

VOTE 36

ANNUAL REPORT

2015/16

WATER IS LIFE - SANITATION IS DIGNITY



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

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PART A GENERAL INFORMATION



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DEPARTMENT GENERAL
INFORMATION

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LIST OF ABBREVIATIONS/
ACRONYMS

Abbreviation / Acronym	Description
ACIP	Accelerated Community Infrastructure Programme
AIDS	Acquired Immune Deficiency Syndrome
AMD	Acid Mine Drainage
AMP	Asset Management Plan
APP	Approved Professional Person
BBBEE	Broad-Based Black Economic Empowerment
BEP	Bucket Eradication Programme
CFO	Chief Financial Officer
CMA	Catchment Management Agency
COGTA	Cooperative Governance and Traditional Affairs
CRM	Customer Relations Management
DDG	Deputy Director-General
DEA	Department Environmental Affairs
DG	Director-General
DIRCO	Department of International Relations and Cooperation
DM	Deputy Minister
DRC	Democratic Republic of the Congo
DWS	Department of Water and Sanitation
EC	Eastern Cape
EIA	Environmental Impact Assessment
ELU	Existing Lawful Use

Abbreviation / Acronym	Description
EMP	Environmental Management Plan
ESD	Education for Sustainable Development
EU	European Union
FEE	Foundation for Environmental Education
FS	Free State
GAAP	Generally Accepted Accounting Principles
GP	Gauteng Province
GRAP	Generally Recognised Accounting Practice
GT	Graduate Trainee
Ha	Hectare
HCT	HIV Counselling and Testing
HDI	Historically Disadvantaged Individual
HIV	Human Immunodeficiency Virus
HoA	Homeowners Allowance
IA	Implementing Agent
IWQMP	Integrated Water Quality Management Plan
IWQMS	Integrated Water Quality Management Strategy
KOBWA	Komati Basin Water Authority
KZN	KwaZulu-Natal
LM	Local Municipality
LP	Limpopo
MI	Mega litres
MOU	Memorandum of Understanding
MP	Mpumalanga
MPAT	Management Performance Assessment Tool
MW	Megawatt
NAP	National Action Plan
NC	Northern Cape
NCOP	National Council of Provinces
NEPAD	New Partnership for Africa's Development
NIWIS	National Integrated Water Information System
NT	National Treasury
NW	North West
NWRS	National Water Resource Strategy
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Management System
ORWRDP	Olifants River Water Resource Development Project
PAT	Performance Assessment Tool
PCWS	Portfolio Committee on Water and Sanitation
PFMA	Public Finance Management Act

Abbreviation / Acronym	Description
POE	Portfolio of Evidence
PMDS	Performance Management and Development System
PMU	Programme Management Unit
PPE	Personal Protective Equipment
PPI	Programme Performance Indicator
PPP	Public Participation Programme
PSCBC	Public Service Coordinating Bargaining Council
PSP	Professional Service Provider
PWC	Permanent Water Commission
RBIG	Regional Bulk Infrastructure Grant
RHIP	Rural Household Infrastructure Programme
RPF	Resource Poor Farmer
RQO	Resource Quality Objectives
RWH	Rainwater Harvesting
SADC	Southern African Development Community
SANRAL	South African National Roads Agency Limited
SAP	Strategic Action Programme
SCoA	Standing Committee on Appropriations
SCOPA	Standing Committee on Public Accounts
SCSS	Select Committee on Social Services
SFRA	Stream Flow Reduction Activities
SLA	Service Level Agreement
SWPN	Strategic Water Partnership Network
TCTA	Trans Caledon Tunnel Authority
VRESAP	Vaal River Eastern Sub-system Augmentation Project
WB	Water Board
WC	Western Cape
WCWDM	Water Conservation Water Demand Management
WEF	World Economic Forum
WESSA	Wildlife and Environment Society of South Africa
WfWP	Women for Water Partnership
WMA	Water Management Area
WRC	Water Research Commission
WSA	Water Service Authority
WTW	Water Treatment Works
WUC	Water Utilities Cooperation
WULA	Water Use Licence Application
WWTW	Wastewater Treatment Works



*Minister
Water and Sanitation
Mrs N P Mokonyane*

The broad vision of the National Development Plan for Water Resources and Services is that, by 2030, all South Africans will have affordable access to sufficient safe water and hygienic sanitation to live healthy and dignified lives. Therefore, in the year under review, the Department of Water and Sanitation continued to put water provision and sanitation services at the centre of government programmes as guided by the National Development Plan and the second National Water Strategy.

Drought mitigation interventions

In the past year, the single most pressing challenge for the country and the Department of Water and Sanitation has been the severe drought resulting from even less than normal rainfall for most parts of South Africa. To mitigate the impact of water scarcity resulting from the drought, government established the Inter-Ministerial Task Team on Service Delivery. This team has worked tirelessly to ensure that there continued to be reliable supply of water in all communities. The role of civil society organisations in supporting this effort cannot be overemphasised.

To respond to the pressures brought about by water scarcity, the department reprioritised an amount of R502 million. Over and above this, programmes funded by grants such as RBIG, MWIG and ACIP, have been refocused to mitigate drought related water shortages. The most significant emergency and short term mitigation measures financed in 94 municipalities through the re-prioritisation process include:

- Emergency transfer schemes from systems which still have sufficient water;
- The refurbishment of existing boreholes (either not working due to lack of maintenance or vandalism);
- The drilling and equipping of new boreholes;
- Spring protection;
- Repairs to critical infrastructure (treatment plants);
- Augmentation of our river system with treated water from AMD;
- The provision and erection of 80.000 litres static tanks and carting of water by motorized tankers;
- Water conservation measures;
- An extreme cases, rationing of water from municipal systems.

Realising that South Africa is a water scarce country, the department is also putting in place medium to long term interventions that are intended to reduce the risks for water scarcity in the future. These include:

- Rain water harvesting (drinking water, water for livestock, water for irrigation);
- Integrating groundwater and surface water use in the future;
- Desalination at a large scale;
- Invest in innovative water saving solutions, such as the Drop the Block campaign;
- Incorporating all municipal and privately owned dams into the management system or the future;
- Implementing further transfer schemes to improve drought resilience;
- Building additional storage capacity;
- Rolling out large scale re-use of water (recycling of effluent, focus on coastal towns where treated effluent is disposed of via sea outfalls and not taken into account in return flows).

Cooperative governance

The department has continued working closely with both the Department of Cooperative Governance and Traditional Affairs and the National Treasury to implement the Back to Basics programme towards improving the capacity of municipalities. We have seen the most positive impact of the Back to Basics programme in those municipalities which were placed under Administration; including the Municipalities of Ngaka Modiri Molema and Madibeng in North West; Makana in the Eastern Cape, uMkhanyakude in KwaZulu-Natal as well as Bushbuckridge in Mpumalanga. The involvement of Water Boards as Implementing Agents in these municipalities has seen significant progress being made in getting service delivery back on track.

Progress on water and sanitation infrastructure

When the department's Budget Vote was tabled in 2015, we indicated that our strategic priorities included Water Resource Management; Water Infrastructure Development; Water and Sanitation Services and the exercise of regulatory and policy responsibilities to improve service delivery for our people. Progress made in relation to major projects includes:

- Phase 2 of the Lesotho Highlands Water Project (LHWP-2) (which is required in order to augment the Vaal River System through the transfer of additional volumes of water from Lesotho. The water delivery component of the project will involve the construction of a new dam (Polihali Dam), Polihali-Katse tunnel and associated infrastructure);
- Building on the success of our immediate and short-term interventions to deal with the problem of Acid Mine Drainage (AMD) in the Witwatersrand area (we are implementing a more permanent solution to the challenge which will substantially increase water supply to the Vaal River System);

**The sanitation
theme
“it is not all
about flushing”**

- The Vaal Gamagara project (which involves the development of additional groundwater resources to supply the anticipated water demands in support of the Northern Cape mining and other social requirements);
- Plans for extending the distribution system of Clan William dam to cover areas beyond Matzikama and Cederberg areas (which will thus make Clanwilliam dam a catalyst for development in the West Coast Region and ensure that beneficiaries in the land restitution process have access to water so that we redress imbalances of the past).
- Other major projects that are in the pipeline or being implemented include the Lower Thukela Regional Bulk Water and Pongolapoort Bulk Water Scheme in KwaZulu Natal; Mogalakwena Bulk Water Supply in Limpopo; Namakwa Bulk Water Supply in the Northern Cape; Hoxane Water Treatment Works and Lushushwane Bulk Water Supply in Mpumalanga.

Efforts towards a complete eradication of bucket toilets in formal households have seen significant progress, with only the Free State and Northern Cape projects still not having been completed. However, the realities of water scarcity, the geographic spread of communities in relation to services and the availability of supporting infrastructure underscores the challenges of this project. In light of this, the department will continue to advance the sanitation revolution that seeks to break the stereotype that full water borne sanitation is the ultimate level of service and that other technologies are inferior.

The sanitation theme “It is not all about flushing” recognises that potable water is a critical source and can no longer be used for flushing toilets. To give effect to some of the revolutionary principles, the department has already started implementing a grey water Recycling system in the Nketoana and Setsoto Local Municipalities of the Free State Province.

Transformation

In pursuance of the transformation agenda, the department is moving towards finalising the National Water and Sanitation Bill that will undergo parliamentary processes and be published for public consultation during 2016. The objective of the Bill is to radically transform the water and sanitation sector across the value chain and create an enabling environment for the delivery of basic water and sanitation services to communities who were historically disadvantaged, thus enhancing access, equity and sustainability.

We will also ensure that the establishment of the Water and Sanitation Infrastructure Agency finds traction whilst we pursue the consolidation and rationalization of the Water Boards to establish wall to wall Water Boards.

The Water Use Licence regulatory framework has been revised in accordance with the integrated licence approach. In addition, the regulations for the metering of water for irrigation purposes have been gazetted for public comments and will be finalised during 2016.

I wish to thank the Deputy Minister for her support in implementing the programmes of the department in the year under review. The tireless efforts and contribution of the Accounting Officer and the team are also appreciated.

The support and guidance of the Portfolio and Select Committees have also been invaluable.



Mrs N P Mokonyane
Minister of Water and Sanitation
Date: 31 July 2016

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DEPUTY MINISTER STATEMENT



*Deputy Minister
Water and Sanitation
Mrs P Tshwete*

In the financial year 2015/2016 South Africa witnessed the worst hydrological drought conditions which affected different parts of the nine provinces. Our structured and continued interaction with our stakeholders enabled the department to mitigate the drought impacts under the guidance of the National Water Resources Strategy, which supports the transformation of the sector through protecting and conserving this limited resource.

Our interventions included;

- water conservation and demand management;
- surface water resource management and eliminating illegal water connections;
- management and use of ground water resources;
- eradication of invasive alien plants;
- building additional storage capacity and encouraging rain water harvesting through provision of water tanks in communities;
- provision of static storage tanks at strategic locations, whilst also carting of water by tankers to communities in distress;
- Investment in new technologies for managing water resource;.

A major challenge to planning and implementing the mitigation measures was that the hydrological drought reduced the availability of water resources, thus creating a greater demand for water.

Through joint efforts, government ensured the continued provision of water in areas that were severely affected by the drought, especially in KwaZulu-Natal, Mpumalanga and the Free State. All municipalities are now called upon to set aside eight percent of their operational budgets for the maintenance of water and sanitation infrastructure.

Apart from the drought situation, South Africa has been losing water through leaks due to the continued use of the ageing and dilapidated infrastructure and as a result the country has been paying billions of rands a year for non-revenue water.

Guided by the President, the department launched the War on Leaks programme in August 2015 to build the human resource capacity required to mitigate the water losses and ensure provision of qualified plumbers and artisans. Currently, about 3000 trainees are undergoing training, with a further admission of 7000 trainees which will form part of the second phase of the project scheduled for August 2016. In 2017 a further intake of 5000 trainees will be recruited from all the nine provinces.

Though many graduates of the War on Leaks programme will be placed in the municipalities with high water losses, the Department will encourage government

**Skills
development
programme
is to support
infrastructure
rehabilitation and
the development of
maintenance plans**

departments, the private sector and other organisations to absorb the new plumbers, artisans and water agents.

Since 1994, this Department has consistently provided comprehensive bursaries to deserving students to pursue studies in surveying, engineering, environment, science and other water and sanitation related studies.

In addition, the Department awarded bursaries and MTN Foundation sponsored multi-media classrooms to learners in rural districts across the provinces through its Annual Youth Summit.

The Department has also provided interns and graduate trainees with opportunities for experiential learning in our Learning Academy. The trainees are mentored and further assisted to receive professional registration status to explore opportunities whilst enabling them to meet industry standards.

The intention of the skills development programme is to support infrastructure rehabilitation and the development of maintenance plans. The work done in the 2015/2016 financial year included bulk water and waste water infrastructure development, augmentation of domestic and industrial water supply, upgrading of boreholes and construction of bulk schemes, dam safety rehabilitation and raising of dams walls.

Although the 2015/2016 financial year brought us so many challenges arising from the severe drought conditions, working together with the water and sanitation sector partners we were able to realise the goals we set for ourselves in our annual performance plans.



Mrs P Tshwete
Deputy Minister of Water and Sanitation
Date: 31 July 2016



*Acting Director-General
Water and Sanitation
Mr S Mkhize*

1.1 Overview of the operations of the department

During the period under review the Department of Water and Sanitation implemented its strategic priorities that contributed to the realisation of government's outcomes. Through the various programmes, the department continued its commitment to effectively manage the nation's water resources to ensure equitable and sustainable socio-economic development and universal access to water and dignified sanitation.

The progress and achievements per budget programme for the year under review is summarised below:

Eco-Schools programme Water Conservation Award

In an effort to encourage water literate citizenry and supporting Education For Sustainable Development (ESD) the department established a Water Education Programme that sought to integrate water education to the mainstream curriculum through extra mural activities and curriculum aligned content for the classroom. In collaboration with WESSA, the department has been implementing the Eco-Schools programme which is an international programme of the Foundation for Environmental Education (FEE) that was developed to support environmental learning in the classroom.

The programme is active in 58 countries seeks to create awareness and action around environmental sustainability in schools and their surrounding communities. In April 2016, this Department of Water and Sanitation/ WESSA Eco-Schools collaborative effort received a Water Conservation Award at the 2015 Eco-Logic Awards. Through this successful government and civil society partnership, more than 50 South African schools were assisted with managing their water resources sustainably.

Water Planning and Information Management

During the period under review, the department finalised the Water Reconciliation Strategy for Richards Bay and surrounding towns. A reconciliation strategy seeks to alleviate water deficits and ensure a sustainable water supply for the foreseeable future, for the basin and its water users. Richards Bay is the economic centre of the uMhlathuze Local Municipality and is one of the strategic economic hubs of the country with significant industries, commercial areas and business centres. In view of this, the scenarios for future water requirement (i.e. from low to high growth) were developed making allowance for water supply in varying degrees. In addition, a reliable yield of the current water supply in the system was determined with estimated augmentation stipulated based on the various growth scenarios of the area. A number of potential interventions that could potentially make additional water available were identified.

**Over 1 800
bucket sanitation
systems were
eradicated**

The department also completed the feasibility plan for the uMkhomazi Water Project that will augment the currently insufficient water resources of the Mgeni Water Supply System (WSS) to meet the long-term water demands. The Mgeni System is the main water source that supplies the eThekweni Municipality, uMgungundlovu District Municipality (DM) and Msunduzi Local Municipality (LM), all of which comprise the economic powerhouse of the KZN province.

Water Infrastructure Development

During the period under review, the department continued with the provision of water storage infrastructure and regional bulk infrastructure to assist municipalities with the connection to the resource. A number of strategic infrastructure projects were implemented including the Clanwilliam Dam.

A number of regional bulk infrastructure projects were completed, with over 78 000 households or over 570 000 people benefitting from the completion of this infrastructure. A further 61 000 households were provided with interim or basic water supply in the 27 district municipalities. Through its rapid intervention programme of accelerated community infrastructure, a total of 53 water supply, wastewater refurbishment and water conservation and water demand management projects were completed.

The department continued with its support to section 139 municipalities for example the Madibeng Local Municipality and Ngaka Modiri Molema district municipality in the North West province as well as the Makana district municipality in the Eastern Cape. These interventions have played a significant role in stabilising the water supply and sanitation services in these municipalities.

National Sanitation Services

One of the department's focus areas for the period under review was to eradicate bucket sanitation systems in formal settlements. Over 1 800 bucket sanitation systems were eradicated during the period under review with over 3 000 households served through the rural household infrastructure programme to eradicate sanitation backlog.

Water Sector Regulation

During the period under review, the department continued with its implementation of the recovery plan for the processing applications for water use authorisation. This was in line with the revised regulations that required the finalising of the application process within 300 days. A total of 116 water use applications were issued to the agriculture, mining, industry and energy sectors. The immediate impact on these sectors was an allocation of 11.9 million cubic metres for productive use.

In improving the protection of water resources, a total of 154 dams were evaluated for compliance with dam safety regulations as well as 274 water users were monitored for compliance in the mining, industry and agriculture sectors. Performance assessments were conducted in 346 water supply systems to assess compliance with drinking water standards.

1.2 Overview of the financial results of the department

1.2.1 Departmental receipts

Departmental receipts	2015/2016			2014/2015		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	2 494	2 576	(113)	4 647	2 360	2 287
Transfers received	0	0	0	0	63	(63)
Fines, penalties and forfeits	0	0	0	0	0	0
Interest, dividends and rent on land	3 498	2 428	1 070	2910	2 544	366
Sale of capital assets	0	31	0	0	0	0
Financial transactions in assets and liabilities	13 100	5 973	7 127	18 000	10 366	7 634
Total	19 092	11 008	8 084	25 557	15 333	10 224

During the year under review the revenue classification of “Transactions in Financial Assets and Liabilities” did not materialise resulting in the department’s under collection on debt which had been earmarked to be collected.

1.2.2 Programme Expenditure

Programme Name	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 519 753	1 517 867	1 886	1 399 262	1 297 667	101 595
Water Planning and Information Management	684 446	668 817	15 629	414 282	386 596	27 686
Water Infrastructure Development	11 856 540	11 748 847	107 693	8 601 568	7 629 078	972 490
Water and Sanitation Services	1 414 674	1 359 575	55 099	2 694 898	1 823 128	871 770
Water Sector Regulation	271 117	261 868	9 249	537 391	480 213	57 178
Total	15 746 530	15 556 974	189 556	13 647 401	11 616 682	2 030 719

1.2.3 Virements/ rollovers

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

1.2.3.1 Virements approved by the Accounting Officer

The table below summarises the funds shifted and virements applied by the Department:

From			To		
Programmes	Reasons for virement	Amount R'000	Programmes	Reasons for virement	Amount R'000
Water Planning and Information Management	Savings were realised mainly due to unfilled vacant post and the related goods and services, delays in appointing contractors for in the integrated planning and water information management activities of the department.	(32 219)	Administration	To defray over expenditure in the programme	32 219
Water Planning and Information Management	Savings were realised mainly due to unfilled vacant posts and the related goods and services, delays in appointing contractors for in the integrated planning and water information management activities of the department.	(27 298)	Water Infrastructure Development	To defray over expenditure in the programme	27 298
Water Sector Regulation	Savings were realised mainly due to the delays in the finalising the invoice (which required legal advice) for a Water Use Association and the transfer payment which could not be transferred to Water Research Commission due to the delays in finalisation of memorandum of agreement.	(13 492)	Water Infrastructure Development	To defray over expenditure in the programme	13 492

1.2.3.2 Requests for rollover

To pay for projects that were underway, the department requested a rollover amounting to R77.448 million. The table below summarises the rollover request per programme

Programmes	Amount in R'000
Water Infrastructure Development	46 789
Water and Sanitation Services	29 159
Water Sector Regulation	1 500
Total	77 448

1.3 Description of the reasons for unauthorised, fruitless and wasteful expenditure and the amounts involved as well as steps taken to address and prevent a recurrence

The fruitless and wasteful expenditure for the period under review was as a result of no-shows that relate to the officials who did not use their booked air tickets, accommodation and transportation. In all these instances, the department has started a process of recovering the funds from identified transgressors. This resulted in fruitless and wasteful expenditure of R162 000.

