


ANNUAL REPORT OF THE DEPARTMENT OF WATER AFFAIRS VOTE 37

1 APRIL 2010 TO 31 MARCH 2011

A handwritten signature in black ink, appearing to read 'BEE Molewa', with a stylized flourish at the end.

Mrs BEE Molewa, MP
Minister of Water Affairs

I have the honour of submitting the Annual Report of the Department of Water Affairs for the period 1 April 2010 to 31 March 2011.

A handwritten signature in black ink, appearing to read 'T Balzer', with a stylized flourish at the end.

Mr T Balzer
Acting Director-General
Date: 06 September 2011

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Foreword

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

Foreword by the Minister

Mrs BEE Molewa, MP
Minister of Water and Environmental Affairs



The Public Finance Management Act prescribes that we table the Annual Report of the Department to Parliament, among others to comply with the prescripts of sound corporate governance principles in the public sector, but also to report and account on the programmes implemented by the department in fulfillment of our constitutional mandate.

As the custodian of water resources and the management of such resources in South Africa, we are proud to mirror the achievements of the Department for the financial year 2010/2011. We are also humbled to point out the challenges and limitations we have encountered in the delivery of our mandate for the people of South Africa.

The business of water management and provision is a complex one which requires a collaborative effort between and among institutions charged with such a mandate. As such, and as the annual report reflects on our public entities and statutory bodies in the water sector, we have worked tirelessly in the financial year under review to stabilise not only the governance in those institutions but also their financial viability. Our efforts to strengthen our oversight of these institutions have also seen an emergence of an Institutional Realignment process which we believe will strengthen our capacity to enhance service delivery.

In the management of these institutions and their relationship with municipalities as service providers, a number of challenges still remains which we have committed to confront and overcome in the new financial year. We dare not fail the people of South Africa in this regard.

Linked to the critical issue of the configuration and performance of our public entities, is the capacity and positioning of the Local Government to deliver water to our communities. In this regard, the approval of the Local Government Turn Around Strategy skills plan and the provincial water sector plans in most of our provinces are welcome developments. We are also proud of the work we have done in developing the concept paper on enhanced Local Government support as the Department. Going forward, we are confident that the existence of such collaborative frameworks and rules of engagement will enhance our capacity to deliver services more effectively.

One other daunting task in this business involves the management of water use authorisations upon which both domestic and industrial activities depend. We are proud to report a marked improvement in the processing of water use license applications, especially, the eradication of the backlog spanning many years. In the year under review, the backlog stands at 4318 with 3057 finalised and 440 of which were issued to historically disadvantaged individuals. Going forward, we have put in place systems to deal with all the bottlenecks that are a cause for the undue delays.

We are also proud of our contribution to rural development, food security and land reform programmes. Our rain water harvesting programme and the natural resource management programmes have formed a cornerstone of our contribution in the improvement of livelihoods, especially, for the rural poor. These achievements mirrored in this annual report contribute greatly to the imperative of job creation and poverty eradication envisaged in the broader government programme.

The report also points to the centrality of water as a catalyst for social and economic development and the work we have done in accentuating the role of water in this regard. Our bulk infrastructure programme has gone a long way in contributing to the imperative of infrastructure development and job creation in the economy which all constitute critical outcomes of the government programme.

We have also done a lot of good work in addressing the organisational capacity and skills gap in the water sector. We have concluded the organisational structure review for lower levels in the organisation. The workplace skills plan has also been finalised and submitted to the SETAs, and the overall Human Resource Plan for the organisation has been completed. The road is still long and winding regarding the skills revolution not only in the water sector but in the public service and the economy as a whole. Our commitment as a country to build a resilient skills base for our economic development remains the major objective and strategic thrust of our mandate as government.

As global citizens, it is our responsibility to collaborate and partner with nations of the world in search of best practice in the delivery of our mandate. We are proud of our achievements in the Global Water Management business especially in our capacity as President of the AMCOW in 2009 – 2011. The partnerships and collaborative instruments that we have put in place in the financial year under review constitute an improved platform for our engagement with the international world and these will enhance our capacity to share resources and technology for sustainable water management.

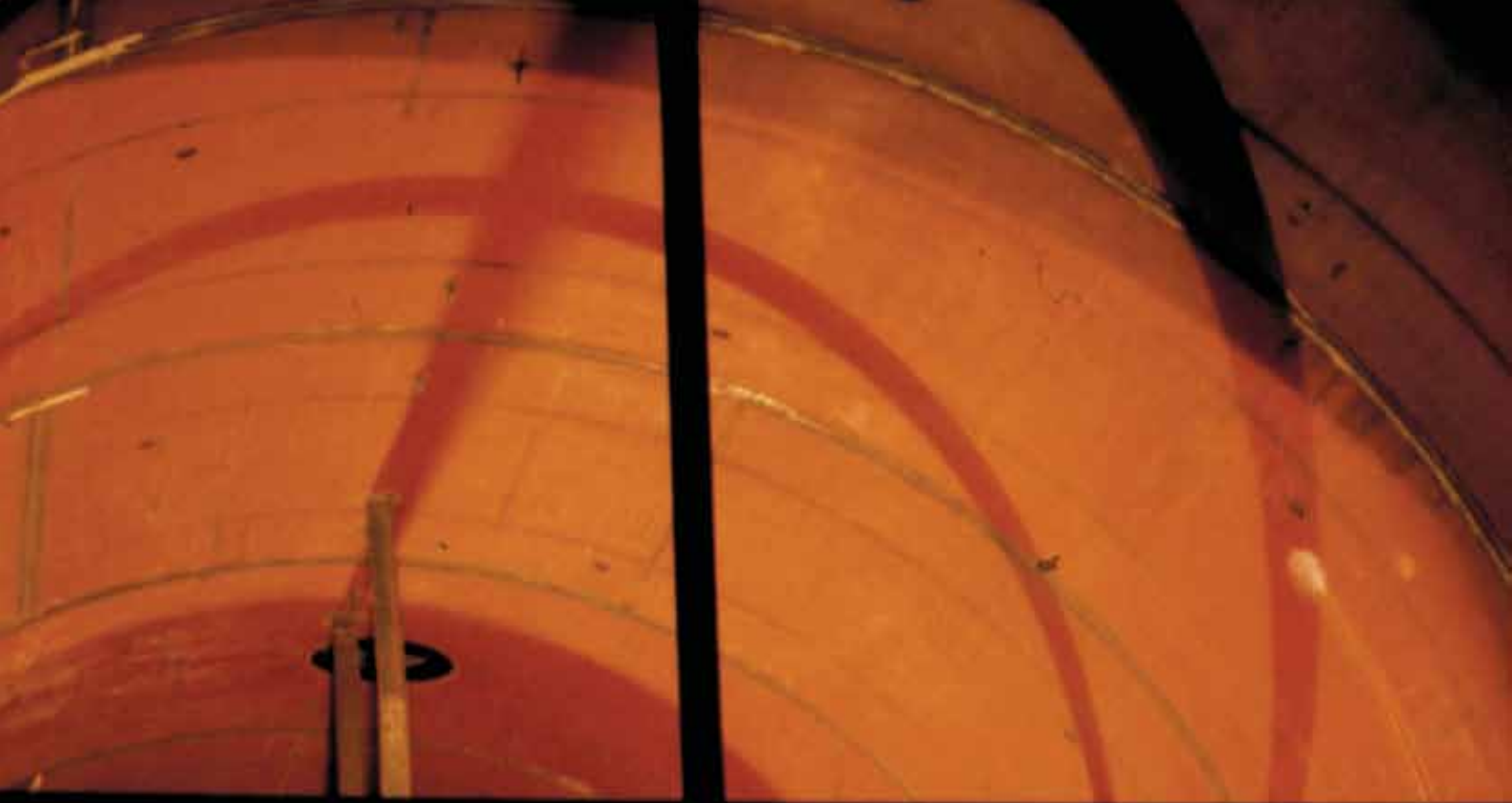
A sore point of this report remains the qualified opinion of the Auditor General. While we have sought to address all the issues that the Auditor General raised in the previous financial year, a big challenge still remains especially in our management of the Water Trading Entity. To this end we have appointed a Business Process Re-engineering team whose work will lead to the Department getting a substantially improved report on both the Main and Trading Accounts. The ultimate goal is an unqualified report.

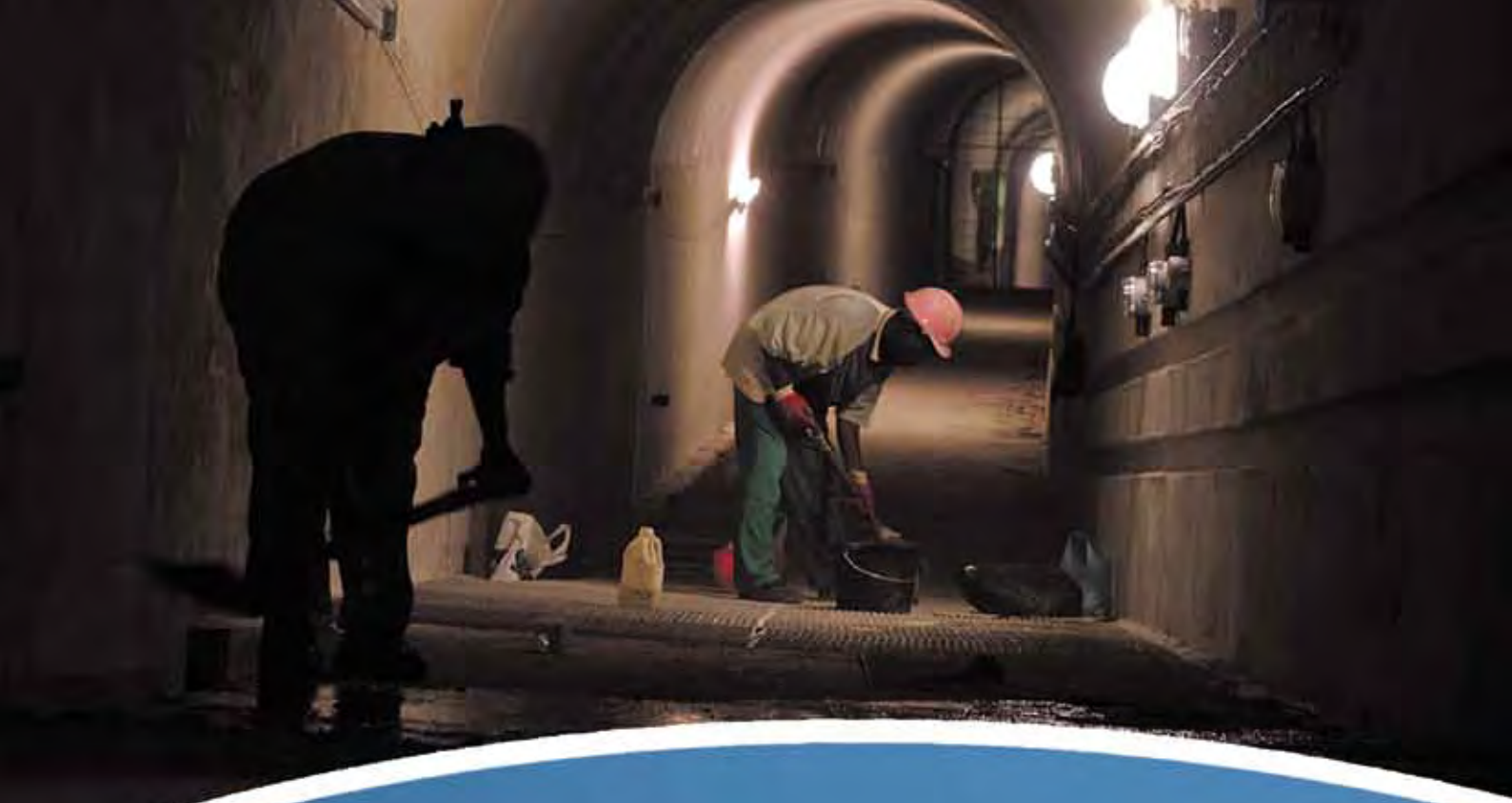
A cadre of committed public servants and partners in the water sector has contributed immensely in the achievements that are celebrated in this report and we are grateful for their sterling contributions. We are also grateful for the leadership of the Accounting Officer and Top Management in particular for steering the ship in these troubled waters.

A new ethos is emerging in the business of managing water resources in South Africa which requires a mindset that does not see our roles in isolation. The management of the resource "from source to tap" demands that we think and work in tandem and seamlessly with one another. We dare not fail our people in that resolve!



MRS B E E MOLEWA, MP
MINISTER OF WATER AND ENVIRONMENTAL AFFAIRS





Statement by the Deputy Minister

Mrs R T Mabudafhasi
Deputy Minister of Water and Environmental Affairs

Deputy Minister's Statement

Mrs R T Mabudafhasi

Deputy Minister of Water and Environmental Affairs



The Department of Water Affairs has been mandated to ensure that there is enough water for socio economic growth and development. The department is faced with challenges such as rapid increase of water demand by various sectors whilst the amount of our water remains the same, high volumes of unaccounted for water, pollution of our rivers and streams, people without access to basic water services, etc.

Some of the above mentioned challenges are resulting from exclusion of communities, women, youth, and acknowledgement of indigenous knowledge in the management of water resources. Thus the implementation of programs which are aimed at addressing some of the above mentioned challenges during 2010/11 financial year and also to achieve the set national priorities such as poverty alleviation, job creation, rural development, etc.

The War on Leaks project which aims to educate water users about the importance of repairing water leaks, drastically reduced the problem of water leaks, created job opportunities and skills development for young people.

Through Sebenza Nathi programme in partnership with municipalities we trained young people in areas such as waste water management, water conservation and demand management. After training, the young people are placed in some municipalities as an effort to address the scarce skills challenge.

Through our Learning Academy we provide bursaries for youth to study water related careers.

Our 2020 Vision Programme is another attempt towards sustainable water resource management. The programme educates Grades R to 12 learners about water resource management and promoting careers in the water sector. Some of the projects within the 2020 Vision enable our youth including those from rural areas to participate annually in the international platforms such as Stockholm Junior Water Prize etc.

Our Women in Water programme also creates an enabling environment for the participation of women in the water resource management. However, we need to put more effort to ensure that we encourage girl children and young women to study water related careers.

Through the Resource Poor Farmers programme we continue to provide support to Small scale farmers and rural schemes as our contribution to rural development and food security. We have also contributed to war on poverty through interventions like rain water harvesting tanks for rural communities, drought relief projects, ground water and borehole exploration projects.

Our Adopt-a-River Programme which seeks to address the pollution in our rivers and streams, has rehabilitated the ecosystems and created job opportunities and skills development for women.

The Department of Water Affairs remains committed in safeguarding the water resources of this country for future generations. In that noble task, the government strives not only for

visionary leadership in water management but also the collective wisdom of the South African citizen in the safeguarding of such important natural resource as water.

In conclusion, I would like to thank the departmental staff and water sector partners for the sterling work they do to realize the mandate of our department of ensuring that there is

enough water for growth and development in our country. Water is Life!



MS R T MABUDAFHASI, MP
DEPUTY MINISTER OF WATER AND
ENVIRONMENTAL AFFAIRS





Strategic Overview

Mr T I Balzer
Acting Director-General: Department of Water Affairs

Strategic Overview

Mr T I Balzer

Acting Director-General : Department of Water Affairs



We move from a premise that “Water is Life” hence we take very seriously our responsibility to ensure that the country’s water resources are developed, conserved and managed in a sustainable and equitable manner for the benefit of all people and future generations. We also recognise that water is a catalyst for socio-economic development. The Department, through the water management and regulatory functions will ensure that the country’s drinking water is safe, accessible and affordable and that the water resources are protected and allocated in a sustainable and equitable manner for the socio-economic benefit. To facilitate effective implementation of its strategic priorities, the Department also establishes strategic partnerships with inter-governmental structures and the water sector as well as through the establishment of water resources management institutions.

In reviewing progress for the year, of major concern is the very poor and unacceptable outcome of the audits of both the Main and Trading Accounts with a qualification and disclaimer respectively. A Business Process Re-engineering Team has been appointed to analyse the current business processes of the Department and together with the Executive Authority and Management implement changes where there is an urgency to act. This work will ultimately lead to the Department getting substantially improved reports with the ultimate objective of unqualified opinions for both the Main and Trading Accounts. Currently, the Chief Financial Officer is responsible for both accounts, a decision has been taken to split the responsibility and appoint a Chief Financial Officer for the Trading Account.

In pursuance of the objectives for a clean audit by 2014 through the Business Process Re-Engineering project we are seeking to, amongst others, achieve the following:

- Short term reduction in audit queries and long term elimination of the audit qualifications and disclaimer audit opinion;

- Review of the business model, in particular for the Water Trading Entity, to enhance efficiency and effectiveness thereof;
- Optimised resource allocation;
- Strengthening of the internal control environment; and
- A sound regulatory, compliance and performance driven culture within the organisation.

We are confident that this project will re-position the Department to better meet our service delivery objectives, whilst ensuring good governance and ultimate attainment of a clean audit report.

The focus of our service delivery programme for the year under review was guided by the six priority areas identified in the 2010/11 – 2012/13 annual performance plan and the performance agreement of the Minister based on the twelve (12) outcomes of government. To effectively facilitate the contribution of the Department towards the process of achieving the outcomes of government, Departmental Task Teams have been established to focus on the delivery agreements to which the Department directly contributes.

The Regional Bulk Infrastructure Programme (RBIG) continues to be the key focus of the Department as it facilitates access to water services with a bias towards the rural communities particularly in the Provinces of Limpopo, KwaZulu-Natal and Eastern Cape which have the greatest backlogs. During the year under review, the Regional Bulk Infrastructure Implementation Framework was approved and a total of nine (9) regional bulk schemes were completed comprising of two Waste Water Treatment Works (WWTW) and three Water Treatment Works (WTW) and four Bulk Water Supply Schemes (BWSS). The budget allocation for the 2010/11 financial year for the Regional Bulk programme was R893 million and 97.4% of this budget was expended.

Our contribution to rural development has been through the distribution of 5 740 water harvesting

tanks to communities for households and 10 tanks were distributed for food security. In addition, 718 emerging farmers were supported through water tariff subsidies and irrigation infrastructure.

During the year under review the Department continued with the implementation of the seven (7) water resources infrastructure augmentation projects which are also included in Outcome six (6) of service delivery agreement. Further achievements with regard to water resources infrastructure have been the maintenance of the existing water resources infrastructure where eight (8) national dams and eight (8) conveyance (pipelines and canals) projects have been rehabilitated.

The backlog for water use authorisation has been an ongoing focus area of the Department and the Letsema initiative, (an emergency response intervention) was commenced during the year under review and the backlog has been substantially eradicated with a target date of December 2011 to clear the backlog and also to concurrently deal with all current applications. At the same time we are improving the licensing administration system and dealing with the skills and resources required to perform this function.

The Department paid attention to issues of corporate governance, as these were raised as part of the gaps in the 2009/10 financial year audit report. The Risk Management Framework, Governance Framework, and a Compliance Framework were approved and we have started with the implementation of these policies. As part of our risk management strategy, we also approved a Fraud Prevention policy and the relevant Response Plan that guides reporting, detection, investigation and resolving incidents of fraud and corruption.

We have taken steps to improve the financial management with a particular focus on our monthly expenditure to ensure that the budget is 100% utilised. During the year under review 96% of the budget was expended, this is down by 2% from the previous financial year.

Information Technology (IT) has been identified as another area which could inhibit service delivery. Consequently, during the year under review we developed a provisioning model for the acquisition of Information Technology (IT) which will be used to guide the processes to acquire IT services in a cost effective way. A key challenge which has to be addressed in the next financial year guided by the provisioning model relates to the aging computer network infrastructure and insufficient Departmental capacity to manage projects.

In the area of policy adjustments we have commenced with projects relating to:

- The review of the National Water Act, the Water Services Act and the Water Research Act;

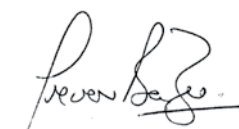
- The review of the National Water Resources Strategy;
- The realignment of our institutional arrangements for the effectiveness of the sector as well as revising and introducing new policy initiatives to strengthen the service delivery capacity of the sector.

The floods that we have experienced during the beginning of the year as well as breakdowns of infrastructure in Municipalities which then impacts on the quality of water in our rivers has prompted the department to develop a model for the establishment of a Rapid Response Unit (RRU) to be in a position to respond to water-related crises and emergencies within a short period of time. The Department's approach to the governance and management of the RRU has been informed by the substantial intelligence on the vulnerability of municipalities gathered over the last few years as lessons learnt from the Emergency Response Facility (ERF) that the Department has had for about a year.

The scope of the RRU can be summarised as follows:

- Responding to crises that result from water and wastewater infrastructure challenges, eg cholera outbreak and sewerage spillages
- Augmenting the Department's capacity in responding to disasters, i.e. floods, droughts and pollution of water
- Designing and implementing proactive interventions aimed at pre-empting crises before they occur
- Implementing small capital and refurbishment projects
- Capacity within the Entities reporting to the Minister will also be utilised for intervention activities

I wish to take this opportunity to express my sincere appreciation to the Minister and Deputy Minister for their continued guidance and leadership; the Portfolio and the Select Committees on Water and Environmental Affairs - for their 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.



Mr T I Balzer
Acting Director-General: Department of Water Affairs





PART 1: General Information

- 1.1 Vision, Mission and Values
- 1.2 Organisational Structure
- 1.3 Legislative Mandate
- 1.4 Public Entities and Statutory Bodies Reporting to the Minister
- 1.5 Information on Ministry

PART 1

General Information



1.1 Vision, Mission and Values

1.1.1 Vision

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

1.1.2 Mission

The Department of Water Affairs makes a positive impact on our country and its people as custodians of our water (and forestry) 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; and

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.

1.1.3 Values

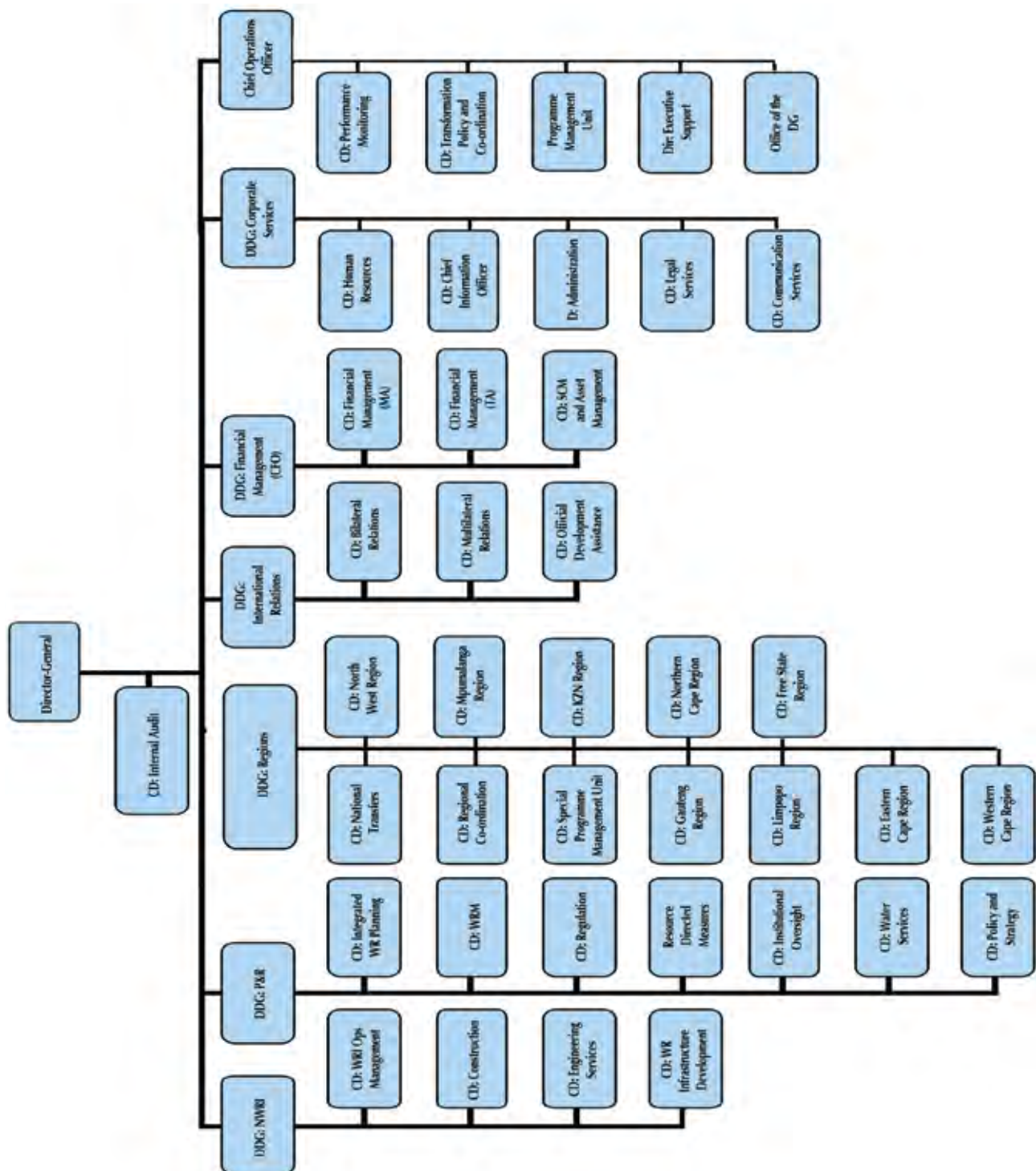
Transparency: we fulfil our mandate in an ethical and open manner

Respect: we respect each other as well as our clients and citizens .

Excellence: we are leaders and innovators in our sector

Everyone: we are a caring employer who, through our team work, serves South Africa's people.

1.2 Organisational Structure



1.3 Legislative Mandate

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

1.3.1 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; to set 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 Execution Authority the responsibility to regulate as well as support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

1.3.2 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.

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

The Water Research Act provides 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.

1.4 Public Entities and Statutory Bodies reporting to the Minister

The following entities report to the Minister of Water and Environmental Affairs (for the Department of Water Affairs):

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

No.	Name of Entity	Legislation (Establishing the Entity)	Nature of Business
Water Boards			
1	Amatola Water (EC)	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 a month before the beginning of the new financial year to the Minister. 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).
2	Bloem Water (FS)		
3	Botshelo Water		
4	Bushbuckridge Water (MP)		
5	Lepelle Northern Water (LP)		
6	Magalies Water (NW)		
7	Mhlathuze Water (KZN)		
8	Namakwa Water (NC)		
9	Overberg Water (WC)		
10	Pelladrift Water (NC)		
11	Rand Water (GP)		
12	Sedibeng Water (FS and NW)		
13	Umgeni Water (KZN)		
Catchment Management Agencies (CMAs)			
14	The Breede-Overberg Catchment Management Agency	Catchment Management Agencies (CMAs) are established in terms of Chapter 7 of the National Water Act, 1998 (Act No.36 of 1998) and are classified as Schedule 3A public entities in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.	Their main responsibility is to manage water resources at catchment level in collaboration with local stakeholders, with specific focus on involving local communities in the decision making processes, in terms of meeting basic human needs; promoting equitable access to water and facilitating social and economic development.
15	The Inkomati Catchment Management Agency		
16	Komati River Basin Water Authority	The Komati Basin Water Authority was established in terms of a treaty between South Africa and Swaziland.	The aim of the authority is to manage the water resources of the Komati River Basin sustainably. The authority is responsible for financing, developing, operating and maintaining the water resources infrastructure in the basin, comprising the Driekoppies Dam in South Africa and Maguga Dam in Swaziland.
Other Public Entities			
17	Trans-Caledon Tunnel Authority (TCTA)	The TCTA was established in terms of the National Water Act, 1998 (Act No.36 of 1998) by the Minister of Water and Environmental Affairs and is listed as a Schedule 2 public entity in terms of the Public Finance Management Act, 1999 (Act No.1 of 1999), 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 TCTA is responsible for are: the Lesotho Highlands Water Project (LHWP); 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 TCTA.

No.	Name of Entity	Legislation (Establishing the Entity)	Nature of Business
18	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.	It's 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.
19	Transforming 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 area 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 .
20	Smallholder water user associations (WUAs)	These are mainly existing 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.
21	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.
22	Water Trading Entity (WTE)	The water trading account was established in 1983 to ring fence departmental revenues collected through the sale of bulk water and related services from voted appropriations. The trading account was subsequently amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. The rationale was to create an entity which would manage the recovery of usage costs to ensure the long term sustainability of South Africa's water resources.	The water trading entity has two components: water resource management and infrastructure management. Water resource management deals with the management of water quality, conservation and allocation of water through the catchment management agencies, and, where catchment management agencies are not yet established, through the proto catchment management agencies located in regional offices of the Department. The infrastructure management component deals with the operation and maintenance of existing infrastructure as well as the development of new infrastructure. The

No.	Name of Entity	Legislation (Establishing the Entity)	Nature of Business
			<p>strategic aim of the entity is to ensure the reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa. Funding for operation and maintenance comes from revenue that is generated from raw water charges. Water resource management charges cover the operational costs of the two catchment management agencies or proto catchment management agencies in cases where catchment management agencies are not yet established. Since its inception, the water trading entity faced numerous challenges, including reviewing and resolving accounting issues, setting up organisational processes, and verifying the extensive network of national water resource infrastructure. To fund the development of new infrastructure, the entity receives an allocation from the national budget, as it is unable to generate enough revenue from its current pricing strategy. In addition to the challenges related to the pricing strategy, the entity has not put proper financial, management and quality controls in place, which would ensure that it operates efficiently.</p>

1.5 Information on Ministry

Table 2: Minister's International visits

Date of Visit	Destination	Purpose of visit
19-26 March 2010	New York, Uganda (State Visit)	High-level interactive dialogue on Water in New York and accompanying the President to a State Visit.
18-19 April 2010	USA	Major Economics Forum on Climate Change.
22-23 April 2010	USA	Ministerial Dialogue on Sanitation.
23 April 2010	Washington DC	High-level meeting in Washington DC by the Global Framework for Action.
02-04 May 2010	Bonn, Germany	Pertesberg Climate Change.
05-07 May 2010	Tanzania	World Economic Forum on Climate Change.
10-16 May 2010	Ethiopia and United States of America	Attending Committee of African Heads of State and Government on Climate Change (Ethiopia). Commission for Sustainable Development 18 (CSD) (New York).
20-22 May 2010	Tanzania	Handling Ceremony Black Rhinos
24-28 May 2010	Bamako, Mali	13th Session of the African Ministerial Conference on the Environment (CEN).
02 June 2010	Zimbabwe	SADC Ministers responsible for infrastructure.
20-25 June 2010	Mali, Bamako	Conference of African Heads of State and Government on Climate Change (CAHOSCC) Ministerial Meeting.
13-16 July 2010	Victoria Falls, Zimbabwe	SADC Ministers responsible for Natural Resources and Senior Officials meeting.
22- 23 July 2010	Swaziland and Driekoppies	Signing of the Cross Border Water Supply between Swaziland and Driekoppies
24-28 July 2010	Uganda Brazil, Rio	African Union. BASIC Ministerial Meeting on Climate Change.
11-12 August 2010	Lesotho	Presidential State visit, to advance economic regional integration and water security for SA and energy security for Lesotho.
14-15 August 2010	Namibia	2010 SADC Summit of the Council of Ministers addressing the political and socio-economic challenges facing some of the member states such as Zimbabwe and Madagascar.
16-22 August 2010	Stockholm, Sweden	Stockholm World Water Week.
20-26 August 2010	Beijing, Peoples Republic of China	Presidential State Visit.
18-30 September 2010	New York and Brussels	Attending Bilateral Meeting on MEF, Bio-Diversity and 3 rd SA-EU Summit and Presidential State Visit.
28-29 September 2010	Belgium, Brussels	SA - EU Summit and Presidential State Visit.
4-8 October 2010	Shanghai, Republic of China	SA participation in Shanghai Expo.
19-20 October 2010	Egypt	Presidential State Visit.
23-30 October 2010	Japan	COP 10, Nagoya.
27 September – 31 October 2010	Shanghai China	Environment and Climate Change Theme, Shanghai Expo.
25-26 November 2010	Addis Ababa	RSA holds the Presidency of AMCOW. Attend the Africa Water Week in capacity as AMCOW chair. To give leadership on AMCOW and chair African Ministers Council on Water (AMCOW). To chart the way forward for AMCOW programme in the next three years and strengthen governance.
03-13 December 2010	Cancun-Mexico	COP 16-Climate Change Conference.

Table 3: Deputy Minister's International visits

Visit Date	Destination	Purpose of visit
23-26 February 2010	Bali-Indonesia	11th Special Session of the Governing Council
08-10 March 2010	Namibia	Conference for African Environmental Leaders
15-24 March 2010	Doha-Qatar	15th Meeting Conference of the Parties
08-09 April 2010	Lesotho	Handover Cheque for Management of Fire
30-01 April 2010	Kenya-Nairobi	COP6 of Plenipotentiaries
03-07 May 2010	France-Paris	Global Oceans Conference
18-22 May 2010	China	Global Summit of Women Gov. Ministers
03 June 2010	Lesotho	Cross Borders Clean up Campaign
24-27 July 2010	Uguruay	GEF Assembly (4 Global Env. Facility)
15-17 July 2010	Zimbabwe	SADEC Ministerial Meeting
08-14 August 2010	Singapore	Attending Vietnam Water Conference
03-11 September 2010	Stockholm	To lead the RSA delegation to the Stockholm Water Week. To participate and showcase SA's water management and regulation of drinking water in advancing national interest. To showcase youth programmes. To learn from the best practices presented in the Water Week Session.
12-17 September 2010	Libreville-Gabon	Pan African Ministerial Conference
03-07 October 2010	Hanoi-Vietnam	Deputy President's Official Visit, to sign an MoU on Water Co-operation.
17-21 October 2010	Egypt	President's State Visit, to share experience and to further strengthen bilateral co-operation between the two countries. Areas of co-operation on Integrated Water Management were identified.
23-28 October 2010	Nagoya-Japan	COP 10
10-12 November 2010	Vietnam	To share lessons on emerging technologies and advances that are eco friendly and energy efficient as well as management of best practice.
19-24 November 2010	Finland	UNEP, Ministers & High Level Reps
13-18 February 2011	Japan	Invited by the Japanese government to share lessons on water resource management, waste management, climate change and biodiversity within the context of strengthening bilateral relations and exploring possible future areas of co-operation between the two countries.





PART 2: Information on Predetermined Objectives

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PART 2

Information on Predetermined Objectives



2.1 Overall Performance

2.1.1 Voted Funds: Vote 37

Table 4: Voted funds

Appropriation	Main Appropriation R'000	Adjusted Appropriation R'000	Final Appropriation R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000 (Final minus Actual)
Administration	884.2	899.9	890.1	842.1	48.0
Water Management	364.7	402.9	370.7	340.8	29.9
National Water Resource Infrastructure Management	2 241.4	2 238.2	2 118.2	2 118.2	-
Regional Management	4 329.0	4 422.0	4 603.1	4 403.0	200.1
Water Sector Regulation	177.2	240.1	221.0	208.9	12.0
Total	7 996.6	8 203.1	8 203.1	7 913.0	290.0
Responsible Minister	Minister of Water and Environmental Affairs				
Administering Department	Department of Water Affairs				
Accounting Officer	Director-General of Water Affairs				

2.1.2 Aim of the vote

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

2.1.3 Summary of Programmes

2.1.3.1 Programme 1: Administration

The programme provides policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication and corporate planning. This programme comprises of the support related branches, namely; Corporate Service, Finance, Chief Operating Officer, International Relations as well as Offices of the Minister, Deputy Minister and Director-General.

2.1.3.2 Programme 2: Water Management

The programme ensures that the country's water resources are planned, used, developed, conserved and managed in a sustainable and equitable manner for the benefit of all people. It comprises of two main sub-programmes namely; the National Water Resources and Water Services Management. This function is executed through the Policy and Regulations branch.

2.1.3.3 Programme 3: National Water Resources Infrastructure

The programme exists to ensure a reliable supply of water from bulk raw water resources infrastructure, with acceptable risk, to meet sustainable national, regional, social, economic and environmental objectives for all South African citizens. The programme solicits and sources funding to implement, operate and maintain water resources infrastructure in an efficient and effective manner by strategically managing risks and assets. This programme mainly comprises the Branch: National Water Resources Infrastructure.

2.1.3.4 Programme 4: Regional Management

The programme coordinates the effective implementation of the Department's strategic priorities and objectives at a regional level including the establishment of water resources management institutions, facilitating water conservation and

demand management as well as accelerating access to water infrastructure by communities. This programme mainly comprises of nine regional offices located in different provinces and are coordinated under the Regional Management programme based at head office.

The programme consists of nine sub-programmes, namely;

- (i) Stakeholder Management/Sector Support;
- (ii) Institutional establishment;
- (iii) Regional Programme Coordination;
- (iii) Water Conservation and Demand Management;
- (iv) Accelerate Access to Community Infrastructure;
- (v) Natural Resource Management Programmes (WfW, WoF);
- (vi) Poverty Interventions;
- (vii) Regional Bulk;
- (viii) Transfer of Water Schemes; and
- (ix) Support Services.

Although most of the functions indicated above are mainly funded under the Main Exchequer Account (MEA), it should be noted that a portion of the water resources management functions (WRM) is funded within the water trading entity (WTE). The WRM expenditure thus relates to those activities requiring protecting, allocating, conserving, managing and controlling the water resources as well as managing water quality within Water Management Areas. These costs relate to the management of water within WMAs and include but are not limited to the cost of the following activities:

- Planning and implementing catchment management strategies;
- Monitoring and assessing water resource availability and use;
- Water use allocation;
- Water quality management, including flood and drought management, water distribution, control over abstraction, storage and stream flow reduction activities;
- Water resource protection, resource quality management and water pollution control;
- Water conservation and demand management; and
- Institutional development and enabling the public to participate in water resources management decision-making.

2.1.3.5 Programme 5: Water Sector Regulation

The programme ensures that the water resources are protected and allocated in a sustainable and

equitable manner for the benefit of all people and future generations. This programme also ensures that all water services are provided in an efficient and effective way including to ensure that the country's drinking water is safe, accessible and affordable.

2.1.4 Key strategic objectives achieved

In implementing its annual performance plan for the 2010/11 financial year, the Department had to consider and factor in the twelve outcomes of government that are aimed to facilitate the implementation of a focused agenda of government for the medium-term. A list of twelve outcomes appears under Part 5.1. It should be noted that of the twelve government outcomes, the Minister of Water and Environmental Affairs entered into a Performance Agreement with the President and agreed that the Department of Water Affairs will directly contribute to six of the twelve outcomes and these are outcomes (4): Decent employment for people through facilitation of inclusive economic growth; (6): An efficient, competitive and responsive economic infrastructure network; (7): Vibrant, equitable, sustainable Rural Communities and Food Security for all; (8): Sustainable human settlements and an improved quality of household life; (9): A responsive, accountable, effective and efficient Local Government system and (10): Environmental assets and natural resources that are well protected and continually enhanced. This meant that parallel to implementing its 2010/11 performance plan, the Department also created space to implement its outputs towards six of the twelve outcomes.

The adoption of the New Economic Growth Path Framework (NGPF) also puts the Department at the centre of focus as the role of water as a strategic catalyst in development is critical in the achievement of the economic growth path objectives. Although the Department has started to contribute to the NGPF, the framework will be structurally considered in the 2011/12 Annual Performance Plan as the Performance Agreement also directs the Minister to contribute to outcome 4 which is focusing on creation of decent jobs.

A provisioning model for the acquisition of Information Technology was finalised and will be used to guide the processes to acquire the Information Technology services in a way that ensures cost savings, value for money and high IT service standards.

The Information Service component in its endeavour to build internal capacity, appointed a senior manager to manage Information Service

operations. This task was previously performed by a contractor.

During the year under review, the Department focused its service delivery programme through the following six strategic priorities.

2.1.4.1 Main Exchequer Account

2.1.4.1.1 Contribution to effective economic growth and social development

The Regional Bulk Infrastructure Programme (RBIG) remained a strategic area to facilitate connecting water resources to the distribution and reticulation systems for consumption and industrial purposes. The Department approved the Regional Bulk Infrastructure Implementation Framework to facilitate its contribution to output 4 of outcome 6 which states that among other things, a total of nine (9) regional bulk schemes were completed for basic water supply and these are Mthatha Bulk Water Intervention (EC), Malangeni Waterborne Sanitation (KZN), Greytown Regional Bulk Scheme Phase 1 (KZN), Groblersdal Lukau Bulk Water Supply (LP), Olifantspoort Water Treatment Works (LP), Specon Bulk Water Supply (LP), Mbombela 2010 Water and Sanitation (MP), Hoxane Bulk Water Supply (MP), Kenhart Bulk Water Supply (NC). Two of these are the Waste Water Treatment Works (WWTW), three are Water Treatment Works (WTW) and four are Bulk Water Supply Schemes (BWSS).

The Regional Bulk Programme created 1313 job opportunities against a planned 1185 job opportunities and some of the jobs were created through the following projects - Malangeni wastewater treatment plant in KwaZulu-Natal (KZN), Groblersdal Lukau bulk water supply and Specon raw water bulk in Limpopo (LP), Kenhardt bulk water supply in Northern Cape (NC), Olifantspoort water treatment works in Limpopo. The budget allocation for the Regional Bulk programme was R893 million and the actual expenditure totaled to R869.5 million, which reflects 97.4% expenditure for the financial year 2010/11.

2.1.4.1.2 Contribution to rural development, food security and land reform

Although the initial focus of the programme has been on distributing rain water harvesting tanks for food production, recognising the challenges with access to water supply, during the 2010/11 financial year the Department distributed 5 740 tanks for water supply to rural households.

The Natural Resource Management Programme through the implementation of the Expanded Public Works and Working on Fire Programmes (combined) created 32 000 job opportunities against a planned 28 000. Wage incentive programme and Fire Wise Community projects, respectively contributed to the achievement.

2.1.4.1.3 Ensuring sustainable and equitable water resources management

Backlog in the issuing of water licences removed

The backlog for water use authorisation had accumulated over a number of years and an emergency response intervention was started to eradicate the backlog. The backlog figure currently stands at 4318 water use license applications. To date (end of the year under review), 3057 applications have been finalised, 440 of which were issued to historically disadvantaged individuals (HDIs) and 1261 applications are at various stages of processing. The details appear on table 5 below:

Table 5: Backlog in issuing of water licences

DWA Offices	Reported Backlog	Applications finalised as at 30 Dec 2010	Number of WULAs in process
KwaZulu-Natal	1314	1102	212
North West	292	148	144
Northern Cape	710	475	235
Head Office	264	254	10
Mpumalanga	216	114	102
Limpopo	398	289	109
Western Cape	342	173	169
Free State	156	117	39
Eastern Cape	491	299	192
Gauteng	135	86	49
Totals	4318	3057	1261

The River Health Programme

The River Health Programme was implemented in all nine Regions. In total, 48 projects as part of the River health projects were implemented in the nine regions. During the 2010/11 National Water Week an Adopt- A – River Programme facilitated the adoption of the following rivers:

TABLE 6: Total number of temporary jobs created

Province	River	Number of jobs created
Free State	Wilge River	20
Eastern Cape	Buffalo Shixini Umtata Rivers	95 0 216

Significant progress has been made in the last month with clearing the backlog of water use licence applications which as at the beginning of March 2011 was 1561. Additional resources have been mobilised to ensure that the backlog is substantially cleared by the end of March 2011.

The key challenges in clearing the backlog by end of March 2011 relates to i) submission of outstanding information by applicants ii) outstanding reserve determinations iii) time taken to assess integrated applications due to lack of skills.

The following action has been taken: (i) increased resources to conduct the reserve determination, (ii) Applicants have been given deadlines to provide all outstanding information for applications, (iii) increased resources to speed up the processing of applications. An assessment is being carried out to identify and speed up the processing of strategic licences and to identify any licences which may not be finalised by the end of the month because of reserve determinations and insufficient information to finalise the applications.

Province	River	Number of jobs created
Limpopo	Mutale Ngwenani Livuvhu Rivers	100 100
Gauteng	Moreleta Spruit Kraal Spruit	0
Mpumalanga	Bergvlam Gradespruit Kanyamazane Rivers	44
KwaZulu-Natal	Isipingo River	100
Western Cape	Eerste Khayaletu Rivers	50 0
Total		725

Water Resource Protection

As part of the Department's focus on water resource protection, (i) a total of 3,619 sampling points have been monitored, (ii) Fifty (50) municipalities were

supported in preparation for the assessment of their Green Drop status, (iii) A total of 93 municipalities were assisted to improve effluent quality as discharged by waste water treatment works for the preparatory process of Green Drop assessment and (iv) A total of 156 wastewater services technical audits were completed to inform the Green Drop report.

Dam safety reports were published in the Eastern Cape, Gauteng and KwaZulu-Natal. Dams were also monitored on regular basis so as to alert people living on the flood line to vacate the areas when dams are full.

The Department achieved 100% assessments of all Water Services Authorities to inform the Blue Drop and Green Drop reports with regard to their drinking water quality and wastewater services management performance.

2.1.4.1.4 Effective support to local government

The Department collaborated closely with the Department of Co-operative Governance to assist in the implementation of the Local Government Turnaround Strategy and six working groups were formed to drive the strategic change during the short and medium term. Subsequently, 20 municipalities were prioritised for support and action plans were developed. A Local Government Turnaround Strategy skills plan was also developed to guide implementation.

As part of the Department's renewed approach on ensuring effective support to local government, the Department developed a "Concept Paper on Enhanced Local Government Support" (Elgosa) as a guide to providing support to local government. The Concept paper was presented and approved by the Department of Co-operative Governance MinMec.

During the year under review, Municipalities were supported in the following areas:

- The implementation of water conservation and demand management, with WWTW teams sent to regions;
 - Water pressure management and effluent re-use and leak repairs;
 - Maintenance of water pressure management in the city and removal of illegal connections;
 - Importance of water conservation and wise use of water, with individual metering billing as a consideration;
- The metropolitan municipalities were also assisted in:

- » Metering and recording of bulk water supply to identify where water is lost in the system;
 - » Implementation of pressure management;
 - » Implementation of public awareness campaigns;
 - » Repairing of leaking water pipes; and
 - » Implementing the War on Leaks programme
- Training of operating staff at water treatment plants;
 - The implementation of a reverse osmosis project in drought stricken areas;
 - Retrofitting, education and awareness campaigns;
 - The implementation of the Local Government Turn Around Strategy where support was provided in collaboration with the Department of Co-operative Governance; and
 - Development and Assessment of Integrated Development Plans and implementation of Module 1 of the Water Services Development Plan.

