred to the Minister of Agriculture, Forestry and Fisheries and the Minister of Human Settlements, respectively. According to the determination letters that were signed by the Minister of Public Service and Administration, the sanitation function was transferred to the Department of Human Settlements with effect from 1 December 2009 and the forestry function to the Department of Agriculture, Forestry and Fisheries with effect from 23 March 2010.

Section 42 of the PFMA and Treasury Regulation 6.5.2 state that "Should the Minister of Public Service and Administration or a Premier of a province make a determination regarding the transfer of a function between departments in terms of the Public Service Act, 1994, as amended, that determination must accompany a request for the transfer of funds as per Treasury Regulation 6.5.1. Should the Minister of Public Service and Administration or a Premier approve a function transfer after the finalisation of the adjustments estimates, it must be dealt with on a recoverable basis."

The budget for the forestry function for the 2009/10 financial year was transferred to the Department of Agriculture, Forestry and Fisheries (DAFF) by way of the Adjustment Estimate which was approved by Cabinet

on 2 October 2009. Expenditure amounting to R554 075 614.09 was therefore dealt with on a recoverable basis by the DWA.

The budget of the sanitation function was only transferred to the Department of Human Settlements (DHS) with effect from 1 April 2010. Expenditure amounting to R1 324 627.45 was incurred by the DHS since the transfer of the staff to the DHS and was dealt with on a recoverable basis by the DHS.

• **Nature of activities of the Department before and after the transfer of functions**

- Before the forestry functions were transferred, the aim of the Department was to ensure the availability and supply of water at national level, to facilitate equitable and sustainable social and economic development, ensure the universal and efficient supply of water services at local level, and promote the sustainable management of forests.
- The aim of the Department of Water Affairs after the forestry functions were transferred remains the same for water activities, but the promotion of sustainable forest management was removed from the budget.

• **The Department's previous name for information purposes**

- As a result of the transfer of the aforementioned functions the Department's name was changed from the Department of Water Affairs and Forestry to the Department of Water Affairs.

• **Detail of the functions transferred.**

Forestry functions:

- The purpose of Programme 4: Forestry of the Department, where the forestry functions were managed, was to ensure sustainable management of the Department's plantations and indigenous forests in order to realise their optimal social, environmental and economic benefits also to promote rural development through policy development, regulation, facilitation, and monitoring and evaluation.

Detail of the forestry functions executed by this Department:

- Forestry oversight





- Sustainable forest management
- Forests and fire governance
- Forestry development
- Forestry enterprises development and livelihoods
- Forest technical and information services
- Regional forestry information services
- State forest transfer and regulations
- State forest administration and oversight
- Forestry management and support
- Forestry support services

Sanitation functions

The sanitation functions were integrated in Programme 3: Water Services. The aim of sanitation services was to develop infrastructure for basic sanitation services at the regional level for improved quality of life and poverty alleviation.

As a result of the transfer of the forestry functions, no figures are reflected in the appropriation statement for forestry for the 2009/10 financial year.

9. NEW/PROPOSED ACTIVITIES

No substantial new activities have been implemented during the reporting year.

10. ASSET MANAGEMENT

A physical asset verification conducted at the nine regional offices of the Department confirms that all assets are recorded and captured in the asset register. During the reconciliation, assets paid through sundry payments were detected and added to those acquired on LOGIS. These were accounted for as additions and form part of the asset register.

The Departmental asset register meets the minimum requirements as per asset management guidelines and the Asset Management Framework. Current and capital assets are separately disclosed and are captured either in the minor or major asset registers.

The Department did not have a formal asset management plan in place in line with the strategic plan. This has since been rectified. The 2010/11 – 2012/13 strategic plan includes the asset management plan.

The Department is faced with the challenge of system (LOGIS) problems. LOGIS is a procurement system and was not meant to be an asset management system. Therefore, some of the activities are not accurately performed and reliance cannot be placed on it for reporting purposes. Misallocation of posting is still a challenge when procuring assets. This challenge has been dealt with through targeted transaction analysis. Supply chain and asset management officials have been subjected to the Standard Chart of Accounts (SCOA) training, enabling them to manage the misallocation at inception of the process when goods are procured.

11. EVENTS AFTER THE REPORTING DATE

The determination letter to transfer the forestry functions to DAFF was only signed on 23 March 2010 by the Minister of Public Service and Administration, but the physical transfer of the 2 949 staff members only took place with effect from 1 May 2010, which resulted in the salaries of Forestry staff for April 2010 to be paid by the DWA on a recoverable basis in the 2010/11 financial year.

12. PERFORMANCE INFORMATION

The Department has strengthened its performance management through the finalisation and implementation of the policy and procedure manual on managing organisational performance. Although these documents were approved during the last quarter of the financial year, implementation was carried out using the drafts as the basis. Some of the outcomes observed during the year under review are the improvement in the level of performance contracting by managers and the introduction of performance reviews taking place at departmental and branch levels. In addition to that, each branch produced a business plan that was approved by the accounting officer, and then cascaded to various chief directorates and directorates.





Discussion on the performance of the Department also took place at various governance structures such as Top Management, Executive Committee (EXCO) and Management Committee (MANCO). These meetings were convened to focus on strategic and business planning as well as performance reporting. Progress reports against the implementation of the strategic and business plans were submitted to the executive authority on quarterly basis as part of compliance with Part 3 of Treasury Regulation 5.3.1.

13. SCOPA RESOLUTIONS

According to the final expenditure reports there is no unauthorised expenditure to be reported for the 2009/10 financial year and no resolutions from SCOPA for previous financial years have been made available to the Department.

14. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Auditor-General of South Africa raised concerns in its audit report for the 2008/09 financial year, which includes *inter alia*:

- The information systems that was not appropriate to facilitate the preparation of a performance report that is accurate and complete.
- No controls were implemented to ensure the accuracy and completeness of reported performance information.
- No functional performance management system was in place whereby performance bonuses were only paid after proper assessment and approval by those charged with governance.
- The internal audit functions did not substantially fulfil its responsibilities for the year, as set out in Treasury Regulation 3.2.
- The financial statements were subject to material amendments resulting from the audit.

These issues were addressed in a specific financial management improvement action plan which was compiled in consultation with all role players after a

debriefing session held in October 2009. Recommended solutions were included in the action plan and were strictly monitored on a monthly basis to ensure the non-recurrence of the issues raised in the audit report.

The following are some of the overall initiatives in process to ensure the implementation of sound financial management practices and to address the concerns of the Auditor-General contained in the previous audit reports:

- The Department has engaged in a vigorous process to capacitate the Internal Audit Unit. During the reporting period the unit has successfully recruited audit professionals and filled key posts to position the Internal Audit Unit to effectively fulfil its responsibilities in terms of Treasury Regulation 3.2.

15. EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

No application was filed with the National Treasury seeking to exempt the Department from statutory reporting requirements.

16. APPROVAL

The Annual Financial Statements set out on pages 95 to 172 have been approved by the acting Accounting Officer, Ms Nobubele Ngele.

ACTING DIRECTOR-GENERAL: DEPARTMENT OF WATER AFFAIRS

DATE: 16 September 2010





REPORT BY THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE NO.34: THE DEPARTMENT OF WATER AFFAIRS FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the Department of Water Affairs which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 95 to 172.

Accounting officer's responsibility for the financial statements

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. 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.

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.

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

BASIS FOR QUALIFIED OPINION

Immovable assets

I was unable to verify the existence and completeness of immovable tangible capital assets stated at R33 499 000 (2009: R5 043 122 000) as disclosed in note 32 to the financial statements. The department imposed a limitation on the scope of my work, as the final asset register was not provided in time to verify the amounts. The department's records did not permit the application of alternative audit procedures regarding the existence and completeness of these immovable tangible capital assets





Movable assets

The closing balance for movable tangible capital assets of R90 724 000, as disclosed in note 30, to the financial statements, does not agree to the balance of R48 257 427 per the asset register. The department did not provide sufficient and appropriate evidence to explain the difference between the disclosure note and the underlying asset register of R42 895 573. Consequently, the department's records did not permit the application of alternative procedures to verify the existence and completeness of moveable assets.

Goods and services

The additions for movable tangible capital assets of R33 800 000, as disclosed in note 30, to the financial statements, does not agree to the additions of R16 160 794 in the asset register. The difference is as a result of misclassifications of expenditure on goods and services as capital expenditure. The department did not reconcile the difference. Consequently, I could not determine the effect of the misclassification on the tangible capital assets balance and on the goods and services amount contained in the financial statements.

Qualified Opinion

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 2010, and its financial performance and its cash flows for the year ended in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act.

Emphasis of matter

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

Basis of accounting

The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, described in accounting policy note 1.1 to the financial statements.

IRREGULAR EXPENDITURE

As disclosed in note 26 to the financial statements, irregular expenditure to the amount of R12,921 million was incurred as proper procurement processes had not been followed.

Additional matters

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

The supplementary information set out in annexures 1A to 6 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

In terms of the PAA of South Africa and General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 I include below my findings on the report on predetermined objectives, compliance with the Public Finance Management Act and financial management (internal control).

Findings

Predetermined objectives

Non-compliance with regulatory requirements

The Department of Water Affairs' strategic plan is not consistent with the department's published medium term expenditure estimates as required by the Treasury Regulations paragraph 5.2.2 (a).

Usefulness of reported performance information





The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

For the selected strategic goal five (5), 75% of the planned and reported targets were not:

- specific in clearly identifying the nature and the required level of performance
- measurable in identifying the required performance

For the selected strategic goal two (2), 100% of the planned and reported targets were not clear.

COMPLIANCE WITH LAWS AND REGULATIONS

Public Finance Management Act No 1 of 1999 and Treasury Regulations of 2005

Contrary to the requirements of TR16A3.2 and Section 51(1) (a) (iii) of the PFMA, the accounting officer did not implement and enforce controls to prevent the occurrence of irregular expenditure arising from non compliance with procurement processes.

Contrary to the requirements of section 40(1)(c)(i) the department did not submit their annual performance report for auditing within two months after the end of the financial year as required by the Auditor General Directive for 2009, it was submitted on the 03 June 2010.

INTERNAL CONTROL

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit.

Leadership

The accounting officer did not exercise adequate oversight over reporting and compliance with laws and regulations relating to supply chain management to prevent irregular expenditure.

Financial and performance management

The financial statements and other information to be included in the annual report were not reviewed for completeness and accuracy prior to submission for audit. In addition, transactions are not reviewed by competent officials prior and subsequent to capturing in the financial systems.

Governance

The department did not assess the likelihood and impact of risks relating to supply chain management and respond to the assessed risks adequately.



OTHER REPORTS

Investigations

An investigation into certain procurement irregularities at the department was conducted during the year under review and the report was finalised and tabled in May 2010.

Performance audits

A performance audit commenced during the year under review concerning the department's use of consultants and professional service providers. The report on this audit will be tabled when the engagement is finalised.

Auditor - General

Pretoria

31 July 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Appropriation per programme									
2009/10								2008/09	
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	767 964	(3 739)	65 988	830 213	826 787	3 426	99.6%	653 690	653 690
Transfers and subsidies	9 527	3 739	(2 974)	10 292	10 292	-	100.0%	14 362	14 032
Payment for capital assets	35 050	-	(28 300)	6 750	5 504	1 246	81.5%	14 036	14 036
2. Water Resource Management									
Current payment	1 447 810	(11 251)	6 800	1 443 359	1 442 820	539	100.0%	1 271 157	1 282 919
Transfers and subsidies	2 631 013	(382 865)	-	2 248 148	2 209 076	39 072	98.3%	2 205 709	1 695 483
Payment for capital assets	42 180	394 116	(15 200)	421 096	420 204	892	99.8%	22 946	22 946
3. Water Services									
Current payment	1 019 410	(36 455)	(72 814)	910 141	782 248	127 893	85.9%	682 046	691 615
Transfers and subsidies	1 465 801	376 352	3 000	1 845 153	1 826 303	18 850	99.0%	1 656 680	1 640 897
Payment for capital assets	355 247	(339 897)	43 500	58 850	57 305	1 545	97.4%	9 305	9 305
4. Forestry									
Current payment	-	-	-	-	-	-	-	494 968	496 199
Transfers and subsidies	-	-	-	-	-	-	-	6 418	5 150
Payment for capital assets	-	-	-	-	-	-	-	5 299	5 299
TOTAL	7 774 002	-	-	7 774 002	7 580 539	193 463	97.5%	7 036 616	6 531 571

DEPARTMENT OF WATER AFFAIRS

VOTE 34

APPROPRIATION STATEMENT for the year ended 31 March 2010

Appropriation per programme									
2009/10							2008/09		
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
TOTAL (brought forward)	7 774 002	-	-	7 774 002	7 580 539	193 463	97.5%	7 036 616	6 531 571
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				76 279				71 646	
Aid assistance				466 079				445 124	
Actual amounts per statement of financial performance (total revenue)				8 316 360				7 553 386	
ADD									
Aid assistance					316 600				408 736
Actual amounts per statement of financial performance (total expenditure)					7 897 139				6 940 307

Appropriation per economic classification									
2009/10							2008/09		
	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	1 024 055	(109 496)	-	914 559	910 233	4 326	99.5%	1 183 922	1 183 922
Goods and services	2 211 129	830	-	2 211 959	2 084 431	127 528	94.2%	1 913 666	1 936 987
Interest and rent on land	-	6 918	-	6 918	6 918	-	100.0%	3 512	3 512
Financial transactions in assets and liabilities	-	50 277	-	50 277	50 277	-	100.0%	-	-
Transfers and subsidies									
Provinces and municipalities	1 486 478	350 467	-	1 836 945	1 819 358	17 587	99.0%	1 652 164	1 636 389
Departmental agencies and accounts	2 362 495	(381 862)	-	1 980 633	1 958 464	22 169	98.9%	2 168 259	1 657 786
Universities and technikons	5 000	3 694	-	8 694	8 693	1	100.0%	605	533
Foreign governments and international organisations	180 725	403	-	181 128	177 081	4 047	97.8%	-	-
Public corporations and private enterprises	-	2 472	-	2 472	43	2 429	1.7%	2 700	1 422
Non-profit institutions	440	10	-	450	450	-	100.0%	387	378
Households	71 203	22 068	-	93 271	81 578	11 693	87.5%	59 053	59 053
Payments for capital assets									
Buildings and other fixed structures	343 662	110 597	(5 633)	448 626	448 544	82	100.0%	1 983	1 971
Machinery and equipment	59 664	(41 209)	17 529	35 984	33 702	2 282	93.8%	48 057	48 039
Biological assets	-	-	4	4	4	-	100.0%	199	199
Software and other intangible assets	29 151	(15 169)	(11 900)	2 082	763	1 319	36.6%	2 109	1 380
Total	7 774 002	-	-	7 774 002	7 580 539	193 463	97.5%	7 036 616	6 531 571

DETAIL PER PROGRAMME 1 – ADMINISTRATION

2009/10										2008/09	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
1.1 Minister											
Current payment	1 709	3 257	(300)	4 666	4 635	31	99.3%	1 978	1 978		
Payment for capital assets	-	48	-	48	48	-	100.0%	-	-		
1.2 Deputy Minister											
Current payment	-	-	-	-	-	-	-	-	-		
Transfers and subsidies	-	-	-	-	-	-	-	-	-		
Payment for capital assets	-	-	-	-	-	-	-	-	-		
1.3 Management											
Current payment	124 353	(17 690)	(100)	106 563	103 324	3 239	97.0%	92 770	92 770		
Transfers and subsidies	1 500	3	(1 300)	203	188	15	92.6%	1 454	1 454		
Payment for capital assets	5 071	(48)	(3 000)	2 023	1 841	182	91.0%	986	986		
1.4 Corporate Services											
Current payment	316 726	(72 494)	1 374	245 606	245 589	17	100.0%	303 277	303 277		
Transfers and subsidies	8 027	3 694	(1 674)	10 047	10 062	(15)	100.1%	12 344	12 014		
Payment for capital assets	14 644	-	(11 400)	3 244	2 670	574	82.3%	6 915	6 915		
1.5 Information Services											
Current payment	76 182	49 010	65 014	190 206	190 201	5	100.0%	80 734	80 734		
Transfers and subsidies	-	-	-	-	-	-	-	1	1		
Payment for capital assets	10 154	-	(9 700)	454	82	372	18.1%	3 248	3 248		
1.6 Property Management											
Current payment	138 331	28 891	-	167 222	167 091	131	99.9%	123 315	123 315		
1.7 Financial Management											
Current payment	110 663	5 287	-	115 950	115 947	3	100.0%	51 616	51 616		
Transfers and subsidies	-	42	-	42	42	-	100.0%	563	563		
Payment for capital assets	5 181	-	(4 200)	981	863	118	88.0%	2 887	2 887		
Total	812 541	-	34 714	847 255	842 583	4 672	99.4%	682 088	681 758		

DEPARTMENT OF WATER AFFAIRS

VOTE 34

APPROPRIATION STATEMENT for the year ended 31 March 2010

Economic classification Programme 1	2009/10					2008/09			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	273 870	(72 957)	(400)	200 513	200 513	-	100.0%	155 314	155 314
Goods and services	494 094	12 216	66 414	572 724	569 298	3 426	99.4%	495 038	495 038
Interest and rent on land	-	6 699	-	6 699	6 699	-	100.0%	3 338	3 338
Financial transactions in assets and liabilities	-	50 277	-	50 277	50 277	-	100.0%	-	-
Transfers and subsidies to:									
Provinces and municipalities	-	26	-	26	26	-	100.0%	2	2
Departmental agencies and accounts	1 027	-	-	1 027	1 088	(61)	105.9%	716	386
Universities and technikons	5 000	3 694	-	8 694	8 693	1	100.0%	-	-
Foreign governments and international organisations	-	3	-	3	3	-	100.0%	-	-
Households	3 500	42	(3 000)	542	482	60	88.9%	13 643	13 643
Payment for capital assets									
Buildings and other fixed structures	3 439	-	(3 400)	39	-	39	-	104	104
Machinery and equipment	21 744	(2)	(15 200)	6 542	5 481	1 061	83.8%	13 687	13 687
Software and other intangible assets	9 867	2	(9 700)	169	23	146	13.6%	246	246
Total	812 541	-	34 714	847 255	842 583	4 672	99.4%	682 088	681 758

DETAIL PER PROGRAMME 2 – WATER RESOURCE MANAGEMENT

Detail per sub-programme	2009/10						2008/09		
	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 Equitable Supply									
Current payment	160 137	(11 080)	(2 300)	146 757	146 677	80	99.9%	141 425	141 425
Transfers and subsidies	29 390	(1 474)	-	27 916	23 296	4 620	83.5%	26 033	26 026
Payment for capital assets	1 221	(95)	(400)	726	726	-	100.0%	1 096	1 096
2.2 Sustainable Supply									
Current payment	720 208	(17 715)	-	702 493	702 123	370	99.9%	623 146	623 146
Transfers and subsidies	53 700	-	-	53 700	46 785	6 915	87.1%	9 811	18 278
Payment for capital assets	2 560	396 438	-	398 998	398 998	-	100.0%	4 705	4 705
2.3 Protection Policies									
Current payment	45 817	5 370	-	51 187	51 151	36	99.9%	35 808	35 808
Transfers and subsidies	-	-	-	-	-	-	-	14	14
Payment for capital assets	880	216	-	1 096	1 096	-	100.0%	240	240
2.4 Protection Measures									
Current payment	3 198	292	-	3 490	3 460	30	99.1%	2 122	2 122
Payment for capital assets	91	39	-	130	130	-	100.0%	114	114
2.5 Institutional Regulation									
Current payment	26 868	(15 656)	-	11 212	11 209	3	100.0%	23 273	32 440
Transfers and subsidies	22 059	10 970	-	33 029	32 909	120	99.6%	3 993	4 605
Payment for capital assets	292	502	-	794	794	-	100.0%	90	90
2.6 Institutional Development									
Current payment	9 849	(1 895)	-	7 954	7 934	20	99.7%	8 796	8 796
Transfers and subsidies	-	-	-	-	-	-	-	114	114
Payment for capital assets	329	(64)	-	265	265	-	100.0%	104	104
2.7 Strategic Alignment									
Current payment	160 043	(13 260)	(5 300)	141 483	141 483	-	100.0%	143 116	145 171
Transfers and subsidies	-	943	-	943	943	-	100.0%	305	305
Payment for capital assets	10 409	(800)	(5 100)	4 509	4 211	298	93.4%	5 136	5 136

2009/10										2008/09	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
2.8 Stakeholder Empowerment											
Current payment	125 264	22 449	-	147 713	147 713	-	100.0%	137 385	137 385		
Transfers and subsidies	1 150	2	-	1 152	760	392	66.0%	846	846		
Payment for capital assets	17 209	(2 120)	(6 300)	8 789	8 629	160	98.2%	9 459	9 459		
2.9 African Co-operation											
Current payment	9 560	1 303	-	10 863	10 863	-	100.0%	18 520	18 520		
Transfers and subsidies	100	406	-	506	506	-	100.0%	572	500		
Payment for capital assets	82	-	-	82	72	10	87.8%	464	464		
2.10 Water Resource Admin											
Current payment	22 505	12 037	-	34 542	34 542	-	100.0%	26 007	26 007		
Transfers and subsidies	-	17	-	17	17	-	100.0%	5	5		
Payment for capital assets	649	-	-	649	309	340	47.6%	513	513		
2.11 Water Resource Support											
Current payment	164 361	5 442	14 000	183 803	183 803	-	100.0%	111 559	112 099		
Transfers and subsidies	5 205	(1 135)	-	4 070	3 212	858	78.9%	461	461		
Payment for capital assets	8 458	-	(3 400)	5 058	4 974	84	98.3%	1 025	1 025		
2.12 Operate of Water Resources											
Current payment	-	1 462	400	1 862	1 862	-	100.0%	-	-		
Transfers and subsidies	123 208	1 522	-	124 730	123 430	1 300	99.0%	316 233	316 233		
2.13 Infrastructure Dev & Rehabilitation											
Transfers and subsidies	2 396 201	(394 116)	-	2 002 085	1 977 218	24 867	98.8%	1 847 322	1 328 096		
Total	4 121 003	-	(8 400)	4 112 603	4 072 100	40 503	99.0%	3 499 812	3 001 348		

DEPARTMENT OF WATER AFFAIRS

VOTE 34

APPROPRIATION STATEMENT for the year ended 31 March 2010

Economic classification Programme 2	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	401 518	(4 390)	14 400	411 528	411 021	507	99.9%	338 158	338 158
Goods and services	1 046 292	(7 080)	(7 600)	1 031 612	1 031 584	28	100.0%	932 069	944 589
Interest and rent on land	-	219	-	219	219	-	100.0%	171	171
Transfers and subsidies to:									
Provinces and municipalities	53 700	439	-	54 139	54 098	41	99.9%	9 536	9 536
Departmental agencies and accounts	2 361 468	(381 862)	-	1 979 606	1 957 365	22 241	98.9%	2 167 543	1 657 396
Universities and technikons	-	-	-	-	-	-	-	605	533
Foreign governments and international organisations	180 725	400	-	181 125	177 078	4 047	97.8%	-	-
Public corporations and private enterprises	-	2 472	-	2 472	43	2 429	1.7%	-	3
Non-profit institutions	440	10	-	450	450	-	100.0%	387	378
Households	34 680	(4 324)	-	30 356	20 039	10 317	66.0%	27 638	27 638
Payment for capital assets									
Buildings and other fixed structures	5 223	394 098	(4 800)	394 521	394 478	43	100.0%	593	581
Machinery and equipment	33 820	(722)	(8 200)	24 898	24 105	793	96.8%	21 720	21 702
Software and other intangible assets	3 137	740	(2 200)	1 677	1 620	57	96.6%	1 392	663
Total	4 121 003	-	(8 400)	4 112 603	4 072 100	40 503	99.0%	3 499 812	3 001 348

DETAIL PER PROGRAMME 3 - WATER SERVICES

Detail per sub-programme	2009/10					2008/09				
	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 Provisioning Policies										
Current payment	2 644	100	-	2 744	2 733	11	99.6%	2 976	2 976	
Payment for capital assets	-	-	40 000	40 000	40 000	-	100.0%	-	-	
3.2 Water And Sanitation Serv										
Current payment	386 854	(18 003)	(64 814)	304 037	228 454	75 583	75.1%	30 840	40 406	
Transfers and subsidies	563 500	350 000	2 004	915 504	918 502	(2 998)	100.3%	657 000	641 280	
Payment for capital assets	350 607	(339 597)	468	11 478	11 475	3	100.0%	326	326	
3.3 Water Sector Policies										
Current payment	51 704	10 600	-	62 304	62 082	222	99.6%	65 729	65 729	
Transfers and subsidies	535	-	-	535	193	342	36.1%	27	27	
Payment for capital assets	723	(300)	-	423	268	155	63.4%	410	410	
3.4 Water Sector Support										
Current payment	129 604	(12 002)	(8 000)	109 602	74 843	34 759	68.3%	91 632	91 635	
Transfers and subsidies	-	2	276	278	278	-	100.0%	162	162	
Payment for capital assets	1 014	-	-	1 014	987	27	97.3%	2 201	2 201	
3.5 Institutional Policies										
Current payment	6 091	(1 700)	-	4 391	3 950	441	90.0%	7 150	7 150	
Transfers and subsidies	249	-	-	249	-	249	-	-	-	
Payment for capital assets	100	-	-	100	2	98	2.0%	37	37	
3.6 Institutional Support										
Current payment	64 415	(14 105)	-	50 310	37 152	13 158	73.8%	39 708	39 708	
Transfers and subsidies	-	-	279	279	279	-	100.0%	85	85	
Payment for capital assets	742	-	-	742	576	166	77.6%	260	260	

DEPARTMENT OF WATER AFFAIRS

VOTE 34

APPROPRIATION STATEMENT for the year ended 31 March 2010

Detail per sub-programme	2009/10					2008/09			
	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
3.7 Transfer of Functions									
Current payment	13 984	(593)	-	13 391	13 391	-	100.0%	21 098	21 098
Transfers and subsidies	-	7 400	441	7 841	7 481	360	95.4%	7 100	7 100
Payment for capital assets	-	-	114	114	113	1	99.1%	151	151
3.8 Africa Initiative									
Current payment	112	-	-	112	111	1	99.1%	105	105
3.9 African Participation									
Current payment	919	-	-	919	218	701	23.7%	-	-
3.10 Water Serv Administration									
Current payment	8 740	-	-	8 740	8 105	635	92.7%	8 594	8 594
Transfers and subsidies	455	-	-	455	-	455	-	-	-
Payment for capital assets	89	-	4	93	33	60	35.5%	65	65
3.11 Water Service Support									
Current payment	141 627	(10 150)	-	131 477	129 095	2 382	98.2%	89 619	89 619
Transfers and subsidies	-	950	-	950	3 236	(2 286)	340.6%	761	761
Payment for capital assets	1 972	-	1 340	3 312	2 277	1 035	68.8%	5 294	5 294
3.12 Operation of Water Serv									
Current payment	212 716	9 398	-	222 114	222 114	-	100.0%	324 595	324 595
Transfers and subsidies	901 062	18 000	-	919 062	896 334	22 728	97.5%	991 545	991 482
Payment for capital assets	-	-	1 574	1 574	1 574	-	100.0%	561	561
Total	2 840 458	-	(26 314)	2 814 144	2 665 856	148 288	94.7%	2 348 031	2 341 817

DEPARTMENT OF WATER AFFAIRS **VOTE 34** APPROPRIATION STATEMENT for the year ended 31 March 2010

Economic classification Programme 3	2009/10					2008/09			
	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	348 667	(32 149)	(14 000)	302 518	298 699	3 819	98.7%	390 386	390 386
Goods and services	670 743	(4 306)	(58 814)	607 623	483 549	124 074	79.6%	291 658	301 228
Transfers and subsidies to:									
Provinces and municipalities	1 432 778	350 002	-	1 782 780	1 765 234	17 546	99.0%	1 642 626	1 626 838
Departmental agencies and accounts	-	-	-	-	11	(11)	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	4
Households	33 023	26 350	3 000	62 373	61 057	1 316	97.9%	14 054	14 054
Payment for capital assets									
Buildings and other fixed structures	335 000	(283 501)	2 567	54 066	54 066	-	100.0%	50	50
Machinery and equipment	4 100	(40 485)	40 929	4 544	4 116	428	90.6%	8 814	8 814
Biological assets	-	-	4	4	4	-	100.0%	-	-
Software and other intangible assets	16 147	(15 911)	-	236	(880)	1 116	(372.9%)	443	443
Total	2 840 458	-	(26 314)	2 814 144	2 665 856	148 288	94.7%	2 348 031	2 341 817

DETAIL PER PROGRAMME 4 - FORESTRY

Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2008/09	
								Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Forestry Oversight									
Current payment	-	-	-	-	-	-	-	23 660	23 660
Transfers and subsidies	-	-	-	-	-	-	-	152	152
Payment for capital assets	-	-	-	-	-	-	-	885	885
4.2 Forest Governance									
Current payment	-	-	-	-	-	-	-	1 907	1 907
Payment for capital assets	-	-	-	-	-	-	-	108	108
4.3 Forest Development									
Current payment	-	-	-	-	-	-	-	1 689	1 689
Transfers and subsidies	-	-	-	-	-	-	-	6	6
Payment for capital assets	-	-	-	-	-	-	-	14	14
4.4 Community Empowerment									
Current payment	-	-	-	-	-	-	-	20 353	20 353
Transfers and subsidies	-	-	-	-	-	-	-	31	33
Payment for capital assets	-	-	-	-	-	-	-	396	396

Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	2009/10				2008/09		
			Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
4.5 Fire Regulation and oversight									
Current payment	-	-	-	-	-	-	-	7 076	7 076
Payment for capital assets	-	-	-	-	-	-	-	18	18
4.6 Fire Governance									
Current payment	-	-	-	-	-	-	-	2 101	2 101
Payment for capital assets	-	-	-	-	-	-	-	75	75
4.7 State Forest Transfer and Regulation									
Current payment	-	-	-	-	-	-	-	3 778	3 778
Payment for capital assets	-	-	-	-	-	-	-	43	43
4.8 State Forest Admin and Oversight									
Current payment	-	-	-	-	-	-	-	26 114	26 114
Payment for capital assets	-	-	-	-	-	-	-	79	79
4.9 State Forest Management									
Current payment	-	-	-	-	-	-	-	969	969
Payment for capital assets	-	-	-	-	-	-	-	25	25
4.10 Sustainable Forest Management									

DEPARTMENT OF WATER AFFAIRS

VOTE 34

APPROPRIATION STATEMENT for the year ended 31 March 2010

Detail per sub-programme	2009/10						2008/09		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Current payment	-	-	-	-	-	-	-	359 017	359 017
Transfers and subsidies	-	-	-	-	-	-	-	6 195	4 924
Payment for capital assets	-	-	-	-	-	-	-	2 410	2 410
4.11 Forestry Management and Support									
Current payment	-	-	-	-	-	-	-	6 888	6 888
Transfers and subsidies	-	-	-	-	-	-	-	34	34
Payment for capital assets	-	-	-	-	-	-	-	93	93
4.12 Forestry Support Services									
Current payment	-	-	-	-	-	-	-	41 416	42 647
Transfers and subsidies	-	-	-	-	-	-	-	-	1
Payment for capital assets	-	-	-	-	-	-	-	1 153	1 153
Total	-	-	-	-	-	-	-	506 685	506 648

Economic classification Programme 4	2009/10					2008/09			
	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	-	-	-	-	-	-	-	300 064	300 064
Goods and services	-	-	-	-	-	-	-	194 901	196 132
Interest and rent on land	-	-	-	-	-	-	-	3	3
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	-	13
Departmental agencies and accounts	-	-	-	-	-	-	-	-	4
Public corporations and private enterprises	-	-	-	-	-	-	-	2 700	1 415
Households	-	-	-	-	-	-	-	3 718	3 718
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	1 236	1 236
Machinery and equipment	-	-	-	-	-	-	-	3 836	3 836
Biological assets	-	-	-	-	-	-	-	199	199
Software and other intangible assets	-	-	-	-	-	-	-	28	28
Total	-	-	-	-	-	-	-	506 685	506 648

NOTE:

Appropriation Statement: Forestry Current year figures are being disclosed by the Department of Agriculture, Forestry and Fisheries.

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

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

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

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

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in the note on Financial transactions in assets and liabilities to the Annual Financial Statements.

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

4.1	Per Programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
	Administration	847 255	842 583	4 672	1%
	Insignificant variance				
	Water Resource Management	4 112 603	4 072 100	40 503	1%
	The under spending is mainly due to the delay in the installation of ESKOM power supply to construction site for the phase 2B-2G.				
	Water Services	2 814 144	2 665 856	148 288	6%
	The under spending is mainly due to delays that were experienced in finalising implementation agreements with municipalities with respect to the ACIP programme.				