Another contributing factor to fruitless and wasteful expenditure was interest charged due to late payment of invoices which were under adjudication and pending legal opinion. The court judgement against the Department was obtained in the current financial year and required the Department to pay the disputed invoices and the interest thereon amounting to R6.5 million.

The details are included in note 32 of the Annual Financial Statement (AFS).

1.4 Future plans of the department

The future plans over the medium term include continuing with the programme of achieving a clean audit for both the Main and Trading accounts within the department. The additional issues that require attention are summarised below:

Enhanced and protected water as a resource across the value chain

Over the 2016/17 medium term the department plans to protect water resources across the value chain by developing a regulatory assessment and compliance tool that will monitor the regulatory compliance levels in the country. Plans are underway for the development of an Integrated National Water Resources Monitoring System that enhances the reliability of water monitoring information in prioritised areas. To protect the integrity of freshwater ecosystems, the department plans to classify and determine resource quality objectives for 8 river systems and develop a national acid mine drainage programme. To enhance water use efficiency in the country, the department plans to annually monitor eight (8) large water supply systems for water losses.

The department plans to standardise the workplace skills plan for the water sector

Equitable access to reliable, sustainable and acceptable water resources and water and sanitation services

The consolidation of the water and sanitation planning functions has thus provided an opportunity of developing a National Water and Sanitation Master Plan (NWSMP) with the 10 year infrastructure development horizon. Plans are also underway to construct and complete in excess of 200 water supply and sanitation services and 3 bulk raw water infrastructure projects over the 2016/17 medium term. To enhance the sustainability of and efficiency in water supply, plans are underway to rehabilitate over 80 kilometres of conveyance systems and rehabilitate over 10 dams to ensure compliance with dam safety standards.

An enhanced contribution to socio-economic development and transformation by the sector

To support the socio-economic development and transformation of the sector, the department plans to revise water allocations within stressed catchments and implement rural development initiatives to support smallholder farmers. In addition, the department plans to spend up to 70% of the procurement budget on Broad-Based Black Economic Empowerment (BBBEE) compliant suppliers over the 2016/17 medium term whilst also implementing infrastructure programmes that create job opportunities.

An efficient, effective and development oriented water and sanitation sector

To increase and strengthen the department's efficiency and effectiveness, "Operation Clean Audit" is underway for both the Main and Trading accounts of the department. This would be supported by the finalisation of the Water and Sanitation Amendment Act by the end of the 2017/18. The strength of the department's entities would heighten these plans; therefore the performance of the department's entities would be annually assessed against their shareholder compacts. The department plans to also standardise the workplace skills plan for the water sector over the medium term.

Sound cooperative governance and an active and engaged citizenry

To enhance cooperative governance and active citizenry, the department plans to implement an Africa and global international relations programme aligned with the countries priorities. In addition, plans are underway to implement the Partnerships, Communications and Stakeholder Relations Programme.

1.5 Public Private Partnerships

There were no public private partnerships established during the period under review.

1.6 Discontinued activities / activities to be discontinued

There are no activities to be discontinued.

1.7 New or proposed activities

There are no new or proposed activities.

1.8 Supply chain management

Although the department has a supply chain management (SCM) policy and procedures in place to prevent among other things irregular expenditure, some challenges were experienced during the year under review.

Some challenges were experienced when using price quotations for goods and services below R500 000 as no responses were received from invited suppliers in the department's database. To deal with this, SCM advertised the quotations in the department's website and on notice boards.

In addition, SCM is currently working towards categorising and pre-qualifying service providers to ensure that they are capable of supplying the commodities or services for which they are registered.

1.9 Gifts and donations received in kind from non-related parties

The gifts and donations received in kind from non-related parties during the period under review are listed in Annexure 1H of the Annual Financial Statement (AFS).

1.10 Exemptions and deviations received from the National Treasury

Neither exemptions nor deviations were received from the National Treasury.

1.11 Events after the reporting date

No significant events occurred after the reporting date.

1.12 Other

Water Trading Entity

1.12.1 Background

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

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

1.12.1.1 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.

1.12.1.2 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 interlinked system.

Bulk Water Supply Schemes

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

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

1.12.2 Analysis of operating performance

1.12.2.1 Operating Surplus

During the period under review, Department's Water Trading Entity reported an operating surplus of R3.6 billion (Refer to Figure 1 below), due to reduction in total expenditure for the financial year 2015/16.

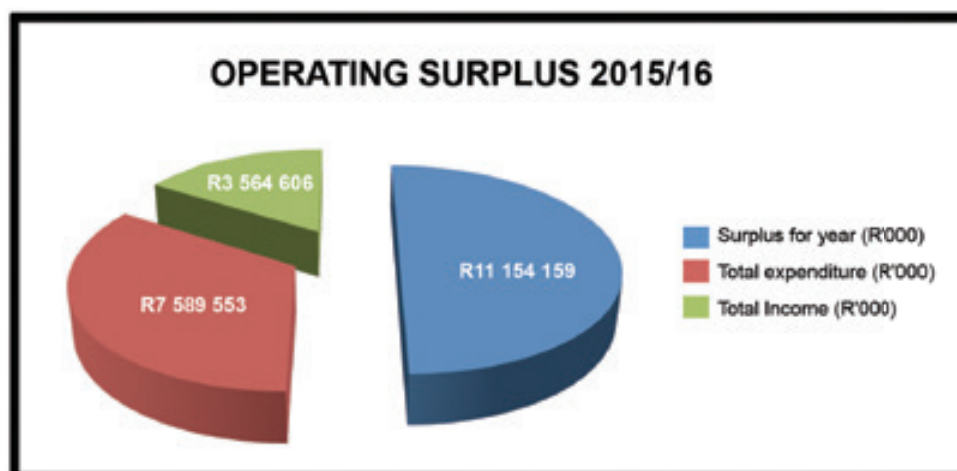


Figure 1: Operating surplus for the 2015/16 financial year

1.12.2.2 Operating Income (Revenue) Analysis

Revenue from sale of water increased from R8.09 billion in 2014/15 to R8.69 billion in 2015/16 (Refer to Figure 2) during the period under review, due to the increase on annual water tariff. The augmentation funds declined from R2.4 billion in the financial 2014/15 to R1.5 billion in the financial year 2015/16 due to budget reduction from the National Treasury and virement to fund water service projects while the construction revenue declined from R853 million in the financial year 2014/15 to R449 million in the financial year 2015/16 due to uncertified work. Construction revenue reflects a decline of 47% during the year under review due to uncertified work.

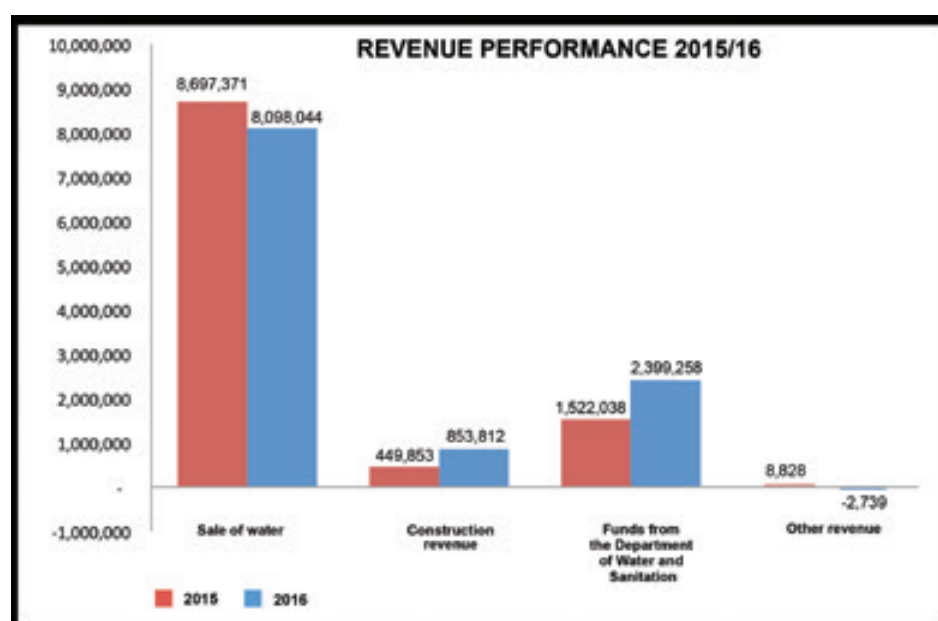


Figure 2: Revenue Analysis

1.12.2.3 Total Operating Expenditure Overview

Total expenditure has decreased by 29% in the current year (Refer to Figure 3): from R9.82 billion in 2014/15 to R7.59 billion in 2015/16 due to a decline in finance costs and depreciation cost. The finance cost (included as other) reflected a decrease when compared to the prior figure due the revision made on the TCTA financial model. The depreciation, amortization and impairment decreased from R2.09 billion in 2014/15 to R1.90 billion in 2015/16 due to the review of the assets lifespan. The operating expenditure reflect an slight decrease of 5% when compared with prior year and this can be attributed to the reduction on TCTA management fee. The employee costs reflected an increase of 13% as a result of annual salary adjustment.

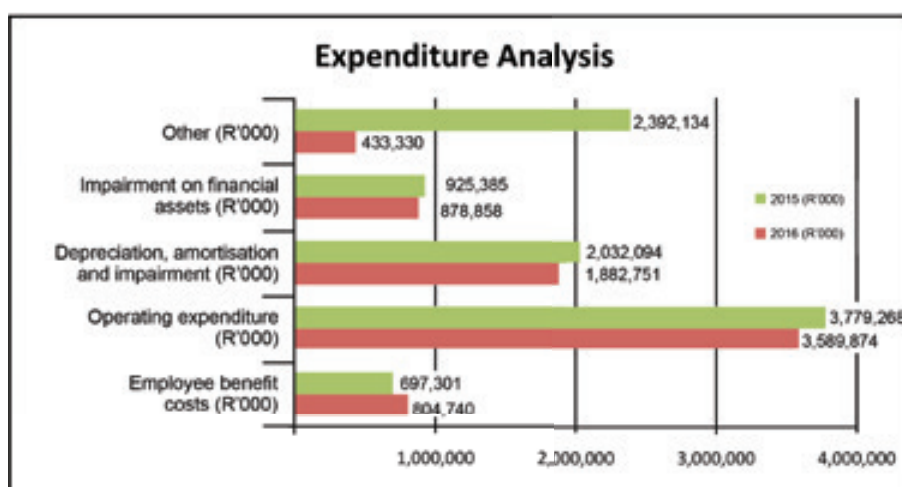


Figure 3: Revenue analysis for the 2015/16 financial year

1.12.3 Liquidity

The current ratio of the entity has increased from 1.41:1 to 3.30:1 which indicates that WTE has sufficient liquid assets to meet short-term financial obligations. The improvement on current ratio is mainly driven by the decrease on financial liability: TCTA and payable from non-exchange.

	2015/16	2014/15
Current ratio	3.30:1	1.45:1

1.12.4 Cash Flow from Operations

The entity has a positive cash flow from operating activities amount to R5.5 billion. The cash and cash equivalent at the end of the year amounted to R43 million. The entity has since put measures in place to follow up on the recoverable debts and also to delay payment to suppliers (still comply with PFMA 30 day's payment period).

1.12.5 The Return on Assets

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

	2015/16	2014/15
Return on Assets	4%	3%

The return on assets reflected an increase of 1% when compared with the prior year results due to increase on surplus for the year.

1.12.6 The Debtors Days in Sales

	2015/16	2014/15
Debtor's days in Sales	109	288

The debtor's day's analysis reflects less improvement when compared to the prior year debtor's days of 215 days. The increase on debtor's days is due to the interest charged on outstanding accounts and the fact that the entity is still struggling to recover debts payable by the municipalities and water boards.

1.12.7 Accountability Arrangements

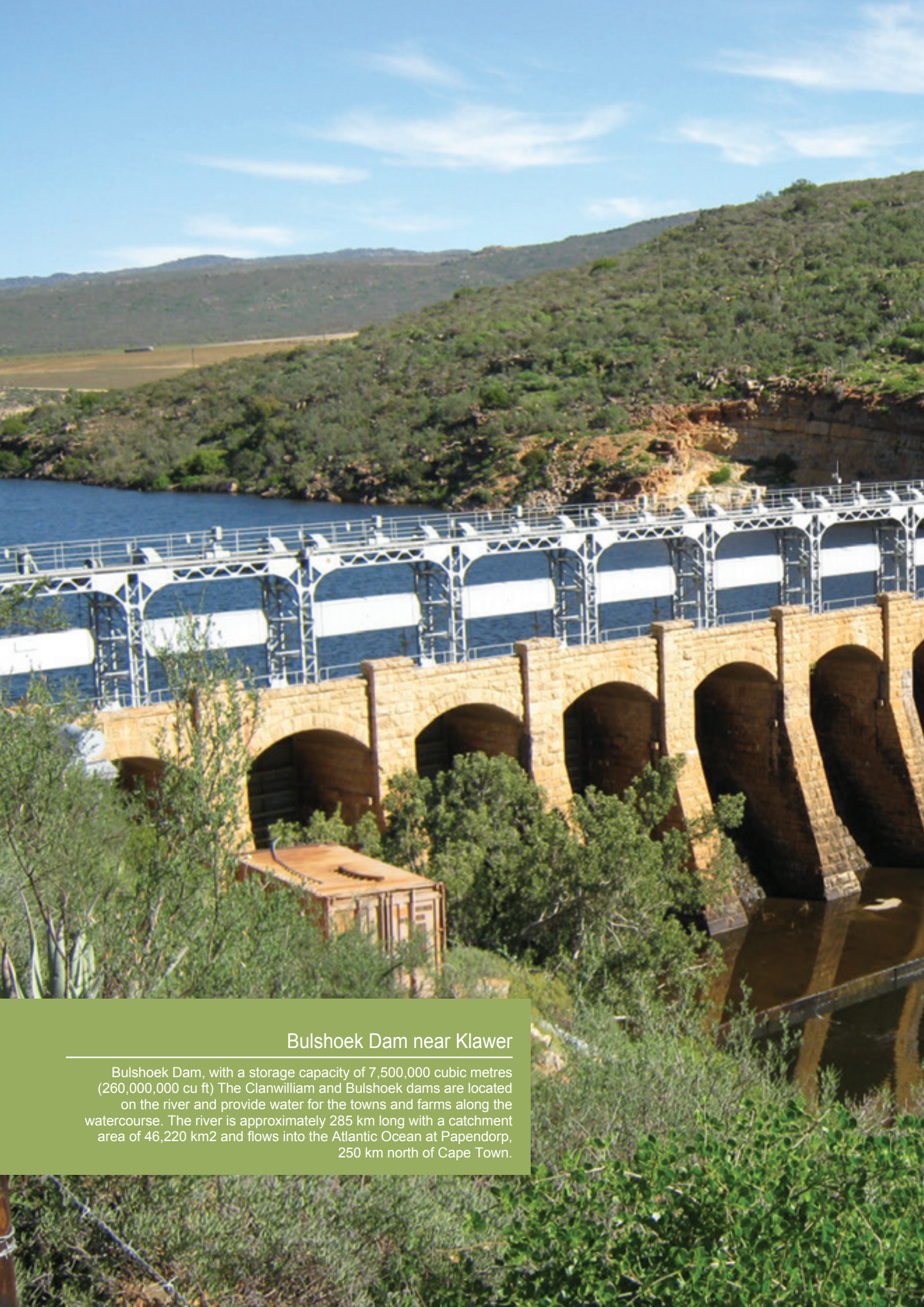
The Water Trading Entity reports to the Director General in her capacity as Accounting Officer of the Department. The entity strategic objectives form part of the broader DWA strategic plan but they have been ring fenced accordingly and the entity reports on the basis of its separate objectives on the DWA strategic plan.

1.12.8 Approval

The Annual Financial Statements set out on pages 000 to 000 have been approved by the Accounting Officer.



Mr S Mkhize
Acting Accounting Officer
Department of Water and Sanitation



Bulshoek Dam near Klawer

Bulshoek Dam, with a storage capacity of 7,500,000 cubic metres (260,000,000 cu ft) The Clanwilliam and Bulshoek dams are located on the river and provide water for the towns and farms along the watercourse. The river is approximately 285 km long with a catchment area of 46,220 km² and flows into the Atlantic Ocean at Papendorp, 250 km north of Cape Town.



6

STATEMENT OF RESPONSIBILITY
AND CONFIRMATION OF ACCURACY
FOR THE ANNUAL REPORT

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

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

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

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

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

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

I am also responsible for establishing, and implementing a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of performance information, human resources information and the annual financial statements.

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and financial affairs of the Department for the financial year that ended on 31 March 2016.



Mr S Mkhize
Acting Accounting Officer
Date: 31 July 2016

7

STRATEGIC OVERVIEW

7.1 Vision

The department's vision was "Sustainable water and dignified sanitation for all".

7.2 Mission

The mission was "Ensuring dignity, equity, socio-economic development and ecological sustainability by effectively and efficiently managing the nation's water resources and sanitation services."

7.3 Values

The values were

R	Respect
E	Effectiveness, Efficiency
S	Service oriented
P	Professionalism
E	Ethical behaviour (Honesty, Integrity)
C	Caring organisation (Learning Organisation, Innovation)
T	Transparency

7.4 Strategic outcome oriented goals

Strategic oriented outcome goals		Strategic objectives	
	An efficient, effective and development oriented sector leader	1.1	Building skills pool and competencies
		1.2	Effective and efficient internal control environment
		1.3	Implement programmes that create job opportunities
	Equitable and sustainable water and sanitation services	2.1	Increased sustainability in water provision
		2.2	Enhanced provision of basic sanitation
		2.3	Equitable water allocation
		2.4	Improved water use efficiency
	Protection of water across the value chain	3.1	Strategies for water and sanitation management
		3.2	Enhanced regulatory compliance
		3.3	Increased water ecosystem health
		3.4	Management of water and sanitation information



Jericho

The lives of Jericho villagers have been transformed through R15 million that was allocated for the refurbishment of infrastructure in order to increase water supply



8

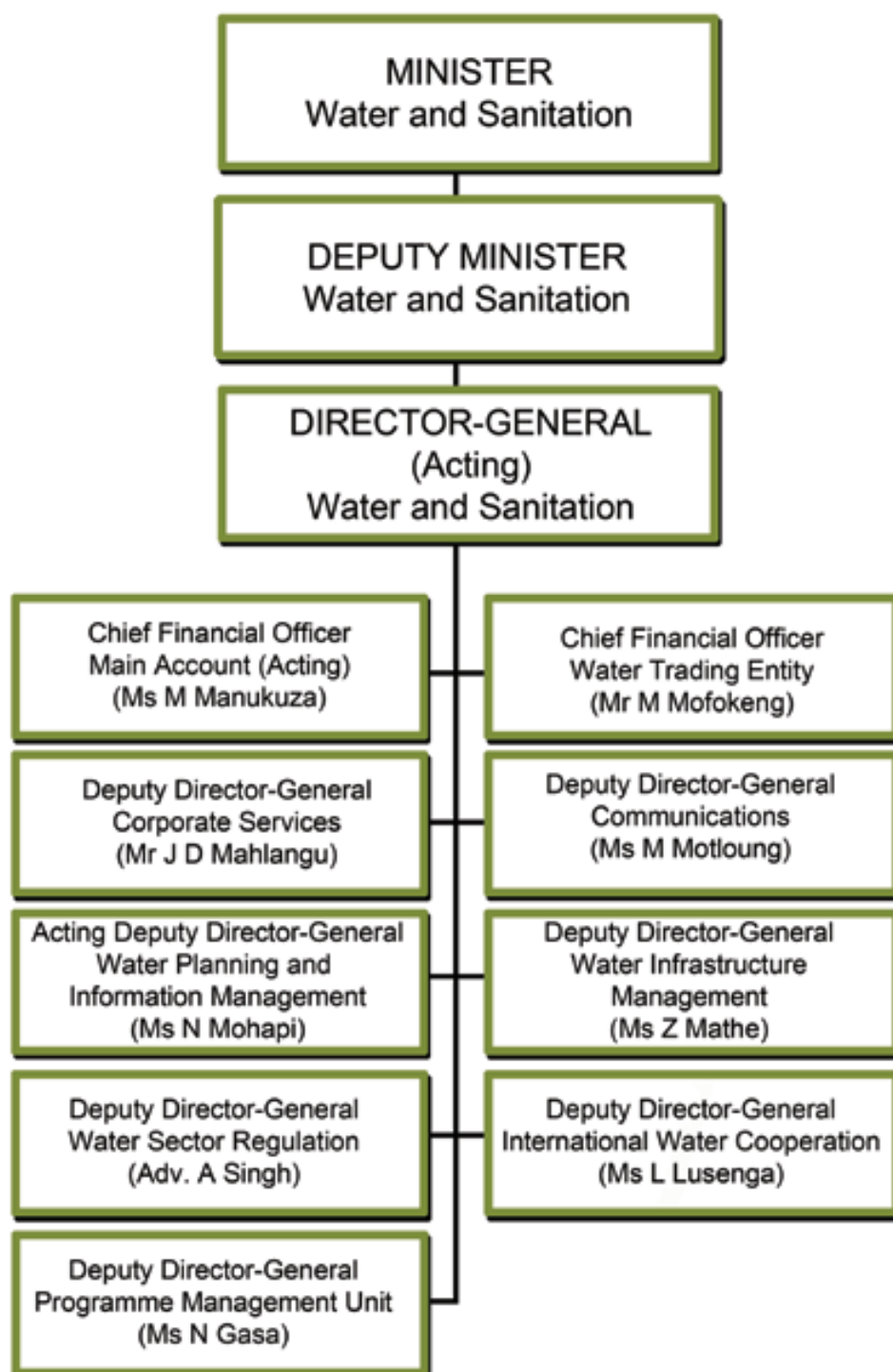
LEGISLATIVE AND OTHER
MANDATES

8.1 Legislative mandate

- 8.1.1 The Constitution of the Republic of South Africa sets out water resources management as a national competency. It also states that everyone has a right to an environment that is not harmful to their health or well-being and supports socially justifiable economic development.
- 8.1.2 The National Water Act, 1998 (Act No 36 of 1998) seeks to ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of all people. The Act assigns the national government as the public trustee of the water resources. Acting through the Minister, it has the power to regulate the allocation, use, flow and control of all water in the Republic.
- 8.1.3 The Water Services Act, 1997 (Act No. 108 of 1997) prescribes the legislative duty of municipalities as water service authorities to supply water and sanitation according to national norms and standards. In addition, it regulates Water Boards as important water service providers. This Act compels the Minister to maintain a National Water Services Information System and to monitor the performance of all water services institutions.
- 8.1.4 The Water Research Act, 1971 (Act No 34 of 1971) established the Water Research Commission and the Water Research Fund and thus promotes water related research. The Minister appoints members of the Water Research Commission (the Commission) and thus exercises executive oversight over the Commission.