2.1.4.1.5 Contribution to global relations

In the Department's quest to give strategic leadership and engagements in multi-lateral fora. The following multilateral fora were engaged:

AMCOW

Minister is the current Chair of AMCOW till 2011. Through her leadership, Minister has been invited to chair various meetings. AMCOW EXCOs of July 2010 and November 2010 put AMCOW on track in terms of organised, focused organisation with capacity, rules and regulations. In this regard, the decisions taken led to the secondment of officials to AMCOW Member States where among others, South Africa seconded one official and offered a resource that will assist in the formulation of staff and financial regulations. Furthermore, the discussions are under way to examine the governance model aimed at turning AMCOW into a more accountable organisation. In terms of organisation AMCOW has also adopted a 2011-2013 tri-annual workplan which will further give confidence to development partners.

Africa Water Week

South Africa participated in the 3rd Africa Water Week held in Ethiopia from 22–26 November 2010. The South African delegation made an impact through their presentations.

Participation in the World Water Day

One of the highlights is the Minister's leadership in chairing the World Water Day on 23 March 2011. One of the positive developments was the signing of a Memorandum of Understanding between the World Bank and the United States Government, an instrument through which the US Government has pledged to provide funds to the World Bank. These funds will finance bankable projects on water and sanitation with particular attention on Africa. This will go a long way in unlocking funding opportunities for Africa, including fasttracking the adaptation fund to the 30 billion USD from now to 2020. These funds are expected to be increased to 100 billion USD from 2020 to 2050. However, for the water sector to benefit from this fund, there is a need to make water resources central in adaptation for Africa.

In advancing strategic bilateral engagements, the following highlights were achieved:

Africa bilaterals

Strategic bilateral engagements remain critical in advancing peace and security and enhancing water security in the region. In this regard, South Africa has developed strategic relations with neighbouring countries through signing co-operative agreements in water. For the period under review, South Africa signed one agreement in Africa, with Swaziland on the operation of cross border water supply. The Statement of Intent on the Lesotho Highlands Water Project (LHWP) was signed. The Phase II Agreement will augment the original treaty and the sale of hydro-electric power to South Africa generated by the proposed Katse-Kobong Pump Storage Scheme. Both these instruments will go a long way in providing water security for the country and enhancing regional integration.

Other Strategic engagements were also held with: Egypt, with a view to exchange knowledge and experiences on shared river basins; Sudan, on the feasibility study aimed at identifying areas of collaboration; Democratic Republic of Congo, with a view to negotiate new areas of co-operation and establish current priorities for the refurbishment of the Katanga infrastructure project. Draft agreements were negotiated and will be ready for signing in 2011.

Strategic bilateral relations outside Africa

In pursuit of strategic relations outside Africa, one agreement was signed with Vietnam. An agreement was reached with China about the renewal of the Memorandum of Understanding on Co-operation

in the Field of Water Resources. Areas of co-operation were agreed to with technical experts from the Netherlands. Funding opportunities from Germany and Switzerland were explored for the benefit of the South African Water Sector. In co-operation with Germany, an amount of €500 00 was secured for trilateral co-operation with Tanzania on management of veld fires.

In the area of shared river basins, South Africa continued to participate in the following joint water commissions to form part of Africa Bilaterals: Botswana, on Joint Permanent Co-operation (JPC); Mozambique, with regard to the breach of Usuthu River where a feasibility study was completed. SA participated in workshops organised by Mozambique where Social and Environmental impact assessments were presented on the completion of the Corumana Dam. In further enhancing the work of international relations and strategic partnerships, country profiles were developed on Democratic Republic of Congo, Rwanda, Uganda, Russia, France, Netherlands and China. These will go a long way in enhancing the development of country strategies on these countries for a more focused strategic approach to these engagements.

With reference to the multilateral portfolio, a draft position paper on DWA engagement with Organisation for Economic Development (OECD) was developed.

2.1.4.1.6 Improving the Department's capacity to deliver quality services

The Organisational Structure Review report was concluded for levels 1-12. The Workplace Skills Plan has been approved and submitted to PSETA and ESETA as planned and the HR Plan was finalised, and submitted to DPSA. In order to address the challenge of misallocation of expenditure and audit queries, officials were trained on Standard Chart Of Accounts (SCOA) and on Basic Accounting System (BAS) to improve computer end user skills. Systems and policies of the Supply Chain Management have been improved. During the year under review there was a 100% update of the asset register. A budget reform process document was prepared for implementation in 2010.

The Water Sector Leadership Group (WSLG) has developed two work plans for the Skills and Regulation Task Teams. This is to harness sector expertise and knowledge on skills and regulation issues. The WSLG established task teams to focus on water conservation and demand management, institutional realignment and financing the sector.

During the year under review, eight Provincial Water Izindabas' were held in Eastern Cape, Free State, KwaZulu-Natal, Limpopo, Mpumalanga, North West, Northern Cape and Western Cape. Following the resolutions of the eight Provincial Water Izindabas', Provincial Water Sector Plans were prepared by the different provinces and are awaiting endorsement by the relevant political structures in the provinces. The eight provinces have continued to report progress against the commitments made in their Provincial Izindabas' thus demonstrating sector commitments to achieving the set goals. In addition, Provincial collaborative structures have been convened in the Eastern Cape, Free State, Northern Cape, North West and Western Cape. In these forums, the Department has communicated strategic policy imperatives and shared information and knowledge with its sector partners.

The Department has embarked on the process of Institutional Realignment (IR) and this will also present an opportunity to strengthen the oversight over entities that report to the Department. The overall expectation of the IR is to strengthen the capacity of the Department and enhance service delivery.

2.1.4.2 Water Trading Entity (WTE) Account

2.1.4.2.1 Contribution to effective economic growth and social development

The Department had conducted an analysis on the status of water resources within identified growth areas in the country. Seven (7) new augmentation water resources infrastructure projects were identified to support the domestic, industrial, agriculture and energy sectors. In realizing output 4 of outcome 6 (see section 5.1 below) the Department (through the Minister's Performance Agreement) responded to a directive to lead this output with a target date of 2014. During the year under review, the achievement is as follows -

(i) Raising of Clanwilliam Dam located in the Western Cape province

The project will improve the dam safety and the long term wall stability as well as provide additional water to established poor farmers and to add to the water for the water users of the Clanwilliam dam.

(ii) Raising of Hazelmere Dam

The project shall improve the security of the supply to the eThikweni and Ilembe District Municipalities.

(iii) Olifants River Water Resource Development Project (ORWRDP)/ De Hoop Dam

ORWRD Project (Sub-Phases 2B to 2I) is located in the Limpopo province and its purpose is to convey bulk raw water from the Flag Boshielo (ORWRDP-1) and De Hoop Dams (Sub-Phase 2A) to domestic and industrial users in the Middle Olifants River catchment. The realigned R555 road was handed over to the Limpopo Road Agency Limited for operation and maintenance as the custodian of provincial roads. The dam's entire foundation is now covered with concrete and the concrete in the river section is already above the old R555 level. The placement procedures were refined and the contractor broke the South African record by placing 103 000 m³ of concrete in a single month. More than 1 000 persons were employed at the peak of construction.

The project will benefit Makhuduthamaga, Marble Hall & Fetakgomo Local Municipalities and Sekhukhune Tubatse, Capricorn, Polokwane, Lepele-Nkumpi & Mogalakwena District Municipality. The benefits include improved water supply to towns on and adjacent to the Nebo plateau (2 million residents) and for expansion of mining activities in the Steelpoort - Burgersfort area of the Bushveld Igneous complex. When the Bulk Distribution System, including the pipeline from the Flag Boshielo Dam to Mokopane is complete, the water will be supplied to Mogalakwena Local Municipality and mines in that area. The benefits are further to promote creation of decent employment, sustainable human settlements, supports Industrial Policy Action Plan 2 (IPAP2) by scaling up efforts to promote long-term industrialisation. Estimated cost at completion is R12 975 million (2010 estimate) and to be funded by National Treasury for social component (60% of costs) and loan funding for commercial cost component. The TCTA has been appointed as a funding agent as well as a project manager managing the service providers.

Other components of the project include -

- Pump stations and pipelines to convey water from Flag Boshielo Dam (ORWRDP-1) to Mokopane area;
- Pump stations and pipelines to convey water from De Hoop Dam to the users;
- Incorporation of existing Lebelelo Water User Association infrastructure; and
- Pumped storage scheme that was omitted by Eskom.

(iv) Vaal River Eastern Sub-System Augmentation Project (VRESAP)

This project is mainly for the purpose of sustained water supply to Sasol and Eskom.

The project delivers water from the Vaal dam to Secunda in the Mpumalanga Highveld. The project aims to augment water supply to Eskom power station and Sasol coal-to-liquid plant. This new link is crucial as it provides an alternative source than that of the existing Vlakfontein canal which draws its water from the Gootdraai dam. The construction of the water conveyance system comprise of an abstraction works, storage reservoir, high lift pump station, 121 km pipeline with 1,8 m diameter, surge tank and diversion structure. The project is nearing completion, the final commissioning test remains outstanding. Affected communities have benefited by employment opportunities (1 600 at peak) and training opportunities.

(v) Mooi-Mgeni Transfer Scheme (MMTS - 2)

The Mooi-Mgeni Transfer Scheme project involves the construction of the Spring Grove Dam for domestic water supply in the EThekweni and Umgungundlovu municipal areas. Two appeals were received against the environmental authorisation which had to be considered by the Minister of Justice who has since ruled that the construction of the Spring Grove dam can commence but the environmental impact assessment for the transfer pipeline must be redone to find the preferred route. Construction of the dam started on 21 February 2011 and impoundment is planned for October 2012. Extended talks with users were conducted and the signing of all off-takes and funding agreements are scheduled to happen during the project launch ceremony during the new financial year. The project contributes to the maintenance of the departmental infrastructure and improved assurance of supply, leading to economic growth, social development and job creation. This is a construction of the 42 m high Spring Grove Dam on the Mooi River near Rosetta in KwaZulu-Natal with a storage capacity of 142 million m³ and a transfer system comprising of a pump station and pipeline as well as the associated infrastructure and implementation of measures to mitigate the impacts of the project on the social and natural environment. The estimated cost at completion totals R1 667,4 million with loan funding to be redeemed by levying of water tariffs. By 31 August 2010 funding had already been secured and the main contract was awarded on 30 September 2010. TCTA has been appointed as

the implementation and funding agent and it also project manages work done by service providers.

(vi) Komati Water Scheme Augmentation Project (KWSAP)

The Komati Water Scheme Augmentation Project (KWSAP) started in January 2011. The project will provide additional water to Eskom's power stations in the Mpumalanga highveld including the new Kusile Station. It will augment water supply to Eskom's Duvha and Matla power Stations. It is located in Mpumalanga province in Emalahleni and Steve Tshwete Local Municipalities and Nkangala District Municipalities. It adds to the new bulk water infrastructure to support economic growth and development. The KWSAP will comprise the construction of:

- An additional pump station at the Rietfontein Weir with a total capacity of 2,16 m³/s;
- A 1 100 mm nominal diameter steel pipeline to the Duvha Power Station over a distance of 58,4 km with a capacity of 1,684 m³/s; and
- A 600 mm nominal diameter steel pipeline to the Matla Power Station over a distance of 12,9 km with a capacity of 0,474 m³/s.

The Estimated cost at completion is R1 736,4 million and the source will be loan funding to be redeemed by levying of water tariffs. TCTA has been appointed as the implementing and funding agent as well as a project manager, managing work done by service providers. Construction was at 20% by March 2011.

(vii) Mokolo Crocodile Water Augmentation Project (MCWAP)

Tenders were received for the construction of the first phase of the Mokolo and Crocodile River (West) Water Augmentation Project (MCWAP) which will supply water from the Mokolo Dam to Eskom's new Medupi Power Station. Agreements were concluded with the users. A concern is that the second phase is delayed which means that about 20% of South African generation capacity will depend on a single water source. Talks with the Departments of Energy and Public Enterprises are continuing on this matter.

(viii) Existing water resources infrastructure maintained

The Department of Water Affairs owns 314 dams and weirs across South Africa. The dam safety shortcomings at some of these dams necessitated the Dam Safety Rehabilitation Programme. During the year under review a consolidated performance of water infrastructure resources is tabulated in tables 7, 8 and 9 below.

Table 7: Eight (8) national dams have been rehabilitated

No	Name of dam	Province
1	Acornhoek Dam (Acornhoek)	Limpopo
2	Gcuwa Dam (Butterworth)	Eastern Cape
3	Mankazana Dam (Peddie)	Eastern Cape
4	Toleni Dam (Butterworth)	Eastern Cape
5	Bospoort Dam (Rustenburg)	North West
6	Glen Brock Dam (Queenstown)	Eastern Cape
7	Albert Falls Dam (Pietermaritzburg)	KwaZulu-Natal
8	Magwa Dam (Lusikisiki)	Eastern Cape

Table 8: Ten (10) dams in the construction stage

No	Name	Province
1	Molepo Dam	Limpopo
2	Nsami Dam	Limpopo
3	Mashashane Dam	Limpopo
4	Chuniespoort Dam	Limpopo
5	Klein Maricopoort Dam	North-West
6	Elandsdrift Dam	Eastern Cape
7	Rust de Winter Dam	Limpopo
8	Grassridge Dam	Eastern Cape
9	Laing	Eastern Cape
10	Boegoeberg	Northern Cape

Table 9: Rehabilitation of conveyance projects

No	Name of conveyance project	Nature of work	Progress to date
1	Goukou	Rehabilitation of one siphon	Complete
2	Qamata	Additional two balancing dams are in the construction	Two balancing dams complete
3	Ncora	Construction of balancing dams	Construction of one balancing dam is complete. A second balancing dam will be complete by May 2011
4	Voelvlei 24 Riviere	Rehabilitation of the canal	60% complete
5	Cata Dam pipeline	Replacement of the pipeline	Not yet commenced, work will commence late in 2011
6	Orange Riet Canals	Construction of balancing dam	Environmental approval has been obtained. Construction work on the dam commenced.
7	Westoe to Jericho Pipeline	Rehabilitation of pipeline	Rehabilitation of this pipeline will be complete by May 2011
8	Vlakfontein Canal	Serious delays were encountered to obtain environmental authorisation	Serious delays were encountered to obtain environmental authorisation; construction work commenced.

2.1.5 Overview of the service delivery environment for 2010/11

The inter-departmental and inter-governmental coordination process facilitated by the outcomes approach has been a positive step and provides clear guidance for the service delivery implementation process. However, both financial and human resources may not be adequately available to focus both on the agenda of the outcomes process and the sustained agenda of the Department.

The introduction of the outcomes process which informs the Performance Agreement of the Minister, has had an impact in terms of refocusing the Department in relation to the five-year strategic plan and the 2010/11 annual performance plan (APP). For example, in terms of the five year plan, the Department has planned to construct four new bulk water resources infrastructure projects by 2020. The Performance Agreement of the Minister has a directive to construct seven augmentation projects with a target of 2014. The Department's programme of distributing water harvesting tanks to communities in the rural areas for (general) access has been refocused to distribute tanks for food production as a contribution to rural development.

The New Growth Path Framework (NGPF) also demands that the Department reconsiders service delivery programmes to contribute to the expectation of government targeting to deliver 5 million jobs by 2020. The implementation of the 2010/11 APP therefore, had to respond to the NGPF and the focus areas that are water dependent were identified as the following – water Infrastructure, mining and mining beneficiation, the energy sector, agro-processing and rural development. The Department has invested in creating a total of 23 218 jobs per year over the next two years in the following areas:

- water augmentation;
- rehabilitation and refurbishment;
- the DWA water services schemes;
- regional bulk infrastructure grant to local government; and
- infrastructure being developed by the water boards.

The Department, through its 2010/11 Risk register, identified challenges affecting the service delivery environment. The list is not exhaustive but the following issues are significant for the execution of the core mandate of the Department.

Performance Management was identified as one of the areas that needs a high level of

attention as part of improving service delivery and corporate governance. The Department has since implemented various recommendations suggested to mitigate the problem. Performance management policies and planning and reporting framework as informed by the National Treasury guidelines have been developed and will be reviewed biannually and annually, respectively. As per the recommendation by the Risk Management Unit of the Department, a process is being undertaken to establish a Performance Management Committee, which comprises of all sections whose responsibilities involve the monitoring and evaluation of the business of the Department.

An initiative has been started to link the Personal Management Development System (PMDS) with the Performance and Business Plans of the Department for effective accountability. In response to the Audit findings of the 2008/09 and 2009/10 audit findings, a process to align the performance and budget plans was in its initial stages for the 2011/12 annual performance plan process and will be fully implemented during the 2012/12 financial year.

Ageing water resources infrastructure is critical to the delivery service environment of the Department. Limited funding for operations and maintenance in this area has been raised as a concern. Lack of M&O and skills is one of the critical issues that stifles effective service delivery programme of the Department. Parallel to this, the challenge of inadequately funded mega capital infrastructure projects also pose a challenge. A political in-principle decision has been taken to mobilise the resources through partnerships with the private sector.

The introduction of Compliance Monitoring and Enforcement (CME – “Blue Scorpions”) unit has made a good intervention in the area of dealing with unlawful water use. However the impending process of reviewing legislation and regulations will strengthen this area and improve the service delivery environment of the Department.

Co-operative governance, through the Service Delivery Agreements and Forums, is beginning to facilitate a more friendly and receptive service delivery environment. Roles and responsibilities are much more clearer, resulting in much focused service delivery responsibilities. The challenge that has been presented by the Acid Mine Drainage demonstrates a very effective function of co-operative governance.

The review of legislation and regulations presents an opportunity to analyse the strengths and weaknesses in the systems of governance both internally and externally.

To further improve its service delivery muscle the Department has embarked on a process of developing a Water Infrastructure Investment Plan for the whole country and this is an intergovernmental initiative in partnership with the private sector. Progress will be reported during quarterly reporting of the 2011/12 financial year, with comprehensive reporting in the Annual Report of the current financial year.

2.1.6 Overview of the organisational environment for 2010/11

The Departmental Risk Register also identified Human Resources shortage of technical skills, exacerbated by the ageing workforce and resignations. The implementation of the Occupational Specific Dispensation Policy (OSD) does not seem to assist the process of equipping the Department with the requisite skills. Lack of technical skills could lead to non-compliance with legislation, Internal Controls and Code of Conduct as identified in the Risk register. The Department has embarked on a process to centralise the training responsibility to be coordinated by Talent Management. This was scheduled to happen during the year under review but it has been taken forward for implementation during the 2011/12 financial year where all employees will be trained in line with the Workplace Skills Plan (WSP).

Lack of project and contract management in the organisation reflects negatively in the execution of planned projects and programmes, resulting in failure or delay of major projects that are critical to service delivery programme of the Department. The Supply Chain Management (SCM) unit has embarked on various training interventions for both senior managers (on procurement processes) and at lower level. The SCM unit is setting up systems that will facilitate effective contract management in the Department and this will be done in the next financial year.

Instability in the organisation which is caused by leadership acting in Management positions has also been identified by the Departmental Risk Unit as an area to be given urgent attention. During the year under review, the Chief Financial Officer (CFO) was relieved of his duties, the Chief Information Officer (CIO) and the Deputy Director General responsible for Corporate Services (DDG:CS) have been on suspension since the end of 2010 calendar year. The majority of the members of Top Management,

including the Director General operate on acting status. Steps are being taken to stabilise the situation by appointing the Top management team. The Minister has initiated a Business Review Process (BPR) and phased reporting will be done on progress, to report comprehensively on the project in the 2011/12 Annual Report of the Department.

2.1.7 Key policy developments and legislative changes

(i) Legislative Changes

The Department is in the process of reviewing the following key policy areas and it is anticipated that effect on the operations are likely to be realised in the next (2012/13) financial year:

The National Water Act - Despite progress made since its enactment, it is evident that the Act has shortcomings when it comes to issues of implementation and enforcement.

The Water Services Act - The WSA needs to be reviewed in order to align with the Strategic Framework for Water Services and, in particular the significantly revised local government legislation which came into effect after the Act.

The Water Research Act was promulgated in 1971 and amended in 1996. In 2006 the Water Research Council Board of Directors requested a task team to be established to investigate the need to review the Water Research Act. The recommendation of the task team was that there is a need to modernise the language used in the act, administrative issues, governance and alignment with other legislation, specifically the Public Finance Management Act.

Regulations intended to be published for public comment or promulgated in 2011:

- Water Conservation Regulations;
- Revised National Norms and Standards for Water Services;
- Dam Safety Regulations;
- Regulations on the Establishment of a water Resource Classification system;
- Waste Discharge Standards; and
- Water Use Monitoring and recording

(ii) Policy developments

The Department is in the process of reviewing the following key policy areas and it is anticipated that effect on the operations are likely to be realised in the next (2012/13) financial year.

(iii) National Water Resources Strategy (NWRS)

The Department started on the review of the NWRS during the year under review and the process is envisaged to be finalised during the current financial year (2011/12).

(iv) Raw water pricing strategy, funding model and institutional structures for infrastructure delivery reviewed

In an annual session with all stakeholders from the various sectors (e.g. agriculture, domestic), the Department announced the process of reviewing the pricing strategy. The current pricing strategy makes provision for the cushioning of the effect of the periodic technical revaluation of the National Water Resource Infrastructure assets and offers tariff capping and exemptions which mainly benefits the irrigation sector. These capping and exemption provisions impact negatively on income generating ability, which in turn leaves insufficient funds for the development, maintenance and refurbishment of water infrastructure. There is a backlog of refurbishment requirement of R13 billion with an annual spending requirement of R1,2 billion for ongoing refurbishment. These figures are greater than the current and projected billing in terms of the pricing strategy.

(v) National Water Advisory Council (NWAC)

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

(vi) Independent Economic Regulator

The purpose for the establishment of an economic regulator for the water sector is to “independently” regulate the relationship between government, state entities, municipalities, private operators and customers. This will focus on the value chain of raw water, bulk water and potable water pricing and the waste chain of sewage/trade effluent, bulk effluent and waste discharge. The relationship between the various agencies and service providers along this value chain require coherent regulation to protect customers (including the poor) from the inappropriate addition of multiple charging layers. In an annual session with all stakeholders from the various sectors (e.g. agriculture, domestic), the Department announced process to establish an economic regulator and all indicated an interest in participating.

(vii) Acid Mine Water Drainage

The issue of Acid Mine Drainage and the potential decant in the Western Basin has dominated the water sector.

- Cabinet has approved the report of the Inter Ministerial Committee (IMC) and the team of experts on AMD charting the way forward for dealing with the problem of AMD in the Western-Basin. The recommendations that were adopted by Cabinet include, among others;
- Implement ingress control measures to reduce the rate of flooding and the eventual decanting and pumping volume and costs to deal with AMD;
- Improving water quality management, including neutralisation and metal removal in the short-term and that removal of salt loads from river systems to be considered in the medium to long term;
- Improving monitoring and undertaking research to inform decision making; and
- Managing and monitoring other AMD sources within Witwatersrand.

(viii) Water for Growth and Development Framework (WfGD)

The Water for Growth and Development (WfGD) framework provides a comprehensive response to the social and economic development challenges facing the water sector in South Africa. The process of extensive consultation is underway on the comprehensive WfGD framework as per the January

2009 Cabinet recommendation. The final framework will be presented to Cabinet during 2012/13.

(viii) Emergency Response Facility (ERF) Model

The ERF is part of Enhanced Local Government Support Approach (Elgosa) Concept Paper that will

be used by the Department to facilitate its support to municipalities and was presented and approved at a Cogta MinMec. The purpose of the ERF is to intervene where serious risks to public health or the environment has resulted due to poor water or effluent quality. The ERF reacts to emergency events on call by locating the cause of the crisis and taking action to correct the situation.

2.1.8 Departmental revenue, expenditure, and other specific topics

Table 10: Departmental revenue, expenditure, and other specific topics

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual	% deviation from target
Tax revenue (Specify)	-	-	-	-	-	-
Non-tax revenue	-	-	-	-	-	-
Sales of Goods and Services other than capital assets	3 236	2 315	5 433	3 570	1 809	49.32%
Fines, penalties and forfeits	-	-	-12	-	-	-
Interest, dividends and rent on land	6 022	9 379	34 873	10 240	3 419	66,6%
Sales of capital assets (specify)	255	-	-	-	-	-
Financial transactions (Recovery of loans and advances)	-9 458	14 949	35 985	28 260	31 369	11%
TOTAL DEPARTMENTAL RECEIPTS	55	26 643	76 279	42 070	36 597	13%

2.1.8.1 Sales of goods and services

The revenue from the sale of goods and services was lower than anticipated. Income from water related sales is paid into the Water Trading Entity and does not form part of departmental receipts. The revenue is mainly in respect of money from rental payments received as well as commission received on insurance deductions by the department.

Interest, dividends and rent on land: The revenue is in respect of interest paid on loans and was less than anticipated mainly due to boards that are not able to redeem their loans.

2.1.8.2 Financial transactions

The deviation is mainly due to a once-off payment done by the Water Trading Entity for work done by the Main Account for the Water Trading Entity.

2.1.9 Departmental Expenditure

Table 11: Departmental Expenditure

Appropriation	Main Appropriation R'000	Adjusted Appropriation R'000	Final Appropriation R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000 (Final minus Actual)
Administration	884.2	899.9	890.1	842.1	48.0
Water Management	364.7	402.9	370.7	340.8	29.9
National Water Resource Infrastructure Management	2 241.4	2 238.2	2 118.2	2 118.2	-
Regional Management	4 329.0	4 422.0	4 603.1	4 403.0	200.1
Water Sector Regulations	177.2	240.1	221.0	208.9	12.0
Total	7 996.6	8 203.1	8 203.1	7 913.0	290.0
Responsible Minister	Minister of Water and Environmental Affairs				
Administering Department	Department of Water Affairs				
Accounting Officer	Director-General of Water Affairs				

2.1.10 Transfer payments

Table 12: Transfer payments

Transfer Payments	Budget Allocation R'000	Actual Expenditure R'000	Unspent Budget R'000
Water Services Operating Subsidy	670 102	664 273	5 829
Municipal Drought Relief	320 357	320 357	-
Water Trading Account: Augmentation (Capital)	1 952 422	1 952 422	-
Inkomati Catchment Management Agency	22 000	22 000	-
Breede-Overberg Catchment Management Agency	18 229	17 435	794
Skills Development Levy	1 096	945	151
SAFCOL	4 127	4 127	-
Namakwa Water Board	10 000	9 667	333
Komati River Basin Water Authority	180 000	180 000	-
Orange-Seque River Basin Commission	306	275	31

2.1.11 Conditional grants and earmarked funds

Table 13: Conditional grants and earmarked funds

Conditional Grants

Name of the Conditional Grant	Budget Allocation R'000	Actual Expenditure R'000	Unspent Budget R'000
Water Services Operating Subsidy	670 102	664 273	5 829
Municipal Drought Relief	320 357	320 357	-

Earmarked Funding

SCHEDULE OF EARMARKED FUNDS FOR 2010/11	
DESCRIPTION	Amount R'000
Devolution of Funds	156 000
Working for Water	668 583
Working on Fire	207 923
Replacement of core functions currently funded by donors (Masibambane Projects)	200 000
Additional capacity (internal Audit and Finance)	7 000
Building capacity for the State: Water Learning Academy	20 000
Building capacity for the State: Compliance Monitoring and Enforcement	5 000
Total	1 264 506

2.1.12 Capital investment, maintenance and asset management plan

CAPITAL INVESTMENT

Dam Safety Rehabilitation Programme (DSRP)

The Department owns 314 dams. In 2004/05 a large amount of these dams were identified as being in need of rehabilitation in order to bring the condition up to international standards. The DSRP started in 2005/06. An amount of R1,35 billion was spent up to the end of the 2010/11 financial year completing the rehabilitation of 22 dams (R300,8 million was spent in 2010/11). A number of dams are in various phases of planning and design. Rehabilitation on 13 dams was in progress as at the end of 2010/11, these were:

Table 14: Rehabilitation on 13 dams in progress as at the end of 2010/11

Name	Province
Molepo Dam	Limpopo
Nsami Dam	Limpopo
Mashashane Dam	Limpopo
Chuniespoort Dam	Limpopo
Klein Maricopoort Dam	North West
Elandsdrift Dam	Eastern Cape
Rust de Winter Dam	Limpopo
Grassridge Dam	Eastern Cape
Glen Brock Dam	Eastern Cape
Mankazana Dam	Eastern Cape
Laing	Eastern Cape
Boegoeberg	Northern Cape
Magwa	Eastern Cape

Rehabilitation/Refurbishment of other infrastructure

An amount of R636,5 million was budgeted for the rehabilitation/refurbishment of existing infrastructure. This consisted of a large number of smaller projects, e.g. refurbishment of pumps etc. Of this, R317,7 million was actually spent by year end. The main reason for the underspending is a shortage of technical capacity within the Department.

The Department is entering into contracts with private contractors to assist with the refurbishment projects in order to catch up on the backlog.

Close down or down-grade current facilities

The Kabokweni Dam which previously breached during a flood was officially closed down. The area was rehabilitated to comply with environmental requirements.

Rehabilitation backlog

In terms of international standards the Department should spend approximately R1,4 billion per annum without which condition backlogs will grow. The current situation is that there is a shortfall of approximately R463 million. Measures are being put in place to improve on revenue collection in order to address this.

ASSET MANAGEMENT

This information is covered in the Report of the Accounting Officer paragraph 9, page 77.

MAINTENANCE

The Department budgeted R47,3 million for maintenance of its infrastructure. This was increased to R77,2 million during the 2010/11 financial year. The actual expenditure was R77,2 million.

According to international norms the Department should have spent approximately R150 million on normal reactive maintenance.

The Department is entering into contracts with private contractors to assist with the larger maintenance tasks.

The Department plans to develop detailed maintenance plans for all its infrastructure over the next three years as very few formal detailed maintenance plans exist.

High level asset management plans (as prescribed by the Government Immovable Asset Management Act) have been developed during the year, these will be improved in the coming years to contain more detailed information.

The Department is in the process to implement an Asset Management Information System which will improve record keeping and the assessment of infrastructure condition.

2.2 Programme Performance

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

Service Delivery Objectives and Indicators

Programme 1: Administration

Table 15: Strategic Priority 1: Contribution to effective economic growth and social development

Programme 1 : Administration			
Strategic Priority 1: Contribution to effective economic growth and social development			
Strategic Objective 1.5: Ensure effective implementation of Pricing strategy and funding model			
Output	Performance Indicator	Actual Performance against target	Actual
		10/11 Target	
Reviewing the pricing strategy and infrastructure funding model	Percentage implementation of the milestones in the pricing strategy	80% Implementation of the milestones in the pricing strategy and funding model	The Minister has approved the principles of the tariff model and the project is about to start, as the tender has closed
Provide effective leadership of AMCOW and strategic multilateral forums	Effective function of AMCOW Secretariat (Number of seconded officials into strategic positions of AMCOW)	Strengthening all organs of AMCOW (Two officials seconded to strengthen AMCOW secretariat and the Minister's leadership)	AMCOW Interviews were conducted for the appointment of the 2 secondments where one was appointed and has assumed duties. The second appointment was withheld due to diplomatic process related to secondment of officials. In fulfilling her role as AMCOW Chairperson, Minister convened the AMCOW EXCO meeting on 30 July 2010 and the following resolutions were adopted: Strengthening AMCOW through secondment from country members; Strengthening of the governance system for AMCOW secretariat; the development of financial and staff regulations aimed at enhancing performance of AMCOW and attracting donor funding for AMCOW; During the November session, RSA gave further leadership by ensuring that AMCOW adopts the AMCOW Work Plan which is aimed at giving further impetus to the direction which AMCOW should take over the next Presidency.

Programme 1 : Administration			
Strategic Priority 1: Contribution to effective economic growth and social development			
Strategic Objective 1.5: Ensure effective implementation of Pricing strategy and funding model			
Output	Performance Indicator	Actual Performance against target	Actual
		10/11 Target	
			<p>RSA gave leadership during the 3rd Africa Water Week in Addis Ababa whereby three 3 technical papers on water were presented which contributed to the sharing.</p> <p>Coordinated successful DWA participation at preparatory meetings and conference for UNFCCC and COP16 in Mexico under leadership of Minister and Deputy Minister. This led to water being recommended to be placed on the Climate change Agenda for COP 17. This will go a long way in positioning water in the agenda of the UNFCCC.</p> <p>6th World Water Forum preparations</p> <p>Facilitated successful DWA attendance of the preparatory meeting of the WWF6 aimed at responding to an increased concern about world water issues from the global community, particularly with regard to the fragmented management of the world's fresh water resources. This was further followed up by DWA participation in the Africa Process of the World Water Council meeting held in Cape Town March 2011. South Africa hosting of this meeting is also seen as giving practical expression to the agreed partnership between South Africa, France and the World Water Council in the lead up to the preparation for the 6th World Water Forum scheduled to take place in France in March 2012.</p> <p>UN World Water day:</p> <p>Facilitated DWA's strategic participation and hosting of UN World Water Day which led to positive spin offs for the Region. In this meeting, a positive development was the signing of a Memorandum for Africa, and includes the fast track adaptation fund to the tune of 30 billion USD up to 2020, expected to be increased to 100 billion USD from 2020 to 2050.</p>

Programme 1 : Administration			
Strategic Priority 1: Contribution to effective economic growth and social development			
Strategic Objective 1.5: Ensure effective implementation of Pricing strategy and funding model			
Output	Performance Indicator	Actual Performance against target	Actual
		10/11 Target	
			<p>However, for the water sector to benefit from this fund there is a need to make water resources central in adaptation for Africa;</p> <p>OECD:</p> <p>OECD analysis report was done with a view to explore opportunities for DWA. Opportunities for future co-operation were identified and awaiting further consultation.</p> <p>Further strategic meetings were held with the OECD official during the World Water Day. In this meeting, it was agreed that the OECD will share with DWA information related to the joining of the OECD in the area of Water Resources.</p>
Strategic Objective 5.2: Forging strategic relationships with countries in Africa and the world (North-South, South-South)			
Output	Performance Indicator	Actual Performance against target	Actual
		10/11 Target	
Supporting PCRD countries to move away from their status of the conflict to reconstruction and development, countries in the North and South)	Number of bilateral co-operation agreements with African countries implemented (Number of action plans implemented)	Engagement of 4 Africa bilateral countries – Post Conflict and Reconstruction Development (PCRD) (2 action plans for implementation)	<p>4 countries were engaged: Rwanda, DRC, Zimbabwe, Uganda and Sudan.</p> <p>2 action plans were developed:</p> <p>Rwanda:</p> <p>The action plan for implementation on South Africa/ Rwanda has been developed and agreed upon in relation to capacity building. A Water profile was also developed.</p> <p>Sudan:</p> <p>Hosted a delegation that was on study tour aimed at gathering information for strategic engagement with the RSA.</p>

Strategic Objective 5.2: Forging strategic relationships with countries in Africa and the world (North-South, South-South)			
Output	Performance Indicator	Actual Performance against target	Actual
		10/11 Target	
			<p>From this study tour, areas of co-operation were agreed upon which forms part of the action plan with Sudan on the following areas: catchment management; research and capacity building; water harvesting techniques; development of water resources law, policy and strategy including institutional framework.</p> <p>DRC:</p> <p>Engagement included the refinement of the country resource strategy and meetings undertaken were also geared towards feasibility study visits. More work will continue in relation to the finalisation of the DRC/RSA agreement scheduled to be signed in 2011.</p> <p>Zimbabwe:</p> <p>RSA has initiated a process of cooperating with Zimbabwe. This will be followed by the study tour in RSA in the next financial year (2011).</p> <p>Uganda:</p> <p>Facilitated bilateral meeting by Minister with her counterpart to confirm areas for co-operation during the incoming State visit.</p> <p>The first phase of resources mobilization with USAID has been successful for capacity building and training</p>
Programme 1 : Administration			
Strategic Priority 1: Contribution to effective economic growth and social development			
Strategic Objective 5.2: Forging strategic relationships with countries in Africa and the world (North-South, South-South)			
Output	Performance Indicator	Actual Performance against target	Actual
		10/11 Target	
Sharing knowledge and expertise on water related issues	Number of multilateral engagements with international countries	1 (Engagement on multi-lateral relations with India, Brazil and South Africa (IBSA))	<p>Engagement on high level meeting of developing and donor agencies aimed at ensuring that new developing nations meet their MDG targets under the auspices of</p> <p>Draft analyses document on DWA engagement with IBSA has been developed.</p> <p>Preparatory work on the EU/ RSA engagement was initiated. The EU analysis document was developed for discussion aimed at identifying opportunities and further</p>

Programme 1 : Administration			
Strategic Priority 1: Contribution to effective economic growth and social development			
Strategic Objective 5.2: Forging strategic relationships with countries in Africa and the world (North-South, South-South)			
Output	Performance Indicator	Actual Performance against target	Actual
		10/11 Target	
			<p>engaging the EU. In this regard, during the RSA/EU Bilateral relations, RSA presented its draft inputs to the MoU on water co-operation.</p> <p>The following strategic bilateral relations outside Africa were achieved:</p> <p>China:</p> <p>The hosting of Vice-Minister from MWR (China), had strategic outcome on the sign off agreed minutes for future implementation of projects. The agreement will be renewed in 2011.</p> <p>DWA participation in FOCAC seminar addressed the objective of improving and promoting bilateral co-operation for economic benefit.</p> <p>Vietnam:</p> <p>Signing of MoU and establishment of DWA Steering Committee which will oversee the implementation of the signed MoU. Furthermore, the visit by the Deputy Minister contributed towards the sharing of expertise and information for management of water.</p> <p>Secured financial support for fighting for fire for trilateral co-operation between SA/ Tanzania and Afrofirenet.</p> <p>Japan:</p> <p>Secured capacity building training programme for engineering course in the water services. Secured support for infrastructure development in EThekweni</p> <p>ODA: GTZ (Germany):</p> <p>An amount of €500 00 secured for trilateral co-operation with Tanzania on management of veld fires</p>

Strategic Objective 5.3: Ensure effective implementation of regional co-operation agreements			
Output	Performance Indicator	Actual Performance against target	Actual
		10/11 Target	
Provide coordination on regional (Southern African Development Community (SADC) and continental water issues	Level of effectiveness of the functioning of the water structures (Implementation of effective water management tools)	Finalisation of the Memorandum of Understanding (MoU) for the SADC Hydrological Cycle Observing System (HYCOS) Project Phase III	During the first quarter the MoU went through the legal process and was finalised, however funds for SADC HYCOS (a RSAP programme) were withdrawn during Quarter 1 of the 10/11 Financial Year, therefore no further activities could take place

Programme 1 : Administration

Strategic Priority 5: Contribute to global relations

Strategic Objective 5.4: Ensure support to Water Sector Institutions within SADC

Output	Performance Indicator	Actual Performance against target	Actual
		10/11 Target	
Documentation of best practice case studies	Number of best practice case studies documented (Evidence for 1 case study of exchange in best practices and case studies for mutual benefit)	3	<p>Marico Hydrology Study completed and is going to be used as a bases for the crafting of the RSA/Botswana agreement.</p> <p>RSA contributed to the building of strong SADC water institutions by providing office space for the The Orange-Senqu River Commission (ORASECOM) Secretariat. The offices were inaugurated in February 2011.</p> <p>A Joint Permanent Technical Committee (JPTC) on Botswana and South Africa was held with a view to jointly manage the shared river basin. Joint studies were decided upon on Marico Dam aimed at fasttracking the agreement between RSA and Botswana.</p> <p>Terms of Reference were finalised for the Joint Limpopo River Basin Study.</p>

Reasons for major variances:

- No support was given to SADC HYCOS and the Project Management Unit (PMU) was not functioning due to the withdrawal of funding by the Netherlands government

Key challenge	Proposed action
Funds to implement the Rwanda action plan	Continue to mobilise financial resources
Signing the DRC agreement	Pursue the counterparts to respond on the latest communication sent to them
Continuous communication with the non-decision making officials in DRC and Rwanda prolong the implementation of intended outcome	Engage senior officials on the negotiation of the date to sign the agreement
Short-notice notifications of international visits (external) and finalisation of delegations (internal)	This impacts greatly on the Branch's performance but is beyond its control

Table 16: Strategic Priority 6: Improve the Department's capacity to deliver quality services

Programme 1 : Administration			
Strategic Priority 6: Improve the Department's capacity to deliver quality services			
Strategic Objective 6.1: To ensure alignment of institutions to meet legislative mandates			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Compliance to legislative mandates by institutions	Percentage compliance to legislative requirements by all institutions	100%	100% compliance
Strategic Objective 6.2: Ensure effective organisational performance management			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Implementation of an organisational Performance and Monitoring Evaluation System	Automated Organisational Performance Monitoring and Evaluation System in place	Automated Organisational Performance M&E system developed	The project was delayed in 2009/10 financial year and was carried over to the 2010/11 financial year where only the first phase (defining objectives and developing relevant key performance indicators) was achieved. The second phase is the development of a balanced scorecard which will be done during the 2011/12 financial year. A request has been forwarded to roll-over the funds of the project. The project is scheduled to be finalised by the end of the 2011/12 financial year
Implementation of the Risk Management framework	Approved Risk management framework in place and implemented	RiskManagementFramework approved and implemented	The Department has a Risk Management Framework in place
Implementation of the 3 year Internal Audit Strategic Plan as approved by the Audit Committee	Percentage implementation of the Internal Audit coverage Plan	100% implementation of the Internal Audit Coverage Plan	Annual Achievement 76% (95/123)
Strategic Objective 6.3: Improve financial management capacity			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Effective implementation of the Financial Improvement Plan	Percentage achievements of milestones as contained in the plan	100%	<p><i>Internal controls:</i> report compiled regarding challenges experienced with preparation of AFS</p> <p>Action plans prepared for quarterly IFS, prepared and executed</p> <p><i>Training needs</i> were determined, informal and formal SCOA training sessions were carried out - provided by National Treasury to 232 officials at head office and regional offices. The training was also provided on accruals</p> <p><i>Misclassification of assets:</i> Monthly trial balance meetings were convened</p> <p><i>Accruals</i> were assessed with quarterly IFS statements and accruals reduced as at 31 March 2011, from R113,586 m (09/10) to R62,899 m (10/11), due to better control measures implemented</p>

Programme 1 : Administration			
Strategic Priority 6: Improve the Department's capacity to deliver quality services			
Strategic Objective 6.3: Improve financial management capacity			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
			<p>Commitments were assessed with quarterly IFS statements. Commitments reduced as at 31 March 2011, from R876,480 m (09/10) to R562,490 m (10/11), due to better control measures implemented</p> <p><i>Incorrect classification of expenditure;</i> Monthly trial balance meetings were convened</p> <p><i>Transport and subsistence (S&T) - S&T policy</i> ready for approval; S&T suspense account regarding old outstanding advances almost cleared; S&T advances reduced as at 31 March 2011, from R679,000 (09/10) to R415,000 (10/11), due to better control measures implemented</p> <p><i>Payments -</i> The department endeavors to settle accounts within 30 days; SITA unpaid accounts were reduced from R16 m to R400 000, due to better control measures implemented; ARIVIA/T-Systems unpaid accounts were reduced from R140 m to R4 m, due to better control measures implemented</p> <p>Banking of money: No late depositing of money is experienced. This problem was resolved after Forestry was transferred to DAFF</p>
Improvement of revenue management	Number of days in which debts remain uncollected	60 days	<p>The priority for 2010/11 was to improve the accuracy on major accounts by means of reconciliations. Due to staff constraints there was therefore very little debt collection activities during the financial year</p> <p>With the available staff during the period, only customers which represents 82% of value of the debt have been reconciled, and the accounts were adjusted</p>
Strategic Objective 6.4: Development of appropriate skills to address the sector needs			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Development of graduate trainees for placement into permanent positions through the Learning Academy	Percentage of graduate trainees developed and placed into permanent positions	30% of the 2007 intake	Five (5) Graduate Trainees have achieved professional registration and are applying for full time posts within DWA. This constitutes 11% of the 2007 intake
	Number of learnerships implemented	100 learnerships	137 learnerships implemented
	Number of Internships implemented	50 internships	5 internships were implemented
Conduct skills gap analysis for the water sector	Report with findings on sector skills gaps produced	Conduct sector skills gap analysis and produce a report	Rescheduled for 2011/12 financial year

Strategic Objective 6.5: Implementation of Gender and Disability			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Implement women empowerment projects	Number of women empowerment projects implemented	2 projects developed and implemented	<p>Two women and Disability empowerment projects are fully implemented and the impact is as follows:</p> <p>Adopt a river: 725 temporary jobs were created and women from poor female headed households benefitted.</p> <p>Women were given training in 9 areas: Waste management, occupational Health and Safety, Identification of alien weeds and herbicide application, water safety, snake handling, first aid, environmental education, life skills</p> <p>Auditing of women owned water projects in Regions:</p> <p>A database of project is compiled and their specific needs are collated to be used as points of intervention</p> <p>Women in Water Awards</p> <p>A successful Rural Development inclined project was carried out:</p> <p>11 women owned water projects benefited from the prizes</p> <p>33 Rural households benefitted from the projects</p> <p>SMME in transport businesses benefitted by transporting women to Regional workshops</p> <p>Women owned SMME in Catering business benefitted from catering during Regional workshops and main event</p>

Programme 1 : Administration			
Strategic Priority 6: Improve the Department's capacity to deliver quality services			
Strategic Objective 6.6: Improved Public Understanding and appreciation of the Value of Water by all South Africans			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Implementation of Public Education and Awareness Plan	Number of public education Awareness interventions implemented as per the plan	4 interventions	8 joint campaigns in partnership with other spheres of Government implemented

Reasons for major variances:

- The 2010-11 Strategic Planning Process delayed the implementation of the Automated Organisation Performance M&E system
- Meter readings are not submitted on time.
- Regional/cluster staff not able to complete the billing procedures on time because of work load
- Floods and some unexpected eventualities leading to the need for more joint campaigns
- Graduate trainees do not meet all the minimum requirements of OSD positions as yet.
- The Internship and learnership policies are awaiting approval
- No water sector skills gap analysis undertaken due to lack of funding
- There are cases where the Department could not make payments within 30 days due to reasons such as wrong invoices, disputed invoices, problems with Safetynet (This is a system from NT and is not within our control)

Key challenge	Proposed action
Finalization of the HR Connect Project on the Main Account	Escalate issues to DPSA
Appointment of PSP for change management effort	Finalize administrative processes in Quarter 1 (2011/12)
HR Recruitment Drive Project was hastily planned and not well coordinated	Proper planning needed and engagement with all key stakeholders needs to be prioritised
Lack of capacity to manage projects	Office of the Chief Information Officer (OCIO) should continue to build internal capacity
Minimal attention and focus on business plan targets	Establish internal systems and controls to ensure continuous focus and attention to business plan targets
Inadequate funding for the Regional Offices	Regional Offices to set funds aside for IT projects and operations
Invoices are not sent out on time	Consideration is being given to staggered billing. Where accepted billing due lists will be sent for printing without waiting for others. Agreement with mailing company is that billing documents will be sent out by the 7th of every month if data is received five days before. DWA will therefore have to push meter readings forward. Sending out invoices/statements on time will ensure that clients receive these and can then be paid within 30 days as prescribed in the policy. Additional staff has been appointed to deal with billing per office and more officials have now been trained to do billing
Key challenges experienced during the reporting period relate to the aging computer network infrastructure and the insufficient capacity to manage projects.	The internal audit report has identified risks in the data centres which do not meet the required standards and also made recommendations to mitigate these risks.