4.2	Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	%
Current payments:					
	Compensation of employees	914 559	910 233	4 326	0.5%
	Goods and services	2 211 959	2 084 431	127 528	5.8%
	Interest and rent on land	6 918	6 918	-	0.0%
	Financial transactions in assets and liabilities	50 277	50 277	-	0.0%
Transfers and subsidies:					
	Provinces and municipalities	1 836 945	1 819 358	17 587	1.0%
	Departmental agencies and accounts	1 980 633	1 958 464	22 169	1.17%
	Universities and technikons	8 694	8 693	1	0.0%
	Public corporations and private enterprises	2 472	43	2 429	98.3%
	Foreign governments and international organisations	181 128	177 081	4 047	2.2%
	Non-profit institutions	450	450	-	0.0%
	Households	93 271	81 578	11 693	12.5%
Payments for capital assets:					
	Buildings and other fixed structures	448 626	448 544	82	0.0%
	Machinery and equipment	35 984	33 702	2 282	6.3%
	Biological assets	4	4	-	0.0%
	Software and other intangible assets	2 082	763	1 319	63.4%





PERFORMANCE	Note	2009/10	2008/09
		R'000	R'000
REVENUE			
Annual appropriation	1	7 774 002	7 036 616
Departmental revenue	2	76 279	71 646
Aid assistance	3	466 079	445 124
TOTAL REVENUE		8 316 360	7 553 386
EXPENDITURE			
Current expenditure			
Compensation of employees	4	910 235	1 183 922
Goods and services	5	2 084 431	1 936 987
Interest and rent on land	6	6 918	174
Financial transactions in assets and liabilities	7	50 277	3 338
Aid assistance	3	306 567	407 243
Total current expenditure		3 358 428	3 531 664
Transfers and subsidies		4 054 217	3 355 644
Transfers and subsidies	8	4 045 668	3 355 561
Aid assistance	3	8 549	83
Expenditure for capital assets			
Tangible capital assets	9	483 143	51 444
Software and other intangible assets	9	1 351	1 555
Total expenditure for capital assets		484 494	52 999
TOTAL EXPENDITURE		7 897 139	6 940 307
SURPLUS FOR THE YEAR		419 221	613 079
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		193 463	505 045
Annual appropriation		193 463	505 045
Departmental revenue	16	76 279	71 646
Aid assistance	3	149 479	36 388
SURPLUS FOR THE YEAR		419 221	613 079





POSITION	Note	2009/10 R'000	2008/09 R'000
ASSETS			
Current assets		363 917	774 788
Unauthorised expenditure	10	3 782	3 782
Cash and cash equivalents	11	137 343	406 662
Prepayments and advances	12	12 459	17 387
Receivables	13	57 252	46 572
Loans	14	9 667	24 682
Aid assistance receivable	3	143 414	275 703
Non-current assets		86 174	118 719
Loans	14	86 174	118 719
TOTAL ASSETS		450 091	893 507
LIABILITIES			
Current liabilities		349 361	740 732
Voted funds to be surrendered to the Revenue Fund	15	193 463	505 045
Departmental revenue to be surrendered to the Revenue Fund	16	50 438	(22)
Payables	17	66 269	202 016
Aid assistance unutilised	3	39 191	33 693
TOTAL LIABILITIES		349 361	740 732
NET ASSETS		100 730	152 775
Represented by:			
Capitalisation reserve		95 841	143 401
Recoverable revenue		4 889	9 374
TOTAL		100 730	152 775





CHANGES IN NET ASSETS	Note	2009/10	2008/09
		R'000	R'000
Capitalisation Reserves			
Opening balance		143 401	146 476
Transfers:			
Other movements		(47 560)	(3 075)
Closing balance		95 841	143 401
Recoverable revenue			
Opening balance		9 374	3 553
Transfers:		(4 485)	5 821
Debts revised		(3 000)	5 248
Debts recovered (included in departmental receipts)		(3 304)	(1 427)
Debts raised		1 819	2 000
Closing balance		4 889	9 374
TOTAL		100 730	152 775





CASH FLOW	Note	2009/10	2008/09
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		8 316 360	7 553 386
Annual appropriated funds received	1.1	7 774 002	7 036 616
Departmental revenue received	2	76 279	71 646
Aid assistance received	3	466 079	445 124
Net (increase)/decrease in working capital		(141 499)	76 957
Surrendered to Revenue Fund		(530 864)	(552 024)
Surrendered to RDP Fund/Donor		(11 692)	-
Current payments		(3 358 428)	(3 531 664)
Transfers and subsidies paid		(4 054 217)	(3 355 644)
Net cash flow available from operating activities	18	219 660	191 011
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(484 494)	(52 999)
(Increase)/decrease in loans		47 560	3 076
Net cash flows from investing activities		(436 934)	(49 923)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(52 045)	2 746
Net cash flows from financing activities		(52 045)	2 746
Net increase/(decrease) in cash and cash equivalents		(269 319)	143 834
Cash and cash equivalents at beginning of period		406 662	262 828
Cash and cash equivalents at end of period	19	137 343	406 662





The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

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

1.2 PRESENTATION CURRENCY

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

1.3 ROUNDING

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

1.4 COMPARATIVE FIGURES

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

statements. Prior year figures have not been restated in relation to the Forestry transfer.

1.5 COMPARATIVE FIGURES – APPROPRIATION STATEMENT

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

2. REVENUE

2.1 APPROPRIATED FUNDS

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

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

The total appropriated funds received during the year are presented in the statement of financial performance.

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

2.2 DEPARTMENTAL REVENUE

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

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





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

2.3 DIRECT EXCHEQUER RECEIPTS / PAYMENTS

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

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

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

2.4 AID ASSISTANCE

Aid assistance is recognised as revenue when received.

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

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

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

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

3. EXPENDITURE

3.1 COMPENSATION OF EMPLOYEES

3.1.1 Short-term employee benefits

The cost of short-term employee benefits are expensed in the statement of financial performance when financial authorisation for payment is effected on the system (by no later than 31 March each year).

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

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

3.1.2 Post retirement benefits

Employer contribution (i.e. social contributions) are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March each year).

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

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



3.1.3 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements.

3.2 GOODS AND SERVICES

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

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

3.3 INTEREST AND RENT ON LAND

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

3.4 FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

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

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

3.5 TRANSFERS AND SUBSIDIES

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

3.6 UNAUTHORISED EXPENDITURE

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

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

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





3.7 FRUITLESS AND WASTEFUL EXPENDITURE

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

3.8 IRREGULAR EXPENDITURE

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

4. ASSETS

4.1 CASH AND CASH EQUIVALENTS

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

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

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

4.2 OTHER FINANCIAL ASSETS

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

4.3 PREPAYMENTS AND ADVANCES

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are

made and where the goods and services have not been received by year end.

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

4.4 RECEIVABLES

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party or from the sale of goods/rendering of services.

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

4.5 INVESTMENTS

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

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

4.6 LOANS

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

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

4.7 INVENTORY

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



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

4.8 CAPITAL ASSETS

4.8.1 Movable assets

Initial recognition

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

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

Subsequent recognition

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

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

4.8.2 Immovable assets

Initial recognition

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

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for

capital asset". On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the national department of public works.

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

5. LIABILITIES

5.1 PAYABLES

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

5.2 CONTINGENT LIABILITIES

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

5.3 CONTINGENT ASSETS

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

5.4 COMMITMENTS

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





5.5 ACCRUALS

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

5.6 EMPLOYEE BENEFITS

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

5.7 LEASE COMMITMENTS

Finance lease

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

Operating lease

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

5.8 PROVISIONS

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

6. RECEIVABLES FOR DEPARTMENTAL REVENUE

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

7. NET ASSETS

7.1 CAPITALISATION RESERVE

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

7.2 RECOVERABLE REVENUE

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

8. RELATED PARTY TRANSACTIONS

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

9. KEY MANAGEMENT PERSONNEL

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



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:

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received 2008/09
	R'000	R'000	R'000	R'000
Administration	847 255	847 255	-	682 088
Water Resource Management	4 112 603	4 112 603	-	3 499 812
Water Services	2 814 144	2 814 144	-	2 348 031
Forestry	-	-	-	506 685
Total	7 774 002	7 774 002	-	7 036 616

2. DEPARTMENTAL REVENUE

	Note	2009/10 R'000	2008/09 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	5 433	45 976
Fines, penalties and forfeits	2.2	(12)	-
Interest, dividends and rent on land	2.3	34 873	10 721
Financial transactions in assets and liabilities	2.4	35 985	14 949
Departmental revenue collected		76 279	71 646

2.1 SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

	Note	2009/10 R'000	2008/09 R'000
	2		
Sales of goods and services produced by the department		5 398	45 871
Sales by market establishment		864	2 855
Administrative fees		10	237
Other sales		4 524	42 779
Sales of scrap, waste and other used current goods		35	105
Total		5 433	45 976

2.2 FINES, PENALTIES AND FORFEITS

	Note	2009/10 R'000	2008/09 R'000
	2		
Fines		(12)	-
Total		(12)	-





2.3 INTEREST, DIVIDENDS AND RENT ON LAND

	Note	2009/10	2008/09
	2	R'000	R'000
Interest		34 805	10 485
Rent on land		68	236
Total		34 873	10 721

2.4 FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

	Note	2009/10	2008/09
	2	R'000	R'000
Receivables		31 961	4 900
Stale cheques written back		26	95
Other Receipts including Recoverable Revenue		3 998	9 954
Total		35 985	14 949

3. AID ASSISTANCE

3.1 AID ASSISTANCE RECEIVED IN CASH FROM RDP

	Note	2009/10	2008/09
		R'000	R'000
Local			
Opening Balance		24 767	2 972
Revenue		-	22 000
Expenditure		-	(205)
Current		-	(2)
Capital		-	(203)
Surrendered to the RDP		(2 767)	-
Closing Balance		22 000	24 767
Foreign			
Opening Balance		(266 777)	(281 370)
Revenue		466 079	423 124
Expenditure		(316 600)	(408 531)
Current		(306 567)	(407 241)
Capital		(1 484)	(1 207)
Transfers		(8 549)	(83)
Surrendered to the RDP		(8 925)	-
Closing Balance		(126 223)	(266 777)





3.2 TOTAL ASSISTANCE

		2009/10	2008/09
		R'000	R'000
Opening Balance		(242 010)	(278 398)
Revenue		466 079	445 124
Expenditure		(316 600)	(408 736)
Current		(306 567)	(407 243)
Capital		(1 484)	(1 410)
Transfers		(8 549)	(83)
Surrendered / Transferred to retained funds		(11 692)	-
Closing Balance		(104 223)	(242 010)
Analysis of balance	Note		
Aid assistance receivable			
RDP		(143 414)	(275 703)
Aid assistance unutilised			
RDP		39 191	33 693
Closing balance		(104 223)	(242 010)

4. COMPENSATION OF EMPLOYEES

4.1 SALARIES AND WAGES

	Note	2009/10	2008/09
		R'000	R'000
Basic salary		649 025	818 713
Performance award		12 676	18 734
Service Based		1 644	3 820
Compensative/circumstantial		14 557	40 668
Periodic payments		4 975	4 883
Other non-pensionable allowances		121 792	160 033
Total		804 669	1 046 851

4.2 SOCIAL CONTRIBUTIONS

	Note	2009/10	2008/09
		R'000	R'000
Employer contributions			
Pension		72 133	95 827
Medical		33 255	42 915
UIF		2	4
Bargaining council		(45)	(1 675)
Insurance		221	-
Total		105 566	137 071
Total compensation of employees		910 235	1 183 922
Average number of employees		4 450	9 097





5. GOODS AND SERVICES

	Note	2009/10 R'000	2008/09 R'000
Administrative fees		10 083	10 201
Advertising		15 049	24 751
Assets less than R5,000	5.1	8 963	15 885
Bursaries (employees)		5 560	5 943
Catering		8 874	10 432
Communication		56 115	49 675
Computer services	5.2	211 322	92 554
Consultants, contractors and agency/outsourced services	5.3	1 181 188	1 063 711
Entertainment		323	565
Audit cost – external	5.4	12 976	10 386
Inventory	5.5	81 827	119 478
Operating leases		160 077	147 964
Owned and leasehold property expenditure	5.6	22 332	18 130
Transport provided as part of the departmental activities		161	243
Travel and subsistence	5.7	228 577	324 521
Venues and facilities		10 049	3 691
Training and staff development		38 083	29 043
Other operating expenditure	5.8	32 872	9 814
Total		2 084 431	1 936 987

5.1 ASSETS LESS THAN R5,000

	Note	2009/10 R'000	2008/09 R'000
	5		
Tangible assets			
Machinery and equipment		8 894	15 817
Intangible assets		69	68
Total		8 963	15 885

5.2 COMPUTER SERVICES

	Note	2009/10 R'000	2008/09 R'000
	5		
SITA computer services		44 505	25 561
External computer service providers		166 817	66 993
Total		211 322	92 554





5.3 CONSULTANTS, CONTRACTORS AND AGENCY/OUTSOURCED SERVICES

	Note	2009/10	2008/09
	5	R'000	R'000
Business and advisory services		411 415	302 783
Infrastructure and planning		299 416	267 828
Laboratory services		7 623	1 966
Legal costs		4 651	3 586
Contractors		71 365	102 180
Agency and support/outsourced services		386 718	385 368
Total		1 181 188	1 063 711

5.4 AUDIT COST – EXTERNAL

	Note	2009/10	2008/09
	5	R'000	R'000
Regularity audits		11 425	9 770
Performance audits		1 138	226
Other audits		413	390
Total		12 976	10 386

5.5 INVENTORY

	Note	2009/10	2008/09
	5	R'000	R'000
Medsas inventory interface			
Learning and teaching support material		34	1
Food and food supplies		1 717	2 860
Fuel, oil and gas		17 371	27 108
Other consumable materials		21 699	27 976
Maintenance material		14 104	25 878
Stationery and printing		26 523	35 470
Medical supplies		379	185
Total		81 827	119 478

5.6 OWNED AND LEASEHOLD PROPERTY EXPENDITURE

	Note	2009/10	2008/09
	5	R'000	R'000
Municipal services		14 193	12 537
Property management fees		8 139	-
Other		-	5 593
Total		22 332	18 130





5.7 TRAVEL AND SUBSISTENCE

	Note	2009/10	2008/09
Local	5	219 519	313 539
Foreign		9 058	10 982
Total		228 577	324 521

5.8 OTHER OPERATING EXPENDITURE

	Note	2009/10	2008/09
	5	R'000	R'000
Professional bodies, membership and subscription fees		686	183
Resettlement costs		3 547	4 086
Other		28 639	5 545
Total		32 872	9 814

6. INTEREST AND RENT ON LAND

	Note	2009/10	2008/09
		R'000	R'000
Interest paid		6 855	104
Rent on land		63	70
Total		6 918	174

7. FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

	Note	2009/10	2008/09
		R'000	R'000
Material losses through criminal conduct			
Theft	7.3	-	371
Other material losses written off	7.1	477	-
Debts written off (Amajuba & Impala)	7.2	49 800	2 967
Total		50 277	3 338

7.1 OTHER MATERIAL LOSSES WRITTEN OFF

	Note	2009/10	2008/09
	7	R'000	R'000
Nature of losses			
Other losses		477	-
Total		477	-





7.2 DEBTS WRITTEN OFF

	Note	2009/10	2008/09
	7	R'000	R'000
Nature of debts written off			
Transfer to debts written off			
Debt written off relating to irregular expenditure		337	-
Salary overpayment		163	1 278
Tax debt		76	22
Other		65	-
Subsidised vehicles		-	26
Subsistence and Travel		3	-
Suppliers		1 270	1 274
Interest on Amajuba		20 000	-
Loans written off (Impale Water User Association)		27 811	-
State guarantee plus other debt		75	367
Total		49 800	2 967

7.3 DETAIL OF THEFT

	Note	2009/10	2008/09
	7	R'000	R'000
Nature of theft			
Laptops & Computers		-	370
RD Cheques		-	1
Total		-	371

7.4 RECOVERABLE REVENUE WRITTEN OFF

		2009/10	2008/09
		R'000	R'000
Nature of losses			
Salary overpayments		284	610
Bursary		52	5
Subsidised vehicle		-	1
Historical loans to Water Boards and Municipalities		-	128
Telephone		-	6
State guarantee		-	23
Departmental Debt		-	1
Total		336	774





8. TRANSFERS AND SUBSIDIES

		2009/10	2008/09
		R'000	R'000
	Note		
Provinces and municipalities	Annex 1A, Annex 1B	1 819 329	1 636 387
Departmental agencies and accounts	Annex 1C	1 958 464	1 657 788
Universities and technikons	Annex 1D	8 693	-
Foreign governments and international organisations	Annex 1F	177 081	-
Public corporations and private enterprises	Annex 1E	43	1 422
Non-profit institutions	Annex 1G	450	378
Households	Annex 1H	81 578	58 790
Gifts, donations and sponsorships made	Annex 1K	30	796
Total		4 045 668	3 355 561
Unspent funds transferred to the above beneficiaries			

9. EXPENDITURE FOR CAPITAL ASSETS

		2009/10	2008/09
		R'000	R'000
Tangible assets		483 143	51 444
Buildings and other fixed structures	32	448 898	2 904
Machinery and equipment	30	34 245	48 341
Biological assets	30	-	199
Software and other intangible assets		1 351	1 555
Computer software	31	-	975
Patents, licences, copyright, brand names, trademarks	31	391	395
Services and operating rights	31	-	10
Other intangibles	31	960	175
Total		484 494	52 999





9.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2009/10

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	482 247	896	483 143
Buildings and other fixed structures	448 544	354	448 898
Machinery and equipment	33 703	542	34 245
Software and other intangible assets	763	588	1 351
Patents, licences, copyright, brand names, trademarks	391	-	391
Other intangibles	372	588	960
Total	483 010	1 484	484 494

9.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2008/09

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	50 209	1 235	51 444
Buildings and other fixed structures	1 971	933	2 904
Machinery and equipment	48 039	302	48 341
Biological assets	199	-	199
Software and other intangible assets	1 380	175	1 555
Computer software	975	-	975
Patents, licences, copyright, brand names, trademarks	395	-	395
Services and operating rights	10	-	10
Other intangibles	-	175	175
Total	51 589	1 410	52 999

10. UNAUTHORISED EXPENDITURE

10.1 RECONCILIATION OF UNAUTHORISED EXPENDITURE

	Note	2009/10	2008/09
		R'000	R'000
Opening balance		3 782	3 782
Unauthorised expenditure awaiting authorisation		3 782	3 782
Analysis of awaiting authorisation per economic classification			
Current		3 782	3 782





11. CASH AND CASH EQUIVALENTS

	Note	2009/10 R'000	2008/09 R'000
Consolidated Paymaster General Account		136 932	239 194
Cash receipts		10	40
Disbursements		283	(2)
Cash on hand		88	82
Cash with commercial banks (Local)		30	167 348
Total		137 343	406 662

12. PREPAYMENTS AND ADVANCES

	Note	2009/10 R'000	2008/09 R'000
Travel and subsistence		679	1 154
Advances paid to other entities		11 780	16 233
Total		12 459	17 387

13. RECEIVABLES

	Note	2009/10				2008/09
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	13.1 Annex 4	26 476	961	(1 568)	25 869	16 512
Recoverable expenditure	13.2	1 777	196	292	2 266	2 208
Staff debt	13.3	1 636	1 123	3 111	5 869	7 835
Other debtors	13.4	17 776	271	5 201	23 248	20 017
Total		47 665	2 551	7 036	57 252	46 572

13.1 CLAIMS RECOVERABLE

	Note	2009/10 R'000	2008/09 R'000
National departments	13	-	7 066
Provincial departments		11 558	9 444
Public entities		8 265	-
Households and non-profit institutions		2	2
Local governments		6 044	-
Total		25 869	16 512





13.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)

	Note	2009/10	2008/09
	13	R'000	R'000
Disallowance Dishonoured cheques		1	208
Sal: Deduction Disallowance Acc		239	148
Sal: Reversal Control Acc		1 408	1 647
Sal: Disallowance Acc		130	130
Sal: Tax Debt		165	74
Sal: Reg Service council		-	1
Disallowance Miscellaneous		300	-
Sal: Pension Fund CL		23	-
Total		2 266	2 208

13.3 STAFF DEBT

	Note	2009/10	2008/09
	13	R'000	R'000
Salary overpayment		1 651	2 453
Tax debt		68	205
Bursary (Breach of contract)		1 597	2 085
State Guarantees		111	189
T&S Advance: Dom		6	12
GG Accidents		132	140
Telephone Debt		69	73
Departmental debt		60	58
Employee		82	101
Ex-employee		438	761
Fraud		25	35
Other		397	456
Subsidised Transport		1 233	1 267
Total		5 869	7 835

13.4 OTHER DEBTORS

	Note	2009/10	2008/09
	13	R'000	R'000
Pension recoverable account		621	31
Suppliers		29	1 280
VAT Clearing Account		21 039	18 706
Advance Public Entity		16	-
Claims Households		96	-
Claims Gov&Int Org		1 447	-
Total		23 248	20 017





14. LOANS

	Note	2009/10	2008/09
		R'000	R'000
Public corporations		95 841	143 401
Less: Current portion of loans		9 667	24 682
Long term portion		86 174	118 719
Analysis of Balance			
Opening balance		143 401	146 477
New Issues		11 669	-
Repayments		(11 439)	(2 947)
Write-offs		(47 790)	(129)
Closing balance		95 841	143 401

15. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2009/10	2008/09
		R'000	R'000
Opening balance		505 045	477 117
Transfer from statement of financial performance		193 463	505 045
Paid during the year		(505 045)	(477 117)
Closing balance		193 463	505 045

16. DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND

	Note	2009/10	2008/09
		R'000	R'000
Opening balance		(22)	3 239
Transfer from Statement of Financial Performance		76 279	71 646
Paid during the year		(25 819)	(74 907)
Closing balance		50 438	(22)

17. PAYABLES – CURRENT

	Note	2009/10	2008/09
		Total	Total
Advances received	17.1	22 606	174 291
Clearing accounts	17.2	702	11 816
Other payables	17.3	42 961	15 909
Total		66 269	202 016





17.1 ADVANCES RECEIVED

	Note	2009/10	2008/09
	17	R'000	R'000
Description			
Advances from Mpumalanga		-	935
Advances from Limpopo		17	875
Advances from Public Entities		-	860
Advances from Gauteng (Hartbeespoort)		5 753	3 570
Forestry Leases		-	167 321
Advances from National Departments		16 749	155
Advances from Public Entities: Irrigation Boards		30	29
Advances from Provincial Department Eastern Cape		-	543
Advances to Provincial Department Mpumalanga		-	3
Advance from Provincial Department Gauteng		57	-
Total		22 606	174 291

17.2 CLEARING ACCOUNTS

	Note	2009/10	2008/09
	17	R'000	R'000
Description			
Salary Deduction control accounts		702	11 816
Total		702	11 816

17.3 OTHER PAYABLES

	Note	2009/10	2008/09
	17	R'000	R'000
Description			
Sal: ACB Recalls		22	34
Compensation Com. Contr. Acc		18 986	13 884
Claims recoverable Prov Governments: Eastern Cape		-	2
Claims recoverable Prov Governments: Northern Cape		-	102
Disallowance Miscellaneous		-	147
Claims: Gov&Int Org: Claims received		-	100
Claims recoverable Public Entities		-	1 640
Claims National Departments (Annexure 4)		23 953	-
Total		42 961	15 909



**18. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES**

	Note	2009/10	2008/09
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		419 221	613 079
Add back non cash/cash movements not deemed operating activities		(199 561)	(422 068)
(Increase)/decrease in receivables – current		(10 680)	21 749
(Increase)/decrease in prepayments and advances		4 928	8 578
Increase/(decrease) in payables – current		(135 747)	46 630
Expenditure on capital assets		484 494	52 999
Surrenders to Revenue Fund		(530 864)	(552 024)
Surrenders to RDP Fund/Donor		(11 692)	-
Net cash flow generated by operating activities		219 660	191 011

19. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2009/10	2008/09
		R'000	R'000
Consolidated Paymaster General account		136 932	239 194
Cash receipts		10	40
Disbursements		283	(2)
Cash on hand		88	82
Cash with commercial banks (Local)		30	167 348
Total		137 343	406 662





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

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

20.1 CONTINGENT LIABILITIES

		Note	2009/10 R'000	2008/09 R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	10 604	7 320
Other guarantees		Annex 3A	22 589 343	21 624 015
Claims against the department		Annex 3B	8 858	5 061
Other departments (interdepartmental unconfirmed balances)		Annex 5	-	543
Total			22 608 805	21 636 939

21. COMMITMENTS

	Note	2009/10 R'000	2008/09 R'000
Current expenditure			
Approved and contracted		816 235	519 911
Approved but not yet contracted		292	22 613
		816 527	542 524
Capital expenditure			
Approved and contracted		59 953	78 058
		59 953	78 058
Total Commitments		876 480	620 582

The amounts for 2008/09 and 2009/10 include commitments running over the years beyond the 2009/10 and 2010/11 financial years respectively.





22. ACCRUALS

			2009/10	2008/09
			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	45 607	42 788	88 395	244 384
Interest and rent on land	-	-	-	20
Transfers and subsidies	4 146	17	4 163	294 752
Buildings and other fixed structures	20 143	-	20 143	2 420
Machinery and equipment	876	9	885	2 755
Biological assets	-	-	-	1
Software and other intangible assets	-	-	-	287
Total	70 772	42 814	113 586	544 619
			2009/10	2008/09
			R'000	R'000
Listed by programme level				
Administration			54 002	98 871
Water Resource Management			50 384	319 612
Water Services			9 200	107 968
Forestry			-	18 168
Total			113 586	544 619
			2009/10	2008/09
			R'000	R'000
Confirmed balances with other departments	Annex 5		120	263
Confirmed balances with other government entities	Annex 5		-	-
Total			120	263

23. EMPLOYEE BENEFITS

		2009/10	2008/09
		R'000	R'000
Leave entitlement		135 693	64 021
Service bonus (Thirteenth cheque)		13 709	31 640
Performance awards		13 331	18 093
Capped leave commitments		125 096	212 511
Total		287 829	326 265





24. LEASE COMMITMENTS

24.1 OPERATING LEASES EXPENDITURE

2009/10	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	152 514	-	152 514
Later than 1 year and not later than 5 years	-	166 663	-	166 663
Later than five years	-	-	-	-
Total lease commitments	-	319 177	-	319 177
2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
Total lease commitments	-	-	-	-

24.2 FINANCE LEASES EXPENDITURE

2009/10	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	21 444	21 444
Later than 1 year and not later than 5 years	-	-	29 563	29 563
Later than five years	-	-	-	-
Total lease commitments	-	-	51 007	51 007
LESS: finance costs	-	-	16 811	16 811
Total present value of lease liabilities	-	-	34 196	34 196
2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	20 706	20 706
Later than 1 year and not later than 5 years	-	-	53 467	53 467
Later than five years	-	-	-	-
Total lease commitments	-	-	74 173	74 173
LESS: finance costs	-	-	13 333	13 333
Total present value of lease liabilities	-	-	60 840	60 840





25. RECEIVABLES FOR DEPARTMENTAL REVENUE

	Note	2009/10	2008/09
		R'000	R'000
Sales of goods and services other than capital assets		-	1 203
Total		-	1 203

25.1 ANALYSIS OF RECEIVABLES FOR DEPARTMENTAL REVENUE

	Note	2009/10	2008/09
		R'000	R'000
Opening balance		1 203	1 222
Less: amounts received		1 203	1 222
Add: amounts recognised		-	1 203
Less: amounts written-off/reversed as irrecoverable		-	-
Closing balance		-	1 203

26. IRREGULAR EXPENDITURE

26.1 RECONCILIATION OF IRREGULAR EXPENDITURE

	Note	2009/10	2008/09
		R'000	R'000
Opening balance		55	55
Add: Irregular expenditure – relating to prior year		4 115	-
Add: Irregular expenditure – relating to current year		12 921	-
Less: Amounts condoned		(4 566)	-
Irregular expenditure awaiting condonation		12 525	55
Analysis of awaiting condonation per age classification			
Current year		12 470	-
Prior years		55	55
Total		12 525	55

The amount of R4 115 378.10 for the prior year 2008/09 has been deemed to be irregular expenditure by the forensic investigation conducted by AGSA in a special report. Services were rendered by Pism Consulting (Advisory consulting services).





26.2 DETAILS OF IRREGULAR EXPENDITURE - CURRENT YEAR

Incident		2009/10 R'000
Promotion material for Sedibeng Bafadzi (Women in Water and Forestry)	Written warning letter to transgressor	85
Breakfast and conference hire		1
Asset Management training		44
Catering for lease management training		2
Catering for DD: Finance interviews		1
Repaired faulty toilet		2
Catering (Sikhona)		1
Tapes and cassettes		3
Catering (Rumi)		22
Training (Prov. Treasury)		1
Catering for committees and CSO development workshop		4
Chainsaw training (Hanna Thulo)		4
Chainsaw training (Emily Mallies)		1
Services and procurement without departmental authority		4 566
Copier machines		8 184
Total		12 921

26.3 DETAILS OF IRREGULAR EXPENDITURE CONDONED

Incident	Condoned by (condoning authority)	2009/10 R'000
Services rendered without departmental authority	Condoned by Acting Director- General	255
Procurement without departmental authority	Condoned by Acting Director-General	24
Services rendered continued without departmental authority	Condoned by Acting Director-General	177
Services rendered continued without departmental authority	Condoned by Acting Director-General	1 057
Services rendered continued without departmental authority	Condoned by Acting Director-General	494
Services rendered continued without departmental authority	Condoned by Acting Director-General	165
Procurement without departmental authority	Condoned by Acting Director-General	464
Services rendered without departmental authority	Condoned by Acting Director-General	80
Services rendered without departmental authority	Condoned by Acting Director-General	1 850
Total		4 566





27. RELATED PARTY TRANSACTIONS

	Note	2009/10	2008/09
		R'000	R'000
Loans to /from related parties			
Interest bearing loans to		71 148	99 854

	Note	2009/10	2008/09
		R'000	R'000
Other			
Guarantees issued/received		21 320 935	20 582 964

List related party relationships

1. Any losses made by the WTA must be made good from the Exchequer as an augmentation. See Annexure 1C
2. Guarantees were provided for the TCTA. See Annexure 3A
3. Guarantees were provided for the KOBWA. See Annexure 3A
4. Loans were provided to the following Water Boards: Albany Coast, Bloem, Kalahari W, Lepelle Northern, Magalies, Namakwa, Overberg, Sedibeng and Balfontein. See Annexure 2B
5. Loans were provided to the Irrigation Boards and Water User Associations. See Annexure 2B

28. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2009/10	2008/09
		R'000	R'000
Political office bearers (provide detail below)	2	2 909	1 909
Officials:			
Level 15 to 16	8	8 135	10 242
Level 14 (incl. CFO if at a lower level)	22	15 970	19 914
Family members of key management personnel			
Total		27 014	32 065

29. PROVISIONS

	Note	2009/10	2008/09
		R'000	R'000
Potential irrecoverable debts			
Staff debtors		3 131	4 181
Other debtors		-	1 271
Total		3 131	5 452





30. MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010					
	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	108 471	(43 987)	33 800	7 560	90 724
Transport assets	5 386	109	1 027	-	6 522
Computer equipment	45 980	(31 195)	12 722	4 737	22 770
Furniture and office equipment	27 936	512	5 539	1 940	32 047
Other machinery and equipment	29 169	(13 413)	14 512	883	29 385
BIOLOGICAL ASSETS	509 687	-	-	509 687	-
Biological assets	509 687	-	-	509 687	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	618 158	(43 987)	33 800	517 247	90 724

30.1 ADDITIONS

ADDITIONS IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010					
	Cash	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	33 890	-	-	(90)	33 800
Transport assets	1 027	-	-	-	1 027
Computer equipment	12 812	-	-	(90)	12 722
Furniture and office equipment	5 539	-	-	-	5 539
Other machinery and equipment	14 512	-	-	-	14 512
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	33 890	-	-	(90)	33 800





30.2 DISPOSALS

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010				
	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	-	7 560	7 560	-
Computer equipment	-	4 737	4 737	-
Furniture and office equipment	-	1 940	1 940	-
Other machinery and equipment	-	883	883	-
BIOLOGICAL ASSETS	-	509 687	509 687	-
Biological assets	-	509 687	509 687	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	517 247	517 247	-

30.3 MOVEMENT FOR 2008/09

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	67 746	40 727	2	108 471
Transport assets	5 146	240	-	5 386
Computer equipment	30 265	15 715	-	45 980
Furniture and office equipment	20 421	7 515	-	27 936
Other machinery and equipment	11 914	17 257	2	29 169
BIOLOGICAL ASSETS	509 642	45	-	509 687
Biological assets	509 642	45	-	509 687
TOTAL MOVABLE TANGIBLE ASSETS	577 388	40 772	2	618 158





30.4 MINOR ASSETS

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor assets	-	-	424 231	-	424 231
TOTAL	-	-	424 231	-	424 231

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	4 006	-	4 006
TOTAL NUMBER OF MINOR ASSETS	-	-	4 006	-	4 006

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2009

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor assets	47	-	5 767	-	5 814
TOTAL	47	-	5 767	-	5 814

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	37 988	-	37 988
TOTAL NUMBER OF MINOR ASSETS	-	-	37 988	-	37 988





31. INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010					
	Opening balance	Current Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	35 377	-	362	-	35 739
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	391	-	391
SERVICES AND OPERATING RIGHTS	16 104	-	-	-	16 104
OTHER INTANGIBLES	1 141	-	-	-	1 141
TOTAL INTANGIBLE CAPITAL ASSETS	52 622	-	753	-	53 375

31.1 ADDITIONS

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010					
	Cash	Non-Cash	(Develop-ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	362	-	-	-	362
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	391	-	-	-	391
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	753	-	-	-	753





31.2 MOVEMENT FOR 2008/09

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	34 402	975	-	35 377
SERVICES AND OPERATING RIGHTS	16 104	-	-	16 104
OTHER INTANGIBLES	580	561	-	1 141
TOTAL INTANGIBLE CAPITAL ASSETS	51 086	1 536	-	52 622

32. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010					
	Opening balance	Curr Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	5 043 122	(4 572 992)	(436 631)	-	33 499
Dwellings	2 572	(1 987)	8 491	-	9 076
Non-residential buildings	632 019	(628 518)	3 422	-	6 923
Other fixed structures	4 408 531	(3 942 487)	(448 544)	-	17 500
HERITAGE ASSETS	186	-	-	-	186
Heritage assets	186	-	-	-	186
LAND AND SUBSOIL ASSETS	93 068	(93 068)	11 503	-	11 503
Land	93 068	(93 068)	11 503	-	11 503
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	5 136 376	(4 666 060)	(425 128)	-	45 188





32.1 ADDITIONS

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010					
	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		11 913	(448 544)	-	(436 631)
Dwellings	-	8 491	-	-	8 491
Non-residential buildings	-	3 422	-	-	3 422
Other fixed structures	-	-	(448 544)	-	(448 544)
LAND AND SUBSOIL ASSETS		11 503			11 503
Land		11 503	-	-	11 503
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS		23 416	(448 544)	-	(425 128)

32.2 MOVEMENT FOR 2008/09

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	4 594 346	448 776	-	5 043 122
Dwellings	2 561	11	-	2 572
Non-residential buildings	632 019	-	-	632 019
Other fixed structures	3 959 766	448 765	-	4 408 531
HERITAGE ASSETS	186	-	-	186
Heritage assets	186	-	-	186
LAND AND SUBSOIL ASSETS	93 068	-	-	93 068
Land	93 068	-	-	93 068
TOTAL IMMOVABLE TANGIBLE ASSETS	4 687 600	448 776	-	5 136 376



ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2008/09	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Moretele Municipality	6 540	-	-	6 540	6 540	-	-	-	-	-	8 814	
Madibeng Municipality	7 980	-	-	7 980	7 980	-	-	-	-	-	14 093	
Rustenburg Municipality	1 237	-	-	1 237	1 237	-	-	-	-	-	2 167	
Moses Kotane Municip	5 187	-	-	5 187	5 187	-	-	-	-	-	11 810	
Central District Municipi	-	-	-	-	-	-	-	-	-	-	48 590	
Ngaka Modiri Molema District Municipality	33 355	-	-	33 355	33 355	-	-	-	-	-	-	
Bophirima District Mun	19 310	-	-	19 310	19 310	-	-	-	-	-	21 247	
Albert Luthuli Municipica	6 954	-	10 368	17 322	17 322	-	-	-	-	-	7 104	
Thembisile Municipali	13 633	-	2 226	15 859	12 542	-	-	-	-	-	13 800	
Dr JS Moroka Municipip	56 033	-	(1 025)	55 008	55 008	-	-	-	-	-	45 607	
Mbombela Municipality	36 425	-	(3 279)	33 146	36 463	-	-	-	-	-	43 648	
Nkomazi Municipality	19 984	-	492	20 476	20 476	-	-	-	-	-	49 726	
Thaba Chweu Municipip	636	-	267	903	903	-	-	-	-	-	5 482	
Bushbuckridge Munici	61 305	-	(5 456)	55 849	55 849	-	-	-	-	-	38 863	
Maluti-a-phofung Muni	14 749	-	-	14 749	14 749	-	-	-	-	-	19 877	
Metsimaholo Municipica	1 168	-	59	1 227	1 227	-	-	-	-	-	1 226	
Kopanong	-	-	-	-	-	-	-	-	-	-	1 064	
City of Tshwane Munic	10 059	-	-	10 059	10 060	-	-	-	-	-	13 868	
Kungwini Municipality	13 102	-	(4 465)	8 637	7 967	-	-	-	-	-	10 434	
Ugu District Municipali	81	-	-	81	81	-	-	-	-	-	138	
Uthukela District Munic	960	-	-	960	960	-	-	-	-	-	1 302	
Umkhanyathi Municipali	658	-	-	658	658	-	-	-	-	-	907	
Amajuba District Mun	165	-	-	165	165	-	-	-	-	-	381	
Newcastle Municipality	12 910	-	(12 910)	-	-	-	-	-	-	-	7 000	
Zululand Municipality	4 441	-	-	4 441	4 441	-	-	-	-	-	6 654	
Umkhanyakude Mun	1 443	-	-	1 443	1 443	-	-	-	-	-	2 102	
Uthungulu Municipality	127	-	-	127	127	-	-	-	-	-	193	
eThekwini Municipality	293	-	-	293	293	-	-	-	-	-	679	
Sisonke Municipality	507	-	-	507	507	-	-	-	-	-	478	

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2008/09
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%
Mopani District Mun	150 108	-	(58 260)	91 848	69 974	10 000	-	-	-	-
Vhembe Municipality	164 257	-	(3 286)	160 971	160 971	-	-	-	-	-
Capricorn Municipality	82 479	-	381	82 860	82 860	-	-	-	-	-
Polokwane Municipality	42 419	-	(13 551)	28 868	28 868	-	-	-	-	-
Lephalale Municipality	13 790	-	290	14 080	14 080	-	-	-	-	-
Mogalakwena Muni	31 260	-	(3 534)	27 726	27 726	-	-	-	-	-
Sekhukhune Municip	80 115	-	(13 816)	66 299	66 299	-	-	-	-	-
Bela-Bela Municipality	724	-	(76)	648	648	-	-	-	-	-
Gamagara Municipality	10 000	-	(10 000)	-	-	-	-	-	-	-
Moshaweng Municipali	7 460	-	4 000	11 460	11 460	-	-	-	-	-
Ga-Segonyane Municipi	2 850	-	-	2 850	2 850	-	-	-	-	-
Phokwane Municipality	2 768	-	-	2 768	2 768	-	-	-	-	-
Amatola District Munic	12 402	-	1 474	13 876	13 876	-	-	-	-	-
Buffalo City Municip	2 534	-	451	2 985	2 983	-	-	-	-	-
Chris Hani Municipality	11 463	-	734	12 197	12 197	-	-	-	-	-
Ukhahlamba	-	-	-	-	-	-	-	-	-	-
OR Tambo Municipality	22 187	-	1 211	23 398	21 289	-	-	-	-	-
Alfred Nzo Municipality	7 644	-	404	8 048	10 160	-	-	-	-	-
West Coast Municipali	618	-	-	618	618	-	-	-	-	-
Cederberg Municipality	394	-	-	394	394	-	-	-	-	-
Oudtshoorn Municipali	3 865	-	-	3 865	3 865	-	-	-	-	-
	978 579	-	(107 301)	871 278	848 736	10 000	-	-	-	-
										985 562

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.