8.2 Policy mandate

- 8.2.1 White Paper on a National Water Policy for South Africa adopted in 1997 contextualises the development of a new water law in post democracy South Africa. It outlines the direction for the development of water law and water management systems which will take the country into the next century.
- 8.2.2 The Strategic Framework for Water Services adopted in 2003 sets out the national framework for the water services (i.e. water supply and sanitation) sector. The framework provides the vision for the water services in the country and outlines the framework that will enable this vision to be achieved.
- 8.2.3 The National Water Resource Strategy second edition adopted in 2013 sets out the framework (i.e. strategies, plans and institutional arrangements) within which the country's water resources will be managed. It provides information about the present and future availability of and requirements for water in respective water management areas and proposes interventions by which these may be reconciled. It also quantifies the proportion of available water in each water management area.



ENTITIES REPORTING TO
THE MINISTER

The table below summarises the legislative mandate, the financial relationship and the nature of operation for the 13 entities that reported to the Minister during the period under review.

No	Name of entity	Legislative mandate	Financial relationship	Nature of operations
1	Trans Caledon Tunnel Authority (TCTA)	The TCTA was originally established as a Special Purpose Vehicle to fulfil South Africa's Treaty obligations in respect of the Lesotho Highlands Water Project. It has undertaken further work, which varies considerably in nature, on directive from the Minister.	TCTA is listed as schedule 2 in terms of the PFMA	To implement and fund government water schemes off budget entitled by the National Water Act to raise loans to finance the development of new water resource infrastructure
2	Water Research commission (WRC)	To facilitate research in the water sector in terms of the Water Research Act of 1971	WRC is listed as schedule 3A in term of the PFMA	To facilitate water research and development on behalf of the nation
Catchment Management Agencies				
3	Inkomati-Usuthu (IUCMA)	Catchment Management Agencies (CMAs) are established in terms of Chapter 7 of the National Water Act	The CMAs are listed as schedule 3A entities in the PFMA.	Management water resources at catchment level in collaboration with local stakeholders (with a specific focus on involving local communities in the decision making) regarding the basic human needs, promoting equitable access to water and facilitating social and economic development.
4	Breede-Gouritz (BGCMA)			

No	Name of entity	Legislative mandate	Financial relationship	Nature of operations
Water boards				
5	Amatola Water	Water boards are established in terms of the Water Services Act of 1997 to provide bulk water services	Water boards are listed as schedule 3B in terms of the PFMA	All water boards provide bulk water services to the municipalities, industries and the mines
6	Bloem Water			
7	Lepelle Northern Water			
8	Magalies Water			
9	Mhlathuze Water			
10	Overberg Water			
11	Rand Water			
12	Sedibeng Water			
13	Umgenti Water			

PART B
PERFORMANCE INFORMATION



2.2 Service Delivery Improvement Plan

Table 1: Main services and standards

Main services	Beneficiaries	Current/ actual standard of service	Desired standard of service	Actual achievement
Eradication of bucket systems through the provision of appropriate technologies in formal settlements	Communities in formal settlements	20 581 bucket systems were replaced by March 2015	Eradicate 32 500 bucket systems replaced by March 2016	A total of 1 838 bucket systems replaced by March 2016
Develop and maintain water infrastructure projects	Households, communities, strategic industries and associated municipal services	94 859 households were provided with interim or basic water supply in the 24 priority districts by March 2015	Provide 77 450 households with interim or basic water supply in the 27 priority districts by March 2016	A total of 34 316 households were provided with interim or basic water supply in the 27 priority districts
		8 bulk infrastructure schemes were completed by March 2015	18 bulk infrastructure schemes completed	A total of 11 bulk schemes were completed benefitting over 78 000 households
Regulate water use through water use authorisation	Strategic sectors (e.g. mining, agriculture) and water service authorities	23% water use authorisation applications finalised (i.e. 375 of 1652 applications finalised)	80% of water use authorisation applications finalised as per the water use authorisation guidelines	91% water use authorisation applications finalised as per the water use authorisation guidelines (i.e. 262 out of 288 WULAs were finalised)
				A total of 116 licences were issued to strategic sectors of which 79 are in agriculture, 12 are in mining, 11 in industry and 14 in energy releasing 11.9 million cubic metres for productive use

Table 2: Batho Pele arrangements with beneficiaries

Current/actual arrangements	Desired arrangements	Actual achievements
Face-to-face communication/ izimbizo by the Minister and departmental staff to schemes and projects	Schedule of consulting with the stakeholders to be developed urgently.	A total of 90 community engagements/ public participation programmes were convened.
Enrol graduate trainees to the departmental learning academy and place them into positions	Increase the enrolment of and placement of graduate trainees	65 graduate trainees added to the trainee development programme of the learning academy with 57 graduate trainees placed into candidate positions

Table 3: Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Departmental leaflets, brochures and Newsletters are displayed at Emanzini Building for viewing and reading.	Information desks (displaying the departmental newsletters; internal magazines; press releases; brochures on projects and services rendered) in every reception area of the buildings	A total of 14 marketing / advertising campaigns were conducted.
Departmental Library provides newspapers, internet and books to the public who wants to apply for jobs.		A total of 527 feature articles and media statements were done.
		A total of 20 media briefings/ conferences were convened.

Table 4: Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
All the departmental buildings have reception area and our staffs are very friendly and deals with enquiries in a polite, professional way.	Develop a complaints management system and develop a survey to measure the customer satisfactions and suggestion boxes in all buildings/offices of the Department.	Departmental call centre (toll free line) 0800-200-200

2.3 Organisational environment

A number of changes within the internal organisational environment were put in place to facilitate improved service delivery and further changes are anticipated during upcoming financial years.

During the year under review, the department finalised its review of its organisational structure that saw the integration of water resources and water services infrastructure integrated in one programme and all regulation functions incorporated within the regulation budget programme.

In an effort of implementing its Institutional Reform and Realignment, the department undertook a rigorous exercise to separate its functions to those of the Catchment Management Agencies (CMAs). As the departmental provincial offices have been incubating proto - CMAs, with their anticipated establishment to fully fledged CMAs this separation became prominent within the WTE section.

The proto-CMAs fall within the water resource management unit of the WTE and during the year under review were responsible for the sustainable and equitable use, conservation and allocation of water resources for the benefit of the people residing in respective water management areas.

2.4 Key policy developments and legislative changes

- 2.4.1 Development of the Water and Sanitation Policy Framework: The development of the National Water and Sanitation Policy Framework aims to consolidate the various water and sanitation policies into a single, cohesive policy framework to guide the water and sanitation sector. This is to include a clarification of the roles and responsibilities of all role-players across the three spheres of government and the water management institutions to facilitate enhanced cooperation and collaboration in the rollout of bulk water resources, water supply and sanitation services.
- 2.4.2 Development of the National Water and Sanitation Amendment Bill: The National Water and Sanitation Amendment Bill is intended to bring in a consolidation of the National Water Act and Water Services Act into one piece of legislation. A consolidation of these Acts will enable everyone within the water sector to have a clearer understanding of the legislative framework regarding water management across the entire water and sanitation value chain. The first draft (i.e. version 1) of the Bill was produced in May 2015 with the internal comments incorporated in the refined Bill.
- 2.4.3 Review and Development of the National Water and Sanitation Resources and Services Strategy (NWSRSS): Subsequent to the reconfiguration of the Department, the second edition of the NWRS is under review to incorporate the sanitation function.
- 2.4.4 Review of the Water Research Act: The review of this Act is at an advanced stage and seeks to enhance the mandate and governance of the Water Research Commission, and to better align the Act with all other applicable legislation informing the service delivery orientation of the water and sanitation sector; legislation that was not in place at the time the WRA was promulgated in 1971.
- 2.4.5 Review of the water pricing strategy: The strategy review seeks to improve the financial viability of government's bulk raw water business to ensure that this scarce resource is valued by all citizens. The major change of the review is to move from the Return on Asset method of infrastructure costing to a method of pricing based on Future Infrastructure Built over 10 years per province. The draft water pricing strategy with section 10 of the norms and standards were gazetted for public comments.
- 2.4.6 Development of the funding model: The intention of the development of a funding model is to determine the variety of financing mechanisms or models adopted in South Africa and internationally to fund infrastructure. The project will look at the principles of infrastructure funding and financing and help to identify the lessons learnt that could shape future investment decisions in the South African water sector.
- 2.4.7 Development of an economic regulator: This project explores international practice in economic regulation in the water sector, as well as economic regulation in other sectors in South Africa, in order to support the development of an economic regulator for the water sector in South Africa. The project will look into an economic regulator that regulates the entire water value chain; it will outline the functions and identify gaps in the current legislative framework for regulating the water sector. This will lead to the establishment of an effective economic regulator. A draft economic and social regulation strategy was developed.

3 STRATEGIC OUTCOME ORIENTED GOALS

During the year under review, the department had three (3) strategic outcome oriented goals. The summary of the progress made towards achieving them is as follows:

1 An efficient, effective and development oriented sector leader

In improving and increasing the skills pool in the department, a total of 65 graduate trainees were added to the learning academy with 57 placed into candidate positions.

A total of 11 664 job opportunities were created through implementing infrastructure projects and rural intervention programmes.

2 Equitable and sustainable water and sanitation services

In ensuring the availability of water for environmental and socio-economic use, the reconciliation strategies for Richards Bay and the feasibility plan of uMkhomazi Dam were completed.

During the year under review 11 bulk infrastructure schemes and 53 accelerated community infrastructure projects were completed with 46 water services and 8 water augmentation projects on-going.

A further 4 operations and maintenance projects were completed with 4 dam safety and 9 conveyance projects on-going.

A total of 1 348 resource poor farmers were financially supported and 862 rainwater harvesting tanks were installed.

Over 34 000 households were provided with basic / interim water supply with over 1 800 bucket sanitation systems eradicated and over 3 000 households supported through the rural household infrastructure programme to eradicate the sanitation backlog.

3 Protection of water across the value chain

In improving the protection of water resources, a total of 154 dams were evaluated for compliance with dam safety regulations as well as 274 water users were monitored for compliance in the mining, industry and agriculture sectors. Performance assessments were conducted in 346 water supply systems to assess compliance with drinking water standards.

4 PERFORMANCE INFORMATION OF MAIN ACCOUNT PROGRAMMES

4.1 Programme 1: Administration

4.1.1 Programme purpose

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

4.1.2 Sub-programmes

Ministry provides support to the minister and deputy minister, and makes provision for their salaries. The support function entails advising the minister and deputy minister on policy matters, organising public participation programmes, dealing with appeals in terms of the grievance procedures, attending to administrative and logistical needs, processing the department's submissions, and supporting the minister and deputy minister on Cabinet and parliamentary matters.

Department Management provides administrative support to the director general, secretariat services to the department, and makes provisions for salaries and other costs associated with the office of the director general.

Internal Audit provides independent, objective assurance and advisory services designed to add value and improve the department's operations.

Corporate Services provides administrative support to the department and comprises the human resources, communication services, legal services, administration, and information services units.

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

Office Accommodation makes payments for rental charges on all leased office space occupied by the department, as well as for the municipal services such as electricity, water, and sewage and waste removal.

Programme Management Unit provides for improving the coordination and governance in the management of departmental projects including the management of mine water in South Africa (with specific emphasis on acid mine management).

International Water Support strategically develops, promotes and manages international relations on water and sanitation between countries through bilateral and multilateral cooperation instruments and organisations in line with the legislative provisions. Pursue national interests at both African multilateral and global multilateral organisations and forums.

4.1.3 Programme strategic objectives

Programme Name		Administration				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
1.1	Building skills pool and competencies	109 graduate trainees added	50 graduate trainees added	65 graduate trainees added to the trainee development programme of the learning academy.	Over by 15 graduate trainees	An increased budget and the higher placement rate provided an opportunity to enrol more trainees into the learning academy programme.
1.2	Effective and efficient internal control environment	56% compliance with MPAT standards (i.e. 19 of 34 standards achieved full compliance)	80% compliance with MPAT standards	47% compliance (i.e. 18 of 38 standards achieved full compliance)	Under by 34% (i.e. 13 of the standards did not achieve full compliance)	The department's scores were reduced as a result of partial compliance to standard requirements per key performance area.
3.1	Strategies for water and sanitation management	40% completion (i.e. Draft version 9 of the National Water Amended Bill that included the sanitation function. Approved new approach to law reforms for the National Water and Sanitation Amendment bill.)	100% completion of the National Water Amendment Bill (i.e. Approved National Water Act)	100% completion (i.e. The fourth version of the 2015 draft National Sanitation Policy was approved by Cabinet on 2 December 2015 for public consultation.	Target achieved	Target achieved
			30% completion of the Water and Sanitation Bill (i.e. Water and Sanitation policy tabled in Cabinet)	20% completion (i.e. Undertaken National, Provincial and local public consultations on the gazetted draft policy. Business and sanitation expert groups were also consulted).	Under by 10% (i.e. the Water and Sanitation policy was not tabled in Cabinet)	The public consultation period was extended to 11 April 2016 to allow for further consultations.

Programme Name		Administration				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
3.3	Increased Water Ecosystem Health	75% complete (i.e. completion of the short term mitigating measures in the Eastern Basin. Major civil works nearing completion. Electrical and pipeline work has commenced)	100% completion of the short term AMD mitigation measures in the Eastern Basin. (i.e. Commissioning and optimisation)	100% completion (i.e. Test commissioning of pumps, pipelines, reactors and settlers underway with the full wet testing imminent).	Target achieved	Target achieved
		0% completion of the Environmental Impact Assessment (EIA) for the implementation of the acid mine drainage long term solution in the Witwatersrand.	70% completion of the EIA for implementing the AMD long term solution in the Witwatersrand. (i.e. Draft scoping report and public comment period)	Although the implementing agent that will appoint the EIA practitioner was identified, the planned EIA process was not achieved.	The planned draft scoping report and public comment period was not achieved.	National Treasury approval to use funding mechanism that was granted for another Implementing Agent is awaited.
		0% completion of the project plan for the acid mine drainage long term solution.	45% completion of the AMD long term solution project (i.e. Procurement and construction initiated)	Although the implementing agent that will appoint the EIA practitioner was identified, the planned procurement and construction could not be finalised.	The planned procurement and initiation of construction was not achieved.	The National Treasury was advised that an alternative implementing agent is being considered. Therefore, the approval for use of an off-budget funding mechanism is awaited from National Treasury.

Programme Name		Administration				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
		50% assessment of catchment assessments with potential AMD generating mines. (i.e. Upper Vaal WMA assessed (i.e. 25 gold and coal mines))	75% of catchments assessed with mines having potential for AMD generation. (i.e. Olifants and Steelpoort assessed)	75% of catchments assessed (i.e. Olifants and Steelpoort catchments assessed)	Target achieved	Target achieved
		30% completion (i.e. Guidelines for drafting Environmental Levy proposal was sent to the National Treasury)	100% completion of proposal to implement an environmental levy on mining sector. (i.e. completion of draft proposal: review and comment period)	40% completion (i.e. the levy concept has been drafted)	Under by 60% (i.e. the appointment of the implementing agent for the long term solution was not finalised, therefore the bulk water levy/tariff costs could not be determined).	Pending finalisation of the draft levy costing model.

4.1.4 Performance indicators per sub-programme

Sub-programme		Corporate Services				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
1	Percentage of vacancy rate for engineers and scientists	17.44% vacancy rate for scarce, critical, technical and professional.	Reduce vacancy rate to 10%	114% posts filled for engineers and scientists (i.e. 673 of 590 engineers and scientists posts filled)	Over by 83 engineers and scientists posts	Filled 172 posts additional to establishment with 41 filled out of OSD.
2	Number of graduate trainees added to the trainee development programme of the learning academy	109 graduate trainees added	50 graduate trainees added	65 graduate trainees added to the trainee development programme of the learning academy	Over by 15 graduate trainees	An increased budget and the higher placement rate provided an opportunity to enrol more trainees into the learning academy programme.
3	Number of learning academy graduate trainees placed into candidate positions	47 graduate trainees placed	40 graduate trainees placed	57 graduate trainees placed into candidate positions	Over by 17 graduate trainees (GTs)	More opportunities were made available to place GTs in projects.
4	Number of community engagement/public participation programmes	-	65 community engagement/public participation programmes	A total of 90 community engagements/public participation programmes were convened	Over by 25 community engagement/public participation programmes	Requests received from Ministry to do certain events in certain areas over and above the planned events.
5	Number of media briefings/conferences	-	8 media briefings/conferences	A total of 20 media briefings/conferences were convened	Over by 12 media briefings/conferences	The increased coverage of the National Water Week as well as the drought necessitates the additional media coverage.

Sub-programme		Corporate Services				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
6	Number of feature articles and media statements	-	324 feature articles and media statements	A total of 527 feature articles and media statements were done	Over by 203 feature articles and media statements	The increased coverage of the National Water Week as well as the drought necessitates the additional media coverage.
7	Number of catalytic projects and dams to be branded	-	164 catalytic projects and dams to be branded	A total of 164 of catalytic projects and dams were branded	Target achieved	Target achieved
8	Number of marketing/ advertising campaigns	-	10 marketing/ advertising campaigns	A total of 14 marketing/ advertising campaigns were conducted	Over by 4 marketing/ advertising campaigns	The increased coverage of the National Water Week as well as the drought necessitates the additional media coverage.