Programme 2 and 5: Water Management and Water Sector Regulation

Service Delivery Objectives and Indicators

Table 17: Strategic Priority 1: Contribution to economic growth and social development

Programme 2 : Water Management Programme 5: Water Sector Regulation			
Strategic Priority 1: Contribution to economic growth and social development			
Strategic Objective 1.1: Ensure strategies and feasibility plans exist to reconcile water requirements and availability			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Strategies and feasibility plans to reconcile water requirements and available resources	Number of strategies completed	2 strategies and 1 plan produced	2 Reconciliation strategies for Algoa and Mzimvubu have been completed
	Number of feasibility plans completed	1 feasibility plan completed for phase 1 of Mokolo Crocodile (West) water Augmentation Project	Feasibility Plan of Phase 1 of Mokolo Crocodile (West) Water Augmentation Project was completed
Implementation of the desalination and recycling strategies	Finalised desalination strategy	Desalination Strategy finalised and approved	Desalination Strategy finalised
Strategic Objective 1.4: Development, maintenance and rehabilitation of bulk water infrastructure			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Implementation of the Strategy for the operations and maintenance of water services infrastructure	Finalised strategy for operations and maintenance of water services Infrastructure (Infrastructure Asset Management)	Finalisation of the strategy for operations and maintenance of water services Infrastructure (Infrastructure Asset Management Strategy finalised)	Infrastructure Asset Management strategy finalised

Reasons for major variances:

- Delay in approval processes

Key challenge	Proposed action
Although the Desalination Strategy was finalised it was not approved	The desalination Strategy will be included in the NWRS
Infrastructure Asset Management Strategy not approved	The approval of the strategy needs to be fast tracked by top management

Table 18: Strategic Priority 3: Ensuring sustainable and equitable water resources management

Programme 2 : Water Management Programme 5: Water Sector Regulation			
Strategic Priority 3: Ensuring sustainable and equitable water resources management			
Strategic Objective 3.1: Improve equity in water allocation			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Eradicate licences application backlogs	Percentage reduction in licensing backlog	100% of all license backlogs eradicated (3462)	3204 74% of increased backlog of 4318
Allocation of water to Historically Disadvantaged Individuals (HDIs)	Number of water licences issued per year	250	518
	Number of new water management areas in which compulsory licensing processes have been completed	2	Call for license applications issued Call for compulsory licensing has been gazetted in three areas Tosca Draft Preliminary Schedule developed Jan Dissel Draft Proposed Allocation Schedule developed Mhlathuze Draft Proposed Allocation Schedule initiated
Strategic Objective 3.2: Ensure sustainable water use			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Improve water use efficiency	Revised National Water resources Strategy in place	2nd edition NWRS gazetted for public consultation	Draft 2nd NWRS V0. 1
Strategic Objective 3.3: Improve equity in water services and management			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Amendment of the water related legislations	Water Services Amendment Bill gazetted for consultation	Update Draft Amendment Bill and submitted to Cabinet	Not achieved
Reason for variance:			
Project Plan was changed from review of one Act (Water Services Act) to look at the three Acts dealing with water issues			
Strategic Objective 3.4: Protection and improvement of water quality			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Ensure the improvement of water quality	Water resources Classifications Regulations approved	Finalise and Implement Water resources Classifications Regulations	Regulations to establish a water resource classification system have been promulgated & published in GG 33541 dated 17 September 2010 Implementation initiated as reflected below
	Number of Water Management Areas (WMAs) in which water resources have been classified	2	Implementation of water resource classification regulations in Vaal, Olifants & Olifants-Doorn Water Management Areas (WMAs) Project scoping phase completed

Programme 2 : Water Management Programme 5: Water Sector Regulation			
Strategic Priority 3: Ensuring sustainable and equitable water resources management			
Strategic Objective 3.4: Protection and improvement of water quality			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Implementation of the Waste Discharge Charge System (WDCS)	Number of catchments where WDCS is implemented	WDCS implemented in 2 catchments	Not achieved
Implementation of the Compliance Monitoring (CM) Programmes	Number of Notices issued	35	141
	Number of Directives issued	25	26
	Number of cases successfully Addressed	45	14
Strategic Objective 3.5: Ensuring adequate information and knowledge to sustainably manage water resources			
Output	Performance Indicator	Actual Performance against target	
		10/11 Target	Actual
Provision of water resources information	Number of prioritised catchments optimally monitored	5 priority catchments	Only 1 Catchment was optimally monitored Assessments were done in the 4 priority catchments

Reasons for major variances:

- Outstanding information from applicants and request for extension by applicants in terms of submitting outstanding information
- The over achievement that was reported on the number of water licences issued per year is due to fact that the Letsema Project has increased its efforts in eradicating license backlogs by accelerating the processing of applications
- With regard to the number of new water management areas in which compulsory licensing processes have been completed it can be mentioned that there were delays in the allocation of donor funding and technical challenges encountered on the ground (in particular for Mhlathuze).
- With reference to the implementation of the Compliance Monitoring (CM) Programmes the target was exceeded due to the fact that the CME component became visible after recruiting enough investigators to deal with ongoing water crimes during the course of the year and more frequent follows up's on pre directives and directives issued.
- Complexity of cases also delayed the achievement of the target in terms of the number of cases that was successfully addressed.
- Skills and Capacity Challenges (head office & regional offices)
- Lack of funding for Monitoring Infrastructure
- Unplanned & unexpected events, e.g. Floods during the rainy season

Programme 3: National Water Resources Infrastructure

Service Delivery Objectives and Indicators

Table 19: Strategic Priority 1: Contribution to economic growth and social development

Programme 3: National Water Resources Infrastructure			
Strategic Priority 1: Contribution to economic growth and social development			
Strategic Objective 1.1: Development, maintenance, rehabilitation and refurbishment of bulk water infrastructure			
Outputs	Performance Indicators	Actual Performance against Target	Actual
		2010/11 Target	
Implementation of new bulk water infrastructure to meet social water needs, economic growth and development	Percentage completion as per project plan	De Hoop Dam 73% complete	65%
		Nandoni Water Treatment Works 100% complete	100%
		Nandoni Distribution 51% complete	36%
		Inyaka Water Treatment Works 81% complete	70%
		Hluhluwe Reg Water Scheme 87% complete	81%
		Mdloti River Development (Raising of Hazelmere Dam) 40% complete	28%
		Groot Letaba RWRP (Nwamitwa Dam and raising of Tzaneen Dam) 10%	1%
		Olifantsdoring RWRP (Raising of Clanwilliam Dam) 5% complete	7%
Rehabilitation of dams to meet Dam Safety Requirements	Percentage Expenditure and number of dams in construction Phase	21% budget expenditure on planned projects (29 Dams)	To be considered in the next financial year
Supply of water to users	Percentage Compliance with the level of assurance of supply	100% Level of assurance of supply for different user group	100% Level of assurance of supply for different user groups
Maintenance of infrastructure as per maintenance plan and procedures required to ensure infrastructure availability	Percentage Infrastructure availability	80% availability	80%
	Maintain infrastructure according to maintenance plan	70%	70%
Resources Management Plans (RMPs) developed	Number of RMPs completed	Compile RMP implementation Action plan for NWRI only	Action Plan approved
Existing RMPs implemented	Number of existing RMPs implemented	RMP operational within 12 months	Action plan has been developed to implement RMPs
Water schemes rehabilitated and refurbished	% of infrastructure that meet the original design requirements	60%	61%
Dam safety rehabilitation programme	No. of dams being rehabilitated	dams rehabilitated	8 dams rehabilitated (see table 7 above)
	No of dams under construction	1 dam under construction	5 dams in construction stage
	No. of dams in design	1 dam	7 dams
Strategy for the conversion of single to multiple-purpose dams developed	Strategy for the conversion of single to multiple purpose dams In place	Approved strategy	Strategy approved and implementation will start in the 2011/12 financial year

Programme 3: National Water Resources Infrastructure			
Strategic Priority 1: Contribution to economic growth and social development			
Strategic Objective 1.2: Effective creation of decent employment through infrastructure delivery			
Outputs	Performance Indicators	Actual Performance against Target	Actual
		2010/11 Target	
Creation of decent jobs and ensure appropriate training of employees	No. of decent jobs created	220	559 In total 1920 jobs were created
Strategic Objective 1.3: Promotion of SMMEs through procurement of goods and services			
Outputs	Performance Indicators	Actual Performance against Target	Actual
		2010/11 Target	
Budget Spent on BEE and SMMEs	Percentage of contract value awarded to SMMEs and BEE enterprises	50%	62%

Reasons for major variances:

- Nandoni Water Treatment Works - work stopped on pipelines, a litigation process is ongoing and the replacement of pipelines is in design stage
- De Hoop Dam Project - extension of time was awarded according to contract
- Inyaka Water Treatment Works - budget cuts.
- Mdloti River Development (Raising of Hazelmere Dam) - process to obtain approval to appoint a PSP took longer
- Groot Letaba RWRP (Nwamitwa Dam and raising of Tzaneen Dam) project - approval was awaited to commence with the project
- DSRP - projects started the previous 4th quarter, exceeding the planned target for the creation of decent jobs for the financial year.
- BEE and SMMEs - targets were exceeded by 12% as figures were unpredictably boosted by supply of cement, security service and steel pipes, which were procured from BEE companies.

Scheme	Key challenge	Proposed action
Vaal River Eastern Sub-system Augmentation Project (VRESAP)	Disbonding of paint protection on outside pipewall - reducing lifespan of pipeline	Investigation done by Engineer and report expected by mid April
	Not meeting the contractual cathodic protection specifications for the pipeline;	Workshop scheduled to discuss report and the way forward;
	Further delay on completion of PAW;	All painting defects must be addressed to meet the required specifications. All costs incurred will be for the contractors account
	Timely recruitment of O&M staff by DWA;	Three meetings have been held with the CEO of Sulzer to discuss their lack of progress and the impact of that on the completion of the work. Progress satisfactory during the reporting period.
	Failure to minimise recordable Health and Safety cases	DWA has started with recruitment process, but have not yet finalised any appointments. Training by Contractors for the existing operators have been arranged by DWA
	Possible arbitration with Covac Mathe Construction Joint Venture (C-MC) due to termination of contract;	The engineer was formally notified to ensure compliance
	Unforeseen weather conditions;	Legal specialists have been appointed by Trans Caledon Tunnel Authority to advise on the matter (TCTA)
	Failure of temporary pump station;	
	Delay on rehabilitation of borrow pits;	
	Increased cost of project exceeds the approved borrowing limit by National Treasury	
Komati Water Scheme Augmentation Project (KWSAP)	Un-identified graves and heritage sites along the pipeline;	Obtain necessary approvals timeously if required to do so. Twenty one (21) graves have been identified so far and the Engineer has made slight changes to the pipeline route to avoid the graves;
	Delays in securing long term funding as funders are requesting additional security and require additional clauses in the terms and conditions of the loan agreements due to the effect of the recent financial crisis. Furthermore the funders are also seeking clarification on the ring fencing nature of TCTA projects	Negotiations with four (4) funders are still on-going and funding is expected to be finalised by mid-April 2011. TCTA is waiting for an opinion from National Treasury on the ring fenced nature of the projects and the strength of the implied guarantee
	Inadequate electricity power for pumping on commissioning;	DWA has submitted application for system upgrade and ESKOM to conduct a complete design and EIA study. A plan has been worked out to enable commissioning whilst upgrading the power line;
	Delays in accessing land for construction	Promotion of Administrative Justice Act (PAJA) Notices issued (98%) and land owner interaction process underway. TCTA has received questions for clarification which are being dealt with on an on-going basis. TCTA uses the expropriation process to acquire land rights. TCTA awaits a programme from the Consulting Engineer and the Contractor to inform the programme of acquiring the next batch of rights. To date, the rights for the first 20 km of site have been acquired;

Scheme	Key challenge	Proposed action
	Claims for sterilization of coal;	Pipes have been moved out of the mining area. Negotiation with mining company are held as the need arise;
	Possible weaknesses in co-operation between contractor and his sub-contractors resulting in non-performance	On site monitoring of Contractor and Sub-contractor taking action where necessary
	Errors in geotechnical investigation which may result in time and costs overruns;	Monitor construction process against geotechnical investigation findings;
	Inadequacy of roads network between point of manufacturing (pipes) and site. Flooding of works during construction	Advance investigation and route planning in conjunction with Eskom coal haulage road repair programme where applicable
Mokolo and Crocodile River Water Augmentation Project (MCWAP)	Delay in DWA concluding the water supply agreements as signed by Exxaro (name of company) and Eskom and a delay in the TCTA/DWA Implementation Agreement, which may delay the procurement of funding and thereby impacting on the commencement of construction and delivery of water;	DWA awaits the replacement pages of the Water Service Agreements (WSA) after which it will be signed. The Implementation Agreement is in the final stages of negotiation;
	Issuing of water use licenses in time as a result of delayed reserve determination and/or uncertainties relating to existing water user rights	Licence awarded with a suspensive condition in the WSA
	Cost escalations – Due to a potential increase in commodity prices which might exceed the forecast; and	Sensitivity analysis to be undertaken on the Engineer's cost estimates and
	Protracted TCTA internal approval process thereby causing a delay in project implementation	Manage the process.
Mooi Mgeni Transfer Scheme-2 (MMTS-2)	There is risk of failure to comply with Development Funding Institutions (DFI) funding requirements. Non-compliance with funding requirements may result in delays in securing long term funding and project implementation delays;	Finalise agreements. Consider other alternative sources of funding for bridging finance
	EThekweni is reluctant to sign Municipal Off-take Agreement because they are not satisfied with the TCTA administration costs. Project funding might not be secured and the project might also be delayed;	Escalate the matter to DWA
	There have been delays in the approval of Emergency preparedness Plan (EMP) by DEA. The project might be delayed and the costs of the project might increase. DEA may also issue a non-compliance notice and stop construction activities	TCTA to submit an EMP for the construction activities critical for next 3 months

Scheme	Key challenge	Proposed action
	The project schedule might need to be extended due to Minister ruling on the pipeline route appeal on the Record of Decision (RoD) This will have an impact on supervision time and costs of the project as new Environmental Impact Assessment (EIA) process has to be initiated. TCTA Admin time and costs will also need to be extended;	Start the procurement process for the new EIA service provider
	The project schedule is tight due to the emergency nature of the project, tight project milestones and delays in finalising agreements. This may result in a tarnished reputation of TCTA as well as higher project costs;	Assess the reasonableness of the contract programme and instruct acceleration if required;
	There may be challenges in transporting materials to the project site due to unsafe, inefficient and inadequate road infrastructure. This may have negative impact on social and environmental nuisance factors	TCTA to update EMP to include traffic management measures;
	Failure to finalise land acquisition process. This is due to discrepancy between verified legal water entitlements and current use. This may delay the project implementation and result in increased project costs;	Investigate alternative water supply options to the land owners;
	The costs of funding might be high if the project obtains a poor credit rating. High funding costs will result in increased project costs and water tariffs; and	Project rating to be done in parallel with finalisation of agreement; and
	There is a risk of court interdict if bidders of the construction tender contest the tender award. Court interdict might delay the project and lead to increased project costs.	Provide feedback as and when required. TCTA is in constant talks with the road authority to introduce necessary law enforcement. This is a matter for discussion on the agenda for the next Environment Monitoring Committee (EMC) meeting.
Raising of Clanwilliam Dam	The detailed design cannot proceed without a firm directive on the height of rising.	A firm directive has been requested from the Chief Director: Integrated Water Resource Planning on the final height of raising
	The project may be delayed as National Treasury is reluctant to commit funding without knowing the extent and cost of additional conveyance infrastructure to distribute the additional water. The investigation to determine this cost is expected to take 18 months.	
ORWRDP-2	One year delay in the finalisation of institutional arrangements and rising of long-term funding.	National Treasury has responded to Medium Term Expenditure Framework application and the allocation is not sufficient for TCTA mandated phases, being about a tenth of what was applied for (R780 m vs. R7.9 bn).
	Uncertainty over the scope of the project due to uncertainties over the water requirements of the potential project beneficiaries impacting on the design of the distribution system.	It may be possible to proceed with one phase at a time (e.g. 2C) although cash flow constraints would have to be carefully managed. A complete review of implications is to be conducted and an agreement obtained between DWA and TCTA on how to proceed with the project.

Scheme	Key challenge	Proposed action
Raising of Hazelmere Dam	Complications with issuing of order to Valuator due to lack of documentation from Department Public Works.	The Sub-directorate; Land Matters has requested the Dept. of Public Works to confirm the appointment of Valuers for the Department's projects.
	Avoid further delays in the appointment process of the Civil PSP and gate contractor.	Ensure that all aspects of the appointment process are as efficiently as possible.
	Inadequate maintenance of existing infrastructure	Development of suitable maintenance programme, systems and couple them with skilled personnel to address the current situation
	Lack of skilled professionals (Engineers, Scientists, Artisans and Water Plant Superintendents	A serious recruitment drive to be conducted to reduce reliance on Contractors Headhunting process to be followed
	The oversight of Agencies in the Eastern Cluster also needs to be addressed	Consultation with the relevant stakeholders in order to have Operations and Maintenance (O&M) Agreements drafted and signed off
	Underspending of CAPEX, civil work, especially canals, is due to delays in the appointment of Professional Service Providers (PSPs)	Maintenance contracts concluded and filling of critical posts
	Drought situation in Southern Cape as well as the Algoa Systems need to be managed	Timely interventions need to be implemented to ensure that adequate water supply continues
	Revenue Collection and Customer Relationship process not in place	Finalisation of Revenue Management structures
	Administrative burden of supervising staff due to absence of appointed Directors and other senior posts.	DDG: NWRI to engage Acting DG.
	Long time lapses between feedback from Regional Office: Limpopo on consultation between the Sekhukhune District Municipality and residents of the De Hoop dam basin which has intercepted the critical path for resettlement	To be escalated to a higher authority. PsP tender outstanding to argument DWA capacity to facilitate relocation at households in government.
	The 2009 proposed procedure for clearing of the De Hoop dam basin is still not approved by Chief Director: Infrastructure Development.	To be escalated to a higher authority
	Implementation of limited recommendations by the Office of the Public Protector is inhibited by the OPP Community Representative denying DWA access to the villages	This matter has been resolved and Construction is on site busy with scoping the works.
	Concern regarding uPhongola Water User Association's legal standing due to failure of availability of members to elect officials and inactivity. Procedural correctness of members opening a bank account without a DWA co-signature and capability to spend donor funding fruitfully	Requested DWA: KZN Regional Office to confirm standing of chairman and others and process of opening a Water Users Association (WUA) bank account as well as agreed Terms o Reference for allocated R350 000 from Masibambane

Programme 4: Regional Management

Service Delivery Objectives and Indicators - Main Exchequer Account

Table 20: Strategic Priority 1 : Contribution to economic growth and social development

Programme 4: Regional Management			
Strategic Priority 1 : Contribution to economic growth and social development			
Strategic Objective 1.2: Effective creation of decent employment through infrastructure delivery			
Outputs	Performance Indicators	Actual performance against target	
		2010/11 Target	Actual
Creation of decent employment through regional bulk programme	Number of decent jobs created	1105	1 313
Strategic Objective 1.3: Ensure the provision of regional bulk water			
Outputs	Performance Indicators	Actual performance against target	
		2010/11 Target	Actual
Implementation of Regional bulk schemes to support access to water and sanitation programmes	Number of bulk infrastructure schemes implemented per year	54	55
Strategic Objective 1.4: Development, maintenance and rehabilitation of bulk water infrastructure			
Outputs	Performance Indicators	Actual performance against target	
		2010/11 Target	Actual
Rehabilitate and refurbish transferred water services schemes	Number of transferred schemes refurbished	130	261
	Number of staff (over 55 years) transferred to WSA	1000 (The 2010/11 Annual Target was reviewed during the mid- year) to 500	561

Reasons for major variances:

- A total of 1 313 out of the planned 1 105 jobs were created through the implementation of bulk infrastructure programme. This is as a result of the fact that the majority of the projects have started with the implementation phase.
- During the 2010/11 financial year, a total of 55 out of 54 regional bulk infrastructure schemes were implemented. Due to additional available funding, the Ntsatsabane Bulk Water Scheme was also implemented.
- More transferred schemes were refurbished. This was attributed to the focus on the components within the schemes.
- 561 (over 55 years old) out of the reviewed target of 500 staff were transferred from the Department to the Water Services Authorities.

Table 21: Strategic Priority 2 : Contribution to rural development, food security and land reform

Programme 4: Regional Management			
Strategic Priority 2 : Contribution to rural development, food security and land reform			
Strategic Objective 2.1: Create sustainable rural livelihoods			
Outputs	Performance Indicators	Actual performance against target	
		2010/11 Target	Actual
Implementation of the rain water harvesting programme	Number of rain water harvesting tanks distributed for food production	5000	5 740
Implement EPWP programmes through the Natural Resource Management Programmes	No of Job opportunities created through Working for Water (WfW)	25 300	28 905
	No of job opportunities created by Working on Fire (WoF) per year	2221	3 210
	Number of SMMEs established through Working for Water (WfW) programme	1650	1 567

Reasons for major variances:

- Due to additional funding provided, the total number of tanks distributed in the 2010/11 financial year is 5,740 out of the planned 5000 for access to water and 10 for food security.
- During the 2010/11 financial year, the working for Water Programme created 28 905 out of the planned 25 300 job opportunities. This was because of the wage incentive programme that was implemented.
- During the 2010/11 financial year, the Working on Fire Programme created 3210 jobs out of the planned 2221 jobs as a result of the increase in the creation of jobs by the Fire Wise Community Projects
- In terms of the number of SMMEs established through the Working for Water programme, it should be noted that the programme slowed down on the recruitment of new emerging contractors so as to explore new implementation models.

Table 22: Strategic Priority 3 : Ensuring sustainable and equitable water resources management

Programme 4: Regional Management			
Strategic Priority 3 : Ensuring sustainable and equitable water resources management			
Strategic Objective 3.4: Protection and improvement of water quality			
Outputs	Performance Indicators	Actual performance against target	
		2010/11 Target	Actual
River Health Programmes implemented in all regions	Number of river health projects implemented	9 projects (one per Region)	48 ongoing
Reduction in invasive plants cleared through Working for Water Programme	Hectares of land cleared per year	715 400	967 598
Woodlands Restored through Working for Woodlands Programme	Hectares of land converted woodlots per year	1655	236
Ensure implementation of Integrated Veldt and Forest Fire Management	Number of fires attended to	820	1628
	Hectares veldt fires attended to per year	447 000	368 734

Reasons for major variances:

- During the 2010/11 financial year, the densities or thickness of invasive alien plants and the favourable weather conditions had a significant impact on the workload resulting in clearing 967 598 hectares of invasive plants out of the planned annual target of 715 400 hectares.
- Challenges were experienced with the issuing of forestation permits which delayed the implementation of the Working for Woodlands Programme.
- During the 2010/11 financial year, the Working on Fire Programme created a total of 3 210 out of the planned 2 221 jobs and this was as the result of the wage incentive programme. A total of 1 628 out of 820 fires were attended to. To ensure the implementation of integrated veldt and forest fire management, 368 734 out of the planned 447 000 hectares of fire were attended.

Table 23: Strategic Priority 4 : Effective support to local government

Programme 4: Regional Management			
Strategic Priority 4 : Effective support to local government			
Strategic Objective 4.1: Implementation of the Local Government Turnaround Strategy			
Outputs	Performance Indicators	Actual performance against target	
		2010/11 Target	Actual
Effective support provided to all municipalities	Number of municipalities supported with the development of IDPs (WSDPs)	169	169
	Number of municipalities (Metros) supported in implementing water conservation/water demand management	4	4
Effective participation in Provincial and National Intergovernmental structures	Number of Indaba action plans implemented by the provinces	9	8

Reasons for major variances:

- No major variances reported for Strategic Priority 4. The remaining Indaba Action Plan for Gauteng will be prepared in the first quarter of the 2011/12 financial year.

Strategic Priorities and objectives: (Water Trading Entity)

Table 24: Strategic Priority 2: Ensuring sustainable and equitable water resources management in all water management areas

Programme 4: Regional Management (Water Trading Entity)			
Strategic Priority 2: Ensuring sustainable and equitable water resources management in all water management areas			
Strategic Objective 2.1: To provide monitoring an assessing water resources availability and use			
Outputs	Performance Indicators	Actual Performance against Target	
		2010/11 Target	Actual
Implementation of hydrology and Geo hydrology monitoring systems and water quality monitoring	Number of operational monitoring programmes implemented	15	4 118
	Number of sampling points monitored	104	7 991

Reasons for major variances:

- Due to drought and flood in the Eastern Cape and Western Cape, additional monitoring was conducted hence the overachievement in the hydrology, geo-hydrology and water quality monitoring programmes



PART 3: Annual Financial Statements

- 3.1 Audit Committee Reports
- 3.2 Main Account (Vote 37)
- 3.3 Water Trading Entity





PART 3.1: Audit Committee Reports

- 3.1.1 Report of the Audit Committee (Main Exchequer Account - Vote 37)
- 3.1.2 Report of the Audit Committee (Water Trading Entity)

PART 3

Annual Financial Statements
Report of the Audit Committee
for the year ended 31 March 2011



3.1.1 REPORT OF THE AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

The Audit Committee comprises the following members:

Name of Member	Number of Meetings Attended
Ms S. Thomas (Chairperson)	6
Mr J A Boyd	3
Mr W.J.L du Preez	6
Mr K.D. Nkadameng	4
Mr J Motha	5
Ms H Kabini – Zondo	2
Mr Trevor Balzer (Acting Director General)	2
Ms Nobubele Ngele (Acting Director General)	1

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

The Acting Director General Ms Nobubele Ngele was suspended on 1 November 2010. Mr Trevor Balzer was appointed as the Acting Director General on 3 November 2010.

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:

- Vote 37

INTERNAL CONTROL

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

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

RISK MANAGEMENT

The department has developed and approved a risk management strategy. This strategy is the foundation for a continuous risk assessment process

and for management monitoring of risks on an ongoing basis.

INTERNAL AUDITING

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

The internal audit 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. As part of their mandate, the business process review committee will make recommendations on the restructuring of the internal audit department.

MATTERS REQUIRING SPECIFIC MENTION

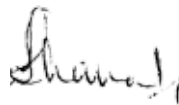
The committee notes with concern, the Auditor-General's Qualified Audit Opinion on the financial statements of the Main Account. Management will

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

Management has agreed to a two pronged approach, where, firstly management will identify areas that they can address immediately and secondly, they will implement recommendations when received from the business process review committee.

EVALUATION OF FINANCIAL STATEMENTS

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



Ms S. THOMAS

DATE: 19 August 2011

CHAIRPERSON OF THE AUDIT COMMITTEE

PART 3

Annual Financial Statements
Report of the Audit Committee
for the year ended 31 March 2011



3.1.2 REPORT OF THE AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

The Audit Committee comprises the following members:

Name of Member	Number of Meetings Attended
Ms S. Thomas (Chairperson)	6
Mr J A Boyd	3
Mr W.J.L du Preez	6
Mr K.D. Nkadimeng	4
Mr J Motha	5
Ms H Kabini – Zondo	2
Mr Trevor Balzer (Acting Director General)	2
Ms Nobubele Ngele (Acting Director General)	1

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

The Acting Director General Ms Nobubele Ngele was suspended on 1 November 2010. Mr Trevor Balzer was appointed as the Acting Director General on 3 November 2010.

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

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

RISK MANAGEMENT

The department has developed and approved a risk management strategy. This strategy is the foundation for a continuous risk assessment process

and for management monitoring of risks on an ongoing basis.

INTERNAL AUDITING

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

The internal audit 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. As part of their mandate, the business process review committee will make recommendations on the restructuring of the internal audit department.

MATTERS REQUIRING SPECIFIC MENTION

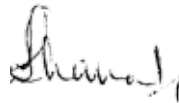
The committee notes with concern, the Auditor-General's Disclaimer Audit Opinion on the financial statements of the Water Trading Entity. Management

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

Management has agreed to a two pronged approach, where, firstly management will identify areas that they can address immediately and secondly, they will implement recommendations received from the business process review committee.

EVALUATION OF FINANCIAL STATEMENTS

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



Ms S. THOMAS

DATE: 19 August 2011

CHAIRPERSON OF THE AUDIT COMMITTEE





PART 3.2: Main Exchequer Account (Vote 37)

- 3.2.1 Report of the Accounting Officer
- 3.2.2 Report of the Auditor-General
- 3.2.3 Appropriation Statement
- 3.2.4 Notes to the Appropriation Statement
- 3.2.5 Statement of Financial Performance
- 3.2.6 Statement of Financial Position
- 3.2.7 Statement of changes in Net Assets
- 3.2.8 Cash Flow Statement
- 3.2.9 Statement of Accounting Policies and Related Matters
- 3.2.10 Notes to the Annual Financial Statements
(including Accounting Policies)
- 3.2.11 Disclosure notes to the Annual Financial Statements
- 3.2.12 Annexures to the Annual Financial Statements

PART 3

Main Account (Vote 37)
Report of the Accounting Officer
for the year ended 31 March 2011



3.2.1 REPORT OF THE ACCOUNTING OFFICER

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 Spending trends

The Department spent R7 913 137 000 of the total allocation of R8 203 193 000 which represents 96% total spending. The remaining 4% of the under expenditure is mainly due to the following:

- Delays in the signing of the funding agreements as well as delays in the procurement systems within the municipalities;
- Late finalisation of the Trans Caledon Tunnel Authority (TCTA) directives in respect of construction of new boreholes;

- Delays in construction and expansion of the gauging weirs as a result of high flows and floods experienced in May 2010 at Klipplaatdrift and Sendelingsdrift;
- Delays in finalising Masibambane allocation;
- Late submission of fleet management services invoice by the service providers;
- Water Services Operating Subsidy could not be transferred to municipalities as a result of failure by the municipalities to comply with DORA; and
- Accelerated Community Infrastructure Projects (ACIP) allocations were based on the municipal financial year as well as delays in approving projects and consultation with municipalities took longer than anticipated this resulted in projects starting late in the financial year.

Virement

An amount of R181 186 million was shifted to Programme 4: Regional Management to cover operational budget shortfall in the regions.

Below is the summary of virement per programme

Programmes R'000	Adjusted Appropriation	Virement	Final Appropriation	Actual Expenditure	Available Budget
Administration	967 498	(77 400)	890 098	842 113	47 985
Water Management	402 939	(32 235)	370 704	340 828	29 876
National Water Resource Infrastructure Management	2 238 232	(105 810)	2 132 422	2 132 422	-
Regional Management	4 354 342	234 660	4 589 002	4 388 860	200 142
Water Sector Regulations	240 182	(19 215)	220 967	208 914	12 053
Total	8 203 193	-	8 203 193	7 913 137	290 056

Comparisons of expenditure between the 2009/10 and 2010/10 financial year

In comparison with the 2009/10 financial year when 98 % of the appropriated amount was spent, only 96% was spent in 2010/11. The percentages per programme were as follows:

Programme	2010/11
Administration	95%
Water Management	92%
National Water Resource Infrastructure Programme	100%
Regional Management	96%
Water Sector Regulations	95%
Percentage spent	96%

Impact on Service Delivery

- Water use licensing backlog still not completed.
- Delays in the drilling of boreholes and delivering rain water tanks.
- Delays in the filling of vacant posts caused delays in capacity to deliver the necessary services.
- Accelerated Community Infrastructure Projects could not be fully implemented as planned.
- Delays in installing gauging weirs resulted in the Department not being able to inform communities of possible floods.
- Failure to obtain approval of reconciliation strategies in time led to planning not being done in time therefore delaying the implementation of recommendations that could have derived from the strategies by either the Department or municipalities. The delay also impacted on decision making because information is not available to make proper planning.

Interventions taken to avoid under expenditure

- Recruitment drive to fill vacant posts will increase spending and improve service delivery.
- Office of Chief Information Officer will continue to build internal IT capacity.
- Payment of all invoices within 30 days.
- Accurate alignment of ACIP projects with municipalities' financial year.
- Accelerate installation of gauging weirs.
- Ensure that the reconciliation strategies are approved in time.

2 SERVICES RENDERED BY THE DEPARTMENT

2.1 The following services are rendered by the Department

The main services rendered by the Department relate to:

- ensuring the availability of water at national level to facilitate equitable and sustainable

social and economic development;

- ensuring the efficient supply of water services at a local level; and
- 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 section 56 to 60 of the National Water Act, 1998 (Act No. 36 of 1998). The current Pricing Strategy (promulgated in 2007), provides for the following charges:

Water Resource Management (WRM) charges

These charges are intended for recovering the cost of performing water resource management activities, such as planning and implementing catchment management strategies, monitoring and assessing water resource availability and use, water use allocation, water quantity management, water resource protection and more. The WRM charges are determined and applied per Water Management Area (WMA) and there are charges for the domestic & industrial, agricultural (irrigation) and forestry (stream flow reduction) water use sectors in each WMA, because the costs related to these sectors are different.

Water Resource infrastructure (scheme) charges

These water use charges are applicable to raw water supplied to water users from Water Resource infrastructure funded by the State. Such Water Resource infrastructure charges can be divided into the following components:

• Operations and maintenance (O&M) charges

The revenue obtained from these charges is intended to defray the costs of operating and maintaining State raw water schemes.

- **Depreciation charges**

The revenue obtained from these charges is actually intended for performing refurbishment at government water schemes, but in practice this has not always happened.

- **Return on Assets (ROA) charges**

The revenue obtained from these charges is actually intended for performing upgrading (betterments) at government water schemes, but in practice this has not always happened.

All three charge components (O&M, depreciation, ROA) are applied to the domestic & industrial water use sector, but currently only O&M and depreciation to the irrigation sector, because scheme augmentation or betterment is usually not done for the irrigation sector. If scheme betterment is done for an irrigation user, the ROA charge component will also be applicable to the specific user.

Off-budget scheme (TCTA) charges

The Department currently uses the TCTA as an agent to fund and organise the construction of large new WR infrastructure schemes, for which the funding is obtained "off-budget" from the capital market or banks, not from the fiscus. In terms of the Pricing Strategy, the TCTA can determine capital unit charges (tariffs), sufficient to repay the loans obtained by them to fund the relevant infrastructure over the repayment period which is usually 20 years. Tariff revenue is collected by the Department, and there is a standing agreement between the Department and TCTA in terms of which the Department has to annually pay the full amount of revenue to the TCTA. In terms of the agreement, the Department has an obligation to pay TCTA whether it collects the required revenue from the users or not.

Water Research Levy

The activities of the Water Research Commission (WRC) is funded by a Water Research levy, which is administratively determined annually by the WRC and the Department, and is payable by users for units of water received, in addition to the other unit charges as briefly described above.

Future unit charges to be included in the revision of the current Pricing Strategy

Currently only an administrative charge, which forms part of the WRM charge in WMAs, is payable for water resource protection, resource quality management or pollution control activities in the WMAs. A Waste Discharge Charge System (WDCS) has been in preparation for a long time now, and in the revision of the Pricing Strategy which has recently started, a WDCS with a mitigation charge to provide for the mitigation of water-borne waste

through the building of treatment infrastructure, will be set up.

In the revision of the Pricing Strategy a hydropower water use charge for both small- and large-scale hydropower applications will be provided.

2.3 Free services

Various technical and administrative support services were provided to water services and water resources 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 NGO's working in the water sector. Free training was provided to operators of water works, councillors and water board members. Planning was done to assist municipalities in planning for water resources and water services. All these were done in addition to participating intergovernmental activities such as workshops.

2.4 Inventories

Expenditure of inventories amounted to R85,932 million as at 31 March 2011. These are reflected as Note 6 of the Annual Financial Statements.

3 UTILISATION OF DONOR FUNDS

During the 2010/11 financial year donor funding was received to continue the funding of the Department's donor funded programme, Masibambane, in its third phase and is one of the most significant vehicles aimed at strengthening the Department's ability to effectively discharge its mandate through the implementation of the Community Water Supply and Sanitation Programme (CWSS). The details of the funds received are reflected in Note 4 to the annual Financial Statements. The spending focus of these funds was as follows:

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

4 ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

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

4.1 Reasons for transfer payments

4.1.1 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 previously owned by the Department of Water Affairs and currently transferred to Water Services Authorities (WSA). The assets are owned and operated by WSAs or any agency appointed by them.

4.1.2 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, 2010 (Act No. 1 of 2010).

4.2 Other transfers

The strategic aim of the Water Trading Entity (WTE) is to ensure reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa. The WTE is also responsible for the development of new infrastructure. Any deficit is funded from the Main Account as an augmentation. For the year under review, augmentation to the WTE amounted to R1 952,422 million for infrastructure.

5 PUBLIC-PRIVATE PARTNERSHIPS

The Department does not have any public-private partnerships.

6 CORPORATE GOVERNANCE ARRANGEMENTS

The King Report, informed by the Constitution and Public Finance Management Act, (Act No. 1 of 1999), as amended, and the dictates of the King I, II and III reports, addresses 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 Department's affairs with integrity and in accordance with generally accepted corporate practices.

6.1 Risk management approach

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

The risk management framework seeks to align business opportunities and the taking of risks to the ever present challenges to the department in achieving its mission and strategic objectives. It encompasses the whole spectrum of risk ranging from the high level department wide strategic risks to individual branch and region operational risks including identification of risks at the project level.

The risk management is integrated with planning, budgetary and management activities. In particular, the risk management program is intrinsically linked to the strategic and operational planning through close liaisoning with the Chief Directorate: Business Performance Monitoring and Evaluation. The risk management framework is linked to a fraud prevention policy which aims to raise staff awareness of potential fraud within business activities by undertaking fraud risk assessments.

The Department through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Risk Management Committee oversees how management monitors compliance with department risk management framework and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by department. Risk Management Committee is assisted in its oversight role by the Directorate Risk Management under the supervision of the Chief Risk Officer.

6.2 Fraud prevention policies

The Department considers fraud prevention as an integral part of an overall Departmental 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 in place, which is reviewed annually, and contains the policy stance of the Department

to fraud and corruption to report, investigate and resolve incidents of fraud and corruption which impact on the Department.

The Department has identified the need to provide continuous awareness on prescribed prescripts, policies and procedures to ensure general compliance thereof. Management will improve awareness and 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.

6.3 Effectiveness of internal audit and the Audit Committee

The Internal Audit Unit of the Department discharges its responsibilities in accordance with the Treasury Regulations requirements. The Internal Audit component is headed by a Chief Director who reports operationally to the Accounting Officer and functionally to the Audit Committee. The component has developed and implemented a risk-based internal audit plan, which is in line with the standards set by the Institute of Internal Auditors. The role of the internal audit function is to assist the accounting officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement. The controls subject to evaluation encompass the following: the information systems environment; the reliability and integrity of financial and operational information; the effectiveness of operations; safeguarding of assets; and compliance with laws, regulations and controls.

The Department has an Audit Committee appointed in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) as amended and members discharge their functions in accordance with the PFMA, Treasury Regulations and the Audit Committee Charter. The Committee has scheduled meetings whereby Audit Committee engages management on, among others, matters relating to performance and financial management, internal audit matters and improvement action plans, formulated to address performance and financial management weakness identified by external auditors.

6.4 Other governance structures, including management processes to minimise conflict of interest

Committees such as the Executive Committee (EXCO), the Management Committee (MANCO) and the Departmental Bid Adjudication Committee

(DBAC) are functioning effectively and are achieving their objectives.

The department also developed a policy for conflict of interest in line with the Public Services Act, Public Service Regulation, and Code of Conduct for the Public Service and the SMS Handbook, in order to regulate and control conflict of interest within department.

Every employee must fully communicate and disclose any conflict of interest (including affiliation and nepotism as defined) which could impair or be perceived to impair their ability to act with integrity or objectivity in their role in the department, or affect the impartial fulfilment of their role in the affairs of the department.

The Risk Management Directorate retains the disclosure forms on behalf of the Chief Operation Officer for senior management. In respect of employees who are on level 1 -12, a designated person/s retain the disclosure forms on behalf of the Branch Deputy Director General or/and Chief Director Regional Office.

6.5 Implementation of the code of conduct

The Department has 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.

6.6 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.

7 DISCONTINUED ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED

No functions have been discontinued.

8 NEW/PROPOSED ACTIVITIES

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

9 ASSET MANAGEMENT

Physical verification of assets was conducted at all nine regional offices including Working for Water. This was done to confirm the existence and ensure that all assets within the department have been recorded and accounted for in the Departmental Asset Register. In the 2011/2012 financial year the verification will be supplemented by regular monthly asset spot checks that will be done on a minimum of 50 assets per region. Monthly reconciliations were also performed from April 2010 until March 2011 to ensure that additions for the current financial year have all been recorded onto the Asset Register. The Departmental Asset Register meets the minimum requirements as per the asset management guidelines and asset Management Framework. The Asset Register is divided in Major and Minor assets as well as the different assets reporting classes i.e. Transport, Computer, Machinery etc. The asset management plan is part of the demand plan which is in line with the strategic plan of the department.

LOGIS has still not been fully implemented as a database source for the asset register as not all sites are live as yet. It should be fully implemented in the

2012/2012 financial year as all departmental sites will be live on LOGIS system.

10 EVENTS AFTER THE REPORTING DATE

The determination letter for the transfer of the Natural Resource Programmes, the Working for Water and Working on Fire programmes, was signed by the Minister of Public Service and Administration on 30 March 2011 for the transfer of these functions with effect from 1 April 2011 to the Department of Environmental Affairs. This Department facilitated that National Treasury transfers the budget of these programmes to the Department of Environmental Affairs, and this has been approved.

11 SCOPA RESOLUTIONS

The Department appeared before SCOPA on 15 March 2011 with respect to the financial reports for the year ending 31 March 2010 and is still awaiting the resolutions from SCOPA.

12 PRIOR MODIFICATIONS TO AUDIT REPORTS

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

Nature of Qualification	Financial year in which it first arose	Progress made in clearing/resolving the matter
Immovable assets: Existence and completeness of R33,5 million immovable tangible capital assets could not be verified.	2009/10	The matter has been resolved. Part of the assets were transfers from the Water Trading Entity including Land and Sub Soil assets, while the balance was in respect of Heritage Assets (Indigenous Forests) that were only transferred to the Department of Agriculture, Forestry and Fisheries during the 2011/2012 financial year.
Movable assets: Closing balance of R90,724 million as disclosed in the financial statements does not agree with the R48,257 million in the asset register.	2009/10	After adjustments were made, the value of assets in the Asset Register increased from R 90,724 to R 97,257 million as a result of assets that were found on the floor but were not recorded in the Asset Register that was originally submitted to the Auditor-General.
Goods and services: Additions of R33,8 million as disclosed in the financial statements does not agree with the R16,2 million in the asset register.	2009/10	Additions were incorrectly disclosed as a result of misallocations and journals that were not processed on time. The correcting adjustments were done on the prior balances.

13 EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY


The Department did not approach the National Treasury for approval for exemptions and deviations from statutory reporting requirements.

14 OTHER

- The former Director-general was dismissed, but declared a dispute at the Public Service Co-ordinating Bargaining Council.
- The dismissal of the Chief Financial Officer was finalised and he was dismissed.
- The Deputy Director-general Corporate Services was suspended pending a disciplinary hearing
- The Chief Information Officer was suspended pending further investigation

15 APPROVAL

The Annual Financial Statements set out on pages 85 to 158 have been approved by the acting Accounting Officer.



Mr T Balzer
Acting Director-General: Department
of Water Affairs
DATE: 31 May 2011

PART 3

Main Account
Report of the Auditor-General
for the year ended 31 March 2011



3.2.2 Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 37: DEPARTMENT OF WATER AFFAIRS

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1 I have audited the accompanying financial statements of the Department of Water Affairs, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting officer's as set out on pages 85 to 158.

Accounting officer's responsibility for the financial statements

2 The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting prescribed by the National Treasury and the requirements of the Public Finance Management Act, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3 As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

4 I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. 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.

5 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.

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

Basis for qualified opinion

Moveable tangible capital assets

7 As disclosed in note 33.1 to the financial statements an adjustment of R153.7 million was made to other machinery and equipment. As a result of inadequate control implementation over capital asset management for the Accelerated Community Infrastructure Projects (ACIP).

I was unable to obtain sufficient appropriate audit evidence to verify the validity, accuracy and completeness for the adjustment.

- 8 An adjustment to computer equipment amounting to R11.3 million is disclosed as part of tangible capital assets as per note 33 to the financial statements. The department performed an asset count during the year but has not maintained adequate records to support adjustments to the asset records. I was unable to obtain sufficient appropriate audit evidence to verify the validity, accuracy and completeness of the adjustment.
- 9 The department did not adequately monitor agreements with entities that it utilised to achieve its mandate under the Working for Water Programme. The agreements indicated that the department was the owner of the assets. The assets held by these entities were not included in the asset register of the department.
- 10 The department provides assistance to municipalities by using voted funds to construct bulk infrastructure which it intends to transfer after completion. The transfer in kind is regulated by Schedule 7 of the Division of Revenue Act (DoRA) which requires the transfer of a physical asset instead of funds. The department has not included the completed assets in its asset register before the transfer to municipalities is made.

As a result I was unable to obtain sufficient appropriate audit evidence to satisfy myself of the existence, valuation, completeness and rights and obligations of the assets mentioned in paragraphs 9 and 10 above.

Revenue

- 11 As disclosed in note 19.1 to the financial statements, payables amounted to R30 million. Included in this amount is revenue arising from the rendering of services at a training centre owned by the department amounting to R23.1 million. The departmental reporting framework requires revenue to be recorded in the period which it was received therefore payables has been overstated with the reported amount. As a result revenue recorded per note 2 of the financial statement and revenue to be surrendered to the National Revenue Fund as per note 17 of the financial statements has been understated with the reported amount.

Goods and services

- 12 The department was a participant in the Expanded Public Works Programme (EPWP). The department implemented the Working for Water programme that involved the clearance of alien vegetation by use of service providers/implementing agents.

The department and the service providers entered into contracts that required the department to keep a record of assets acquired from departmental funds and to record expenditures incurred by the implementing agents on its behalf.

As disclosed in note 6.3 to the financial statements, infrastructure and planning expenses amounted to R619.6 million (R548.9 million; 2009/10). Included in this amount are payments to the service providers/implementing agents.

The department did not adequately monitor the accurate recording of expenditure from the use of service providers /implementing agents. As a result, payments for capital assets and expenses that require separate disclosure are misclassified as infrastructure and planning expenses.