DEPARTMENT OF WATER AFFAIRS VOTE 34 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2010

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2008/09
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Mun Rates and Taxes	-	-	49	49	49	100%	-	-	-	218
Vehicle Licences	-	-	362	362	352	97%	-	-	-	468
Donations and Gifts	-	-	96	96	96	100%	-	-	-	-
Drought Relief	-	-	53 700	-	53 700	-	-	-	-	9 000
North West										
Dr Kenneth Kaunda	10 927	-	-	10 927	7 312	67%	-	-	-	45 016
Bojanala Platinum Dist Mun	19 787	-	-	19 787	18 400	93%	-	-	-	4 165
Municipality Bophirima	23 028	-	-	23 028	13 388	58%	-	-	-	4 920
Ngaka Modiri Municipality	8 325	-	-	8 325	13 180	158%	-	-	-	3 512
Unallocated	-	-	-	-	1 355	-	-	-	-	-
Planning and Programme Management	1 850	-	-	1 850	1 850	100%	-	-	-	-
Mpumalanga										
Gert Sibande District Mun	5 700	-	-	5 700	5 151	90%	-	-	-	3 199
Nkangala District Municipica	12 000	-	-	12 000	24 117	201%	-	-	-	8 484
Ehlanzeni District Munic	44 650	-	-	44 650	157	0%	-	-	-	25 430
Unallocated	-	-	-	-	312	-	-	-	-	29
Planning and Programme Management	1 242	-	-	1 242	1 242	100%-	-	-	-	-
Free State										
Xhariep District Municipalit	18 600	-	-	18 600	10 872	58%	-	-	-	19 900
Lejweleputswa District Mu	7 480	-	-	7 480	7 480	100%	-	-	-	729
Fezile Dabi Dist Municipali	9 525	-	-	9 525	5 802	61%	-	-	-	3 471
Thabo Mofutsanyana District Municipality	34 540	-	-	34 540	47 581	138%	-	-	-	17 857
Planning and Programme Management	1 443	-	-	1 443	-	-	-	-	-	-
Gauteng										
Sedibeng	21 545	-	-	21 545	20 154	94%	-	-	-	7 343
City of Tshwane	6 300	-	-	6 300	9 507	151%	-	-	-	3 918
Ekurhuleni Municipality	1 300	-	-	1 300	5 960	458%	-	-	-	1 217
Metsweding District Mun	2 600	-	-	2 600	1 842	71%	-	-	-	1 133

DEPARTMENT OF WATER AFFAIRS

VOTE 34

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2010

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2008/09
	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	%	
Unallocated	-	-	-	-	-	-	-	-	-	8 698
City of Johannesburg	1 300	-	-	1 300	-	-	-	-	-	-
Planning and Programme Management	1 305	-	-	1 305	133	10%	-	-	-	-
KwaZulu-Natal										
Ugu District Municipality	14 660	-	-	14 660	16 624	113%	-	-	-	16 789
Uthukela District Municipali	11 517	-	-	11 517	4 173	36%	-	-	-	5 556
Umzinyathi District Mun	22 931	-	-	22 931	15 635	68%	-	-	-	15 682
Zululand District Municipali	29 237	-	-	29 237	37 517	128%	-	-	-	17 264
Umkhanyakude District Mun	28 526	-	-	28 526	13 411	47%	-	-	-	13 743
Sisonke District Municipalit	12 000	-	-	12 000	8 505	71%	-	-	-	7 222
Amajuba District Municipality	13 019	-	-	13 019	19 721	151%	-	-	-	13 889
uMgungundlovu Dist Mun	5 072	-	-	5 072	4 321	85%	-	-	-	4 655
Ilembe District Municipality	15 185	-	-	15 185	4 159	27%	-	-	-	8 089
Uthungulu District Municipality	9 590	-	-	9 590	32 405	338%	-	-	-	32 598
Ethekwini Municipality	2 632	-	-	2 632	2 561	97%	-	-	-	2 703
Planning and Programme Management	2 113	-	-	2 113	-	-	-	-	-	-
Limpopo										
Vhembe District Municipality	24 950	-	-	24 950	21 301	85%	-	-	-	16 497
Capricorn District Municipality	50 849	-	-	50 849	129 228	254%	-	-	-	23 137
Greater Sekhukhune District Mun	77 500	-	-	77 500	72 865	94%	-	-	-	78 419
Mopani District Municipality	39 350	-	-	39 350	7 758	20%	-	-	-	15 111
Waterberg Dist Municipality	4 600	-	-	4 600	31 247	679%	-	-	-	24 067
Unallocated	-	-	-	-	(465)	-	-	-	-	-
Planning and Programme Management	1 433	-	-	1 433	3 144	219%	-	-	-	-
Northern Cape										
Frances Baard	560	-	-	560	560	100%	-	-	-	-
Kgalagadi District Municipality	35 000	-	-	-	35 560	-	-	-	-	7 055
Namakwa District Mun	445	-	-	-	1 246	-	-	-	-	1 267
Karoo District Municipality	545	-	-	-	-	-	-	-	-	30 393

DEPARTMENT OF WATER AFFAIRS

VOTE 34

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2010

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2008/09
	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	%	R'000
John Taolo Gaetsewe	2 000	-	-	2 000	1 000	50%	-	-	-	2 190
Prixley	17 000	-	-	17 000	21 030	124%	-	-	-	-
Siyanda District Municipality	12 199	-	-	12 199	14 325	117%	-	-	-	2 325
Planning and Programme Management	1 300	-	-	1 300	919	71%	-	-	-	-
Eastern Cape										
Chris Hani District Mun	53 000	-	-	53 000	52 609	99%	-	-	-	38 583
Alfred Nzo District Mun	10 000	-	-	-	8 028	-	-	-	-	3 715
Amatole District Municipality	45 000	-	-	45 000	29 192	65%	-	-	-	41 747
OR Tambo District Mun	82 000	-	-	82 000	100 891	123%	-	-	-	52 321
Cacadu	15 000	-	-	15 000	-	-	-	-	-	-
Ukhahlamba	10 000	-	-	-	2 043	-	-	-	-	-
Planning and Programme Management	2 310	-	-	2 310	1 714	74%	-	-	-	-
Western Cape										
West Coast Dist Municipality	5 000	-	-	5 000	2 543	51%	-	-	-	1 300
Cape Winelands Dist Mun	6 000	-	-	6 000	7 100	118%	-	-	-	1 600
Eden District Municipality	10 300	-	-	10 300	11 470	111%	-	-	-	1 231
Overberg	-	-	-	-	60	-	-	-	-	-
Unallocated	-	-	-	-	-	-	-	-	-	171
Planning and Programme Management	230	-	-	230	290	126%	-	-	-	-
Project Readiness/Feasibility Studies	30 000	-	-	30 000	1 771	6%	-	-	-	2 799
DWA Management & Coordination	20 000	-	-	20 000	-	-	-	-	-	-
National Programme Management	5 000	-	-	5 000	4 140	83%	-	-	-	-
TOTAL	961 500	-	54 207	904 775	970 593		-	-	-	650 825

ANNEXURE 1C STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2008/09
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Water Trading Account: Augmentation (Capital)	2 097 036	-	(150 443)	1 946 593	1 924 471	99%	1 644 329
Inkomati Catchment Management Area	14 893	-	7 000	21 893	21 893	100%	4 600
Energy Sector Education Trading Authority	1 027	-	-	1 027	1 088	106%	387
Breede-Overberg Catchment Management Agency	7 166	-	-	7 166	11 000	154%	-
Dept Agency: Donations & Gifts	-	-	-	-	1	-	-
Fines & Penalties Dept Agencies	-	-	7	7	7	100%	-
Water Resource Commission	-	-	4	4	4	100%	-
Compensation Commission	-	-	-	-	-	-	8 467
Accounting Standard Boards	-	-	-	-	-	-	5
	2 120 122	-	(143 432)	1 976 690	1 958 464		1 657 788

ANNEXURE 1D STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/TECHNIKON	TRANSFER ALLOCATION				TRANSFER		2008/09
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	Amount not transferred	
	R'000	R'000	R'000	R'000	R'000	R'000	
Cape Peninsula University of Technology	281	-	-	281	281	-	-
Nelson Mandela Metropolitan Univ	935	-	-	935	935	-	-
Durban University of Technology	480	-	-	480	480	-	-
Free State Central University of Technology	793	-	-	793	793	-	-
Tshwane University of Technology	409	-	-	409	409	-	-
University of Cape Town	430	-	-	430	430	-	-
University of Free State	311	-	-	311	311	-	-
University of Johannesburg	1	-	-	1	1	-	-
University of KwaZulu-Natal	275	-	-	275	275	-	-
University of Limpopo	143	-	-	143	143	-	-
University of Pretoria	612	-	-	612	2 492	(1 880)	-
University of South Africa	48	-	-	48	48	-	-
University of Stellenbosch	-	-	-	-	1 813	(1 813)	-
University of Witwatersrand	59	-	-	59	59	-	-
Walter Sisulu University Science and Technology	223	-	-	223	223	-	-
	5 000	-	-	5 000	8 693	(3 693)	-

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

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2008/09
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
						%			
Public Corporations	R'000	R'000	R'000	R'000	R'000		R'000	R'000	R'000
Transfers									
Eskom	-	-	-	-	-	-	-	-	1 414
Siyaqoba	-	-	-	-	-	-	-	-	4
SABS	-	-	-	-	-	-	-	-	4
Amatola Water Board	-	-	2 470	2 470	-	-	-	-	-
Damage Claim on Subsidised Vehicle	-	-	4	4	4	-	-	-	-
Legal Claim Against State-Van der Merwe	-	-	39	39	39	-	-	-	-
TOTAL	-	-	2 513	2 513	43	-	-	-	1 422

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

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2008/09
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Orange Senque Basin Commission	100	-	-	100	500	500%	-
AMCOW	-	-	200	200	-	-	-
Komati River Basin Water Authority	180 000	-	-	180 000	175 953	98%	-
International Centre for Water Economy	-	-	625	625	625	100%	-
Donations & Gifts (Figo)	-	-	3	3	3	100%	-
Total	180 100	-	828	180 928	177 081		-

ANNEXURE 1G STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2008/09
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Swimming South Africa	440	-	-	440	450	102%	378
Total	440	-	-	440	450	-	378

ANNEXURE 1H STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2008/09
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Leave gratuity	10 000	-	55 916	65 916	51 514	78%	58 790
Bursaries (Non-Employees)	-	-	618	618	618	100%	-
Claims Against the State (Cash)	-	-	9	9	40	444%	-
Donations & Gifts (Cash)	-	-	2	2	2	100%	-
Disbursement: Poverty Campaign	1 000	-	(1 000)	-	-	-	-
Disbursement: Youth Programme	500	-	(500)	-	-	-	-
Financial Assistance to Small Scale Farmers	30 972	-	(4 600)	26 372	25 365	96%	-
Financial Assistance for Dam Safety	578	-	-	578	-	-	-
Resource for Poor Farmers	3 730	-	-	3 730	39	1%	-
Upgrading of Informal Settlement	-	-	-	-	4 000	-	-
Total	46 780	-	50 445	97 225	81 578	-	58 790

ANNEXURE 1I STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2009/10	2008/09
		R'000	R'000
Received in cash			
Total South Africa	Arbor Week and Million Trees Programme	-	2 000
Total South Africa	Winning prize for Arbor City Award	-	100
Subtotal		-	2 100
Received in kind			
Belgian Government	Training/Scholarship For Investment appraisal and risk analysis programme	10	-
TOTAL		10	2 100

ANNEXURE 1J STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000
Received in cash					
European Union	Water and Sanitation services Masibane programme	(274 379)	398 489	266 201	(142 091)
Finland	Working for Water	169	-	169	-
Ireland	Water and Sanitation Programme	8 149	43 590	45 410	6 329
Flanders/Flemish	Water & Sanitation for deep rural areas	(1 323)	-	-	(1 323)
African Renaissance	DRC Projects (Urban Water Sector)	24 765	-	2 765	22 000
Denmark	Community water supply and sanitation	409	24 000	13 547	10 862
Switzerland	Local Government capacity building and knowledge sharing	200	-	200	-
TOTAL		(242 010)	466 079	328 292	(104 223)

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	2009/10	2008/09
	R'000	R'000
Paid in cash		
Food and Trees for Africa for Eduplant Competition	-	100
Forestry South Africa for SME workshop	-	100
Ga-Segonyaya Municipality for the winner of the Abor City Award Competition	-	100
Citykay Internal Import	-	2
Delagoa Eastwood	-	2
Naheng Trading Enterprise	-	30
Mz Technical Services PTY LTD	-	48
Phindulo Supply Chain Solutions	-	81
Orange Senque Basin Commission Cash	-	533
Pa Kua Lifestyle	3	-
Pen & Art	2	-
LA Promotions	19	-
Bontle Ba MaAfrica	5	-
Curio King CC	1	-
TOTAL	30	996

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	
		2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Controlled entities									
WATER BOARDS									
Kalahari West	Construct a stock drinking sche	-	-	-	-	-	-	3 466	3 541
Lepelle NW (Duiwelskloof)	Purchase of the Duiwelskloof scheme	-	-	-	-	-	-	720	754
Lepelle NW (Ebenezer)	Purchase of the Pietersburg regional water supply scheme	-	-	-	-	-	-	-	35
Namakwa - De Beers	Namakwa water split into 3 different parties each	-	-	-	-	-	-	-	3 408
Overberg Water	Purchase of the Duiwenshoks, Reunsveld East and West scheme	-	-	-	-	-	-	27 015	28 504
Sedibeng Water Balkfontein	Purchase of the Balkfontein and Sand river Government water scheme	-	-	-	-	-	-	1 759	3 023
Sedibeng Water	Purchase of the Balkfontein and Sand river Government water scheme	-	-	-	-	-	-	3 733	4 860
White River valley	Purchase of Primkop Dam and Lonmere Dam	-	-	-	-	-	-	602	681
IRRIGATION BOARDS									
Agterklipphoogte (3)	For irrigation	-	-	-	-	-	-	66	84
Bellair	For irrigation	-	-	-	-	-	-	31	34
Brandwag	For irrigation	-	-	-	-	-	-	86	78
Buffelskloof (1)	For irrigation	-	-	-	-	-	-	19	21
Buffelskloof (2)	For irrigation	-	-	-	-	-	-	74	94
Cogmanskloof	For irrigation	-	-	-	-	-	-	1 293	1 377
Curlews (Manchester)	For irrigation	-	-	-	-	-	-	325	468
De Rust	For irrigation	-	-	-	-	-	-	170	178
Dwariga	For irrigation	-	-	-	-	-	-	0	9
Eureka	For irrigation	-	-	-	-	-	-	670	691
Gamkarivier (1)	For irrigation	-	-	-	-	-	-	15	20
Gamkarivier (2)	For irrigation	-	-	-	-	-	-	59	71
Gamkarivier (3)	For irrigation	-	-	-	-	-	-	10	11
Groenland (2)	For irrigation	-	-	-	-	-	-	(4)	(6)

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	
		2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Grooteiland Klipdrift (4)	For irrigation	-	-	-	-	-	-	7	10
Grooteiland Klipdrift (5)	For irrigation	-	-	-	-	-	-	2	2
Groothoek (3)	For irrigation	-	-	-	-	-	-	8	8
Groothoek (4)	For irrigation	-	-	-	-	-	-	28	27
Haarlem	Dam and pipelines	-	-	-	-	-	-	9 320	9 703
Hexrivier (2)	For irrigation	-	-	-	-	-	-	16	18
Hexvalley	Purchase of Sandrift Government Water Scheme	-	-	-	-	-	-	4 000	4 354
Hooprivier (2)	For irrigation	-	-	-	-	-	-	14	12
Illovo	For irrigation	-	-	-	-	-	-	200	215
Impala	Guaranteed payments	-	-	-	-	-	-	5 064	22 173
Ixopo	For irrigation	-	-	-	-	-	-	669	715
Jan du Toits (1)	For irrigation	-	-	-	-	-	-	7	8
Kanoneiland (1)	For irrigation	-	-	-	-	-	-	250	245
Kanoneiland (2)	For irrigation	-	-	-	-	-	-	1 493	1 444
Kanoneiland (3)	For irrigation	-	-	-	-	-	-	15	15
Keurkloof	For irrigation	-	-	-	-	-	-	-	14
Kingna (2)	For irrigation	-	-	-	-	-	-	47	54
Klaasvoogds (1)	For irrigation	-	-	-	-	-	-	31	61
Klaasvoogds (2)	For irrigation	-	-	-	-	-	-	20	32
Klaasvoogds (3)	For irrigation	-	-	-	-	-	-	-	5
Komatirivier (1)	For irrigation	-	-	-	-	-	-	182	189
Komatirivier (2)	For irrigation	-	-	-	-	-	-	252	260
Komatirivier (3)	For irrigation	-	-	-	-	-	-	107	110
Krommerivier (1)	For irrigation	-	-	-	-	-	-	22	22
Krommerivier (2)	For irrigation	-	-	-	-	-	-	2	2
Krommerivier (3)	For irrigation	-	-	-	-	-	-	32	31
Krommerivier (4)	For irrigation	-	-	-	-	-	-	64	62
Leeu Gamka	For irrigation	-	-	-	-	-	-	1	2
Malelane (1)	For irrigation	-	-	-	-	-	-	231	251
Malelane (2)	For irrigation	-	-	-	-	-	-	161	164
Manchester Noordwyk (2)	For irrigation	-	-	-	-	-	-	2 719	2 342

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	
		2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Mzalanyoni	For irrigation	-	-	-	-	-	-	110	126
Nooitgedacht (2)	For irrigation	-	-	-	-	-	-	2	3
Nooitgedacht (3)	For irrigation	-	-	-	-	-	-	22	26
Noord Agter Paarl (1)	For irrigation	-	-	-	-	-	-	779	806
Noree (3)	For irrigation	-	-	-	-	-	-	6	7
Nuyrivier (1)	For irrigation	-	-	-	-	-	-	70	79
Overhex (2)	For irrigation	-	-	-	-	-	-	4	6
Palmiet (2)	For irrigation	-	-	-	-	-	-	-	10
Perdeberg (1)	For irrigation	-	-	-	-	-	-	1 700	1 626
Perdeberg (2)	For irrigation	-	-	-	-	-	-	776	811
Ranch Karino (1)	For irrigation	-	-	-	-	-	-	52	59
Ranch Karino (2)	For irrigation	-	-	-	-	-	-	32	32
Ranch Karino (3)	For irrigation	-	-	-	-	-	-	(1)	(2)
Ranch Karino (4)	For irrigation	-	-	-	-	-	-	-	85
Renfield	For irrigation	-	-	-	-	-	-	25	28
Sabierivier (1)	For irrigation	-	-	-	-	-	-	6	6
Sabierivier (2)	For irrigation	-	-	-	-	-	-	10	9
Sabierivier (3)	For irrigation	-	-	-	-	-	-	3	3
Sabierivier (4)	For irrigation	-	-	-	-	-	-	1	1
Sabierivier (5)	For irrigation	-	-	-	-	-	-	-	(1)
Sandrivier (2)	For irrigation	-	-	-	-	-	-	9	13
Sondagsrivier (Elandslaag)	For irrigation	-	-	-	-	-	-	343	342
Sterkspruitrivier	For irrigation	-	-	-	-	-	-	44	942
Suid Agter Paarl (1)	For irrigation	-	-	-	-	-	-	952	1 021
Suid Agter Paarl (2)	For irrigation	-	-	-	-	-	-	146	157
Tierpoort	For irrigation	-	-	-	-	-	-	-	1 354
Trans Elands	For irrigation	-	-	-	-	-	-	71	76
Uitmoed (1)	For irrigation	-	-	-	-	-	-	527	564
Umlaas (1)	For irrigation	-	-	-	-	-	-	122	128

DEPARTMENT OF WATER AFFAIRS

VOTE 34

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2010

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	
		2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Umlaas (2)	For irrigation	-	-	-	-	-	-	-	464
Umlaas (3)	For irrigation	-	-	-	-	-	-	170	188
Van Wyksdorp	For irrigation	-	-	-	-	-	-	89	94
White Water Major	For irrigation	-	-	-	-	-	-	3	303
Zanddrift	For irrigation	-	-	-	-	-	-	2	2
MUNICIPALITIES									
Amajuba District	Purchase of portion of the Ngagane Regional water supply scheme	-	-	-	-	-	-	22 000	39 000
Tthekweni	Purchase of Hammersdale water distribution scheme	-	-	-	-	-	-	-	538
Ngwathe (Heilbron)	Purchase of Heilbron pipeline	-	-	-	-	-	-	46	43
Saldanha	Purchase of Stompneus reservoir	-	-	-	-	-	-	271	234
West Coast District		-	-	-	-	-	-	2 376	3 732
TOTAL		-	-	-	-	-	-	95 841	143 401

DEPARTMENT OF WATER AFFAIRS

VOTE 34

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2010

ANNEXURE 3A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2010 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2009	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2010	Guaranteed interest for year ended 31 March 2010	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									
VSU Mutual Bank	Loans	168	140	-	-	15	155	-	-
Old Mutual (NEDB/PERM)	Loans	1 374	1 342	16	71	409	1 696	-	-
Old Mutual Fin. Ltd	Loans	117	93	-	-	17	110	-	-
Peoples Bank (NBS) (FID)	Loans	374	345	-	12	107	440	-	-
Green Start H/Loans	Loans	45	30	-	-	-	30	-	-
Nedbank (Boe)	Loans	25	25	-	-	43	68	-	-
Nedbank LTD	Loans	375	292	-	35	57	314	-	-
NP Dev. Corp	Loans	262	262	32	-	16	310	-	-
Ithala Bank	Loans	85	85	-	-	-	85	-	-
Hlano Fin. Serv.	Loans	3	3	-	3	-	-	-	-
Meeg Bank	Loans	4	4	-	-	15	19	-	-
Standard Bank	Loans	1 009	955	-	98	424	1 281	-	-
ABSA	Loans	2 545	2 436	87	146	1 498	3 875	-	-
Mpumalanga	Loans	45	45	-	16	-	29	-	-
African Bank (Unique Finance)	Loans	46	46	-	-	73	119	-	-
Stanbo	Loans	6	6	-	-	-	6	-	-
FNB	Loans	514	423	-	147	352	628	-	-
Free State Development Corp.	Loans	43	43	36	-	25	104	-	-
Boe Bank Limited	Loans	12	12	-	-	-	12	-	-
First Rand Bank Inco NB	Loans	581	439	-	63	372	748	-	-
Nedbank LTD Inco NB	Loans	300	294	-	11	292	575	-	-
Subtotal		7 933	7 320	171	602	3 715	10 604	-	-

DEPARTMENT OF WATER AFFAIRS

VOTE 34

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2010

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2009	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2010	Guaranteed interest for year ended 31 March 2010	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Other								
KOBWA (18)	DBSA Driekoppies Dam	488 401	383 778	-	19 019	-	364 759	-	-
KOBWA (21)	Hambros Maguga Dam	380 000	380 000	-	-	-	380 000	21 094	-
KOBWA (27)	Gensec Bnk Magugua D	165 000	134 411	-	6 113	-	128 298	3 936	-
KOBWA	Rnd Mer Bnk Maguga D	380 000	327 329	-	17 536	-	309 793	2 877	-
KOBWA	Nedcor Bnk Maguga D	233 000	206 151	-	11 164	-	194 987	-	-
Land Bank (30)	Water Projects by WUA's	150 000	44 615	-	-	-	44 615	1 052	-
Land Bank (28)	Kalahari East Water Board	77 400	16 252	-	-	-	16 252	(173)	-
Land Bank (29)	Unzinkulwana WUA	500	332	-	-	-	332	(42)	-
Loan to LHDA (1)	(DBSA)-Contract 2484/1	22 700	5 312	-	1 941	-	3 371	-	-
Loan to LHDA (2)	DBSA-Contract 2744/1	910	-	-	-	-	-	-	-
Loan to LHDA (3)	DBSA-Contract 2744/3	248	-	-	-	-	-	-	-
Loan to LHDA (4)	DBSA-Contract 3729/1	3 050	-	-	-	-	-	-	-
Loan to LHDA (5)	DBSA-Contract 9589/1	8 854	-	-	-	-	-	-	-

DEPARTMENT OF WATER AFFAIRS

VOTE 34

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT for the year ended 31 March 2010

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2009	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2010	Guaranteed interest for year ended 31 March 2010	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
Loan to LHDA (6)	DBSA-Contract 2653/1	1 840	-	-	-	-	-	-	-
Loan to LHDA (7)	ABSA DMA Phase 4	100 000	-	-	-	-	-	-	-
Loan to LHDA (8)	(Sechold Ltd) Investec	200 000	-	-	-	-	-	-	-
Loan to LHDA (9)	ABSA Money Market	350 000	-	-	-	-	-	-	-
Loan to LHDA (10)	Std Bnk of SA Money Market	350 000	-	-	-	-	-	-	-
Loan to LHDA (11)	Nedperm Bank	100 000	-	-	-	-	-	-	-
Loan to LHDA (12)	RMB Money Market	100 000	-	-	-	-	-	-	-
Loan to TCTA (13)	Call bills & Capital Bills	4 000 000	403 365	-	266 818	-	136 547	2 002	-
Loan to LHDA (15)	DPSA-Contract 9589/2	145 443	-	-	-	-	-	-	-
Loan to LHDA (16)	DPSA-Contract 10753	58 379	-	-	-	-	-	-	-
Loan to LHDA (17)	CMA-V RMB	100 000	-	-	-	-	-	-	-
Loan to TCTA (14)	Holders of LHW Projects	21 000 000	18 530 001	1 390 540	34 610	-	19 885 931	498 602	-
Loan to LHDA	DBSA-Contract 2868/1	2 700	1 541	-	177	-	1 364	-	-
									-
	Subtotal	28 418 425	20 433 087	1 390 540	357 378	-	21 466 249	529 348	
	TOTAL	28 426 358	20 440 407	1 390 711	357 980	3 715	21 476 853	529 348	

ANNEXURE 3A (CONTINUED) STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2010 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2009	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2010	Guaranteed interest for year ended 31 March 2010	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Other								
Loan to LHDA (OSL 23)	HSBC Investment Bank	254 714	100 718	-	37 953	(6 409)	56 356	128	-
Loan to LHDA (OSL 24)	HSBC Investment Bank	138 362	49 926	-	18 665	(3 325)	27 936	271	-
Loan to LHDA (OSL 27)	EIB	99 004	53 312	-	5 612	-	47 700	113	-
Loan to LHDA (OSL 26)	EIB	435 618	90 725	-	11 580	(14 966)	64 079	326	-
OSL 26 EUR		-	100 000	-	-	-	100 000	6 348	-
OSL 26 ZAR		-	69 395	-	7 710	-	61 685	137	-
OSL 26 A		-	13 801	-	1 533	-	12 268	27	-
Loan to LHDA (OSL 25)		-	30 990	-	5 646	(6 723)	18 621	46	-
Loan to TCTA (FXL 01)	AKA Ausfuhrkredit	371 765	-	-	-	-	-	-	-
Loan to TCTA (FXL 02)	Kreditanstalt fur Wiederauf	185 882	-	-	-	-	-	-	-
Loan to TCTA (FXL 08)	EIB	445 519	217 929	-	24 215	-	193 714	3 991	-
Total		1 930 864	726 796	-	113 014	(31 423)	582 359	11 387	-
	Housing						10 604		
	Other – Local and Foreign						22 589 343		
	Total						22 599 947		

*Note: Increase / Decrease i.r.o. Foreign Guarantees due to Currency Depreciation / Appreciation

Note:

- (1) Guaranteed institution – Name of the institution in respect of whose liabilities the guarantee was issued e.g. Telkom, Land Bank, etc.
 - (2) Guaranteed in respect of – Examples would be Motor Vehicles, Housing, Capital market loan 1/96, water purification plants, access roads to water project ST5.
 - (3) Guaranteed capital amount – Capital amount of which the guarantee was issued and which appears on the guarantee documents.
 - (4) Opening balance – Capital amounts outstanding at 1 April 2009 in respect of the guarantee amount is shown here (face value of bond / loan). This amount must not include guaranteed interest.
 - (5) Currency revaluation – The difference due to exchange rate movements on the opening balances.
 - (6) Guarantee drawdowns during the year – The total amount in respect of drawdowns on a guaranteed loan during the financial year is shown here.
 - (7) Guarantee repayments during the year – The total amount in respect of guaranteed loan repayment during the financial year is shown here.
 - (8) Closing balance – The capital amount outstanding at 31 March 2010 in respect of the guaranteed amount is shown here (face value of bond / loan). This amount must not include guaranteed interest.
 - (9) Guaranteed interest outstanding – Where interest is also guaranteed, interest of the guaranteed amount as from the last date of interest until 31 March 2010 is shown here. This amount must be separately and not be included in the opening or closing balances.
 - (10) Realised losses i.e. claims paid out – Losses realised in respect of claims paid out are to be shown here. As in the case of a housing loan to an official, a guarantee claim paid out is not necessarily a loss to the State. Seeing that the amount paid out can be recovered from the person in question. If such an amount cannot be recovered and has been written-off, it is regarded as a loss.
- Guaranteed exposure – The sum of closing balance and guaranteed interest outstanding and should be disclosed in the disclosure notes.

ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2010

Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	1 April 2009 R'000	R'000	R'000	R'000	31 March 2010 R'000
Claims against the department					
AH Conley	130	-	-	-	130
N Qindisa	70	-	70	-	-
Stirling Baptist Church	69	-	-	-	69
Estate Late Namadodzi	316	-	316	-	-
Tripple "SSS"	263	-	-	-	263
Mdingi	19	-	19	-	-
JF Nel and Two Others	767	-	767	-	-
Fast Track Couriers vs Minister of DWAF	147	-	147	-	-
MTO vs Minister of DWAF	1 600	-	1 600	-	-
Mhlontlo vs Minister of DWAF	76	-	76	-	-
MTO vs Minister of DWAF (2 nd Case)	1 600	-	1 600	-	-
M Khephe vs C Kameni and Member of Executive Council Agriculture & Forestry)	4	-	4	-	-
Stellenbosch Municipality	-	3	-	-	3
Aaron Mashegoane	-	20	-	-	20
JSW Electrical	-	637	-	-	637
SM Masuku	-	68	-	-	68
Oakhurst Administrators	-	102	-	-	102
Elsie M Muller	-	8	-	-	8
JS Nkuna	-	51	-	-	51
Sithelwa Mhlontlo	-	70	-	-	70
Mothibe EC	-	66	-	-	66
Stephan Mogohlwane & Others	-	50	-	-	50
ABSA Bank	-	26	-	-	26
Standard Bank	-	2 813	-	-	2 813
Galsons Farm	-	50	-	-	50
Rothchild	-	102	-	-	102
Xaji N	-	4	-	-	4
Freddy Aphane	-	10	-	-	10
Zebediela Bricks	-	189	-	-	189
SAFCOL (WFW Cape Town)	-	4 127	-	-	4 127
TOTAL	5 061	8 396	4 599	-	8 858

ANNEXURE 4 CLAIMES RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2010 R'000	31/03/2009 R'000	31/03/2010 R'000	31/03/2009 R'000	31/03/2010 R'000	31/03/2009 R'000
Department						
National Department of Public Enterprises	6	-	-	6	6	6
National Department of Environmental Affairs and Tourism	-	-	-	(9)	-	(9)
National Department: Correctional Services	-	-	-	29	-	29
National Department of Public Works	-	-	-	16	-	16
EC: Health	(3)	-	-	-	(3)	-
Provincial Government: Agriculture & Land Affairs: Eastern Cape	-	10	-	-	-	10
Prov Government: Health: KZN	-	-	-	14	-	14
Prov Gov: Traditional & Local Affairs: KZN	-	3	-	-	-	3
Provincial Government: Finance & Economic Development: Limpopo	-	8	-	8	-	16
Provincial Government: Public Works: Limpopo	-	-	-	7	-	7
Prov Government: Community Safety: Western Cape	-	11	-	-	-	11
National Department: Minerals & Energy	600	631	-	-	600	631
Provincial Government: Agriculture, Environment Affairs: KZN	-	-	-	-	-	-
National Department: Agriculture	-	-	-	14	-	14
Provincial Department: Tourism, Environ & Eco: Free State	-	11	-	-	-	11
Provincial Government: Health: Limpopo	-	-	-	13	-	13
Provincial Department: Health & Welfare: Eastern Cape	-	83	-	-	-	83
Prov Department: Local Government & Housing: Limpopo	-	-	-	24	-	24
Agriculture	116	-	-	-	116	-
Agriculture: Forestry	(25 028)	-	-	-	(25 028)	-
Provincial Government: Health Services: Free State	-	8	-	-	-	8
National Department: Transport	-	-	-	3	-	3
National Department: Health	-	-	-	46	-	46
National Department: Land Affairs	-	-	-	17	-	17
National Department: Justice & Conditional Development	-	-	-	29	-	29
Dept of Justice	25	-	-	-	25	-
North West Public Safety	159	-	-	-	159	-
South African Social Security Agency (SASSA)	28	-	-	28	28	28
National Department: Sport & Recreation	-	-	-	33	-	33
Prov Gov: Economic Affairs & Tourism: Eastern Cape	-	-	-	9	-	9
Prov Gov: Roads & Transport: Limpopo	-	-	-	19	-	19

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2010 R'000	31/03/2009 R'000	31/03/2010 R'000	31/03/2009 R'000	31/03/2010 R'000	31/03/2009 R'000
Prov. Gov. Education Limpopo	-	-	-	25	-	25
Sub-Dir: Accounts Payable	-	357	-	-	-	357
CD: Financial Management	-	1 926	-	-	-	1 926
D:RC	144	832	-	-	144	832
Statistics South Africa	-	-	-	15	-	15
National Department of Art & Culture	-	-	-	9	-	9
Provincial Government: Local Gov: Gauteng	-	-	-	38	-	38
REM: DD: CC: SCM	-	266	-	-	-	266
REM: DIR: FIN: STRAT	-	144	-	-	-	144
REM: DIR: FIN:STRAT.PLAN	-	288	-	-	-	288
REM: DIR: FIN: STRAT. & POLICY	-	144	-	-	-	144
REM: DIR: FIN: STRAT.PLAN & POLICY EV.	-	113	-	-	-	113
SUB.DIR. PAYROLL	-	1 522	-	-	-	1 522
SUB.DIR: GENERAL LEDGER	-	413	-	-	-	413
National Prosecution Authority	-	34	-	-	-	34
MSC Software	-	-	-	(131)	-	(131)
	(23 953)	6 804	-	262	(23 953)	7 066
Other Government Entities						
Provincial Department Eastern Cape	-	-	171	9 444	171	9 444
Provincial Department Western Cape	-	-	11 386	-	11 386	-
Public Entities	-	-	8 265	-	8 265	-
Provincial Department Gauteng Hartbeespoort	-	-	2	2	2	2
Local Government	-	-	6 044	-	6 044	-
	-	-	25 868	9 446	25 868	16 512

ANNEXURE 5 INTER-GOVERNMENT PAYABLES

DEPARTMENT Current	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	R'000	R'000	R'000	R'000	R'000	R'000
Department of Health	-	59	-	29	-	88
Free State Treasury	8	-	-	-	8	-
Department of Public Works	-	20	-	2	-	22
Department of Rural Develm	26	-	-	-	26	-
Department of Agriculture	17	1	-	-	17	1
Dept of Environment, Tourism	-	56	-	-	-	56
Department of Land Affairs	10	-	-	-	10	-
Dept of Prov and Local Gover	-	-	-	12	-	12
Foreign Affairs	-	18	-	-	-	18
Correctional Services	26	-	-	245	26	245
South African Police Services	-	20	-	255	-	275
Dept of Science and Technol	-	5	-	-	-	5
Department of Education	-	24	-	-	-	24
Dept of Trade and Industry	-	50	-	-	-	50
Gauteng Prov. Finance	33	-	-	-	33	-
Department of Transport	-	10	-	-	-	10
Total	120	263	-	543	120	806

ANNEXURE 6 INVENTORY

Inventory	Note	Quantity	2009/10 R'000
Opening balance		480 935	4 087
Add/(Less): Adjustments to prior year balance		(12 384)	521
Add: Additions/Purchases - Cash		251 881	15 921
Add: Additions - Non-cash		68 668	225
(Less): Disposals		(73 133)	(64)
(Less): Issues		(352 213)	(16 629)
Add/(Less): Adjustments		(1 926)	(11)
Closing balance		361 828	4 050

WATER TRADING ENTITY

4.2 REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2010

1. OVERVIEW

The annual financial statements for the financial year that ended 31 March 2010 were prepared in compliance with the South African Statements of Generally Accepted Accounting Practices (SA GAAP) and incorporate disclosures in accordance with the accounting policies of the Water Trading Entity (WTE) and the Public Finance Management Act, 1999 (Act No. 1 of 1999).

The WTE of the Department of Water Affairs has been operating as an integral part of the Department with very limited segregation of functions from the Department's Main Exchequer Account. DWA, under the National Water Act of 1998, is responsible for the regulation of water use in South Africa by ensuring that water is allocated equitably and used beneficially in the public interest.

Under this Act, the DWA is required to create a register of all water users in the country and the Act makes provision for cost recovery on services rendered by the DWA to water users. This situation necessitated a need for the Department to create a Water and Equipment Trading Account which was approved in 1983 through circular SY3/6/B under the Exchequer Act, 1999 (Act No. 1 of 1999) and was subsequently amended by the Public Finance Management Act (Act No 1 of 1999) which converted it into a Trading Entity. Under the PFMA, the WTE was required to change from cash-based accounting to accrual-based accounting.

1.1 THE BUSINESS OF THE WTE COMPRISE OF THE FOLLOWING COMPONENTS:

Trading account 1: Integrated Water Resource Management: Water trading account 1 covers specifically water resources management functions. This component funds the implementation of water resources management activities in each water management area, including resources quality management, control and authorisation of water use, and the promotion of water conservation measures. It also includes the portion of the Working for Water budget that is derived from revenue from water users.

Trading account 2: Integrated Systems: Water trading account 2 covers consumption charges. Where locally available water resources in a particular area cannot meet the demand, water is transferred from water-rich areas. The management, operation and maintenance of these schemes as integrated systems, as well as the revenue collected from water users, are reflected in this component. One example of this is the Vaal River system where a number of dams and pipelines are operated as one inter-linked system.

Trading account 3: Bulk Water Supply: Water trading account 3 covers consumption charges. A number of water resources schemes (dams) are operated as stand-alone schemes and do not form part of an integrated system. The supply of water is mostly in bulk to different water users groups, but the agricultural sector is by far the largest consumer. Expenditure in this component covers operations and maintenance as well as management costs, and revenue is earned through the sales of water related services, mostly supplied in bulk.

1.2 TARIFF STRUCTURE

Water resource management charges

Water unit charge per cubic meter is arrived at by dividing the sum total of water resource management expenses as per pricing strategy by the registered volume of water.

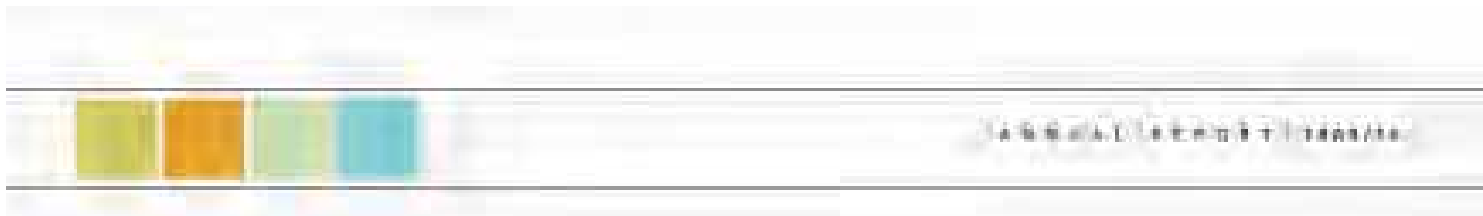
Consumptive charges

Consumptive charges comprises return on asset, depreciation, operational cost, capital unit charge as well as maintenance. All these costs make the sum total of water resource infrastructure costs. The cost per cubic meter is arrived at by dividing water resource infrastructure costs by the registered volume.

1.3 CONTROL ENVIRONMENT

Scope of responsibility

The WTE has a responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the



system of internal control is informed by the work of internal auditors, executive managers within the chief directorates and the Risk Management Committee, who all take responsibility for the development and maintenance of the internal control environment. This is supported through reviews and comments made by the external auditors.

In discharging this overall responsibility, the WTE is also responsible for ensuring that there is a sound system of internal control which facilitates the effective execution of the WTE's functions to achieve its objectives. The system of internal controls includes governance arrangements for the management of risks.

1.4 MANAGEMENT CONTROLS AND FEEDBACK

The Top Management of the Department reviews internal control system documentation each year and present through the executive authority a report to Cabinet detailing our system of internal control, weaknesses in control, procedures for risk management and an action plan to rectify issues raised in the report. The report should request that the Cabinet Minister formally adopt the action plan for improved financial management. It is worth noting that reports identifying progress against the financial management improvement plan have been taken to the Audit Committee and EXCO on a quarterly basis since 2007/08. A key element of this action plan included the development of a robust framework of risk identification, assessment, control and reporting, via the compilation of a regularly reviewed corporate wide, key risk register. This should be generated from the risk assessment work of individual service management teams and ultimately approved by the Top Management Team.

2. STRATEGIC FOCUS FOR THE YEAR UNDER REVIEW

During the year under review, the Water Trading Entity has embarked on focusing its delivery of service through the following strategic thrusts.

2.1 INTEGRATED WATER RESOURCE PLANNING

Water Reconciliation Strategies are being developed to ensure that South Africa continues to have security of water supply to balance its growing water needs which are driven by social and economic imperatives. In compiling the strategies for the various key supply areas of the country the Department conducts studies involving an assessment of the availability, use and future requirements for water and how these can be "reconciled" through various strategies.

Three key reconciliation strategies were completed during the 2009/10 financial year.

A brief outline of these is summarised below:

Crocodile (West) Water Reconciliation Strategy (CWRS)

The CWRS ensures water security for the northern areas of Gauteng, the platinum mines and other developments around Rustenburg and Brits and further north to Thabazimbi. This strategy also covers the water supply to the large-scale energy-related developments that are planned for the Waterberg coalfields in the vicinity of Lephalale.

The CWRS lists the following actions to maintain a balance of water supply and demand in the area into the future:

- Continue to supply Gauteng (North) from the Vaal River (via Rand Water).
- Supply mines, towns to north from re-use of growing return flows from Gauteng (North).
- Transfer surplus effluent in the Crocodile (West) River System to the Lephalale area for the requirements of the development on the coal fields.
- Investigate a transfer of effluent from the Vaal River catchment to the Crocodile catchment taking into consideration water quality issues.
- Implement water conservation and water demand management measures to reduce losses and thus also urban demand.





- Implement measures to manage the water quality in the Crocodile River System.

Vaal Reconciliation Strategy

The Integrated Vaal River System (VRS) supplies a vast area covering the Eastern Highveld of Mpumalanga, Gauteng, the North West goldfields around Klerksdorp, the Free State goldfields around Welkom and down to Kimberley in the Northern Cape.

A mix of actions must be implemented to ensure sufficient water of acceptable quality in the supply area. These include:

- Eradicating, unlawful water use especially in the Upper Vaal catchment area as a priority by 2011.
- Implementing water conservation and water demand management measures to reduce losses, and thus also urban demand, by at least 15% by 2014.
- Preparing for the implementation of Phase 2 of the Lesotho Highlands Water Project, with the current target to supply water to the system by 2019/20.
- Implementing measures to manage the water quality in the Vaal River System.

Water Reconciliation Strategy for the KwaZulu-Natal Coastal Metropolitan Areas

This strategy essentially covers security of water supply to the area from Pietermaritzburg to Durban (west to east) and from KwaDukuza (Stanger) in the north, to Amanzimtoti in the south. It includes the eThekweni Metropolitan area and the Msunduzi and iLembe Municipalities.

The strategy outlines the following key actions to maintain security of supply for the area:

- Plan and implement water conservation and water demand management.
- Investigate and implement large-scale re-use of treated effluent.
- Plan and implement a bulk water transfer scheme from the Thukela River to the Mgeni System.
- Implement Phase 2 of the Mooi-Mgeni transfer

scheme entailing the construction of the Spring Grove Dam and associated bulk transfer infrastructure (eg. pumpstation and pipelines).

- Investigate the feasibility of augmenting water supply to the area with transfers from the Mkomazi River.
- Investigations into the desalination of sea water to augment water supply in the future.

An overall assessment of the output from studies done for these three key areas is that there is currently an acceptable balance between water demand and supply. However, in order for the balance to be maintained, key actions as indicated above need to be implemented at appropriate times. The Department has set up Strategy Steering Committees for each area covered by a Reconciliation Strategy in order to ensure that all stakeholders and role-players continue to perform the role identified as their responsibility in the strategy.

2.2 INFRASTRUCTURE DEVELOPMENT AND MAINTENANCE

2.2.1. New augmentation

- The Vaal River Eastern Sub-system Augmentation Project was declared operational in June 2009. After a capital investment of R2.5 billion, water can now be conveyed through a large pipeline from the Vaal Dam to a distribution point near Secunda to ensure the provision of additional water to Eskom and Sasol at the high level of assurance of supply required to strategic industries.
- Olifants River Water Resources Development Project (ORWRDP) 2a: Construction of the project has progressed to 38% complete. All the related infrastructure necessary to complete the construction of the De Hoop Dam has now been completed. This includes the construction of the new 20 km stretch of the R555 road relocated around the dam basin which was completed and opened for traffic in June 2009. The in-house construction team of the DWA is now ready for placing the concrete in this large dam at high production rates. Construction of the dam is scheduled for completion





in 2012. A Project Charter was established to set social-economic targets that would promote the optimisation of the benefits for local citizens of the Sekhukhune District. The project employment of local workers peaked at 1 200 during the year. Upon completion, the stored water would be available for ensuring sufficient water for the social needs of 800 000 people on the Nebo Plateau who currently do not have a sufficient source of water. Water would also be available for new mining developments. To date R1.3 billion has been spent on this project.

- Good progress has been made with preparations for the implementation of four major water augmentation projects for which construction is due to start in the new financial year. These are: the Moloko-Crocodile River Augmentation Project Phase I to supply water new the Medupi power station, coal mines and Lephalale Municipality by 2013; the Mooi-Mgeni Transfer Scheme Project which comprises the construction of the Spring Grove Dam and transfer pipeline for augmenting the domestic water supply in the Etheke wini and Umgungundlovu municipal areas by the 2013; Komati River Water Augmentation Scheme to improve the assurance of supply to Eskom's Duvha power station by 2012; and the Olifants River Water Resources Development Project Bulk Distribution System to convey the water from the De Hoop Dam to communities and new mines by 2013 and later.
- Dam Safety and Rehabilitation Programme: At the end of the financial year a total of eighteen dams had been rehabilitated. The upgrading of these dams ensures: (i) sustainability of water supply, (ii) limiting water losses, and (iii) increase the spillway capacity to ensure the protection of the dam as part of disaster management. An amount of R324 million was spent this year.
- Levels of assurance of supply:
 - 95% compliance for different user groups was ensured; 99.5% to the energy sector was ensured;
 - 63% of the transferred scheme were refurbished as part of ensuring the provision of regional bulk water;
 - 23 regional bulk readiness studies were completed;

- 29 regional bulk projects were initiated;
- 2 regional bulk projects were completed.

2.3 INFRASTRUCTURE ASSET MANAGEMENT

Background

The Water Trading Entity owns, operates and maintains infrastructure with a current replacement value of some R139 billion (excluding land). This infrastructure is of strategic importance to the country as not only does it ensure the supply of water for human needs but also ensures supply of water to strategic industries, e.g. Eskom.

A high level asset register was developed in the 1990's but did not fulfill the requirements of the Department and a more detailed project was undertaken between 2007-2009.

The project focused on the raw water infrastructure assets under the control of the NWRI Branch, with the main deliverables as follows:

- Infrastructure asset register (March 2008)
- IAM practices assessment and improvement plan
- Infrastructure asset management policy
- Infrastructure asset management plans (AMPs)
- Infrastructure asset accounting procedures
- CAPEX prioritisation model
- Identification of functional requirements of an infrastructure asset management system
- Training

The project achieved the following:

- Compliance with National Treasury requirements for the asset register (March 2008 audit) and subsequent updates, the asset register has been linked spatially using the Geographical Information System.
- Compliance with the requirements of the Government-wide Immoveable Asset Management Act (GIAMA) to prepare asset management plans (asset management plans (AMPs) were developed





ANNUAL REPORT 2009

for each of the four operational areas during 2008 and have been refined/updated during 2009 including a national plan.

- Robust information on the state of infrastructure, long-term financial needs and the challenges in terms of financial viability.
- Staff awareness of best practice infrastructure asset management and techniques.
- Exposure of staff to implementing elements of best practice – in the form of participating in the preparation of the AMPs, compiling the asset risk register, documenting asset life-cycle strategies and expected useful life, and the componentisation of infrastructure implicit in the shift to accrual accounting.
- In implementing this project, the Department pre-empted the requirements of GIAMA and spearheaded the application of the new accounting standards, providing valuable leadership in the country's water sector.

The Department is in the process of configuring SAP in order to use the asset management information system module as the asset management tool for the Department

Scope and value of infrastructure

The Department controls 250 schemes of which 65 are considered national schemes where raw water is collected and transferred from one catchment to another, with the balance being schemes where raw water is collected and delivered within a particular catchment.

The infrastructure comprises mainly dams, canals, pipelines, tunnels and measuring facilities with a current replacement value (excluding land) of some R140 million and current depreciated value of R54 billion. The value of the land controlled by the Department in terms of the National Water Act is some R7.4 billion.

2.4 GLOBAL RELATIONS

Shared watercourses and its importance on the continent

There are 62 international rivers in Africa which are shared by 46 countries. It is estimated that 80% of Africa's water resources is shared. In SADC, 70% of the water resources is shared. South Africa shares the waters of the Orange, Limpopo, Inkomati, Maputo and Umbeluzi Rivers with its neighbours (namely Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zimbabwe) and has taken a key leadership role in ensuring continued dialogue and co-operation on water-related issues in the continent.

South Africa participates in various international water sharing agreements to foster closer co-operation for judicious, sustainable and coordinated water resource management, protection and utilisation of shared water courses. This helps in dealing with water related disasters and emergency situations. Co-basin states are also able to resolve potential conflict over limited water resources, to promote integrated development and fight poverty and water related diseases. Working together with other shared watercourse states promotes the sharing of information and expertise for solving water-related engineering, legal, environmental, political, social and economic challenges.

Shared watercourse states have an opportunity to develop joint projects with a focus on equitable benefit sharing, e.g. the Lesotho Highlands Water Project between Lesotho and South Africa, and the Komati Water Project between South Africa and Swaziland. The water-related challenges in Africa are immense and the experience gained from the joint integrated water resource management of shared watercourses is valuable.





3. SIGNIFICANT AREAS OF IMPLEMENTATION

3.1 CAPITAL EXPENDITURE

Planning for infrastructure maintenance is based on asset management plans formulated to meet specific service level standards agreed with water users. Water users registered for water use at various schemes require not less than 95 per cent assurance of water supply.

During the current year, approximately R850 million was spent by the WTE in the development of infrastructure. This resulted in significant progress in the development of new infrastructure and in this respect the Banhoek scheme was completed. Furthermore, the Bullshoek and Klipdrift schemes underwent significant refurbishment/rehabilitation.

Progress has been made with the construction of the De Hoop Dam in the Limpopo Province. The project aims to unlock the mineral wealth in the Middle Olifants River Catchments and at the same time bring relief to thousands of people who currently do not have safe and reliable sources of water. The Department and ESKOM are also assessing how best the proposed Project Lima, a new pumped storage scheme that forms part of the Olifants River Water Resources Development Project (Phase 2: De Hoop Dam), can be utilised to provide an additional 1 500 MW of electricity to the national grid while it is utilised to pump water to about 800 000 residents on the Nebo Plateau in the Greater Sekhukhune District Municipality.

Infrastructure projects that commenced in the 2008/09 financial year and which continued for implementation in the current financial year were:

- the Nandoni Dam;
- the Nwamitwa dam;
- Phase 2B of the De Hoop Dam; and
- refurbishment of the Gamtoos scheme, the Kromellenboog Dam and the Pongolaspoort Dam.

The WTE is therefore responsible for the operation and maintenance of water resource infrastructure and

the subsequent cost recovery emanating from the operations. Cost recovery is managed through a tariff structure which is based on the water pricing strategy of 1999, as amended in 2007.

Currently, there is approximately R13 billion backlogs in infrastructure refurbishments which may result in an increased risk of dilapidation of infrastructure assets managed by the WTE. The WTE is unable to recover the costs for these rehabilitations as a result of deficiencies in the pricing strategy, such as the provision for capping of tariffs. To this end, in consultation with water users, the pricing strategy is to be reviewed in order to serve as a public policy instrument that will ensure that financial resources are available to sustain service delivery and infuse responsible water use in the country.

The revenue billed is also not adequate to cover the operating and maintenance requirements excluding depreciation and amortisation of approximately R1.4 billion per annum, also as a result of the said deficiencies in the pricing strategy.

3.2 FINANCIAL MANAGEMENT IMPROVEMENTS PROJECTS

The WTE, in order to discharge its duties arising from the provisions of the PFMA, embarked on a process that is intended to lay a solid foundation from which a viable WTE could be operated and which is completely distinct from those of Vote 34 (Main Account). This foundation was created by commissioning projects that would assist the entity in developing policies and processes that will create an environment that enables compliance with the prescripts of the PFMA.

The following projects were then undertaken, as part of this process of establishing a sustainable, efficient entity:

- Project Sakhile; and
- the Efficiency Drive Project.

The main objectives and deliverables of these projects are detailed below:





3.2.1 Project Sakhile

The project's main focus is on the management of water resource infrastructure. Its objectives were to:

- satisfactorily address the Auditor-General's (AG) significant uncertainty relating to infrastructure asset management as reported in their audit report;
- comply with legal requirements (such as the Public Finance Management Act, the National Water Act and the Government Immovable Asset Management Act);
- entrench an approach to managing water resource infrastructure assets in line with international best practice; and
- inform the tariff setting process.

Through Project Sakhile, infrastructure assets were verified and valued during the financial year in accordance with international recognised best practices to determine their fair values. A project initiated by management to determine fair values for infrastructure assets resulted in the revaluation of these assets to R87 billion, including land and servitudes for 31 March 2008 assets register. The recommendations of Project Sakhile necessitated management to undertake further refinements on the infrastructure register in order to ensure completeness and accuracy. This process led to an adjustment of the carrying values of infrastructure assets to R 61 billion.

3.2.2 Efficiency Drive Project

The Efficiency Drive Project was undertaken in the current year as a result of outcomes from the efficiency recommendations made partly through process re-engineering undertaken in Project Siyanqoba.

The project seeks to build on the momentum of previous reform initiatives – Sakhile, Hlayisa, Siyanqoba, and EWRM. The broad issues that emanated from these previous initiatives include:

- ineffective billing and collection;
- negative cash-flow status;
- deficient budgeting processes;

- misallocation of expenditure in the accounting records;
- ineffective systems;
- internal and external reporting not effective; and
- funding inadequate for infrastructure life-cycle needs resulting in growing backlogs and escalating risk of dilapidation of infrastructure.

The project begun in the second half of the 2008/09 financial year and has as its objectives:

- effective and efficient business processes implementation;
- improved revenue collection;
- improved budgeting processes;
- improved internal control environment;
- correct SAP configurations;
- development of personnel's skills;
- financial self-sustainability of the entity;
- achievement of unqualified audit reports; and
- establishment of an effective business performance framework.

The interventions enlisted above are expected to result in improvement in efficiencies within the operations of the entity and it is expected that embedded value will be unlocked through these processes as well.

4. CHALLENGES

- Deficit of finance technical skills to produce credible financial statements
- Inadequate financial management capacity
- Insufficient revenue management capability
- No credible financial systems
- Insufficient controls
- Lack of business direction in the management of the WTE





5. INFRASTRUCTURE DELIVERY PROGRAMME

The WTE had through the years implemented various infrastructure projects in the following ways:

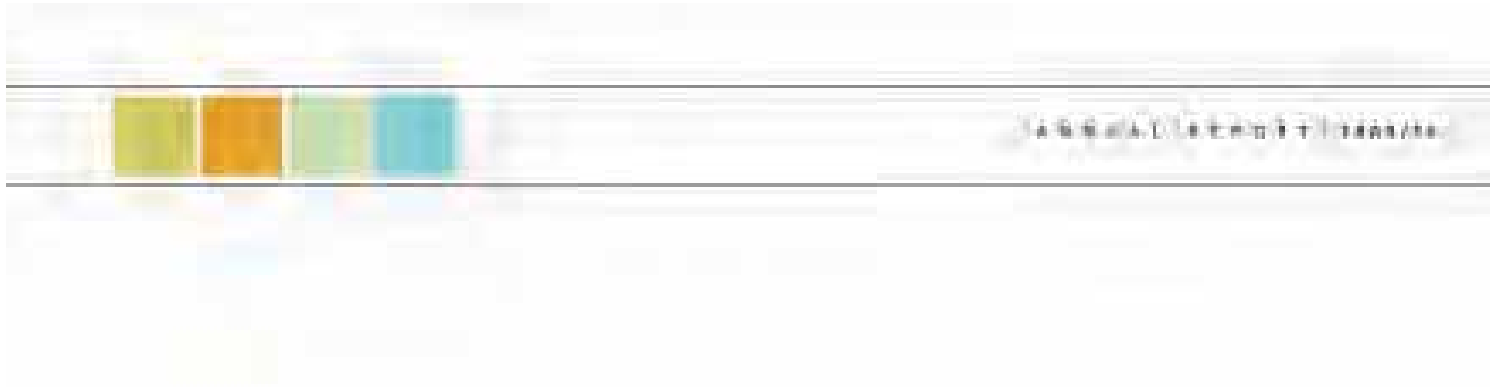
TABLE 1: PROJECTS UNDER CONSTRUCTION DURING 2009-2012

Project description	Completion period	Budget R
1) Augmentation of Eastern Vaal Subsystem (VRESAP Pipeline) (Gauteng / Mpumalanga)	2010	2,6 billion
2) Levuvhu River GWS: Nandoni Water Treatment Works (Limpopo)	2010	295 million
3) Olifants River Water Resources Development Project Phase 1: De Hoop Dam (Limpopo)	2012	2,6 billion
4) Levuvhu River GWS: Bulk Distribution Works (Limpopo)	2012	530 million
5) Sabie River Government Water Scheme: <ul style="list-style-type: none">Inyaka Water Treatment Works (Mpumalanga)Inyaka PH 2 Comp 2008Inyaka PH 3 Comp 2010Inyaka PH 4 Comp 2012	2012 2008 2010 2012	283 million

TABLE 2: PROJECTS TO COMMENCE DURING 2010-2015

Project description	Completion period	Budget R
1) Raising of the Clanwilliam Dam	2014	1,2 billion
2) Spring Grove Dam	2013/2014	1,5 billion
3) Olifants River Water Resources Development Project Phase 2b-h: Water Distribution Network	2012/2013	7 billion
4) Raising of the Hazelmere Dam	2011/2012	100 million
5) Construction of the Nwamitwa Dam	2012	1,1 billion
6) Komati Abstraction Water Project	2011/2012	2 billion
7) Rehabilitation of the Vlaktefontein Canal	2011	500 million
8) Lesotho Highlands Water Development Project	2019/2020	7,3 billion
9) Mokolo – Crocodile Water Augmentation Project	2015	10,1 billion
10) Vioolsdrift water abstraction works	2015	1,4 billion
11) Mzimvubu Water Resources Project: <ul style="list-style-type: none">Pre-feasibilityFeasibilityDesignConstruction	2012 2014 2016 2020	20 million
12) Dam Safety Rehabilitation Program		2,1 billion





6. ANALYSIS OF OPERATING PERFORMANCE

As shown on page 185-186 the Auditor-General has raised concerns regarding the following:

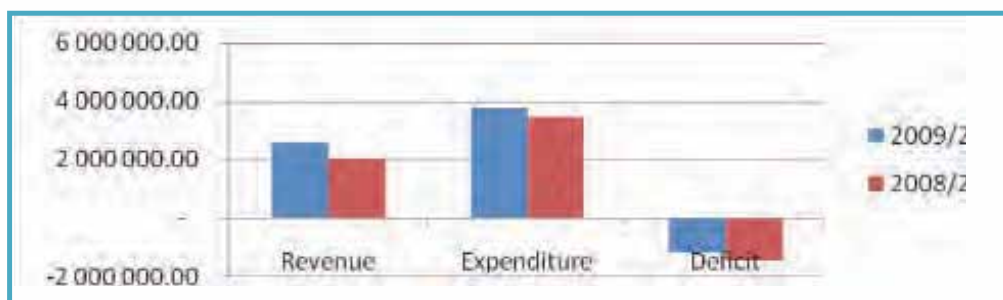
Operating deficit

The operating deficit for the period decreased from R1 447 million (restated) to R1 216 million partly due to a marginal increase in revenue from rendering services. (Refer to Figure 1). It is expected that the operating costs will decrease as projects that are aimed at improving efficiencies start to bear fruit and operational efficiencies are improved.





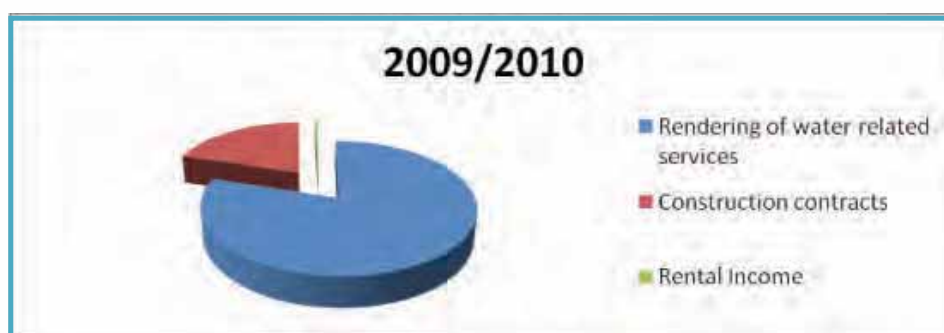
FIGURE 1: OPERATING DEFICIT



Operating income analysis

Income from operations has increased by 34% in the current year (refer to Figure 2) from R1 537 million (restated) to R2 058 million, mainly due to tariffs adjustments. Improvements are also expected to occur in the construction income as better accounting recognition methods are employed and results of the re-engineering processes are achieved. Revenue from water-related services contributed the biggest amount to operating income (80 % of total revenue) and construction income and rental income made up for the balance of income.

FIGURE 2: OPERATING INCOME ANALYSIS



7. OPERATING EXPENDITURE REVIEW

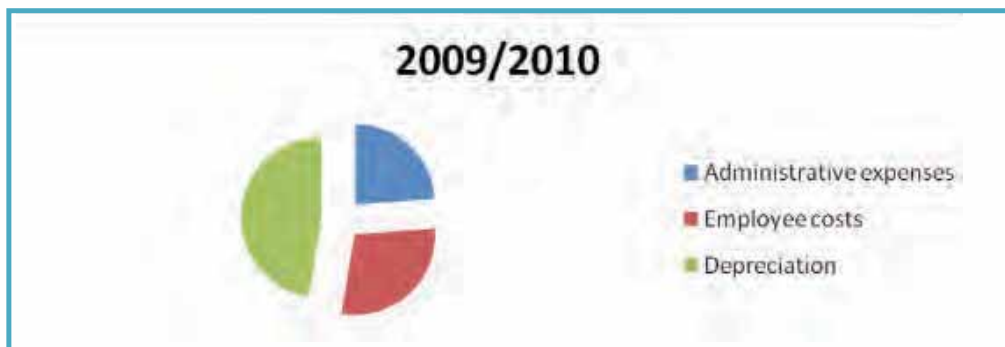
Depreciation and amortisation is the main source of operating expenditure (refer to Figure 3). This amount has increased from the amounts reported in the previous year (2009: R 1 411 million and 2010: R 1 412 million). Administrative expenses have decreased from R 939 million in 2009 to R711 million in 2010. Of the total operating expenditure of R3 785 million, about 37% relates to depreciation and amortisation, 19% is spent on administrative expenses and about 23% is spent on employee costs.