Sub-programme		Departmental Management				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
9	Percentage compliance with MPAT standards	56% compliance with MPAT standards (i.e. 19 of 34 standards achieved full compliance)	80% compliance with MPAT standards	47% compliance (i.e. 18 of 38 standards achieved full compliance)	Under by 34% (i.e. 13 of the standards did not achieve full compliance)	The department's scores were reduced as a result of partial compliance to standard requirements per key performance area
10	Percentage completion of the National Water Amendment Bill	40% completion of the National Water Amendment Bill (i.e. Draft version 9 of the National Water Amended Bill that included the sanitation function.)	100% completion of the National Water Amendment Bill (i.e. Approved National Water Act)	100% completion (i.e. The fourth version of the 2015 draft National Sanitation Policy was approved by Cabinet on 2 December 2015 for public consultation.)	Target achieved	Target achieved
11	Percentage completion of the Water and Sanitation Bill	Approved new approach to law reforms for the National Water and Sanitation Amendment bill.)	30% completion of the Water and Sanitation Bill (i.e. Water and Sanitation policy tabled in Cabinet)	20% completion (i.e. Undertaken National, Provincial and local public consultations on the gazetted draft policy. Business and sanitation expert groups were also consulted)	Under by 10% (i.e. the Water and Sanitation policy was not tabled in Cabinet)	The public consultation period was extended to 11 April 2016 to allow for further consultations.

Sub-programme		International Water Support				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
12	Number of new strategic partnership established with countries in Africa	Two, however progress is as follows: RSA Sao Tome and Principe a draft MoU has been developed and a feasibility study was conducted from 14-21 July 2014. Application for funding was drafted and submitted for approval to the African Renaissance Fund (ARF) office RSA-Burundi both parties re-negotiated areas of cooperation due to the departmental configuration to include in the original draft. RSA-Zimbabwe: the agreement was finalised for signing	4 new strategic partnership established with countries in Africa	The planned new strategic partnerships with Chad , Senegal, Sudan and South Sudan could not be established although MoUs were developed with Tanzania and Ethiopia.	Under by 4 new strategic partnership established with countries in Africa	The DIRCO had advised that the South Sudan and Sudan governments indicated that they would benefit more if they could be hosted by South Africa instead of them being the hosts. In addition the South Africa delegation had planned visits to the Senegal and Chad on 2-5 March 2016 and 5-9 March 2016 respectively to identify areas of collaboration.

Sub-programme		International Water Support				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
13	Number of new strategic partnerships established with countries outside Africa (global)	Four partnerships RSA-Spain: Both parties agreed on possible areas of cooperation for inclusion in the proposed MoU to be finalised in 2015. RSA-Mexico: Both parties agreed on areas of cooperation and the exchanged draft MoU which is in the process of being vetted by the legal departments of both countries for finalisation in 2015/16 . RSA- Iran: Both parties agreed on the areas of cooperation and to enter into a MoU. A draft MoU was circulated for inputs by both parties and finalisation.	4 new strategic partnerships established with countries outside Africa (global)	A total of 3 strategic Partnerships with Denmark, Sweden and Mexico were established India: The Department successfully led a Joint Technical Workshop between the two countries in New Delhi, India on 3-5 February 2016.	Under by 1 new strategic partnership established with countries outside Africa (global)	Hungary: The Deputy Minister of Foreign Affairs and Trade of Hungary met with DM Tshwete on 17 Nov 2015 to discuss the resuscitation of the MoU on Water Resources Management. Preference by the Counterparts is to come to South Africa as approvals for the visit by the DG was not obtained

PPI no	Sub-programme Performance indicator	International Water Support				Comment on deviations
		Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	
		RSA- Korea: Both parties agreed and finalised the area of cooperation. A Memorandum of Understanding in the field of water between South Africa and Korea was agreed to and currently undergoing legal processing for finalisation in 2015/16.				

Programme Management Unit						
Sub-programme	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
14	Percentage completion of the short-term AMD mitigating measures in the Eastern Basin	75% complete (i.e. completion of the short term mitigating measures in the Eastern Basin. Major civil works nearing completion. Electrical and pipeline work has commenced)	100% completion of the short term AMD mitigation measures in the Eastern Basin. (i.e. Commissioning and optimisation)	100% completion (i.e. Test commissioning of pumps, pipelines, reactors and settlers underway with the full wet testing imminent)	Target achieved	Target achieved
15	Percentage completion of the EIA for implementing the AMD long-term solution in the Witwatersrand	0% completion of the Environmental Impact Assessment (EIA) for the implementation of the acid mine drainage long term solution in the Witwatersrand	70% completion of the EIA for implementing the AMD long term solution in the Witwatersrand (i.e. Draft scoping report and public comment period)	Although the implementing agent that will appoint the EIA practitioner was identified, the planned EIA process was not achieved.	The planned draft scoping report and public comment period was not achieved.	National Treasury approval to use funding mechanism that was granted for another Implementing Agent is awaited.
16	Percentage completion of the AMD long-term solution project	0% completion of the project plan for the acid mine drainage long term solution	45% completion of the AMD long term solution project (i.e. Procurement and construction initiated)	Although the implementing agent that will appoint the EIA practitioner was identified, the planned procurement and construction could not be finalised	The planned procurement and initiation of construction was not achieved	The National Treasury was advised that an alternative implementing agent is being considered. Therefore, the approval for use of an off-budget funding mechanism is awaited from National Treasury.

Sub-programme		Programme Management Unit				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
17	Percentage of catchments assessed with mines having potential for AMD generation	50% assessment of catchment assessments with potential AMD generating mines (i.e. Upper Vaal WMA assessed (i.e. 25 gold and coal mines))	75% of catchments assessed with mines having potential for AMD generation (i.e. Olifants and Steelpoort assessed)	75% of catchments assessed (i.e. Olifants and Steelpoort catchments assessed)	Target achieved	Target achieved
18	Percentage completion of proposal to implement an environmental levy on mining sector	30% completion (i.e. Guidelines for drafting Environmental Levy proposal was sent to the National Treasury)	100% completion of proposal to implement an environmental levy on mining sector (i.e. completion of draft proposal: review and comment period)	40% completion (i.e. the levy concept has been drafted)	Under by 60% (i.e. the appointment of the implementing agent for the long term solution was not finalised, therefore the bulk water levy/ tariff costs could not be determined)	Pending finalisation of the draft levy costing model

4.1.5 Strategy to overcome areas of under performance

In efforts to effect the DIRCO recommendations with regards to the South Sudan, Sudan and Hungary government requests, South Africa plans to host delegates from these governments during the third quarter of the 2016/17 financial year. In addition, upon receipt of the National Treasury concurrence for the AMD long term solution funding mechanisms, the appointment of the implementing agent will be finalised.

4.1.6 Changes to planned targets

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

4.2 Programme 2: Water Planning and Information Management

4.2.1 Programme purpose

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

4.2.2 Sub-programmes

Water Planning, Information Management and Support provides strategic leadership and overall management of the programme.

Integrated Planning develops comprehensive plans that guide infrastructure development, systems and services management in the water sector. This entails preparing reconciliation strategies, drafting feasibility plans, compiling the integrated hydrological plan, undertaking options analyses and macro planning.

Water Ecosystem develops and implements measures to protect water resources. This entails determining resource directed measures by classifying water resource systems, determining reserves, conducting resource quality assessments and determining resource directed measures by developing pollution control guidelines and rehabilitation measures and protocols.

Water Information Management ensures the development and maintenance of systems and programmes for data and information acquisition and management as well as building the knowledge base on all aspects of water for informed water management decisions.

4.2.3 Programme strategic objectives

Programme Name		Water Planning and Information Management				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
2.1	Increase sustainability in water provision	50% completion of the reconciliation strategy (i.e. yield assessment report)	100% completion of the Richards Bay reconciliation strategy (i.e. Final reconciliation strategy)	100% of the Richards Bay Reconciliation Strategy completed.	Target achieved	Target achieved
		10% completion of Limpopo North reconciliation strategy (i.e. Rainfall Analysis Report)	60% completion of Limpopo North reconciliation strategy (i.e. Screening of Management related options report)	60% completion Limpopo North reconciliation strategy (i.e. Screening of management-related options report completed)	Target achieved	Target achieved
		-	30% completion of the feasibility plan for the Vioolsdrift Dam (i.e. Water resources assessment report)	10% completion (i.e. inception report for the Vioolsdrift Dam feasibility plan completed)	Under by 20% (i.e. the water resources assessment report was not completed)	The Feasibility Study for the proposed Vioolsdrift Dam, is a joint study between the Republics of Namibia and South Africa. This study is being undertaken by the Permanent Water Commission (PWC), established between the two countries. The delay in the signing of the contract delayed the commencement of the project and hence the completion of the draft water resources assessment report.

Programme Name		Water Planning and Information Management				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
		80% completion of the feasibility plan for the uMkhomazi Water Project (i.e. Water Resources Report)	100% completion of the feasibility plan for the uMkhomazi Water Project (i.e. The main report)	100% completion of the feasibility plan for the uMkhomazi Water Project (i.e. The main report)	Target achieved	Target achieved
		-	20% completion of the Crocodile East Water Project (i.e. Water requirements report)	Although the planned water requirements report of the Crocodile East Water Project was not finalised, the draft terms of reference for its development were developed.	Under by 20% (i.e. the water requirements report was not completed)	The need to fast-track other priority projects resulted in the rescheduling of this project to the 2016/17 financial year
		10% completion of the Environmental Impact Assessment for the Western Cape Water Supply System Augmentation Project	70% completion (i.e. Specialists study report)	Although the specialist study report was not finalised, the draft inception report has been developed	Under by 70% (i.e. Specialists study report was not completed)	The contract to appoint the professional service provider was finalised in January 2016, thus delaying the finalisation specialist study report.

Programme Name		Water Planning and Information Management				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
		-	30% completion of the groundwater feasibility plan for Malmari Dolomites (Escarpment) within the Olifants River water Supply (i.e. Water resources assessment report)	Although the water assessment report for the completion of the Malmari Dolomites (Escarpment) groundwater feasibility plan was not finalised, the procurement process to appoint a service provider was completed.	Under by 30% (i.e. Water resources assessment report was not completed)	Although the procurement process has been finalised, the project experienced delays as a result of disagreements with the conditions of the contract between the department and the service provider.
		9 first order provincial water services bulk master plans developed	10 bulk master plans developed (i.e. 1 National and 9 Provincial)	9 draft provincial and 1 draft national bulk water master plans were developed	The 10 final bulk master plans were not completed	The finalisation of the TORs took longer than anticipated resulting in delays in finalising the development of the bulk water master plans
		4% reduction of projected demand for 8 large water supply systems	14% reduction of projected demand for 8 large water supply systems	A cumulative reduction of 2% was achieved from the 8 large water supply systems	Under by 12% reduction of projected demand for 8 large water supply systems	The lack of implementation of water conservation water demand management within respective municipalities resulted in the under achievement.
2.4	Improve water use efficiency					

Water Planning and Information Management					
Programme Name					
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016
3.1	Strategies for water and sanitation management	5% completion of the integrated water quality management strategy (i.e. Concept paper on the integrated water quality management strategy) ¹	60% completion of the integrated water quality management strategy (i.e. Draft integrated water quality management strategy)	40% completion (i.e. Stakeholder Engagement Report completed)	Under by 20% (i.e. the draft integrated water quality management strategy was not completed)
3.3	Increased water ecosystem health	0, however, 4 draft resource quality objectives reports developed	5 river systems with determined resource quality objectives (i.e. Upper Vaal, Lower Vaal, Middle Vaal, Olifants and Olifants-Doom)	Although the resources quality objectives for the 5 river systems were not determined, the approval to gazette them was received on 17 March 2016	Under by 5 river systems
3.4	Management of water and sanitation information	25% completion of the review of existing water monitoring networks (i.e. 2 technical reports on user requirements assessment completed)	60% completion of the review of existing water monitoring networks (i.e. Consolidated report on data quality and scientific review)	60% completion (i.e. Consolidated report on data quality and scientific review completed)	Target achieved
					Target achieved

¹Inkomati-Usuthu, Breede-Gouritz, Limpopo/North West, Pongola-Mzimkulu and Olifants CMAs establishment

4.2.4 Performance indicators per sub-programme

Sub-programme		Integrated Planning				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
19	Percentage completion of Richards Bay reconciliation strategy	50% completion of the reconciliation strategy (i.e. yield assessment report)	100% completion of the Richards Bay reconciliation strategy (i.e. Final reconciliation strategy)	100% of the Richards Bay Reconciliation Strategy completed.	Target achieved	Target achieved
20	Percentage completion of Limpopo North reconciliation strategy	10% completion of Limpopo North reconciliation strategy (i.e. Rainfall Analysis Report)	60% completion of Limpopo North reconciliation strategy (i.e. Screening of Management related options report)	60% completion Limpopo North reconciliation strategy (i.e. Screening of management-related options report completed)	Target achieved	Target achieved
22	Percentage completion of the joint feasibility plan for the Vioolsdrift Dam	-	30% completion of the feasibility plan for the Vioolsdrift Dam (i.e. Water resources assessment report)	10% completion (i.e. inception report for the Vioolsdrift Dam feasibility plan completed)	Under by 20% (i.e. the water resources assessment report was not completed)	The Feasibility Study for the proposed Vioolsdrift Dam, is a joint study between the Republics of Namibia and South Africa. This study is being undertaken by the Permanent Water Commission (PWC), established between the two countries. The delay in the signing of the contract delayed the commencement of the project and hence the completion of the draft water resources assessment report.

Sub-programme		Integrated Planning				Comment on deviations
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	
23	Percentage completion of the feasibility plan for uMkhomazi Water Project	80% completion of the feasibility plan for the uMkhomazi Water Project (i.e. Water Resources Report)	100% completion of the feasibility plan for the uMkhomazi Water Project (i.e. The main report)	100% completion of the feasibility plan for the uMkhomazi Water Project (i.e. The main report)	Target achieved	Target achieved
24	Percentage completion of the feasibility plan for the Crocodile East Water Project	-	20% completion of the Crocodile East Water Project (i.e. Water requirements report)	Although the planned water requirements report of the Crocodile East Water Project was not finalised, the draft terms of reference for its development were developed.	Under by 20% (i.e. the water requirements report was not completed)	The need to fast-track other priority projects resulted in the rescheduling of this project to the 2016/17 financial year.
25	Percentage completion of the EIA for Western Cape water supply system augmentation project	10% completion of the Environmental Impact Assessment for the Western Cape Water Supply System Augmentation Project	70% completion (i.e. Specialists study report)	Although the specialist study report was not finalised, the draft inception report has been developed	Under by 70% (i.e. Specialists study report was not completed)	The contract to appoint the professional service provider was finalised in January 2016 delaying the finalisation of the specialist study report.

Sub-programme		Integrated Planning				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
26	Percentage completion of the groundwater feasibility plan for Malmmani Dolomites (Escarpment) within the Olifants River Water Supply System	-	30% completion of the groundwater feasibility plan for Malmmani Dolomites (Escarpment) within the Olifants River water Supply. (i.e. Water resources assessment report)	Although the water assessment report for the completion of the Malmmani Dolomites (Escarpment) groundwater feasibility plan was not finalised, the procurement process to appoint a service provider was completed.	Under by 30% (i.e. Water resources assessment report was not completed)	Although the procurement process has been finalised, the project experienced delays as a result of disagreements with the conditions of the contract between the department and the service provider.
27	Number of Bulk Master Plans developed	9 first order provincial water services bulk master plans developed.	10 bulk master plans developed. (i.e. 1 National and 9 Provincial)	9 draft provincial and 1 draft national bulk water master plans were developed.	The 10 final bulk master plans were not completed	The finalisation of the TORs took longer than anticipated resulting in delays in finalising the development of the bulk water master plans.
28	Percentage reduction of projected demand from 8 large water supply systems	4% reduction of projected demand for 8 large water supply systems.	14% reduction of projected demand for 8 large water supply systems.	A cumulative reduction of 2% was achieved from the 8 large water supply systems.	Under by 12% reduction of projected demand for 8 large water supply systems	The lack of implementation of water conservation water demand management within respective municipalities resulted in the under achievement.

Sub-programme		Water Ecosystem				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
29	Percentage completion of the integrated water quality management strategy	5% completion of the integrated water quality management strategy (i.e. Concept paper on the integrated water quality management strategy)	60% completion of the integrated water quality management strategy (i.e. Draft integrated water quality management strategy)	40% completion (i.e. Stakeholder Engagement Report completed)	Under by 20% (i.e. the draft integrated water quality management strategy was not completed)	Delays in finalising PSP appointment and contractual arrangements
30	Number of river systems with determined resource quality objectives	0, however, 4 draft resource quality objectives reports developed	5 river systems with determined resource quality objectives (i.e. Upper Vaal, Lower Vaal, Middle Vaal, Olifants-Doorn)	Although the resources quality objectives for the 5 river systems were not determined, the approval to gazette them was received on 17 March 2016	Under by 5 river systems	The time it took to address comments was longer than anticipated. This resulted in delays in finalising the comments register and the gazetting of the resource quality objectives.

Sub-programme		Water Information Management				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
31	Percentage completion of review of existing water monitoring networks	25% completion of the review of existing water monitoring networks (i.e. 2 technical reports on user requirements assessment completed)	60% completion of the review of existing water monitoring networks (i.e. Consolidated report on data quality and scientific review)	60% completion (i.e Consolidated report on data quality and scientific review completed)	Target achieved	Target achieved

4.2.5 Strategy to overcome areas of under performance

As contractual matters were the main contributor to the identified under achievement in this programme, these have been resolved and the activities have been rescheduled for the 2016/17 financial year.

4.2.6 Changes to planned targets

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

4.3 Programme 3: Water Infrastructure Development

4.3.1 Programme purpose

Coordinate the effective implementation of the department's strategic goal and objectives at the Purpose: To develop, rehabilitate and refurbish raw water resources and water services infrastructure to meet the socio-economic and environmental needs of South Africa.

4.3.2 Sub-programmes

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

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

Water Services Infrastructure provides for the construction of new and rehabilitating existing water services infrastructure including the transfer of water services schemes to water services institutions (inclusive of Regional Bulk Infrastructure Grant, Accelerated Community Infrastructure Programme, Municipal Water Infrastructure Grant, Water Services Operating Subsidy Grant and Transfer Schemes).

4.3.3 Programme strategic objectives

Programme Name		Water Infrastructure Development				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
1.3	Implement programmes that create job opportunities	A total of 11 918 job opportunities were created through implementing and rehabilitating infrastructure projects	6 922 job opportunities	A total of 8 179 job opportunities created through implementing and rehabilitating infrastructure projects	Over by 1 257 job opportunities created	Labour intensive methods were used resulting in the increase of the job opportunities.
2.1	Increase sustainability in water provision	8 bulk infrastructure schemes completed	18 bulk infrastructure schemes completed	A total of 11 bulk infrastructure schemes were completed	Under by 7 bulk infrastructure schemes	In Limpopo, the Moutse scheme had delays in the approval to appoint labourers and material procurement. The implementing agent (IA) for the Mameija Sekororo scheme, delayed the finalisation of contractor appointments. In the Free State, there were community unrest in Ngwathe LM while the contractor was busy with finalising the project snag list.

Water Infrastructure Development						
Programme Name	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
No		94 859 households provided with interim or basic water supply in the 24 priority districts.	77 450 households provided with interim or basic water supply in the 27 priority districts.	A total of 34 316 households were provided with interim or basic water supply in the 27 priority districts.	Under by 42 634 households were provided with interim or basic water supply in the 27 priority districts.	The prolonged procurement process by water service authorities (WSAs)/ IAs for contractor appointments as well as the changing of IAs during the implementation process delayed the completion of certain projects.
		25 community water infrastructure projects were implemented	76 accelerated community infrastructure projects implemented	A total of 53 accelerated community infrastructure projects were completed	Under by 23 accelerated community infrastructure projects	The projects were not completed due to, amongst other reasons: A reallocation done from KZN projects to drought interventions. A further reallocation (i.e. funds were moved from the projects) was done from the North West and Limpopo to the performing projects within the programme due to poor performance.