Due to inadequate records kept by the department, I was unable to quantify the overstatement of goods and services disclosed in note 6 and the understatement of capital assets in note 33 to the financial statements.

- 13 The department did not adequately monitor the accurate recording of communication and computer services expenditure resulting in misclassifications of the expenditure items disclosed in note 6 to the financial statements. Consequently, I could not obtain sufficient appropriate audit evidence to satisfy myself as to the classification of communication and computer services amounting to R55.8 million and R192.3 million respectively, that is disclosed in note 6.

Commitments

- 14 Commitments are disclosed in note 23 to the financial statements at an amount of R576.4 million (R876.5 million; 2009/2010). The department did not implement the LOGIS system in the majority of the regions (provinces) to enable the tracking and management of procurement of goods and services. As a result, I was unable to identify open orders at year end and there were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments arising from contracts are completely recorded. Consequently,

I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of commitments disclosed.

Irregular expenditure

- 15 Section 38(1)(a)(iii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the entity to implement and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. Payments were made in contravention of the delegated approval frameworks and supply chain management requirements amounting to R69 million (R12.5 million; 2009/10) and disclosed as irregular in note 28 to the financial statements. In addition, the department did not fully comply with the requirements of schedule 7 allocations as per the Division of Revenue Act, 2010 (DoRA). The payments made have not been disclosed as irregular expenditure in note 28. There was no system of control over irregular expenditure on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all irregular expenditure was properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and accuracy of irregular expenditure.

Fruitless and wasteful expenditure

- 16 Section 38(1) (c) (ii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the accounting officer to take effective steps to prevent fruitless and wasteful expenditure and losses resulting from criminal conduct. The department has disclosed fruitless and wasteful expenditure of R400 000 (Nil; 2009/10) in note 29 to the financial statements. As a result of my audit, an amount of R13.5 million was identified as fruitless and wasteful expenditure. There was no system of control over fruitless and wasteful expenditure on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all fruitless and wasteful expenditure was properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and accuracy of fruitless and wasteful expenditure.

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 2011 and its financial performance and cash flows for the year then ended, in accordance with modified cash basis of accounting and the requirements of the Public Finance Management Act.

Emphasis of matter

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

Restatement of corresponding figures

- 17 Misstatements in the corresponding figures were identified during our audit of the financial statements of the current year. The misstatements include an amount of R407,3 million to minor assets disclosed in note 33.3 and R37,7 million made to intangible assets disclosed in note 34.

Management corrected the misstatements by restating the corresponding figures for 2009/10.

Additional matter

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

- 18 The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the department.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 79 to 84 and material non-compliance with laws and regulations applicable to the department.

Predetermined objectives

Usefulness of information

The reported performance information was deficient in respect of the following criteria:

- Consistency: The reported objectives, indicators and targets are not consistent with the approved strategic plan.
- Measurability: The indicators are not well defined and verifiable, and targets are not specific, measurable and time bound.

- 19 The following audit findings relate to the above criteria:

Reported objectives are not consistent when compared with the planned objectives

Reported performance against predetermined objectives is not consistent with the approved strategic plan. The following serves as an example:

Annual performance report

- For 100% of the programmes the planned and reported targets were not time bound.

Strategic Objective 2.1 Create sustainable rural livelihoods		
Output(s)	Performance indicators	Targets 2010/11
Implement EPWP programmes through the Natural Resource Management Programmes	No of job opportunities created by Working for Water (WfW) per year	25,300

Strategic plan

Strategic Objective	Output	Performance indicator or measure	Performance targets 2010/11
Create sustainable rural livelihoods	Provision of adequate support to the poorly resourced farmers	No of job opportunities created by Working for Water (WfW) per year	25,300
	Implementation of the Natural Resource Management Programmes to support EPWP	No of job opportunities created by Working on Fire (WoF) per year	2,221

Planned and reported targets are not well defined and verifiable

- For 100% of the programmes the planned and reported targets were not time bound.
- For over 50% of the programmes the indicators were not well defined and the targets verifiable

Strategic Objective 1.2 Effective creation of decent employment through infrastructure delivery			
Output(s)	Performance indicators	Targets 2010/11	Actual
Creation of decent employment through regional bulk programme	No of decent jobs created	1,105	1,313
Strategic Objective 5.3 Ensure effective implementation of regional corporation agreements			
Output(s)	Performance indicators	Targets 2010/11	Actual
Provide coordination on regional (SADC) and continental water	Level of effectiveness of the functioning of the water structures (Implementation of effective water management tools)	Finalisation of the memorandum of understanding for SADC hydrological circle observing system project phase III	During the first quarter, the memorandum of SADC went through the legal process and was finalised, however the funds for HYCOS were withdrawn during the first quarter of 10/11 financial year, therefore no further activities could take place.
Strategic Objective 3.1 Improve equity in water allocation			
Output(s)	Performance indicators	Targets 2010/11	Actual
Eradicate licences application backlogs	Percentage reduction in license backlog	100% of all license backlogs eradicated (3462)	3204 74% of increased backlog of 4318

Compliance with laws and regulations

Annual financial statements, performance and annual report

- 11 The financial statements submitted for audit did not comply with section 40(1)(c)(i) of the PFMA. Material misstatements were identified during the audit, certain of these were corrected by management and those that were not are included in the basis for qualified opinion paragraphs.

Procurement and contract management

- 12 Goods and services with a transaction value of between R10 000 and R500 000 were procured without inviting at least three written price quotations from prospective suppliers, as per the requirement of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.
- 13 Goods and services were acquired from suppliers who did not provide original tax certificates as required by TR 16A9.1(d).
- 14 The supplier data base was not updated quarterly by inviting prospective suppliers annually to apply for evaluation and listing as prospective suppliers as per the requirement of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.

Expenditure management

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

Transfer of funds and grants

- 17 The department transferred Regional Bulk Infrastructure Grants listed under schedule 7 to certain implementing agents in contravention of the requirements of the Division of Revenue Act, 2010 (DoRA).

Human resource management and compensation

- 18 The executive authority did not verify the backgrounds and the claims made by certain

candidates in their applications for the posts, as per the requirements of chapter 1, part VII D 8(a) of the Public Service Regulations, 2001.

INTERNAL CONTROL

- 19 In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal controls relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal controls. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- 20 The department experienced instability in leadership since 2009 as a result of a number of suspensions and dismissals in key leadership positions.

Financial and performance management

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

Governance

- 24 The internal audit unit has a three year strategic plan that was approved by the audit committee. However, due to capacity constraints the unit did not perform all assignments planned for the year.

OTHER REPORTS

Investigations

Completed during the year

- 25 I conducted an investigation into certain alleged procurement irregularities at the department. The investigation was conducted at the request of the Minister

and the final report was tabled in parliament on 12 July 2010. The investigation resulted in disciplinary action being instituted against senior departmental officials implicated in the irregularities.

- 26 An investigation was conducted by the internal audit unit at the request of the department. The investigation was initiated to establish whether a municipality that was allocated funds for the development of regional bulk infrastructure had utilised it for the intended purposes. The investigation resulted in recommendations for the municipality to be reported to National Treasury for contravening DoRA and for disciplinary action to be instituted against two employees of the department.
- 27 Several investigations were conducted by the internal audit unit at the request of the accounting officer and/or the Minister arising from allegations of procurement irregularities by departmental officials. These allegations were brought to the attention of the department through the National Anti-Corruption Hotline. The investigations resulted in recommendations for disciplinary and/ or criminal proceedings to be instituted against the departmental officials concerned.

Investigations in progress

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

Performance audits

- 29 A performance audit was conducted during the year under review on the department's use of consultants. The management report was issued on 19 May 2011.

Auditor-General

Pretoria
31 July 2011



PART 3

Main Account
Appropriation Statement
for the year ended 31 March 2011

3.2.3 Appropriation Statement

Appropriation Statement	Appropriation per programme									
	2010/11					2009/10				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1 Administration										
Current payment	915 602	(8 528)	(67 564)	839 510	813 886	25 624	95.5%	830 213	826 787	
Transfers and subsidies	11 902	-	-	11 902	5 275	6 627	44.3%	10 292	10 292	
Payment for capital assets	39 994	2 748	(9 836)	32 906	17 331	15 575	88.9%	6 750	5 504	
Payment for financial assets	-	5 780	-	5 780	5 621	159	97.2%	-	-	
2 Water Management										
Current payment	393 911	(1 870)	(32 412)	359 629	330 242	29 387	91.8%	350 364	334 260	
Transfers and subsidies	750	871	-	1 621	1 132	489	69.8%	1 539	1 457	
Payment for capital assets	8 278	999	177	9 454	9 454	-	100.0%	12 494	12 494	
3 National Water Resources Infrastructure Programme										
Current payment	-	-	-	-	-	-	-	2 003 947	1 979 080	
Transfers and subsidies	2 238 232	-	(105 810)	2 132 422	2 132 422	-	100.0%	124 730	123 430	
4 Regional Management										
Current payment	2 235 095	(365 337)	94 171	1 963 929	1 878 465	85 464	95.6%	1 918 170	1 792 131	
Transfers and subsidies	1 050 974	170	24 843	1 075 987	1 043 048	32 939	96.9%	1 902 627	1 883 965	
Payment for capital assets	1 068 273	365 167	115 646	1 549 086	1 467 347	81 739	94.7%	428 160	426 546	
5 Water Sector Regulation										
Current payment	186 215	(39 598)	(19 038)	127 579	124 999	2 580	98.0%	130 425	131 901	
Transfers and subsidies	51 684	7 121	-	58 805	49 382	9 423	84.0%	52 510	51 447	
Payment for capital assets	2 283	32 477	(177)	34 583	34 533	50	99.9%	1 781	1 245	
TOTAL	8 203 193	-	-	8 203 193	7 913 137	290 056	96.5%	7 774 002	7 580 539	

Appropriation Statement	Appropriation per programme							
	2010/11						2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Reconciliation with statement of financial performance								
ADD								
Departmental receipts				33 119				76 279
Direct Exchequer receipts				5 000				-
Aid assistance				428 001				466 079
Actual amounts per statement of financial performance (total revenue)				8 669 313				8 316 360
ADD								
Aid assistance					96 219			316 600
Actual amounts per statement of financial performance (total expenditure)					8 009 356			7 897 139

Appropriation Statement	Appropriation per economic classification								
	2010/11							2009/10	
	Adjusted Ap- propriation	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	1 166 181	(132 706)	(5 971)	1 027 504	974 949	52 555	94.9%	839 950	836 108
Goods and services	2 564 642	(285 397)	(18 872)	2 260 373	2 169 384	90 989	95.4%	2 295 683	2 175 988
Interest and rent on land	-	3 260	-	3 260	3 260	-	100.0%	6 699	6 699
Transfers and subsidies									
Provinces and municipalities	1 038 528	562	(40 229)	998 861	985 202	13 659	98.6%	1 783 201	1 765 585
Departmental agencies and accounts	2 059 328	-	(65 581)	1 993 747	1 992 802	945	100.0%	1 969 912	1 947 339
Universities and technikons	-	-	-	-	-	-	-	8 694	8 693
Foreign governments and international organisations	180 306	-	-	180 306	180 275	31	100.0%	180 628	176 581
Public corporations and private enterprises	4 127	10 000	-	14 127	13 794	333	97.6%	2	2
Non-profit institutions	466	-	-	466	-	466	-	440	450
Households	70 787	(2 889)	24 843	92 741	59 186	33 555	63.8%	151 126	145 022
Payments for capital assets									
Buildings and other fixed structures	1 033 832	189 689	115 646	1 339 167	1 291 107	48 060	96.4%	447 853	435 758
Machinery and equipment	72 420	205 257	(10 013)	267 664	230 167	37 497	86.0%	35 476	28 340
Heritage assets	285	(285)	-	-	-	-	-	-	-
Specialised military assets	234	(234)	-	-	-	-	-	-	-
Biological assets	-	1	-	1	1	-	100.0%	-	-
Software and other intangible assets	12 057	7 121	177	19 355	7 389	11 966	38.2%	4 061	3 697
Payments for financial assets									
	-	5 621	-	5 621	5 621	-	100.0%	50 277	50 277
Total	8 203 193	-	-	8 203 193	7 913 137	290 056	96.5%	7 774 002	7 580 539

Detail per programme 1 - ADMINISTRATION

Detail per sub-programme	2010/11						2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
1.1 Minister								
Current payment	1 816	581	-	2 397	2 200	197	91.8%	4 666
Payment for capital assets	-	-	-	-	-	-	-	48
1.2 Deputy Minister								
Current payment	1 496	344	-	1 840	1 840	-	100.0%	-
Transfers and subsidies	-	564	-	564	564	-	100.0%	-
1.3 Management								
Current payment	240 370	(23 896)	(43 842)	172 632	149 800	22 832	86.8%	106 563
Transfers and subsidies	1 806	(1 004)	-	802	771	31	96.1%	203
Payment for capital assets	6 484	1 130	(4 000)	3 614	3 589	25	99.3%	2 023
1.4 Corporate Services								
Current payment	363 071	23 223	8 595	394 889	406 824	(11 935)	103.0%	435 812
Transfers and subsidies	10 096	(249)	-	9 847	3 251	6 596	33.0%	10 047
Payment for capital assets	25 935	1 618	(2 700)	24 853	12 839	12 014	51.7%	3 698
1.5 Office Accommodation								
Current payment	161 184	32 728	218	194 130	194 060	70	100.0%	167 222
1.6 Financial Management								
Current payment	147 665	(41 508)	(32 535)	73 622	59 162	14 460	80.4%	115 950
Transfers and subsidies	-	689	-	689	689	-	100.0%	42
Payment for capital assets	7 575	-	(3 136)	4 439	903	3 536	20.0%	981
Payment for financial assets	-	5 780	-	5 780	5 621	159	97.2%	-
Total	967 498	-	(77 400)	890 098	842 113	47 985	94.6%	842 583

Program 1 Per Economic classification	2010/11							2009/10	
	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	348 022	(76 366)	-	271 656	244 658	26 998	90.1%	200 513	200 513
Goods and services	567 580	67 609	(67 564)	567 625	568 999	(1 374)	100.2%	572 724	569 298
Interest and rent on land	-	229	-	229	229	-	100.0%	6 699	6 699
Transfers and subsidies									
Provinces and municipalities	-	412	-	412	412	-	100.0%	26	26
Departmental agencies and accounts	1 096	-	-	1 096	945	151	86.2%	1 027	1 088
Universities and technikons	-	-	-	-	-	-	-	8 694	8 693
Foreign governments and international organisations	306	-	-	306	275	31	89.9%	3	3
Households	10 500	(412)	-	10 088	3 643	6 445	36.1%	542	482
Payments for capital assets									
Buildings and other fixed structures	3 953	(3 928)	-	25	-	25	-	39	-
Machinery and equipment	25 370	2 111	(9 836)	17 645	13 902	3 743	78.8%	6 542	5 481
Software and other intangible assets	10 671	4 724	-	15 395	3 429	11 966	22.3%	169	23
Payments for financial assets	-	5 621	-	5 621	5 621	-	100.0%	50 277	50 277
Total	967 498	-	(77 400)	890 098	842 113	47 985	94.6%	847 255	842 583

Detail per programme 2 - WATER MANAGEMENT

Detail per sub-programme	2010/11							2009/10	
	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 Integrated Planning									
Current payment	159 278	(1 034)	(6 494)	151 750	130 479	21 271	86.0%	106 185	105 246
Transfers and subsidies	250	677	-	927	927	-	100.0%	707	939
Payment for capital assets	963	(418)	-	545	545	-	100.0%	2 428	2 428
2.2 Policy and Strategy									
Current payment	37 619	333	-	37 952	37 952	-	100.0%	66 751	51 649
Transfers and subsidies	250	-	-	250	11	239	4.4%	370	366
Payment for capital assets	291	(171)	-	120	120	-	100.0%	410	410
2.3 Water Eco-Systems									
Current payment	26 984	1 651	2 560	31 195	31 195	-	100.0%	21 519	21 501
Transfers and subsidies	250	-	-	250	-	250	-	250	-
Payment for capital assets	2 571	(1 505)	-	1 066	1 066	-	100.0%	1 231	1 231
2.4 Water Information Management									
Current payment	170 030	(2 820)	(28 478)	138 732	130 616	8 116	94.1%	155 909	155 864
Transfers and subsidies	-	194	-	194	194	-	100.0%	212	152
Payment for capital assets	4 453	3 093	177	7 723	7 723	-	100.0%	8 425	8 425
Total	402 939	-	(32 235)	370 704	340 828	29 876	91.9%	364 397	348 211

Program 2 Per Economic classification	2010/11							2009/10	
	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	136 712	-	2 560	139 272	139 270	2	100.0%	118 038	117 954
Goods and services	257 199	(1 486)	(34 972)	220 741	190 867	29 874	86.5%	232 326	216 306
Interest and rent on land	-	105	-	105	105	-	100.0%	-	-
Transfers and subsidies									
Provinces and municipalities	-	2	-	2	2	-	100.0%	-	-
Households	750	380	-	1 130	1 130	-	100.0%	1 539	1 457
Payment for capital assets									
Machinery and equipment	7 002	(1 468)	-	5 534	5 534	-	100.0%	8 820	8 820
Software and other intangible assets	1 276	2 467	177	3 920	3 920	-	100.0%	3 674	3 674
Total	402 939	-	(32 235)	370 704	340 828	29 876	91.9%	364 397	348 211

Detail per programme 3 - NATIONAL WATER RESOURCES INFRASTRUCTURE PROGRAMME

Detail per sub-programme	2010/11						2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000

3.1 Infrastructure Development and Rehabilitation

Current payment	-	-	-	-	-	-	-	2 002 085	1 977 218
Transfers and subsidies	2 098 211	-	(105 810)	1 992 401	1 992 401	-	100.0%	-	-

3.2 Operation of Water Resources

Current payment	-	-	-	-	-	-	-	1 862	1 862
Transfers and subsidies	140 021	-	-	140 021	140 021	-	100.0%	124 730	123 430

Total	2 238 232	-	(105 810)	2 132 422	2 132 422	-	100.0%	2 128 677	2 102 510
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Program 3 Per Economic classification	2010/11						2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000

Current payments

Goods and services	-	-	-	-	-	-	-	1 862	1 862
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Transfers and subsidies

Departmental agencies and accounts	2 058 232	-	(105 810)	1 952 422	1 952 422	-	100.0%	1 946 815	1 924 695
Foreign governments and international organisations	180 000	-	-	180 000	180 000	-	100.0%	180 000	175 953

Total	2 238 232	-	(105 810)	2 132 422	2 132 422	-	100.0%	2 128 677	2 102 510
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Detail per programme 4 - REGIONAL MANAGEMENT

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Stakeholder Management/Sector Support									
Current payment	244 719	(8 405)	12 778	249 092	249 091	1	100.0%	657 662	547 183
Transfers and subsidies	326 368	(1 717)	-	324 651	324 651	-	100.0%	408 925	411 923
Payment for capital assets	9 679	17 276	-	26 955	26 955	-	100.0%	417 095	416 767
4.2 Institutional Establishment									
Current payment	286 715	(68 687)	65 607	283 635	229 731	53 904	81.0%	58 264	45 086
Transfers and subsidies	14 490	9 217	24 843	48 550	23 707	24 843	48.8%	279	279
Payment for capital assets	197 089	73 411	115 646	386 146	350 146	36 000	90.7%	1 007	841
4.3 Regional Programme Coordination									
Current payment	619	(619)	-	-	-	-	-	-	-
4.4 Water Conservation and Demand Management									
Current payment	57 340	(51 003)	-	6 337	6 337	-	100.0%	-	-
Payment for capital assets	-	31 503	-	31 503	31 503	-	100.0%	-	-
4.5 Accelerate Access to Community Infrastructure									
Current payment	110 096	(93 682)	-	16 414	16 414	-	100.0%	-	-
Payment for capital assets	40	80 477	-	80 517	68 374	12 143	84.9%	-	-
4.6 Natural Resource Management									
Current payment	907 182	(27 967)	-	879 215	879 215	-	100.0%	601 459	601 459
Transfers and subsidies	4 127	91	-	4 218	4 218	-	100.0%	-	-
Payment for capital assets	887	38 719	-	39 606	6 010	33 596	15.2%	-	-

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.7 Poverty Interventions									
Current payment	117 962	(109 883)	-	8 079	8 079	-	100.0%	-	-
Payment for capital assets	-	114 031	-	114 031	114 031	-	100.0%	-	-
4.8 Regional Bulk									
Current payment	59 350	(20 384)	-	38 966	18 932	20 034	48.6%	50 000	50 000
Transfers and subsidies	-	-	-	-	-	-	-	561 500	561 500
Payment for capital assets	833 650	16 968	-	850 618	850 618	-	100.0%	-	-
4.9 Transfers of Water Affairs									
Current payment	184 764	1 788	-	186 552	186 552	-	100.0%	235 505	235 505
Transfers and subsidies	690 796	(6 088)	-	684 708	676 612	8 096	98.8%	926 903	903 815
Payment for capital assets	-	5 956	-	5 956	5 956	-	100.0%	1 688	1 687
4.10 Support Services									
Current payment	266 348	13 505	15 786	295 639	284 114	11 525	96.1%	315 280	312 898
Transfers and subsidies	15 193	(1 333)	-	13 860	13 860	-	100.0%	5 020	6 448
Payment for capital assets	26 928	(13 174)	-	13 754	13 754	-	100.0%	8 370	7 251
Total	4 354 342	-	234 660	4 589 002	4 388 860	200 142	95.5%	4 248 957	4 102 642

Program 4 Per Economic classification	2010/11						2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Current payments								
Compensation of employees	619 919	(54 616)	-	565 303	539 750	25 553	95.5%	472 353
Goods and services	1 615 176	(313 646)	94 171	1 395 701	1 335 790	59 911	95.7%	1 407 392
Interest and rent on land	-	2 926	-	2 926	2 926	-	100.0%	-
Transfers and subsidies								
Provinces and municipalities	990 469	148	-	990 617	984 788	5 829	99.4%	1 783 175
Departmental agencies & accounts	-	-	-	-	-	-	-	11
Foreign governments & international organisations	-	-	-	-	-	-	-	625
Public corporations and private enterprises	4 127	-	-	4 127	4 127	-	100.0%	2
Households	56 378	22	24 843	81 243	54 133	27 110	66.6%	119 034
Payment for capital assets								
Buildings and other fixed structures	1 029 879	160 084	115 646	1 305 609	1 257 574	48 035	96.3%	447 814
Machinery and equipment	38 284	205 151	-	243 435	209 731	33 704	86.2%	18 333
Biological assets	-	1	-	1	1	-	100.0%	-
Software and other intangible assets	110	(70)	-	40	40	-	100.0%	218
Total	4 354 342	-	234 660	4 589 002	4 388 860	200 142	95.6%	4 248 957
								4 102 642

Detail per programme 5 - WATER SECTOR REGULATION

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Economic and Social Regulation									
Current payment	78 947	(45 557)	(503)	32 887	32 887	-	100.0%	35 338	36 894
Transfers and subsidies	42 275	8 234	-	50 509	49 382	1 127	97.8%	52 510	51 447
Payment for capital assets	620	33 273	(177)	33 716	33 716	-	100.0%	842	306
5.2 Resource Regulation									
Current payment	47 340	(5 030)	(3 600)	38 710	38 710	-	100.0%	53 005	53 005
Transfers and subsidies	1 329	(863)	-	466	-	466	-	-	-
Payment for capital assets	878	(562)	-	316	316	-	100.0%	360	360
5.3 Water Use									
Current payment	36 492	12 318	(300)	48 510	48 508	2	100.0%	28 087	28 007
Transfers and subsidies	8 080	(250)	-	7 830	-	7 830	-	-	-
Payment for capital assets	266	-	-	266	217	49	81.6%	254	254
5.4 Enforcement									
Current payment	23 436	(1 329)	(14 635)	7 472	4 894	2 578	65.5%	13 995	13 995
Payment for capital assets	519	(234)	-	285	284	1	99.6%	325	325
Total	240 182	-	(19 215)	220 967	208 914	12 053	94.5%	184 716	184 593

Program 5 Per Economic classification	2010/11						2009/10			
	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	61 528	(1 724)	(8 531)	51 273	51 271	2	100.0%	49 046	48 234	
Goods and services	124 687	(37 874)	(10 507)	76 306	73 728	2 578	96.6%	81 379	83 667	
Transfers and subsidies										
Provinces and municipalities	48 059	-	(40 229)	7 830	-	7 830	-	-	-	
Departmental agencies and accounts	-	-	40 229	40 229	39 435	794	98.0%	22 059	21 545	
Public corporations and private enterprises	-	10 000	-	10 000	9 667	333	96.7%	-	-	
Non-profit institutions	466	-	-	466	-	466	-	440	450	
Households	3 159	(2 879)	-	280	280	-	100.0%	30 011	29 452	
Payment for capital assets										
Buildings and other fixed structures	-	33 533	-	33 533	33 533	-	100.0%	-	-	
Machinery and equipment	1 764	(537)	(177)	1 050	1 000	50	95.2%	1 781	1 245	
Heritage assets	285	(285)	-	-	-	-	-	-	-	
Specialised military assets	234	(234)	-	-	-	-	-	-	-	
Total	240 182	-	(19 215)	220 967	208 914	12 053	94.5%	184 716	184 593	

PART 3

Main Account Notes to the Appropriation Statement



3.2.4 Notes to the Appropriation Statement

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

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

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

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

3 Detail on payments for financial assets

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

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

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 1				
Administration	890 098	842 113	47 985	5.4%
The under spending is mainly due to:				
<ul style="list-style-type: none"> Allocation of R30.6 million for improvement of Departmental salaries by National Treasury has been included under programme one, but filling of all vacant posts did not materialise, which contributed to under spending. Late payment of invoices in respect of Audit Services and Forensic Investigation, due to service providers not submitting in time. 				
Programme 2				
Water Management	370 704	340 828	29 876	8.1%
The under spending is mainly due to:				
<ul style="list-style-type: none"> Delays in construction and expansion of the gauging weir as a result of high flows and floods experienced in May 2010 at Klipplaatdrift and Sendelingsdrift. Difficulty to implement policy adjustments led to the non implementation of the asset management strategy for municipalities. 				
Programme 3				
National Water Resources and Infrastructure	2 132 422	2 132 422	-	0.0%
Programme 4				
Regional Management	4 589 002	4 388 860	200 142	4.4%
The under spending is mainly due to:				
<ul style="list-style-type: none"> Late submission of invoices by the service providers. Water Services Operating Subsidy could not be transferred to municipalities as a result of failure by the municipalities to comply with DORA. Accelerated Community Infrastructure projects allocations were based on the municipal financial year as well as delays in approving projects. Consultation with municipalities took longer than anticipated which resulted in projects starting late in the financial year. Delays in the signing of the funding agreements as well as delays in the procurement systems within the municipalities. Late finalisation of the Trans Caledon Tunnel Authority (TCTA) directives in respect of construction of new boreholes. Delays in the delivery and installation of pipelines in respect of the Resource Poor Farmers. Projects to be funded from allocated for the replacement of donor funding started later than anticipated. Ndlambe Drought Intervention projects started late in the financial year because there are some projects which required surveys and feasibility studies before the project could commence and this has resulted in the late appointment of contractors. 				
Programme 5				
Water Sector Regulation	220 967	208 914	12 053	5.5%
The under spending is mainly due to:				
<ul style="list-style-type: none"> The late submission of invoices by service providers. Functions like the enforcement on critical offences could not be fully implemented as a result of the lack of capacity. 				

Department of Water Affairs Vote 37
Notes to the Appropriation Statement for the year ended 31 March 2011

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	1 027 504	974 949	52 555	5.1%
Goods and services	2 260 373	2 169 384	90 989	4.0%
Interest and rent on land	3 260	3 260	-	-
Transfers and subsidies				
Provinces and municipalities	998 861	985 202	13 659	1.4%
Departmental agencies and accounts	1 993 747	1 992 802	945	-
Public corporations and private enterprises	14 127	13 794	333	2.4%
Foreign governments and international organisations	180 306	180 275	31	0%
Non-profit institutions	466	-	466	100.0%
Households	92 741	59 186	33 555	36.2%
Payments for capital assets				
Buildings and other fixed structures	1 339 167	1 291 107	48 060	3.6%
Machinery and equipment	267 664	230 167	37 497	14.0%
Biological assets	1	1	-	-
Software and other intangible assets	19 355	7 389	11 966	61.8%
Payments for financial assets	5 621	5 621	-	-

PART 3

Main Account
Statement of Financial Performance
for the year ended 31 March 2011



3.2.5 Statement of Financial Performance

PERFORMANCE	Note	2010/11	2009/10
		R'000	R'000
REVENUE			
Annual appropriation	1	8 203 193	7 774 002
Departmental revenue	2	33 119	76 279
Direct Exchequer Receipts	3	5 000	-
Aid assistance	4	428 001	466 079
TOTAL REVENUE		8 669 313	8 316 360
EXPENDITURE			
Current expenditure			
Compensation of employees	5	974 949	910 235
Goods and services	6	2 169 384	2 084 431
Interest and rent on land	7	3 260	6 918
Aid assistance	4	91 219	306 567
Total current expenditure		3 238 812	3 308 151
Transfers and subsidies			
Transfers and subsidies	9	3 231 259	4 045 668
Aid assistance	4	5 000	8 549
Total transfers and subsidies		3 236 259	4 054 217
Expenditure for capital assets			
Tangible capital assets	10	1 521 274	483 143
Software and other intangible assets	10	7 390	1 351
Total expenditure for capital assets		1 528 664	484 494
Payments for financial assets			
	8	5 621	50 277
TOTAL EXPENDITURE		8 009 356	7 897 139
SURPLUS FOR THE YEAR		659 957	419 221
Reconciliation of Net Surplus for the year			
Voted funds		290 056	193 463
Annual appropriation		290 056	193 463
Departmental revenue and NRF Receipts	17	33 119	76 279
Direct Exchequer receipts/payments	18	5 000	-
Aid assistance	4	331 782	149 479
SURPLUS FOR THE YEAR		659 957	419 221

PART 3

Main Account
Statement of Financial Position
for the year ended 31 March 2011



3.2.6 Statement of Financial Position

POSITION	Note	2010/11	2009/10
		R'000	R'000
ASSETS			
Current assets		486 638	363 917
Unauthorised expenditure	11	3 782	3 782
Cash and cash equivalents	12	417 266	137 343
Prepayments and advances	13	14 645	12 459
Receivables	14	41 006	57 252
Loans	15	9 939	9 667
Aid assistance receivable	4	-	143 414
Non-current assets		81 730	86 174
Loans	15	81 730	86 174
TOTAL ASSETS		568 368	450 091
LIABILITIES			
Current liabilities		471 200	349 361
Voted funds to be surrendered to the Revenue Fund	16	290 056	193 463
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	17	485	50 438
Payables	19	30 623	66 269
Aid assistance unutilised	4	150 036	39 191
TOTAL LIABILITIES		471 200	349 361
NET ASSETS		97 168	100 730
	Note	2010/11	2009/10
		R'000	R'000
Represented by:			
Capitalisation reserve		91 669	95 841
Recoverable revenue		5 499	4 889
TOTAL		97 168	100 730

PART 3

Main Account
Statement of Changes in Net Assets
for the year ended 31 March 2011



3.2.7 Statement of Changes in Net Assets

NET ASSETS	Note	2010/11	2009/10
		R'000	R'000
Capitalisation Reserves			
Opening balance		95 841	143 401
Transfers:			
Other movements		(4 172)	(47 560)
Closing balance		91 669	95 841
Recoverable revenue			
Opening balance		4 889	9 374
Transfers:		610	(4 485)
Debts revised		-	(3 000)
Debts recovered (included in departmental receipts)		(2 435)	(3 304)
Debts raised		3 045	1 819
Closing balance		5 499	4 889
TOTAL		97 168	100 730

PART 3

Main Account
Cash Flow Statement
for the year ended 31 March 2011



3.2.8 Cash Flow Statement

CASH FLOW	Note	2010/11 R'000	2009/10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		8 669 313	8 316 360
Annual appropriated funds received	1.1	8 203 193	7 774 002
Departmental revenue received	2	33 119	76 279
Direct Exchequer Receipts	3	5 000	-
Aid assistance received	4	428 001	466 079
Net (increase)/decrease in working capital		(21 586)	(141 499)
Surrendered to Revenue Fund		(281 535)	(530 864)
Surrendered to RDP Fund/Donor		(77 523)	(11 692)
Current payments		(3 238 812)	(3 308 151)
Payments for financial assets		(5 621)	(50 277)
Transfers and subsidies paid		(3 236 259)	(4 054 217)
Net cash flow available from operating activities	20	1 807 977	219 660
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	10	(1 528 664)	(484 494)
(Increase)/decrease in loans		4 172	47 560
Net cash flows from investing activities		(1 524 492)	(436 934)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(3 562)	(52 045)
Net cash flows from financing activities		(3 562)	(52 045)
Net increase/(decrease) in cash and cash equivalents		279 923	(269 319)
Cash and cash equivalents at beginning of period		137 343	406 662
Cash and cash equivalents at end of period	21	417 266	137 343

PART 3

Main Account Statement of Accounting Policies and Related Matters for the year ended 31 March 2011



3.2.9 Statement of Accounting Policies and Related Matters

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

1 Presentation of the Financial Statements

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to

ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

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

2 Revenue

2.1 Appropriated funds

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

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

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

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

2.2 Departmental revenue

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

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

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

2.3 Direct Exchequer receipts

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

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

2.4 Direct Exchequer payments

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

2.5 Aid assistance

Aids assistance is recognised as revenue when received.

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

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

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

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

3 Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

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

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

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

3.1.2 Social contributions

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

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

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

3.2 Goods and services

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

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

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

3.3 Interest and rent on land

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

3.4 Payments for financial assets

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

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

3.5 Transfers and subsidies

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

3.6 Unauthorised expenditure

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

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

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

3.7 Fruitless and wasteful expenditure

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

3.8 Irregular expenditure

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

4 Assets

4.1 Cash and cash equivalents

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

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

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

4.2 Other financial assets

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

4.3 Prepayments and advances

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

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

4.4 Receivables

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

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

4.5 Investments

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

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

4.6 Loans

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

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

4.7 Inventory

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

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

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

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

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

Subsequent recognition

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

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

4.8.2 Immovable assets

Initial recognition

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

Subsequent recognition

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

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

5 Liabilities

Payables

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

5.1 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.

5.2 Contingent assets

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

5.4 Commitments

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

5.5 Accruals

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

5.6 Employee benefits

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

5.7 Lease commitments

Finance lease

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

Operating lease

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

5.8 Impairment and other provisions

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

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/Provincial 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/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8 Related party transactions

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

9 Key management personnel

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

PART 3

Main Account
Notes to the Annual Financial Statements
(including Accounting Policies) for the year ended
31 March 2011



3.2.10 Notes to the Annual Financial Statements

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:

	2010/11			2009/10
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	890 098	967 498	(77 400)	847 255
Water Management	370 704	402 939	(32 235)	364 397
National Water Resources Infrastructure Programme	2 132 422	2 238 232	(105 810)	2 128 677
Regional Management	4 589 002	4 354 342	234 660	4 248 957
Water Sector Regulation	220 967	240 182	(19 215)	184 716
Total	8 203 193	8 203 193	-	7 774 002

2 Departmental revenue

	Note	2010/11	2009/10
		R'000	R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	1 810	5 433
Fines, penalties and forfeits	2.2	-	(12)
Interest, dividends and rent on land	2.3	3 420	34 873
Transactions in financial assets and liabilities	2.4	27 889	35 985
Departmental revenue collected		33 119	76 279

2.1 Sales of goods and services other than capital assets

	Note	2010/11	2009/10
		R'000	R'000
Sales of goods and services produced by the department	2	1 778	5 398
Sales by market establishment		1 067	864
Administration fees		-	10
Other sales		711	4 524
Sales of scrap, waste and other used current goods		32	35
Total		1 810	5 433

2.2 Fines, penalties and forfeits

	Note	2010/11	2009/10
	2	R'000	R'000
Fines		-	(12)
Total		-	(12)

2.3 Interest, dividends and rent on land

	Note	2010/11	2009/10
	2	R'000	R'000
Interest		3 420	34 805
Rent on land		-	68
Total		3 420	34 873

2.4 Transactions in financial assets and liabilities

	Note	2010/11	2009/10
	2	R'000	R'000
Receivables		10 288	31 961
Stale cheques written back		41	26
Other Receipts including Recoverable Revenue		17 560	3 998
Total		27 889	35 985

3 Direct Exchequer Receipts

	Note	2010/11	2009/10
		R'000	R'000
Other		5 000	-
Total		5 000	-

4 Aid assistance

4.1 Aid assistance received in cash from RDP

	Note	2010/11	2009/10
		R'000	R'000
Local			
Opening Balance		22 000	24 767
Expenditure		(5 000)	-
Transfers		(5 000)	-
Surrendered to the RDP		(55 000)	(2 767)
Closing Balance		(38 000)	22 000
Foreign			
Opening Balance		(126 223)	(266 777)
Revenue		368 001	466 079
Expenditure		(91 219)	(316 600)
Current		(91 219)	(306 567)
Capital		-	(1 484)
Transfers		-	(8 549)
Surrendered to the RDP		(22 523)	(8 925)
Closing Balance		128 036	(126 223)

4.2 Aid assistance received in cash from other sources

	2010/11	2009/10
	R'000	R'000
Local		
Opening Balance	-	
Revenue	60 000	-
Closing Balance	60 000	-

4.3 Total assistance

	2010/11	2009/10
	R'000	R'000
Opening Balance	(104 223)	(242 010)
Revenue	428 001	466 079
Expenditure	(96 219)	(316 600)
Current	(91 219)	(306 567)
Capital	-	(1 484)
Transfers	(5 000)	(8 549)
Surrendered/Transferred to retained funds	(77 523)	(11 692)
Closing Balance	150 036	(104 223)

4.4 Analysis of balance

	Note	2010/11	2009/10
		R'000	R'000
Aid assistance receivable			
RDP		-	(143 414)
Aid assistance unutilised			
RDP		150 036	39 191
Closing balance		150 036	(104 223)

5 Compensation of employees

5.1 Salaries and Wages

	Note	2010/11	2009/10
		R'000	R'000
Basic salary		683 738	649 025
Performance award		13 699	12 676
Service Based		1 988	1 644
Compensative/circumstantial		16 988	14 557
Periodic payments		1 968	4 975
Other non-pensionable allowances		146 377	121 792
Total		864 758	804 669

5.2 Social contributions

	Note	2010/11 R'000	2009/10 R'000
Employer contributions			
Pension		73 854	72 133
Medical		36 098	33 255
UIF		6	2
Bargaining council		233	(45)
Insurance		-	221
Total		110 191	105 566
Total compensation of employees		974 949	910 235
Average number of employees		4 335	4 450

6 Goods and services

	Note	2010/11 R'000	2009/10 R'000
Administrative fees		26 241	10 083
Advertising		25 948	15 049
Assets less than R5,000	6.1	8 099	8 963
Bursaries (employees)		3 180	5 560
Catering		7 567	8 874
Communication		55 799	56 115
Computer services	6.2	192 260	211 322
Consultants, contractors and agency/outsourced services	6.3	1 274 385	1 181 188
Entertainment		157	323
Audit cost – external	6.4	15 593	12 976
Inventory	6.5	85 932	81 827
Operating leases		198 806	160 077
Owned and leasehold property expenditure	6.6	14 644	22 332
Transport provided as part of the departmental activities		383	161
Travel and subsistence	6.7	209 667	228 577
Venues and facilities		12 470	10 049
Training and staff development		26 649	38 083
Other operating expenditure	6.8	11 604	32 872
Total		2 169 384	2 084 431

6.1 Assets less than R5,000

	Note	2010/11 R'000	2009/10 R'000
Tangible assets	6		
Machinery and equipment		8 080	8 894
Intangible assets		19	69
Total		8 099	8 963

6.2 Computer services

	Note	2010/11	2009/10
	6	R'000	R'000
SITA computer services		45 701	44 505
External computer service providers		146 559	166 817
Total		192 260	211 322

6.3 Consultants, contractors and agency/outsourced services

	Note	2010/11	2009/10
	6	R'000	R'000
Business and advisory services		225 274	161 904
Infrastructure and planning		619 602	548 927
Laboratory services		3 088	7 623
Legal costs		7 861	4 651
Contractors		69 404	71 365
Agency and support/outsourced services		349 156	386 718
Total		1 274 385	1 181 188

6.4 Audit cost – External

	Note	2010/11	2009/10
	6	R'000	R'000
Regularity audits		12 762	11 425
Performance audits		946	1 138
Investigations		1 483	-
Other audits		402	413
Total		15 593	12 976

6.5 Inventory

	Note	2010/11	2009/10
	6	R'000	R'000
Medsas inventory interface			
Learning and teaching support material		110	34
Food and food supplies		1 218	1 717
Fuel, oil and gas		24 935	17 371
Other consumable materials		23 494	21 699
Maintenance material		14 007	14 104
Stationery and printing		21 972	26 523
Medical supplies		196	379
Total		85 932	81 827

6.6 Property payments

	Note	2010/11	2009/10
	6	R'000	R'000
Municipal services		1 308	13 786
Property management fees		56	320
Property maintenance and repairs		500	-
Other		12 780	8 226
Total		14 644	22 332

6.7 Travel and subsistence

	Note	2010/11	2009/10
	6		
Local		190 547	219 519
Foreign		19 120	9 058
Total		209 667	228 577

6.8 Other operating expenditure

	Note	2010/11	2009/10
	6	R'000	R'000
Learner ships			
Professional bodies, membership and subscription fees		346	686
Resettlement costs		2 623	3 547
Other		8 635	28 639
Total		11 604	32 872

7 Interest and rent on land

	Note	2010/11	2009/10
		R'000	R'000
Interest paid		3 260	6 855
Rent on land		-	63
Total		3 260	6 918

8 Payments for financial assets

	Note	2010/11	2009/10
		R'000	R'000
Other material losses written off	8.1	5 531	477
Debts written off	8.2	90	49 800
Total		5 621	50 277

8.1 Other material losses

	Note	2010/11	2009/10
	8	R'000	R'000
Nature of other material losses			
Other losses		1	477
VAT		5 405	-
T&S		125	-
Total		5 531	477

8.2 Debts written off

	Note	2010/11	2009/10
	8	R'000	R'000
Nature of debts written off			
Transfer to debts written off			
Debt written off relating to revenue recoverable		8	336
Salary overpayment		66	163
Tax debt		16	76
Other		-	65
Subsistence and Travel		-	3
Suppliers		-	1 270
Interest on Amajuba		-	20 000
Loans written off (Impala Water User Association)		-	27 811
State guarantee plus other debt		-	75
Total		90	49 799

8.3 Recoverable revenue written off

	2010/11	2009/10
	R'000	R'000
Nature of losses		
Salary overpayments	5	284
Bursary	1	52
T&S	1	-
Telephone	1	-
Total	8	336

9 Transfers and subsidies

	Note	2010/11	2009/10
		R'000	R'000
Provinces and municipalities	Annex 1A, Annex 1B	985 202	1 819 329
Departmental agencies and accounts	Annex 1C	1 992 802	1 958 464
Universities and technikons	Annex 1D	-	8 693
Foreign governments and international organisations	Annex 1F	180 275	177 081
Public corporations and private enterprises	Annex 1E	13 794	43
Non-profit institutions	Annex 1G	-	450
Households	Annex 1H	59 186	81 578
Gifts, donations and sponsorships made	Annex 1K	-	30
Total		3 231 259	4 045 668

Unspent funds transferred to the above beneficiaries

10 Expenditure for capital assets

	Note	2010/11 R'000	2009/10 R'000
Tangible assets		1 521 274	483 143
Buildings and other fixed structures	35	1 291 108	448 898
Machinery and equipment	33	230 165	34 245
Biological assets	33	1	-
Software and other intangible assets		7 390	1 351
Computer software	34	7 386	-
Patents, licences, copyright, brand names, trademarks	34	4	391
Other intangibles	34	-	960
Total		1 528 664	484 494

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

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

10.2 Analysis of funds utilised to acquire capital assets – 2009/10

	Voted funds R'000	Aid assistance R'000	Total 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

11 Unauthorised expenditure

11.1 Reconciliation of unauthorised expenditure

	Note	2010/11 R'000	2009/10 R'000
Opening balance		3 782	3 782
Unauthorised expenditure awaiting authorisation		3 782	3 782

11.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2010/11 R'000	2009/10 R'000
Current	3 782	3 782
Total	3 782	3 782

11.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2010/11 R'000	2009/10 R'000
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	3 782	3 782
Total	3 782	3 782

12 Cash and cash equivalents

	Note	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General Account		417 291	136 932
Cash receipts		-	10
Disbursements		(136)	283
Cash on hand		79	88
Cash with commercial banks (Local)		32	30
Total		417 266	137 343

13 Prepayments and advances

	Note	2010/11 R'000	2009/10 R'000
Staff advances			
Travel and subsistence		415	679
Advances paid to other entities		14 230	11 780
Total		14 645	12 459

14 Receivables

	Note	2010/11				2009/10
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	14.1 Annex 4	21 327	144	606	22 077	25 869
Recoverable expenditure	14.2	1 088	1 523	1 308	3 919	2 266
Staff debt	14.3	2 793	1 304	3 012	7 109	5 869
Other debtors	14.4	2 459	-	5 442	7 901	23 248
Total		27 667	2 971	10 368	41 006	57 252

14.1 Claims recoverable

	Note	2010/11	2009/10
	14	R'000	R'000
National departments		9 358	-
Provincial departments		10 259	11 558
Public entities		2 460	8 265
Households and non-profit institutions		-	2
Local governments		-	6 044
Total		22 077	25 869

14.2 Recoverable expenditure (disallowance accounts)

	Note	2010/11	2009/10
	14	R'000	R'000
Disallowance Dishonoured cheque		-	1
Sal: Deduction Disallowance Acc		152	239
Sal: Reversal Control Acc		1 401	1 408
Sal: Disallowance Acc		-	130
Sal: Tax debt		136	165
Disallowance Miscellaneous		1 325	300
Sal: Pension Fund CL		43	23
Sal: Medical Aid		5	-
Roodeplaat Mess		857	-
Total		3 919	2 266

14.3 Staff debt

	Note	2010/11	2009/10
	14	R'000	R'000
Salary overpayment		2 364	1 651
Tax debt		49	68
Bursary (Breach of contract)		1 632	1 597
State Guarantees		108	111
T&S Advance: Dom		35	6
GG Accidents		177	132
Telephone Debt		64	69
Departmental Debt		6	60
Employee		84	82
Ex-employee		376	438
Fraud		105	25
Other		515	397
Subsidised Transport		1 594	1 233
Total		7 109	5 869

14.4 Other debtors

	Note	2010/11	2009/10
	14	R'000	R'000
Pension recoverable account		-	621
Suppliers		44	29
VAT Clearing Account		7 857	21 039
Advance Public Entity		-	16
Claims Households		-	96
Claims Gov&Int Org		-	1 447
Total		7 901	23 248

15 Loans

	Note	2010/11	2009/10
		R'000	R'000
Public corporations		91 669	95 841
Less: Current portion of loans		9 939	9 667
Long term portion		81 730	86 174

Analysis of Balance			
Opening balance		95 841	143 401
New Issues		6 798	11 669
Repayments		(10 970)	(11 439)
Write-offs		-	(47 790)
Closing balance		91 669	95 841

16 Voted funds to be surrendered to the Revenue Fund

	Note	2010/11 R'000	2009/10 R'000
Opening balance		193 463	505 045
Transfer from statement of financial performance		290 056	193 463
Paid during the year		(193 463)	(505 045)
Closing balance		290 056	193 463

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

	Note	2010/11 R'000	2009/10 R'000
Opening balance		50 438	(22)
Transfer from Statement of Financial Performance		33 119	76 279
Paid during the year		(83 072)	(25 819)
Closing balance		485	50 438

18 Direct Exchequer receipts to be surrendered to the Revenue Fund

	Note	2010/11 R'000	2009/10 R'000
Opening balance		-	-
Transfer from Statement of Financial Performance		5 000	-
Paid during the year		(5 000)	-
Closing balance		-	-

19 Payables – current

	Note	2010/11 Total	2009/10 Total
Advances received	19.1	30 034	22 606
Clearing accounts	19.2	543	702
Other payables	19.3	46	42 961
Total		30 623	66 269

19.1 Advances received

	Note	2010/11 R'000	2009/10 R'000
Description	19		
Advances from Limpopo		-	17
Advances from Gauteng (Hartbeespoort)		6 907	5 753
Advances from National Departments		-	16 749
Advances from Public Entities: Irrigation Boards		32	30
Advances from Provincial Department: Gauteng		-	57
Roodeplaat Mess		23 095	-
Total		30 034	22 606

19.2 Clearing accounts

	Note	2010/11	2009/10
	19	R'000	R'000
Salary Deduction control accounts		543	702
Total		543	702

19.3 Other payables

	Note	2010/11	2009/10
	19	R'000	R'000
Sal: ACB Recalls		4	22
Compensation Comm. Contr. Acc		-	18 986
Claims National Departments (Annexure 4)		-	23 953
Claims: Gov&Int Org: Claims received		42	-
Total		46	42 961

20 Net cash flow available from operating activities

	Note	2010/11	2009/10
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		659 957	419 221
Add back non cash/cash movements not deemed operating activities		1 148 020	(199 561)
(Increase)/decrease in receivables – current		16 246	(10 680)
(Increase)/decrease in prepayments and advances		(2 186)	4 928
(Increase)/decrease in other current assets		(35 646)	(135 747)
Expenditure on capital assets		1 528 664	484 494
Surrenders to Revenue Fund		(276 535)	(530 864)
Surrenders to RDP Fund/Donor		(77 523)	(11 692)
Own revenue included in appropriation		(5 000)	-
Net cash flow generated by operating activities		1 807 977	219 660

21 Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2010/11	2009/10
		R'000	R'000
Consolidated Paymaster General account		417 291	136 932
Cash receipts		-	10
Disbursements		(136)	283
Cash on hand		79	88
Cash with commercial banks (Local)		32	30
Total		417 266	137 343

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

PART 3

Main Account
Disclosure Notes to the Annual Financial Statements
for the year ended 31 March 2011



3.2.11 Disclosure Notes to the Annual Financial Statements

22 Contingent liabilities and contingent assets

22.1 Contingent liabilities

Liable to	Nature	Note	2010/11	2009/10
			R'000	R'000
Motor vehicle guarantees	Employees	Annex 3A	373	-
Housing loan guarantees	Employees	Annex 3A	8 869	10 604
Other guarantees		Annex 3A	20 116 809	22 589 343
Claims against the department		Annex 3B	7 371	8 858
Other departments (interdepartmental unconfirmed balances)		Annex 5	15	-
Total			20 133 437	22 608 805

22.2 Contingent assets

Nature of contingent asset	Note	2010/11	2009/10
		R'000	R'000
Mametsa (Motor Accident)		2	-
Castle Coal Mines (Pollution Control)		847	-
Guma & Steenbok (Outstanding rental)		2	-
Nemaungane (Outstanding rental)		7	-
Braam Gouws (Detective cupboards)		7	-
CN Polo (Outstanding rental)		14	-
Noordvaal Crushers (Motor Accident)		35	-
MF Latakomo (Motor vehicles misuse)		209	-
Total		1 123	-

23 Commitments

	Note	2010/11 R'000	2009/10 R'000
Current expenditure			
Approved and contracted		546 833	816 235
Approved but not yet contracted		5 714	292
		552 547	816 527
Capital expenditure			
Approved and contracted		23 824	59 953
Total Commitments		576 371	876 480

The commitments for 2010/11 (as at 31 March 2011) include commitments to the amount R51 557 million that will only be paid after 1 April 2012.