The WTE expects that this main component (depreciation and amortisation) of operating expenditure will remain fairly constant from year to year but that the other components of operating expenditure will be gradually reduced as operational efficiencies are realised.





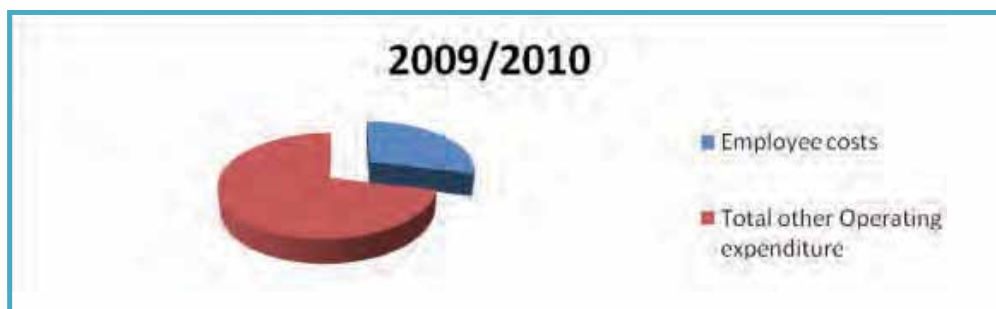
FIGURE 3: OPERATING EXPENDITURE



Employee costs vs total OTHER operational expenditure

The percentage of operating costs that relates to employee costs has increased significantly from R661 million in 2009 to R857 million in 2010 (refer to Figure 4). This is attributable to more employees hired to address the operating challenges of the previous financial years and the inflation-linked cost of living adjustments effected in the year. In the current year, the staff costs component makes up about 23% of the total operating cost component compared to 19% in the 2009 financial year. This scenario is expected to change as efficiencies in the other areas of operating expenditure are achieved and as staff is increased in order to achieve the optimum operating capacity of the entity.

FIGURE 4: EMPLOYEE COST VS TOTAL OTHER OPERATING EXPENSES



7.1 TOTAL OPERATING EXPENDITURE VS DEPRECIATION AND AMORTISATION

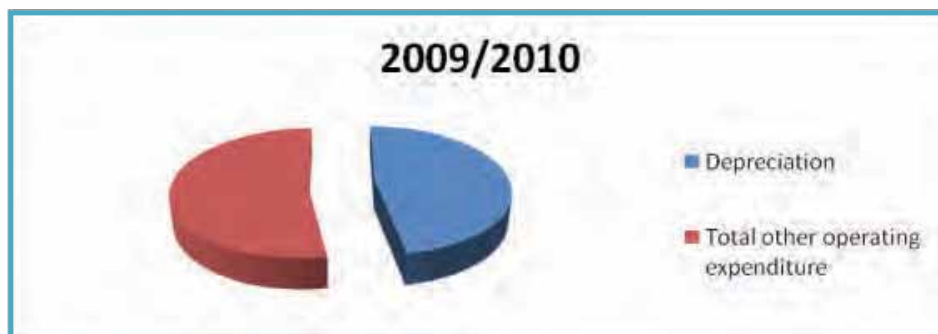
Depreciation and amortisation is the main component of the total expenditure incurred by the entity (37% of the total operating expenditure). The depreciation of total expenditure analysis indicates that depreciation makes up a significant portion of the total operating expenditure (refer to Figure 5).

The reported deficit of R1 216 million may indicate that the entity is not viable and that there may be going concern and cash flow management problems. This deficit was mainly brought about by the depreciation and amortisation charge which is based on revalued amounts. The entity, however, is looking at ways in which the pricing strategy can be amended to enable the entity to recover its full cost of operating. The deficiencies in the pricing strategy resulted in the entity charging less for the services it renders to the water users.





FIGURE 5: TOTAL OPERATING EXPENDITURE VS DEPRECIATION



The interventions implemented by the WTE through the projects referred to above (financial management projects) are expected to yield results in the coming financial years and an improved financial performance is expected to be evident.

8. CASH FLOW FROM OPERATIONS

The entity has a positive cash flow from operations. The increased cash balance is attributable to the use of revenue budget to fund capital projects given the forecast of receiving augmentation from the Main Account (Exchequer). The positive cash flow supports the view that the WTE is a viable entity only if efficiency gains come to fruition.

APPROVAL

The Annual Financial Statements have been submitted with my approval as the Accounting Officer.

Ms. Nobubele Ngele
Acting Director-General: Department of Water Affairs
Date: 16 September 2010





REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE WATER TRADING ENTITY FOR THE YEAR THAT ENDED ON 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the Water Trading Entity (WTE) which comprise the statement of comprehensive income as at 31 March 2010, the statement of financial position, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 189 to 233.

Accounting officer's responsibility for the financial statements

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practices (SA Statements of GAAP) and in the manner required by the Public Finance Management Act of South Africa (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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.

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.

BASIS FOR QUALIFIED OPINION

Suspense account

Treasury Regulation 17.1.2 requires the source of the transactions in a clearing account to be readily identifiable, as well as monthly reconciliations to be performed to confirm the balance of the account. This information could not be provided for the transactions in the clearing account disclosed as part of the unallocated receipts note 10.2 to the financial statements. In addition the transactions that have been journalised out of this clearing account could not be supported by adequate supporting documentation. The entity's records did not permit the application of alternative audit procedures regarding this clearing account. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, obligations, completeness, and valuation and allocation of this clearing account.

Water related services revenue

Excluded from water related services revenue is an amount of R231 791 894 relating to "return to sender" invoices. The SA Statements of GAAP, IAS 18 (AC 111), Revenue requires that revenue should be recorded when it is probable that economic benefit will flow to the entity. There was an inadequate system of control to assess the probability of the recording of these amounts



as revenue 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 service revenue was properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of water related service revenue of R1 643 715 as disclosed in statement of comprehensive income.

Unrecorded liabilities

There was no system of control over the recording of outstanding invoices at year-end on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures I could perform to obtain reasonable assurance that all outstanding invoices have been accrued or provided for. Consequently, I am unable to conclude on the completeness of the accrual liability in the annual financial statements.

Accounts receivable

I was unable to verify the completeness, existence and valuation of water user debtors as disclosed in note 10.1 to the financial statements. There were a limited amount of debtors that confirmed their balances and the alternative audit procedures did not render satisfactory results. Consequently, I could not obtain reasonable assurance that these debtors balance exist and are disclosed at the correct value in the annual financial statements. In addition we could not conclude on the completeness of the trade debtors due to the limitation in the completeness of the water related services revenue.

FINANCIAL INSTRUMENT DISCLOSURE

The entity could not provide sufficient appropriate audit evidence to support the disclosure made in terms of IFRS7 and related standards in note 22 to the financial statements. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation, rights and obligations, completeness, classification and understandability of the disclosure made in these notes.

Qualified opinion

In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of the Water Trading Entity as at 31 March 2010 and its financial performance and its cash flows for the year then ended, in accordance with SA Statements of GAAP and in the manner required by the Public Finance Management Act of South Africa (PFMA).

Emphasis of matters

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

Irregular expenditure

As disclosed in note 27 to the financial statements, irregular expenditure to the amount of R6 907 000 was incurred, as proper tender processes had not been followed.

Significant uncertainties

With reference to note 19 to the financial statements, WTE is the defendant in a number of lawsuits. The ultimate outcome of these matters cannot currently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

As disclosed in note 23 to 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 WTE at, and for the year ended, 31 March 2009.

Material losses through write off of debtor balances and impairment of infrastructure assets

- As disclosed in note 7 to the financial statements, impairment of infrastructure assets of R446 533





- 000 occurred as a result of assets not being able to functionally perform as contemplated when they were initially designed, mainly because of limited utilisation and loss of functionality due to siltation.
- As disclosed in note 10.1 to the financial statements, R115 197 000 of long-outstanding debt has been written off due to management's assessment that the recoverability of these amounts are slim.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the PAA of South Africa and *General notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA, Public Service Act (PSA), Preferential Procurement Policy Framework Act (PPPFA) and financial management (internal control).

Predetermined objectives

Reliability of reported performance information

The following criteria were used to assess the reliability of the planned and reported performance:

- **Validity:** Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- **Accuracy:** Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.

The following audit findings relate to the above criteria:

Reported targets not reliable when compared to source information

The reported targets were not valid and accurate on the basis of the evidence provided to support the reported targets.

COMPLIANCE WITH LAWS AND REGULATIONS

Non-adherence to requirements

Treasury Regulations (TR)

- The internal audit function did not substantially fulfil its responsibilities for the year, as set out in TR 3.2.
- Contrary to the requirements of TR 17 the authority utilised a suspense account, and did not implement adequate controls to clear the items on a monthly basis.

Public Finance Management Act

- In contradiction with section 38 (1) (a), the Entity did not perform adequate creditor reconciliations for major supplier balances.

INTERNAL CONTROL

I considered internal controls relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, PSA and PPPFA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

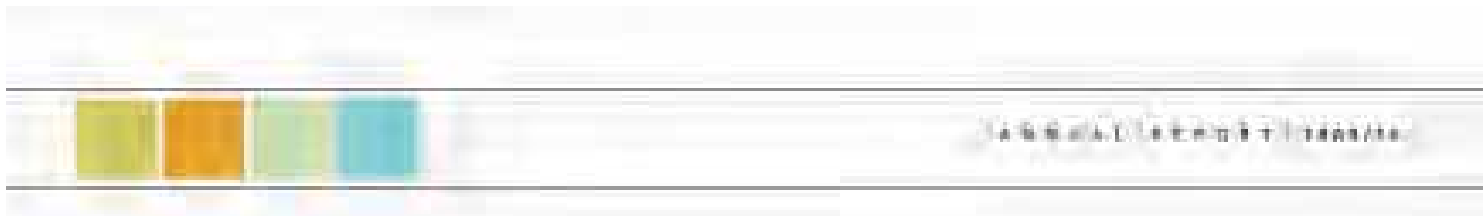
Leadership

Oversight responsibility

An effective organisational structure that places people with appropriate skills has not been established.

Decisive action to mitigate risks

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



Financial and performance management

Adequate financial management systems

- Effective financial systems and management thereof have not been implemented to ensure that all water-related services revenue was recorded in the correct accounting period and to ensure that suspense accounts are cleared on a monthly basis.
- Manual or automated controls are not designed to ensure that all accruals are recorded at year end.

Quality and reliable financial statements

The financial statements are not reviewed for completeness and accuracy prior to submission for audit purposes, and as a result the financial statements were subject to material amendments resulting from the audit.

Governance

Internal audit

Although WTE has an internal audit division, the division did not have adequate personnel throughout the period to carry out its mandate and as a result the following issues were identified during the period under review:

- Internal control deficiencies were not identified and communicated in a timely manner to allow for corrective action to be taken.

OTHER REPORTS

Investigations completed during the financial year

- The chief director – Financial Management was suspended during the year under review and the investigation is still ongoing.
- The accounting officer of the Department of water affairs was placed on special leave and at the date of this report the department was busy with the investigation.

Performance audits

- A performance audit was conducted during the year under review on the use of consultants. The audit covered the period April 2007 to March 2010 and is currently in the reporting phase. The findings will be reported in a separate report.

Auditor - General

Pretoria

31 July 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence





WATER TRADING ENTITY

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

	<i>Notes</i>	31 March 2010	31 March 2009
			Restated
		R'000	R'000
Revenue		2,057,585	1,537,082
Rendering of water related services	28	1,643,715	1,124,622
Construction contracts		405,763	404,525
Rental income		8,107	7,935
Other income		514,555	491,435
Government grants	2	318,804	391,374
Finance income	3	89,282	73,833
Other	4	106,469	26,228
Total income		2,572,140	2,028,517
Total expenses		(3,787,718)	(3,475,452)
Operating expenses	5	(3,784,742)	(3,472,038)
Finance costs	6	(2,976)	(3,414)
Deficit for the year		(1,215,578)	(1,446,935)
Other comprehensive profit		839,690	1,275,436
Impairment of revalued assets	7,8	(446,537)	-
Correction of prior period errors		-	600
Scrapping of revalued assets	7	(42,486)	(54,698)
Transfers from reserves for depreciation on revalued assets		1,328,713	1,330,134
Total comprehensive loss for the year		(375,888)	(171,499)





WATER TRADING ENTITY

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2010

	Notes	31 March 2010	31 March 2009	
			Restated	
		R'000	R'000	
ASSETS				
Non-current assets		64,971,931	65,613,747	
Property, plant and equipment	7	64,203,154	64,838,006	
Intangible assets	8	768,777	775,741	
Current assets		2,358,085	2,165,965	
Inventory	9	14,709	14,020	
Trade and other receivables	10	1,912,706	2,142,035	
Cash and cash equivalents	11	430,670	9,910	
TOTAL ASSETS		67,330,016	67,779,712	
EQUITY AND LIABILITIES				
Equity and reserves		62,995,380	64,699,981	
Accumulated surplus		1,456,688	1,343,553	
Revaluation reserve		61,538,692	63,356,428	
Non-current liabilities		2,604,299	1,530,669	
Finance lease obligations	12	6,148	9,403	
Deferred income	14	2,598,151	1,521,266	
Current liabilities		1,730,337	1,549,061	
Trade and other payables	13	1,319,577	1,307,527	
Deferred income	14	1,304	254	
Provisions	15	394,534	226,202	
Finance lease obligations	12	14,922	15,078	
TOTAL EQUITY AND LIABILITIES		67,330,016	67,779,711	





WATER TRADING ENTITY

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2010

		Accumulated Deficit	Revaluation Reserve	Total Equity
	Notes	R'000	R'000	R'000
Balance at 1 April 2008 as previously reported		1,458,224	86,309,495	87,767,719
Correction of prior year errors	23.1	2,130	-	2,130
Correction of revaluation reserve	23.1	-	(21,568,834)	(21,568,834)
Restated balance at 1 April 2008		1,460,354	64,740,661	66,201,015
Restated deficit for the year		(1,446,935)	-	(1,446,935)
Deficit for the year as previously stated		(1,503,531)	-	(1,503,531)
Correction of prior year errors	23.1	56,596	-	56,596
Restated transfer from reserves for depreciation on revalued assets		1,330,134	(1,330,134)	-
Transfers from reserves for depreciation on revalued assets as previously reported		1,322,264	(1,322,264)	-
Correction of prior year errors		7,870	(7,870)	-
Net correction of errors in prior year errors		-	(54,098)	(54,698)
Correction of prior year errors		-	600	-
Scrapping of revalued assets	7	-	(54,698)	(54,698)
Balance at 31 March 2009 as restated		1,343,553	63,356,428	64,699,381
		113,135	(1,817,737)	(1,704,602)
Deficit for the year		(1,215,578)	-	(1,215,578)
Transfers from reserves for depreciation on revalued assets		1,328,713	(1,328,713)	-
Scrapping of revalued assets	7	-	(42,486)	(42,486)
Impairment of revalued assets	7	-	(446,537)	(446,537)
Balance at 31 March 2010		1,456,688	61,538,692	62,994,780





WATER TRADING ENTITY

STATEMENT OF CASH FLOWS

for the year ended 31 March 2010

	Notes	31 March 2010	31 March 2009	
			Restated	
		R'000	R'000	
Cash flows from operating activities				
Cash receipts from customers		1,931,890	1,362,182	
Cash paid to suppliers and employees		239,990	84,968	
Cash generated from operations	16	1,691,900	1,277,214	
Finance income		1	1	
Finance costs		(2,976)	(3,414)	
Net cash inflows from operating activities		1,688,924	1,273,801	
Cash flows from investing activities				
Proceeds on disposal of:				
- Property, plant and equipment		3,412	7,357	
Acquisition of:				
- Property, plant and equipment	7	(1,268,170)	(1,379,237)	
- Intangible assets	8	-	(650)	
Net cash outflows from investing activities		(1,264,758)	(1,372,530)	
Cash flows from financing activities				
Net finance lease obligation repaid		(3,406)	(11,817)	
Net cash outflows from financing activities		(3,406)	(11,817)	
Net increase/(decrease) in cash and cash equivalents		420,760	(110,546)	
Cash and cash equivalents at the beginning of the year		9,910	120,456	
Cash and cash equivalents at the end of the year		430,670	9,910	





1. ACCOUNTING POLICIES

1.1. BASIS OF PREPARATION

1.1.1 Statement of compliance

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Principles (SA GAAP) and the Public Finance Management Act (PFMA), Act No. 1 of 1999 (as amended by Act No. 29 of 1999), except where specifically indicated, using historical cost as modified by the revaluation of property, plant and equipment. The financial statements are prepared on a going concern basis.

1.1.2 Amendments to published standards effective in 2010

None

1.1.3 Standards, amendments and interpretations effective in 2009 with no effect on the financial statements

The following new and revised standards and interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- IAS 1	Other comprehensive income - reclassifications adjustments and related tax effects
- IAS 12	Income taxes
- IFRIC 15	Agreements for the construction of real estate
- IFRIC 16	Hedges of a net investment in a foreign operations
- IAS 32	Puttable financial instruments and obligations arising on liquidations
- IAS 33	Earnings per share
- IAS 27	Cost of an investment in a subsidiary, jointly controlled entity or associate
- IAS 28	Investments in associates
- IAS 29	Financial reporting in hyperinflationary economies
- IAS 41	Agriculture
- IFRS 2	Share-based payments - vesting conditions and cancellations
- IFRS 3	Business combinations
- IFRS 3 (Revised)	Business combinations
- IFRS 8	Operating segments
- IFRIC 8	Scope of IFRS 2
- IFRIC 9	Reassessment of embedded derivatives
- IFRIC 10	Interim financial reporting and impairment
- IFRIC 11 and IFRS 2	Group and treasury share transactions
- IFRIC 12	Service concession arrangements
- IFRIC 13	Customer loyalty programmes
- IFRIC 14 and IAS 19	The limit on a defined benefit asset minimum funding requirements and their interaction





1.1.4 Interpretations of existing standards that are not yet effective and not relevant for the Water Trading Entity's operations

- IAS 39 : Eligible hedged items

- IFRIC 17 : Distributions of non-cash assets to owners

1.1.5 Interpretations of existing standards that are not yet effective but relevant for the Water Trading Entity's operations

None

1.2. SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

1.2.1 Property, plant and equipment

Useful lives and residual values

The useful lives and residual values of property, plant and equipment are reviewed at each reporting date. These useful lives and residual values are estimated by management based on historic analysis and other available information.

Revaluation

Infrastructure assets are carried at revalued amounts less any accumulated depreciation and accumulated impairment losses. Revaluations are performed every ten years using the depreciated replacement method.

1.2.2 Trade receivables

Impairment of receivables

An impairment is recognised for estimated losses firstly on an individually significant trade receivable and secondly on a group of trade 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 those customers which have defaulted, management makes judgments based on an assessment of their ability to make payments based on creditworthiness and historical write-off experience. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment losses recognised.

1.3. REVENUE

Revenue comprises the fair value of the consideration received or receivable for water related services. Revenue is shown net of value added tax.

Revenue from the rendering of water related services is recognised when water is consumed by the customer and the recognition criteria in IAS 18 are met.

Construction contract revenue 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 assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only 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 comprehensive income.

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the entity.





1.4. GOVERNMENT GRANTS

Government grants that are provided for compensation of infrastructure development are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs that they are intended to compensate.

Government grants that are provided for compensation of operating expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recorded as income in the statement of comprehensive income in the period that they become receivable.

1.5. PROPERTY, PLANT AND EQUIPMENT

1.5.1 Infrastructure assets

Items of infrastructure property, plant and equipment are stated at revalued amounts, less accumulated depreciation and accumulated impairment losses. Additions on items of infrastructure property, plant and equipment are recorded at cost.

Cost comprises all expenditure 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.

Revaluation of all major infrastructure assets is carried out every 10 years. This revaluation is carried out throughout the particular revaluation year so as to determine the value as at the end of that financial year. Increases in carrying value arising on revaluation are credited directly to revaluation reserve and recognised in the statement of comprehensive income as other comprehensive income.

Any accumulated depreciation and any accumulated impairment loss is eliminated against the gross carrying amount of the asset upon revaluation. On disposal of previously revalued property, plant and equipment, any amount relating to that asset remaining in the revaluation reserve is transferred to accumulated deficit.

Depreciation is calculated on a straight line basis over the expected useful lives of each major component of infrastructure assets. Depreciation on infrastructure assets is charged to the statement of comprehensive income.

The estimated useful lives of infrastructure assets are as follows:

Buildings	20 - 50 years
Canals	35 - 300 years
Dams and weirs	50 - 300 years
Pipelines	20 - 60 years
Pump stations	15 - 75 years
Reservoirs	15 - 100 years
Treatment works	5 - 75 years
Tunnels	50 - 300 years
Other	5 - 100 years

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.

Capital projects under construction are stated at cost. Depreciation only commences on these assets when they are in the condition necessary for them to be capable of operating in the manner intended by management.

Items of infrastructure property, plant and equipment are tested for impairment whenever there are impairment indicators. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and useful lives of all infrastructure assets are reviewed at the end of each financial year. Where there are changes in the residual values or useful





lives of assets, these are accounted for as a change in estimate in accordance with IAS 8.

Gains or losses arising from de-recognition of an item of infrastructure asset is recognised directly in surplus or deficit in the statement of comprehensive income when the item is derecognised.

1.5.2 Moveable assets

Items of moveable property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost comprises all expenditure 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.

Depreciation is calculated on a straight line basis over the expected useful lives of the moveable assets. Depreciation on moveable assets is charged to the statement of comprehensive income.

The estimated useful lives of moveable assets are as follows:

Vehicles	5 - 20 years
Computer equipment	3 - 12 years
Office equipment and furniture	5 - 30 years
Appliances	5 - 25 years
Machinery and equipment	5 - 60 years
Tools	2 - 15 years
Dwellings: mobile homes	4 - 30 years

Costs incurred subsequent to acquisition are included in the asset's carrying amount or recognised as a separate asset only when they meet the definition of an asset, 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.

All items of moveable property, plant and equipment are tested for impairment whenever there are indications of impairment. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is the higher of fair value less cost to sell; and value in use. The impairment loss is recognised in surplus/deficit in the statement of comprehensive income.

A reversal of the impairment loss is recognised directly in surplus or deficit in the statement of comprehensive income.

The residual values and useful lives of all moveable assets are reviewed at the end of each financial year.

Profit/loss on disposal of property, plant and equipment is recognised directly in surplus/deficit in the statement of comprehensive income.

1.6. INTANGIBLE ASSETS

Software and licenses are recognised and measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets are carried at cost less any impairment losses.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life of intangible assets, unless such useful lives are indefinite.

Intangible assets with an indefinite useful life are tested for impairment at the end of each financial year and whenever there is any indication that the intangible asset could be impaired.

Any impairment loss of an intangible asset with an indefinite useful life is treated as a revaluation decrease in accordance with IAS 38 and recognised directly in the statement of comprehensive income as other comprehensive income in the period in which it occurs.





Any impairment loss of an intangible asset with a definite useful life is recognised directly in surplus/deficit for the period.

The amortisation period and the method of amortisation of intangible assets with a finite useful life are tested for impairment annually at the end of each reporting date. Any changes in the useful lives, residual values of amortisation period are accounted for as a change in estimate in accordance with IAS 8. The estimated useful lives of intangible assets with finite useful lives are as follows:

Software and licenses	6 years
-----------------------	---------

Other intangible assets are assessed to have an indefinite useful life.

1.7. FINANCIAL INSTRUMENTS

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the entity's statement of financial position when the entity becomes party to the contractual provisions of the instrument.

Financial instruments are measured initially at fair value.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Regular way purchases of financial assets are accounted for at trade date.

Financial instruments recognised on the statement of financial position include:

- trade and other receivables;
- cash and cash equivalents; and
- trade and other payables.

Trade and other receivables

Trade and other receivables are initially recorded at fair value and are carried at amortised cost using the effective interest rate less provision for impairment. The provision for impairment is established where there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as loans and receivables.

Cash and cash equivalents

Cash and cash equivalents are carried at cost in the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, short term deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less, and bank overdrafts.

Cash and cash equivalents are classified as available for sale financial assets.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate.

Trade and other payables are classified as financial liabilities measured at amortised cost.

1.8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Exposure to continuously changing market conditions has highlighted the importance of financial risk management as an element of control for the entity.

The entity finances its operations primarily from cash receipts from customers and augmentation income received from the government. There are primarily two financial risks that the entity faces in the normal course of its operations. These are the interest rate risk and the credit risk.





Interest rate risk management

The entity has no long term debt and such has very limited exposure to material losses as a result of fluctuations in interest rates. The entity complies with the PFMA requirements in that it always endeavours to pay its suppliers within 30 days of receipt of an invoice.

Credit risk management

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 entity monitors the ageing of debtors on an ongoing basis and engages their customers where there is an indication of possible problems with regard to recovery from customers. Provision is made for both specific and general bad debts and at the end of the financial year management did not consider there to be any material credit risk exposure that was not already covered by the impairment provision.

Cash investments are investments made by the entity with the South African Reserve Bank and credit risk is considered to be acceptably low.

1.9. INVENTORY

Inventory is carried in the financial statements at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Any write down of inventory to net realisable value is recognised immediately in the statement of comprehensive income as an expense.

1.10. PROVISIONS

Provisions are recognised when the entity 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.

Management also assesses whether the entity can avoid the liability without incurring significant penalties. If the liability can be avoided, the present obligation would not be present and a provision will not be raised.

1.11. LEASES

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the end of the term of the lease, any payments required to be made by the entity by way of penalties are recognised as an expense in the period in which the termination occurred.

Finance leases, which transfer to the entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in surplus or deficit in the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term.





1.12. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are not recognised in the financial statements but are disclosed as such in the notes to the financial statements. Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

1.13. EMPLOYEE BENEFITS

Leave benefits

Annual leave is provided for over the period that the leave accrues. In the case of accumulating compensated leave benefit, the entity recognises the cost when the employee renders the service that increases their entitlement to the future compensated absences. In the case of non-accumulating compensated absences, the entity recognises the leave cost when the absence occurs.

Short-term employee benefits

The entity 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.

Performance bonus plans

The entity recognises the expected cost of performance 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 by the entity. The entity considers the present obligation to exist when the entity has no realistic alternative but to make the payments related to performance bonuses.

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 entity 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.

Retirement benefits

The entity provides retirement benefits for its employees through a defined contribution plan. Once the entity has paid the contributions, the entity has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.



Medical benefits

The entity contributes to the employees' medical benefits through a contribution to the employee's medical aid scheme. Once the entity has paid the contributions, the entity has no further payment obligations as such no provision is made for post retirement medical benefits. The contribution paid is charged to employee expenses in the same year as the related service is provided.

1.14. RELATED PARTIES

The entity constitutes part of the national government in terms of the Public Finance Management Act (Act no. 1 of 1999), as amended. Public and trading entities within the National Government sphere are considered to be related parties.

Goods and services are sold and / or purchased to or from related parties on an arm's length basis at market-related prices.

1.15. CONSTRUCTION WORK IN PROGRESS

Construction work in progress represents the total cost spent by the entity on infrastructure projects that have not yet been completed at reporting date. It is measured as the total cost that the entity has incurred to date on infrastructure projects.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the entity's construction activities based on normal operating capacity. Construction work in progress is presented as part of property, plant and equipment in the statement of financial position.

1.16. IRREGULAR, UNAUTHORISED, FRUITLESS AND WASTEFUL EXPENDITURE

The entity records and reports separately amounts of irregular, unauthorised, fruitless and wasteful expenditure discovered.

Amounts of irregular, unauthorised, fruitless and wasteful expenditure discovered are recognised as receivables to the extent that these are recoverable and are recognised as expenses to the extent that they are not recoverable.

1.17. FINANCE COST

Finance cost is recognised as an expense in surplus or deficit in the statement of comprehensive income in the period in which it is incurred, using the effective interest rate method.

1.18. 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 following major components of the financial statements were restated:

- Operating expenses;
- Other income;
- Property, plant and equipment;
- Trade and other receivables;
- Trade and other payables;
- Accumulated surplus; and
- Finance lease assets and liabilities.

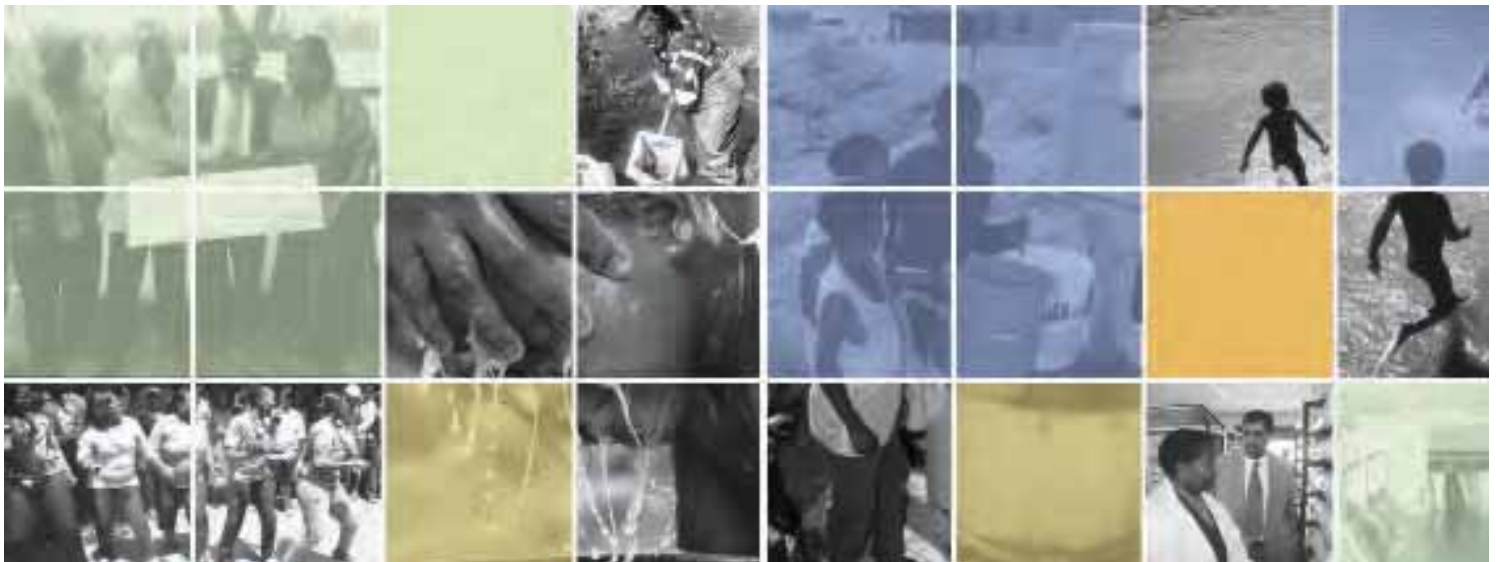
These restatements resulted in a restatement of amounts previously reported for reserves and also resulted in the restatement of amounts previously disclosed in the statement of cash flows.





1.19. EVENTS AFTER REPORTING DATE

The entity reviews its activities subsequent to its reporting date to determine whether these represents conditions that existed at reporting date in order to determine if these should be presented in the annual financial statements.





		31 March 2010	31 March 2009
	Notes		Restated
		R'000	R'000
2. Government grants			
The amounts received for these grants are as follows:		318,804	391,374
- operating expense grant		318,550	391,374
- infrastructure development grant		254	-
3. Finance income		89,282	73,833
- debtors		89,281	73,832
- bank balances		1	1
4. Other income		106,470	26,228
- (loss)/profit on sale of property, plant and equipment		(5,232)	6,273
- other income		111,702	19,955
5. Operating expenses		3,784,741	3,472,037
Operating expenses include:			
- administrative expenses		711,203	939,407
- employee costs	5.1	857,458	661,489
- audit fees		9,845	6,547
- transfers and subsidies paid		-	185,000
- depreciation	7	1,405,353	1,397,625
- amortisation	8.1	6,960	13,534
- bad debts		628,240	158,314
- other operating expenses		165,683	110,122
5.1 Employee costs		857,458	661,489
Employee costs include:			
- salaries and wages		540,090	404,170
- overtime		59,334	52,742
- service bonuses		55,060	30,936
- performance bonuses		16,916	21,278
- retirement contributions		46,932	36,973
- medical aid contribution		24,257	18,056
- leave pay provision		6,483	5,066
- housing allowances		13,440	12,283
- car allowances		29,427	24,494
- other payments		65,519	55,491
6. Finance costs		2,976	3,414
- finance leases		2,967	3,390
- creditors		9	24



7. PROPERTY, PLANT AND EQUIPMENT

Summary	31 March 2010			31 March 2009		
	Cost /	Accumulated	Carrying	Cost /	Accumulated	Carrying
	Revaluation	depreciation	value	Revaluation	depreciation	value
	R'000	R'000	R'000	Restated	Restated	Restated
Owned assets						
- Infrastructure assets	66,704,888	(5,653,700)		R 66,654,328	(3,955,340)	62,698,988
- Mobile homes	33,582	(5,000)		30,765	(2,714)	28,051
- Motor vehicles	6,087	(3,430)		9,814	(5,052)	4,762
- Equipment	875,081	(329,072)		829,185	(374,276)	454,909
- Furniture and fittings	54,918	(27,084)		48,569	(25,924)	22,645
- Computer equipment	33,284	(16,543)		24,839	(10,988)	13,851
- Assets under construction	2,512,217	-		1,593,088	-	1,593,088
Total owned assets	70,220,057	(6,034,829)		69,190,588	(4,374,294)	64,816,293
Leased assets						
- Equipment	15,354	(8,253)		10,098	(4,978)	5,120
- Motor vehicles	27,020	(16,194)		27,020	(10,427)	16,593
Total leased assets	42,373	(24,447)		37,118	(15,405)	21,713
TOTAL ASSETS	70,262,432	(6,059,277)		69,227,706	(4,389,699)	64,838,006

The WTE's policy is to perform a revaluation of its infrastructure assets every ten years. The last independent revaluation was performed effective in the financial year ended 31 March 2008, by Akhile a consortium of professional valuers using the depreciated replacement cost method.

Leased assets are encumbered by finance lease liabilities. Refer Note 12.