Water Infrastructure Development						
Programme Name	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
No		60 prioritised schemes refurbished	40 transferred schemes refurbished	A total of 46 schemes are undergoing refurbishment	Under by 40 schemes	The projects will be completed in June 2016 due to misalignment of the national financial year with the municipal financial year.
		Cumulative total of 38 dam safety rehabilitation projects completed since the programme started in 2005 with the following completed during 2014/15 financial year Stompdrift Dam, Mnyameni Dam and S1 balancing Dam	5 dam safety rehabilitation projects completed per year to meet dam safety regulations	1 dam safety rehabilitation project completed (i.e. Driel Barrage)	Under by 4 dam safety rehabilitation projects.	Vaalkop II Dam: Three months was lost due to damage to construction equipment. Kalkfontein Dam: Three months was lost due to the unavailability of the Approved Professional Person (APP) on the project. Elandsdrift Barrage: A delay was experienced due to labour unrests. Roodekoppies Dam: The delays in appointing general labour as hindered the progress on site as well as the procurement of rock fill material on the project.

Water Infrastructure Development						
Programme Name	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
No		12 sections completed namely: Lindleyspoort: 6 sections completed Vlakfontein canal: 5 Sections completed Potchefstroom canal: 1 section completed	12 water conveyance projects (sections) rehabilitated	A total of 3 water conveyance projects were completed at Lakeside, Lindleyspoort and Boskop canals.	Under by 9 water conveyance projects	During the third quarter, the department had erroneously reported Vaalharts as completed. This error has now been corrected resulting in the reduction of the previously reported figure of 3 to 2. Therefore the annual total achievement has been adjusted to 3.
		-	25% completion of the asset management plans for government water schemes (2 of 8 AMPs)	2 cluster AMPs have been finalised (i.e. Eastern Cluster & Central Cluster)	Target achieved	Vlakfontein projects were affected due to VRESAP operational problems. Construction initially struggled with progress due to procurement and recruitment. Target achieved

4.3.4 Performance indicators per sub-programme

Sub-programme		Water Services Infrastructure				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
32a	Number of job opportunities created through regional bulk infrastructure projects	1 615 job opportunities	1 262 job opportunities	A total of 1 747 job opportunities were created	Over by 485	Labour intensive methods were used resulting in the increase of the job opportunities.
32b	Number of job opportunities created through (interim or basic) water supply in the 27 priority districts	2 711 job opportunities through the interim/intermediated water supply	2 399 job opportunities	1 399 job opportunities created	Under by 1 000 job opportunities	Delays in commencement of certain projects during the year hampered project implementation as a result some provinces could not achieve the planned milestones.
33	Number of bulk infrastructure schemes completed per year	8 bulk infrastructure schemes completed	18 bulk infrastructure schemes completed	A total of 11 bulk infrastructure schemes were completed	Under by 7 bulk infrastructure schemes	In Limpopo, the Moutse scheme had delays in the approval to appoint labourers and material procurement. The implementing agent (IA) for the Mameitja Sekororo scheme, delayed the finalisation of contractor appointments. In the Free State, there were community unrest in Ngwathe LM while the contractor was busy with finalising the project snag list.
34	Number of households provided with (interim or basic) water supply in the 27 priority districts	94 859 households provided with interim or basic water supply in the 24 priority districts.	77 450 households provided with interim or basic water supply in the 27 priority districts.	A total of 34 316 households were provided with interim or basic water supply in the 27 priority districts.	Under by 42 634 households were provided with interim or basic water supply in the 27 priority districts.	The prolonged procurement process by water service authorities (WSAs)/IAs for contractor appointments as well as the changing of IAs during the implementation process delayed the completion of certain projects.

Sub-programme		Water Services Infrastructure				Comment on deviations
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	
35	Number of accelerated community infrastructure projects implemented	25 community water infrastructure projects were implemented	76 accelerated community infrastructure projects implemented	A total of 53 accelerated community infrastructure projects were completed	Under by 23 accelerated community infrastructure projects	The projects were not completed due to amongst other reasons: A reallocation done from KZN projects to drought interventions. A further reallocation (i.e. funds were moved from the projects) was done from the North West and Limpopo to the performing projects within the programme due to poor performance.
36	Number of (transferred) schemes refurbished	60 prioritised schemes refurbished	40 transferred schemes refurbished	A total of 46 schemes are undergoing refurbishment	Under by 40 schemes	The projects will be completed in June 2016 due to misalignment of the national financial year with the municipal financial year.

Sub-programme		Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
PPI no	Performance indicator				
32c	Number of job opportunities created through augmentation projects	3 000 job opportunities	A total of 4 823 job opportunities were created	Over by 1 823	Labour intensive methods were used resulting in the increase of the job opportunities.
37	Number of new augmentation projects under implementation	8 new augmentation projects under implementation One project (i.e. Mzimvubu Water Project) was erroneously omitted during the compilation of the 2015/16 annual performance plan.	A total of 8 new augmentation projects under implementation with the progress indicated below	-	-
		Olifants River Water Resource Development Project phase 2B	The water supply agreements have been issued to the Joint Water Forum (JWF) for review and comments.	The following planned milestones were not achieved: • Tender design update report issued i.t.o. confirmed scope • RFP for contractors advertised. • Land requirements established • Contractors pre-qualified. • Land schedule approved	The funding strategy assessing options to address the funding gap/ bridge funding requirements for the commercial off-takes has not been finalised,. In addition, recent adjustments to water demands may require changes to the sizing of the pipeline.

Sub-programme					Comment on deviations
PPI no	Performance indicator	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	
		Olifants River Water Resource Development Project phase 2C	A total of 39.6 km of the 40 km pipeline has been laid with the pump station 95% complete.	The following planned milestones were not achieved: • Pipeline: Defects notification period report submitted. • Pump Station: Partial commissioning monitoring report issued	The projected completion date is July 2016 (i.e. Ready for Operation), and water is expected to be available from the Trial Operation period at the end of the financial year
		Olifants River Water Resource Development Project phase 2D	The affected properties have been identified and the acquisition process is being finalized. The contractual arrangement are also being finalised as the TCTA directive for implementing the project was withdrawn.	The following planned milestones were not achieved: • Tender design update report issued in term of confirmed scope • RFP for contractors advertised. • Land requirements established • Contractors pre-qualified. • Land schedule approved.	Service legal agreements have to be finalised between TCTA and DWS Legal Services. Contract finalisation is in advanced stage with a few issues raised that requires completion.

Sub-programme					Comment on deviations
PPI no	Performance indicator	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	
		Olifants River Water Resource Development Project phase 2E	The affected properties have been identified and the acquisition process is being finalized. The contractual arrangement are also being finalised as the TCTA directive for implementing the project was withdrawn.	The following planned milestones were not achieved: • Tender design update report issued i.t.o. confirmed scope • Land requirements established • Land schedule approved.	Service legal agreements have to be finalised between TCTA and DWS Legal Services. Contract finalisation is in advanced stage with a few issues raised that requires completion.
		Olifants River Water Resource Development Project phase 2F	The affected properties have been identified and the acquisition process is being finalized. The contractual arrangement are also being finalised as the TCTA directive for implementing the project was withdrawn.	The following planned milestones were not achieved: • Tender design update report issued i.t.o. confirmed scope. • Land requirements established. • Land schedule approved.	Service legal agreements have to be finalised between TCTA and DWS Legal Services. Contract finalisation is in advanced stage with a few issues raised that requires completion.
		Mokolo River augmentation phase 1	Although the construction of the system has been completed and is delivering water reliably, some defects were identified on the pipeline during trial operation. Repairs are ongoing with the taking over certificate planned for May 2016.	The taking over certificate was not achieved.	Some repairs had to be done which were identified during trial operation.

Sub-programme					
PPI no	Performance indicator	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
38	Number of dams where betterment is implemented	Mokolo River augmentation phase 2A	The approval for the TCTA to proceed with outstanding geotechnical investigation has been granted by DEA.	The following planned milestone were not achieved: EIA report submitted to DEA.	This was delayed due to the late submission of Eskom Power Supply details to be included as part of the EIA. The EIA application and the scoping report is planned to be completed by December 2017.
		Mzimvubu Water Project	The design drawings have been finalised with a few minor adjustments that will be carried out after the finalisation of the geotechnical investigations	Land matters could not be finalised.	Land matters could not be finalised as the purchase line is still being finalised.
		2			
		Raising of Hazelmere Dam	The installation of test anchors was completed with the preparation and manufacturing of operational anchors underway. The installation of grout curtain is also underway. The results of first test anchors resulted in the installation of 5 out of the planned 7 test anchors.	Target achieved	Target achieved

Sub-programme					Comment on deviations
PPI no	Performance indicator	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	
		Raising Clanwilliam Dam wall	The implementation of the approved alternative implementation model has been commenced with the documentation for procuring a hybrid contracting approach being developed. The construction of N7 (with SANRAL as the IA) is 98% complete. Site establishment is 85% complete. Shortlisting of submitted applications for PMO office has been completed	The planned milestone of placing 79 166m³ concrete was not achieved.	Constraints with regards to material delivery, labour and contractual matters resulted in the delay.

Sub-programme		Operation of Water Resources				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
32d	Number of job opportunities created through the Dam Safety Rehabilitation Programme	149 job opportunities	261 job opportunities	210 job opportunities were created	Under by 51 job opportunities	No additional appointments could be made during the closure of the construction sites as a result of the festive season.
39	Number of dam safety projects under rehabilitation to meet dam safety regulations	Cumulative total of 38 dam safety rehabilitation projects completed since the programme started in 2005 with the following completed during 2014/15 financial year Stompdrift Dam, Mnyameni Dam and S1 balancing Dam	5 dam safety rehabilitation projects completed per year to meet dam safety regulations	1 dam safety rehabilitation project completed (i.e. Driel Barrage)	Under by 4 dam safety rehabilitation projects.	Vaalkop II Dam: Three months was lost due to damage to construction equipment. Kalkfontein Dam: Three months was lost due to the unavailability of the Approved Professional Person (APP) on the project. Elandsdrift Barrage: A delay was experienced due to labour unrests. Roodekoppies Dam: The delays in appointing general labour as hindered the progress on site as well as the procurement of rock fill material on the project.

Operation of Water Resources						
PPI no	Sub-programme	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016
40	Total number of water conveyance projects (i.e. sections) rehabilitated		12 sections completed namely: Lindleyspoort: 6 sections completed Vlakfontein canal: 5 Sections completed Potchefstroom canal: 1 section completed	12 water conveyance projects (sections) rehabilitated	A total of 3 water conveyance projects were completed at Lakeside, Lindleyspoort and Boskop canals.	Under by 9 water conveyance projects
41	Percentage completion of asset management plans for government water schemes		-	25% completion of the asset management plans for government water schemes (2 of 8 AMPs)	2 cluster AMPs have been finalised (i.e. Eastern Cluster & Central Cluster)	Target achieved
						Target achieved

Vlakfontein projects were affected due to VRESAP operational problems. Construction initially struggled with progress due to procurement and recruitment.

Target achieved

4.3.5 Strategy to overcome areas of under performance

The department will implement the social component (i.e. phases 2D, 2E and 2F) of the Olifants River Water Resources Development project internally. The project schedules for these phases have been developed and the engagements with the PSP to fast track the project underway. The pipeline route has been identified with the intention to finalise stakeholder consultation along the route. The department is implementing an acceleration programme that will ensure the completion of the dam safety during the 2016/17 financial year.

4.3.6 Changes to planned targets

One project (i.e. Mzimvubu Water Project) was erroneously omitted during the compilation of the 2015/16 annual performance plan, as there was a budget allocation for the project, the progress is included in the 2015/16 annual report.

4.4 Programme 4: Water and Sanitation Services

4.4.1 Programme purpose

The purpose of the programme is to develop, rehabilitate and refurbish raw water resources and water services infrastructure to meet the socio-economic and environmental needs of South Africa.

4.4.2 Sub-programmes

Water and Sanitation Services Support provides strategic leadership overall management of the programme.

National Sanitation Services supports the development of infrastructure for sanitation services for improved quality of life.

Water Sector Support provides for the implementation of rainwater harvesting tanks and financial support to resource poor farmers including sector guidance, best practice and innovation on sustainable water provision and sanitation services.

4.4.3 Programme strategic objectives

Programme Name		Water and Sanitation Services				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
1.3	Implement programmes that create job opportunities	A total of 769 job opportunities were created through financially supporting Resource Poor Farmers and installing rainwater harvesting tanks	284 job opportunities created	A total of 339 job opportunities were created through financially supporting Resource Poor Farmers and installing rainwater harvesting tanks	Over by 55 job opportunities	More labourers were appointed to accelerate the implementation
2.1	Increased sustainability in water provision	1 462 resource poor farmers were financially supported to enhance access to water	699 resource poor farmers supported	A total of 1 348 resource poor farmers were financially supported	Over by 649 resource poor farmers	The NW, WC, MP, KZN, NC and FS provinces financially supported more beneficiaries as a result of the reduction of the actual implementation costs, leaving a budget surplus that was utilised to financially assist additional beneficiaries.
		2 409 rainwater harvesting tanks were installed for household productive uses	1552 rainwater harvesting tanks installed	A total of 862 rainwater harvesting tanks were installed	Under by 690 rainwater harvesting tanks	The tanks could not be installed due to the delay in the procurement processes resulting in the FS, EC, LP and GP provinces' inability to implement projects.

Programme Name		Water and Sanitation Services				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
2.2	Enhanced provision of basic sanitation	20 581 buckets replaced by March 2015	32 500	A total of 1 838 bucket sanitation systems were replaced in formal settlements	Under by 30 662 bucket sanitation systems	The target could not be met due to the non-availability of bulk infrastructure in certain areas; cash flow challenges by IAs.
		9 347 households served through Rural Household Infrastructure Programme	11 960	A total of 3 708 households were served through RHIP to eradicate sanitation	Under by 8 252 households served through RHIP	Although many structures have been installed, some were still incomplete and would be finalised during the 2016/17 financial year.

4.4.3 Performance indicators per sub-programme

Sub-programme		Water Sector Support				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
42	Number of job opportunities created through financially supporting Resource Poor Farmers and installing rainwater harvesting tanks	A total of 769 job opportunities were created through financially supporting Resource Poor Farmers and installing rainwater harvesting tanks	284 job opportunities created	A total of 339 job opportunities were created through financially supporting Resource Poor Farmers and installing rainwater harvesting tanks	Over by 55 job opportunities	More labourers were appointed to accelerate the implementation
43	Number of Resource Poor Farmers financially supported to enhance access to water	1 462 resource poor farmers were financially supported to enhance access to water	699 resource poor farmers supported	A total of 1 348 resource poor farmers were financially supported	Over by 649 resource poor farmers	The NW, WC, MP, KZN, NC and FS provinces financially supported more beneficiaries as a result of the reduction of the actual implementation costs, leaving a budget surplus that was utilised to financially assist additional beneficiaries.
44	Number of rainwater harvesting tanks installed for household productive uses	2 409 rainwater harvesting tanks were installed for household productive uses	1 552 rainwater harvesting tanks installed	A total of 862 rainwater harvesting tanks were installed	Under by 690 rainwater harvesting tanks	The tanks could not be installed due to the delay in the procurement processes resulting in the FS, EC, LP and GP provinces' inability to implement projects.

National Sanitation Services						
Sub-programme						
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
45	Number of existing bucket sanitation systems in formal settlements replaced with adequate sanitation services	20 581 buckets replaced by March 2015	32 500	A total of 1 838 bucket sanitation systems were replaced in formal settlements	Under by 30 662 bucket sanitation systems	The target could not be met due to the non-availability of bulk infrastructure in certain areas; cash flow challenges by IAs.
46	Number of households served through RHIG to eradicate sanitation backlog	9 347 households served through Rural Household Infrastructure Programme	11 960	A total of 3 708 households were served through RHIP to eradicate sanitation	Under by 8 252 households served through RHIP	The areas of underperformance have been incorporated in the 2016/17 financial year.

4.4.5 Strategy to overcome areas of under performance

As the department is phasing out the use of implementing agents which were the main contributors for the under achievement of the bucket eradication milestones, alternative delivery mechanisms are being explored that will include using contractors and dedicated project management capacity to manage the projects. In addition, a bulk infrastructure plan will be developed to ensure a coordinated implementation of water supply and sanitation. In addition, alternative technology options will also be employed to address some of the physical infrastructure challenges. As of 2016/17, the Rural Household Infrastructure Grant is now gazetted as a direct grant which implies close monitoring of the projects with municipalities to ensure the successful completion of the projects.

4.4.6 Changes to planned targets

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

4.5 Programme 5: Water Sector Regulation

4.5.1 Programme purpose

The purpose of the programme is to ensure the development, implementation, monitoring and review of regulation across the water value chain in accordance with the provisions of the National Water Act (1998) and the Water Services Act (1997).

4.5.2 Sub-programmes

Water Sector Regulation Management and Support provides strategic leadership and overall management of the programme.

Compliance Monitoring coordinates and monitors compliance to standards, license conditions and regulations across the full water value chain.

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

Enforcement ensures that set of actions (administrative, criminal) are taken against non-compliance.

Institutional Oversight involves institutional governance and oversight of all water institutions, and facilitates their establishment and development.

Water Use Authorisation and Administration enables equitable access to water use using various regulatory instruments.

Water Supply Services and Sanitation Regulation regulates provision of drinking water and the management of wastewater.

4.5.3 Programme strategic objectives

Programme Name		Water Sector Regulation				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
2.1	Enhanced sustainability in water provision	A cumulative total of 55% completion (i.e. 5 of 9 CMAs established since 2013/14) ¹	77% completion (i.e. Total of 7 CMAs established)	0% completion in establishing Catchment Management Agencies (Although no CMAs were established a total of 4 were gazetted for establishment with the other 3 gazetted for public comments)	Under by 77% (i.e. under by 7 CMAs)	Although the Limpopo, Pongola-Mzimkhulu, Olifants, and the Vaal CMAs were gazetted for establishment, the conclusion of the negotiations between the department and unions on the modalities took longer than expected.
		0% completion in the establishment of the national water infrastructure agency	20% completion in the establishment of the national water infrastructure agency (i.e. Approved agency business case)	0% completion in the establishment of the national water infrastructure agency (Although the business case was not finalized, a concept document, an inception/scoping report and work plan were drafted)	The approved business case was not developed.	The appointment of the service provider to develop the business case took longer than planned.
2.3	Equitable water allocation	23% water use authorisation applications finalised (i.e. 375 of 1652 applications finalised)	80% of water use authorisation applications finalised as per the water use authorisation guidelines	91% water use authorisation applications finalised as per the water use authorisation guidelines (i.e. 262 out of 288 WULAs were finalized)	Over by 26 water use authorisation applications finalised	This figure includes applications that should have been finalised during the 2016/17 financial year.

Programme Name		Water Sector Regulation				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
3.1	Strategies for water and sanitation management	60% completion of the revised water pricing strategy final gazettement (i.e. Stakeholder comments incorporated. Gazette submission submitted)	75% completion of the revised water pricing strategy final gazettement (i.e. Economic regulation strategy finalised)	0% completion (Although the Economic regulation strategy was not finalised, a draft Economic and Social Regulation strategy was developed)	The Economic and Social Regulation strategy was not finalised.	The Economic and Social Regulation strategy was not finalised as the raw water pricing strategy and section 10 of the norms and standards had to be gazetted first for public consultation.
3.2	Enhanced regulatory compliance	A total of 170 dams were evaluated in compliance with dam safety regulations	150 dams evaluated in compliance with dam safety regulations	A total of 154 dams were evaluated for compliance for dam safety regulations	Over by 4 dams	The numerous instructions and follow-up letters to dam owners yielded positive results
		A total of 203 water users were monitored for compliance	221 water users monitored for compliance	A total of 274 water users were monitored for compliance	Over by 53	More verifications were done by industry and agriculture sectors.
	32% completion in assessing water treatment supply systems	1084 water treatment supply systems assessed	No water treatment supply systems were assessed (Although no water treatment supply systems were assessed, 346 assessments for the Performance Assessment Tool (PAT) were undertaken)	Under by 1084 water treatment supply systems	Delays in finalising the procurement process resulted in the deference of the activity to the next financial year.	
	- Pre-populated score sheets developed & sent to WSAs. 799 Pre-populated score sheets for self-assessment received from WSAs. - Draft 2013/14 Blue Drop Report					

Programme Name		Water Sector Regulation				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
		20% completion in assessing wastewater treatment collector system • Criteria for assessments and score sheets developed. • Training of inspectors & allocation of panel • Draft Green Drop report	963 wastewater treatment collector systems assessed	No wastewater treatment collector systems were assessed as the activity has been moved for implementation during next financial year.	Under by 963 wastewater treatment collector systems	Delays in finalising the procurement process resulted in the deference of the activity to the next financial year.
		99% of reported non-compliant cases investigated (i.e. 266 of 269 cases investigated)	100% reported non-compliant cases investigated	100% of reported non-compliant cases investigated (i.e. 376 of 376 cases investigated)	Target achieved	Target achieved

4.5.4 Performance indicators per sub-programme

Sub-programme		Institutional Oversight				Comment on deviations
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	
47	Percentage completion in establishing Catchment Management Agencies	A cumulative total of 55% completion (i.e. 5 of 9 CMAs established since 2013/14) ²	77% completion (i.e. Total of 7 CMAs established)	0% completion in establishing Catchment Management Agencies (Although no CMAs were established a total of 4 were gazetted for establishment with the other 3 gazetted for public comments)	Under by 77% (i.e. under by 7 CMAs)	Although the Limpopo, Pongola-Mzimkhulu, Olifants, and the Vaal CMAs were gazetted for establishment, the conclusion of the negotiations between the department and unions on the modalities took longer than expected.
49	Percentage completion in establishing the national water infrastructure agency	0% completion in the establishment of the national water infrastructure agency	20% completion in the establishment of the national water infrastructure agency (i.e. Approved agency business case)	0% completion in the establishment of the national water infrastructure agency (Although the business case was not finalized, a concept document, an inception/scoping report and work plan were drafted)	The approved business case was not developed.	The appointment of the service provider to develop the business case took longer than planned.