24 Accruals

			2010/11 R'000	2009/10 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	45 260	11 153	56 413	88 429
Transfers and subsidies	-	-	-	4 163
Capital assets	7 410	3	7 413	21 028
Other	55	-	55	-
Total	52 725	11 156	63 881	113 620

	Note	2010/11 R'000	2009/10 R'000
Listed by programme level			
Administration		19 127	54 002
Water Resource Management		-	50 418
Water Services		-	9 200
Water Management		7 894	-
Regional Management		34 130	-
Water Sector Regulation		2 730	-
Total		63 881	113 620

	Note	2010/11 R'000	2009/10 R'000
Confirmed balances with other departments	Annex 5	151	120
Total		151	120

This note regarding accruals does not affect the face value of this statements.

25 Employee benefits

	Note	2010/11 R'000	2009/10 R'000
Leave entitlement		44 821	135 693
Service bonus (Thirteenth cheque)		24 426	13 709
Performance awards		4 743	13 331
Capped leave commitments		106 392	125 096
Total		180 382	287 829

26 Lease commitments

26.1 Operating leases expenditure

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

2009/10	Specialised military equipment	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
Total lease commitments	-	-	319 177	-	319 177

26.2 Finance leases expenditure

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

2009/10	Specialised military equipment	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
Total lease commitments	-	-	-	51 007	51 007
LESS: finance costs	-	-	-	16 811	16 811
Total present value of lease liabilities	-	-	-	34 196	34 196

27 Receivables for departmental revenue

27.1 Analysis of receivables for departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Opening balance		-	1 203
Less: amounts received		-	1 203
Closing balance		-	-

28 Irregular expenditure

28.1 Reconciliation of irregular expenditure

	Note	2010/11 R'000	2009/10 R'000
Opening balance		12 525	55
Add: Irregular expenditure – relating to prior year		46 978	4 115
Add: Irregular expenditure – relating to current year		13 953	12 921
Less: Amounts condoned		(4 458)	(4 566)
Less: Amounts recoverable (not condoned)		(1)	-
Irregular expenditure awaiting condonation		68 997	12 525

Analysis of awaiting condonation per age classification			
Current year		13 952	12 470
Prior years		55 045	55
Total		68 997	12 525

28.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/ criminal proceedings	2010/11 R'000
Waiting condonement		11 240
Under Investigation		136
Condoned and disciplinary action implemented		-
Disciplinary action in progress		2 576
Recoverable		1
Total		13 953

28.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2010/11 R'000
Feasibility study for the raising of Clanwilliam Dam		80
Supply of laboratory analysis for Gauteng Region		1 851
Appointment of an event Manager to coordinate the 2nd Africa Week in South Africa		464
Translation of forms for D:Corporate Communications		3
Catering services for Ministry held on 15 April 2010 and 29 April 2010		23
Dr Oliver		290
Procurement of shoes and uniforms for D:CME		2
Consumables		3
Procurement of uniforms		30
Advertisements of vacant post in the media		649
Catering services for CME		5
Procurement of Toners and USB flashes		6
Investigation into alleged hindrances and operational challenges on project water efficiency		214
Visual communication seminar for Media Production		8
Limpopo RBC		440
Bath soap for cholera outbreak in Easter		390
Total		4 458

28.4 Details of irregular expenditure recoverable (not condoned)

Incident	2010/11 R'000
Payment of Juta and LEXIXNexis for legal publication	52
Training and development of staff	27
Repaired faulty toilet	1
Catering for client liaison forum	2
Installation and repairs of telephone lines	4
Replacing toilet flush master	2
Training of secretaries	1
Repair of faulty toilet	1
Attending summit	3
Training for secretaries	4
Attending summit	11
Venue and facility	86
Appointment of PSP to conduct feasibility study on Kungwini water treatment	852
Office furniture	27
Office furniture	5
Training and development counselling	3
Personnel & clearing of alien invasive plants	64
Hygienic services	4
Indoor plants and maintenance	1
Hosting of Woman in Water	3 175
Hot beverage vending machine	39
A course attended by Chief of Staff at Siyanqoba Seminars	3
Services rendered at Bushbuck ridge water	658
Additional amount for the project Survey of ecological goods	50
Renewal of license Mc Gregor system	34
Tshwane events centre for World AIDS day	443
Payment of the services of a Russian interpreter	24
Payment of IA to implement the National Water Week	200
Payment of security services for recruitment drive	23
Payment for Nov and Dec 2010 Masibambane project	3 291
Payment for Jan and Feb 2011 Masibambane project	961
Delivery of news papers	5
Waste water treatment	9
SABC Morning Live for weed buster campaign	215
KZN Rearing of Biological control agents	960
Total	11 240

28.5 Details of irregular expenditure under investigation

Incident	2010/11 R'000
Rental for equipment	105
Copy charges	31
Total	136

28.6 Details of irregular expenditure not recoverable (not condoned)

Incident	2010/11 R'000
Rendering Travel and reservation services Prior year	46 978
Total	46 978

Note

Disciplinary Action in progress	2010/11 R'000
Rental of photo copiers	1 243
Rental of Hipath system	951
Maintenance and consumables	43
Routers air time	339
Total	2 576

Irregular expenditure as reported by forensic special report for the following items:

- Extension of the contract for information Technology Services R344 million + R285 million for the last 18 months.

29 Fruitless and wasteful expenditure

29.1 Reconciliation of fruitless and wasteful expenditure

	Note	2010/11 R'000	2009/10 R'000
Fruitless and wasteful expenditure – relating to current Year		369	-
Total		369	-

29.2 Analysis of awaiting condonement per economic classification

	Note	2010/11 R'000	2009/10 R'000
Current		369	-
Total		369	-

29.3 Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2010/11
KZN VAT paid to non VAT vendor	Recovery from supplier in progress	268
KZN VAT paid to a VAT paid to a company incorrect VAT nr	Recovery from supplier in progress	95
W. Cape VAT paid non VAT vendor	Recovery from supplier in progress	1
E. Cape VAT paid non VAT vendor	Recovery from supplier in progress	2
Gauteng VAT paid non VAT vendor	Recovery from supplier in progress	3
Total		369

30 Related party transactions

	Note	2010/11 R'000	2009/10 R'000
Loans to /from related parties			
Interest bearing loans to		-	71 148
Total		-	71 148

	Note	2010/11 R'000	2009/10 R'000
Other			
Guarantees issued		-	21 320 935
Total		-	21 320 935

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 and KOBWA. See Annexure 3A.

3 Loans were provided to the Water Boards, Irrigation Boards and Water User Association. See Annexure 2B.

4 Transfers made to CMA's Inkomati and Breede-Overberg. See Annexure 1C.

Note: Transactions in prior years were disclosed erroneously. These transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions in these circumstances.

31 Key management personnel

	No. Of Individuals	2010/11 R'000	2009/10 R'000
Political office bearers	2	3 303	2 909
Officials:			
Level 15 to 16	8	8 101	8 135
Level 14 (incl. CFO if at a lower level)	27	22 213	15 970
Total		33 617	27 014

32 Impairment and other provisions

	Note	2010/11 R'000	2009/10 R'000
Impairment			
Debtors		3 013	3 131
Total		3 013	3 131

33 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	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	90 724	6 533	60 030	-	157 287
Transport assets	6 522	(4 052)	2 911	-	5 381
Computer equipment	22 770	11 277	17 184	-	51 231
Furniture and office equipment	32 047	(729)	6 244	-	37 562
Other machinery and equipment	29 385	37	33 691	-	63 113
BIOLOGICAL ASSETS	-	-	1	-	1
Biological assets	-	-	1	-	1
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	90 724	6 533	60 031	-	157 288

33.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	230 168	-	(170 844)	706	60 030
Transport assets	8 333	-	(5 475)	53	2 911
Computer equipment	16 399	-	-	785	17 184
Furniture and office equipment	18 007	-	(11 661)	(102)	6 244
Other machinery and equipment	187 429	-	(153 708)	(30)	33 691
BIOLOGICAL ASSETS	1	-	-	-	1
Biological assets	1	-	-	-	1
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	230 169	-	(170 844)	706	60 031

33.2 Movement for 2009/10

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	64 484	33 800	7 560	90 724
Transport assets	5 495	1 027	-	6 522
Computer equipment	14 785	12 722	4 737	22 770
Furniture and office equipment	28 448	5 539	1 940	32 047
Other machinery and equipment	15 756	14 512	883	29 385
BIOLOGICAL ASSETS	509 687	-	509 687	-
Biological assets	509 687	-	509 687	-
TOTAL MOVABLE TANGIBLE ASSETS	574 171	33 800	517 247	90 724

33.3 Minor assets

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2011

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	47	-	424 231	-	424 278
Prior year balances	-	-	-	(407 282)	-	(407 282)
Additions	-	17	-	7 800	-	7 817
TOTAL	-	64	-	24 749	-	24 813

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Minor assets	-	47	-	424 231	-	424 278
TOTAL	-	47	-	424 231	-	424 278

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of minor assets at cost	-	-	-	4 006	-	4006
TOTAL NUMBER OF MINOR ASSETS	-	-	-	4 006	-	4 006

34 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	35 739	(21 647)	7 399	-	21 491
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	391	5	4	-	400
SERVICES AND OPERATING RIGHTS	16 104	(16 104)	-	-	-
OTHER INTANGIBLES	1 141	-	-	-	1 141
TOTAL INTANGIBLE CAPITAL ASSETS	53 375	(37 746)	7 403	-	23 032

34.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	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
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	4	-	-	-	4
COMPUTER SOFTWARE	7 386	-	-	13	7 399
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	7 390	-	-	13	7 403

34.2 Movement for 2009/10

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance	Additions	Disposals	Closing balance
	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

35 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	33 499	699	-	-	34 198
Dwellings	9 076	699	-	-	9 775
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	17 500	-	-	-	17 500
HERITAGE ASSETS	186	(186)	-	-	-
Heritage assets	186	(186)	-	-	-
LAND AND SUBSOIL ASSETS	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	45 188	513	-	-	45 701

35.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	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	1 291 108	-	(1 291 108)	-	-
Other fixed structures	1 291 108	-	(1 291 108)	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	1 291 108	-	(1 291 108)	-	-

35.2 Movement for 2009/10

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	470 130	(436 631)	-	33 499
Dwellings	585	8 491	-	9 076
Non-residential buildings	3 501	3 422	-	6 923
Other fixed structures	466 044	(448 544)	-	17 500
HERITAGE ASSETS	186	-	-	186
Heritage assets	186	-	-	186
LAND AND SUBSOIL ASSETS	-	11 503	-	11 503
Land	-	11 503	-	11 503
TOTAL IMMOVABLE TANGIBLE ASSETS	470 316	(425 128)	-	45 188

PART 3

Main Account
Annexures to the Annual Financial Statements
for the year ended 31 March 2011



3.2.12 Annexures to the Annual Financial Statements

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2009/10
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds With-held	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	
Moretele Mun	4 578	-	-	4 578	4 578	-	-	-	2 517	55%	6 540
Madibeng Mun	5 586	-	-	5 586	5 586	-	-	-	5 104	91%	7 980
Rustenburg Mun	866	-	-	866	866	-	-	-	955	110%	1 237
Moses Kotane	3 631	-	-	3 631	3 631	-	-	-	3 332	92%	5 187
Ngaka Modiri Molema Dist	27 538	-	4 585	32 123	32 123	-	-	-	19 677	61%	33 355
Bophirima Distric	-	-	-	-	-	-	-	-	-	-	19 310
Albert Luthuli Mu	14 633	-	363	14 996	14 996	-	-	-	12 940	86%	17 322
Thembisile Mun	9 672	-	662	10 334	10 334	-	-	-	8 866	86%	12 542
Dr JS Moroka M	36 678	-	1 190	37 868	37 868	-	-	-	25 778	68%	55 008
Mbombela Mun	15 000	-	241	15 241	15 241	-	-	-	15 241	100%	36 463
Nkomazi Mun	14 264	-	656	14 920	14 920	-	-	-	14 522	97%	20 476
Thaba Chweu M	445	-	8	453	453	-	-	-	438	97%	903
Bushbuckridge	42 443	-	(7 548)	34 895	34 895	-	-	-	31 733	91%	55 849
Maluti-a-phofung	10 944	-	-	10 944	10 944	-	-	-	10 944	100%	14 749
Metsimaholo Mu	1 120	-	-	1 120	1 120	-	-	-	1 120	100%	1 227
City of Tshwane	7 040	-	-	7 040	7 040	-	-	-	6 457	92%	10 060
Kungwini Mun	15 853	-	1 112	16 965	16 965	-	-	-	17 223	102%	7 967

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2009/10
	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	
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	
Ugu District Mun	-	-	-	-	-	-	-	-	-	-	81
Uthukela District	-	-	-	-	-	-	-	-	-	-	960
Umkhanyathi Mun	-	-	-	-	-	-	-	-	-	-	658
Amajuba District	-	-	-	-	-	-	-	-	-	-	165
Zululand Mun	-	-	-	-	-	-	-	-	-	-	4 441
Umkhanyakude	-	-	-	-	-	-	-	-	-	-	1 443
Uthungulu Mun	93	-	-	93	93	-	-	-	89	96%	127
eThekweni Mun	-	-	-	-	-	-	-	-	-	-	293
Sisonke Mun	447	-	-	447	447	-	-	-	447	100%	507
Mopani District	97 953	-	(2 958)	94 995	94 995	-	-	-	94 427	99%	69 974
Vhembe Mun	120 118	-	14 327	134 445	134 445	-	-	-	132 543	99%	160 971
Capricorn Mun	65 353	-	(8 294)	57 059	57 059	-	-	-	48 957	86%	82 860
Polokwane Mun	17 861	-	1 271	19 132	19 132	-	-	-	20 391	107%	28 868
Lephalale Mun	5 388	-	456	5 844	2 694	-	-	-	5 844	100%	14 080
Mogalakwena M	19 171	-	1 154	20 325	20 325	-	-	-	18 631	92%	27 726
Greater Sekhukhune M	53 021	-	94	53 115	53 115	-	-	-	52 500	99%	66 299
Bela-Bela Mun	183	-	-	183	122	-	-	-	74	40%	648
Moshaweng Mu	5 535	-	-	5 535	5 535	-	-	-	5 535	100%	11 460
Ga-Segonyane	2 125	-	(10)	2 115	2 115	-	-	-	2 115	100%	2 850
Phokwane Mun	1 163	-	-	1 163	1 163	-	-	-	1 163	100%	2 768
Amatola District	11 059	-	202	11 261	8 643	-	-	-	11 262	100%	13 876

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2009/10
	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	
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%	R'000
Buffalo City Mun	2 105	-	47	2 152	2 152	-	-	-	1 516	70%	2 983
Chris Hani Mun	9 815	-	215	10 030	10 030	-	-	-	9 742	97%	12 197
OR Tambo Mun	19 027	-	443	19 470	19 470	-	-	-	20 198	104%	21 289
Alfred Nzo Mun	7 594	-	182	7 776	7 776	-	-	-	8 213	106%	10 160
West Coast Mun	433	-	-	433	433	-	-	-	432	100%	618
Cederberg Mun	276	-	-	276	276	-	-	-	277	100%	394
Outdtshoorn Mu	2 706	-	-	2 706	2 706	-	-	-	1 800	67%	3 865
Dr Ruth Segomotsi Mompoti	9 987	-	-	9 987	9 987	-	-	-	14 675	147%	-
Municipal Drought Relief											
Cacadu Mun	33 505	-	(23 777)	9 728	9 728	-	-	-	-	-	-
Amatole Mun	12 264	-	4 747	17 011	17 011	-	-	-	-	-	-
Chris Hani Muni	9 695	-	4 521	14 216	14 216	-	-	-	-	-	-
Joe Gqabi Mun	7 756	-	3 448	11 204	11 204	-	-	-	-	-	-
OR Tambo Mun	15 190	-	9 379	24 569	24 569	-	-	-	-	-	-
Alfred Nzo Mun	8 447	-	1 682	10 129	10 129	-	-	-	-	-	-
Mossel Bay	92 000	-	-	92 000	92 000	-	-	-	-	-	-
George	75 000	-	-	75 000	75 000	-	-	-	-	-	-
Bitou	20 000	-	-	20 000	20 000	-	-	-	-	-	-
Knysna	17 900	-	-	17 900	17 900	-	-	-	-	-	-
Beaufort West	28 600	-	-	28 600	28 600	-	-	-	-	-	-
	982 061	-	8 398	990 459	984 630	-	-	-	627 678	-	848 736

ANNEXURE 1B

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT		2009/10 Toil Available
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	%	R'000
Mun Rates and Taxes	-	-	-	-	-	-	-	-	49
Vehicle licences	-	-	161	161	161	100%	-	-	352
Donations and Gifts	-	-	400	400	400	100%	-	-	96
Fines and Penalties	-	-	11	11	11	100%	-	-	-
Regional Bulk	-	-	-	-	-	-	-	-	-
Regional Services Council Levy	48 059	-	(40 229)	7 830	-	-	-	-	-
Municipal Drought Relieve	-	-	-	-	-	-	-	-	53 700
North West									
Dr Kenneth Kaunda	-	-	-	-	-	-	-	-	7 312
Bojanala Platinum Dist Mun	-	-	-	-	-	-	-	-	18 400
Dr Ruth Segomotsi Mompoti	-	-	-	-	-	-	-	-	13 388
Ngaka Modiri Mun	-	-	-	-	-	-	-	-	13 180
Unallocated	-	-	-	-	-	-	-	-	1 355
Planning and Programme Management	-	-	-	-	-	-	-	-	1 850
Mpumalanga									
Gert Sibande Dist Municipality	-	-	-	-	-	-	-	-	5 151
Enlhaneni Mun	-	-	-	-	-	-	-	-	157
Nkangala Dist Mun	-	-	-	-	-	-	-	-	24 117
Unallocated	-	-	-	-	-	-	-	-	312
Planning and Programme Management	-	-	-	-	-	-	-	-	1 242
Free State									
Xhariep Dist Mun	-	-	-	-	-	-	-	-	10 872
Lejweleputswa Dist Mun	-	-	-	-	-	-	-	-	7 480
Fezile Dabi Dist Mun	-	-	-	-	-	-	-	-	5 802
Thabo Mofutsanyana Dist Mun	-	-	-	-	-	-	-	-	47 581

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT		2009/10
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Gauteng									
Sedibeng	-	-	-	-	-	-	-	-	20 154
City of Tshwane	-	-	-	-	-	-	-	-	9 507
Ekurhuleni Municipi	-	-	-	-	-	-	-	-	5 960
Metsweding Dist Mun	-	-	-	-	-	-	-	-	1 842
Planning and Programme Management	-	-	-	-	-	-	-	-	133
KwaZulu-Natal									
Ugu Distr Mun	-	-	-	-	-	-	-	-	16 624
Uthugela Dist Mun	-	-	-	-	-	-	-	-	4 173
Umkhanyathi Dist Mun	-	-	-	-	-	-	-	-	15 635
Zululand Dist Mun	-	-	-	-	-	-	-	-	37 517
Umkhanyakude Dist Mun	-	-	-	-	-	-	-	-	13 411
Sisonke Dist Mun	-	-	-	-	-	-	-	-	8 505
Amajuba Dist Mun	-	-	-	-	-	-	-	-	19 721
uMgungundlovu Dist Mun	-	-	-	-	-	-	-	-	4 321
Ilembe District Municipality	-	-	-	-	-	-	-	-	4 159
Uthungulu District Municipality	-	-	-	-	-	-	-	-	32 405
Ethekwini Municipi	-	-	-	-	-	-	-	-	2 561
Limpopo									
Vhembe Dist Mun	-	-	-	-	-	-	-	-	21 301
Capricorn Dist Mun	-	-	-	-	-	-	-	-	129 228
Greater Sekukhune Dist Mun	-	-	-	-	-	-	-	-	72 865
Mopani Dist Mun	-	-	-	-	-	-	-	-	7 758
Waterberg Dist Mun	-	-	-	-	-	-	-	-	31 247
Unallocated	-	-	-	-	-	-	-	-	(465)
Planning and Programme Management	-	-	-	-	-	-	-	-	3 144
Northern Cape									
Frances Baard	-	-	-	-	-	-	-	-	560
Kgalagadi	-	-	-	-	-	-	-	-	35 560
Karoo - Namakwa	-	-	-	-	-	-	-	-	1 246
John Taolo Gaetsewe	-	-	-	-	-	-	-	-	1 000
Pitso	-	-	-	-	-	-	-	-	21 030
Siyanda Dist Mun	-	-	-	-	-	-	-	-	14 325

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT		2009/10
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Planning and Programme Management	-	-	-	-	-	-	-	-	919
Eastern Cape									
Chris Hani Dist Mun	-	-	-	-	-	-	-	-	52 609
Amatole Dist Mun	-	-	-	-	-	-	-	-	29 192
OR Tambo Dist Mun	-	-	-	-	-	-	-	-	100 891
Ukhahlamba	-	-	-	-	-	-	-	-	2 043
Alfred Nzo	-	-	-	-	-	-	-	-	8 028
Planning and Programme Management	-	-	-	-	-	-	-	-	1 714
Western Cape									
West Coast Dist Mun	-	-	-	-	-	-	-	-	2 543
Cape Winelands Dist Mun	-	-	-	-	-	-	-	-	7 100
Eden Dist Mun	-	-	-	-	-	-	-	-	11 470
Overberg	-	-	-	-	-	-	-	-	60
Planning and Programme Management	-	-	-	-	-	-	-	-	290
Project Readiness/Feasibility Studies	-	-	-	-	-	-	-	-	1 771
National Programme Management	-	-	-	-	-	-	-	-	4 140
	48 059	-	(39 657)	8402	572	-	-	-	970 593

ANNEXURE 1C

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2009/10 Appropriation Act
	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)	2 058 232	-	(105 810)	1 952 422	1 952 422	100%	1 924 471
Inkomati Catchment Management Area	-	-	20 115	20 115	22 000	109%	21 893
Energy Sector Education Trading Authority	-	-	-	-	-	-	1 088
Breede-Overberg Catchment Management Agency	-	-	20 114	20 114	17 435	87%	11 000
Fines & Penalties Dept Agencies	-	-	-	-	-	-	7
Water Resource Commission	-	-	-	-	-	-	4
Dept Agency: Donations & Gifts	-	-	-	-	-	-	1
Skills Development Levy	1 096	-	-	1 096	945	86%	-
	2 059 328	-	(45 581)	1 993 747	1 992 802	-	1 958 464

ANNEXURE 1D

STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/TECHNIKON	TRANSFER ALLOCATION				TRANSFER			2009/10 Appropriation Act
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Amount not transferred R'000	% of Available funds Transferred %	
Cape Peninsula University of Technology	-	-	-	-	-	-	-	281
Nelson Mandela Metropolitan Univ	-	-	-	-	-	-	-	935
Durban University of Technology	-	-	-	-	-	-	-	480
Free State Central University of Technology	-	-	-	-	-	-	-	793
Tshwane University of Technology	-	-	-	-	-	-	-	409
University of Cape Town	-	-	-	-	-	-	-	430
University of Free State	-	-	-	-	-	-	-	311
University of Johannesburg	-	-	-	-	-	-	-	1
University of KwaZulu-Natal	-	-	-	-	-	-	-	275
University of Limpopo	-	-	-	-	-	-	-	143
University of Pretoria	-	-	-	-	-	-	-	2 492
University of South Africa	-	-	-	-	-	-	-	48
University of Witwatersrand	-	-	-	-	-	-	-	59
Walter Sisulu University Science and Tech	-	-	-	-	-	-	-	223
University of Stellenbosch	-	-	-	-	-	-	-	1 813
	-	-	-	-	-	-	-	8 693

ANNEXURE 1E

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION			EXPENDITURE			2009/10
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
Public Corporations	R'000	R'000	R'000	R'000	R'000	%	R'000
Damage Claim on Subsidised Vehicle	-	-	-	-	-	-	4
Legal Claim Against State – Van der Merwe	-	-	-	-	-	-	39
SAFCOL	4 127	-	-	4 127	4 127	100%	-
Namakwa Water Board	-	-	10 000	10 000	9 667	97%	-
TOTAL	4 127	-	10 000	14 127	13 794	-	43

ANNEXURE 1F

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
Transfers	R'000	R'000	R'000	R'000	R'000	%	R'000
Orange-Seque River Basin Commission	306	-	-	306	275	90%	500
Komati River Basin Water Authority	180 000	-	-	180 000	180 000	100%	175 953
International Centre for Water Economic and Gov	-	-	-	-	-	-	625
Donations & Gifts (Figo)	-	-	-	-	-	-	3
Total	180 306	-	-	180 306	180 275	-	177 081

ANNEXURE 1G

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2009/10 Appropriation Act
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	
Transfers							
Swimming South Africa	466	-	-	466	-	-	450
Total	466	-	-	466	-	-	450

ANNEXURE 1H

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2009/10 Appropriation Act
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
Leave Gratuities	29 443	-	21 954	51 397	17 693	34%	51 514
Bursaries (Non-employees)	2 000	-	-	2 000	2 176	109%	618
Claim Against the State Cash	-	-	-	-	361	-	40
Donation & Gifts (Cash)	-	-	-	-	-	-	2
Financial Assistant to Small Scale Farmers	1 546	-	-	1 546	-	-	25 365
Resource for poor Farmers	35 685	-	-	35 685	38 953	109%	39
Upgrading of Informal Settlement	-	-	-	-	-	-	4 000
Disbursement Poverty Campaign	1 000	-	-	1 000	-	-	-
Disbursement Youth Programme	500	-	-	500	-	-	-
Financial Assistant for Dam Safety	613	-	-	613	-	-	-
Relocation Assistant Support	-	-	-	-	3	-	-
Total	70 787	-	21 954	92 741	59 186	-	81 578

ANNEXURE 1 I

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11 R'000	2009/10 R'000
Received in cash		-	-
Subtotal		-	-
Received in kind			
Belgian Government	Training/Scholarship for Investment appraisal and risk analysis programme	-	10
Subtotal		-	10
TOTAL		-	10

ANNEXURE 1 J

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	(142 091)	349 658	79 531	128 036
Ireland	Water and Sanitation Programme	6 329	6 834	13 163	-
Flanders/Flemish	Water and Sanitation for deep rural areas	(1 323)	-	(1 323)	-
African Renaissance	DRC Project (Urban Water Sector)	22 000	60 000	60 000	22 000
Denmark	Community water supply and sanitation	10 862	11 509	22 371	-
TOTAL		(104 223)	428 001	173 742	150 036

ANNEXURE 1K

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

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2010/11	2009/10
	R'000	R'000
Paid in cash		
Pa Kua Lifestyle	-	3
Pen & Art	-	2
LA Promotions	-	19
Bontle Ba MaAfrica	-	5
Curio King CC	-	1
TOTAL	-	30

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY 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	
		2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Controlled entities									
WATER BOARDS									
Kalahari West	Construct a stock drinking scheme	-	-	-	-	-	-	3 352	3 466
Lepelle NW (Duiwelskloof)	Purchase of the Duiwelskloof scheme	-	-	-	-	-	-	686	720
Overberg Water	Purchase of the Duiwenshoks, Reunsveld East and West scheme	-	-	-	-	-	-	25 409	27 015
Sedibeng Water (Balkfontein)	Purchase of the Balkfontein and Sandriver Government water scheme	-	-	-	-	-	-	1 740	1 759
Sedibeng Water	Purchase of the Balkfontein and Sandriver Government water scheme	-	-	-	-	-	-	4 000	3 733
White River Valley	Purchase of Primkop Dam and Lonmere Dam	-	-	-	-	-	-	545	602
IRRIGATION BOARDS									

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	2009/10	R'000	2009/10	R'000	2009/10	R'000	2009/10
Agterkliphoogte (3)	For irrigation	-	-	-	-	-	-	47	66
Bellair	For irrigation	-	-	-	-	-	-	28	31
Brandwag	For irrigation	-	-	-	-	-	-	61	86
Buffelskloof (1)	For irrigation	-	-	-	-	-	-	17	19
Buffelskloof (2)	For irrigation	-	-	-	-	-	-	69	74
Cogmanskloof	For irrigation	-	-	-	-	-	-	937	1 293
Curlews (Manchester)	For irrigation	-	-	-	-	-	-	353	325
De Rust	For irrigation	-	-	-	-	-	-	160	170
Eureka	For irrigation	-	-	-	-	-	-	650	670
Gamkarivier (1)	For irrigation	-	-	-	-	-	-	17	15
Gamkarivier (2)	For irrigation	-	-	-	-	-	-	66	59
Gamkarivier (3)	For irrigation	-	-	-	-	-	-	11	10
Groenland (2)	For irrigation	-	-	-	-	-	-	(4)	(4)
Grooreiland Klipdrift (4)	For irrigation	-	-	-	-	-	-	3	7
Grooteland Klipdrift (5)	For irrigation	-	-	-	-	-	-	1	2
Groothoek (3)	For irrigation	-	-	-	-	-	-	-	8
Groothoek (4)	For irrigation	-	-	-	-	-	-	-	28
Haarlem	Dam and pipelines	-	-	-	-	-	-	9 176	9 320
Hexrivier (2)	For irrigation	-	-	-	-	-	-	14	16
Hexvalley	Purchase of Sandrift Government Water Schem	-	-	-	-	-	-	3 193	4 000
Hooprivier (2)	For irrigation	-	-	-	-	-	-	13	14
Illovo	For irrigation	-	-	-	-	-	-	185	200
Impala	Guaranteed payments	-	-	-	-	-	-	5 383	5 064
Ixopo	For irrigation	-	-	-	-	-	-	620	669
Jan du Toits (1)	For irrigation	-	-	-	-	-	-	7	7
Kanoneland (1)	For irrigation	-	-	-	-	-	-	232	250
Kanoneland (2)	For irrigation	-	-	-	-	-	-	1 457	1 493
Kanoneland (3)	For irrigation	-	-	-	-	-	-	15	15
Kingna (2)	For irrigation	-	-	-	-	-	-	40	47
Klaasvoogds (1)	For irrigation	-	-	-	-	-	-	-	31
Klaasvoogds (2)	For irrigation	-	-	-	-	-	-	1	20
Komatirivier (1)	For irrigation	-	-	-	-	-	-	175	182

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	2009/10	R'000	2009/10	R'000	2009/10	R'000	2009/10
Komatitriver (2)	For irrigation	-	-	-	-	-	-	244	252
Komatitriver (3)	For irrigation	-	-	-	-	-	-	104	107
Krommerivier (1)	For irrigation	-	-	-	-	-	-	20	22
Krommerivier (2)	For irrigation	-	-	-	-	-	-	1	2
Krommerivier (3)	For irrigation	-	-	-	-	-	-	31	32
Krommerivier (4)	For irrigation	-	-	-	-	-	-	62	64
Leeu Gamka	For irrigation	-	-	-	-	-	-	1	1
Malelane (1)	For irrigation	-	-	-	-	-	-	208	231
Malelane (2)	For irrigation	-	-	-	-	-	-	157	161
Manchester Noordwyk (2)	For irrigation	-	-	-	-	-	-	2 840	2 719
Mzalanyoni	For irrigation	-	-	-	-	-	-	91	110
Nooitgedacht (2)	For irrigation	-	-	-	-	-	-	-	2
Nooitgedacht (3)	For irrigation	-	-	-	-	-	-	21	22
Noord Agter Paarl (1)	For irrigation	-	-	-	-	-	-	701	779
Noree (3)	For irrigation	-	-	-	-	-	-	-	6
Nuyrivier (1)	For irrigation	-	-	-	-	-	-	61	70
Overhex (2)	For irrigation	-	-	-	-	-	-	1	4
Perdeberg (1)	For irrigation	-	-	-	-	-	-	1 389	1 700
Perdeberg (2)	For irrigation	-	-	-	-	-	-	670	776
Ranch Karino (1)	For irrigation	-	-	-	-	-	-	42	52
Ranch Karino (2)	For irrigation	-	-	-	-	-	-	29	32
Ranch Karino (3)	For irrigation	-	-	-	-	-	-	(1)	(1)
Renfield	For irrigation	-	-	-	-	-	-	21	25
Sabierivier (1)	For irrigation	-	-	-	-	-	-	(1)	6
Sabierivier (2)	For irrigation	-	-	-	-	-	-	(1)	10
Sabierivier (3)	For irrigation	-	-	-	-	-	-	(1)	3
Sabierivier (4)	For irrigation	-	-	-	-	-	-	(1)	1
Sandriver (2)	For irrigation	-	-	-	-	-	-	-	9
Sondagsrivier (Elandslaag)	For irrigation	-	-	-	-	-	-	275	343
Sterkspruitrivier	For irrigation	-	-	-	-	-	-	904	44
Suid Agter Paarl (1)	For irrigation	-	-	-	-	-	-	877	952
Suid Agter Paarl (2)	For irrigation	-	-	-	-	-	-	134	146
Trans Elands	For irrigation	-	-	-	-	-	-	69	71

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	2009/10	R'000	2009/10	R'000	2009/10	R'000	2009/10
Uitend (1)	For irrigation	-	-	-	-	-	-	494	527
Umlaas (1)	For irrigation	-	-	-	-	-	-	114	122
Umlaas (3)	For irrigation	-	-	-	-	-	-	149	170
Van Wyksdorp	For irrigation	-	-	-	-	-	-	83	89
White Water Major	For irrigation	-	-	-	-	-	-	4	3
Zanddrift	For irrigation	-	-	-	-	-	-	2	2
MUNICIPALITIES									
Amajuba District	Purchase of portion of the Ngagane Regional water supply scheme	-	-	-	-	-	-	21 772	22 000
Ngwathe (Heilbron)	Purchase of Heilbron pipeline	-	-	-	-	-	-	30	46
Saldanha	Purchase of Stompneus reservoir	-	-	-	-	-	-	137	271
West Coast District	Purchase of Bergriver (Saldanha) & Bergriver (Swartland)	-	-	-	-	-	-	1 277	2 376
Total		-	-	-	-	-	-	91 669	95 841

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	Realised losses not recoverable i.e. claims paid out
	Motor vehicles	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank	Employees	373	-	373	-	-	373	-	-
	Subtotal	373	-	373	-	-	373	-	-
	Housing Loans								
VSB Mutual Bank	Loans	168	155	-	43	-	112	-	-
Old Mutual (NEDB/ PERM)	Loans	1 374	1 696	-	304	-	1 392	-	-
Old Mutual Fin Ltd	Loans	117	110	-	60	-	50	-	-
Peoples Bank (NBS) (FID)	Loans	374	440	-	142	-	298	-	-
Green Start H/Loans	Loans	45	30	-	-	-	30	-	-
Nedbank (Boe)	Loans	25	68	-	12	-	56	-	-
Nedbank LTD	Loans	375	314	19	40	-	293	-	-
NP Dev. Corp	Loans	262	310	-	-	-	310	-	-
Ithala Bank	Loans	85	85	-	46	-	39	-	-
Hlano Fin. Serv.	Loans	3	-	-	-	-	-	-	-
Meeg Bank	Loans	4	19	-	-	-	19	-	-
Standard Bank	Loans	1 009	1 281	40	266	-	1 055	-	-
ABSA	Loans	2 545	3 875	-	617	-	3 258	-	-
Mpumalanga	Loans	45	29	-	-	-	29	-	-
African Bank (Unique Finance)	Loans	46	119	-	-	-	119	-	-
Stanbo	Loans	6	6	-	-	-	6	-	-
FNB	Loans	514	628	-	36	-	592	-	-
Free State Development Corp	Loans	43	104	-	55	-	49	-	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guarantees repaid/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	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
Boe Bank Limited	Loans	12	12	-	-	-	12	-	-
First Rand Bank Inco NB	Loans	581	748	-	102	-	646	-	-
Nedbank LTD Inco NB	Loans	300	575	-	71	-	504	-	-
Subtotal		7 933	10 604	59	1 794	-	8 869	-	-
	Other								
KOBWA (18)	DBSA Driekoppies Dam	488 401	364 759	-	20 827	-	343 932	-	-
KOBWA (21)	Hambros Maguga Dam	380 000	380 000	-	-	-	380 000	21 094	-
KOBWA (27)	Gensec Bnk Maguga Dam	165 000	128 298	-	12 160	-	116 138	3 563	-
KOBWA	Rnd Mer Bnk Maguga Dam	380 000	309 793	-	19 572	-	290 221	2 695	-
KOBWA	Nedcar Bnk Maguga Dam	233 000	194 987	-	12 438	-	182 549	-	-
Land Bank (30)	Water Projects by WUA's	150 000	44 615	-	-	-	44 615	(670)	-
Land Bank (28)	Kalahari East Water Board	77 400	16 252	-	-	-	16 252	(499)	-
Land Bank (29)	Unzinkulwana WUA	500	332	-	-	-	332	(25)	-
Loan to LHDA (1)	(DBSA)-Contract 2484/1	22 700	3 371	-	2 181	-	1 190	-	-
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	-	-	-	-	-	-	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guarantees repaid/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	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 LHDA (13)	Call bills & Capital bills	4 000 000	136 547	(1 312 552)	-	-	(1 176 005)	9 224	-
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)	Holder of LHW Project	21 000 000	19 885 931	4 553 415	5 478 895	-	18 960 451	523 582	-
Loan to LHDA	DBSA-Contract 2868/1	2 700	1 364	-	190	-	1 174	-	-
Subtotal		28 418 425	21 466 249	3 240 863	5 546 263	-	19 160 849	558 964	-
TOTAL		28 426 731	21 476 853	3 241 295	5 548 057		19 170 091	558 964	-
Other									
Loan to LHDA (OSL 23)	HSBC Investment Bank	248 342	56 356	-	31 280	7 892	32 968	91	-
Loan to LHDA (OSL 24)	HSBC Investment Bank	134 900	27 936	-	15 506	3 912	16 342	153	-
Loan to LHDA (OSL 27)	EIB	96 528	47 700	-	5 611	-	42 089	70	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guarantees repaid/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	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 (OSL 26)	EIB	424 721	64 079	-	9 967	1 346	55 458	273	-
OSL 26 EUR		-	100 000	-	100 000	-	-	-	-
OSL 26 ZAR		-	61 685	-	7 711	-	53 974	83	-
OSL 26 A		-	12 268	-	1 534	-	10 734	17	-
Loan to LHDA (OSL 25)		-	18 621	-	5 901	(403)	12 317	31	-
Loan to TCTA (FXL 01)	AKA Ausfuhrkredit	362 465	-	-	-	-	-	-	-
Loan to TCTA (FXL 01)	Kreditanstalt fur Wiederauf	181 233	-	-	-	-	-	-	-
Loan to TCTA (FXL 08)	EIB	434 374	193 714	-	24 214	-	169 500	2 896	-
Subtotal		1 882 563	582 359	-	201 724	12 747	393 382	3 614	-
Total		1 882 563	582 359	-	201 724	12 747	393 382	3 614	-

Motor vehicle 373
Housing 8 869
Other – local and Foreign 20 116 809

**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 2010 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 2011 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 2011 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 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.*
- (11) *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 2011

Nature of Liability	Opening Balance 1 April 2010	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2011
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
AH Conley	130	-	-	-	130
Stirling Baptist Church	69	-	-	-	69
Tripple "SSS"	263	-	-	-	263
MTO vs Minister of DWAF (2 nd Case)	-	1 600	-	-	1 600
Stellenbosch Municipality	3	-	-	-	3
Aaron Mashegoane	20	-	-	-	20
JSW Electrical	637	-	-	-	637
SM Masakuru	68	-	-	-	68
Oakhurst Administrators	102	-	-	-	102
Elsie M Muller	8	-	-	-	8
JS Nkuna	51	-	-	-	51
Sithelwa Mlontlo	70	-	-	-	70
Mothibe EK	66	-	-	-	66
Stephan Mogohlwane & Others	50	-	-	-	50
ABSA Bank	26	-	-	-	26
Standard Bank	2 813	-	-	-	2 813
Galsons Farm	50	-	-	-	50
Rothchild	102	-	-	-	102
Xqji N	4	-	4	-	-
Freddy Aphane	10	-	-	-	10
Zebediela Bricks	189	-	-	-	189
SAFCOL (WfW Cape Town)	4 127	-	4 127	-	-
Initial Training		60			60
Naledi Office Equipment		217			217
JF Nel and 2 others		767			767
TOTAL	8 858	2 644	4 131	-	7 371

ANNEXURE 4

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
National Department of Public Enterprises	-	-	6	6	6	6
National Prosecuting Authority – NPA (C8)	-	-	20	-	20	-
Eastern Cape: Department of Health	-	-	-	(3)	-	(3)
National Department: Minerals Resources (26)	-	-	624	600	624	600
Eastern Cape: Dept of Economic Affairs & Tourism (D8)	-	-	9	-	9	-
National: Agriculture, Forestry & Fisheries (Forestry staff debts)	-	-	142	116	142	116
National: Dept of Agriculture (Forestry Expenditure claim)	-	-	6 215	(25 028)	6 215	(25 028)
KZN: Dept of Agriculture, Environmental Affairs & Rural Development (1K)	77	-	55	-	132	-
Gauteng: Dept of Health & Social Development (G9)	-	-	11	-	11	-
Northern Cape: Cooperative Governance, Human Settlement (H4)	10	-	-	-	10	-
Dept of Justice	-	-	-	159	-	159
North West: Public Safety	-	-	-	28	-	28
Gauteng Dept of Finance (1)	-	-	10	-	10	-
Gauteng Dept of Education (K5)	-	-	3	-	3	-
Limpopo Fin & Economic Development	-	-	(8)	-	(8)	-
Limpopo Agriculture (P9)	-	-	3	-	3	-
Free State Department of Social Development (V7)	-	-	10	-	10	-
Department of Defence & Military veterans (W1)	-	-	12	-	12	-
Western Cape Department of the Premier (W6)	-	-	25	-	25	-
National Dept of Water Affairs- Trading Account (W7)	-	-	62	-	62	-
National Dept of Agriculture, Forestry & Fisheries (47)	-	-	1 066	-	1 066	-
National Dept of Social Development (O7)	63	-	-	-	63	-
Gauteng Infrastructure & Development (1G)	-	-	3	-	3	-
National Dept of Human Settlements (14)	-	-	394	-	394	-
Public Service Commission (16)	-	-	16	-	16	-
National Dept of Environmental Affairs & Tourism (17)	-	-	190	-	190	-

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
National Dept of Home Affairs (18)	-	-	17	-	17	-
National Dept of Public Works (19)	-	-	14	-	14	-
National Dept of Transport (25)	-	-	7	-	7	-
National Dept of Cooperative Governance & Traditional Affairs (27)	1	-	51	-	52	-
North West Health	-	-	27	-	27	-
National Dept of Tourism (54)	-	-	27	-	27	-
National Dept of Basic Education (71)	2	-	-	-	2	-
KZN Public Works	31	-	-	-	31	-
South African Police Services (90)	-	-	1	-	1	-
National Dept of Correctional Services (95)	-	-	18	-	18	-
Agriculture: Forestry	-	-	-	25	-	25
DWA: RC	-	-	144	144	144	144
	184	-	9 174	(23 953)	9 358	(23 953)
Other Government Entities						
Provincial Department Eastern Cape	-	-	-	172	-	172
Provincial Department Western Cape	-	-	10 259	11 386	10 259	11 386
Public Entities	-	-	2 460	8 265	2 460	8 265
Provincial Department Gauteng Hartbeespoort	-	-	-	2	-	2
Local Government	-	-	-	6 044	-	6 044
	184	-	12 719	25 869	12 719	25 869
TOTAL	184	-	21 893	1 916	22 077	1 916

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Free State Treasury	-	8	-	-	-	8
Department of Rural Development	-	26	-	-	-	26
Department of Agriculture	19	17	-	-	19	17
Department of Land Affairs	-	10	-	-	-	10
Correctional Services	-	26	-	-	-	26
Department of Education Eastern Cape	-	-	15	-	15	-
Gauteng Prov: Finance	20	33	-	-	20	33
Social Development Free State	2	-	-	-	2	-
Gauteng Finance	12	-	-	-	12	-
Eastern Cape Sport, Recreation, Arts and Culture	4	-	-	-	4	-
Department of Agriculture: Free State	17	-	-	-	17	-
Foreign Affairs	35	-	-	-	35	-
Department of Sport, Recreation, Arts and Culture	11	-	-	-	11	-
Department of Basic Education	10	-	-	-	10	-
Department of Energy	21	-	-	-	21	-
Total	151	120	15	-	166	120

ANNEXURE 6

INVENTORY

Inventory	Note	Quantity	2010/11 R'000	Quantity	2009/10 R'000
Opening balance		361 828	4 050	480 935	4 087
Add/(Less): Adjustments to prior year balance		(1 044)	(2)	(12 384)	521
Add: Additions/Purchases - Cash		280 210	15 212	251 881	15 921
Add: Additions - Non-cash		1 416	-	68 668	225
(Less): Disposals		3 428	225	(73 133)	(64)
(Less): Issues		(173 590)	(15 443)	(352 213)	(16 629)
Add/(Less): Adjustments		(9 259)	(271)	(1 926)	(11)
Closing balance		462 989	3 771	361 828	4 050



PART 3.3: Water Trading Entity

- 3.3.1 Report of the Accounting Officer
- 3.3.2 Report of the Auditor-General
- 3.3.3 Statement of Comprehensive Income
- 3.3.4 Statement of Financial Position
- 3.3.5 Statement of Changes in Equity
- 3.3.6 Statement of Cash Flows
- 3.3.7 Note to the Annual Financial Statements

WATER TRADING ENTITY

Statement of Comprehensive income
for the year ended 31 March 2011



3.3.1 REPORT OF THE ACCOUNTING OFFICER

1 BACKGROUND (WTE)

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

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

1.1 Water Resource Management (Proto CMA's)

This component deals with water resource management functions which primarily addresses the use, conservation and allocation of water resources in a manner that is sustainable and equitable for the benefit of the people that are residing in the relevant water management areas. Funding for this component is through revenue generated from water users in the area as well as partly augmentation from the fiscus which covers the shortfall where revenue is inadequate to cover the entire operations.