Movement 2010	31 March 2009 Carrying value Restated R'000	Additions R'000	Disposals and decommissions R'000	Transfers R'000	Depreciation R'000	Impairment R'000	31 March 2010 Carrying value R'000
Owned assets							
- Infrastructure assets	62,698,988	-	(42,487)	170,187	(1,328,967)	(446,533)	61,051,188
- Mobile homes	28,051	2,240	(62)	19	(1,666)	-	28,582
- Motor vehicles	4,762	66	(1,590)	(175)	(406)	-	2,657
- Equipment	454,909	123,323	(3,935)	29,953	(58,241)	-	546,009
- Furniture and fittings	22,645	8,042	(1,820)	2,292	(3,325)	-	27,834
- Computer equipment	13,851	9,815	(1,243)	(1,974)	(3,708)	-	16,741
- Assets under construction	1,593,088	1,119,432	-	(200,303)	-	-	2,512,217
Total owned assets	64,816,293	1,262,918	(51,137)	-	(1,396,313)	(446,533)	64,185,227
Leased assets							
- Equipment	5,120	5,252	-	-	(3,271)	-	7,101
- Motor vehicles	16,593	-	-	-	(5,768)	-	10,825
Total leased assets	21,713	5,252	-	-	(9,039)	-	17,926
TOTAL ASSETS	64,838,006	1,268,170	(51,137)	-	(1,405,353)	(446,533)	64,203,153

Impairment resulted from assets not being able to functionally perform as contemplated when they were initially designed, mainly because of limited utilisation and loss of functionality due to siltation.

Movement 2009	31 March 2008 Carrying value Restated R'000	Additions Restated R'000	Disposals and decommissions Restated R'000	Transfers Restated R'000	Depreciation Restated R'000	Impairment Restated R'000	31 March 2010 Carrying value Restated R'000
Owned assets							
- Infrastructure assets	64,476,769	-	(54,696)	(391,071)	(1,332,014)	-	62,698,988
- Mobile homes	20,097	9,859	-	-	(1,905)	-	28,051
- Motor vehicles	4,199	1,207	(31)	-	(613)	-	4,762
- Equipment	343,145	150,715	(783)	10,802	(48,970)	-	454,909
- Furniture and fittings	16,404	9,349	(105)	-	(3,003)	-	22,645
- Computer equipment	12,703	4,282	(165)	-	(2,969)	-	13,851
- Assets under construction	528,080	1,198,569	-	(133,561)	-	-	1,593,088
Total owned assets	65,401,398	1,373,981	(55,780)	(513,830)	(1,389,474)	-	64,816,293
Leased assets							
- Equipment	2,006	5,256	-	-	(2,142)	-	5,120
- Motor vehicles	22,602	-	-	-	(6,009)	-	16,593
Total leased assets	24,608	5,256	-	-	(8,151)	-	21,713
TOTAL ASSETS	65,426,006	1,379,237	(55,780)	(513,830)	(1,397,625)	-	64,838,006



	Notes	31 March 2010	31 March 2009
			Restated
		R'000	R'000
8. Intangible assets			
8.1 Computer software			
Cost at beginning of year		41,004	40,354
Additions		-	650
Cost at end of year		41,004	41,004
Accumulated amortisation at beginning of year		(33,670)	(20,136)
Amortisation for the year	5	(6,960)	(13,534)
Accumulated amortisation / impairment at end of year		(40,630)	(33,670)
Carrying amount at end of year		374	7,334
8.2 Other intangibles*			
Cost at beginning of year		768,407	254,577
Transfers		-	513,830
Impairment for the year		(4)	-
Cost at end of year		768,403	768,407
Total intangible assets		768,777	775,741

*Other intangible assets comprise servitudes held in land owned by various individuals / entities. There are no restrictions relating to these servitudes. Impairment resulted from assets not being able to functionally perform as contemplated when they were initially designed, mainly because of limited utilisation and loss of functionality due to siltation.





		31 March 2010	31 March 2009
			Restated
		R'000	R'000
9. Inventory			
Stationery		1,497	1,355
Consumables		2,726	4,125
Construction and building materials		114	5,430
Fuel and lubricants		7,087	3,230
General hardware		3,338	208
		14,762	14,348
Less inventory write down to net realisable value		(53)	(328)
		14,709	14,020
10. Trade and other receivables			
10.1 Trade receivables			
Trade receivables		3,467,006	2,835,707
Less: Impairment of trade receivables (Refer to breakdown on page 208)		(1,508,419)	(911,473)
Opening balance		(911,473)	(753,159)
Current year provision		(596,946)	(158,314)
Net trade receivables		1,958,587	1,924,234
10.2 Unallocated receipts		(74,264)	(165,605)
10.3 Other receivables			
Claims recoverable		3,158	546
Staff debt		2,172	2,708
Travel and subsistence		403	845
Assets under construction for third parties		4,922	29,648
Other receivables		17,728	349,659
Total net other receivables		28,383	383,406
Total trade and other receivables		1,912,706	2,142,035



**Trade receivables impairment provision**

The impairment provision was computed using a two-step approach. The first step involved assessing each individual debtor to determine its recoverability and the second step involved a collective assessment of debtors per risk category.

Individual assessment of trade receivables

The entity assessed each individual debtor for impairment as follows:

- All trade receivables that are owing for more than 150 days were selected
- Payment history, reasons provided by the customer for not having paid and such other related factors were taken into account.

Collective assessment of trade receivables

The entity first removed trade receivables which have been individually assessed for impairment and then risk categorised the balance of the trade receivables as follows:

- Bulk payers
- Companies
- Individuals
- Water service providers
- Water user associations

The collective assessment highlighted the fact that 60% of trade receivables assessed collectively that have been owing for over 150 days belong in the bulk payers category. The entity concluded that an impairment provision of 30% would be reasonable in the light of the evidence at its disposal.

The impairment calculation is as follows:

Opening balance	911,473	753,159
Current year write-off	(115,197)	-
Current year provision	712,142	158,314
Total provision	1,508,419	911,473





		31 March 2010	31 March 2009
		R'000	Restated R'000
11. Cash and cash equivalents			
Cash and balances with banks		430,508	9,790
Cash on hand		162	120
Total cash and equivalents		430,670	9,910
Net cash and equivalents		430,670	9,910
12. Finance lease obligations			
Future minimum lease payments under finance leases for equipment and vehicles are as follows:			
Not later than 1 year		16,120	11,345
Later than 1 year and not later than 5 years		7,408	23,528
Later than 5 years		-	-
Total minimum lease payments		23,528	34,873
Future finance charges		(2,458)	(10,392)
Present value of minimum lease payments		21,070	24,481
Non-current portion		6,148	9,403
Current portion		14,922	15,078

The installment sale agreement are repayable over periods varying between 24 and 36 months, bears interest at market related rates and is secured over assets with a carrying value of R 17,9 million as reflected in Note 7.





	Notes	31 March 2010 R'000	31 March 2009 Restated R'000
13. Trade and other payables			
Trade creditors		419,044	205,228
Accruals		548,275	809,919
VAT Payable		161,346	117,320
Other		190,912	175,060
Total trade and other payables		1,319,577	1,307,527
14. Deferred income			
- Opening balance		1,521,520	516,808
- Grants received during the year		1,078,189	1,004,712
- Grants released to the statement of comprehensive income during the year	2	(254)	-
Deferred income at end of year		2,599,455	1,521,520
Current portion		1,304	254
Non-current portion		2,598,151	1,521,266
		2,599,455	1,521,520





		31 March 2010 R'000	31 March 2009 Restated R'000
15. Provisions			
Provision for employee benefits			
15.1 Performance bonus provision			
- opening balance		18,234	11,634
- amounts utilised during the year		(18,234)	(11,634)
- provisions made during the year		16,514	18,234
Performance bonus provision at end of year		16,514	18,234
15.2 Provision for leave			
- opening balance		66,929	67,223
- amounts utilised during the year		(66,929)	(67,223)
- provisions made during the year		66,667	66,929
Leave provision at end of year		66,667	66,929
15.3 Other provisions			
- opening balance		-	36
- amounts utilised during the year		-	(36)
- provisions made during the year		20,000	-
Other provisions at end of year		20,000	-
15.4 Provision for pumping costs			
- opening balance		141,039	54,485
- amounts utilised during the year		(141,039)	(54,485)
- provisions made during the year		291,353	141,039
Provision for pumping costs at end of year		291,353	141,039
Total provisions		394,534	226,202





		31 March 2010 R'000	31 March 2009 R'000
16. Cash generated from / (utilised in) operations			
Deficit for the year		(1,215,578)	(1,446,935)
Finance income		(1)	(1)
Finance costs		2,976	3,414
		(1,212,603)	(1,443,522)
Non-cash movements / working capital changes		2,904,501	2,720,736
- depreciation		1,405,353	1,397,625
- amortisation		6,960	13,534
- increase in impairment provision of trade and other receivables		596,946	158,314
- loss / (profit) on sale of property, plant and equipment		5,232	(6,273)
- decommissioning costs		-	8,389
- increase in payables		12,050	734,859
- increase in deferred income		1,077,935	668,557
- increase in provisions		168,331	189,128
- increase in receivables		(367,617)	(448,323)
- (increase)/decrease in inventory		(689)	4,926
Net cash flows from operating activities		1,691,900	1,277,214





17. KEY MANAGEMENT PERSONNEL REMUNERATION

March 2010	Salary	Pension fund contribution	Other contributions and payments	Total
Dr Ruiters C - Deputy Director General	603,499	78,455	323,877	1,005,831
Mr Moloi LS - Chief Director	623,916	74,870	261,085	959,871
Ms Anderson H - Executive Manager	481,689	62,619	258,506	802,814
Mr Croucamp WS - Executive Manager	562,164	67,460	235,244	864,868
Ms Mathe ZY - Chief Director	562,164	67,460	235,244	864,868
Mr Smith FJ - Chief Director	474,572	61,694	254,687	790,953
Mr Swart HJ - Chief Director	474,572	61,694	254,687	790,953
Mr Van Der Westhuizen WG - Chief Director	474,572	61,694	254,687	790,953
TOTAL	4,257,148	535,946	2,078,017	6,871,111

March 2009	Salary	Pension fund contribution	Other contributions and payments	Total
Dr Ruiters C - Deputy Director General	560,921	72,920	301,028	934,869
Mr Moloi LS - Chief Director	535,293	69,588	287,274	892,155
Ms Anderson H - Executive Manager	447,709	58,202	240,270	746,181
Mr Croucamp WS - Executive Manager	482,312	62,701	258,841	803,854
Ms Mathe ZY - Chief Director	482,312	62,701	258,841	803,854
Mr Smith FJ - Chief Director*	447,709	58,202	240,270	746,181
Mr Swart HJ - Chief Director*	447,709	58,202	240,270	746,181
Mr Van Der Westhuizen WG - Chief Director*	447,709	58,202	240,270	746,181
TOTAL	3,851,674	500,718	2,067,064	6,419,456
* Promoted to the position during the year				





		31 March 2010	31 March 2009
		R'000	R'000
18. Related party transactions			
The following transactions were carried out with related parties:			
18.1 Rendering of services			
Government departments		16,067	401,274
Other public entities		779,216	608,024
		795,283	1,009,298
18.2 Government grant received			
Government departments - VOTE 34		1,777,329	1,396,086
		1,777,329	1,396,086
18.3 Purchases of goods and services			
Government departments		1,406	1,379
Major public entities		137,643	131,670
Other public entities		175,607	208,482
		314,656	341,531
18.4 Transfers and subsidies paid			
Other public entities		-	185,000
		-	185,000
18.5 Year-end balances arising from transactions			
Receivables from related parties			
Government departments		171,567	118,970
Other public entities		1,057,811	787,256
		1,229,378	906,226
Payables to related parties			
Government departments		185	185
Major public entities		717,138	756,597
Other public entities		6,266	122,674
		723,589	879,456

Purchase transactions with related parties are at arm's length with payment terms of 30 days from invoice date.





	31 March 2010	31 March 2009
	R'000	R'000
19. Contingent liabilities		
Group 5 Construction vs. The Water Trading Entity		
The plaintiff is suing the entity for services rendered in the construction of the Injanka dam. The entity is confident about its prospect of success.	40,677	59,465
JD Maris vs. The Minister		
The entity is being sued for breach of promise for destroying by fire the trees which it had donated to the plaintiff at Jericho Dam.	100	100
Pro Meetse vs. DWA		
The plaintiff claims compensation for training workshops provided to the defendant.	333	-
Buffler Madeline vs. Kungwini Local Municipality and the Minister		
Buffler Madeleine alleges that due to the activities of Kungwini Local Municipality and the failure of the Minister to take action against pollution of Water on Portion 77 of the Farm Doornkloof, she lost production on her crop and her animals. She approached the court to issue summons against Kungwini Local Municipality and the Minister for payment of damages.	150	150
Dewdale Farms vs. the Minister		
The department expropriated land belonging to Dewdale Farms. The department could not agree on the amount of compensation payable. Dewdale Farms issued summons against the department for compensation.	966	-
Other claims		
There are numerous other court cases in which the entity is a defendant. The entity's maximum exposure in this regard is estimated at:	68	155
	42,294	59,870





	31 March 2010	31 March 2009
	R'000	R'000
20. Capital commitments		
Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.	637,289	261,495
21. 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 guarantees. No loss is expected to materialise in respect of these guarantees in the foreseeable future.	839	1,110

22. FINANCIAL RISK MANAGEMENT

Exposure to interest rate risk, credit risk and liquidity risk arises in the normal course of the entity's business.

22.1 Interest rate risk

Interest rates affect the entity in two ways. Firstly the changes in interest rate have an impact on the amount of interest that the entity charges its customers. The interest revenue recognised by the entity can therefore vary in accordance with changes in the interest rate. The entity does not take any specific steps to manage this risk as it does not rely heavily on this source of income.

Secondly the entity earns interest income on balances it holds with banks. Similarly as in the case of interest levied on long outstanding customers, because of the immaterial nature of this interest income, the entity does not take any specific measures to manage this risk.

A change in interest rates at the reporting date will not have a significant impact on the entity's profit or loss and cash flows.

22.2 Credit risk

The entity has a credit risk policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

At 31 March 2010, the entity did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

22.3 Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations when they fall due. The entity's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquid resources to meet its liabilities.

The entity manages its cash position and future outflows on an ongoing basis. The entity ensures that it has sufficient cash on demand to meet expected operational expenses and liabilities, as they fall due.



The following tables indicate the extent to which the entity's liquidity will be impacted by its commitments:

At 31 March 2010	Carrying amount	Contractual cash flows	Less than 1 year	Between 2 and 5 years	Over 5 years
Trade and other payables	(1,319,577)	(1,319,577)	(1,319,577)	-	-
Bank balances	430,670	430,670	430,670	-	-
Trade and other receivables	1,912,706	1,912,706	1,912,706	-	-
Financial lease liability	(21,070)	(21,070)	(14,922)	(6,148)	-
Total	1,002,729	1,002,729	1,008,877	(6,148)	-

At 31 March 2009	Carrying amount	Contractual cash flows	Less than 1 year	Between 2 and 5 years	Over 5 years
Trade and other payables	(1,285,309)	(1,285,309)	(1,285,309)	-	-
Bank balances	9,910	9,910	9,910	-	-
Trade and other receivables	2,142,035	2,142,035	2,142,035	-	-
Financial lease liability	(24,481)	(24,481)	(15,078)	(9,403)	-
Total	842,155	842,155	851,558	(9,403)	-



22.4 CREDIT RISK MANAGEMENT

The Entity has established a credit policy under which each new customer is analysed individually for creditworthiness before the entity's standard payment terms and conditions are offered.

The main portion of the entity's customers base has been transacting with the entity for many years. In monitoring customer credit risk, customers are grouped according to nature.

The entity establishes a provision for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this are a specific loss component that relates to individually specific exposure.

The entity limits its exposure to credit risk by transacting with customers that have a sound credit history. Given this, the entity does not expect any counterparty to fail to meet its obligations.





The aging of trade receivables at the reporting date is as follows:

	Gross 2010	Gross 2009
	Age analysis	Age analysis
Not past due	2,650,689	886,336
Past due 0 - 30 days	(311,242)	48,567
Past due 31 - 120 days	(422,735)	30,142
Past due 121 - 180 days	362,916	51,555
Past due 181 - 365 days	967,752	1,819,107
Total	3,247,380	2,835,707

At 31 March 2010

Bank balances

Carrying amount	Less than 1 year	Between 2 and 5 years	Over 5 years
-----------------	------------------	-----------------------	--------------

430,670

430,670

-

-

At 31 March 2009

Bank balances

Carrying amount	Less than 1 year	Between 2 and 5 years	Over 5 years
-----------------	------------------	-----------------------	--------------

9,910

9,910

-

22.5 FOREIGN EXCHANGE RISK

The Water Trading Entity has no foreign exchange rate exposure.

22.6 MARKET RISK

Market risk is the risk that changes in market prices will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure.

The entity does not hedge against such exposure as it does not hold any significant financial instruments that are subject to this risk.





23. PRIOR PERIOD ERRORS

23.11. CORRECTION OF PRIOR YEAR ERRORS AND RECLASSIFICATIONS (NOTE 23.1 TO NOTE 23.10)

Corrections of prior year errors (all amounts in R'000)

23.11.1 Restatement of infrastructure assets on 01/04/2007 (23.1)

During the current year, WTE identified through the verification and valuation of major water infrastructure project that certain land and servitudes were included in the WTE's accounting records as owned by the WTE. The verification of the infrastructure revealed that there were land and servitudes included in the accounting records of the WTE which should not have been included as the entity does not have ownership of these assets. The valuation process further revealed that there are duplications of land and servitudes owned by the entity in the accounting records. This resulted in corrections of prior year infrastructure and intangible assets of the entity as detailed below:

Change of ownership in land

Decrease in revaluation reserve	8 195 876
Decrease in infrastructure assets	(8 195 876)

Duplications errors of land

Decrease in revaluation reserve	96 236
Decrease in infrastructure assets	(96 236)

Change of servitude ownership

Decrease in revaluation reserve	3 692 371
Decrease in intangible assets	(3 692 371)

Duplication errors of servitude owned

Decrease in revaluation reserve	8 508 365
Decrease in intangible assets	(8 508 365)

23.11.2 Restatement of infrastructure assets on 01/04/2007 (23.1)

During the current year the WTE identified through verification and valuation of major water infrastructure project that some of the infrastructure asset classes required refinement and sub-componentisation. This project resulted in sub-componentisation of large pumps, motors and valves and correction of duplicated costs. This resulted correction of prior year infrastructure assets is detailed below:

Impact on cost/revalued amount

Increase in infrastructure assets	604
Increase in revaluation reserve	(604)

Impact on accumulated depreciation

Decrease in revaluation reserve	5 836
Increase in accumulated depreciation	(5 836)

23.11.3 Infrastructure assets removed from the asset register due to change in ownership

During the current year the WTE identified that some of assets included as part of infrastructure assets of the entity were not owned by the entity. It was identified that WTE erroneously treated the Driekoppies dam owned by KOBWA as infrastructure of the entity, whilst the WTE does not have ownership of the dam. The WTE has the right of use of the dam. It was further identified that the pipelines and reservoir on Usuthu scheme built by Eskom were erroneously included as part of the WTE's infrastructure assets.

Furthermore it was identified that the Pretoria West Building which is built on state land was erroneously included as part of the WTE infrastructure assets and in terms of the law all buildings belong to the Department of Public Works. The entity enjoys use of the building and pays the Department of Public Works for use of the building. It was further identified that some small assets belonging to Amatola and the irrigation board were erroneously included as part of infrastructure owned by the entity as these were transferred long time ago to these entities.





This resulted in the correction of prior year infrastructure assets as detailed below:

Impact on cost/revalued amount

Decrease in revaluation reserve	955 633
Decrease in infrastructure assets	(955 633)

Impact on accumulated depreciation

Decrease in accumulated depreciation	46 428
Increase in revaluation reserve	(46 428)

23.11.4 Infrastructure assets removed from assets register due to accounting corrections and further componentisation

During the current year the WTE identified assets that were renewed in prior period but the old assets values were not removed as infrastructure assets. This resulted in the correction of prior year infrastructure assets as detailed below:

Impact on cost/revalued amount

Increase in infrastructure assets	42 979
Decrease in revaluation reserve	(42 979)

Impact on accumulated depreciation

Increase in accumulated depreciation	(717)
Decrease in revaluation reserve	717

23.11.5 Infrastructure assets removed from asset register during the spatial cleaning

During the current year the WTE identified errors in values of infrastructure assets that required further adjustment as result of change in values using more accurate lengths for longitudinal assets (i.e. canals, pipelines and tunnels) based on spatial cleaning exercise undertaken in 2009. This resulted in the correction of prior year infrastructure assets as detailed below:

Impact on cost/revalued amount

Decrease in infrastructure assets	(340 578)
Decrease in revaluation reserve	340 578

Impact on accumulated depreciation

Increase in accumulated depreciation	(11 099)
Decrease in revaluation reserve	11 099

23.11.6 Correction of prior period errors on moveable assets on 01/04/2007

During the current year the WTE identified a material error in the accounting for movable assets in the prior year. Assets were carried at incorrect cost, assets were duplicated on the asset register, assets disposed were included on the asset register and assets found on the floor were not included in the asset register.

Impact on cost

Decrease in moveable assets	(6 599)
Decrease in retained income	6 599

Impact on accumulated depreciation

Decrease in accumulated depreciation	4 303
Increase in retained income	(4 303)

23.11.7 Restatement of prior year errors for VAT receivable on 01/04/2007

During the current year, the WTE identified a material error in the treatment of VAT balances taken on when they migrated from BAS to SAP. VAT receivable was incorrectly raised as a result of incorrect take on balances.





Decrease in retained income	22 218
Increase in VAT payable	(22 218)

23.11.8 Restatement of prior year errors for BAS taken on balances 01/04/2007

During the current year, the WTE identified a material error in the treatment of accommodation costs payable to construction staff balances taken on when they migrated from BAS to SAP. A payable was incorrectly raised as a result of incorrect take on balances.

Increase in retained income	(22 049)
Increase in cash and cash equivalents	22 049

Reclassifications

23.11.9 Reclassification of property from owned land to servitudes on 01/04/2008 (23.9)

During the current year, WTE identified through the refinement process related to verification and valuation of major water infrastructure that certain items of land included in the WTE's annual financial statements in prior years was in fact not owned by the WTE. The WTE however has the right to use the land. This means that the WTE has servitude rights over the land and not land ownership rights. This resulted in the transfer of this land to servitudes. The impact of this change in the annual financial statements is as follows:

Increase intangible assets - servitudes	513 830
Decrease in land owned - infrastructure assets	(513 830)

23.11.10 Reclassification of trade and other payables on 01/04/2008 (23.9)

During the current year, the WTE identified a material error in the classification of subsidies paid to farmers and receivable from main account, these accounts were incorrectly classified as trade and other payables.

Increase in other receivables	3 658
Increase in other payables	(3 658)

During the current year, the WTE identified a material error in the classification supplier payments suspense accounts, these accounts were incorrectly classified as trade and other payables.

Decrease in bank overdraft	40 009
Increase in other payables	(40 009)

23.11.11 Reclassification of trade and other receivables on 01/04/2008 (23.9)

During the current year, the WTE identified a material error in the classification of cashier deposits, these accounts were incorrectly classified as trade and other receivables.

Decrease in bank overdraft	6160
Decrease in trade and other receivables	(6 160)

23.11.12 Reclassification of assets under construction on 01/04/2008 (23.9)

During the current year, the WTE identified a material error in the classification of construction work done on behalf of third parties. This has been subsequently been reclassified to current assets. These accounts were incorrectly classified as non-current assets.





Increase in assets under construction for third parties	63 853
Decrease in assets under construction	(63 853)

23.11.13 Reclassification of lease expenditure on 01/04/2008 (23.9)

During the current year, the WTE identified a material error in the classification of maintenance costs on lease contracts. These costs were incorrectly classified as lease expenditure.

Decrease in lease expenditure	(631)
Increase in other expenditure	631

23.11.14 Reclassification of provision for pumping costs on 01/04/2008

During the current year, the WTE identified a material error in the classification of provision for pumping costs. These costs were incorrectly classified as other payables.

Decrease in other accruals	141 039
Increase in provision for pumping costs	(141 039)

23.11.15 Infrastructure assets removed from the asset register as a result of capital renewal of assets

During the current year the WTE identified assets that were renewed in prior period but the old assets values were not removed as infrastructure assets. This resulted in the correction of prior year infrastructure assets as detailed below:

Impact on cost/revalued amount

Decrease in revaluation reserve	59 940
Decrease in infrastructure assets	(59 940)

Impact on accumulated depreciation

Decrease in accumulated depreciation	5 242
Increase in revaluation reserve	(5 242)

23.11.16 Transfer of infrastructure assets back to asset under construction

During the current year the WTE reviewed the definition of and treatment of capital expenditure and operating expenditure. The outcome of the review of the definitions revealed that the WTE has incorrectly transferred assets still under construction to completed projects as they are still not available for use in the current year. This therefore resulted in the entity reversing capital costs which were incorrectly transferred to completed projects back to assets under construction. This resulted in the reversal of the depreciation processed in the prior period. This resulted in the correction of infrastructure assets in the prior year as detailed below:

Impact on cost/revalued amount

Increase in assets under construction	31 200
Decrease in Infrastructure assets	(31 200)

Impact on accumulated depreciation

Decrease in accumulated depreciation	349
Decrease in depreciation	(349)

23.11.17 Repairs and maintenance incorrectly capitalised

During the current year the WTE identified repairs and maintenance costs that were incorrectly capitalised as part of infrastructure assets and this was reclassified to operating expenditure. This resulted correction of prior year infrastructure assets as detailed below:

Impact on cost/revalued amount

Increase in other operating expenditure	13 471
Decrease in infrastructure assets	(13 471)

**Impact on accumulated depreciation**

Decrease in accumulated depreciation	191
Decrease in depreciation	(191)

23.11.18 Additional infrastructure assets determined during further componentisation

During the current year the WTE identified that it had erroneously eliminated the Lesotho hydrological gauging weirs as part of the entity's infrastructure assets and further sub-componentisation, mainly valves at pump stations and dam outlets. This resulted in the correction of prior year infrastructure assets as detailed below:

Impact on cost/revalued amount

Increase in infrastructure assets	78 633
Increase in revaluation reserve	(78 633)

Impact on accumulated depreciation

Increase in depreciation	13 950
Increase in accumulated depreciation	(13 950)

23.11.19 Increase in infrastructure assets as a result of value changes

During the current year the WTE identified that it had been incorrectly calculating the depreciation on infrastructure assets and using incorrect costs/revalued amounts in its calculations. This resulted correction of prior year infrastructure assets as detailed below:

Impact on cost/revalued amount

Increase in revaluation reserve	(69 232)
Increase in infrastructure assets	69 232

Impact on accumulated depreciation

Decrease in accumulated depreciation	21 762
Decrease in depreciation	(21 762)

Decrease in depreciation expenditure as a result of incorrect useful lives

Decrease in accumulated depreciation	69,754
Decrease in depreciation	(69,754)

23.11.20 Increase in release of depreciation as a result of revised asset values.

Decrease in revaluation reserve	7 870
Increase in retained income	(7 870)

23.11.21 Correction of prior period error of trade and other receivables on 01/04/2008 (23.5, 23.6, 23.7 and 23.8)

During the prior year the WTE identified a material error in the manner in which it accounted for fruitless and wasteful expenditure which was classified as trade and other receivable. A receivable for a potential asset with no future inflow of economic benefits was recognised and a corresponding payable for a potential liability with no future outflow of economic benefits was also recognised.

Decrease in trade and other receivables	(5 996)
Decrease in trade and other payables	5 996

During the current year, the WTE identified a material error in the accounting for finance income on overdue accounts in the prior year. Interest was incorrectly raised on debtors who were provided for as doubtful.

Decrease in trade and other receivables	(109 813)
Decrease in finance income	109 813





During the current year, the WTE identified a material error in the accounting for finance costs in the prior year. Interest was incorrectly raised on recognition of revenue.

Increase in trade and other receivables	64 146
Decrease in finance charges	(64 146)

23.11.22 Correction of prior period errors on leased assets on 01/04/2008 (23.3)

During the prior year the WTE identified a material error in the accuracy of the lease register. Some of the operating lease costs were incorrectly classified as leased assets.

Impact on cost

Decrease in leased assets	(11 916)
Increase in lease expenditure	11 916

Impact on accumulated depreciation

Decrease in accumulated depreciation	7 638
Decrease in lease expenditure	(7 638)

23.11.23 Correction of prior period errors on lease liability on 01/04/2008 (23.3)

During the prior year the WTE identified a material error in the treatment of accuracy of the lease register. Some of the operating lease costs were incorrectly classified as

leased assets.

Decrease in leased liability	12 525
Increase in lease expenditure	(12 525)

Decrease in finance charges	(1 336)
Increase in lease expenditure	1 336

Decrease in depreciation	(1 282)
Decrease in lease expenditure	1 282

23.11.24 Correction of prior period errors on assets under construction on 01/04/2008 (23.2)

The WTE constructs certain infrastructure assets for use in its operations. During the previous year an assessment was performed to identify all construction assets in progress that meet the recognition criteria of an asset per IAS 16. Certain assets that meet the recognition criteria were not recognised accordingly and certain items that do not meet the recognition were incorrectly capitalised. The impact of this error is as follows:

Increase in assets under construction	63 584
Decrease in other operating expenses	(63 584)

Increase in other operating expenditure	34 205
Decrease in assets under construction for third parties	(34 205)



SUMMARY OF THE IMPACT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

Statement of comprehensive income

Surplus or deficit

Decrease in depreciation	(79,388)
Decrease in other expenditure	(15,277)
Decrease in lease expenditure	(6,261)
Decrease in finance income	109,813
Decrease in finance cost	(65,482)
Net effect on surplus or deficit	(56,594)

Other comprehensive deficit

Correction of prior year errors	
effects on revaluation reserve	(54,097)
Net effect on statement of other comprehensive deficit	(54,097)

Net effect on statement of other comprehensive deficit

(110,692)

Statement of financial position

Equity and reserves

Revaluation reserve	(54,097)
Retained income	(56,594)
Net effect in equity and reserves	(110,692)

24. CHANGE IN ACCOUNTING ESTIMATE

Intangible assets

The useful life of computer software was estimated in prior years to be 3 years. In the current period management have revised their estimate to 6 years. The effect of this revision has decreased the amortisation charges for the current and future periods by R 6,576,793.

25. GOING CONCERN

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





26. POST BALANCE SHEET EVENTS

The entity is not aware of any events subsequent to year end which might require adjustment of the stated figures.

27. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The following are items of irregular expenditure incurred by the entity:

	Opening balance R'000	Condoned R'000	Closing balance R'000
Movable asset project - services rendered without proper internal department approval and only approved subsequent to rendering thereof	4,200	(4,200)	-
Realignment of provincial road and construction of access roads - services rendered without proper internal departmental approval and only approved subsequent to rendering thereof	1,862	(1,862)*	-
Services rendered without proper internal departmental approval and only approved subsequent to rendering thereof	384	(384)*	-
Services rendered without quotations	434	(434)	-
Overtime paid to employees without proper approval	27	(27)	-
Total	6 907	(6 907)	-

*Included in R 1 862 000 is an amount of R 1 168 000 that was condoned after the 31st of March 2010. The R 384 000 was also condoned after the 31st of March 2010.