²Inkomati-Usuthu, Breede-Gouritz, Limpopo/North West, Pongola-Mzimkhulu and Olifants CMAs establishment

Water Use Authorisation and Administration						
PPI no	Sub-programme	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
50	Percentage of water use authorisation applications finalised as per the water use authorisation guidelines	23% water use authorisation applications finalised (i.e. 375 of 1652 applications finalised)	80% of water use authorisation applications finalised as per the water use authorisation guidelines	91% water use authorisation applications finalised as per the water use authorisation guidelines (i.e. 262 out of 288 WULAs were finalized)	Over by 26 water use authorisation applications finalised	This figure includes applications that should have been finalised during the 2016/17 financial year.

Economic and Social Regulation						
Sub-programme	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
51	Percentage completion of the pricing strategy	60% completion of the revised water pricing strategy final gazettement (i.e. Stakeholder comments incorporated. Gazette submission submitted)	100% completion of the pricing strategy (i.e. Final pricing strategy gazettement)	0% completion (Although the final water pricing strategy was not gazetted section 10 of the norms and standards were gazetted)	The final pricing strategy was not gazetted	Public consultations were conducted in NC and NW provinces with focus groups consultations
52	Percentage completion in establishing economic regulation	53% completion in establishing economic regulation (i.e. draft implementation strategy on the economic regulation chapters and the gap analysis have been developed but have not been finalised)	75% completion (i.e. Economic regulation strategy finalised)	0% completion (Although the Economic regulation strategy was not finalised, a draft Economic and Social Regulation strategy was developed)	The Economic and Social Regulation strategy was not finalised.	The Economic and Social Regulation strategy was not finalised as the raw water pricing strategy and section 10 of the norms and standards had to be gazetted first for public consultation.

Sub-programme		Compliance Monitoring				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
53	Number of dams evaluated in compliance with dam safety regulations	A total of 170 dams were evaluated in compliance with dam safety regulations	150 dams evaluated in compliance with dam safety regulations	A total of 154 dams were evaluated for compliance for dam safety regulations	Over by 4 dams	The numerous instructions and follow-up letters to dam owners yielded positive results
54	Number of water users monitored for compliance per annum	A total of 203 water users were monitored for compliance	221 water users monitored for compliance	A total of 274 water users were monitored for compliance	Over by 53	More verifications were done by industry and agriculture sectors.

Water Supply Services and Sanitation Regulation						
PPI no	Sub-programme	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
55	Number of water supply systems assessed for compliance with drinking water standards	32% completion in assessing water treatment supply systems Pre-populated score sheets developed & sent to WSAs. 799 Pre-populated score sheets for self-assessment received from WSAs. Draft 2013/14 Blue Drop Report	1084 water treatment supply systems assessed	No water treatment supply systems were assessed (Although no water treatment supply systems were assessed, 346 assessments for the Performance Assessment Tool (PAT) were undertaken)	Under by 1084 water treatment supply systems	Delays in finalising the procurement process resulted in the deference of the activity to the next financial year.
56	Number of wastewater treatment collector systems assessed for compliance with effluent standards	20% completion in assessing wastewater treatment collector system Criteria for assessments and score sheets developed. Training of inspectors & allocation of panel Draft Green Drop report	963 wastewater treatment collector systems assessed	No wastewater treatment collector systems were assessed as the activity has been moved for implementation during next financial year.	Under by 963 wastewater treatment collector systems	Delays in finalising the procurement process resulted in the deference of the activity to the next financial year.

Sub-programme		Enforcement				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
57	Percentage of reported non-compliant cases investigated	99% of reported non-compliant cases investigated (i.e. 266 of 269 cases investigated)	100% reported non-compliant cases investigated	100% of reported non-compliant cases investigated (i.e. 376 of 376 cases investigated)	Target achieved	Target achieved

4.5.5 Strategy to overcome areas of under performance

The areas of underperformance have been incorporated in the 2016/17 financial year.

4.5.6 Changes to planned targets

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





Clear Rivers

The need for water security, particularly in the face of global climate change, calls for a national and unified approach to protect our freshwater ecosystems which includes rivers, wetlands and broader catchments.

5 PERFORMANCE INFORMATION OF WATER TRADING ENTITY PROGRAMMES

The Water Trading Account was established in 1983 to separate departmental revenue collected through the sale of bulk water and related services from appropriated funds. The trading account was amended by the Public Finance Management Act (Act No 1 of 1999), under which it became the Water Trading Entity in 2008. The rationale was to create an entity that would manage the recovery of usage costs to ensure the long term sustainability of South Africa's water resources.

The entity has two components: water resources management and infrastructure management. The water resources management component oversees the management of water quality, conservation and the allocation of water through catchment management agencies. The infrastructure component oversees the operations and maintenance of existing water infrastructure as well as the development of new infrastructure.

The entity's strategic goals over the medium term are to:

- establish appropriate governance structures;
- strengthen financial management;
- build organisational capacity to ensure that the entity operates economically and efficiently and provides water in an equitable and sustainable manner.

5.1 Financial Management

Purpose: ensures the efficient management of daily financial operations, processes and systems for the infrastructure and proto-CMA components.

5.2 Proto-Catchment Management Agencies

Purpose: provides for the protection, development, use and management of the resources at water management area level.

5.2.1 Strategic objectives

Programme Name		Water Trading Entity				
No	Strategic objectives	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
1.2	Effective and efficient internal control environment	288 debtor days	Reduction in the number of days for outstanding debt (i.e. over 60 days) from 170 to 150 days	109 debtor days	Over by 41 days	The engagements with the NT, COGTA and DWS to explore the option of ring-fencing a portion of the equitable share to offset raw water debt yielded positive results.
2.3	Equitable water allocation	88% spent on refurbishment and betterment against budget	100% spent on refurbishment and betterment against budget	77% was spent on refurbishment and betterment against budget	Under by 23%	The late approval of the term contract resulted in the slow spending on the refurbishment and betterment projects
		4 417 water users were validated and verified within water management areas	40% of water users validated within catchment areas	0% of water users were validated within catchment areas	Under by 40%	A suitable PSP to run the project could not be found and as a result the PSP procurement had to be re-advertised
			40% of water users verified within catchment areas	0% of water users were verified within catchment areas	Under by 40%	A suitable PSP to run the project could not be found and as a result the PSP procurement had to be re-advertised
3.3.	Increased water ecosystem health	119 rivers where River Health Programme was implemented	98 rivers where River Eco-status Monitoring Programme is implemented	The River Eco-status Monitoring Programme was implemented in a total of 62 rivers	Under by 36 rivers	The weather conditions were not favourable for the monitoring to occur.

5.2.2 Performance indicators per component

Sub-programme		Financial Management				
PPI no	Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
58	Reduction in the number of days for outstanding debt (i.e. over 60 days) from 170 to 150 days	288 debtor days	Reduction in the number of days for outstanding debt (i.e. over 60 days) from 170 to 150 days	109 debtor days	Over by 41 days	The engagements with the NT, COGTA and DWS to explore the option of ring-fencing a portion of the equitable share to offset raw water debt yielded positive results.
59	Percentage spent on refurbishment and betterment against budget	88% spent on refurbishment and betterment against budget	100% spent on refurbishment and betterment against budget	77% was spent on refurbishment and betterment against budget Mr Sifiso	Under by 23%	The late approval of the term contract resulted in the slow spending on the refurbishment and betterment projects.

Proto-Catchment Management Agencies						
Sub-programme		Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
PPI no	Performance indicator					
60	Percentage of water users validated within catchment area	4 417 water users were validated and verified within water management areas	40% of water users validated within catchment areas	0% of water users were validated within catchment areas	Under by 40%	A suitable PSP to run the project could not be found and as a result the PSP procurement had to be re-advised
61	Percentage of water users verified within catchment area		40% of water users verified within catchment areas	0% of water users were verified within catchment areas	Under by 40%	A suitable PSP to run the project could not be found and as a result the PSP procurement had to be re-advised
62	Percentage of water volume allocated to Historically Disadvantaged Individuals	7 million m ³ /a of water allocated to Historically Disadvantaged Individuals	100% water volume allocated to Historically Disadvantaged Individuals	0% water volume allocated to Historically Disadvantaged Individuals	Under by 100%	The indicator was poorly crafted and only part of the POE was expected and provided from the Proto-CMAs for each quarter, which is the % volumes allocated to HDIs and not the original application forms showing the volumes applied for.
63	Number of rivers where River Eco-status Monitoring Programme is implemented	119 rivers where River Health Programme was implemented	98 rivers where River Eco-status Monitoring Programme is implemented	The River Eco-status Monitoring Programme was implemented in a total of 62 rivers	Under by 36 rivers	The weather conditions were not favourable for the monitoring to occur.

5.2.3 Strategy to overcome areas of under performance

The areas of underperformance have been incorporated in the 2016/17 financial year.

5.2.4 Changes to planned targets

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

6 TRANSFER PAYMENTS

6.1 Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Umgeni Water Board	Water Infrastructure development	279 140	279 140	This is an on-going project which will be completed in coming years
Magalies Water Board	Water Infrastructure development	150 000	150 000	This is an on-going project which will be completed in coming years
Sedibeng Water Board	Water Infrastructure development	203 548	115 952	This is an on-going project which will be completed in coming years
Amatola Water Board	Water Infrastructure development	169 060	45 000	This is an on-going project which will be completed in coming years

6.2 Transfer payments to all organisations other than public entities

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
WSOS	Municipalities	Refurbishment and operation and maintenance	Yes	452 915	152 465	Programme is still on going until end June 2016
MWIG	Municipalities	Upgrading of infrastructure	Yes	1 803 932	850 342	Programme is still on going until end June 2016
RHIG	WSA	To build on site sanitation in areas where bulk dependent services are not viable	Yes	48 182	25 539	Programme is still on going until end June 2016

7 CONDITIONAL GRANTS

7.1 Conditional grants and earmarked funds paid

Tabulated below are each of the conditional grants and earmarked funds paid by the department.

Table 5: Bucket Eradication Programme Grant (Schedule 6B)

Department/Municipality to whom the grant has been transferred	Allocation in-kind
Purpose of the grant	To provide funding for the eradication of bucket sanitation.
Expected outputs of the grant	29 594
Actual outputs achieved	1 838
Amount per amended DORA (R'000)	R 975 399
Amount transferred (R'000)	-
Reasons if amount as per DORA not transferred	R 975 399
Amount spent by the department/municipality (R'000)	-
Reasons for the funds unspent by the entity	-
Monitoring mechanism by the transferring department	Sanitation regional managers monitor the projects on a daily basis with national sanitation monitoring on a monthly and quarterly basis.

Table 6: Municipal Water Infrastructure Grant (Schedule 5B)

Department/Municipality to whom the grant has been transferred	Various municipalities
Purpose of the grant	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a water supply service.
Expected outputs of the grant	Number of household provided with interim or basic water supply.
Actual outputs achieved	A total of 34 816 households were supported through both schedules of the grant.
Amount per amended DORA (R'000)	R 1 803 932
Amount transferred (R'000)	R 1 803 932
Reasons if amount as per DORA not transferred	Allocation fully transferred.
Amount spent by the department/municipality (R'000)	R 850 342
Reasons for the funds unspent by the entity	Municipalities are allowed to spend funds within their financial year which run until end of June, so there is no under spending as municipalities are still within their financial year.
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports.

Table 7: Municipal Water Infrastructure Grant (Schedule 6B)

Department/Municipality to whom the grant has been transferred	Various municipalities
Purpose of the grant	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a water supply service.
Expected outputs of the grant	Number of household provided with interim or basic water supply.
Actual outputs achieved	A total of 34 816 households were supported through both schedules of the grant.
Amount per amended DORA (R'000)	R 591 729
Amount transferred (R'000)	R 546 256
Reasons if amount as per DORA not transferred	Delays in the appointment of implementing agents and contractors resulted in implementation starting late to the schedule hence some funds were unspent.
Amount spent by the department/municipality (R'000)	R 546 256
Reasons for the funds unspent by the entity	Delays in the appointment of implementing agents and contractors resulted in implementation starting late to the schedule hence some funds were unspent.
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports.

1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Reference is made to the AGSA report for Vote 36, Paragraph 1 to Paragraph 41, set out on pages 194 to 199 in Part E: Financial Information of this annual report.

2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The department's services for the year under review were consolidated under three (3) strategic outcome oriented goals. The country and the region experienced below normal rainfall during the 2015/16 summer rainfall season resulting in the meteorological, hydrological, socio-economic and agricultural drought. These conditions negatively impacted the water sector across the value chain with a number of district and local municipalities within six (6) provinces having drought declarations during the period under review. A number of measures had to be implemented to mitigate the drought impact for the water sector. To a certain extent, this affected the department's performance in achieving its strategic outcome oriented goal as summarised below:

An efficient, effective and development oriented sector leader

In improving and increasing the skills pool in the department, a total of 65 graduate trainees were added to the learning academy with 57 placed into candidate positions as a result of an increased budget and higher than expected placement rate. In addition, a total of 172 posts were filled additional to the establishment with 41 filled out of the occupational specific dispensation.

For its strategic objective of ensuring effective and efficient control environment, the department's performance, in compliance with the Management of Performance Assessment Tool (MPAT) declined by 9% compared to the previous year as partial compliance with the standard requirements was attained. The department's performance improved in the reduction of debtor days as the engagements with the National Treasury and the Department of Cooperative Governance on ring-fencing the equitable share to offset raw water debt yielded positive results.

For its strategic objective of implementing programmes that create job opportunities over 8 000 job opportunities were created through implementing infrastructure projects and rural intervention programmes during the year under review. Although labour intensive methods were used resulting in the creation of job opportunities from the regional bulk and water resource projects, delays in the commencement of certain projects within the municipal water infrastructure and dam safety rehabilitation programmes negatively affected the creation of additional job opportunities.

Equitable and sustainable water and sanitation services

For its strategic objective of increasing sustainability in water provision, the various planning related milestones were affected by inter alia contractual and procurement finalisation delays; reallocations of funds from certain projects to drought interventions and labour unrests within certain dam safety projects.

For its strategic objective enhancing provision of basic sanitation, the non-availability of bulk infrastructure in certain areas and cash flow challenges experienced by certain implementing agents resulted in the non-completion of certain projects.

For its strategic objective of equitable water allocation, the implementation of the department's turnaround strategy yielded positive results as the finalisation of water use authorisations improved as compared to the previous years during the period under review. The validation and verification of water users within water management areas however, was not conducted as delays in finalising the procurement processes were experienced.

For its strategic objective of improving water use efficiency the lack of dedicated water conservation and demand management funding within municipalities resulted in the reduction of 2% within the large water supply systems.

Protection of water across the value chain

For its strategic objective of developing strategies for water and sanitation management, the department developed the draft economic and social regulation strategy. The gazetting of the raw water pricing strategy that provides the framework for the pricing of raw water use and section 10 of the norms and standards for public consultation delayed the completion of the economic and social regulation strategy.

The department's performance was above average for the enhanced regulatory compliance strategic objective as follow-ups and a concerted effort on the verification of the industry and agriculture sectors yielded positive results within the dam safety evaluations and monitoring of water users for compliance. Performance assessments were conducted in water supply systems to assess compliance with drinking water standards.

Table 8: Regional Bulk Infrastructure Grant (Schedule 6B)

Department/Municipality to whom the grant has been transferred	Various municipalities
Purpose of the grant	To develop new, refurbish, upgrade and replace ageing infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality. To develop new infrastructure, refurbish, upgrade and replace ageing waste water infrastructure of regional significance. To pilot regional Water Demand Management and Water Conservation projects or facilitate and contribute to the implementation of local Water Demand Management and Water Conservation projects that will directly have an impact on the bulk infrastructure requirements.
Expected outputs of the grant	Number of projects completed
Actual outputs achieved	11 projects completed
Amount per amended DORA (R'000)	R 4 857 654
Amount transferred (R'000)	R 4 857 654
Reasons if amount as per DORA not transferred	None
Amount spent by the department/municipality (R'000)	R 4 857 654
Reasons for the funds unspent by the entity	Budget fully spend
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports.

Table 9: Rural Household Infrastructure Grant (Schedule 5B)

Department/Municipality to whom the grant has been transferred	Various municipalities
Purpose of the grant	To provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable.
Expected outputs of the grant	4 589
Actual outputs achieved	A total of 3 708 households were supported through both schedules of the grant
Amount per amended DORA (R'000)	R 48 182
Amount transferred (R'000)	R 48 182
Reasons if amount as per DORA not transferred	-
Amount spent by the department/municipality (R'000)	R25 539
Reasons for the funds unspent by the entity	Late appointment of contractors by municipalities.
Monitoring mechanism by the transferring department	Monitoring by sanitation regions on a monthly basis and by Head Office on a quarterly and annual basis.

Table 10: Rural Household Infrastructure Grant (Schedule 6B)

Department/Municipality to whom the grant has been transferred	Allocation in-kind
Purpose of the grant	To provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable.
Expected outputs of the grant	4 022
Actual outputs achieved	A total of 3 708 households were supported through both schedules of the grant
Amount per amended DORA (R'000)	R 67 328
Amount transferred (R'000)	R 19 200
Reasons if amount as per DORA not transferred	Slow delivery by contractors
Amount spent by the department/municipality (R'000)	Not applicable
Reasons for the funds unspent by the entity	Slow delivery by contractors
Monitoring mechanism by the transferring department	Sanitation regional managers monitor the projects on a daily basis with national sanitation monitoring on a monthly and quarterly basis.

Table 11: Water Services Operating Subsidy Grant (Schedule 5B)

Department/Municipality to whom the grant has been transferred	Various municipalities
Purpose of the grant	To subsidise, refurbish and restore the functionality of water services schemes previously owned and/or operated by the Department of Water and Sanitation or by other agencies on behalf of the department.
Expected outputs of the grant	Number of transferred schemes refurbished.
Actual outputs achieved	53 transferred schemes were undergoing refurbishment.
Amount per amended DORA (R'000)	R 452 915
Amount transferred (R'000)	R 452 915
Reasons if amount as per DORA not transferred	Allocation fully transferred.
Amount spent by the department/ municipality (R'000)	R 152 465
Reasons for the funds unspent by the entity	Municipalities are allowed to spend funds within their financial year which run until end of June, so there is not under spending as municipalities are still within their financial year.
Monitoring mechanism by the transferring department	Monthly expenditure reports, site meetings and quarterly performance evaluation reports.

7.2 Conditional grants and earmarked funds received

There were no conditional grants and earmarked funds received for the period 1 April 2015 to 31 March 2016.