1.2 Infrastructure Branch

This component deals with the development of new infrastructure as well as operation and maintenance of existing infrastructure. Operations under infrastructure branch are divided into two

components i.e. Integrated Systems and Bulk Water Schemes.

Integrated Systems

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

Bulk Water Supply Schemes

These are operated as standalone water schemes comprising primarily of the former homeland government schemes. The agricultural sector is by far the largest consumer of water from this infrastructure.

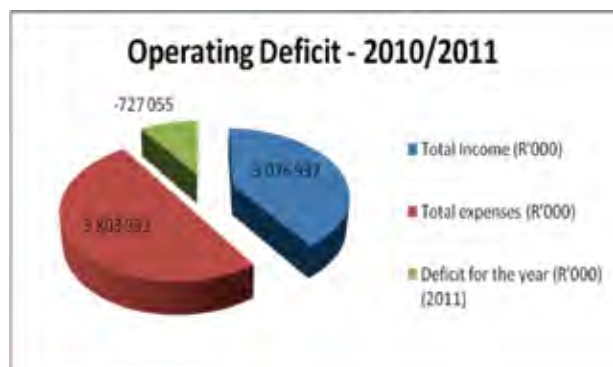
Funding for both components of the infrastructure branch is through revenue generated from water resource infrastructure users as well as augmentation from fiscus where revenue is not enough to cover for the general operations of the branch as well as development of new infrastructure.

2 Analysis of financial performance

2.1 Operating Deficit

Operating deficit for the period has slightly decreased as compared to prior year deficit (i.e. from R961 452 million (restated) to R727 055 million) due partly to a slight increase in revenue from rendering water related services (i.e. from restated R1.681 Billion to R1.894 Billion) (Refer Figure 1). It is expected that operating costs will decrease as projects that are aimed at improving efficiencies start to bear fruit and operational efficiencies projected are improved.

Figure 1: Operating deficit



2.2 Operating Income (Revenue) Analysis

Income from operations has increased slightly by 7% in the current year (Refer Figure 2); from R2.11 Billion (restated) to R2.25 Billion, as a result of the current year 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, (84 % of total revenue) and construction income and rental income made up for the balance of income (16%).

Figure 2: REVENUE analysis



The Interventions Implemented by the Water Trading Entity through the projects referred to above (Financial Management Projects) are projected to yield positive results in the forth coming years and a sound and Improved financial performance is expected to be evident.

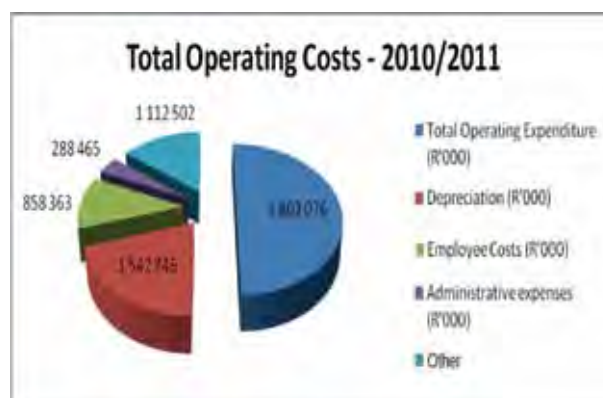
2.3 Operating expenditure overview

Depreciation is the main source of operating expenditure (Refer Figure 3). This amount has increased from the amounts reported in the prior year (2010: R 1 405 million and 2011: R1 543 million).

Administrative expenses have decreased from R711 million in 2010 to R289 million in 2011. From the total operating expenditure of R4 Billion, about 41% relates to depreciation, 23% is spent on employee cost, 8% spent on administrative expenditure and the remainder (28%) is spent on other operating expenditure.

The WTE expects that this main component 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 realized.

Figure 3: Operating expenditure



2.4 Liquidity

The current ratio of the entity improved from 1.29 to 1.34 which is still above 1 meaning that the entity has enough disposal income to meet its immediate obligations within the next 12 months.

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

2011	
Current ratio	= 1.34
2010	
Current ratio	= 1.29

2.5 Cash flow from operations

The entity has a positive cash flow from operations amount to R2.11 Billion. The increased cash balance is attributable to the use of revenue budget to fund capital projects given the forecast of receiving augmentation from Main Account (Exchequer). The positive cash flow supports the view that the WTE is a viable entity only if efficiency gains come to fruition.

2.6 The return on assets

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

2011	
Return on assets	= -1.06
2010	
Return on assets	= -1.46

Although return on assets is negative there has been an improvement in the effective utilisation of assets as indicated above from -1.46% in 2010 to -1.06% in 2011.

2.7 The debtors days in sales

2011	
Debtors days in sales	= 441.08
2010	
Debtors days in sales	= 387.25

The debtor's day's analysis indicates the effectiveness of the entity's ability to collect its debts and the above analysis indicates that there has been deterioration in the amount of time it takes to collect debtors since 2010, from 387.25 days to 441.08 days.

3 ACCOUNTABILITY ARRANGEMENTS

The Water Trading Entity reports to the DG in his capacity as Accounting Officer of the Department. The entity strategic objectives form part of the broader DWA strategic plan but they have been

ring fenced accordingly and the entity reports on the basis of its separate objectives on the DWA strategic plan.

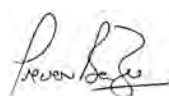
4 RESPONSE TO 2010/11 AUDIT FINDINGS

The Water Trading Entity (the entity) received a very unfavourable audit report for the 2010/11 financial year. In response to the results of the audit, the Department is developing a Turn-A-Round strategy which is aimed at addressing issues raised by the Auditor General. The contents of the strategy will include, amongst other things, the following –

- Re-evaluation of infrastructure projects
- Development of asset management system
- A costing model for construction
- Total overhaul of revenue management process, procedures and system.
- Upgrading of SAP system.

Approval

The Annual Financial Statements set out on pages 174 to 214 have been approved by the acting Accounting Officer.



Mr T I Balzer
Acting Director-General: Department of Water Affairs
Date: 05 August 2011

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

- 1 I was engaged to audit the accompanying financial statements of the Water Trading Entity (WTE), which comprise the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 174 to 214.

Accounting officer's responsibility for the financial statements

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

Auditor-General's responsibility

- 3 As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 1111 of 2010* issued in Government Gazette 33872 of 15 December 2010. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Suspense account

- 4 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 balances amounting to a credit balance of R44 715 000 (2010: R74 264 000) and R78 366 000 as disclosed in note 10.2 and note 13.1 to the financial statements. In addition, the transactions that have been journalised out of the R44 715 000 clearing account could not be supported by adequate supporting documentation. The entity's records did not permit the application of alternative audit procedures regarding the clearing accounts amounting to R123 081 000. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, rights and obligations, completeness, valuation and allocation of these clearing accounts. The limitation reported in the prior year audit report on the corresponding figure has not been corrected by management.

Water-related services revenue

- 5 The entity's main source of revenue comprises water-related service revenue that is recognised when water is consumed by the customer and the recognition criteria in the SA Statements of GAAP, IAS 18, are met. This revenue is disclosed in note 27 at an amount of R1 894 950 000 (2010: R1 681 862 000). There was no system of control over the recording of water-related services revenue on which I could rely for the purposes of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all the water-related services revenue was properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, completeness, classification, accuracy and

cut-off of water-related service revenue. The limitation reported in the prior year audit report on the corresponding figures has not been corrected by management.

Operating expenses

6 Included in operating expenditure is a negative amount of R191 168 000 (2010: R83 126 000) relating to capital expenditure for construction projects. The operating and capital expenditure are not separated in the general ledger account and, as a result, the entity needs to journalise the expenditure capitalised to projects out of these general ledger accounts to reflect the operating expenditure amount disclosed in note 5 to the financial statements.

The entity was unable to reliably decrease the various classes of operating expenditure in note 5 as it is unclear from the accounting records what class of operating expenditure is affected by the R191 168 000 capital expenditure. The classes of expenditure that are impacted by the capital expenditure are administrative expenditure, employee cost, depreciation and other operating expenditure. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, completeness, classification, accuracy and cut-off of these classes of expenditure included in note 5 to the financial statements.

7 The entity could not provide sufficient and appropriate audit evidence to support a number of material journal entries and financial system transactions that were included in the compensation of employees general ledger account. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all employee cost was properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, completeness, accuracy, cut-off and classification of employee cost amounting to R858 363 000 as disclosed in note 5 to the financial statements.

Property, plant and equipment

8 SA statements of GAAP, IAS 16, Property, plant and equipment requires that a further revaluation of assets is required when the

fair value of items of property, plant and equipment differs materially from its carrying value. Included in note 7 to the financial statements is infrastructure assets with a closing balance of R59 711 671 000 which is valued every 3-5 years according to the accounting policy in note 1.5. The assessment of the fair value of the infrastructure assets by an independent valuer revealed a possible understatement of the carrying value of these assets amounting to R11 007 364 662. The book value of the infrastructure assets has not been adjusted to reflect their fair value. Because of the nature of these assets, I was unable to confirm or verify by alternative means the fair value of **infrastructure assets** included in note 7 to the financial statements. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation of infrastructure assets.

9 Included in other comprehensive income in the statement of comprehensive income are impairment and impairment reversals amounting to R68 275 000 and R72 450 000, respectively. SA statements of GAAP, IAS 36, *Impairment of assets* require that internal and external sources of information be used as a minimum when assessing if there is an indication that assets may be impaired. There was no system on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all relevant available data was used to inform the impairment testing as required by IAS 36. Consequently, I was unable to obtain sufficient and appropriate audit evidence to satisfy myself as to the completeness and accuracy of the **impairment** amount as disclosed in note 7 and 8.2 to the financial statements. As a consequence, this will also contribute to my inability to obtain sufficient and appropriate audit evidence to satisfy myself as to the valuation of **infrastructure assets** and **other intangible assets** as disclosed in notes 7 and 8.2 to the financial statements.

10 The entity constructs assets for internal use and as a result there is a carrying value of R3 607 845 000 for assets under construction included in note 7 to the financial statements. SA statements of GAAP, IAS 16, *Property, plant and equipment* requires an entity to include the depreciation charge of an asset used in the construction process as part of the cost of the assets under

construction. This depreciation charge will decrease the depreciation recorded in the statement of comprehensive income and increase the carrying value of assets under construction. Included in the R3 607 845 000 is the depreciation charge of other assets used in the construction process as required by IAS 16. As the method used to calculate the depreciation charge was inadequate to ensure that the amount included in the carrying value of assets under construction is correct, I am unable to quantify the effect on the financial statements. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, completeness and accuracy of the **depreciation** charged as disclosed in note 5 to the financial statements.

- 11 SA Statements of GAAP, IAS 16, *Property, plant and equipment* requires an entity not to include the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset in the carrying value of assets under construction. The entity included all actual costs in the carrying value of assets under construction as disclosed in note 7 to the financial statements. There was an inadequate system of control over the costing of self-constructed assets on which I could rely on for the purpose of my audit to quantify the possible abnormal costs included in the carrying value of asset under construction. Because of the nature of these assets, I was unable to confirm or verify by alternative means the reasonableness of expenditure capitalised to the carrying value of **assets under construction**. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation of asset under construction. As a consequence of my inability to satisfy myself as to the reasonableness of expenditure capitalised, **operating expenditure** disclosed in note 5 is not completely and accurately accounted for.
- 12 The entity did not adequately review the residual values and useful lives of owned assets at each reporting date in accordance with SA Statements of GAAP, IAS 16, *Property, plant and equipment*. Because of the nature of these assets, I was unable to confirm or verify by alternative means the value of **owned assets** included in the financial statements at R64 028 259 000 as disclosed in note 7 to the financial statements.

As a consequence of my inability to satisfy myself as to the reasonableness of the useful lives and residual values of owned assets, depreciation as disclosed in note 5 to the financial statements and the R1 408 405 000 transfer of depreciation on revalued assets as disclosed as part of other comprehensive income in the statement of comprehensive income, are not completely and accurately accounted for.

Provisions

- 13 Provision has not been made for the rehabilitation costs of dams that need critical rehabilitation in terms of the Dam Safety Regulations. A provision should be made for the entity's present obligation as a consequence of the non-compliance with the Dam Safety Regulations in accordance with SA Statements of GAAP, IAS 37, *Provisions, contingent liabilities and contingent assets*. The entity cannot avoid this future expenditure by their future actions. Because of the nature of this provision, I was unable to quantify the amount of the misstatement on the financial statements. Consequently, the **provision for rehabilitation cost** is understated by a material undisclosed amount.
- 14 Provision has not been made for all leave entitlements as at 31 March 2011. The entity uses a separate payroll system for staff contracted in the construction environment and has not provided for their leave entitlements as part of the provision for leave balance amounting to R85 214 000, as disclosed in note 15.2 to the financial statements. As the system to record leave was inadequate to ensure that all leave entitlements are accurately and completely recorded in the accounting records, I am unable to quantify the effect on the financial statements. Consequently, the **provision for leave** and the **cost capitalised to construction projects** are understated with an undisclosed amount.
- 15 SA Statements of GAAP, IAS 37, *Provisions, contingent liabilities and contingent assets* requires an entity to make provision for bonuses where a present or constructive obligation exists for the entity to pay performance bonuses. The entity has not made a provision for the performance

bonus obligation the entity has towards the staff in the construction environment in accordance with IAS37. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that performance bonuses for all staff have been completely provided for. Consequently, the provision for **performance bonuses** as disclosed in note 15.1 to the financial statements and the **cost capitalised to construction projects** are understated by an undisclosed amount.

- 16 The movements in **other provisions** with a closing balance of R79 645 000 (2010: R20 000 000) as disclosed in note 15.3 could not be supported by sufficient appropriate audit evidence. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that the movements in other provisions are fairly stated. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation, and rights and obligations pertaining to **other provisions**. As a consequence, this will also contribute to my inability to obtain sufficient and appropriate audit evidence to satisfy myself as to the occurrence, completeness, classification, accuracy and cut-off of **operating expenditure** as disclosed in note 5 to the financial statements.

- 17 There was no system of control over the utilisation and provision made for pumping costs as disclosed in note 15.4 of the financial statements. The entity could not provide sufficient and appropriate audit evidence to support the amount of R47 402 000 utilised for incurring pumping cost during the year.

The additional provision amounting to R97 707 000 in note 15.4 is calculated based on the volumes of water used in those schemes where pumping costs are required. The entity will accumulate funds from the water users in these schemes and provide for possible future pumping costs as a liability in the financial statements. As a consequence of my inability to satisfy myself as to the occurrence, completeness, accuracy and cut-off of water-related services revenue, I cannot confirm the existence, completeness, valuation and allocation, and rights and obligations pertaining to this provision made.

As a result of the above matters, I am unable to satisfy myself as to the existence, completeness, valuation and allocation and rights and obligations pertaining to the **pumping cost provision** amounting to R286 557 000 as disclosed in note 15.4 to the financial statements. Due to the inadequate systems in place at the entity I am unable to quantify the effect on the financial statements.

Trade and other payables

- 18 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 that 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 and valuation of the **trade and other payables** as disclosed in note 13, and the completeness and accuracy of **operating expenditure** as disclosed in note 5 in the annual financial statements. The limitation reported in the prior audit report on the corresponding figure has not been corrected by management.

- 19 The entity could not provide sufficient and appropriate audit evidence to support credit balances amounting to R962 798 000 and R3 245 964 included in the **accruals balance** of R1 440 046 000 in note 13 to the financial statements. There were significant difference between the creditor confirmations obtained for these balances that could not be substantiated and significant journals were processed to adjust the opening and closing balance of these accounts without any supporting documentation. The entity's system did not allow me to perform alternative audit procedures to obtain reasonable assurance that these accruals were properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and obligation pertaining to the **accruals balance** and corresponding figure as disclosed in note 13 to the financial statements.

- 20 The value-added tax (VAT) suspense account of R260 760 000, as disclosed as a

VAT payable in note 13 to the financial statements, does not agree to the balance of R100 441 000 per the underlying accounting records. The entity could not provide supporting documentation for the difference of R160 319 000 between the financial statements and the underlying records. Consequently, the **VAT suspense account** is overstated by R160 319 000. I could not determine the effect on the other account balances or classes of transactions contained in the financial statements.

- 21 The entity could not provide sufficient appropriate audit evidence to support the "other" payable balance of R230 757 000 as disclosed in note 13 to the financial statements. There were not satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that the "**other**" balance included in trade and other payables was properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and obligation pertaining to the "**other**" balance included in trade and other payables.

Inventory

- 22 SA Statements of GAAP, IAS 2, Inventories requires an entity to record items in the form of materials or supplies to be consumed in the production process as inventory. The entity included materials and supplies to be consumed in the construction of assets as part of the "assets under construction" carrying value in note 7 and not as inventory as required by IAS2. These items were therefore not included in the inventory count. The entity's records did not permit the application of alternative audit procedures to establish a possible understatement of inventory. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness of **inventory** as disclosed in note 9 to the financial statements.

Construction revenue

- 23 The entity undertakes construction projects on behalf of third parties and receives revenue from the third parties based on the actual cost incurred on those projects. The actual cost for construction revenue projects is based on the same principles as internal

construction projects and no profit is made on these projects. There was no system on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all construction revenue was properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, completeness, accuracy and cut-off of **construction revenue** amounting to R340 821 000. As a consequence the **asset under construction receivable** amounting to R7 224 000 as disclosed in note 10.3 to the financial statements is also misstated.

Interest on accounts receivable

- 24 Due to a lack of effective monitoring of the accuracy and completeness of trade receivables, I noted that interest on outstanding water-related services revenue balances was not accrued for. It is the entity's policy to charge interest on overdue accounts. There were no satisfactory audit procedures that I could perform to obtain reasonable assurance that interest on trade receivable as disclosed in note 10.1 to the financial statements is complete. As a result of the poor control environment, I am unable to quantify the effect on the financial statements.

Accounts receivable

- 25 I was unable to verify the completeness, existence and valuation of the **net trade receivable** balance amounting to R2 721 266 000 as disclosed in note 10.1 to the financial statements. There were significant differences between the amounts confirmed as outstanding by the individual debtors and the amount recorded in the accounting records of the entity which management could not substantiate. Alternative audit procedures did not render satisfactory results.

As a consequence of my inability to satisfy myself as to the occurrence, completeness, classification, accuracy and cut-off of water-related services revenue and interest on accounts receivable, trade receivables are not completely and accurately accounted for.

As a result of the above matters, I am unable to satisfy myself as to the existence, rights, completeness and valuation and allocation of **trade receivables**. Due to the inadequate systems in place at the entity I am unable

to quantify the effect on the financial statements. The limitation reported in the prior audit report on the corresponding figures has not been corrected by management.

- 26 The trade receivable balance of R5 007 214 000, as disclosed in note 10.1 to the financial statements, does not agree to the balance of R4 554 642 604 per the debtor age analysis. The entity did not reconcile the difference of R452 571 396 between the financial statements and the underlying accounting records. The difference arrived as a result of journals being processed against the debtor control account without impacting the individual debtor account.

The entity based a major component of their impairment of trade receivables on the debtor age analysis. The difference in the debtor age analysis will therefore have a significant impact on the current year's provision for doubtful debts amounting to R901 727 000 as disclosed in note 10.1 to the financial statements. Consequently, I am unable to satisfy myself as to the valuation and completeness of the current year **provision for doubtful debts**. Due to the inadequate systems in place at the entity I am unable to quantify the effect on the financial statements.

- 27 The entity could not provide sufficient appropriate audit evidence to support the other receivable balance of R 78 837 000 as disclosed in note 10.3 to the financial statements. There were not satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that other receivables were properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and rights pertaining to the **other receivables**.

Deferred income

- 28 The entity could not provide sufficient appropriate audit evidence to support the deferred income balances in non-current and current liabilities amounting to R3 515 353 000 and R68 462 000, respectively, disclosed in the statement of financial position. There were not satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that deferred income was properly recorded. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself

as to the existence, completeness, valuation and allocation of and rights and obligations pertaining to the **deferred income liability**.

Irregular, fruitless and wasteful expenditure

- 29 Section 38(1)(a)(iii) of the PFMA requires that the accounting officer of a trading entity implement and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. Payments were made in contravention of the supply chain management requirements amounting to R334 145 000 (2010: R430 637 000) and disclosed as irregular expenditure in note 26.1 to the financial statements. There was no system of control over irregular expenditure on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all **irregular expenditure** was properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness, occurrence and accuracy of irregular expenditure.

- 30 Section 40(3)(b) of the PFMA requires that the financial statements submitted for audit purposes include particulars of fruitless and wasteful expenditure incurred during the year. The entity has disclosed no fruitless and wasteful expenditure in the financial statement submitted for audit purposes as at 31 May 2011. As a result of my audit an amount of R9 761 000 was identified as fruitless and wasteful expenditure and disclosed in note 26.2 to the financial statements. There was no system of control over fruitless and wasteful expenditure on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all **fruitless and wasteful expenditure** was properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and accuracy of fruitless and wasteful expenditure.

Statement of cash flows

- 31 The entity could not provide sufficient appropriate audit evidence to support disclosure made in the statement of cash flows relating to cash flows from operating activities, cash flows from investing activities and cash flow from finance activities as required by IAS7, *Statement of cash flows*.

As a consequence of my inability to satisfy myself as to the existence, rights and obligations, completeness, valuation and allocation of the clearing accounts as highlighted in section 4 of this report, I could not confirm the existence, completeness, valuation and allocation of, and rights pertaining to the cash and cash equivalents at the end of the year amounting to R1 189 303 000 as disclosed in the statement of cash flows.

As a result of the above matters, I am unable to satisfy myself as to the existence, rights, completeness and valuation and allocation of cash and cash equivalents as disclosed in the statement of financial position. Due to the inadequate systems in place at the entity I am unable to quantify the effect on the financial statements.

Commitments

- 32 There was an inadequate contract management system in place for the identification and recognition of contracts and there were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and valuation of commitments of R773 609 000, as disclosed in note 20 to the financial statements.

Contingencies

- 33 There was an inadequate management system in place for the identification and recognition of contingent liabilities and there were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all contingencies were properly recorded. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and valuation of contingencies of R43 080 000, as disclosed in note 19 to the financial statements.

Related party transaction

- 34 The entity could not provide sufficient appropriate audit evidence to support the disclosure made in terms of IAS24, *Related party disclosure* in note 18 to the financial statements. There were significant differences between the amounts disclosed in note 18 and the supporting schedules provided

by management. 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 note 18.

Financial instrument disclosure

- 35 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. The limitation reported in the prior audit report on the corresponding figures has not been corrected by management.

Change in estimate

- 36 SA Statements of GAAP, IAS 8, *Accounting policies, change in accounting estimates and errors*, requires disclosure of a change in accounting estimates where changes in circumstances occur on which an estimate was based. The entity made changes to the useful lives of assets, which resulted in a change in accounting estimate as required by IAS 8. The entity did not disclose the change in accounting estimate in a note in the financial statements, resulting in non-compliance with IAS 8.

Prior period error

- 37 SA Statements of GAAP, IAS 8, *Accounting policies, change in accounting estimates and errors*, requires disclosure of prior period errors in a note to the financial statements. The entity disclosed a significant amount of prior period errors in note 23 to the financial statements for which I could not obtain sufficient and appropriate evidence. In addition, a number of prior period errors were not disclosed as required by IAS8. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that the prior period errors disclosed in the note are complete and accurate. I could not determine the effect on the other account balances or classes of transactions contained in the financial statements.

Disclaimer of opinion

- 38 Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to

obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

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

Significant uncertainties

- 40 With reference to note 19 to the financial statements, the Water Trading Entity is a defendant in a number of lawsuits. The ultimate outcome of these matters can not currently be determined, and no provision for any liability that may result has been made in the financial statements. The majority of these cases are from the prior years.

Restatement of corresponding figures

- 41 As disclosed in note 23 to the financial statements, the corresponding figures for the year ended 31 March 2010 have been restated as a result of errors discovered during the period ended 31 March 2011 in the financial statements of the WTE at, and for the year ended, 31 March 2010.

Material losses through financial misconduct and impairment of trade receivables

- 42 As disclosed in note 26.3 to the financial statements, the WTE incurred financial losses of R3 075 000 due to financial misconduct.
- 43 As disclosed in note 10.1 to the financial statements, impairment of trade receivables of R901 727 000 occurred as a result of customers not being able to pay their accounts for water-related services.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 44 In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 54 to 55 and material non-compliance with laws and regulations applicable to the Water Trading Entity.

Report on predetermined objectives

Usefulness of information

- 45 The reported performance information was deficient in respect of the following criteria:
- Measurability: The required nature of performance is not evident from the target
 - Specific: The required nature of performance is not defined
- 46 The following audit findings relate to the above criteria:
- For all programmes, more than 50% of the planned and reported targets were not specific and measurable:

Performance measure	Target
% completion of De Hoop Dam	De Hoop Dam 73% complete <i>The required works that need to confirm the % of completion are not specific. The basis of identifying the completion % is not evident.</i>

Reliability of information

- 47 The reported performance information was deficient in respect of the following criteria:
- Validity: Actual reported performance has occurred and pertains to the entity.
 - Accuracy: Amounts, numbers, and other data relating to reported actual performance have been recorded and reported appropriately.
 - Completeness: All actual results and events that should have been recorded have been included in the annual performance report.
- 48 The following audit findings relate to the above criteria:
- For the selected targets, more than 50% of the reported performance was not complete, accurate and valid based on the supporting evidence provided:

Target	Performance reported
% completion of De Hoop Dam	De Hoop Dam 73% complete. <i>The % completion is calculated based on the budget vs. expenditure incurred. This not a true reflection of the % of</i>

Target	Performance reported
	<p>completion and not sufficient evidence to support the performance reported in the annual report.</p> <p>In addition, the financial information used to calculate the % of completion is qualified as highlighted in our opinion paragraph.</p>

Compliance with laws and regulations

Strategic planning and performance management

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

Annual financial statements, performance and annual report

- 50 The financial statements submitted for audit purposes did not comply with section 40(1)(c) (i) of the PFMA. Material misstatements were identified during the audit, certain of these were corrected by management and those that were not corrected are included in the basis for disclaimer of opinion paragraphs.
- 51 The entity did not design and implement policies to maintain an effective, efficient and transparent system of internal controls, as required by section 38(1)(a) of the PFMA.
- 52 The entity did not ensure that all fruitless and wasteful expenditure was disclosed in the financial statements, as required by TR 9.1.5.
- 53 The accounting officer did not take effective and appropriate steps to design and approve the delegations of authority for WTE as required by TR8.2.1.

Internal audit

- 54 The entity has a shared internal audit division with the Main Exchequer Account. The division did not have adequate personnel to carry out its mandate and, as a result, the

internal audit function is not effective as it did not substantially fulfil its responsibilities for the year as set out in Treasury regulations 3.2.

Procurement and contract management

- 55 The accounting officer did not take effective and appropriate steps to implement adequate controls over contracts management, as required by sections 38(1) (a) of the PFMA.
- 56 Goods and services with a transaction value of between R10 000 and R500 000 were procured without inviting at least three written price quotations from prospective suppliers, as per the requirement of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.
- 57 The prospective suppliers list for procuring goods and services through quotations was not updated at least quarterly to include new suppliers that qualify for listing and prospective suppliers were not invited to apply for such listing at least once a year as per the requirements of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.
- 58 Sufficient appropriate audit evidence could not be obtained that awards were made to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations and National Treasury Instruction Note of 15 September 2010 issued in terms of section 76(4)(c) of the PFMA.
- 59 Contracts were extended or modified to the extent that competitive bidding processes were being circumvented contrary to the requirement of a fair supply chain management system in TR 16A3.2.
- 60 Deliberate splitting of a transaction into parts of lesser value than R500 000 occurred to avoid inviting competitive bids as required by National Treasury Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.
- 61 The accounting officer failed to report the criminal charges laid by the entity to the Auditor-General, as required by TR 4.2.1.
- 62 Deviations from Treasury Regulation 16A were not reported to the National Treasury and the Auditor-General of South Africa (AGSA) within 10 days as required by National Treasury Practice Note 6 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.

Human resource management and compensation

- 63 The accounting officer did not ensure that all leave taken by an employee was recorded accurately and in full as per the requirements of PSR 1/V/F(b).
- 64 Appointments were made in posts that were not advertised as per the requirements of PSR 1/VII/C.2.
- 65 Monthly compensation for overtime was not limited to 30% of employees' monthly salary, except in exceptional circumstances as per the requirements of the PSR 1/V/D.2(d).
- 66 The executive authority did not engage in adequate HR planning with a view to meeting the human resource needs as per the requirements of PSR 1/III/B.2(d).

Expenditure management

- 67 Payments due to creditors were not always settled within 30 days from receipt of an invoice as per the requirements of section 38(1)(f) of the PFMA and TR 8.2.3.
- 68 The accounting officer did not take effective and appropriate steps to prevent and detect irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA.
- 69 The entity did not take effective and appropriate steps to prevent and detect fruitless and wasteful expenditure, as required by section 45(c) of the PFMA.
- 70 The accounting officer did not take effective and appropriate steps to prevent losses through criminal conduct as per the requirements of section 38(1)(c)(ii) of the PFMA.
- 71 In contradiction with section 38(1)(a) of the PFMA, the entity did not perform adequate creditor reconciliations for major supplier balances.

Revenue management

- 72 The accounting officer did not take effective and appropriate steps to timeously collect all money due to the institution as per the requirements of TR 11.2.1.
- 73 The entity did not ensure that all suspense accounts were cleared at year-end as required by TR 17.
- 74 Interest was not charged on the water users' overdue accounts as required by TR 11.5.1 and as determined by the entity's policy.

Asset management

- 75 The accounting officer did not implement proper control systems for the safeguarding and maintenance of assets to prevent theft, losses, wastage and misuse as required by Treasury Regulations 10.1

INTERNAL CONTROL

- 76 In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- 77 An effective organisation structure that places people with appropriate skills has not been established.
- 78 The entity experienced instability in leadership since 2009 as a result of a number of suspensions and dismissals in key leadership positions.
- 79 Effective HR management to ensure that adequate and sufficient skilled resources are in place and that performance is monitored, has not been implemented.
- 80 Establishing an IT governance framework that supports and enables the business, delivers value and improves performance has not taken place.

Financial and performance management

- 81 Effective financial systems and management thereof have not been implemented to ensure fairly presented financial statements.
- 82 The financial statements are not adequately 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.
- 83 Formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information have not been designed and implemented.

Governance

- 84 The entity has a shared internal audit division with the Main Exchequer Account. The division did not have adequate personnel to carry out its mandate and as a result the internal audit function is not effective as it did not substantially fulfil its responsibilities for the year.
- 85 Actions are not taken in a timely manner to address the risk relating to the achievement of complete and accurate financial reporting.

OTHER REPORTS

Investigations

Completed during the year

- 86 I conducted an investigation into certain procurement irregularities at the department, which includes the WTE. The investigation was conducted at the request of the minister and the final report was tabled in parliament on 12 July 2010.
- 87 An investigation took place regarding the alleged transfer of large sums of money into the personal bank account of a consultant contracted by the entity. The investigation resulted in criminal proceedings being instituted against the identified consultant.
- 88 Several investigations were conducted by the internal audit unit at the request of the accounting officer and/or the minister arising from allegations of procurement irregularities by the departmental and the WTE officials. These allegations were reported to the National Anti-Corruption Hotline. The investigations resulted in recommendations for disciplinary and/ or criminal proceedings to be instituted against the departmental and WTE officials concerned.

Investigations in progress

- 89 The Deputy Director General: Corporate services was suspended during the year over procurement irregularities and disciplinary action is still pending.
- 90 The Chief Information Officer was suspended during the year over procurement irregularities and awaiting a disciplinary hearing.
- 91 Several investigations were conducted by the internal audit unit at the request of the accounting officer and/or the minister arising from allegations of procurement irregularities by departmental and WTE officials. These allegations were reported to the National Anti-Corruption Hotline.
- 92 The Director: Financial accounting and Director: Revenue management have been suspended after year end and the investigation is still ongoing.

Performance audits

- 93 A performance audit was conducted during the year under review on the department's use of consultants. The management report was issued on 19 May 2011.

Auditor-General

Pretoria
30 July 2011



WATER TRADING ENTITY

Statement of Comprehensive Income
for the year ended 31 March 2011



3.3.3 Statement of Comprehensive Income

	Notes	31 March 2011 R'000	31 March 2010 Restated R'000
Revenue		2 244 450	2 095 732
Rendering of water related services		1 894 950	1 681 862
Construction contracts		340 821	405 763
Rental income		8 680	8 107
Other income		832 486	542 992
Government grants	2	801 611	333 025
Finance income	3	14 910	103 427
Other	4	15 964	106 540
Total income		3 076 937	2 638 724
Total expenses		(3 803 992)	(3 600 176)
Operating expenses	5	(3 802 076)	(3 597 073)
Finance costs	6	(1 916)	(3 103)
Deficit for the year		(727 055)	(961 451)
Other comprehensive income		1 402 361	829 430
Impairment of revalued assets	7, 8	(68 275)	(446 537)
Impairment Reversal of revalued assets	7, 8	72 450	-
Scrapping of revalued assets	7	(10 219)	(42 486)
Correction of prior period errors	23.1	-	(10 259)
Transfers from reserves for depreciation on revalued assets		1 408 405	1 328 713
Total comprehensive income/(loss) for the year		675 306	(132 020)

3.3.4 Statement of Financial Position

	Notes	31 March 2011 R'000	31 March 2010 Restated R'000
ASSETS			
Non-current assets		64 805 040	65 006 640
Property plant and equipment	7	64 037 706	64 237 907
Intangible assets	8	767 334	768 732
Current assets		3 956 022	2 629 904
Inventory	9	11 934	14 709
Trade and other receivables	10	2 754 785	2 184 524
Cash and cash equivalents	11	1 189 303	430 670
TOTAL ASSETS		68 761 062	67 636 542
EQUITY AND LIABILITIES			
Equity and reserves		62 290 550	63 023 650
Accumulated surplus/(deficit)		2 156 052	1 474 703
Revaluation reserve		60 134 497	61 548 948
Non-current liabilities		3 519 328	2 581 651
Finance lease obligations	12	3 974	2 996
Deferred income	14	3 515 353	2 578 656
Current liabilities		2 951 186	2 031 240
Trade and other payables	13	2 392 334	1 660 786
Deferred income	14	68 462	1 304
Provisions	15	482 927	354 230
Finance lease obligations	12	7 462	14 921
TOTAL EQUITY AND LIABILITIES		68 761 062	67 636 542

3.3.5 Statement of Changes in Equity

	Notes	Accumulated Deficit R'000	Revaluation Reserve R'000	Total Equity R'000
Balance at 1 April 2009 as previously reported		1 343 553	63 356 428	64 699 981
Correction of prior period errors	23.1	(236 110)	-	(236 110)
Restated balance at 1 April 2009		1 107 443	63 356 428	64 463 871
Restated deficit for the year		(961 453)	-	(961 453)
Deficit for the year as previously stated		(1 215 578)	-	(1 215 578)
Correction of prior period errors	23.1	254 125	-	254 125
Net movement in reserves		1 328 713	(1 807 480)	(478 768)
Impairment of revalued assets		-	(446 539)	(446 539)
Correction of prior period errors	23.1		10 259	10 259
Transfers from reserves for depreciation on revalued assets		1 328 713	(1 328 713)	-
Scrapping of revalued assets		-	(42 486)	(42 486)
Balance at 31 March 2010 as restated		1 474 703	61 548 948	63 023 650
		681 350	(1 414 450)	(733 100)
Deficit for the year		(727 055)	-	(727 055)
Transfers from reserves for depreciation on revalued assets		1 408 405	(1 408 405)	-
Scrapping of revalued assets		-	(10 220)	(10 220)
Impairment of revalued assets	7, 8.4	-	4 175	4 175
Balance at 31 March 2011		2 156 052	60 134 497	62 290 550

3.3.6 Statement of Cash Flows

	Notes	31 March 2011 R'000	31 March 2010 Restated R'000
Cash flows from operating activities			
Cash generated from operations	16	2 113 157	2 171 111
Finance income		-	1
Finance costs		(1 916)	(3 103)
Net cash inflows from operating activities		2 111 241	2 168 009
Cash flows from investing activities			
Proceeds on disposal of:			
– Property plant and equipment		5 126	3 412
Acquisition of:			
– Property plant and equipment	7	(1 351 200)	(1 744 098)
– Intangible assets	8	(53)	-
Net cash outflows from investing activities		(1 346 127)	(1 740 686)
Cash flows from financing activities			
Net finance lease obligation repaid		(6 481)	(6 564)
Net cash outflows from financing activities		(6 481)	(6 564)
Net increase/(decrease) in cash and cash equivalents		758 633	420 759
Cash and cash equivalents at the beginning of the year		430 670	9 910
Cash and cash equivalents at the end of the year		1 189 303	430 670

3.3.7 Notes to the Annual Financial Statements

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 2011

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
- IFRS 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 judgements and accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement 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 three to five 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 judgements based on an assessment of their ability to make payments based on creditworthiness and historical write-off experience. Should the financial condition of the customers change actual write-offs could differ significantly from the impairment losses recognised.

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 3 to 5 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 the derecognition 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 licences 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 as 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.

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

		31 March 2011	31 March 2010 Restated
		R'000	R'000
2	Government grants		
The amounts received for these grants are as follows:		801 611	333 025
– operating expense grant		758 108	313 276
– infrastructure development grant		43 503	19 749
3	Finance income	14 910	103 428
– debtors		14 910	103 427
– bank balances		-	1
4	Other income	15 964	106 540
– (loss)/profit on sale of property plant and equipment		1 144	(5 162)
– other income		14 821	111 702
5	Operating expenses	3 802 076	3 597 073
Operating expenses include:			
– administrative expenses		288 465	711 203
– employee costs		5.1 858 363	875 074
– audit fees		12 418	9 845
– transfers and subsidies paid		-	-
– depreciation		7 1 542 746	1 405 238
– amortisation		8.1 77	6 960
– bad debts		901 726	513 043
– other operating expenses		389 449	158 837
– transfer of operating expenditure to WIP		(191 168)	(83 126)
5.1	Employee costs	858 363	875 074
Employee costs include:			
– salaries and wages		540 615	540 090
– overtime		36 243	59 334
– service bonuses		61 143	56 618
– performance bonuses		33 954	43 491
– retirement contributions		53 627	46 932
– medical aid contribution		30 317	24 257
– leave pay provision		27 182	14 589
– housing allowances		20 101	13 440
– car allowances		22 457	29 427
– other payments		32 723	46 896
6	Finance costs	1 916	3 103
– finance leases		1 667	3 094
– creditors		249	9

7 Property plant and equipment

Summary	31 March 2011			31 March 2010		
	Cost/ Revaluation	Accumulated depreciation and impairment	Carrying value	Cost/ Revaluation	Accumulated depreciation and impairment	Carrying value
	R'000	R'000	R'000	Restated R'000	Restated R'000	Restated R'000
Owned assets						
– Infrastructure assets	66 902 401	(7 190 731)	59 711 669	66 714 285	(5 652 840)	61 061 444
– Mobile homes	35 731	(8 320)	27 412	33 582	(6 537)	27 045
– Motor vehicles	7 203	(4 055)	3 147	6 170	(3 495)	2 675
– Equipment	1 019 576	(394 157)	625 418	870 166	(340 110)	530 056
– Furniture and fittings	67 519	(33 450)	34 069	59 336	(28 647)	30 688
– Computer equipment	39 953	(21 254)	18 699	33 828	(16 902)	16 926
– Assets under construction	3 607 845	-	3 607 845	2 551 773	-	2 551 773
Total owned assets	71 680 227	(7 651 968)	64 028 259	70 269 139	(6 048 532)	64 220 607
Leased assets						
– Equipment	14 639	(8 251)	6 388	15 734	(6 696)	9 038
– Motor vehicles	21 222	(18 163)	3 059	22 200	(13 938)	8 262
Total leased assets	35 861	(26 414)	9 447	37 934	(20 634)	17 300
TOTAL ASSETS	71 716 088	(7 678 383)	64 037 706	70 307 073	(6 069 165)	64 237 907

Leased assets are encumbered by finance lease liabilities. Refer Note 12.

Movement 2011	31 March 2010 Carrying value Restated	Additions	Disposals and Decommissions	Transfers	Depreciation	Impairment	Impairment Reversal	31 March 2011 Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets								
– Infrastructure assets	61 061 446		(10 220)	83 713	(1 428 818)	(66 901)	72 450	59 711 671
– Mobile homes	27 045	2 149	-	-	(1 782)	-	-	27 412
– Motor vehicles	2 675	1 055	(2)	(0)	(581)	-	-	3 146
– Equipment	530 055	204 333	(51 893)	35 140	(92 218)	-	-	625 418
– Furniture and fittings	30 687	8 693	(339)	119	(5 093)	-	-	34 069
– Computer equipment	16 926	7 360	(355)	(29)	(5 203)	-	-	18 700
– Assets under construction	2 551 772	1 139 785	-	(83 713)	-	-	-	3 607 844
Total owned assets	64 220 606	1 363 375	(62 809)	35 231	(1 533 696)	(66 901)	72 450	64 028 259
Leased assets								
– Equipment	9 038	2 927	(1 389)	-	(4 188)	-	-	6 388
– Motor vehicles	8 262		(341)	-	(4 862)	-	-	3 059
Total leased assets	17 300	2 927	(1 730)	-	(9 050)	-	-	9 447
TOTAL ASSETS	64 237 906	1 366 302	(64 539)	35 231	(1 542 746)	(66 901)	72 450	64 037 706

Movement 2010	31 March 2009 Carrying value	Additions		Disposals and decommissions		Transfers		Depreciation		Impairment		Impairment Reversal		31 March 2010 Carrying value
	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets														
– Infrastructure assets	62,709,245	0		(42,487)	170,187	(1,328,967)	(446,533)	-	61,061,446					
– Mobile homes	26,513	2,240	(62)		20	(1,666)	-	-	27,045					
– Motor vehicles	4,780	66	(1,590)		(175)	(406)	-	-	2,675					
– Equipment	438,819	123,323	(3,935)		29,953	(58,104)	-	-	530,055					
– Furniture and fittings	25,636	8,042	(1,820)		2,292	(3,462)	-	-	30,687					
– Computer equipment	14,036	9,815	(1,243)		(1,974)	(3,708)	-	-	16,926					
– Assets under construction	1,632,644	1,119,432	0		(200,303)	0			2,551,772					
Total owned assets	64,851,673	1,262,918	(51,137)		-0	(1,396,313)	(446 533)	-	64 220 606					
Leased assets														
- Equipment	5,823	7,182	(164)		-	(3803)	-	-	9 038					
- Motor vehicles	13,193	1,676	(622)		(862)	(5123)	-	-	8 262					
Total leased assets	19,016	8,858	(786)		(862)	(8926)	-	-	17 300					
TOTAL ASSETS	64,870,690	1,271,776	(51,923)		(862)	(1405239)	(446 533)	-	64 237 907					

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

	Notes	31 March 2011	31 March 2010 Re-stated
		R'000	R'000
8 Intangible assets			
8.1 Computer software			
Cost at beginning of year		41 004	41 004
Additions		53	-
Cost at end of year		41 057	41 004
Accumulated amortisation at beginning of year		(40 675)	(33 715)
Amortisation for the year	5	(77)	(6 960)
Accumulated amortisation/impairment at end of year		(40 752)	(40 675)
Carrying amount at end of year		305	329
8.2 Other intangibles*			
Cost at beginning of year		768 403	768 407
Transfers		-	-
Impairment for the year		(1 374)	(4)
Cost at end of year		767 029	768 403
Total intangible assets		767 334	768 732

- Other intangible assets comprise servitudes held in land owned by various individuals and entities. There are no restrictions relating to these servitudes. Impairment resulted from assets not being able to functionally perform mainly because of limited utilisation and loss of functionality due to siltation.