		31 March 2010 R'000	31 March 2009 R'000
28. Revenue from rendering of water service			
Consumptive charges		1,459,876	937,032
Water resource management		183,839	187,590
		<u>1,643,715</u>	<u>1,124,622</u>





	2010	2009
	R'000	R'000
29. Related Party Transactions		
The following transactions were carried out with related parties:		
29.1 Rendering of services:		
a) Government departments		
Department of Water Affairs (Vote 34)	-	388,281
Department of Agriculture	2,493	1,370
Department of Correctional Services	698	584
Department of Education	8	14
Department of Environmental Affairs	1	1
Department of Health	17	10
Department of Land Affairs	307	116
Department of national Defense Force	7	2
Department of Police Services (SA)	10	2
Department of Public Works	703	742
Other	11,823	10,152
	16,067	401,274
b) Other public entities		
Albany Coast Water Board	13	11
Amatola Water Board	43,979	37,447
Bloem Water	14,960	11,527
Botshelo Water	7,685	16,286
Lepelle Northern Water (Arabie)	-	255
Lepelle Northern Water (Olifantspoort)	-	2,866
Lepelle Northern Water (Phalaborwa)	19,311	12,412
Magalies Water	50,607	36,458
Mhlathuze Water	14,956	24,389
Namakwa Water Board	0	286
Overberg Water	230	152
Pella Drift Water Board	635	590
Rand Water	492,458	376,558
Sedibeng: Vaal Gamagara	32,179	2,667
Ungeni Water	92,321	76,555
Uthukela Water	9,882	9,565
	779,216	608,024
Total rendering of services	795,283	1,009,298





	2010	2009
	R'000	R'000
29.2 Purchase of goods and services of services:		
a) Government departments		
Department of Agriculture	-	66
Department of Health	-	4
Department of Safety and Liaison	480	17
Department Safety and Liaison	-	29
Department of Agriculture	-	7
Department of Environmental Affairs	-	318
Department of Water Affairs Exchequer	926	939
	1,406	1,380
b) Major public entities		
Arivia.Com	-	3
Arivia.Com (Pty) Ltd	21,548	15,255
Arivia.Kom	9,766	8,813
Connex Travel	3,591	1,445
Eskom	66,030	39,356
Eskom Enterprises (Pty) Ltd	61	33
Eskom Enterprises-Technology Services	354	363
Eskom Holdings Limited	4,416	17,286
Eskom Holdings Limited	188	160
Eskom Northern Region	14,230	32,192
SA Poskantoor (Upington)	1	1
SA Post Office	12	8
SA Post Office Ltd	8	8
SA Post Office Pta	1,160	1,421
SA Post Office/ The Post Master	-	1
SA Post Office Somerset East	1	1
South African Post Office	809	282
Speed Services (SA Post Office)	11	31
Speed Services Courier	2	2
Telkom SA Ltd	15,075	14,998
Trans Caledon Tunnel Authority	-	10
Vodacom Service Provider	379	-
XPS Service (Proprietary) Limited	1	2
	137,643	131,669





	2010	2009
	R'000	R'000
c) Other public entities		
Agricultural Research Council	-	-
Amatola Water-Amanzi	7,877	6,353
Bloemwater	282	330
Council for Geoscience	10	1
Independent Communications Authority	-	13
Inkomati Catchment Management Agency	3,316	15,006
Mhlathuze Water	22,260	11,159
National Health Laboratory Services	13	7
National Student Financial Aid Scheme	1	1
Rand Water Services	7,705	9,899
Rand Water	28,323	85,433
SABS	-	5
SABS (South African Bureau of Standards)	44	57
SARS Government Payments	24,472	15,132
Sedibeng Water	-	2,921
South African Social Security Agency	-	6
Umgeni Water	990	3
Unemployment Insurance Fund	-	1
Water Research Commission	73,939	55,163
Western Cape Nature Conservation	6,375	6,992
	175,607	208,482
Total Purchases	314,656	341,533





	2010	2009
	R'000	R'000
30. Year end balances arising from transactions:		
30.1 Receivables from related parties		
a) Government departments		
Department of Health	-	19
Department of Agriculture	18,150	11,587
Department of Arts Culture Science	2	2
Department of Correctional Services	21,512	19,610
Department of Education	71	48
Department of Environmental Affairs	12	8
Department of Finance	2	1
Department of Health	123	74
Department of Land Affairs	2,109	1,239
Department of National Defense Force	130	74
Department of Police Service (SA)	37	25
Department of Public Works	13,118	8,559
Department of Water Affairs and Forestry	113,408	77,531
National Intelligence Service	103	44
Other	2,790	150
	171,567	118,972

	2010	2009
	R'000	R'000
b) Other public entities		
Albany Coast Water Board	(1)	922
Amatola Water Board	93,015	58,119
Bloem Water	21,908	28,474
Botshelo Water	21,660	58,162
Ikangala Water Board	(345)	-
Lepelle Northern Water (Arabie)	-	6,597
Lepelle Northern Water (Olifantspoort)	-	27,829
Lepelle Northern Water (Phalaborwa)	122,096	82,683
Magalies Water	33,429	39,198
Mhlathuze Water	(3,205)	14,785
Namakwa Water Board	-	1,029





WATER TRADING ENTITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010

	2010	2009
	R'000	R'000
Overberg Water	228	103
Pella Drift Water Board	1,260	657
Rand Water	448,460	350,322
Sedibeng: Vaal Gamagara	127,901	12,190
Umgeni Water	126,458	48,505
Uthukela Water	64,947	57,680
	1,057,811	787,255
Total receivables	1,229,379	906,226



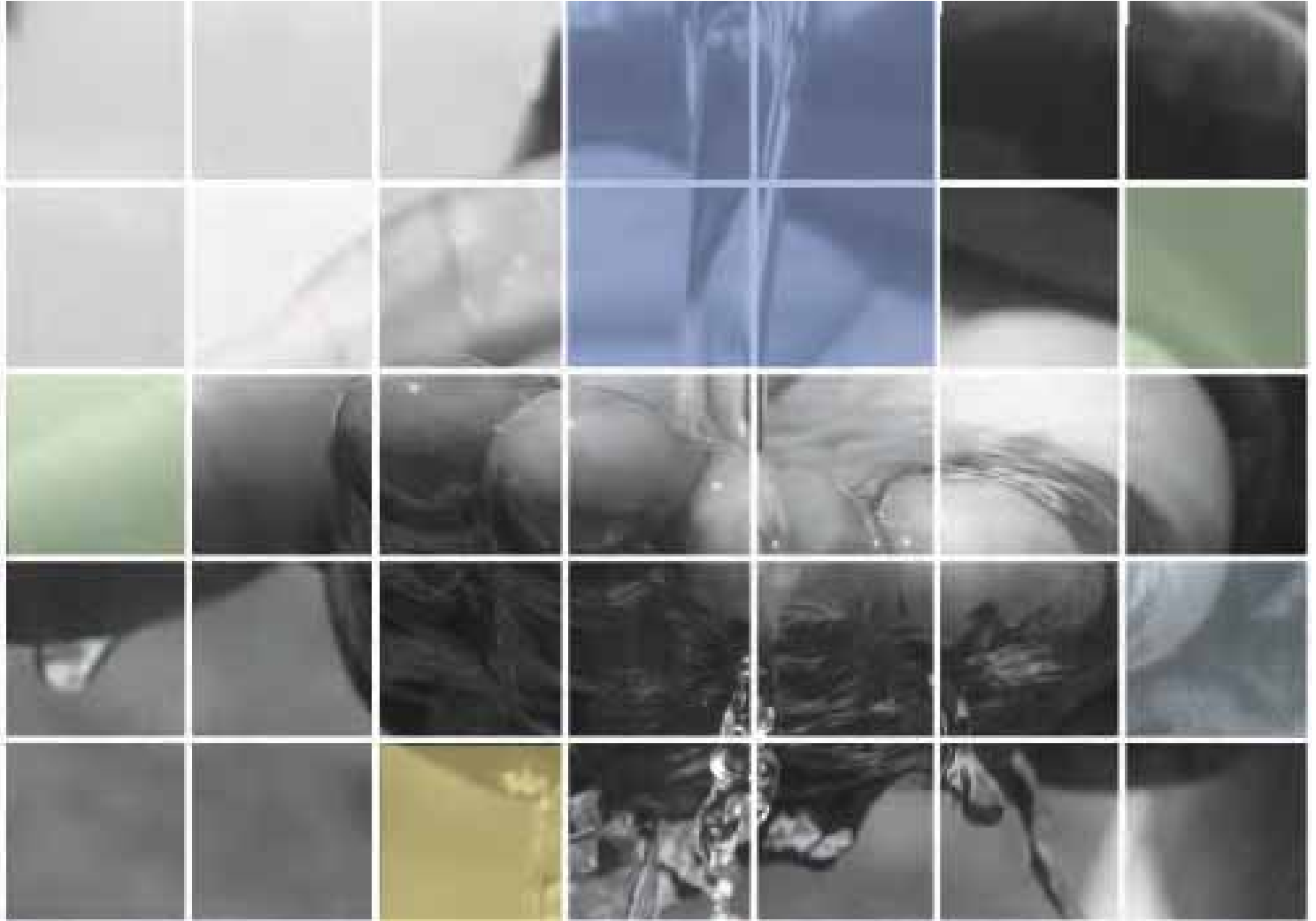
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ANNUAL REPORT 2010

PART FIVE

PART FIVE: HR MANAGEMENT OVERSIGHT REPORT



5.1 REPORT ON THE IMPLEMENTATION OF THE SERVICE DELIVERY IMPROVEMENT PLAN

TABLE 5.1 SERVICE DELIVERY IMPROVEMENT PLAN

Main Services	Actual Customers	Standard of service	Actual Achievement against Standards
Support to municipalities in case of water related emergency situations	Local government SALGA DPLG Public	70% of all requests responded to adequately	The desired standard was achieved as all regions responded to water pollution incidences within 24 hours.
Access authorisations to dams for recreational purposes	Public	Demand driven	Development and implementation of Resource Management Plans (RMPs) and Private Partnerships (PPs) at all dams with potential
Issuing water licences	farmers, mines, forestry, property developers, municipalities, water boards and industries	Demand driven, sometimes more than two years	The Department has established a project called "Letsema" which deals with the eradication of all water licence backlogs. The project will come to end by March 2011
Optimal operations and maintenance of water resources infrastructure	Water users	Infrastructure maintained according to standard	95% availability of infrastructure
Upgrading and development of new water resources infrastructure for water security and availability	Communities	Limited water storage capacity for water security and availability for socio-economic development single purpose dams	Rehabilitation of existing infrastructure as per the prioritised Dam Safety Rehabilitation Programme.
Answer calls to the department within five rings	Internal and external clients	Answer 65% of calls to the Department within five rings	50% of calls answered within the first ring
Activate 100% of all staff voicemail facilities when unable to answer the call	Internal and external clients	Activate 80% of all staff voicemail facilities when unable to answer the call	Not achieved
Reply to 80% of complaints/queries done via e-mail and voicemails within 48 hours	Internal and external clients	Reply to 60% of complaints/queries done via e-mail and voicemails within 48 hours	20% achieved
Send a progress report within 30 working days with full contact details of the person handling the matter.	External clients	Send a progress report within 30 working days with full contact details of the person handling the matter	Only 50% of this was achieved
Procurement of goods and services through quotation method	Line functions at Head Office	It takes about 4- 6 weeks for procurement through the quotation method because this process is decentralised	Rotation of suppliers is monitored and purchase orders are issued in less than six weeks
Manage bidding/ tender processes	Line functions at Head Office and clusters suppliers	The current bidding processes take long due to admin delays	All bid documents were evaluated and adjudicated on time
Payment of all invoices within 30 days of receipt	Service providers and creditors	Pay 70% of all invoices within 30 working days on receipt of correctly completed invoices	70% of invoices received and correctly completed were processed within ten days

5.2 HR OVERSIGHT: APRIL 2009 TO MARCH 2010 DEPARTMENT OF WATER AFFAIRS

TABLE 5.2 - PERSONNEL COSTS BY PROGRAMME

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percentage of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
DWA: Administration	683,588	200,513	12257	45534	23.7	19	10,712
DWA: Forestry	0	0	0		0	0	10,712
DWA: Water resources management	3,393,677	411,022	23605	486224	10.1	38	10,712
DWA: Water services	797,879	299,038	2221	240570	11	28	10,712
Z=Total as on Financial Systems (BAS)	4,875,144	910,573	38,083	772,328	11.9	85	10,712

TABLE 5.3 - PERSONNEL COSTS BY SALARY BAND

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	252,098	12.7	103,234	1,987,715	2 442
Skilled (Levels 3-5)	396,931	20	105,679	1,987,715	3 756
Highly skilled production (Levels 6-8)	457,072	23	191,886	1,987,715	2 382
Highly skilled supervision (Levels 9-12)	426,714	21.5	357,382	1,987,715	1 194
Senior management (Levels 13-16)	52,580	2.6	720,274	1,987,715	73
Contract (Levels 1-2)	3,353	0.2	108,161	1,987,715	31
Contract (Levels 3-5)	10,332	0.5	116,090	1,987,715	89
Contract (Levels 6-8)	55,893	2.8	132,762	1,987,715	421
Contract (Levels 9-12)	79,216	4	379,024	1,987,715	209
Contract (Levels 13-16)	77,925	3.9	677,609	1,987,715	115
Periodical Remuneration	9,084	0.5	39,842	1,987,715	228
Abnormal Appointment	276	0	39,429	1,987,715	7
TOTAL	1,821,474	91.6	166,390	1,987,715	10,947

TABLE 5.4 - SALARIES, OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL AID BY PROGRAMME

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
DWA: Administration	158534	78.7	2457	1.2	3941	2	6769	3.4	201498
DWA: Forestry	228525	66.8	5437	1.6	16087	4.7	15331	4.5	342061
DWA: Water resource management	694001	65.3	27063	2.5	21471	2	40683	3.8	1062964
DWA: Water services	229568	60.2	4147	1.1	12130	3.2	9551	2.5	381190
TOTAL	1,310,628	65.9	39,104	2	53,629	2.7	72,334	3.6	1,987,713

TABLE 5.5 - SALARIES, OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL AID BY SALARY BAND

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost,	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower skilled (Levels 1-2)	177,108	64.8	3504	1.3	17,118	6.3	11,277	4.1	273,453
Skilled (Levels 3-5)	267,176	61	17568	4	18,204	4.2	18,601	4.2	437,841
Highly skilled production (Levels 6-8)	314,132	63.6	13110	2.7	10,815	2.2	24,515	5	494,023
Highly skilled supervision (Levels 9-12)	303,749	64.7	4566	1	4,757	1	14,694	3.1	469,301
Senior management (Levels 13-16)	43,441	75.3	0	0	357	0.6	1,209	2.1	57,705
Contract (Levels 1-2)	3,076	89.1	100	2.9	57	1.7	14	0.4	3,452
Contract (Levels 3-5)	10,118	93.9	40	0.4	0	0	6	0.1	10,775
Contract (Levels 6-8)	53,943	89	135	0.2	11	0	136	0.2	60,585
Contract (Levels 9-12)	72,556	83.8	81	0.1	266	0.3	523	0.6	86,536
Contract (Levels 13-16)	65,267	77.1	0	0	2,044	2.4	1,359	1.6	84,636
Periodical Remuneration	0	0	0	0	0	0	0	0	9,125
Abnormal Appointment	62	22.1	0	0	0	0	0	0	281
TOTAL	1,310,628	65.9	39,104	2	53,629	2.7	72,334	3.6	1,987,713

TABLE 5.6 - EMPLOYMENT AND VACANCIES BY PROGRAMME AT END OF PERIOD

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
DWA: Administration, Permanent	1 254	932	25.7	19
DWA: Administration, Temporary	2	2	0	0
DWA: Forestry, Permanent	5,972	2,876	51.8	29
DWA: Forestry, Temporary	1	1	0	0
DWA: Water Resource Management, Permanent	6,510	1,908	70.7	46
DWA: Water Resource Management, Temporary	1	1	0	0
DWA: Water Services, Permanent	5,818	4,671	19.7	768
Water Services, Temporary	321	321	0	321
Lower skilled (Levels 1-2), Permanent	6,758	2,453	63.7	148
Skilled (Levels 3-5), Permanent	5,062	3,751	25.9	603
Skilled (Levels 3-5), Temporary	1	1	0	0
Highly skilled production (Levels 6-8), Permanent	4,711	2,380	49.5	262
Highly skilled production (Levels 6-8), Temporary	1	1	0	0
Highly skilled supervision (Levels 9-12), Permanent	2,336	1,187	49.2	90
Highly skilled supervision (Levels 9-12), Temporary	2	2	0	0
Senior management (Levels 13-16), Permanent	145	72	50.3	1
Contract (Levels 1-2), Permanent	31	31	0	1
Contract (Levels 3-5), Permanent	89	89	0	27
Contract (Levels 6-8), Permanent	421	421	0	19
Contract (Levels 9-12), Permanent	209	209	0	25
Contract (Levels 13-16), Permanent	113	115	-1.8	7
TOTAL	19,879	10,712	46.1	1,183

TABLE 5.7 - EMPLOYMENT AND VACANCIES BY PROGRAMME AT END OF PERIOD

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	457	217	52.5	13
Agricultural animal oceanography forestry and other scientific, Permanent	33	13	60.6	0
Agriculture related, Permanent	416	120	71.2	1
Agriculture related, Temporary	1	1	0	0
All artisans in the building, metal machinery etc., Permanent	225	110	51.1	4
Artisan project and related superintendents, Permanent	131	36	72.5	0
Auxiliary and related workers, Permanent	1,028	539	47.6	10
Biochemistry, pharmacology, zoology and life science. technician, Permanent	1	1	0	0
Biologists, botanists, zoologists and related Aprofessional, Permanent	17	13	23.5	0
Building and other property caretakers, Permanent	291	209	28.2	0
Bus and heavy vehicle drivers, Permanent	140	82	41.4	16
Cartographers and surveyors, Permanent	7	2	71.4	0
Cartographic surveying and related technicians, Permanent	45	18	60	0
Chemical and physical science technicians, Permanent	11	11	0	0
Chemists, Permanent	2	0	100	0
Civil engineering technicians, Permanent	434	181	58.3	0
Cleaners in offices workshops hospitals etc., Permanent	263	161	38.8	7
Client information clerks (switchboard receptionist, inform clerks), Permanent	14	8	42.9	0
Communication and information related, Permanent	38	30	21.1	5
Community development workers, Permanent	112	73	34.8	2
Computer programmers, Permanent	4	0	100	0
Computer system designers and analyst, Permanent	11	9	18.2	0
Earth moving and related plant operators, Permanent	3	3	0	3
Economists, Permanent	4	2	50	0
Electrical and electronics engineering technicians, Permanent	18	2	88.9	0
Engineering sciences related, Permanent	866	421	51.4	0
Engineers and related professionals, Permanent	149	62	58.4	0
Environmental health, Permanent	10	4	60	0
Farm hands and labourers, Permanent	253	135	46.6	2

TABLE 5.7 - EMPLOYMENT AND VACANCIES BY PROGRAMME AT END OF PERIOD

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Farming forestry advisors and farm managers, Permanent	150	75	50	0
Finance and economics related, Permanent	228	142	37.7	3
Financial and related professionals, Permanent	7	4	42.9	0
Financial clerks and credit controllers, Permanent	719	376	47.7	21
Food services aids and waiters, Permanent	17	16	5.9	0
Forestry labourers, Permanent	3,095	1,539	50.3	16
General legal administration and related professionals, Permanent	16	8	50	0
Geologists geophysicists hydrologists and related professionals, Permanent	360	157	56.4	0
Handymen, Permanent	6	6	0	6
Head of department/chief executive officer, Permanent	3	2	33.3	0
Health sciences related, Permanent	15	9	40	0
Horticulturists, foresters agricultural and forestry technician, Permanent	68	38	44.1	0
Household and laundry workers, Permanent	5	5	0	0
Human resources and organisation development and related professionals, Permanent	60	37	38.3	0
Human resources clerks, Permanent	297	207	30.3	3
Human resources related, Permanent	219	145	33.8	3
Human resources related, Temporary	1	1	0	0
Information technology related, Permanent	9	3	66.7	0
Inspectors of apprentices works and vehicles, Permanent	3	1	66.7	0
Language practitioners, interpreters and other communication, Permanent	54	29	46.3	0
Legal related, Permanent	2	1	50	0
Librarians and related professionals, Permanent	6	3	50	0
Library mail and related clerks, Permanent	68	43	36.8	0
Light vehicle drivers, Permanent	122	66	45.9	2
Logistical support personnel, Permanent	120	65	45.8	0
Logistical support personnel, Temporary	1	1	0	0
Material-recording and transport clerks, Permanent	254	208	18.1	13
Mechanical engineering technicians, Permanent	1	1	0	0

TABLE 5.7 - EMPLOYMENT AND VACANCIES BY PROGRAMME AT END OF PERIOD

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Messengers, porters and deliverers, Permanent	228	147	35.5	6
Mining geology and geophysical and related technicians, Permanent	53	23	56.6	0
Motor vehicle drivers, Permanent	92	56	39.1	1
Motorised farm and forestry plant operators, Permanent	442	192	56.6	44
Natural sciences related, Permanent	353	174	50.7	0
Natural sciences related, Temporary	1	1	0	0
Nature conservation and oceanographically related technician, Permanent	6	4	33.3	0
Other administration and related clerks and organisers, Permanent	1017	577	43.3	22
Other administrative policy and related officers, Permanent	200	114	43	3
Other information technology personnel, Permanent	12	6	50	1
Other machine operators, Permanent	1	1	0	1
Other occupations, Permanent	785	757	3.6	754
Police, Permanent	1	0	100	0
Quantity surveyors and related professional not classified elsewhere, Permanent	1	1	0	0
Rank: Administration clerk (grade ii) (construction), Permanent	1	1	0	1
Rank: Chief industrial technician (construction), Permanent	1	1	0	1
Rank: Chief operator (construction), Permanent	1	1	0	1
Rank: Compound manager (construction), Permanent	1	1	0	1
Rank: Principal artisan (group a) (construction), Permanent	2	2	0	2
Rank: Principal driver (construction), Permanent	3	3	0	3
Rank: Principal factotum (construction), Permanent	7	7	0	7
Rank: Principal operator (construction), Permanent	1	1	0	1
Regulatory inspectors, Permanent	29	4	86.2	0
Risk management and security services, Permanent	7	5	28.6	0
Road workers, Permanent	69	3	95.7	0
Safety health and quality inspectors, Permanent	23	10	56.5	0
Secretaries and other keyboard operating clerks, Permanent	216	139	35.6	2
Security guards, Permanent	762	425	44.2	2
Security officers, Permanent	577	241	58.2	6
Senior managers, Permanent	224	130	42	5



TABLE 5.7 - EMPLOYMENT AND VACANCIES BY PROGRAMME AT END OF PERIOD

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Social sciences related, Permanent	87	61	29.9	2
Social work and related professionals, Permanent	5	4	20	0
Trade labourers, Permanent	3,046	1,593	47.7	153
Trade related, Permanent	2	1	50	1
Trade/industry advisers and other related professions, Permanent	5	4	20	1
Water plant and related operators, Permanent	728	371	49	32
TOTAL	19,879	10,712	46.1	1,183



TABLE 5.8 - JOB EVALUATION

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	6,758	0	0	0	0	0	0
Contract (Levels 1-2)	31	0	0	0	0	0	0
Contract (Levels 3-5)	89	0	0	0	0	0	0
Contract (Levels 6-8)	421	0	0	0	0	0	0
Contract (Levels 9-12)	209	0	0	0	0	0	0
Contract (Band A)	76	0	0	0	0	0	0
Contract (Band B)	25	0	0	0	0	0	0
Contract (Band C)	10	0	0	0	0	0	0
Contract (Band D)	2	0	0	0	0	0	0
Skilled (Levels 3-5)	5,063	16	0.3	3	18.8	0	0
Highly skilled production (Levels 6-8)	4,712	15	0.3	0	0	0	0
Highly skilled supervision (Levels 9-12)	2,338	24	2	1	4.2	0	0
Senior Management Service Band A	122	12	9.8	0	0	0	0
Senior Management Service Band B	19	3	15.8	0	0	0	0
Senior Management Service Band C	2	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
TOTAL	19,879	70	0.4	4	5.7	0	0

TABLE 5.9 - PROFILE OF EMPLOYEES WHOSE POSITIONS WERE UPGRADED DUE TO THEIR POSTS BEING UPGRADED

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	1	0	2
Male	2	0	0	1	3
Total	3	0	1	1	5
Employees with a disability	0	0	0	0	0

TABLE 5.10 - EMPLOYEES WHOSE SALARY LEVEL EXCEED THE GRADE DETERMINED BY JOB EVALUATION [I.T.O PSR 1.V.C.3]

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No. of Employees in Dept
Chief Industrial Technician	1	9	11	Retention	-
Chief Engineer	1	9	10	Retention	-
Control Industrial Technician	1	9	10	Retention	-
GIS Operator	1	6	8	Retention	-
Senior Administration Clerk	1	5	6	Retention	-
Engineer	2	9	10	Retention	-
Total	7				-
Percentage of Total Employment	0.1				10,712

TABLE 5.11 - PROFILE OF EMPLOYEES WHOSE SALARY LEVEL EXCEEDED THE GRADE DETERMINED BY JOB EVALUATION [I.T.O. PSR 1.V.C.3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	3	0	0	3	6
Total	4	0	0	3	7
Employees with a disability	0	0	0	0	0

TABLE 5.12 - ANNUAL TURNOVER RATES BY SALARY BAND

Salary Band	Employment at Beginning of Period (April 2009)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	3,357	105	579	17.2
Skilled (Levels 3-5), Permanent	4,201	147	878	20.9
Highly skilled production (Levels 6-8), Permanent	2,320	197	180	7.8
Highly skilled production (Levels 6-8), Temporary	2	0	0	0
Highly skilled supervision (Levels 9-12), Permanent	1,113	50	68	6.1
Highly skilled supervision (Levels 9-12), Temporary	2	0	0	0
Senior Management Service Band A, Permanent	64	0	5	7.8
Senior Management Service Band B, Permanent	12	0	0	0
Senior Management Service Band D, Permanent	1	1	1	100
Other, Permanent	464	0	0	0
Contract (Levels 1-2), Permanent	42	53	64	152.4
Contract (Levels 3-5), Permanent	106	173	211	199.1
Contract (Levels 6-8), Permanent	101	184	149	147.5
Contract (Levels 9-12), Permanent	71	63	56	78.9
Contract (Band A), Permanent	59	17	12	20.3
Contract (Band B), Permanent	25	5	6	24
Contract (Band C), Permanent	8	1	0	0
Contract (Band D), Permanent	3	1	2	66.7
TOTAL	11,951	997	2,211	18.5

TABLE 5.13 - ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION

Occupation	Employment at Beginning of Period (April 2009)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	174	67	54	31
Agricultural, animal, oceanography, forestry and other scientific, Permanent	41	1	5	12.2
Agriculture related, Permanent	68	8	5	7.4
Agriculture related, Temporary	1	0	0	0
All artisans in the building, metal, machinery etc., Permanent	204	1	59	28.9
Artisan project and related superintendents, Permanent	18	2	6	33.3
Auxiliary and related workers, Permanent	550	19	48	8.7
Biochemistry, pharmacology, zoology and life science technicians, Permanent	1	0	0	0
Biologists, botanists, zoologists and related professionals, Permanent	17	1	3	17.6
Building and other property caretakers, Permanent	186	7	30	16.1
Bus and heavy vehicle drivers, Permanent	109	0	29	26.6
Cartographers and surveyors, Permanent	2	0	2	100
Cartographic surveying and related technicians, Permanent	23	4	4	17.4
Chemical and physical science technicians, Permanent	11	1	1	9.1
Civil engineering technicians, Permanent	216	29	23	10.6
Cleaners in offices, workshops, hospitals etc., Permanent	189	56	68	36
Client information clerks (switchboard, receptionist, information clerks), Permanent	10	1	0	0
Communication and information related, Permanent	31	4	2	6.5
Community development workers, Permanent	80	8	4	5
Computer programmers, Permanent	1	0	0	0
Computer system designers and analysts, Permanent	10	1	1	10
Custodian personnel, Permanent	1	0	0	0
Economists, Permanent	4	0	1	25
Electrical and electronics engineering technicians, Permanent	1	0	0	0
Engineering sciences related, Permanent	282	124	55	19.5
Engineers and related professionals, Permanent	90	9	15	16.7

TABLE 5.13 - ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION

Occupation	Employment at Beginning of Period (April 2009)	Appointments	Terminations	Turnover Rate
Environmental health, Permanent	2	0	0	0
Farm hands and labourers, Permanent	94	12	5	5.3
Farming forestry advisors and farm managers, Permanent	95	0	7	7.4
Finance and economics related, Permanent	60	17	5	8.3
Financial and related professionals, Permanent	14	1	1	7.1
Financial clerks and credit controllers, Permanent	299	130	96	32.1
Food services aids and waiters, Permanent	21	3	3	14.3
Forestry labourers, Permanent	1,693	0	106	6.3
General legal administration and related professionals, Permanent	8	2	1	12.5
Geologists geophysicists hydrologists and related professionals, Permanent	138	26	5	3.6
Head of department/chief executive officer, Permanent	1	0	0	0
Health sciences related, Permanent	6	3	0	0
Horticulturists, foresters, agricultural and forestry technicians, Permanent	71	0	4	5.6
Household and laundry workers, Permanent	6	0	1	16.7
Human resources and organisation development and related professionals, Permanent	43	1	1	2.3
Human resources and organisation development and relate professionals, Temporary	1	0	0	0
Human resources clerks, Permanent	276	34	75	27.2
Human resources related, Permanent	119	8	17	14.3
Information technology related, Permanent	4	0	1	25
Inspectors of apprentices works and vehicles, Permanent	3	0	0	0
Language practitioners, interpreters and other communication, Permanent	30	3	2	6.7
Legal related, Permanent	2	0	1	50
Librarians and related professionals, Permanent	4	0	1	25
Library mail and related clerks, Permanent	43	4	6	14
Light vehicle drivers, Permanent	78	5	17	21.8

TABLE 5.13 - ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION

Occupation	Employment at Beginning of Period (April 2009)	Appointments	Terminations	Turnover Rate
Logistical support personnel, Permanent	37	13	3	8.1
Material-recording and transport clerks, Permanent	224	10	15	6.7
Material-recording and transport clerks, Temporary	1	0	0	0
Mechanical engineering technicians, Permanent	1	0	0	0
Medical research and related professionals, Permanent	1	0	0	0
Messengers porters and deliverers, Permanent	163	4	26	16
Middle managers, Permanent	1	0	0	0
Mining geology and geophysical and related technicians, Permanent	23	1	1	4.3
Motor vehicle drivers, Permanent	67	5	17	25.4
Motorised farm and forestry plant operators, Permanent	589	0	247	41.9
Natural sciences related, Permanent	175	12	18	10.3
Natural sciences related, Temporary	1	0	0	0
Nature conservation and oceanographically related technicians, Permanent	3	0	1	33.3
Other administrative and related clerks and organisers, Permanent	689	50	88	12.8
Other administrative policy and related officers, Permanent	122	3	7	5.7
Other information technology personnel, Permanent	12	1	5	41.7
Other occupations, Permanent	701	127	39	5.6
Quantity surveyors and related professionals not classified elsewhere, Permanent	1	0	0	0
Rank: Unknown, Permanent	18	0	0	0
Risk management and security services, Permanent	3	0	0	0
Road workers, Permanent	9	0	0	0
Safety health and quality inspectors, Permanent	10	3	1	10
Secretaries and other keyboard operating clerks, Permanent	158	50	56	35.4
Security guards, Permanent	533	1	76	14.3
Security officers, Permanent	220	14	4	1.8
Senior managers, Permanent	91	19	18	19.8

TABLE 5.13 - ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION

Occupation	Employment at Beginning of Period (April 2009)	Appointments	Terminations	Turnover Rate
Social sciences related, Permanent	61	5	3	4.9
Social work and related professionals, Permanent	2	0	0	0
Trade labourers, Permanent	2,187	80	633	28.9
Trade related, Permanent	1	1	1	100
Trade/industry advisers and other related profession, Permanent	5	0	1	20
Water plant and related operators, Permanent	411	6	181	44
TOTAL	1,1951	997	2,211	18.5

TABLE 5.14 - REASONS WHY STAFF ARE LEAVING THE DEPARTMENT

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	192	8.7	1.6	2,211	11,951
Resignation, Permanent	182	8.2	1.5	2,211	11,951
Expiry of contract, Permanent	424	19.2	3.5	2,211	11,951
Transfers, Permanent	11	0.5	0.1	2,211	11,951
Dismissal-operational changes, Permanent	1,084	49	9.1	2,211	11,951
Discharged due to ill health, Permanent	10	0.5	0.1	2,211	11,951
Dismissal-misconduct, Permanent	7	0.3	0.1	2,211	11,951
Dismissal-inefficiency, Permanent	1	0	0	2,211	11,951
Retirement, Permanent	296	13.4	2.5	2,211	11,951
Other, Permanent	4	0.2	0	2,211	11,951
TOTAL	2,211	100	18.5	2,211	11,951

Resignations as % of Employment

18.5

TABLE 5.15 - PROMOTIONS BY CRITICAL OCCUPATION

Occupation	Employment at Beginning of Period (April 2009)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	174	40	23	53	30.5
Agricultural, animal, oceanography, forestry and other scientists	41	1	2.4	17	41.5
Agriculture related fields	69	30	43.5	37	53.6
All artisans in the building, metal ,machinery, etc.	204	3	1.5	103	50.5
Artisan project and related superintendents	18	0	0	8	44.4
Auxiliary and related workers	550	31	5.6	376	68.4
Biochemistry, pharmacological, zoology and life science technicians	1	0	0	1	100
Biologists, botanists ,zoologists and related professionals	17	2	11.8	3	17.6
Building and other property caretakers	186	1	0.5	116	62.4
Bus and heavy vehicle drivers	109	8	7.3	67	61.5
Cartographers and surveyors	2	1	50	2	100
Cartographic surveying and related technicians	23	1	4.3	13	56.5
Chemical and physical science technicians	11	0	0	4	36.4
Civil engineering technicians	216	10	4.6	80	37
Cleaners in offices workshops hospitals etc.	189	7	3.7	79	41.8
Client information clerks/switchboard reception information clerks)	10	1	10	7	70
Communication and information related	31	3	9.7	9	29
Community development workers	80	6	7.5	32	40
Computer programmers.	1	0	0	1	100
Computer system designers and analysts.	10	2	20	0	0
Custodian personnel	1	0	0	0	0
Custodian personnel	0	1	0	0	0
Economists	4	0	0	3	75
Electrical and electronics engineering technicians	1	0	0	1	100
Engineering sciences related	282	28	9.9	66	23.4
Engineers and related professionals	90	12	13.3	23	25.6
Environmental health	2	1	50	0	0
Farm hands and labourers	94	3	3.2	72	76.6
Farming forestry advisors and farm managers	95	2	2.1	40	42.1
Finance and economics related	60	29	48.3	23	38.3

TABLE 5.15 - PROMOTIONS BY CRITICAL OCCUPATION

Occupation	Employment at Beginning of Period (April 2009)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Financial and related professionals	14	1	7.1	4	28.6
Financial clerks and credit controllers	299	60	20.1	124	41.5
Food services aids and waiters	21	2	9.5	17	81
Forestry labourers	1693	18	1.1	1313	77.6
General legal administration and related professionals	8	5	62.5	1	12.5
Geologists, geophysicists, hydrologists and related professionals	138	27	19.6	26	18.8
Head of department/chief executive officer	1	0	0	1	100
Health sciences related	6	2	33.3	0	0
Horticulturists, foresters, agricultural and forestry technicians	71	3	4.2	49	69
Household and laundry workers	6	0	0	3	50
Human resources and organisation development and related professional	44	5	11.4	25	56.8
Human resources clerks	276	30	10.9	80	29
Human resources related	119	27	22.7	36	30.3
Information technology related	4	0	0	1	25
Inspectors of apprentices works and vehicles	3	0	0	1	33.3
Language practitioners interpreters and other communication	30	6	20	13	43.3
Legal related	2	0	0	0	0
Librarians and related professionals	4	1	25	3	75
Library, mail and related clerks	43	2	4.7	18	41.9
Light vehicle drivers	78	6	7.7	52	66.7
Logistical support personnel	37	20	54.1	7	18.9
Material-recording and transport clerks	225	18	8	98	43.6
Mechanical engineering technicians	1	0	0	0	0
Medical research and related professionals	1	0	0	0	0
Messengers, porters and deliverers	163	0	0	99	60.7
Middle managers	1	0	0	0	0
Mining geology and geophysical and related technicians	23	3	13	10	43.5
Motor vehicle drivers	67	6	9	49	73.1
Motorised farm and forestry plant operators	589	0	0	315	53.5
Natural sciences related	176	36	20.5	62	35.2

TABLE 5.15 - PROMOTIONS BY CRITICAL OCCUPATION

Occupation	Employment at Beginning of Period (April 2009)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Nature conservation and oceanographically related technicians	3	3	100	1	33.3
Other administration and related clerks and organisers	689	43	6.2	339	49.2
Other administrative policy and related officers	122	15	12.3	51	41.8
Other information technology personnel	12	1	8.3	3	25
Other occupations	701	134	19.1	7	1
Quantity surveyors and related professional not classified elsewhere	1	0	0	0	0
Rank: Unknown	18	0	0	0	0
Regulatory inspectors	0	3	0	0	0
Risk management and security services	3	0	0	0	0
Road workers	9	0	0	5	55.6
Safety health and quality inspectors	10	2	20	1	10
Secretaries and other keyboard operating clerks	158	21	13.3	55	34.8
Security guards	533	8	1.5	386	72.4
Security officers	220	5	2.3	191	86.8
Senior managers	91	18	19.8	37	40.7
Social sciences related	61	19	31.1	18	29.5
Social work and related professionals	2	0	0	0	0
Trade labourers	2,187	23	1.1	1,327	60.7
Trade related	1	0	0	0	0
Trade/industry advisers and other related profession	5	0	0	1	20
Water plant and related operators	411	5	1.2	194	47.2
TOTAL	11,951	801	6.7	6,259	52.4