8 DONOR FUNDS

There were no donor funds received for the period 1 April 2015 to 31 March 2016.

9 CAPITAL INVESTMENT

9.1 Capital investment, maintenance and asset management plan

Infrastructure projects	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	6 696 615	6 702 206	-5 591	5 586 924	3 877 716	1 709 208
Existing infrastructure assets	869 105	842 976	26 129	641 616	579 726	61 890
Upgrades and additions	470 885	393 621	77 264	79 883	76 324	3 559
Rehabilitation, renovations and refurbishments	380 020	360 130	19 890	444 516	414 346	30 170
Maintenance and repairs	90 200	89 224	976	117 217	89 056	28 161
Infrastructure transfer	4 046 209	4 023 253	22 956	3 066 644	3 066 742	-98
Current	90 200	89 224	976	117 217	89 056	28 161
Capital	11 521 729	11 479 211	42 518	9 177 967	7 435 128	1 742 839
Total	11 611 929	11 568 435	43 494	9 295 184	7 524 184	1 771 000

PART C GOVERNANCE



1 INTRODUCTION

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

2 RISK MANAGEMENT

The Department established a new Chief Directorate responsible for Governance, Risk and Compliance within the Office of the Director General.

The various risk management, internal control and internal audit units operating within the department were all relocated to the new chief directorate and reorganized to ensure better coordination, cooperation and efficiency.

During this period, the department developed a new risk management strategy, risk management policy, risk management framework and conducted risk assessments within the various programmes of the department.

Resulting from the risk assessments, the internal audit coverage plan was realigned to focus on the new identified risks.

3 FRAUD AND CORRUPTION

The Department has an approved Fraud Prevention Plan which outlines the Department's position towards fraud and corruption and reinforces existing systems, policies, procedures, rules and regulations of the Department aimed at deterring, preventing, detecting, responding to and reducing the impact of fraud and corruption. The Fraud Prevention Plan was approved on 02 March 2016 and was developed after taking into account the fraud and corruption risks that were identified during the fraud and corruption risk assessment. It is an overall plan setting out how the Department will endeavour to reduce fraud and corruption. It also aims to confirm that the Department supports and fosters a culture of zero tolerance to fraud and corruption in all its activities. It covers aspects such as the relevant role players, special initiatives to root out fraud, highlighting red flags, setting out details of the fraud response plans and actions to be taken.

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

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

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

- An employee who reports suspected fraud and corruption may remain anonymous should he/she so desire.

- He / she will not suffer any penalty or retribution for good faith reporting of any suspected or actual incident of fraud and corruption which occurred within the Department.

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

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

4 MINIMISING CONFLICT OF INTEREST

In an effort to minimise the conflict of interest within supply chain management, the members of all procurement committees (namely the departmental bid adjudication, the regional bid adjudication, the sub-bid adjudication and the evaluation committees) disclose their interests or lack thereof in every meeting attended.

If any committee member declares an interest, they are excused from the procurement process and in instances where any member does not declare but is found to have interest, their influence is investigated and disciplinary action is taken against the said member.

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

In line with the DPSA requirements, all departmental senior management service is required to submit financial disclosure forms to the DPSA. In addition to the financial disclosures required from the department's senior management service (SMS), financial declarations for all non-SMS officials are submitted to the Demand Management unit.

The Department of Trade and Industry (DTI) has given the department access to the CIPC site to verify company members of the successful bidder if the BBBEE points claimed are correct.

5 CODE OF CONDUCT

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

6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department has appointed all Deputy Directors-General, including the CFOs and heads of departmental provincial offices to be responsible for the Occupational Health and Safety; which is in line with section 16.2 of the Occupational Health and Safety Act.

The departmental OHS policy was updated and signed off with the Smoking policy and the PPE Policy currently under review. The department's OHS strategic plan for the period of 2014-2018 has been approved, with the implementation of OHSAS 18001 system in progress. An OHS risk register has been adopted and is updated quarterly.

Qualified Safety Officers or coordinators are appointed in all departmental offices to ensure the implementation of Occupational Health and Safety Act in their areas of responsibility. Other legal appointments such as Health and Safety Representatives, first aiders, fire fighters are also appointed and trained with regional health and safety committees established and functioning.

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

7 PORTFOLIO COMMITTEES

During the year under review, the department had 35 interactions with parliamentary committees as follows: 22 with the Portfolio Committee of Water and Sanitation (PCWS), 3 interactions with the Select Committee on Social Services (SCSS); 3 interactions with the Standing Committee on Appropriations (ScoA); 2 interactions with the Select Committee on Public Accounts (SCOPA); Budget Vote in National Assembly (NA) and National Council of Provinces (NCOP) and 4 oversight visits.

The matters raised by the committees range from the eradication of the bucket system, regulatory and ownership and progress on infrastructure and drought interventions.

Progress and response on some of the issues raised by the committees is tabulated below:

Date of meeting	Matters raised by the committee	Response by the department
5 Aug 2015	Land sold separately from water rights, how do we address this? How is the Department related to the irrigation boards? What is the role of the CMA?	Review the National Water Act, 1998 by repealing section 25 of the same Act thereby doing away with the transfer of water use entitlements and therefore water trading. Any authorized water use including Existing Lawful Use (ELU) which is not utilized for a period specified by the Minister should be re-allocated to the public trust managed by the Minister as the custodian of the national water resources. The Minister's discretion to approve water use will be guided by the needs and requirements of the transformation and development objectives of the state. The elimination of water trading and re-enforcing water as public good would discourage water trading and by extension, would also curb unjust decoupling of water from the land. There were 279 irrigation boards in 1998, 59 were transformed into water user associations and 220 are still not transformed. The Department has the responsibility to oversee these irrigation boards through their business plan and financial statements as part of the institutions for water sector. Section 63(1)(c) of the National Water Act, 1998 (Act No. 36 of 1998), provide the Minister of Water and Sanitation with the power to delegate certain functions to the CMAs. As a result, the CMAs can be delegated with the power of allocation of water use license. CMAs can only allocate water use license upon receiving the delegation for such function
29-30 April 2015	Department requested to submit progress on the bucket eradication programme against the target of 88 127 reported to the committee. What is the standardised price for sanitation as toilets constructed at a unit price of R 36 000 is too excessive.	The Department verified buckets in formal areas which amount to 58 453 . All buckets in the formal areas will be eradicated by December 2015 the programme is estimated to cost R975 339 000,00. To date we have eradicated 28 952 buckets in formal residential areas. The cost of providing Sanitation is guided firstly by the Human Settlement subsidy quantum on the provision of a serviced stand which is costed at R43 000 (Grade A Service) and R34 000 (Grade B Service) in the 2014/15 Financial year. This includes the provision of water, sewer, electricity and roads and stormwater drainage to the property. The Department also adopted the geotechnical variation principle from Human Settlements that in the event of hard rock, difficult soil conditions etc, up to a maximum of 15% will be afforded to the unit or project based on the soil conditions encountered.

Date of meeting	Matters raised by the committee	Response by the department
		The Rural Household Infrastructure Grant (RHIG) provides dry, on-site sanitation on average at a cost of R9 500 (Single pit toilet) and R11 500 (Double pit toilet) however, variations may occur from province to province due to location of the project (increase in the transport cost) and the availability of materials which at times will be imported from other provinces if adequate stock is not available from local suppliers. With regards to Water Borne Sanitation, the cost of providing a new toilet structure is between R12 000 and R15 000 each, again depending on the supplier. This does not include the water and sewer reticulation network and other direct or indirect cost associated with the project. However, the Department is in the process of revising norms and standards with regards to Sanitation provision in conjunction with the CSIR.
29-30 April 2015	Requested a report detailing all infrastructure owned by the department and the maintenance thereof.	The department's National Water Resources Infrastructure branch (NWRI) is the custodian of a number of assets which includes dams, canals, pipelines, buildings and road networks (access roads). A detailed maintenance plan is being finalised for submission to the Portfolio Committee subsequent to approval.
29-30 April 2015	Provide a report on whether the raising of the Hazelmere and Clanwilliam dams wall has taken into account current and planned developments in the area.	The raising of Clanwilliam Dam will increase the yield of the dam to provide water to sustain current development and additional water for further development of irrigation and towns in the supply area. The Department did take the water needs for current and planned developments into account for the raising of Hazelmere Dam. This was further investigated during the Environmental Impact Assessment.
3 June 2015	Provide a complete audit of all water and sanitation infrastructure in the country.	The list of infrastructure in the country. • 256 large water schemes. • 320 large dams. • 8 036 km canals. • 171 km tunnels. • 990 km large diameter pipelines. • 56 pump stations – 211 MW installed capacity. • 3011 measuring facilities. • Other infrastructure. • 28 wastewater treatment works (small, only serves the housing on the schemes) • 34 water treatment works (small, only serves the housing on the schemes) • 2581 buildings • Land and servitude approximately 400 000Ha.

Date of meeting	Matters raised by the committee	Response by the department
27 May 2015	How was the department going to address the problem of waste formulated by the local governments themselves.	Disposal of waste to landfill is regulated by the National Environmental Management Waste Act, 59 (2008) administrated by the Department of Environmental Affairs (DEA). The DWS provides comments and requirements to the Environmental Authorisation through Section 50(3) where the Department has concurrence with DEA. Compliance against this authorisation is done jointly with DEA taking the lead. Waste water treatment and discharge is regulated by the National Water Act, 1998 administrated by the Department. Norms and standards are regulated and compliance is monitored on a regular basis by the Department. Annual audits of waste water systems are also done as part of incentive based regulation in terms of the Green Drop certification programme.
18 March 2015	Provide a report on the latest Madibeng (Jericho and Letlhabile) water protest of the 18 March 2015 where communities burned a councillor's house and council offices.	The community protests which took place on 15 March 2015 was triggered by the water supply shortages experienced by the communities within the Madibeng Municipality. However, the Municipality made an effort to inform the community members. The potable water supply system which is supposed to serve both Jericho and Letlhabile Villages, is the Brits Water Treatment Works (WTW). The Brits WTW is designed to produce 60 MI/d of potable water; however, the daily water demand is estimated at 80MI/d. This therefore means there is inadequate water to supply all the villages served through the Brits WTW particularly during peak hours and summer season. In order to ensure sustainable water supply provision, the Department has the following measures in place: Medium-term solution: Through the Water Services Operating Subsidy, (WSOS) funding was made available for drilling and equipping two new boreholes and construction of four elevated storage tanks. The project progress is at 95% completion and it is anticipated to be complete by mid-April 2015. It must be noted that during the site inspection on 30 March 2015, it was observed that the newly installed submersible pump was vandalised and the starter panel stolen. These are some of the things that delay the project. Long-term solution: Through the Regional Bulk Infrastructure Grant, (RBIG) an amount of R381 million has been budgeted for upgrading the Brits WTW from 60MI/d to 80MI/d. The Magalies Water Board was appointed as an implementing agent for the project. The construction work began in April 2014 and it is anticipated that the project will be completed by June 2017.

Date of meeting	Matters raised by the committee	Response by the department
9 September 2015	The Minister announced that the department would be developing a R10 billion plant to deal with acid mine water. There are new technologies at a fraction of the cost that clean mine water and therefore the Minister would need to present to the portfolio committee on this plant before the Minister signs off on it.	A Feasibility Study to identify a long-term solution to acid mine drainage (AMD) water in the Witwatersrand gold fields has recommended the use of desalination (reverse osmosis) technology and beneficial reuse (industrial and/ or potable) of mine water. This strategy will minimise AMD risks on the environment as well as contribute to ensuring water security in the Vaal River System. The findings of the Feasibility Study have indicated that the cost of desalination infrastructure is estimated at just under R10 billion (capital base cost at December 2013). This cost, which is inclusive of infrastructure already put in place as part of the current AMD emergency works project (short-term solution), is premised on the establishment of two separate desalination facilities in the Germiston and Springs areas. A single desalination facility will be considered which could result in cost-savings. Whilst it is recognised that there are new/ emerging technologies which may treat AMD at a reduced cost, these technologies are not proven on the scale required to adequately respond to the complexity of the Witwatersrand AMD situation. Other technologies have only been proven at pilot scale. As such, the use of reverse osmosis technology is currently the preferred technology for desalination as it has been demonstrated both locally and internationally in high-volume AMD/ sea water desalination facilities. The Department recognises the need for continuous improvement in the technologies applied for AMD treatment. To this, the Department and the Water Research Commission have earmarked four new/ emerging technologies for further testing and development. To ensure an optimised response to AMD management that seeks to be <i>inter alia</i>, cost-effective, technologically-efficient and environmentally-sustainable, three working streams have been established to deal with policy/ regulation, technology and finance matters. The outcomes and recommendations of these working streams, together with findings of the Feasibility Study, will guide the Department in its long-term strategy for AMD management in the Witwatersrand gold fields. Accordingly, the decision taken for the long-term strategy will be in accordance with best-practices for water resources management whilst simultaneously ensuring minimal financial impact on citizens. Interested and affected parties will have an opportunity to review and comment on the long-term strategy once the Environmental Impact Assessment is initiated.

Date of meeting	Matters raised by the committee	Response by the department
1 September 2015	Why the Department (DHS) under-spent by R504.1 million on Rural Household Infrastructure Grant (RHIG)	The Department was never geared up for infrastructure projects. There was a shortage of engineers. The gearing up for capacity took longer than had been expected. The Department had to make use of two implementing agents-Imvula Trust and the Independent Development Trust (IDT). The grant had been given to Imvula Trust, but its performance had not been satisfactory. Most municipalities had not received the grant because they did not have capacity and clean audits. The provinces were also not geared up for these infrastructure projects.
26 May 2015	Provide an assessment of how employees are appointed	The Recruitment Process as prescribed in the Public Service Regulations and Public Service Act is followed with the recruitment of employees in the Department of Water and Sanitation
22 May 2015	Pollution of the Swartkop river by the sewage, what is the Department doing to address that?	The Department has issued a series of directives to Nelson Mandela Bay Municipality (NMBM) (from November 2011 onwards) to which (NMBM) responded and presented an acceptable action plan.
23-24 July 2015	Provide a progress report Nandoni to Giyani project and the Nandoni Dam social upliftment interventions.	On 14 August 2014, the Minister interacted with the community of Mopani District Municipality (MDM) in Giyani Town. This visit was followed by a session in parliament where the President made a national commitment that Giyani Water Treatment Works (WTW) extension and refurbishment projects will be completed by end of September 2014, as a result, water challenges in Giyani District Municipality will be addressed. During the Minister's visit it became apparent that the works might not be completed unless additional resources are employed. It also became clear out of interactions with communities and stakeholders that water and sanitation challenges in the area of Mopani have hardened into a crisis that need immediate intervention.

Date of meeting	Matters raised by the committee	Response by the department
		The Department of Water and Sanitation has since received a formal submission concerning claims made by the eighteen (18) communities, these claims are echoing the inconsistencies and inherent challenges encountered during the initial Land Valuation process. It has been inferred in the community submission that compensation was incompatible with the loss of land and the Valuation method was oblivious of the real and net losses and therefore corrective measures had to be put in place. A task team was established to examine the validity of the above referred-to community claims and further on to help create an institutional framework for a remedy. Plans are afoot to re-examine the method approach concerning valuation and validation of claims. Post the preliminary findings, a detailed cost plan will be finalised to weigh the net financial implications of the process. An amount of R20m has been set aside for the project. A prudent handling of this matter will avert and mitigate potential litigation against the State by the claimants. A panel of members has been setup to ensure a meticulous handling of the claims as raised. Vhembe District Municipality, Thulamela Local Municipality and DWS Construction Branch have been consulted.
16 April 2016	Drought Programmes and interventions.	Water tankering to critically affected communities is procured by DWS, municipalities and NGOs such as Operation Hydrate as an emergency measure to deal with the drought situation. This is done based on needs and business plans drawn up to resource the intervention. Although 458 tankers have already been procured, because of the increasing severity of the drought it is estimated that a further 742 tankers will be required. Groundwater resource is more resilient to drought. A programme of increasing groundwater use is being implemented, entailing refurbishment of existing boreholes and drilling and equipment. The progress in the disbursement of drought relief funding to provinces was outlined. Funds are prioritised according to need, level of stress, expected effectiveness, viability and speed of interventions, and numbers of households affected. Funding for drought relief interventions saw an initial amount of R352.4 million given to the drought relief programme. A further R185 million was allocated from the Water Trading Entity (WTE) during 2015/16 resulting in a total allocation of R340 million from WTE. National Treasury has disallowed a rollover of R46 million and the Water Services Operating Subsidy (WSOS) of R50.5 million. Reprioritisation of R61.5 million had to be done from other programmes.

Date of meeting	Matters raised by the committee	Response by the department
14 October 2015	Reason for the Department's under-spending?	The reasons for under-spending had mostly to do with the prevailing conditions; some made it impossible to achieve the targets. Any budget remaining would not be spent on other matters but would be returned to National Treasury. If the prevailing conditions were cleared or improved, the Department would request a roll-over of that money, or it could ask National Treasury to re-allocate the funding to other projects that were more pressing.
14 October 2015	The vacancy rate of the engineers and scientists. What is the Department doing to retain scientist and engineers?	The increase in the vacancy rate was as a result of restructuring in the Department, coupled with some difficulty in sourcing capacity, and recruiting the right professionals. The Department is currently in the process of developing a retention policy which will address these issues.
9 March 2015	Clarification on what the DWS regarded as formal and informal bucket systems.	The definition of "formal" bucket systems, there were no remaining buckets in KZN, Limpopo and Gauteng. Where buckets were being used in these provinces, they fell outside the definition of formal buckets and formal settlement. People used chemical toilets in formal areas or might use buckets where they resided in informal settlements. It was explained that a formal settlement was described as one where the residents held a deed, where the land had, under town planning, been designated as a stand and the area was designated as a township.
22 May 2015	Pipes lying on the ground in Ermelo since 2013, what is the Department doing to address that?	This pipeline was a temporary pipeline that was put in place for the Ermelo town. A permanent pipeline was subsequently done under the RBIG programme and the temporary pipeline was decommissioned. A section of the pipeline was then used for the link between Kriel and the KWSAP pipeline.
9 March 2016	Is the Department working with the Department of Public Works on the War on Leaks programme?	The War on Leaks programme launched by the President in 2015, in Eastern Cape. The department provided training and training certificates for that programme. Another War on Leaks had been launched in 2013 by the Department of Public Works, but this one had been funded, planned, and training offered solely by the Department of Public works.
9 March 2016	Why has the Department not yet paid the debt it owed Bloem Water?	Invoices have been requested from Bloem Water, to ascertain what sum was owed.

8 SCOPA RESOLUTIONS

There were no SCOPA resolutions for the period under review.