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

		31 March 2011	31 March 2010
		R'000	R'000
9	Inventory		
	Stationery	1 139	1 497
	Consumables	7 942	2 726
	Construction and building materials	131	114
	Fuel and lubricants	219	7 087
	General hardware	2 503	3 338
		11 934	14 762
	Less inventory write down to net relisable value	-	(53)
		11 934	14 709
10	Trade and other receivables		
10.1	Trade receivables		
	Trade receivables	5 007 214	3 616 689
	Less: Impairment of trade receivables	(2 294 949)	(1 393 221)
	Opening balance	(1 393 221)	(911 473)
	Current year provision	(901 727)	(481 749)
	Net trade receivables	2 712 266	2 223 467
10.2	Unallocated receipts	(44 715)	(74 264)
10.3	Other receivables		
	Claims recoverable	171	12 505
	Staff debt	546	418
	Travel and subsistence	457	403
	Assets under construction for third parties	7 224	4 922
	Other receivables	78 837	17 073
	Total net other receivables	87 235	35 321
	Total trade and other receivables	2 754 785	2 184 524

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	1 393 221	911 473
Amount written off in the current year	0	(115 197)
Current year provision	901 727	596 946
Total provision	2 294 949	1 393 221

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

		31 March 2011	31 March 2010 Restated
		R'000	R'000
11	Cash and cash equivalents		
	Cash and balances with banks	1 189 125	430 508
	Cash	177	162
	Total cash and equivalents	1 189 303	430 670
	Net cash and equivalents	1 189 303	430 670
12	Finance lease obligations		
Future minimum lease payments under finance leases for equipment and vehicles are as follows:			
	Not later than 1 year	8 137	9 853
	Later than 1 year and not later than 5 years	3 864	10 498
	Later than 5 years	-	-
	Total minimum lease payments	12 001	20 351
	Future finance charges	(565)	(2 434)
	Present value of minimum lease payments	11 436	17 917
	Non-current portion	3 974	2 996
	Current portion	7 462	14 921

The instalment sale agreements 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 R9.4 million as reflected in Note 7.

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

	Notes	31 March 2011	31 March 2010 Restated
		R'000	R'000
13 Trade and other payables			
Trade creditors		382 405	419 044
Accruals		1 440 046	944 347
VAT Payable		260 760	161 880
Other		230 757	135 514
13.1 Uncleared credit balance arising on reconciliation of accumulated surplus		78 366	-
Total trade and other payables		2 392 334	1 660 786
14 Deferred income			
– Opening balance		2 579 960	1 521 520
– Grants received during the year		1 047 359	1 078 189
– Grants released to the statement of comprehensive income during the year	2	(43 503)	(19 749)
Deferred income at end of year		3 583 815	2 579 960
Current portion		68 462	1 304
Non-current portion		3 515 353	2 578 656
		3 583 815	2 579 960

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

		31 March 2011	31 March 2010 Restated
		R'000	R'000
15	Provisions		
Provision for employee benefits			
15.1	Performance bonus provision		
–	opening balance	18 607	23 405
–	amounts utilised during the year	(28 647)	(16 916)
–	provisions made during the year	41 550	12 119
Performance bonus provision at end of year		31 510	18 607
15.2	Provision for leave		
–	opening balance	79 370	77 815
–	amounts utilised during the year	(21 721)	(14 818)
–	provisions made during the year	27 564	16 373
Leave provision at end of year		85 214	79 370
15.3	Other provisions		
–	opening balance	20 000	
–	amounts utilised during the year	(20 000)	
–	provisions made during the year	79 645	20 000
Other provisions at end of year		79 645	20 000
15.4	Provision for pumping costs		
–	opening balance	236 252	161 232
–	amounts utilised during the year	(47 402)	(20 431)
–	provisions made during the year	97 707	95 451
Provision for pumping costs at end of year		286 557	236 252
Total provisions		482 926	354 229

		31 March 2011 R'000	31 March 2010 R'000
16	Cash generated from/(utilised in) operations		
	Deficit for the year	(727 055)	(961 451)
	Finance income	-	(1)
	Finance costs	1 916	3 103
		(725 140)	(958 349)
	Non-cash movements/working capital changes	2 838 297	3 129 459
	- depreciation and impairment	1 542 746	1 405 239
	- amortisation	77	6 960
	- increase in impairment provision of trade and other receivables	901 727	596 946
	- loss/(profit) on sale of property plant and equipment	(1 144)	5 162
	- prior period error	-	264 384
	- increase in payables	731 550	274 883
	- increase in deferred income	1 003 855	1 058 440
	- increase in provisions	128 698	145 639
	- increase in receivables	(1 471 988)	(627 503)
	- (increase)/decrease in inventory	2 775	(689)
	Net cash flows from operating activities	2 113 157	2 171 111

17 Key management personnel remuneration

March 2011	Salary	Pension fund contribution	Other contributions and payments	Total
Dr Ruiters C - Deputy Director General	611 042	79 435	344 608	1 035 085
Mr Moloi LS - Chief Director	583 122	75 806	413 753	1 072 681
Ms Anderson H - Executive Manager	759 943	98 792	147 845	1 006 580
Mr Croucamp WS - Executive Manager	757 543	98 480	1 053 811	1 909 834
Ms Mathe ZY - Chief Director	525 407	68 303	284 538	878 248
Mr Smith FJ - Chief Director	750 366	97 547	222 005	1 069 918
Mr Swart HJ - Chief Director	750 366	97 547	159 128	1 007 041
Mr Van Der Westhuizen WG - Chief Director	750 364	97 547	242 191	1 090 102
TOTAL	5 488 155	713 457	2 867 879	9 069 489

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	802 815
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	6 871 112

* Promoted to the position during the year

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

		31 March 2011	31 March 2010
		R'000	R'000
18	Related party transactions		
The following transactions were carried out with related parties:			
18.1	Rendering of services		
Government departments		20 347	16 067
Other public entities		849 768	779 216
		870 115	795 283
18.2	Government grant received		
Government departments - VOTE 34		1 754 852	1 777 329
		1 754 852	1 777 329
18.3	Purchases of goods and services		
Government departments		42 415	1 406
Major public entities		3 642 046	2 988 912
Other public entities		175 370	175 607
		3 859 831	3 165 925
18.4	Transfers and subsidies paid		
Other public entities		-	-
		-	-
18.5	Year-end balances arising from transactions		
Receivables from related parties			
Government departments		214 386	194 359
Other public entities		1 280 155	1 372 117
		1 494 541	1 566 476
Payables to related parties			
Government departments		5	185
Major public entities		962 904	701 707
Other public entities		2 434	6 266
		965 343	708 158

Purchase transactions with related parties are at arm's length with payment terms of 30 days from invoice date.

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

	31 March 2011	31 March 2010
	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 Inyaka dam.	40 677	40 677
JD Maris vs. The Minister		
The entity is being sued for breach of promise in respect of destroying by fire 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	333
Buffler Madeline vs. Kungwini Local Municipality and the Minister		
Buffler Madeleine alleges that due to the activities of the 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 the Dewdale Farms. The department could not agree on the amount of compensation payable. the Dewdale Farms issued summons against the department for compensation.	966	966
Messrs Rodio Geotechnics v/s DWA		
Rodio is contracted by the DWA to do drilling work at Klein Marico Poort Dam. On 05.06.2010 a departmental water tanker rolled down into an excavation and fell on a drill rig belonging to Rodio while it was busy drilling. Rodio has sent the DWA a request for ex gratia payment.	713	-
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:	141	68
	43 080	42 294

20 Capital commitments

Commitments for the acquisition of property plant and equipment that is contracted for but not provided for in the financial statements.

773 609 751 859

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.

2 276 2 291

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 has 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 cashflows.

22.2 Credit risk

Credit risk is the risk of financial loss to the Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Entity's receivables from customer and investment securities.

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 2011	Carrying amount	Contractual cash flows	Less than 1 year	Between 2 and 5 years	Over 5 years
Trade and other payables	(2 392 334)	(2 392 334)	(2 392 334)	-	-
Bank balances	1 189 303	1 189 303	1 189 303	-	-
Trade and other receivables	2 754 785	2 754 785	2 754 785	-	-
Financial lease liability	(11 436)	(11 436)	(7 462)	(3 974)	-
Total	1 540 318	1 540 318	1 544 292	(3 974)	-

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	(1 660 786)	(1 660 786)	(1 660 786)	-	-
Bank balances	430 670	430 670	430 670	-	-
Trade and other receivables	2 184 524	2 142 035	2 142 035	-	-
Financial lease liability	(17 917)	(17 917)	(14 921)	(2 996)	-
Total	936 492	894 002	896 998	(2 996)	-

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 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 counter party to fail to meet its obligation.

Trade and other receivables

The entity has a credit risk policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluation are performed on all customers. Credit risk is measured individually within each division and reviewed regularly.

Individual assessment of trade receivables

The entity assessed each individual debtor for impairment as follows:

- All trade receivables that are owing for more than 365 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; and
- Provincial governments.

The collective assessment highlighted the fact that 76% of trade receivables assessed collectively that have been owing for over 150. The entity concluded to make an impairment provision on the trade receivables assessed collectively in the light of the evidence at its disposal.

Cash and cash equivalents

Investments are acquired only in liquid securities and only with counterparties that have credit ratings equal to or better than the Company. Transactions involving derivative financial instruments are with counterparties with sound credit ratings.

The Entity considers its maximum exposure to credit risk to be as follows:

Available-for-sale financial assets
Trade and other receivables
Derivative financial instruments
Held-to-maturity investments
Loans and receivables
Restricted cash
Cash and cash equivalents

Trade receivables:

2011			
Description	Fully Performing	Past due but not impaired	Impaired
Bulk Payers	1 025	-	4 070
Company	180 881	467 198	511 978
Individual	183 154	3 932	263 203
National Government	-5 194	19 638	193 201
Provincial Government	12 948	107	3 076
Water Serv Provider	818 578	777 217	1 061 550
Water User Ass.	31 938	220 845	257 871
Grand total	1 223 329	1 488 936	2 294 948

2011	2010	2009
R'000	R'000	R'000
5 007 214	3 616 689	2 835 707
5 007 214	3 616 689	2 835 707

2010

2010		
Fully Performing	Past due but not impaired	Impaired
321	1 465	804
676 525	-442 044	221 211
30 917	25 719	149 545
7 411	26 708	133 514
381	179	2 033
1 574 333	-27 016	754 246
138 879	209 690	131 869
2 428 767	-205 300	1 393 222

Ageing of Trade receivables

As at 31 March the ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	30 – 60 days	61 – 90 day	91 – 120 day	121-150 day	>150 days
2010	2 223 467	2 428 767	(339 555)	(397 244)	413 530	(240 582)	358 552
2011	2 712 265	1 225 804	71 483	(353 573)	244 204	(3 473)	1 527 821

Ageing of Past due but not impaired

2010	(205 300)	-	(339 555)	(397 244)	473 657	(240 582)	298 425
2011	1 488 936	-	71 483	(353 573)	244 204	(3 473)	1 530 296

Impairment of trade receivables

As at 31 March 2011 trade receivables at nominal value of R901 726 329 (2010: R596 945 575) were impaired and fully provided for.

Movements in the provision for impairment of receivables were as follows:

	Individually impaired	Collectively impaired	TOTAL
At 1 April 2009	911 473	-	911 473
Charge for the year	555 900	41 046	596 946
Utilised	(115 197)	-	(115 197)
At 31 March 2010	1 352 176	41 046	1 393 222
Charge for the year	813 031	88 695	901 726
Utilised	-	-	-
Unused amounts reversed	-	-	-
At 31 March 2011	2 165 207	129 741	2 294 948

Ageing of Impairment on Trade receivables

	Total	<30 days	30 – 60 days	61 – 90 day	91 – 120 day	121-150 day	>150 days
2010	1 393 222	432 357	(24 814)	(177)	11 570	26 051	948 235
2011	2 294 948	201 941	(7 398)	2 035	27 506	28 106	2 042 758

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction other than a forced or liquidation sale. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Trade and other receivables cash and cash equivalents and trade and other payables

The carrying amount of these financial assets and liabilities approximates fair value due to the relatively short term maturity of these financial instruments but amortised.

	2011			2010		
	Carrying amount	Fair value	Amortised cost	Carrying amount	Fair value	Amortised cost
Financial assets						
Available-for-sale financial assets						
Trade and other receivables	2 754 785	2 754 785	-	2 184 524	2 184 524	-
Derivative financial instruments						
Held-to-maturity investments						
Restricted cash						
Cash and cash equivalents	1 189 303	1 189 303	-	430 670	430 670	-
Total financial assets	3 944 088	3 944 088	-	2 615 195	2 615 195	-
Financial liabilities						
Interest-bearing loans and borrowings	(11 436)	(11 436)	-	(17 917)	(17 917)	-
Derivative financial instruments						
Trade and other payables	(2 392 334)	(2 392 334)	-	(1 660 786)	(1 660 786)	-
Bank overdraft						
Total financial liabilities	(2 403 770)	(2 403 770)	-	(1 678 703)	(1 678 703)	-
Net financial assets	1 540 318	1 540 318	-	936 492	936 492	-
Cash and cash equivalents						

At 31 March 2011	Carrying amount	Less than 1 year	Between 2 and 5 years	Over 5 years
Bank balances	1 189 303	1 189 303	-	-
At 31 March 2010	Carrying amount	Less than 1 year	Between 2 and 5 years	Over 5 years
Bank balances	430 670	430 670	-	-

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 that 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

23.1 Correction of prior period errors and reclassifications (Note 23.1.1 to Note 23.1.17) - All amounts in R000's

23.1.1 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 also there were assets which were decommissioned which were erroneously included in the asset register. It was identified that the WTE erroneously treated assets belonging to the DWA Main Account as theirs and assets that were decommissioned were still included in the assets register. This resulted in the correction of prior year infrastructure assets as detailed below:

Decrease in property plant and equipment	(16 101)
Decrease in revaluation reserve	16 101

23.1.2 Infrastructure assets added to assets register due to accounting corrections and further componentisation

During the current year, the WTE identified various errors in the asset register which included some assets belonging to it which were erroneously omitted from the register they were value corrections due to sub-componentisation also assets removed which were identified and included in the asset register. This resulted in the correction of prior year infrastructure assets as detailed below:

Increase in property plant and equipment	26 360
Increase in revaluation reserve	(26 360)

23.1.3 Correction of prior period errors on moveable assets

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. The impact of this correction was as follows:

Decrease in property plant and equipment	(14 431)
Decrease in retained income	14 431

23.1.4 Correction of prior period errors on leased assets

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. This resulted in correction of leased assets as follows:

Decrease in Property Plant & Equipment	(627)
Decrease in retained income	810
Increase in profit and loss on disposal of assets	(70)
Decrease in depreciation	(113)

23.1.5 Correction of prior period errors on lease liability

During the prior year, the WTE identified a material error in the accounting treatment of operating leases and the accuracy of the lease register. Some of the operating lease costs were incorrectly classified as leased assets and the impact thereof is as follows:

Decrease in Finance Lease obligations	3 152
Decrease in in operating expenses	(1 659)
Increase in Finance costs	127
Increase in Trade and other payables	(63)
Increase in retained income	(1 557)

23.1.6 Correction of prior period errors on assets under construction

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 correction was as follows:

Increase in Property Plant & Equipment	39 556
Increase in retained income	(39 556)

23.1.7 Correction of prior period errors in respect of intangible assets

The WTE owns some computer software which is used in its day to day operations. During the previous year an assessment was performed on the depreciable amounts for these assets. Some assets were found to have been depreciated using incorrect rates by the entity. The impact of this error is as follows:

Decrease in Intangible assets	(45)
Increase in retained income	45

23.1.8 Correction of revenue incorrectly recognised or not recognised

This was due to customer accounts billed after closure or cancelation of contract, billings to customers in the current period in respect of prior periods and the associated implication on revenue, trade receivables and impairments provision. The impact thereof was as follows:

Increase in trade and other receivables	264 883
Increase in trade and other payables	(334)
Decrease in revenue from rendering of water services	3 100
Decrease in operating expenses bad debt provision	(115 197)
Increase in retained income	(221 283)
Decrease in Trade & other payables TCTA	68 831

23.1.9 Correction of inter regional accounts incorrectly recognised as trade receivables

During the prior year, the WTE identified a material error in the treatment of inter regional accounts. Inter regional accounts which are was incorrectly

recognised as other receivables. The impact of this correction was as follows:

Decrease in trade and other receivables	(8 726)
Increase in operating expenses	8 726

23.1.10 Corrections of Accruals relating to the TCTA incorrectly processed in prior periods

During prior periods accruals relating to the TCTA was incorrectly processed and had the following impact-

Increase in trade and other payables	(464 903)
Decrease in retained income	464 903

23.1.11 Reclassification of accounts with credit balances previously reported under other receivables

In prior periods accounts with credit balances were reported under other receivables instead of other payables, the Water Research Commission account prior period balance was overstated based on a reconciliation of transactions impacting the account and associated trade receivables. These errors were corrected in the current year and the impact thereof was as follows:

Increase in trade & other receivables	15 663
Decrease in trade and other payables	55 283
Increase in retained income	(70 946)

23.1.12 Restatement of deferred income liability due to prior period errors

As per the accounting policy relating to government grants the deferred income liability must be recognised as income on a systematic basis over the period necessary to match the grant with the related costs and in line with this policy it was necessary to restate the deferred income liability in respect of Depreciation on moveable assets acquired via grant funding. The impact of this correction is as follows:

Decrease in deferred income liability	19 495
Increase in other income government grants	(14 221)
Increase in retained income	(5 274)

23.1.13 Restatement of provisions for leave pay pumping costs service bonus due to erroneous calculations in prior years

During prior periods provisions for leave pay pumping costs service bonus were incorrectly determined and the impact of these corrections are as follows:

Decrease provisions liability	40 302
Decrease in operating expenses	(88 988)
Decrease in retained income	48 686

23.1.14 Incorrect calculation of discounting trade receivables in terms of accounting standards

Based on the WTE credit policy of allowing payment of invoices after 30 days of billing there is an element of financing customers which must be recognised and accounted for which was not correctly done in prior periods. The impact of this correction is as follows:

Increase in Finance income	(14 290)
Decrease in rendering of water services revenue	14 313
Decrease in trade & other receivables	(23)

23.1.15 Reversing billing in the current year related to prior periods and for customers who were not supposed to have been billed

During the current year, customers were billed in respect of a prior water use period and these

billings were erroneously recognised as revenue in the current period. Customers with closed or cancelled contracts were also erroneously billed for water resource management and consumptive charges.

The impact of the correction of these transactions are as follows:

Increase in rendering of water services revenue	(55 559)
Decrease in retained income	55 559

23.1.16 Correcting interest reversal from customers in the current year to the correct prior period

During the current year, interest charged relating to a prior period was reversed from customers in the current year and this was corrected the impact thereof was as follows:

Decrease in finance income	145
Increase in retained income	(145)

23.1.17 Reversal of sales to RPF customers erroneously recognised as WTE income

In prior periods, the WTE recognised as a receivable subsidies granted to resource poor farmers (RPF). The reversal of sales to RPF customers erroneously recognised as the WTE income was expensed and the the impact of this correction is as follows:

Increase in retained income	(9 562)
Increase in operating expenses	9 562

IMPACT OF ERRORS ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Statement of comprehensive income

		R000's
Increase Revenue from rendering of water related services	(include note 23.1.8 23.1.14 and 23.1.15)	(38 146)
Increase in Other income	(include note 23.1.12 and 23.1.4)	(14 291)
Increase in Finance income	(include note 23.1.14 and 23.1.16)	(14 145)
Decrease in operating expenses	(include note 23.1.4, 5, 8, 9, 13 and 23.1.17)	(187 669)
Increase in Finance costs	(include note 23.1.5)	127
Net effect on surplus or deficit		(254 124)

Other comprehensive deficit

Increase in revaluation reserve due to correction of prior period errors related to property plant and equipment	(include note 23.1.1 and 23.1.2)	(10 259)
Net effect on statement of other comprehensive deficit		(264 383)

Statement of financial position

Increase in property plant and equipment	(include note 23.1.1, 2, 3, 4 and 23.1.6)	34 757
Decrease in intangible assets	(include note 23.1.7)	(45)
Increase in trade and other receivables	(include note 23.1.8, 9, 11 and 23.1.14)	271 797
Increase in trade and other payables	(include note 23.1.5, 8 10 & 11)	(341 186)
Decrease in finance lease obligations non current portion	(include note 23.1.5)	3 152
Decrease in deferred income liability	(include note 23.1.12)	19 495
Decrease in Provisions	(include note 23.1.13)	40 302
Increase in accumulated deficit prior year	(include note 23.1.3, 4, 5, 6, 7, 8, 10, 11, 12, 1, 15, 16 & 17)	236 111
Net effect on statement of financial position		264 383

24 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.

25 Post balance sheet events

The entity is not aware of any events subsequent to year end which might require adjustment of the stated figures.

26 Irregular, fruitless and wasteful expenditure:

26.1 Irregular Expenditure

The following are items of irregular expenditure incurred by the entity:

Incident	Disciplinary steps/ criminal proceedings	R' 000	R' 000
		31 March 2011	31 March 2010
26.1.1 Waiting condonement:		329 547	430 637
Request for approval for payment of services to be rendered by Lumka and Associates Executive Search and Recruitment for the appointment of accounting clerks (level 5) on a one year contract for capacity building in the D: Revenue Management	None	605	
Splitting of tenders Rendering of security services for Construction North	None	2 041	
Procurement from a supplier not registered on the supplier database	None	1 581	
Procurement without inviting at least 3 quotations	None	1 032	
Original TCC not included. Non compliance to practice note 8 of 2008/2009: WP10412WTE Emergency appointment of PSP for the detail and construction supervision of the pipelines to lay parallel to the problematic glass fibre re-inforced polyester pipes: Levuvhu River Government Water Scheme	None	27 590	
Declaration of past SCM practices not declared in the SBD 8. Treasury Regulation 16A9.2: W0117WTE The refurbishment of the sperical valve at Bloemhof Dam Free State	None	524	
Bids advertised for a period shorter that 21 days as prescribed by Treasury Regulations 16A 6.3	None	31 190	
The SBD 9 (Certification of Independent Bid Determination) were not completed and signed by the winning bidders for the tenders were advertised after 21st July 2010. The Circular and the SBD 9 template were placed in the National Treasury website on 21st July 2010	None	181 522	
Procurement from suppliers that were locked for procurement (internal process contravention)	None	7	
Purchase orders approved by an official without any written delegations for the approval of purchase orders	None	75	
WQ2149WTE World Power Product	None	281	
Variation Orders due to a change of scope >5% > 15% of original contract value and or not approved by the delagated authority	None	75 755	430 637
Exceeded contract value without prior approval by delegated authority	None	851	

Water Trading Entity

Notes to the Annual Financial Statements for the year ended 31 March 2011

		R' 000	R' 000
Incident	Disciplinary steps/ criminal proceedings	31 March 2011	31 March 2010
RT285/1: Irregular expenditure incurred through the procurement of goods and services from SITA whereby a contract was concluded on behalf of the Department by SITA without following the SCM processes. The Department is compelled to procure from this contract and will continue incurring irregular expenditure until the expiry of the contract.	None	6 493	
26.1.2 Under investigation		-	-
26.1.3 Condoned and disciplinary action implemented		3 461	-
Bid number WP9561 WTE: Sabie River Government Water Scheme (Phase 1): Design and site supervision of phases 3 & 4 of the Inyaka Regional Water Treatment Works. Exceeded contract value without prior approval by delegated authority	Reprimand letters issued to the responsible people	314	-
Bid number W9509 WTE: ORWRDP (Phase2A) De Hoop Dam: Construction of 15 houses at Roosenekal: Consolidated variation order no. 1: Ex post facto approval. Exceeded contract value without prior approval by delegated authority	Reprimand letters issued to the responsible people	3 147	-
26.1.4 Disciplinary action in progress		0	0
26.1.5 Recoverable		0	0
26.1.6 Possible irregular conduct under investigation:		1 137	0
Supply and Delivery of Tungsten Carbide tipped bits and 6 inch and 8 inch down the hole drilling hammers for the period of 24 months		1 137	0
Total Irregular Expenditure		334 145	430 637
26.2 Fruitless and wasteful expenditure:		9 761	0
W9760WTE Incurred fruitless and wasteful expenditure with the rehabilitation of Mashashane Dam. A tender was awarded to the company who scored the second highest score i.t.o PPR. The company with the highest score took the Department to court. The reasons provided by the Department for the award to the second highest bidder did not stand up in the court of law. The contract was thus awarded to the company who scored the highest points. Due to work already conducted by the first company fruitless expenditure was incurred when some of the work had to be redone by the new contractor	None	9 500	0
Interest paid for D & J Nel Farming CC	None	12	0
Interest expenditure incurred on credit balances	None	249	0
Total Fruitless and wasteful expenditure		9 761	0
Total Irregular and Fruitless and Wasteful Expenditure		343 906	430 637

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

26.3 Losses		3 075	0
Loss due to financial misconduct: SAP Transaction. A T-Systems consultant used a DWA super-user ID to perform a fraudulent transaction on SAP. He changed the banking details in order to pay the money into his bank account. An investigation was conducted by internal audit and the matter has been reported to the South African Police Services.	Reported to SAPS. Criminal investigation is in progress	2 844	0
Financial misconduct: Usutu River: RT3 contract: An official of the Department entered into a contract with Nashua which was in contravention of RT3. The RT3 prescribed the timeframes for contracts. The individual's actions resulted in financial loss. The individual was dismissed.	The responsible official was dismissed	231	0
Total Losses		3 075	0

		31 March 2010
	R'000	R'000
27 Revenue from rendering of water service		
Consumptive charges	1 664 741	1 477 523
Water resource management	230 209	204 339
	1 894 950	1 681 862

	31 March 2011	31 March 2010
	R'000	R'000
28 World Cup Expenditure		
Expenditure for 2010 World Cup	-	-
	2011	2010
	R'000	R'000

29 Related Party Transactions		
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The following transactions were carried out with related parties:

29.1 Rendering of services:		
a) Government departments		
DEPARTMENT OF WATER AFFAIRS (VOTE 34)	12 341	-
DEPARTMENT OF AGRICULTURE	4 007	2 493
DEPARTMENT OF CORRECTIONAL SERVICES	730	698
DEPARTMENT OF EDUCATION	16	8
DEPARTMENT OF ENVIRONMENTAL AFFAIRS	2	1
DEPARTMENT OF HEALTH	19	17
DEPARTMENT OF LAND AFFAIRS	402	307
DEPARTMENT OF NATIONAL DEFENCE FORCE	4	7
SOUTH AFRICAN POLICE SERVICES	16	10
DEPARTMENT OF PUBLIC WORKS	2 809	703
OTHER	1	11 823
	20 347	16 067

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

b) Other public entities		
ALBANY COAST WATER BOARD	17	13
AMATOLA WATER BOARD	46 424	43 979
BLOEM WATER	16 497	14 960
BOTSELO WATER	5 255	7 685
LEPELLE NORTHERN WATER (PHALABORWA)	23 373	19 311
MAGALIES WATER	52 455	50 607
MHLATHUZE WATER	30 289	14 956
OVERBERG WATER	229	230
PELLA DRIFT WATER BOARD	724	635
RAND WATER	543 757	492 458
SEDIBENG: VAAL GAMAGARA	32 326	32 179
UMGENI WATER	85 651	92 321
UTHUKELA WATER	12 771	9 882
	849 768	779 216

Total rendering of services	870 115	795 284
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2011	2010
R'000	R'000

29.2 Purchase of goods and services:

a) Government departments		
DEPARTMENT OF AGRICULTURE	10	-
DEPARTMENT OF SAFETY AND LIAISON	375	480
DEPARTMENT OF INTERNATIONAL RELATIONS	166	-
FSPG DEPT. OF THE PREMIER	2	-
DWAF: MAIN	41 149	-
DEPARTMENT OF WATER AFFAIRS EXCHEQUER	713	926
	42 415	1 406

b) Major public entities		
ARIVIA.COM (PTY) LTD	25 298	21 548
ARIVIA.KOM	1 384	9 766
ESKOM	88 565	66 030
ESKOM ENTERPRISES (PTY) LTD	274	61
ESKOM ENTERPRISES-TECHNOLOGY SERVICES	495	354
ESKOM HOLDINGS LIMITED	44 730	4 416
ESKOM HOLDINGS LIMITED	294	188
ESKOM NORTHERN REGION	12 879	14 230
SA POSKANTOOR (UPINGTON)	1	1
SA POST OFFICE	14	12
SA POST OFFICE LTD	8	8
SA POST OFFICE PTA	311	1 160
SA POSTOFFICE SOMERSET EAST	1	1
SOUTH AFRICAN POST OFFICE	10	809
SPEED SERVICES (SA POST OFFICE)	1	11
SPEED SERVICES COURIER	4	2
TELKOM SA LTD	13 397	15 075
TRANS CALEDON TUNNEL AUTHORITY	3 454 341	2 854 861
VODACOM SERVICE PROVIDER	39	379
XPS SERVICE (PROPRIETARY) LIMITED	-	1
	3 642 046	2 988 912

Water Trading Entity
Notes to the Annual Financial Statements for the year ended 31 March 2011

	2011	2010
	R'000	R'000
c) Other public entities		
AMATOLA WATER-AMANZI	5 504	7 877
BLOEMWATER	534	282
LEBALELO WATER USERS ASSOCIATION	3 791	
VAAKHARTS WATER USER ASSOCIATION	2 881	
SANDVET WATER USER ASSOCIATION	11 135	
COUNCIL FOR GEOSCIENCE	109	10
INDEPENDENT COMMUNICATIONS AUTHORITY	25	-
INKOMATI CATCHMENT MANAGEMENT AGENCY	-	3 316
MHLATHUZE WATER	11 076	22 260
NATIONAL HEALTH LABORATORY SERVICES	17	13
NATIONAL STUDENT FINANCIAL AID SCHEME	1	1
RAND WATER SERVICES	4 666	7 705
RAND WATER	10 184	28 323
SABS	42	-
SABS (SOUTH AFRICAN BUREAU OF STANDARDS)	48	44
SARS GOVERNMENT PAYMENTS	51 845	24 472
BOTSEHO WATER	3 985	-
UMGENI WATER	1 618	990
WATER RESEARCH COMMISSION	64 167	73 939
WESTERN CAPE NATURE CONSERVATION	3 742	6 375
	175 370	175 607
Total Purchases	3 859 831	3 165 926

	2011	2010
	R'000	R'000
30 Year end balances arising from transactions:		
30.1 Receivables from related parties		
a) Government departments		
DEPARTMENT OF AGRICULTURE FORESTRY AND FISHERIES	19 233	18 150
DEPARTMENT OF ARTS CULTURE SCIENCE AND TECHNOLOGY	3	2
DEPARTMENT OF CORRECTIONAL SERVICES	20 370	21 560
DEPARTMENT OF EDUCATION	92	-
DEPARTMENT OF ENVIRONMENTAL AFFAIRS AND TOURISM	14	12
DEPARTMENT OF FINANCE	2	2
DEPARTMENT OF HEALTH	146	123
DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM	2 886	2 200
DEPARTMENT OF DEFENCE AND MILITARY VETERANS	140	130
SOUTH AFRICAN POLICE SERVICES	55	37
DEPARTMENT OF PUBLIC WORKS	16 271	13 118
DEPARTMENT OF WATER AFFAIRS	155 069	138 923
NATIONAL INTELLIGENCE SERVICE	103	103
OTHER	2	-
	214 386	194 359

	2011	2010
	R'000	R'000
b) Other public entities		
ALBANY COAST WATER BOARD	3	(1)
AMATOLA WATER BOARD	128 855	93 015
BLOEM WATER	12 725	21 908
BOTSELO WATER	124 656	100 517
BUSHBUCKRIDGE WATER	16 411	708
LEPELLE NORTHERN WATER (PHALABORWA)	55 709	122 096
MAGALIES WATER	15 645	33 429
NAMAKWA WATER BOARD	2 542	1 760
MHLATHUZE WATER	60 995	(3 205)
OVERBERG WATER	364	228
PELLA DRIFT WATER BOARD	1 392	1 260
RAND WATER	500 322	448 460
SEDIBENG: VAAL GAMAGARA	217 967	360 537
UMGENI WATER	73 461	126 458
UTHUKELA WATER	69 109	64 947
	1 280 155	1 372 117
Total receivables	1 494 541	1 566 476

	2011	2010
	R'000	R'000
30.2 Payables to related parties		
a) Government departments		
DEPARTMENT OF FOREIGN AFFAIRS	-	180
DWAF: MAIN	5	-
DEPT OF PUBLIC WORKS	-	5
	5	185
b) Major public entities		
ARIVIA.COM (PTY) LTD	-	8
ARIVIA.KOM	1	11
CONNEX TRAVEL	-	21
ESKOM	16	1 611
ESKOM HOLDINGS LIMITED	5	1
ESKOM NORTHERN REGION	82	14
VODACOM SERVICE PROVIDER	2	-
SA POST OFFICE	-	1
TCTA	962 798	700 040
	962 904	701 707

	2011	2010
	R'000	R'000
c) Other public entities		
UMGENI WATER	1 000	-
RAND WATER	-	5 905
SABS	-	1
SABS (SOUTH AFRICAN BUREAU OF STANDARDS)	-	40
SARS GOVERNMENT PAYMENTS	-	320
SARS GOVERNMENT PAYMENTS - VAT	1 434	-
	2 434	6 266
Total payables	965 343	708 158



PART 4: Human Resource Management

Department of Water Affairs Vote 37

- 4.1 Report on the implementation of the Service Delivery Implementation Plan
- 4.2 HR Oversight Report

4.1 Report on the Implementation of the Service Delivery Implementation Plan

Table 25: Main services provided and standards

Main services	Actual customers	Standard of service	Actual Achievement against standards
Support to municipalities in case of water related emergency situations	Municipalities government SALGA COGTA Public	Respond to 90% of all requests for advice and/or support to municipalities in dealing with emergency incidents related to water supply within 24 hours	Responded to 90% of all requests for advice/support to municipalities in dealing with emergency incidents related to water supply within 24 hours
Access authorisations to dams for recreational purposes	Public	Ensure equitable access to state dams for recreational purposes taking into account safety requirements and zoning of dams for specific activities	Strategy for convention of single to multipurpose dams was approved - to be implemented in the next financial year.
Issuing licenses: Water	Farmers, Mines, Forestry, Property Developers, Municipalities, Water Boards and Industries.	Approve/decline 80% of water use license applications within 120 days from date of receipt.	207% (518) water licenses were issued within prescribed time
Optimal operations and maintenance of water resources infrastructure	Water users	More infrastructure maintained according to standard	Infrastructure maintained according to maintenance plan, however, due to the lack of maintenance term contract for Eastern, Northern and Central Cluster not all infrastructure maintained according to the standard
Upgrading and development of new water resources infrastructure for water security and availability	Communities	Increase water storage capacity for water security and availability for socio-economic development. Transformation of single dams into multipurpose dams for community benefit	Strategy to implement this service is approved and linked to the Regional Bulk Infrastructure Grant programme
Answer calls to the department within 5 – rings	Internal and external clients	Answer 95% of calls to the department within 5 – rings	Satisfactory but due to lack of counter for all lines, an exact percentage cannot be provided.
Activate 100% of all staff voicemail facilities when unable to answer the call		Activate 100% of all staff voicemail facilities when unable to answer the call	Satisfactory but due to lack of counter for all lines, an exact percentage cannot be provided.
Reply to 80% of complaints/queries done via e-mail and voicemails within 48 hours	Internal and external clients	Reply to 80% of complaints/queries done via e-mail and voicemails within 48 hours	Satisfactory but due to lack of counter for all lines, an exact percentage cannot be provided.
Procurement of goods and services through quotation method	Line functions at head office	Procurement of goods should be within 2 – 3 weeks through the quotation method. Three days through warehouse.	70% of procurement of goods was done in 2-3 weeks.
Payment of all invoices within 30 days of receipt	Service providers and creditors	Pay 90% of all invoices within 30 working days on receipt of correctly completed invoices	90% of all invoices were paid within 30 working days

4.2 HR Oversight Report

TABLE 1.1 - Main Service for Service Delivery Improvement and Standards

Main Services	Actual Customers	Potential Customers	Standard of Service	Actual Achievement against Standards
xxx	xxx	xxx	xxx	xxx
xxx	xxx	xxx	xxx	xxx

TABLE 1.2 - Consultation Arrangements for Customers

Type of Arrangement	Actual Customer	Potential Customer	Actual Achievements
xxx	xxx	xxx	xxx
xxx	xxx	xxx	xxx

TABLE 1.3 - Service Delivery Access Strategy

Access Strategy	Actual Achievements
xxx	xxx
xxx	xxx

TABLE 1.4 - Service Information Tool

Type of Information Tool	Actual Achievements
xxx	xxx
xxx	xxx

TABLE 1.5 - Complaint Mechanism

Complaint Mechanism	Actual Achievements
xxx	xxx
xxx	xxx

TABLE 2.1 - Personnel cost by Programme

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as percent of Total Expenditure	Average Personnel Cost per Employee (R'000)
1 Administration	842 113	244 658	10 875	15 010	29,1	134
2 Water Management	340 828	139 270	1 551	131 367	40,9	407
3 National Water Resources Infrastructure Programme	2 132 422	(Augmentation to the Water Trading Entity)				
4 Regional Management	4 388 860	539 750	13 486	666 141	12,3	195
5 Water Sector Regulation	208 914	51 271	737	43 307	24,5	267
Total Main Account	7 913 137	974 949	26 648	855 826	12,3	241
Water Trading Entity	3 802 076	858 363	5 881	79 645	22,6	296
Total Water Trading Entity	3 802 076	858 363	5 881	79 645	22,6	296
TOTAL	11 715 213	1 833 312	32 529	935 471	15,6	228

TABLE 2.2 - Personnel costs by Salary band

Salary Bands	Compensation of Employee Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Personnel Cost per Employee (R)	Total Personnel Cost for Department including Goods and Transfers (R'000)
Lower skilled (Levels 1-2)	153 168	8,4	127 062	2 801 312
Skilled (Levels 3-5)	289 247	15,8	128 500	2 801 312
Highly skilled production (Levels 6-8)	518 841	28,3	243 585	2 801 312
Highly skilled supervision (Levels 9-12)	499 130	27,2	438 294	2 801 312
Senior management (Levels 13-16)	58 844	3,2	882 850	2 801 312
Contract (Levels 1-2)	2 701	0,1	141 833	2 801 312
Contract (Levels 3-5)	25 161	1,4	132 124	2 801 312
Contract (Levels 6-8)	105 084	5,7	290 426	2 801 312
Contract (Levels 9-12)	76 785	4,2	431 239	2 801 312
Contract (Levels 13-16)	91 726	5,0	867 866	2 801 312
Periodically remuneration	12 625	0,7	161 696	2 801 312
TOTAL	1 833 312	100,0	237 322	2 801 312

TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	SALARIES		OVERTIME		HOUSING ALLOWANCE		MEDICAL ASSISTANCE		Total Personnel Cost per Programme (R'000)
	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	
1 Administration	175 083	71,6	2 503	1,0	5 720	2,3	8 491	3,5	244 658
2 Water Management	96 024	68,9	436	0,3	3 173	2,3	5 020	3,6	139 270
3 National Water Resources Infrastructure Programme									
4 Regional Management	377 142	69,9	4 227	0,8	19 303	3,6	20 703	3,8	539 750
5 Water Sector Regulation	35 455	69,2	640	1,2	1 053	2,1	1 884	3,7	51 271
Total Main Account	683 704	70,1	7 806	0,8	29 249	3,0	36 098	3,7	974 949
Water Trading Entity	540 615	63,0	36 243	4,2	20 101	2,3	30 317	3,5	858 363
Total Water Trading Entity	540 615	63,0	36 243	4,2	20 101	2,3	30 317	3,5	858 363
TOTAL BAS AS AT 31 MARCH 2010	1 224 319	66,8	44 049	2,4	49 350	2,7	66 415	3,6	1 833 312

TABLE 2.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass as % of Personnel Cost	Total Personnel Cost (R'000)
Lower skilled (Levels 1-2)	104 457	68,2	2 857	1,9	11 707	7,6	8 419	5,5	153 168
Skilled (Levels 3-5)	189 869	65,6	16 432	5,7	14 838	5,1	15 887	5,5	289 247
Highly skilled production (Levels 6-8)	309 586	52,8	19 590	3,3	12 905	2,2	23 877	4,1	586 841
Highly skilled supervision (Levels 9-12)	347 381	69,6	4 799	1,0	7 235	1,4	14 916	3,0	499 130
Senior Management (Levels 13-16)	49 385	83,9	-	-	355	0,6	1 222	2,1	58 844
Contract (Levels 1-2)	1 589	93,4	4	0,2	21	1,2	15	0,9	1 701
Contract (Levels 3-5)	19 786	98,1	105	0,5	10	-	32	0,2	20 161
Contract (Levels 6-8)	62 597	96,2	188	0,3	22	-	109	0,2	65 084
Contract (Levels 9-12)	66 863	90,6	74	0,1	321	0,4	509	0,7	73 785
Contract (Levels 13-16)	69 181	84,6	0	-	1 936	2,4	1 429	1,7	81 726
Periodical Payments	3 625	100,0	0	-	-	-	-	-	3 625
TOTAL	1 224 319	66,8	44 049	2,4	49 350	2,7	66 415	3,6	1 833 312

TABLE 3.1 - Employment and Vacancies by Programme at end of period

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
DWA: Water Sector Regulation, Permanent	223	192	13.9	40
DWA: Administration, Permanent	2300	1831	20.4	42
DWA: Administration, Temporary	1	1	0	0
DWA: Regional Management, Permanent	3351	2764	17.5	275
DWA: Water Management, Permanent	454	341	24.9	1
DWA: Water Management, Temporary	1	1	0	0
Water Infrastructure Management	3051	2803	8.1	916
Water Resource Planning (p 3) fund 1000, Permanent	114	98	14	0
TOTAL	9495	8031	15.4	1274

TABLE 3.2 - Employment and Vacancies by Salary Band at end of period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	1351	1271	5.9	126
Skilled (Levels 3-5), Permanent	2630	2362	10.2	594
Skilled (Levels 3-5), Temporary	1	1	0	0
Highly skilled production (Levels 6-8), Permanent	2954	2234	24.4	311
Highly skilled supervision (Levels 9-12), Permanent	1556	1194	23.3	97
Highly skilled supervision (Levels 9-12), Temporary	1	1	0	0
Senior management (Levels 13-16), Permanent	105	70	33.3	0
Contract (Levels 1-2), Permanent	20	20	0	6
Contract (Levels 3-5), Permanent	200	200	0	123
Contract (Levels 6-8), Permanent	380	380	0	2
Contract (Levels 9-12), Permanent	187	187	0	14
Contract (Levels 13-16), Permanent	110	111	-0.9	1
TOTAL	9495	8031	15.4	1274

TABLE 3.3 - Employment and Vacancies by Critical Occupation at end of period

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	430	298	30.7	3
Agricul animal oceanography forestry & other scien, Permanent	8	8	0	0
Agriculture related, Permanent	2	2	0	0
All artisans in the building metal machinery etc., Permanent	160	142	11.3	1
Artisan project and related superintendents, Permanent	47	3	93.6	0
Auxiliary and related workers, Permanent	591	518	12.4	9
Biologists botanists zoologists & rel professional, Permanent	9	6	33.3	0
Building and other property caretakers, Permanent	115	106	7.8	0
Bus and heavy vehicle drivers, Permanent	66	60	9.1	15
Cartographers and surveyors, Permanent	1	0	100	0
Cartographic surveying and related technicians, Permanent	26	17	34.6	0
Chemical and physical science technicians, Permanent	14	11	21.4	0
Chemists, Permanent	2	2	0	0
Civil engineering technicians, Permanent	256	173	32.4	0
Cleaners in offices, workshops, hospitals etc., Permanent	142	128	9.9	1
Client inform clerks(switchb receipt inform clerks), Permanent	10	8	20	0
Communication and information related, Permanent	33	28	15.2	4
Community development workers, Permanent	101	84	16.8	2
Computer system designers and analysts., Permanent	11	9	18.2	0
Diplomats, Permanent	1	0	100	0
Earth moving and related plant operators, Permanent	2	2	0	2
Economists, Permanent	1	1	0	0
Electrical and electronics engineering technicians, Permanent	9	3	66.7	0
Engineering sciences related, Permanent	559	432	22.7	1
Engineers and related professionals, Permanent	85	52	38.8	0
Environmental health, Permanent	1	1	0	0
Farm hands and labourers, Permanent	97	92	5.2	1
Farming forestry advisors and farm managers, Permanent	0	0	0	0

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Finance and economics related, Permanent	222	173	22.1	2
Financial and related professionals, Permanent	6	3	50	0
Financial clerks and credit controllers, Permanent	602	451	25.1	90
Food services aids and waiters, Permanent	16	16	0	0
Forestry labourers, Permanent	0	0	0	0
General legal administration & rel. professionals, Permanent	17	10	41.2	0
Geologists geophysicists hydrologists & relat prof, Permanent	189	152	19.6	0
Handymen, Permanent	4	4	0	4
Head of department/chief executive officer, Permanent	1	0	100	0
Health sciences related, Permanent	9	6	33.3	0
Horticulturists foresters agricul. & forestry techn, Permanent	1	1	0	0
Household and laundry workers, Permanent	4	4	0	0
Household food and laundry services related, Permanent	1	1	0	0
Human resources & organisat developm & relate prof, Permanent	46	36	21.7	0
Human resources clerks, Permanent	206	176	14.6	3
Human resources related, Permanent	178	139	21.9	1
Information technology related, Permanent	10	7	30	0
Inspectors of apprentices works and vehicles, Permanent	1	1	0	0
Language practitioners interpreters & other commun, Permanent	48	36	25	0
Legal related, Permanent	1	0	100	0
Librarians and related professionals, Permanent	5	4	20	0
Library mail and related clerks, Permanent	51	46	9.8	0
Light vehicle drivers, Permanent	59	55	6.8	2
Logistical support personnel, Permanent	102	63	38.2	0
Logistical support personnel, Temporary	1	1	0	0
Material-recording and transport clerks, Permanent	193	159	17.6	6
Mechanical engineering technicians, Permanent	3	2	33.3	0
Messengers, porters and deliverers, Permanent	126	116	7.9	5
Mining geology & geophysical & related technicians, Permanent	32	21	34.4	0