TABLE 5.16 - PROMOTIONS BY SALARY BAND

Salary Band	Employment at Beginning of Period (April 2009)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	3,357	19	0.6	1,024	30.5
Skilled (Levels 3-5), Permanent	4,201	147	3.5	3,652	86.9
Highly skilled production (Levels 6-8), Permanent	2,320	224	9.7	979	42.2
Highly skilled production (Levels 6-8), Temporary	2	0	0	0	0
Highly skilled supervision (Levels 9-12), Permanent	1,113	267	24	475	42.7
Highly skilled supervision (Levels 9-12), Temporary	2	0	0	1	50
Senior management (Levels 13-16), Permanent	77	22	28.6	52	67.5
Other, Permanent	464	0	0	0	0
Contract (Levels 1-2), Permanent	42	0	0	8	19
Contract (Levels 3-5), Permanent	106	11	10.4	3	2.8
Contract (Levels 6-8), Permanent	101	40	39.6	16	15.8
Contract (Levels 9-12), Permanent	71	57	80.3	21	29.6
Contract (Levels 13-16), Permanent	95	14	14.7	28	29.5
TOTAL	11,951	801	6.7	6,259	52.4



TABLE 5.17 - TOTAL NUMBER OF EMPLOYEES (INCL. EMPLOYEES WITH DISABILITIES) PER OCCUPATIONAL CATEGORY SASCO

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	39	6	2	47	20	31	2	1	34	5	106
Professionals, Permanent	485	29	18	532	200	397	23	22	442	54	1,228
Professionals, Temporary	0	0	0	0	0	0	0	0	0	2	2
Technicians and associate professionals, Permanent	684	91	19	794	134	417	23	17	457	99	1,484
Technicians and associate professionals, Temporary	0	0	0	0	0	0	0	0	0	1	1
Clerks, Permanent	464	35	6	505	31	855	79	27	961	174	1,671
Clerks, Temporary	0	0	0	0	0	0	0	0	0	1	1
Service and sales workers, Permanent	549	4	1	554	6	124	0	0	124	1	685
Craft and related trades workers, Permanent	91	13	0	104	54	1	1	0	2	0	160
Plant and machine operators and assemblers, Permanent	1 155	94	1	1 250	166	86	14	0	100	48	1,564
Elementary occupations, Permanent	1 942	143	2	2 086	11	1,678	20	1	1,699	2	3,799
Other, Permanent	5	1	0	6	1	4	0	0	4	0	11
TOTAL	5,414	416	49	5,878	623	3,593	162	68	3,823	387	10,712

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	8	1	0	9	7	3	0	0	3	1	20

TABLE 5.18 - TOTAL NUMBER OF EMPLOYEES (INCL. EMPLOYEES WITH DISABILITIES) PER OCCUPATIONAL BANDS

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top management, Permanent	0	0	0	0	0	2	0	0	2	0	2
Senior management, Permanent	14	1	0	15	42	7	0	1	8	4	69
Professionally qualified and experienced specialists and mid-management, Permanent	455	26	16	497	286	295	12	14	321	83	1,187
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	0	0	0	0	0	2	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	857	78	20	955	210	903	58	32	993	222	2,380
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	0	0	0	0	0	0	0	0	0	1	1
Semi-skilled and discretionary decision making, Permanent	2,488	227	3	2,717	27	923	37	5	965	42	3,752
Semi-skilled and discretionary decision making, Temporary	0	0	0	0	0	0	0	0	0	1	1
Unskilled and defined decision making, Permanent	1,257	43	1	1,301	4	1,130	18	0	1,148	0	2,453
Contract (Top management), Permanent	3	1	0	4	2	5	1	0	6	0	12
Contract (Senior management), Permanent	39	7	3	49	12	31	2	1	34	8	103
Contract (Professionally qualified), Permanent	77	8	2	87	30	65	13	4	82	10	209
Contract (Skilled technical), Permanent	171	16	4	191	10	184	15	8	207	13	421
Contract (Semi-skilled), Permanent	35	8	0	43	0	36	6	3	45	1	89
Contract (Unskilled), Permanent	18	1	0	19	0	12	0	0	12	0	31
TOTAL	5,414	416	49	5,878	623	3,593	162	68	3,823	387	10,712

TABLE 5.19 - RECRUITMENT

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	23	1	1	25	6	15	0	2	17	2	50
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	67	4	1	72	17	96	8	2	106	2	197
Semi-skilled and discretionary decision making, Permanent	81	7	1	89	7	33	6	1	40	11	147
Unskilled and defined decision making, Permanent	57	1	0	58	0	46	1	0	47	0	105
Contract (Top management), Permanent	0	0	0	0	1	0	1	0	1	0	2
Contract (Senior management), Permanent	15	0	0	15	1	6	0	0	6	0	22
Contract (Professionally qualified), Permanent	18	0	1	19	11	24	6	1	31	2	63
Contract (Skilled technical), Permanent	66	4	0	70	2	100	4	3	107	5	184
Contract (Semi-skilled), Permanent	73	4	0	77	2	82	4	6	92	2	173
Contract (Unskilled), Permanent	30	2	0	32	1	20	0	0	20	0	53
TOTAL	430	23	4	457	48	423	30	15	468	24	997
Employees with disabilities	1	0	0	1	2	0	0	0	0	0	3

TABLE 5.20: PROMOTIONS

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior management, Permanent	14	0	0	14	44	10	0	0	10	5	73
Professionally qualified and experienced specialists and mid-management, Permanent	304	12	11	327	171	173	9	7	189	55	742
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	0	0	0	0	0	1	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	434	46	11	491	100	446	32	19	497	115	1,203
Semi-skilled and discretionary decision making, Permanent	2,328	172	3	2,502	13	1,232	24	5	1,261	23	3,800
Unskilled and defined decision making, Permanent	554	17	0	571	0	465	7	0	472	0	1 043
Contract (Top Management), Permanent	2	1	0	3	0	5	0	0	5	0	8
Contract (Senior management), Permanent	11	4	2	17	4	9	1	0	10	3	34
Contract (Professionally qualified), Permanent	21	6	0	27	10	26	7	1	34	7	78
Contract (Skilled technical), Permanent	19	2	0	21	1	21	11	0	32	2	56
Contract (Semi-skilled), Permanent	5	4	0	9	0	2	2	1	5	0	14
Contract (Unskilled), Permanent	0	0	0	0	0	8	0	0	8	0	8
TOTAL	3,692	264	27	3,982	343	2,397	93	33	2,523	211	7,060

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	6	1	0	7	4	3	0	0	3	1	15

TABLE 5.21 - TERMINATIONS

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Senior management, Permanent	1	0	1	2	2	0	0	0	0	1	5
Professionally qualified and experienced specialists and mid-management, Permanent	22	1	0	23	21	15	0	2	17	7	68
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	117	6	1	124	13	33	1	1	35	8	180
Semi-skilled and discretionary decision making, Permanent	712	14	0	726	3	145	1	1	147	2	878
Unskilled and defined decision making, Permanent	334	3	0	337	0	241	1	0	242	0	579
Contract (Top management), Permanent	0	0	0	0	2	0	0	0	0	0	2
Contract (Senior management), Permanent	6	0	0	6	1	10	1	0	11	0	18
Contract (Professionally qualified), Permanent	14	1	1	16	8	22	6	0	28	4	56
Contract (Skilled technical), Permanent	38	1	1	40	1	96	8	1	105	3	149
Contract (Semi-skilled), Permanent	85	2	0	87	5	106	5	6	117	2	211
Contract (Unskilled), Permanent	37	1	0	38	1	25	0	0	25	0	64
TOTAL	1,366	29	4	1,399	57	694	23	11	728	27	2,211

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	3	0	0	3	1	0	0	0	0	0	4

TABLE 5.22 - DISCIPLINARY ACTION

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total	Not Available
TOTAL	7	1	0	7	1	8	0	0	0	1	18	0

TABLE 5.23 - SKILLS DEVELOPMENT

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials and Managers	23	2	5	30	11	10	0	5	15	9	65
Professionals	195	10	2	207	41	172	8	14	194	13	455
Technicians and Associate Professionals	198	7	8	213	70	71	3	3	77	13	373
Clerks	190	27	4	221	53	292	23	22	337	54	665
Service and Sales Workers	176	0	1	177	4	19	0	2	21	5	207
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	118	9	0	127	7	17	0	0	17	1	152
Elementary Occupations	723	57	2	782	8	206	9	0	215	5	1,010
TOTAL	1,623	112	22	1,757	194	787	43	46	876	100	2,927
Employees with disabilities	3	0	0	0	1	0	0	0	0	0	4

TABLE 5.24 - PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	808	3,590	22.5	6,235	7,717
African, Male	1,564	5,405	28.9	13,246	8,469
Asian, Female	26	68	38.2	236	9,078
Asian, Male	25	49	51	300	11,992
Coloured, Female	50	162	30.9	494	9,876
Coloured, Male	153	415	36.9	1,618	10,576
Total Blacks, Female	884	3,820	23.1	6,965	7,879
Total Blacks, Male	1,742	5,869	29.7	15,163	8,705
White, Female	218	386	56.5	3,077	14,115
White, Male	348	617	56.5	7,468	21,459
Employees with a disability	7	20	35	88	12,584
TOTAL	3,199	10,712	29.9	32,761	10,241

TABLE 5.25 - PERFORMANCE REWARDS BY SALARY BAND FOR PERSONNEL BELOW SENIOR MANAGEMENT SERVICE

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	445	2453	18.1	1,779	3,998
Skilled (Levels 3-5)	1,216	3752	32.4	7,435	6,114
Highly skilled production (Levels 6-8)	865	2381	36.3	9,482	10,962
Highly skilled supervision (Levels 9-12)	492	1189	41.4	10,515	21,372
Contract (Levels 1-2)	5	31	16.1	17	3,400
Contract (Levels 3-5)	11	89	12.4	51	4,636
Contract (Levels 6-8)	61	421	14.5	475	7,787
Contract (Levels 9-12)	51	209	24.4	788	15,451
TOTAL	3,146	10,525	29.9	30,542	9,708

TABLE 5.26 - PERFORMANCE REWARDS BY CRITICAL OCCUPATION

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	55	194	28.4	1,101	20,018
Agricultural, animal, oceanography, forestry and other scientific occupations	6	33	18.2	99	16,500
Agriculture related	36	90	40	568	15,778
All artisans in the building, metal, machinery field, etc.	64	140	45.7	618	9,656
Artisan project and related superintendents	6	16	37.5	67	11,167
Auxiliary and related workers	183	519	35.3	1,160	6,339
Biologists, botanists, zoologists and relevant professionals occupation	5	15	33.3	67	13,400
Building and other property caretakers	53	154	34.4	162	3,057
Bus and heavy vehicle drivers	24	79	30.4	99	4,125
Cartographers and surveyors	2	2	100	40	20,000
Cartographic surveying and related technicians	10	24	41.7	117	11,700
Chemical and physical science technicians	1	11	9.1	11	11,000
Civil engineering technicians	66	199	33.2	957	14,500
Cleaners in offices, workshops, hospitals etc.	40	180	22.2	142	3,550
Client information clerks (switchboard receptionist information clerks)	3	11	27.3	26	8,667
Communication and information related	5	30	16.7	45	9,000
Community development workers	20	77	26	294	14,700
Computer programmers	0	1	0	0	0
Computer system designers and analysts	5	10	50	64	12,800
Economists	3	3	100	43	14,333
Electrical and electronics engineering technicians	1	1	100	22	22,000
Engineering sciences related	69	344	20.1	1,644	23,826
Engineers and related professionals	28	80	35	788	28,143
Environmental health	0	3	0	0	0
Farm hands and labourers	18	94	19.1	73	4,056
Farming forestry advisors and farm managers	21	77	27.3	285	13,571
Finance and economics related	17	93	18.3	301	17,706

TABLE 5.26 - PERFORMANCE REWARDS BY CRITICAL OCCUPATION

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Financial and related professionals	5	16	31.3	102	20,400
Financial clerks and credit controllers	105	378	27.8	1,023	9,743
Food services aids and waiters	6	23	26.1	29	4,833
Forestry labourers	308	1,577	19.5	1,374	4,461
General legal administration and related professionals	0	10	0	0	0
Geologists, geophysicists, hydrologists and related profession	23	153	15	294	12,783
Head of department/chief executive officer	0	1	0	0	0
Health sciences related	1	9	11.1	12	12,000
Horticulturists, foresters, agriculture and forestry technicians	26	63	41.3	386	14,846
Household and laundry workers	1	5	20	4	4,000
Housekeepers, laundry and related workers	0	2	0	0	0
Human resources and organisational development and related professionals	14	39	35.9	189	13,500
Human resources clerks	75	247	30.4	697	9,293
Human resources related professionals	30	114	26.3	576	19,200
Information technology related professionals	0	3	0	0	0
Inspectors of apprentices works and vehicles	0	3	0	0	0
Language practitioners, interpreters and other communication	9	27	33.3	106	11,778
Legal related professionals	0	1	0	0	0
Librarians and related professionals	4	4	100	29	7,250
Library, mail and related clerks	6	40	15	42	7,000
Light vehicle drivers	22	68	32.4	107	4,864
Logistical support personnel	8	60	13.3	93	11,625
Material-recording and transport clerks	68	222	30.6	524	7,706
Mechanical engineering technicians	1	1	100	16	16,000
Medical research and related professionals	1	0	0	8	8,000
Messengers porters and deliverers	40	142	28.2	159	3,975
Middle managers	0	1	0	0	0
Mining geology and geophysical and related technicians	7	21	33.3	72	10,286

TABLE 5.26 - PERFORMANCE REWARDS BY CRITICAL OCCUPATION

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Motor vehicle drivers	17	61	27.9	81	4,765
Motorised farm and forestry plant operators	77	341	22.6	299	3,883
Natural sciences related professionals	57	180	31.7	1,314	23,053
Nature conservation and oceanographically related technicians	2	5	40	21	10,500
Other administration and related clerks and organisers	217	612	35.5	1,567	7,221
Other administrative policy and related officers	43	117	36.8	500	11,628
Other information technology personnel	2	8	25	16	8,000
Other occupations	626	789	79.3	9,771	15,609
Psychologists and vocational counsellors	0	1	0	0	0
Quantity surveyors and related professional not classed elsewhere	0	1	0	0	0
Rank: Unknown	0	11	0	0	0
Risk management and security services	0	2	0	0	0
Road workers	1	9	11.1	2	2,000
Safety health and quality inspectors	1	11	9.1	11	11,000
Secretaries and other keyboard operating clerks	51	162	31.5	476	9,333
Security guards	86	456	18.9	310	3,605
Security officers	36	225	16	189	5,250
Senior managers	24	102	23.5	1,139	47,458
Social sciences related professionals	24	60	40	427	17,792
Social work and related professionals	0	2	0	0	0
Trade labourers	363	1,612	22.5	1,558	4,292
Trade related	0	1	0	0	0
Trade/industry advisers and other related profession professionals	0	4	0	0	0
Water plant and related operators	71	230	30.9	445	6,268
TOTAL	3,199	10,712	29.9	32,761	10,241

TABLE 5.27 - PERFORMANCE RELATED REWARDS (CASH BONUS) BY SALARY BAND FOR SENIOR MANAGEMENT SERVICE

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	38	137	27.7	1,491	3,924	1.6	95,109
Band B	10	36	27.8	445	4,450	1.4	30,855
Band C	4	10	40	225	5,625	2.4	9,455
Band D	1	4	25	58	5,800	0.8	6,923
TOTAL	53	187	28.3	2,219	41,86.8	1.6	142,342

TABLE 5.28 - FOREIGN WORKERS BY SALARY BAND

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Skilled (Levels 3-5)	1	5.6	2	9.5	1	33.3	18	21	3
Highly skilled supervision (Levels 9-12)	4	22.2	3	14.3	-1	-33.3	18	21	3
Contract (Levels 6-8)	1	5.6	1	4.8	0	0	18	21	3
Contract (Levels 9-12)	9	50	12	57.1	3	100	18	21	3
Contract (Levels 13-16)	3	16.7	3	14.3	0	0	18	21	3
TOTAL	18	100	21	100	3	100	18	21	3

TABLE 5.28 - FOREIGN WORKERS BY MAJOR OCCUPATION

Major Occupation	Employment at Beginning of Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Administrative office workers	1	5.6	1	4.8	0	0	18	21	3
Other occupations	0	0	1	4.8	1	33.3	18	21	3
Professionals and managers	16	88.9	18	85.7	2	66.7	18	21	3
Technicians and associated professionals	1	5.6	1	4.8	0	0	18	21	3
TOTAL	18	100	21	100	3	100	18	21	3

TABLE 5.29 - SICK LEAVE FOR JAN 2009 TO DEC 2009

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with Medical Certification
Lower skilled (Levels 1-2)	8,901	96.9	1,169	20.3	8	1,744	5,747	8,628
Skilled (Levels 3-5)	14,358	96	1,813	31.5	8	3,274	5,747	13,788
Highly skilled production (Levels 6-8)	11,276	84.6	1,566	27.2	7	4,904	5,747	9,540
Highly skilled supervision (Levels 9-12)	4,798	86.2	731	12.7	7	4,525	5,747	4,135
Senior management (Levels 13-16)	300	83.7	48	0.8	6	773	5,747	251
Contract (Levels 1-2)	51	90.2	17	0.3	3	9	5,747	46
Contract (Levels 3-5)	221	83.7	41	0.7	5	67	5,747	185
Contract (Levels 6-8)	913	78	189	3.3	5	451	5,747	712
Contract (Levels 9-12)	517.5	82.5	107	1.9	5	546	5,747	427
Contract (Levels 13-16)	401	91.3	66	1.1	6	1,025	5,747	366
TOTAL	41,736.5	91.2	5,747	100	7	17,318	5,747	38,078

TABLE 5.30 - DISABILITY LEAVE (TEMPORARY AND PERMANENT) FOR JAN 2009 TO DEC 2009

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	227	100	16	20	14	44	227	80
Skilled (Levels 3-5)	1,030	100	21	26.3	49	244	1,030	80
Highly skilled production (Levels 6-8)	731	100	30	37.5	24	300	731	80
Highly skilled supervision (Levels 9-12)	332	100	9	11.3	37	324	332	80
Senior management (Levels 13-16)	70	100	2	2.5	35	179	70	80
Contract (Levels 3-5)	36	100	1	1.3	36	9	36	80
Contract (Levels 9-12)	3	100	1	1.3	3	4	3	80
TOTAL	2,429	100	80	100	30	1,104	2,429	80

TABLE 5.31 - ANNUAL LEAVE FOR JAN 2009 TO DEC 2009

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	64,656.24	21	3,091
Skilled (Levels 3-5)	95,550.44	21	4,528
Highly skilled production (Levels 6-8)	54,285.92	21	2,599
Highly skilled supervision (Levels 9-12)	27,772	21	1,295
Senior management (Levels 13-16)	2,091	26	82
Contract (Levels 1-2)	414	11	37
Contract (Levels 3-5)	1,322	10	134
Contract (Levels 6-8)	6,363	15	431
Contract (Levels 9-12)	3,998.92	17	234
Contract (Levels 13-16)	2,320	19	124
Not Available	376	5	76
TOTAL	259,149.52	21	1,2631

TABLE 5.32 - CAPPED LEAVE FOR JAN 2009 TO DEC 2009

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2009	Number of employees who took capped leave	Total number of capped leave available at 31 December 2009	Number of employees as at 31 December 2009
Lower skilled (Levels 1-2)	2,436	9	65	263	10,4218	1,604
Skilled (Levels 3-5)	2,561	7	113	350	24,2157	2,139
Highly skilled production (Levels 6-8)	747	6	98	124	70,723	725
Highly skilled supervision (Levels 9-12)	359	6	99	65	46,950	473
Senior management (Levels 13-16)	138	9	115	16	4017	35
Contract (Levels 9-12)	3	2	112	2	897	8
Contract (Levels 13-16)	17	3	61	6	2,368	39
TOTAL	6,261	8	94	826	471,330	5,023

TABLE 5.33 - LEAVE PAYOUTS

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Capped leave payouts on termination of service for 2009/10	4,426	651	6,799
Current leave payout on termination of service for 2009/10	383	68	5,632
TOTAL	4,809	719	6,688

TABLE 5.34 - STEPS TAKEN TO REDUCE THE RISK OF OCCUPATIONAL EXPOSURE

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

TABLE 5.35 - DETAILS OF HEALTH PROMOTION AND HIV/AIDS PROGRAMMES [TICK YES/NO AND PROVIDE REQUIRED INFORMATION]

Question	Yes	No	Details, if yes
1 Has the Department designated a member of the sms to implement the provisions contained in Part V1E of Chapter 1 of the Public Service Regulations, 2001.	Yes		Director: Organisational Development
2 Does the Department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		Three staff members in the National office and one staff member in each regional office. The budget is R8 Million per annum
3 Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		HIV & AIDS & TB Management; Health and Productivity services; Psycho-Social Support Services
4 Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	<ul style="list-style-type: none"> - Former members of the committee have left the Department. - New members must be recruited.
5 Has the Department reviewed the employment policies and practices of your Department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The HIV and AIDS Policy
6 Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		The Recruitment and Selection Policy and the Employment Equity Act prohibit unfair discrimination.
7 Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		This is addressed through the various wellness measures.
8 Has the Department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes		Wellness is handled through absence management and Policy and Procedure on Icapacity Leave and Ill-health Retirement (PILIR) applications.

TABLE 5.36 - COLLECTIVE AGREEMENTS

Subject Matter	Date
None	

TABLE 5.36 - MISCONDUCT AND DISCIPLINE HEARINGS FINALISED

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
TOTAL	18	100	18
Final written warning	6	33	6
Dismissal	7	39	7
Suspension without pay	5	28	5

TABLE 5.37 - TYPES OF MISCONDUCT ADDRESSED AND DISCIPLINARY HEARINGS

Type of Misconduct	Number	Percentage of Total	Total
TOTAL	18	100	18
Misrepresentation	1	6	1
Insubordination	2	11	2
Fraud	7	39	7
Absenteeism	2	11	2
Misuse of vehicles	4	22	4
Social grant fraud	2	11	2

TABLE 5.38 - GRIEVANCES LODGED

Number of grievances addressed	Number	Percentage of Total	Total
TOTAL	24	47.1	51

TABLE 5.39 - DISPUTES LODGED

Number of disputes addressed	Number	Percentage of Total
Upheld	3	42.9
Dismissed	4	57.1
Total	7	

TABLE 5.40 - STRIKE ACTIONS

Strike Actions	
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

TABLE 5.41 - PRECAUTIONARY SUSPENSIONS

Precautionary Suspensions	
Number of people suspended	4
Number of people whose suspension exceeded 30 days	4
Average number of days suspended	199
Cost (R'000) of suspensions	R600995-95

TABLE 5.42 - TRAINING NEEDS IDENTIFIED

Occupational categories	Gender	Employment	Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	39	0	31	4	35
	Male	67	0	40	8	48
Professionals	Female	498	0	150	6	156
	Male	732	0	185	5	190
Technicians and associate professionals	Female	557	0	60	2	62
	Male	928	0	111	10	121
Clerks	Female	1,136	0	386	30	416
	Male	536	0	207	28	235
Service and sales workers	Female	125	0	40	8	48
	Male	560	0	78	20	98
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	2	0	0	0	0
	Male	158	0	0	0	0
Plant and machine operators and assemblers	Female	148	0	29	0	29
	Male	1,416	0	139	18	157
Elementary occupations	Female	1,705	0	924	256	1,180
	Male	2,105	0	753	219	972
Gender sub totals	Female	4,210	0	1,565	306	1,871
	Male	6,502	0	1,554	308	1,862
Total		10,712	0	3,133	614	3,747

TABLE 5.43 - TRAINING PROVIDED

Occupational categories	Gender	Employment	Learner ships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	39	0	41	4	45
	Male	67	0	50	8	58
Professionals	Female	498	0	180	6	186
	Male	732	0	200	5	205
Technicians and associate professionals	Female	557	0	93	2	95
	Male	928	0	158	10	168
Clerks	Female	1,136	0	416	30	446
	Male	536	0	180	28	208
Service and sales workers	Female	125	0	70	8	78
	Male	560	0	104	20	124
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	2	0	0	0	0
	Male	158	0	0	0	0
Plant and machine operators and assemblers	Female	148	0	29	0	29
	Male	1,416	0	119	18	137
Elementary occupations	Female	1,705	0	1,029	256	1,285
	Male	2,105	0	975	219	1,194
Gender sub totals	Female	4,210	0	1,858	306	2,164
	Male	6,502	0	1,786	308	2,094
Total		10,712	0	3,644	614	4,258

TABLE 5.44 - INJURY ON DUTY

Nature of injury on duty	Number	% of total
Required basic medical attention only	647	90
Temporary total disablement	72	10
Permanent disablement	0	0
Fatal	0	0
Total	719	

TABLE 5.45 - REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS

Project title	Total number of consultants that worked on the project	Duration: work days	Contract value in Rand
WP 10168 Appointment of a sole professional service provider to provide technical surveying training to DWA officials	1	56	640,224
WP10118 Appointment of a professional service provider for the National coordination and data consolidation of the nine provincial water services development planning and reference framework programs	2	1080	3,450,000
WP 10119 Appointment of a professional service provider for the Integration of local government, regional and national water resource data and processes into water services development planning and national reference framework structure	2	1080	3,450,000
WP10076 Appointment of a professional service provider, for support of spatial information management in the Eastern Cape water sector through the Clearing House	1	720	6,816,288
WP 10035 Appointment of a professional service provider to establish operating rules for the Glen Alpine Dam	2	720	2,483,070
WP10264 Appointment of a preferred PSP AMMM Consulting cc, for the fulfilment of legal requirements of Sedibeng Bafadzi and the performance of specified deliverables	1	90	1,100,000
WP10039 Appointment of a professional service provider for the study to establish tool for determining annual operating rules for the Mokolo River system	2	360	854,100
2009-037 Recommendation for appointment of a preferred PSP for the development of the veld-fire risk profile of South Africa.	1	180	442,320
WP 10296 Appointment of a professional service provider as an event management company to organise the second Africa Water Week to be held in South Africa, 9-12 November 2009	1	5	1,971,000
WP 10016 Appointment of a professional service provider for the Water Resource Systems Development Business Support (Phase 3)	1	900	5,783,434

TABLE 5.45 - REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS

Project title	Total number of consultants that worked on the project	Duration: work days	Contract value in Rand
WP 10197 Appointment of a professional service provider for the development of a reconciliation strategy for the Olifants River Water Supply System	6	720	6,760,102
WP 10315 Appointment of a professional service provider for the marketing of the 2 nd Africa Water Week.	1	7	4,069,882
WP 10259 Appointment of a professional service provider for the high confidence groundwater reserve determination study in the Limpopo Water Management Area	1	540	1,334,528
WP 10269 Appointment of a professional service provider to train process controllers for water and waste water treatment works in Gauteng	2	360	4,200,000
WP 10292 Appointment of a professional service provider to undertake a feasibility study of the Western Highveld (Kungweni) Regional Water Treatment Scheme	1	180	2,114,102
WP 10307 Appointment of a professional service provider to provide a costly project plan and align the current organisation structure	1	30	2,783,876
WP 9864 Appointment of a professional service provider for the implementation of the Vaal River Reconciliation Strategy	5	1,800	4,999,808
WP 0006 Appointment of a professional service professional provider for the Inkomati River catchment modelling support for licensing scenarios study	5	1,080	2,942,226
WP 10276 Appointment of a professional service provider for the development and implementation of irrigation water management plans to improve water use efficiency in the agricultural sector	2	1,080	2,956,704
WP 10306 Appointment of a professional service provider to assist in the processing of backlogs for the water use licence application - Letsema	2	360	7,829,718
WP 10203 Appointment of a professional service provider for the revision of the National Water Resource Strategy (NWRS)	5	540	11,202,351
WP 10234 Appointment of a professional service provider for the provision of support to the implementation and maintenance of the water reconciliation strategy for the KwaZulu-Natal Coastal Metropolitan Area	6	1,080	3,529,867
WP 10253 Appointment of a professional service provider for the conclusion of the gazetetting of the water resource classification system.	1	240	867,876
2008-174 Appointment of a professional service provider for implementation of irrigation water use measurement and develop a water management plan to manage and control water abstraction taking place at the Steenkoppies Dolomitic compartment and catchment of the Magalies river	1	450	494,828
WP 0042 Appointment of a professional service provider to establish a real time operating decision support system for the Sabie-Sand River System	4	1,080	3,052,190

TABLE 5.45 - REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS

Project title	Total number of consultants that worked on the project	Duration: work days	Contract value in Rand
WP9197	1	Period	1,470,000
Provide dam safety inspections and training to D: Strategic Asset Management	1	180	598,500
WP10075	1	Period	2,000,000
Independent review of a document on glass fibre reinforced thermosetting plastic pipes and fittings: International panel of experts	1	Period	1,599,922
Completion of an analytical and drawing service for compiling the dam break flood-lines of first set of dam river system required for dam safety purposes.	1	Period	899,107
Completion of an analytical and drawing service for compiling the dam break flood-lines of first set of dam river system required for dam safety purposes.	1	Period	1,083,987
Design service up to and including the preliminary design stage for the rehabilitation on the dams to comply with dam safety standards, Hammarsdale Dam.	1	Period	497,849
Design service up to and including the preliminary design stage for rehabilitation of dams to comply with dam safety standards, Hammarsdale Dam.	1	Period	924,496
Design service up to and including the preliminary design stage for rehabilitation of dams to comply with dam safety standards: Programme 5: Casteel Dam, Tours Dam and Vaalkop Dam	2	Period	956,096
Appointment of a specialist to perform a thermal analysis for De Hoop Dam	1	Period	790,000
Detail design and supervision of the rehabilitation of the Viakfontein Canal	2	Period	16,764,994
Design services up to and including the preliminary design stage for the rehabilitation of dams to comply with dam safety standards: Nondweni Dam	2	Period	1,945,647
	72		115,659,092.47
Total number of projects	Total individual consultants	Duration: work days	Total contract value in Rand
37	72	14,738	115,659,092.47

TABLE 5.46 - ANALYSIS OF CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS, IN TERMS OF HDIS

Project title	Percentage by ownership by HDI groups	Percentage by management by HDI groups	Number of consultants from HDI groups that worked on the project
WP10118 Appointment of a professional service provider for the National coordination and data consolidation of the nine provincial water services development planning and reference framework programs	90	30	0
WP 10119 Appointment of a professional service provider for the Integration of local government, regional and national water resource data and processes into water services development planning and the national reference framework structure	77	77	0
WP10076 Appointment of a professional service provider for support of spatial information management in the Eastern Cape water sector through the Clearing House.	39.75	27.25	0
WP 10035 Appointment of a PSP to establish operating rules for the Glen Alpine Dam	35.83	30	19
WP10264 Appointment of a preferred PSP AMMM Consulting cc, for the fulfilment of legal requirements of Sedibeng Bafadzi and performance of specified deliverables	100	100	100
WP10039 Appointment of a professional service provider for the study to establish a tool for determining annual operating rules for the Mokolo River system	52.6	50	49.81
WP 10296 Appointment of a professional service provider (an events management company) for the second Africa Water Week to be held in South Africa, 9-12 November 2009	100	100	100
WP 10016 Appointment of a professional service provider for the Water Resource Systems Development Business Support (Phase 3)	1.5	0	55
WP 10197 Appointment of a professional service provider for the development of a reconciliation strategy for the Olifants River Water Supply System	3.32	2.08	29.6
WP 10315 Appointment of a professional service provider for marketing and communications regarding the 2 nd Africa Water Week	100	100	60
WP 10259 Appointment of a professional service provider for the high confidence groundwater reserve determination study in the Limpopo Water Management Area	70	70	52
WP 10269 Appointment of a professional service provider to train process controllers for water and waste water treatment works in Gauteng	100	100	0
WP 10292 Appointment of a professional service provider to undertake a feasibility study of the Western Highveld (Kungweni) Regional Water Treatment Scheme	27.48	25.42	31.07
WP 10307 Appointment of a professional service provider to provide a costly project plan and align the current organisation structure	2.36	1.641	0

TABLE 5.46 - ANALYSIS OF CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS, IN TERMS OF HDIS

Project title	Percentage ownership by HDI groups	Percentage by management by HDI groups	Number of consultants from HDI groups that worked on the project
WP 9864 Appointment of a professional service provider for the implementation of the Vaal River Reconciliation Strategy	36	31.67	34.33
WP 0006 Appointment of a professional service professional provider for the Inkomati River catchment modelling support for licensing scenarios study	18	3	38.2
WP 10276 Appointment of a professional service provider for the development and implementation of irrigation water management plans to improve water use efficiency in the agricultural sector	80	70	63.66
WP 10306 Appointment of a professional service provider to assist in the processing of backlogs for the water use licence application - Letsema	90	85	0
WP 10203 Appointment of a professional service provider for the revision of the National Water Resource Strategy (NWRS)	80	80	75
WP 10234 Appointment of a professional service provider for the provision of support to the implementation and maintenance of the water reconciliation strategy for the KwaZulu-Natal Coastal Metropolitan Area	37.47	28.17	35
WP 10253 Appointment of a professional service provider for the conclusion of the gazetting of the water resource classification system	100	100	62.05
2008-174 Appointment of a professional service provider for the implementation of irrigation water use measurement and to develop a water management plan to manage and control water abstraction taking place at the Steenkoppies Dolomitic compartment and catchment of the Magalies River	40	10	100
WP 0042 Appointment of a professional service provider to establish a real-time operating decision support system for the Sabie-Sand River System	70	70	35

TABLE 5.47 - REPORT ON CONSULTANT APPOINTMENTS USING DONOR FUNDS

Project title	Total number of consultants that worked on the project	Duration: work days	Donor and contract value in Rand
2009-043 Appointment of a professional service provider to conduct an independent audit on the SADC Hydrological cycle observing system phase II.	1	60	Funding: European Union Donor Funding R 387,389.00
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
1	1	60	R 387,389.00

TABLE 5.48 - ANALYSIS OF CONSULTANT APPOINTMENTS USING DONOR FUNDS, I.T.O. HDIS

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
2009-043 Appointment of a professional service provider to conduct an independent audit on the SADC hydrological cycle observing system phase II	51.43	27.35	100