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Motor vehicle drivers, Permanent	40	38	5	1
Motorised farm and forestry plant operators, Permanent	0	0	0	0
Natural sciences related, Permanent	244	185	24.2	0
Natural sciences related, Temporary	1	1	0	0
Nature conservation and oceanographical rel. techni, Permanent	7	6	14.3	0
Other administrat & related clerks and organisers, Permanent	602	506	15.9	52
Other administrative policy and related officers, Permanent	121	100	17.4	0
Other information technology personnel., Permanent	11	10	9.1	0
Other machine operators, Permanent	1	1	0	1
Other occupations, Permanent	861	847	1.6	843
Quantity surveyors & rela prof not classed elsewhere, Permanent	1	1	0	0
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	2	2	0	2
Rank: Principal factotum (construction), Permanent	5	5	0	5
Regulatory inspectors, Permanent	29	22	24.1	0
Risk management and security services, Permanent	5	4	20	0
Road workers, Permanent	3	3	0	0
Safety health and quality inspectors, Permanent	14	9	35.7	0
Secretaries & other keyboard operating clerks, Permanent	172	142	17.4	1
Security guards, Permanent	65	53	18.5	0
Security officers, Permanent	144	129	10.4	3
Senior managers, Permanent	158	127	19.6	0
Social sciences related, Permanent	71	59	16.9	0
Social work and related professionals, Permanent	4	3	25	0
Trade labourers, Permanent	1594	1508	5.4	141
Trade/industry advisers & other related profession, Permanent	5	4	20	1
Water plant and related operators, Permanent	333	317	4.8	29
Youth workers, Permanent	0	0	0	0
TOTAL	9495	8031	15.4	1274

TABLE 4.1 – Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	1351	0	0	0	0	0	0
Contract (Levels 1-2)	20	0	0	0	0	0	0
Contract (Levels 3-5)	200	0	0	0	0	0	0
Contract (Levels 6-8)	380	0	0	0	0	0	0
Contract (Levels 9-12)	187	0	0	0	0	0	0
Contract (Band A)	77	0	0	0	0	0	0
Contract (Band B)	25	0	0	0	0	0	0
Contract (Band C)	7	0	0	0	0	0	0
Contract (Band D)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	2631	6	0.2	3	50	0	0
Highly skilled production (Levels 6-8)	2954	7	0.2	4	57.1	0	0
Highly skilled supervision (Levels 9-12)	1557	31	2	0	0	1	3.2
Senior Management Service Band A	62	3	4.8	0	0	0	0
Senior Management Service Band B	37	3	8.1	0	0	0	0
Senior Management Service Band C	3	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
TOTAL	9495	50	0.5	7	14	1	2

TABLE 4.2 - Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	2	0	0	0	2
Male	5	0	0	0	5
Total	7	0	0	0	7
Employees with a Disability	0	0	0	0	0

TABLE 4.3 - Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
	0				
	0				
Total	0				
Percentage of Total Employment	0				0

TABLE 4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

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

TABLE 5.1 - Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	1267	113	381	30.1
Skilled (Levels 3-5), Permanent	2418	153	366	15.1
Skilled (Levels 3-5), Temporary	1	0	0	0
Highly skilled production (Levels 6-8), Permanent	2124	129	101	4.8
Highly skilled production (Levels 6-8), Temporary	1	0	1	100
Highly skilled supervision (Levels 9-12), Permanent	1017	40	37	3.6
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	0
Senior Management Service Band A, Permanent	60	0	3	5
Senior Management Service Band B, Permanent	10	0	0	0
Senior Management Service Band C, Permanent	0	0	1	0
Senior Management Service Band D, Permanent	2	0	1	50
Contract (Levels 1-2), Permanent	11	27	38	345.5
Contract (Levels 3-5), Permanent	84	210	129	153.6
Contract (Levels 6-8), Permanent	413	115	104	25.2
Contract (Levels 9-12), Permanent	202	30	50	24.8
Contract (Band A), Permanent	73	5	2	2.7
Contract (Band B), Permanent	22	2	3	13.6
Contract (Band C), Permanent	7	1	2	28.6
Contract (Band D), Permanent	3	0	1	33.3
TOTAL	7716	825	1220	15.8

TABLE 5.2 - Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	187	51	73	39
Agricultural animal oceanography forestry & other sciences, Permanent	17	0	0	0
Agriculture related, Permanent	2	0	0	0
All artisans in the building metal machinery etc., Permanent	129	1	28	21.7
Artisan project and related superintendents, Permanent	16	1	0	0
Auxiliary and related workers, Permanent	504	23	30	6
Biologists botanists zoologists & related professional, Permanent	15	1	1	6.7
Building and other property caretakers, Permanent	111	0	10	9
Bus and heavy vehicle drivers, Permanent	57	0	23	40.4
Cartographers and surveyors, Permanent	2	0	0	0
Cartographic surveying and related technicians, Permanent	24	0	0	0
Chemical and physical science technicians, Permanent	11	0	1	9.1
Civil engineering technicians, Permanent	197	3	8	4.1
Cleaners in offices workshops hospitals etc., Permanent	147	7	27	18.4
Client information clerks (switchboard reception information clerks), Permanent	10	1	1	10
Communication and information related, Permanent	28	0	1	3.6
Community development workers, Permanent	74	6	1	1.4
Computer programmers, Permanent	1	0	0	0
Computer system designers and analysts, Permanent	10	1	2	20
Economists, Permanent	3	0	0	0
Electrical and electronics engineering technicians, Permanent	1	0	0	0
Engineering sciences related, Permanent	346	89	37	10.7
Engineers and related professionals, Permanent	78	1	4	5.1
Environmental health, Permanent	3	0	0	0
Farm hands and labourers, Permanent	76	0	3	3.9
Farming forestry advisors and farm managers, Permanent	17	0	0	0
Finance and economics related, Permanent	101	20	7	6.9
Financial and related professionals, Permanent	16	0	1	6.3
Financial clerks and credit controllers, Permanent	342	144	70	20.5
Food services aids and waiters, Permanent	23	2	1	4.3
Forestry labourers, Permanent	18	0	11	61.1

Occupation	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
General legal administration & rel. professionals, Permanent	10	1	1	10
Geologists geophysicists hydrologists & relat prof, Permanent	151	4	5	3.3
Head of department/chief executive officer, Permanent	1	0	1	100
Health sciences related, Permanent	9	1	3	33.3
Horticulturists foresters agricul.& forestry techn, Permanent	1	0	0	0
Household and laundry workers, Permanent	5	0	1	20
Household food and laundry services related, Permanent	0	1	0	0
Human resources & organisat developm & relate prof, Permanent	35	0	2	5.7
Human resources & organisat developm & relate prof, Temporary	1	0	1	100
Human resources clerks, Permanent	210	26	31	14.8
Human resources related, Permanent	110	10	5	4.5
Information technology related, Permanent	3	2	0	0
Inspectors of apprentices works and vehicles, Permanent	3	0	0	0
Language practitioners, interpreters & other commun, Permanent	28	5	1	3.6
Legal related, Permanent	1	0	0	0
Librarians and related professionals, Permanent	4	0	0	0
Library mail and related clerks, Permanent	37	4	1	2.7
Light vehicle drivers, Permanent	58	2	7	12.1
Logistical support personnel, Permanent	54	2	2	3.7
Material-recording and transport clerks, Permanent	195	9	21	10.8
Material-recording and transport clerks, Temporary	1	0	0	0
Mechanical engineering technicians, Permanent	1	0	0	0
Messengers, porters and deliverers, Permanent	115	5	14	12.2
Middle managers, Permanent	1	0	0	0
Mining geology & geophysical & related technicians, Permanent	21	0	1	4.8
Motor vehicle drivers, Permanent	50	0	6	12
Motorised farm and forestry plant operators, Permanent	208	0	86	41.3
Natural sciences related, Permanent	179	8	11	6.1
Natural sciences related, Temporary	1	0	0	0
Nature conservation and oceanographical rel. techni, Permanent	5	2	0	0

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Occupation	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Other administrat & related clerks and organisers, Permanent	478	92	51	10.7
Other administrative policy and related officers, Permanent	116	2	6	5.2
Other information technology personnel., Permanent	7	3	0	0
Other occupations, Permanent	785	133	44	5.6
Quantity surveyors & rela prof not classed elsewhere, Permanent	1	0	0	0
Rank: Unknown, Permanent	2	0	0	0
Regulatory inspectors, Permanent	11	8	0	0
Risk management and security services, Permanent	2	0	0	0
Road workers, Permanent	9	0	1	11.1
Safety health and quality inspectors, Permanent	11	1	1	9.1
Secretaries & other keyboard operating clerks, Permanent	148	23	14	9.5
Security guards, Permanent	52	10	17	32.7
Security officers, Permanent	125	3	7	5.6
Senior managers, Permanent	99	6	9	9.1
Social sciences related, Permanent	61	6	3	4.9
Social work and related professionals, Permanent	2	0	0	0
Trade labourers, Permanent	1520	104	494	32.5
Trade related, Permanent	1	0	1	100
Trade/industry advisers & other related profession, Permanent	4	0	0	0
Water plant and related operators, Permanent	218	1	32	14.7
TOTAL	7716	825	1220	15.8

TABLE 5.3 - Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total
Death, Permanent	80	6.6	1	1220
Resignation, Permanent	120	9.8	1.6	1220
Expiry of contract, Permanent	270	22.1	3.5	1220
Transfers, Permanent	2	0.2	0	1220
Dismissal-operational changes, Permanent	510	41.8	6.6	1220
Discharged due to ill health, Permanent	6	0.5	0.1	1220
Dismissal-misconduct, Permanent	13	1.1	0.2	1220
Retirement, Permanent	215	17.6	2.8	1220
Other, Permanent	3	0.2	0	1220
Other, Temporary	1	0.1	0	1220
TOTAL	1220	100	15.8	1220
Resignations as % of Employment				
	15.8			

TABLE 5.4 - Granting of Employee Initiated Severance Packages

Category	No of applications received	No of applications referred to the MPSA	No of applications supported by MPSA	No of Packages approved by department
Lower Skilled (Salary Level 1-2)				
Skilled (Salary Level 3-5)				
Highly Skilled Production (Salary Level 6-8)				
Highly Skilled Production (Salary Level 9-12)				
Senior Management (Salary Level 13 and higher)				
Total	0	0	0	0

TABLE 5.5 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level
Administrative related	187	66	35.3	87
Agricul animal oceanography forestry & other scien	17	0	0	0
Agriculture related	2	2	100	0
All artisans in the building metal machinery etc.	129	2	1.6	5
Artisan project and related superintendents	16	1	6.3	0
Auxiliary and related workers	504	31	6.2	376
Biologists botanists zoologists & rel professional	15	2	13.3	1
Building and other property caretakers	111	1	0.9	89
Bus and heavy vehicle drivers	57	7	12.3	37
Cartographers and surveyors	2	0	0	0
Cartographic surveying and related technicians	24	1	4.2	10
Chemical and physical science technicians	11	0	0	0
Civil engineering technicians	197	7	3.6	7
Cleaners in offices, workshops, hospitals etc.	147	3	2	72
Client inform clerks (switchb recept inform clerks)	10	1	10	8
Communication and information related	28	3	10.7	20
Community development workers	74	12	16.2	27
Computer programmers	1	0	0	1
Computer system designers and analysts	10	3	30	2
Economists	3	0	0	1
Electrical and electronics engineering technicians	1	0	0	0
Engineering sciences related	346	2	0.6	1
Engineers and related professionals	78	2	2.6	0
Environmental health	3	0	0	0
Farm hands and labourers	76	0	0	55
Farming forestry advisors and farm managers	17	0	0	0
Finance and economics related	101	26	25.7	28
Financial and related professionals	16	2	12.5	5
Financial clerks and credit controllers	342	70	20.5	113
Food services aids and waiters	23	2	8.7	15
Forestry labourers	18	0	0	14
General legal administration & rel. professionals	10	3	30	2
Geologists, geophysicists, hydrologists & relat prof	151	3	2	2
Head of department/chief executive officer	1	0	0	0
Health sciences related	9	4	44.4	0
Horticulturists foresters agricul. & forestry techn	1	0	0	0
Household and laundry workers	5	0	0	4
Human resources & organisat developm & relate prof	36	9	25	17
Human resources clerks	210	53	25.2	72

Occupation	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level
Human resources related	110	49	44.5	48
Information technology related	3	1	33.3	2
Inspectors of apprentices works and vehicles	3	0	0	0
Language practitioners interpreters & other commun	28	8	28.6	14
Legal related	1	0	0	0
Librarians and related professionals	4	1	25	3
Library mail and related clerks	37	7	18.9	23
Light vehicle drivers	58	2	3.4	32
Logistical support personnel	54	8	14.8	22
Material-recording and transport clerks	196	14	7.1	97
Mechanical engineering technicians	1	0	0	0
Messengers porters and deliverers	115	3	2.6	81
Meteorologists, statistical & related technicians	0	1	0	0
Middle managers	1	0	0	0
Mining geology & geophysical & related technicians	21	0	0	0
Motor vehicle drivers	50	0	0	32
Motorised farm and forestry plant operators	208	0	0	106
Natural sciences related	180	15	8.3	6
Nature conservation and oceanographical rel. techni	5	0	0	0
Other administrat & related clerks and organisers	478	78	16.3	269
Other administrative policy and related officers	116	9	7.8	75
Other information technology personnel	7	2	28.6	5
Other occupations	787	145	18.4	3
Quantity surveyors & rela prof not classed elsewhere	1	0	0	0
Regulatory inspectors	11	6	54.5	0
Risk management and security services	2	0	0	2
Road workers	9	0	0	6
Safety health and quality inspectors	11	2	18.2	4
Secretaries & other keyboard operating clerks	148	23	15.5	64
Security guards	52	6	11.5	29
Security officers	125	7	5.6	96
Senior managers	99	9	9.1	1
Social sciences related	61	9	14.8	19
Social work and related professionals	2	0	0	1
Trade labourers	1520	45	3	1058
Trade related	1	0	0	0
Trade/industry advisers & other related profession	4	0	0	2
Water plant and related operators	218	3	1.4	151
TOTAL	7716	771	10	3322

TABLE 5.6 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level
Lower skilled (Levels 1-2), Permanent	1267	18	1.4	1280
Skilled (Levels 3-5), Permanent	2418	203	8.4	1122
Skilled (Levels 3-5), Temporary	1	0	0	0
Highly skilled production (Levels 6-8), Permanent	2124	256	12.1	689
Highly skilled production (Levels 6-8), Temporary	1	0	0	0
Highly skilled supervision (Levels 9-12), Permanent	1017	106	10.4	194
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	0
Senior management (Levels 13-16), Permanent	72	6	8.3	0
Contract (Levels 1-2), Permanent	11	0	0	3
Contract (Levels 3-5), Permanent	84	20	23.8	8
Contract (Levels 6-8), Permanent	413	86	20.8	5
Contract (Levels 9-12), Permanent	202	69	34.2	20
Contract (Levels 13-16), Permanent	105	7	6.7	1
TOTAL	7716	771	10	3322

TABLE 6.1 – Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	35	8	3	46	19	32	3	1	36	6	107
Professionals, Permanent	399	28	17	444	168	337	26	19	382	44	1038
Technicians and associate professionals, Permanent	664	99	20	783	134	504	22	21	547	96	1560
Technicians and associate professionals, Temporary	0	0	0	0	0	0	0	0	0	1	1
Clerks, Permanent	433	37	7	477	28	795	80	20	895	164	1564
Clerks, Temporary	0	0	0	0	0	0	0	0	0	1	1
Service and sales workers, Permanent	155	2	1	158	7	39	1	1	41	2	208
Craft and related trades workers, Permanent	87	10	1	98	47	1	1	0	2	0	147
Plant and machine operators and assemblers, Permanent	983	94	3	1080	176	90	15	0	105	52	1413
Elementary occupations, Permanent	1180	126	1	1307	12	646	19	1	666	2	1987
Other, Permanent	2	1	0	3	0	2	0	0	2	0	5
TOTAL	3938	405	53	4396	591	2446	167	63	2676	368	8031

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	7	1	0	8	7	5	1	0	6	1	22

TABLE 6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	1	3	0	0	3	0	4
Senior Management, Permanent	11	1	2	14	38	8	0	2	10	4	66
Professionally qualified and experienced specialists and mid-management, Permanent	410	37	18	465	285	333	15	18	366	78	1194
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	832	77	20	929	186	825	58	28	911	208	2234
Semi-skilled and discretionary decision making, Permanent	1637	201	2	1840	28	409	36	4	449	45	2362
Semi-skilled and discretionary decision making, Temporary	0	0	0	0	0	0	0	0	0	1	1
Unskilled and defined decision making, Permanent	685	45	1	731	3	520	17	0	537	0	1271
Contract (Top Management), Permanent	3	1	0	4	2	2	0	0	2	0	8
Contract (Senior Management), Permanent	37	9	3	49	12	28	3	2	33	9	103
Contract (Professionally qualified), Permanent	76	5	3	84	28	58	8	3	69	6	187
Contract (Skilled technical), Permanent	165	20	2	187	6	155	14	5	174	13	380
Contract (Semi-skilled), Permanent	73	6	2	81	2	99	14	1	114	3	200
Contract (Unskilled), Permanent	9	3	0	12	0	6	2	0	8	0	20
TOTAL	3938	405	53	4396	591	2446	167	63	2676	368	8031

TABLE 6.3 - Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionally qualified and experienced specialists and mid-management, Permanent	16	3	3	22	7	10	0	0	10	1	40
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	65	1	2	68	14	43	1	0	44	3	129
Semi-skilled and discretionary decision making, Permanent	87	4	0	91	2	55	3	0	58	2	153
Unskilled and defined decision making, Permanent	70	6	0	76	2	29	2	0	31	4	113
Contract (Top Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	3	1	0	4	0	3	0	0	3	0	7
Contract (Professionally qualified), Permanent	11	0	0	11	8	8	0	1	9	2	30
Contract (Skilled technical), Permanent	49	4	1	54	4	48	5	0	53	4	115
Contract (Semi-skilled), Permanent	77	5	2	84	6	108	8	1	117	3	210
Contract (Unskilled), Permanent	14	1	0	15	0	11	1	0	12	0	27
TOTAL	393	25	8	426	43	315	20	2	337	19	825

	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	0	0	0	0	0	2	1	0	3	0	3

TABLE 6.4 - Promotions

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Senior Management, Permanent	0	0	1	1	1	1	0	1	2	1	5
Professionally qualified and experienced specialists and mid-management, Permanent	124	8	4	136	26	107	5	7	119	19	300
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	354	28	6	388	61	333	22	17	372	124	945
Semi-skilled and discretionary decision making, Permanent	780	111	3	894	25	330	36	8	374	32	1325
Unskilled and defined decision making, Permanent	820	88	0	908	3	375	12	0	387	0	1298
Contract (Top Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	3	1	0	4	0	1	1	1	3	0	7
Contract (Professionally qualified), Permanent	25	5	0	30	11	33	6	2	41	7	89
Contract (Skilled technical), Permanent	31	6	1	38	2	30	12	2	44	7	91
Contract (Semi-skilled), Permanent	4	1	0	5	0	11	12	0	23	0	28
Contract (Unskilled), Permanent	0	0	0	0	0	3	0	0	3	0	3
TOTAL	2142	248	15	2405	129	1225	106	38	1369	190	4093

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
Employees with disabilities	3	1	0	4	3	2	0	0	2	1	10

TABLE 6.5 - Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	1	1	0	0	1	0	2
Senior Management, Permanent	1	0	0	1	2	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management, Permanent	10	0	2	12	15	8	0	0	8	2	37
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	56	2	0	58	17	13	2	0	15	11	101
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	0	0	0	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making, Permanent	294	17	0	311	1	52	1	0	53	1	366
Unskilled and defined decision making, Permanent	130	1	0	131	0	250	0	0	250	0	381
Contract (Top Management), Permanent	0	0	0	0	0	2	1	0	3	0	3
Contract (Senior Management), Permanent	2	0	1	3	0	2	0	0	2	0	5
Contract (Professionally qualified), Permanent	19	1	0	20	10	13	3	1	17	3	50
Contract (Skilled technical), Permanent	34	2	2	38	6	51	3	2	56	4	104
Contract (Semi-skilled), Permanent	55	5	0	60	0	63	1	2	66	3	129
Contract (Unskilled), Permanent	21	2	0	23	2	12	1	0	13	0	38
TOTAL	622	30	5	657	54	467	12	5	484	25	1220

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	1	0	0	1	0	0	0	0	0	0	1

TABLE 6.6 - Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
TOTAL	11	2	0	13	3	6	1	0	7	0	23

TABLE 6.7 - Skills Development

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials and Managers	35	8	3	46	19	32	3	1	36	6	107
Professionals	399	28	17	444	168	337	26	19	382	44	1038
Technicians and Associate Professionals	664	99	20	783	134	504	22	21	547	97	1561
Clerks	433	37	7	477	28	795	80	20	895	165	1565
Service and Sales Workers	155	2	1	158	7	39	1	1	41	2	208
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	87	10	1	98	47	1	1	0	2	0	147
Plant and Machine Operators and Assemblers	983	94	3	1080	176	90	15	0	105	52	1413
Elementary Occupations	1182	127	1	1310	12	648	19	1	668	2	1992
TOTAL	3938	405	53	4396	591	2446	167	63	2676	368	8031
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

TABLE 7.1 - Performance Rewards by Race, Gender and Disability

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	640	2441	26.2	5,640	8,812
African, Male	1279	3931	32.5	12,935	10,114
Asian, Female	38	63	60.3	391	10,287
Asian, Male	25	53	47.2	369	14,743
Coloured, Female	66	166	39.8	624	9,449
Coloured, Male	155	404	38.4	1,817	11,721
Total Blacks, Female	744	2670	27.9	6,654	8,944
Total Blacks, Male	1459	4388	33.2	15,121	10,364
White, Female	238	367	64.9	3,206	13,472
White, Male	344	584	58.9	8,204	23,849
Employees with a disability	7	22	31.8	76	10,838
TOTAL	2792	8031	34.8	33,261	11,913

TABLE 7.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	222	1266	17.5	957	4,311
Skilled (Levels 3-5)	853	2364	36.1	6,298	7,383
Highly skilled production (Levels 6-8)	970	2237	43.4	11,479	11,834
Highly skilled supervision (Levels 9-12)	628	1196	52.5	13,014	20,723
Contract (Levels 1-2)	1	20	5	7	7,000
Contract (Levels 3-5)	10	200	5	55	5,500
Contract (Levels 6-8)	46	380	12.1	342	7,435
Contract (Levels 9-12)	56	187	29.9	924	16,500
Periodical Remuneration	0	82	0	0	0
TOTAL	2786	7932	35.1	33076	11872

TABLE 7.3 - Performance Rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	96	447	21.5	1,645	17,135
Agricul animal oceanography forestry & other scien	1	9	11.1	11	11,000
Agriculture related	0	2	0	0	0
All artisans in the building metal machinery etc.	61	143	42.7	734	12,033
Artisan project and related superintendents	1	3	33.3	24	24,000
Auxiliary and related workers	173	511	33.9	1,186	6,855
Biologists botanists zoologists & rel professional	3	10	30	32	10,667
Building and other property caretakers	39	101	38.6	192	4,923
Bus and heavy vehicle drivers	13	55	23.6	94	7,231
Cartographic surveying and related technicians	11	22	50	107	9,727
Chemical and physical science technicians	2	10	20	15	7,500
Civil engineering technicians	86	173	49.7	1,077	12,523
Cleaners in offices, workshops, hospitals etc.	44	153	28.8	159	3,614
Client inform clerks (switchb receipt inform clerks)	2	12	16.7	13	6,500
Communication and information related	12	29	41.4	161	13,417
Community development workers	37	79	46.8	359	9,703
Computer programmers	0	1	0	0	0
Computer system designers and analysts	4	8	50	47	11,750
Diplomats	0	1	0	0	0
Economists	2	3	66.7	34	17,000
Electrical and electronics engineering technicians	2	2	100	33	16,500
Engineering sciences related	90	242	37.2	1,988	22,089
Engineers and related professionals	27	57	47.4	703	26,037
Farm hands and labourers	3	72	4.2	14	4,667
Finance and economics related	32	136	23.5	514	16,063
Financial and related professionals	3	15	20	57	19,000
Financial clerks and credit controllers	112	440	25.5	1,027	9,170
Food services aids and waiters	8	24	33.3	38	4,750

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Forestry labourers	6	14	42.9	25	4,167
General legal administration & rel. professionals	1	9	11.1	23	23,000
Geologists, geophysicists, hydrologists & relat prof	54	143	37.8	516	9,556
Head of department/chief executive officer	0	1	0	0	0
Health sciences related	2	6	33.3	23	11,500
Horticulturists foresters agricul. & forestry techn	0	1	0	0	0
Household and laundry workers	1	4	25	5	5,000
Household, food and laundry services related	1	0	0	4	4,000
Human resources & organisat developm & relate prof	18	38	47.4	240	13,333
Human resources clerks	72	206	35	696	9,667
Human resources related	64	127	50.4	1,206	18,844
Information technology related	0	6	0	0	0
Inspectors of apprentices works and vehicles	0	1	0	0	0
Language, practitioners interpreters & other commun	8	34	23.5	87	10,875
Librarians and related professionals	3	5	60	30	10,000
Library mail and related clerks	10	42	23.8	78	7,800
Light vehicle drivers	22	55	40	110	5,000
Logistical support personnel	18	60	30	156	8,667
Material-recording and transport clerks	63	182	34.6	520	8,254
Mechanical engineering technicians	2	2	100	24	12,000
Messengers, porters and deliverers	57	110	51.8	272	4,772
Middle managers	0	1	0	0	0
Mining geology & geophysical & related technicians	8	21	38.1	92	11,500
Motor vehicle drivers	10	47	21.3	46	4,600
Motorised farm and forestry plant operators	17	183	9.3	96	5,647
Natural sciences related	93	185	50.3	1,480	15,914
Nature conservation and oceanographical rel.techni	0	8	0	0	0
Other administrat & related clerks and organisers	208	527	39.5	1,456	7,000
Other administrative policy and related officers	62	108	57.4	661	10,661
Other information technology personnel.	3	11	27.3	26	8,667

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Other occupations	671	870	77.1	12,273	18,291
Quantity surveyors & rela prof not classed elsewhere	1	1	100	13	13,000
Rank: Unknown	0	5	0	0	0
Regulatory inspectors	0	21	0	0	0
Risk management and security services	0	2	0	0	0
Road workers	3	9	33.3	12	4,000
Safety health and quality inspectors	4	11	36.4	41	10,250
Secretaries & other keyboard operating clerks	58	156	37.2	540	9,310
Security guards	14	57	24.6	61	4,357
Security officers	5	128	3.9	55	11,000
Senior managers	1	102	1	27	27,000
Social sciences related	21	61	34.4	367	17,476
Social work and related professionals	1	2	50	12	12,000
Trade labourers	292	1499	19.5	1,355	4,640
Trade/industry advisers & other related profession	2	4	50	31	15,500
Water plant and related operators	52	206	25.2	340	6,538
TOTAL	2792	8031	34.8	33263	11914

TABLE 7.4 - 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	5	112	4.5	154	3,080	0.2	95,057
Band B	0	57	0	0	0	0	0
Band C	0	9	0	0	0	0	0
Band D	0	3	0	0	0	0	0
TOTAL	5	181	2.8	154	3080	0.2	95057

TABLE 8.1 - Foreign Workers by Salary Band

Salary Band	Employment at Beginning of Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Skilled (Levels 3-5)	2	9.5	2	8.3	0	0	21	24	3
Highly skilled supervision (Levels 9-12)	2	9.5	2	8.3	0	0	21	24	3
Contract (Levels 3-5)	0	0	1	4.2	1	33.3	21	24	3
Contract (Levels 6-8)	2	9.5	2	8.3	0	0	21	24	3
Contract (Levels 9-12)	12	57.1	14	58.3	2	66.7	21	24	3
Contract (Levels 13-16)	3	14.3	3	12.5	0	0	21	24	3
TOTAL	21	100	24	100	3	100	21	24	3

TABLE 8.2 - Foreign Workers by Major Occupation

Major Occupation	Employment at Beginning of Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Administrative office workers	2	9.5	3	12.5	1	33.3	21	24	3
Information technology personnel	0	0	2	8.3	2	66.7	21	24	3
Other occupations	1	4.8	2	8.3	1	33.3	21	24	3
Professionals and managers	17	81	16	66.7	-1	-33.3	21	24	3
Technicians and associated professionals	1	4.8	1	4.2	0	0	21	24	3
TOTAL	21	100	24	100	3	100	21	24	3

TABLE 9.1 - Sick Leave for Jan 2010 to Dec 2010

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)	7935.5	95.6	991	17.8	8	1,746	5565	7586
Skilled (Levels 3-5)	13769.5	95.3	1593	28.6	9	3,569	5565	13117
Highly skilled production (Levels 6-8)	14995.5	86.4	1707	30.7	9	7,337	5565	12959
Highly skilled supervision (Levels 9-12)	5439	84.5	817	14.7	7	5,783	5565	4598
Senior management (Levels 13-16)	301	84.7	43	0.8	7	803	5565	255
Contract (Levels 1-2)	33	84.8	8	0.1	4	9	5565	28
Contract (Levels 3-5)	340	67.4	72	1.3	5	131	5565	229
Contract (Levels 6-8)	1062.5	78.8	179	3.2	6	605	5565	837
Contract (Levels 9-12)	556	79.1	89	1.6	6	652	5565	440
Contract (Levels 13-16)	429	89.3	66	1.2	7	1,157	5565	383
TOTAL	44861	90.1	5565	100	8	21792	5565	40432

TABLE 9.2 - Disability Leave (Temporary and Permanent) for Jan 2010 to Dec 2010

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)	157	100	3	10.7	52	35	157	28
Skilled (Levels 3-5)	486	100	9	32.1	54	139	486	28
Highly skilled production (Levels 6-8)	425	100	8	28.6	53	254	425	28
Highly skilled supervision (Levels 9-12)	103	100	4	14.3	26	147	103	28
Contract (Levels 6-8)	80	100	3	10.7	27	34	80	28
Contract (Levels 13-16)	25	100	1	3.6	25	66	25	28
TOTAL	1276	100	28	100	46	675	1276	28

TABLE 9.3 - Annual Leave for Jan 2010 to Dec 2010

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	35507.92	16	2262
Skilled (Levels 3-5)	59938.24	18	3415
Highly skilled production (Levels 6-8)	47064.6	19	2488
Highly skilled supervision (Levels 9-12)	26539.12	19	1381
Senior management (Levels 13-16)	1553	21	74
Contract (Levels 1-2)	215	10	21
Contract (Levels 3-5)	1305	8	155
Contract (Levels 6-8)	5455.92	14	379
Contract (Levels 9-12)	3385	16	207
Contract (Levels 13-16)	2218	18	125
Not Available	56	4	14
TOTAL	183237.8	17	10521

TABLE 9.4 - Capped Leave for Jan 2010 to Dec 2010

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2010	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2010	Number of Employees as at 31 December 2010
Lower skilled (Levels 1-2)	288	7	53	41	24302	458
Skilled (Levels 3-5)	557	6	96	95	76389	797
Highly skilled production (Levels 6-8)	377	4	77	86	39642	516
Highly skilled supervision (Levels 9-12)	204	4	82	51	28366	347
Senior management (Levels 13-16)	60	8	115	8	4241	37
Contract (Levels 13-16)	11	6	62	2	2302	37
TOTAL	1497	5	80	283	175242	2192

TABLE 9.5 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2010/11 due to non-utilisation of leave for the previous cycle	55	4	13750
Capped leave payouts on termination of service for 2010/11	4,164	467	8916
Current leave payout on termination of service for 2010/11	541	62	8726
TOTAL	4760	533	8931

TABLE 10.1 - Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk	
	Yes	No
None		

TABLE 10.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]

Question	Yes	No	Details, if yes
1 Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Director: OD, Mr Sam Moyi
2 Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		3 Staff members (1 admin support) in national office and 1 coordinator in provincial offices
3 Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		HIV, TB & AIDS; Health and Productivity and Psycho-Social Services
4 Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		A submission with nominations has been forwarded to the DG for approval. The committee includes both SMS and Union representatives
5 Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		HIV&AIDS policy
6 Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		No pre-employment HIV testing; HIV positive employees cannot be discriminated against on the basis of accessing job opportunities, promotions and benefits; disciplinary action to be taken against those who discriminate against HIV positive employees.
7 Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		HCT reports submitted to DPSA on a monthly basis since Dec 2010; May 2011 declared Departmental HCT month; HCT provided nationally through the wellness centres.
8 Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	No		Impact assessment to be conducted later in the year.

TABLE 11.1 - Collective Agreements

Subject Matter	Date		

TABLE 11.2 - Misconduct and Discipline Hearings Finalised

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Final written warning	3	13.04	3
Written warning	2	8.70	2
Dismissal	9	39.13	9
Suspension without pay	9	39.13	9
TOTAL	23	100.00	23

TABLE 11.3 - Types of Misconduct Addressed and Disciplinary Hearings

Type of misconduct	Number	Percentage of Total	Total
Misrepresentation	2	8.70	2
Insubordination	2	8.70	2
Fraud	2	8.70	2
Misuse of State vehicle	6	26.09	6
Absenteeism	4	17.39	4
Gross negligence	1	4.35	1
Racial discrimination	1	4.35	1
Viewing pornographic material	2	8.70	2
Poor performance	1	4.35	1
Procurement irregularities	1	4.35	1
Assault	1	4.35	1
TOTAL	23	100.00	23

TABLE 11.4 - Grievances Lodged

Number of grievances addressed	Number	Percentage of Total	Total
TOTAL	13	21.3	61

TABLE 11.5 - Disputes Lodged

Number of disputes addressed	Number	% of total	
Upheld	0	0	
Dismissed	1	100	
Total	1		

TABLE 11.6 - Strike Actions

Strike Actions			
Total number of person working days lost	0		
Total cost(R'000) of working days lost	0		
Amount (R'000) recovered as a result of no work no pay	0		

TABLE 11.7 - Precautionary Suspensions

Precautionary Suspensions			
Number of people suspended	10		
Number of people whose suspension exceeded 30 days	9		
Average number of days suspended	1386		
Cost (R'000) of suspensions	1,663,734.60		

TABLE 12.1 - Training Needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	42	0	32	14	46
	Male	65	0	56	8	64
Professionals	Female	426	0	170	2	172
	Male	612	0	213	2	215
Technicians and associate professionals	Female	644	0	219	15	234
	Male	917	0	250	21	271
Clerks	Female	1060	0	375	0	375
	Male	505	0	159	0	159
Service and sales workers	Female	43	0	0	0	0
	Male	165	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	2	0	0	0	0
	Male	145	0	0	0	0
Plant and machine operators and assemblers	Female	157	0	0	0	0
	Male	1256	0	21	0	21
Elementary occupations	Female	670	0	92	0	92
	Male	1322	0	33	0	33
Gender sub totals	Female	3044	0	888	31	919
	Male	4987	0	732	31	763
Total		8031	0	1620	62	1682

TABLE 12.2 - Training Provided

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	42	0	13	4	17
	Male	65	0	19	16	35
Professionals	Female	426	0	148	37	185
	Male	612	0	170	55	225
Technicians and associate professionals	Female	644	0	125	25	150
	Male	917	0	200	68	268
Clerks	Female	1060	0	430	23	453
	Male	505	0	248	36	284
Service and sales workers	Female	43	0	1	0	1
	Male	165	0	8	0	8
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	145	0	0	0	0
Plant and machine operators and assemblers	Female	157	0	6	0	6
	Male	1256	0	81	0	81
Elementary occupations	Female	670	0	111	0	111
	Male	1322	0	183	0	183
Gender sub totals	Female	3044	0	834	89	923
	Male	4987	0	909	175	1084
Total		8031	0	1743	264	2007

TABLE 13.1 - Injury on Duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	230	92.4
Temporary Total Disablement	15	6
Permanent Disablement	0	0
Fatal	4	1.6
Total	249	

TABLE 14.1 - 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
Project management for the Vaal River System which includes validation and verification projects and the control of illegal water use for irrigation purposes in the Vaal River System	5	753	20 600 000
Development of annual operating rules for the integrated Vaal River System	2	753	2 476 708
Project Management	3	753	41 577 600
Detail design and constitution supervision of the pipelines to lay parallel to problematic glass fibre reinforced polyester pipes Livuvhu Government Water Scheme	1	878	27 589 839
Construction supervision and further design service for the proposed dam on Orange Riet Canal	1	753	11 935 398
Internal Audit Annual Plan for the Financial Year 31 March 2011	3	125	1 888 337

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
6	15	4 015	106 067 881

TABLE 14.2 - Analysis of consultant appointments using appropriated funds, i.t.o. HDIs

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Project management for the Vaal River System which includes validation and verification projects and the control of illegal water use for irrigation purposes in the Vaal River System	4%	4%	4%
Development of annual operating rules for the integrated Vaal River System	2%	2%	2%
Project Management	4%	4%	4%
Detail design and constitution supervision of the pipelines to lay parallel to problematic glass fibre reinforced polyester pipes Livuvhu Government Water Scheme	2%	2%	2%
Construction supervision and further design service for the proposed dam on Orange Riet Canal	3%	3%	3%
Internal Audit Annual Plan for the Financial Year 31 March 2011	35%	35%	35%

TABLE 14.3 - Report on consultant appointments using Donor funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
GP - Development of a stakeholder database for Water Management Institutions (WMI) for Gauteng	2	61	200 000
GP - Development of a Catchment Management Agency (CMA) framework	2	61	250 000
GP - Resource mobilization and the implementation of the business plan for Kaalspruit River health programme	3	61	1 507 438
GP - Roll-out the participation of the Civil Society Organisation (CSO) in the implementation of water related programmes in the Gauteng region	3	61	1 200 000
GP - Implementation of basic water infrastructure to communities in rural parts of Gauteng	2	61	954 179
GP - Drinking Water Quality	1	61	452 975
GP - Sector Collaboration	2	61	338 616
GP - Appointment of a Professional Service Provider to undertake Water Conservation and Demand Management Programme relating to Water Sector Support in Gauteng	2	753	4 337 579
GP - Appointment of a Professional Service Provider to undertake Water for Growth and Development Programme relating to Water Sector Support in Gauteng	1	753	4 473 133
GP - Appointment of a Professional Service Provider to undertake Water Education Programme tasks relating to Water Sector Support in Gauteng	1	753	5 711 313
GP - Appointment of a Professional Service Provider to undertake Regional Programme Coordination for the Sedibeng Sewer Scheme Support tasks relating to Water Sector Support in Gauteng	1	753	8 749 880
GP - Appointment of a Professional Service Provider (PSP) to undertake the One Stop Shop (OSS) and Free Basic Water (FBW) and Sanitation programme tasks relating to Water Sector Support in Gauteng	2	753	5 835 341
GP - Appointment of a Professional Service Provider (PSP) to undertake the Capacity Building programme tasks relating to Water Sector Support (WSS) in Gauteng	1	753	4 378 010
GP - Appointment of Consultants for Laboratory Services (Drinking Water Quality)	1	61	375 198
GP TOTAL	24	5006	38 763 662
KZN - KN678- WCWDM UTHUKELA*CUR	1	251	1 492 675
KZN - LOCAL GOVERNMENT SUPPORT	1	164	2 705 769
KZN TOTAL	2	415	4 198 444
FS - TAC(Mahlale & SSI)	21	251	6 800 000
FS - Mvula Trust WCWD	3	251	3 112 875
FS - Sedibeng Waterboard: Free state drinking water quality management FS208	5	251	2 708 925
FS TOTAL	29	753	12 621 800
EC - Support of the implementation of the 2020 Vision for Water and Sanitation Education Programme	2	627	2 992 850
EC TOTAL	2	627	2 992 850
WC - NONE	0	0	0
MP - None	0	0	0
NW - No contract	0	0	0
NW TOTAL		0	
NC - Support to the Water Service Division	20	333	1 037 668
NC TOTAL	20	333	1 037 668

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
LP - 2020 Vision	1	753	5 746 888
LP TOTAL	1	753	5 746 888
HO (Gender & Disability) - Adopt a river project	3	251	3 436 020
HO (Gender & Disability) - Women in Water Awards	1	125	3 895 594
HO (Gender & Disability) - Audit of Women Water Projects	1	125	2 668 387
HO (Water Services Planning & Information) - Support to co-ordination of provincial water services authorities - water services development planning process: all nine provinces	9	251	15 000 000
HO - HO212 Enabling the sustainable use of the electronic Water Quality Management System by WSA's	12	397	4 319 907
HO - HO213 Regulation Driven Support to 9 Regions and 154 Municipalities who are WSA's	6	255	975 152
HO - HO218 Appointment of the Water Institute of SA for Drawdown support to the Drinking Water Quality Regulation Audit Programme	7	260	1 517 189
HO - HO159 Raising the Citizens Voice	3	220	902 975
HO TOTAL	42	1884	32 715 223
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
	119	9018	92 329 646





PART 5: Other Information

- 5.1. Twelve (12) Government Outcomes
- 5.2. List of Acronyms
- 5.3. List of Tables
- 5.4. Contact details

PART 5

Other Information



5.1 Twelve (12) Government Outcomes

Table 26: Alignment of DWA priorities with government outcomes

No	Government outcomes	DWA priorities	Direct contribution
1	Improve Quality of basic education	-	-
2	A long and healthy life for all South Africans	-	-
3	All people in South Africa are and feel safe	-	-
4	Decent employment through inclusive economic growth	(1) Contribute to Economic Growth, Rural Dev, Food Security and Land Reform (outcomes 6, 7 and 9)	Yes
5	A Skilled and capable workforce	-	-
6	Efficient, competitive and responsive economic infrastructure network	(1) Contribute to Economic Growth, Rural Dev, Food Security and Land Reform (outcomes 6 and 7)	Yes
7	Vibrant, equitable and sustainable rural communities with food security for all	3) Strengthening the regulation of the water sector - (outcome 6 and 10)	Yes
8	Sustainable human settlements and improved quality of household life	(1) Contribute to Economic Growth, Rural Dev, Food Security and Land Reform (outcomes 6, 7 and 9)	-
9	A responsive, accountable, effective and efficient local government system	(4) Support local government to deliver water services (outcome 9)	Yes
10	Environmental assets and natural resources that are well protected and continually enhanced	(2) To promote Sustainable and Equitable Water Resources Management (outcome 10)	Yes
		3) Strengthening the regulation of the water sector (outcome 6 and 10)	-
11	Create a better South Africa and contribute to a better and safer Africa and the World	(5) Contribute to Improved International Relations (outcome 11)	-
12	An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	(6) Build capacity to deliver Quality Services (outcome 12)	-

5.2 List of Acronyms

Table 27: Acronyms

Acronym	Description
ACIP	Accelerated Community Infrastructure Projects
AGSA	Auditor-General South Africa
AMCOW	African Ministers' Council on Water
BAS	Basic Accounting System
BP	Business Plan
BWP	Berg Water Project
CAHOSCC	Conference of African Heads of State and Government on Climate Chang
CD	Chief Director
CDP	Councillor Development Programme
CMA	Catchment Management Agency
CMAs	Catchment management agencies
CMP	Consumer Management Programme
CMS	Catchment Management Strategy
COGTA	Department of Cooperative Governance and Traditional Affairs
CSD	Commission for Sustainable Development
CWSS	Community Water Supply and Sanitation
D	Director
DBSA	Development Bank of Southern Africa
DORA	Division of Revenue Act
DRC	Democratic Republic of Congo
DWA	Department of Water Affairs
DWQ	Drinking Water Quality
ECSA	Engineering Council of South Africa
ERF	Emergency Response Facility
eWQMS	Electronic Water Quality Management System
FBW	Free basic water
FIFA	Federation International de Football Association
GAAP	Generally accepted accounting principles
GIMSA	Ground Water Management Institute of Southern Africa
GRAP	Generally recognised accounting practices
HDI	Historically Disadvantaged Individuals
HDI's	Historically Disadvantaged Individuals
HYCOS	Hydrological Cycle Observing System
IBSA	India-Brazil-South Africa dialogue forum
IDP	Integrated development plan
IFRS	International Financial Reporting Standard
IMC	Inter-Ministerial Committee
IPAP2	Industrial Policy Action Plan 2
IT	Information Technology
IWRP	Integrated Water Resource Planning
JPTC	Joint Permanent Technical Committee
LGTS	Local Government Turn-around Strategy
LHWP	Lesotho Highlands Water Project

Acronym	Description
MIG	Municipal Infrastructure Grant
MTSF	Medium Term Strategic Framework
NEPAD	New Partnership for Africa's Development
NLA	National Laboratory Association
NWAC	National Water Advisory Committee
NWRS	National Water Resources Strategy
ORASECOM	The Orange-Senqu River Commission
ORWRDP	Olifants River Water Resources Development Project
OSD	Occupational Specific Dispensation
PCRD	Post Conflict Reconstruction and Development
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PTO	Permission to Occupy
RMP	Resource Management Plans
RPF	Resource Poor Farmers
RPMS	Regulatory Performance Management System
RQOs	Resource quality objectives
SADC	Southern African Development Community
SAICE	South African Institute of Civil Engineers
SANAS	South African National Accreditation Service
SC	Shareholders Compact
SCOA	Standard Chart of Accounts
SMMEs	Small Medium Micro Enterprises
TCC	Technical Coordinating Committee
TCTA	Trans Caledon Tunnel Authority
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
VRESAP	Vaal River Eastern Subsystem Augmentation Project
WARMS	Water Registration Management System
WB	Water Board
WDCS	Waste Discharge Charge System
WfW	Working for Water
WHO	World Health Organisation
WMI	Water Management Institutions
WoF	Working on Fire
WQRS	Water Quality Regulation System
WRC	Water Research Commission
WRIM	Water Resource Information Management
WRM	Water Resource Management
WSA	Water services authority
WSDP	Water services development plan
WSLG	Water Sector Leadership Group
WSNIS	Water system national information system
WSPs	Water service providers
WUA	Water Users Association
WUAs	Water user associations
WULA's	Water Use License Applications
WWF	World Water Forum
WWQS	Waste Water Quality System
WWTWS	Waste water treatment works

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5.4 Contact details

Section	Contact details
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