9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
1 Commitments		
The department has implemented the LOGIS system in eight out of the nine regions (provinces) to manage and track the procurement of goods and services. However, LOGIS was inadequate for the identification and recognition of all open orders at year end as it was not always used to record regional bulk infrastructure procurement contracts. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all commitments were properly recorded. In addition, the limitation reported in the prior audit report on the corresponding figures has not been corrected by management. Consequently, I was unable to determine whether any adjustment relating to commitments of R732.4 million (R576.4 million: 2010/11), as stated in note 24 to the financial statements was necessary.	2011/12	A process flow was compiled on the accounting of possible transactions in the RBIG projects. A template to record all RBIG transactions in detail from the Implementing agents invoice with its supporting documents to the BAS report was also developed.
I was unable to obtain sufficient appropriate audit evidence due to lack of supporting documents for the restatement of the corresponding figure for commitments. As described in note 22 to the financial statements, the restatement was made in order to rectify a prior year misstatement. I was unable to confirm the restatement by alternative means. Consequently I was unable to determine whether any adjustment to the commitments corresponding figure stated at R21.3 billion in the financial statements was necessary.	2012/13	

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
The department did not have adequate systems in place to maintain records of Regional Bulk Infrastructure Projects (RBIG) commitments where the procurement of goods and services have been approved and/or contracted, but where no delivery has taken place at year end, which resulted in RBIG commitments being misstated by R576 million for the restatement of the corresponding figure for RBIG commitments. The restatement was made in order to rectify a prior year misstatement. I was unable to confirm the restatement by alternative means. In addition, I was unable to obtain sufficient appropriate audit evidence for the corresponding amounts disclosed as RBIG commitments in note 22 to the financial statements and I could not confirm the disclosure by alternative means. Consequently I was unable to determine whether any further adjustments to prior year RBIG commitments stated at R5.9 billion in the financial statements were necessary. The department did not have adequate systems in place to maintain records of RBIG commitments where the procurement of goods and services have been approved and/or contracted, but where no delivery has taken place at year end, which resulted in RBIG commitments being misstated by R630 million. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as RBIG commitments in note 22 to the financial statements and I could not confirm the disclosure by alternative means. Consequently I was unable to determine whether any further adjustments to RBIG commitments stated at R5.4 billion in the financial statements were necessary.	2013/14	

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
The department did not have adequate systems in place to maintain records of Regional Bulk Infrastructure Projects (RBIG) where the procurement of goods and services have been approved and/or contracted, but where no delivery has taken place at year end, which resulted in RBIG commitments being misstated by R1.4 billion for the restatement of the corresponding figure for RBIG commitments. The restatement was made in order to rectify a prior year misstatement. I was unable to confirm the restatement by alternative means. In addition, I was unable to obtain sufficient appropriate audit evidence for the corresponding amounts disclosed as RBIG commitments in note 22 to the financial statements and I could not confirm the disclosure by alternative means. Consequently I was unable to determine whether any further adjustments to current year RBIG commitments stated at R36 billion in the financial statements were necessary. The department did not have adequate systems in place to maintain records of RBIG, Municipal Water Infrastructure Grants (MWIG) and Rural Households Infrastructure Grants (RHIG) commitments where the procurement of goods and services have been approved and/or contracted, but where no delivery has taken place at year end, which resulted in RBIG, MWIG and RHIG commitments being misstated by R2 billion. In addition, I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as RBIG, MWIG and RHIG commitments in note 22 to the financial statements and I could not confirm the disclosure by alternative means. Consequently I was unable to determine whether any further adjustments to RBIG, MWIG and RHIG commitments stated at R35 billion in the financial statements were necessary.	2014/15	

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
2 Accruals		
The system of controls to maintain records of goods and services received but not yet paid for at the end of the financial year, relating to regional bulk infrastructure projects, was inadequate and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all outstanding invoices have been included in accruals. Consequently I was unable to determine whether any adjustment relating to accruals of R180.2 million disclosed in note 25 to the financial statements was necessary.	2011/12	All transactions including the regions to be captured through LOGIS. Also, a system was implemented to verify that all payments made after year end are checked if they relate/not relate to goods/ services delivered in the year under review
I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for accruals. As disclosed in note 23 to the financial statements, the restatement was made in order to rectify a prior year (2012) misstatement. I was unable to confirm the restatement by alternative means. Consequently I was unable to determine whether any adjustment to the accruals corresponding figure stated at R326.4 million in the financial statements was necessary.	2012/13	
The system of controls to maintain records of goods and services received but not yet paid for at the end of the financial year, relating to RBIG, was inadequate and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all outstanding invoices for RBIG have been included in accruals. Consequently I was unable to determine whether any further adjustments to accruals stated at R1 billion in note 23 to the financial statements was necessary.	2013/14	
The system of controls to maintain records of goods and services received but not yet paid for at the end of the financial year, relating to RBIG, MWIG and RHIG was inadequate and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all outstanding invoices for RBIG, MWIG and RHIG have been included in accruals. Consequently I was unable to determine whether any further adjustments to accruals stated at R1.4 billion (2014: R1.1 billion) in note 23 to the financial statements was necessary.	2014/15	

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
3 Irregular expenditure		
Section 38(1) (a) (iii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the department to implement and maintain an appropriate procurement and provisioning system, which is fair, equitable, transparent, competitive and cost effective. The department made payments in contravention of the supply chain management regulations amounting to R13.6 million in the current year (2012: R66 million) and are disclosed as irregular in note 26 to the financial statements. The system of control to ensure that all irregular expenditure is identified and disclosed was inadequate to allow me to confirm the irregular expenditure disclosure, and I could not confirm the irregular expenditure amount by alternative means. Consequently, I was unable to determine whether any adjustments relating to irregular expenditure disclosed as R1.1 billion (2012: R1.1 billion) in note 26 to the financial statements was necessary.	2011/12	The policies and procedure manual were reviewed and implemented. The sundry payments relating to project payments that did not follow the procurement process were monitored. The LOGIS system was fully utilised to register all commitments (e.g. RBIG, ACIP)
Section 38(1) (a) (iii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the department to implement and maintain an appropriate procurement and provisioning system, which is fair, equitable, transparent, competitive and cost effective. The department made payments in contravention of the supply chain management regulations amounting to R13.6 million in the current year (2012: R66 million) and are disclosed as irregular in note 26 to the financial statements. The system of control to ensure that all irregular expenditure is identified and disclosed was inadequate to allow me to confirm the irregular expenditure disclosure, and I could not confirm the irregular expenditure amount by alternative means. Consequently, I was unable to determine whether any adjustments relating to irregular expenditure disclosed as R1.1 billion (2012: R1.1 billion) in note 26 to the financial statements was necessary.	2012/13	

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
4 Immovable tangible capital assets		
I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for the additions to the buildings and other fixed structures for the current and prior year due to the status of the accounting records. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to the additions to the buildings and other fixed structures stated at R358.2 million (2012: R275.2 million) in note 34 in the financial statements was necessary.	2011/12	Project reconciliation were performed for each phase
I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for the additions to the buildings and other fixed structures for the current and prior year due to the status of the accounting records. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to the additions to the buildings and other fixed structures stated at R358.2 million (2012: R275.2 million) in note 34 in the financial statements was necessary.	2012/13	
The department did not have adequate systems in place to maintain records of additions to the buildings and other fixed structures for the current and prior year due to the status of the accounting records, which resulted in additions being misstated by R204 million. In addition, I was unable to obtain sufficient appropriate audit evidence due to lack of supporting documents for the amounts disclosed as additions for current year and prior year in note 33 to the financial statements and I could not confirm the disclosure by alternative means. Consequently I was unable to determine whether any further adjustments to additions stated at R1.5 billion (2013: R358.2 million) in the financial statements were necessary.	2013/14	

10 INTERNAL CONTROL UNIT

Internal Control was within the office of the Chief Financial Officer for the first quarter of the financial year under review. Whilst under the direction of the Chief Financial Officer, the directorate performed the following functions:

- Co-ordinated all audit matters (For the first six months)
- Compilation and review of policies
- Serving as secretariat to the Financial Misconduct Committee

With effect from 1 September 2015, the directorate was integrated into the Chief Directorate: Risk Management. Since the integration, the directorate performed the following functions:

- Project verification
- Forensic Investigation
- Compliance audit
- Compliance system
- Asset verification
- Follow up on forensic investigations
- Conducted risk management and fraud and corruption awareness workshops

11 INTERNAL AUDIT AND AUDIT COMMITTEES

11.1 Internal audit

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

Internal Audit serves both the Main Exchequer Account and the Water Trading Entity and its activities include the assessing and evaluating:

The reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information.

The systems established to ensure compliance with those policies, plans, procedures, laws, and other prescripts relevant to the Department.

The means of safeguarding assets and, where appropriate, the verification of the existence of such assets.

The economic and efficient management of the Department's financial, human and other resources, and the effective conduct of its operations.

The operations and/or programmes to ascertain whether or not results are consistent with established objectives and goals and whether or not the operations are being carried out as planned.

Internal audit also conduct investigations and special assignments as requested by senior management.

Internal audit's activities were implemented in line with the annual operational plan which was approved by the audit committee as per the requirements of Treasury Regulation.

11.2 Audit Committee

The Audit Committee is constituted as a statutory committee of the Department of Water and Sanitation in respect of its statutory duties in terms of the Public Finance Management Act No.1 of 1999 as amended. The Public Finance Management Act and Treasury Regulations issued in terms of the PFMA, require that an audit committee in the Public Sector should adopt an approved charter. An audit committee is established to serve as an independent governance structure whose function is to provide an oversight role on the systems of internal control, risk management, and governance. The audit committee assists the Accounting Officer (DG) in the effective execution of his/her responsibilities with the ultimate aim of the achievement of the department's objectives.

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



Rain water harvesting

As a contribution to Inclusive Growth, Rural Development and Land Reform, DWS implemented initiatives that support the Resource Poor Farmers project with access to water through the Rain Water Harvesting (RWH) program. Cumulatively, 862 rainwater harvesting tanks have been installed



AUDIT COMMITTEE MEMBERS

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Justice Motha	• B Com (Honours) CTA • B Com (Financial Accounting) • Postgraduate Diploma in Accounting Science	External	Member of Audit Committee	October 2008	March 2016	7
Natalie Skeepers	• MPhil in HIV/AIDS Management in the workplace • Master Degree in Occupational Health and Safety • Postgraduate Diploma in HIV/AIDS Management • Certificate in Money Laundering (University of Johannesburg) • B Tech in Environmental Health • National Diploma in Environmental Health • National Diploma in Public Health (Health Inspector) • Executive Development Programmer	External	Member of Audit Committee	1 April 2013	March 2016	6
Adv Frans van der Westhuizen	• DIP IURIS • B IURIS • LLB	External	Audit Committee Member	1 April 2013	March 2016	5
Mr Japie Du Plessis	• National Diploma in State Accounting and Finance	External	01 April 2016			4
Mr Lwazi Khuse	• CA (SA) • IRBA PPE Part 2 • APT (Audit Specialised Diploma) • B Com Honours in Accounting Science • B Com Accounting	External	01 April 2016			4

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Annah Badimo	• Bsc Computer • Bsc Hons(Computer Science) • Cobol Programming Diploma • Msc Applied Science(electrical Engineering) • Diploma in Project Management • MBA • Internet Governance • Diplomacy Foundation • PHD Computer Science • CRYPTO Security Training • CISM (Certified Information Security Manager) • CGEIT (Certification in the Governance) • PMP (Project Management Professional) • xCISA (Certified information systems auditor)	External	Audit Committee Member	1 April 2016 (Re-appointed)		6 (2015-16 financial year) 4 (2016-17 financial year)
Thuri Mudaly	• Diploma in Insolvency Law and Practice • Post graduate Diploma in Accountancy • Bachelor of Commerce	External	Audit Committee Member	1 April 2013	March 2016	5
Adv. Job Molapo	• B IURIS • LLB • LLM • Advance Labour Law programme • Commissioners' Certificate (CCMA) • Diploma in Auctioneering	External	Audit Committee Member	1 April 2013	March 2016	0

12 AUDIT COMMITTEE REPORT

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

The Audit Committee has considered the results of the annual financial statements audit for the period under review for Vote 36 and the Water Trading Entity:

Reference is made to the Audit Committee report for Vote 36, set out on pages 190 to 193 in Part E: Financial Information of this annual report.

Reference is made to the Audit Committee report for the Water Trading Entity, set out on pages 344 to 347 in Part E: Financial Information of this annual report.

PART D

HUMAN RESOURCE MANAGEMENT



1 INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2 OVERVIEW OF HUMAN RESOURCES

Arising from the new mandate and strategic direction of the Department of Water and Sanitation (which also saw the addition of the Sanitation function to the department), a decision was taken to focus on the review the organisational structure. Preparatory work for an intensive review process was therefore undertaken during the period under review. A structure review project was subsequently launched towards the end of the 2015/16 financial year which will continue throughout the 2016/17 financial year. It is anticipated that a revised structure, which is aligned to the department's mandate and strategic objectives will be implemented by 1 April 2017.

In May 2015 the Minister of Water and Sanitation and the Director-General approved a new set of delegations in terms of the Public Service Act and Public Service Regulations.

At the beginning of the 2015/16 financial year the department had 7 393 posts filled out of a total of 8 775 posts with a vacancy rate of 15.7%. On the 01 August 2015 branches NWRI and Finance Water Trading went over to the SAP payroll system, this amounted to 3368 posts. In May 2015 posts which were vacant for more than 12 months were abolished on the Persal system, this amounted to 759 posts. The highest vacancies were in the professional and technical occupational categories as well at senior management level. Although a moratorium was initially placed on the filling of posts, it was later lifted and approval was granted for the filling of critical posts that would enable the department to deliver on its mandate. As part of the initiative to reduce the vacancy rate, approval was granted for the advertising and filling of 1 371 posts which extend into the 2016/17 financial year.

In addition, the Learning Academy managed to place 74 candidate engineers and scientists into permanent positions. The department continued to increase the intake of new graduate trainees with the aim of closing the skills gap in the water sector and also to continue to fill critical vacant positions.

The department has also been successful in the implementation of training interventions in line with the departmental Workplace Skills Plan whereby a total of 5 746 employees underwent training and development interventions. By the end of the financial year a significant number of employees attended training in the areas of Foundation Management Development Programme, Emerging Management Development, Advanced Management Development and Executive Management Development mainly through the National School of Government (NSG).

The Department also made significant progress in the promotion of gender representation at Senior Management level resulting in the 51% percentage of women at SMS level by 31 March 2016. The department still has some work to do on attaining the 2% target for persons with disabilities with a current percentage of 0.72%. Special focus will have to be given to improving on this target in the following financial year.

In the 2015/16 financial year, the department also reviewed the following HR related policies:

- Health and Productivity Management Policy.
- Occupational Health and Safety Policy.

Arising from a decision that was taken to migrate the 3 368 Water Trading posts from the previous legacy systems to SAP, the HR management and information systems were also migrated from Persal to SAP in August 2015. This implies that the management of HR related matters for employees of the WTE are now administered on SAP. The oversight report below reflects HR information in respect of the Persal system at the beginning up to the end of the 2015/16 financial year and it excludes information on the SAP system. With effect from the 2016/17 financial year, the HR oversight report will incorporate information from both HR systems.

3 HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

Table 3.1.1: Personnel expenditure by programme for the period 1 April 2015 to 31 March 2016

Programme	Total expenditure	Personnel expenditure	Training expenditure	Professional and Special Services expenditure	Personnel Expenditure as a % of total expenditure	Average personnel cost per employee
	(R'000)	(R'000)	(R'000)	(R'000)	%	(R'000)
Administration	1 517 866	637 892	0	0	42	184
Water Planning & Information Management	668 817	333 130	0	0	49,8	96
Water Infrastructure Development	11 748 847	80 851	0	0	0,7	23
Water & Sanitation Services	1 359 576	130 716	0	0	9,6	38
Water Sector Regulation	261 867	177 780	0	0	67,9	51
Total	15 556 973	1 360 369	0	0	8,7	392

Table 3.1.2: Personnel cost by salary band for the period 1 April 2015 to 31 March 2016

Salary Band	Personnel expenditure	Percentage of total cost	Number of employees	Average personnel cost per employee
	(R'000)	(%)		
Lower skilled (Levels 1-2)	24 304	1,7	187	129 968
Skilled (Levels 3-5)	122 679	8,6	720	170 388
Highly skilled production (Levels 6-8)	371 890	25,9	1467	253 504
Highly skilled supervision (Levels 9-12)	531 369	37	1007	527 675
Senior management (Levels 13-16)	185 929	13	179	1 038 709
Contract (Levels 1-2)	1	0	0	0
Contract (Levels 3-5)	19 647	1,4	110	178 609
Contract (Levels 6-8)	55 518	3,9	203	273 488
Contract (Levels 9-12)	37 974	2,6	89	426 674
Contract (Levels 13-16)	14 593	1	12	1 216 083
Total	1 360 369	95,1	3 974	343 207

Table 3.1.3: Salaries, overtime, homeowners allowance and medical aid by programme for the period 1 April 2015 to 31 March 2016

Programme	Salaries		Overtime		Homeowners allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	490 674	74,8	5 085	0,8	17 519	2,7	21 276	3,2
Water Planning & Information Management	246 080	69,5	533	0,2	10 249	2,9	12 547	3,5
Water Infrastructure Development	76 382	65,7	860	0,7	4 246	3,7	3 263	2,8
Water & Sanitation Services	99 721	69,5	0	0	3 068	2,1	4 330	3
Water Sector Regulation	118 071	71,7	54	0	3 098	1,9	4 235	2,6
Total	1 030 928	71,9	6 532	0,5	38 180	2,7	45 651	3,2

Table 3.1.4: Salaries, overtime, homeowners allowance and medical aid by salary band for the period 1 April 2015 to 31 March 2016

Salary Band	Salaries		Overtime		Homeowners allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	15 322	58,2	219	0,8	2 177	8,3	1 961	7,5
Skilled (Levels 3-5)	79 808	60,8	2 415	1,8	8 378	6,4	8 649	6,6
Highly skilled production (Levels 6-8)	260 949	68,1	3 154	0,8	15 101	3,9	18 815	4,9
Highly skilled supervision (Levels 9-12)	400 303	70,7	549	0,1	9 125	1,6	13 399	2,4
Senior management (Levels 13-16)	151 790	76,7	0	0	2 820	1,4	2 656	1,3
Contract (Levels 1-2)	0	0	0	0	0	0	0	0
Contract (Levels 3-5)	19 225	96,5	121	0,6	0	0	0	0
Contract (Levels 6-8)	55 129	97,6	22	0	0	0	23	0
Contract (Levels 9-12)	35 839	92,7	53	0,1	301	0,8	49	0,1
Contract (Levels 13-16)	12 561	83,8	0	0	278	1,9	100	0,7
Total	1 030 926	71,9	6 533	0,5	38 180	2,7	45 652	3,2

3.2 Employment and vacancies

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

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

Table 3.2.1: Employment and vacancies by programme as at 31 March 2016

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	2 287	1 877	17,9	86
Water Planning & Information Management	992	874	11,9	41
Water Infrastructure Development	801	647	19,2	7
Water & Sanitation Services	330	266	19,4	11
Water Sector Regulation	390	310	20,5	23
Total	4 800	3 974	17,2	168

Table 3.2.2: Employment and vacancies by salary band as at 31 March 2016

Salary Band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2)	225	187	16,9	0
Skilled (Levels 3-5)	957	720	24,8	0
Highly skilled production (Levels 6-8)	1 691	1 467	13,2	0
Highly skilled supervision (Levels 9-12)	1 267	1 007	20,5	0
Senior management (Levels 13-16)	246	179	27,2	0
Contract (Levels 3-5)	110	110	0	97
Contract (Levels 6-8)	203	203	0	27
Contract (Levels 9-12)	89	89	0	42
Contract (Levels 13-16)	12	12	0	2
Total	4 800	3 974	17,2	168

Table 3.2.3: Employment and vacancies by critical occupations as at 31 March 2016¹

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative related, Permanent	441	345	21,8	33
Agriculture animal oceanography forestry & other sciences, Permanent	4	4	0	0
Agriculture related, Permanent	2	2	0	0
All artisans in the building metal machinery etc., Permanent	40	29	27,5	0
Appraisers-valuers and related professionals, Permanent	1	1	0	0
Auxiliary and related workers, Permanent	283	251	11,3	6
Biologists botanists zoologists & related professional, Permanent	4	3	25	0
Building and other property caretakers, Permanent	7	7	0	0
Bus and heavy vehicle drivers, Permanent	14	9	35,7	0
Cartographers and surveyors, Permanent	6	6	0	0
Cartographic surveying and related technicians, Permanent	11	11	0	0
Chemical and physical science technicians, Permanent	13	10	23,1	0
Civil engineering technicians, Permanent	104	93	10,6	1
Cleaners in offices workshops hospitals etc., Permanent	73	62	15,1	0
Client information clerks(switchboard reception information clerks), Permanent	10	9	10	0
Communication and information related, Permanent	33	29	12,1	0
Community development workers, Permanent	89	76	14,6	0
Computer programmers., Permanent	1	1	0	0
Computer system designers and analysts., Permanent	1	1	0	0
Economists, Permanent	2	1	50	0
Electrical and electronics engineering technicians, Permanent	2	2	0	2
Engineering sciences related, Permanent	420	327	22,1	15
Engineers and related professionals, Permanent	67	55	17,9	31
Farm hands and labourers, Permanent	6	2	66,7	0
Farming forestry advisors and farm managers, Permanent	1	1	0	0
Finance and economics related, Permanent	140	107	23,6	3
Financial and related professionals, Permanent	13	11	15,4	0
Financial clerks and credit controllers, Permanent	313	258	17,6	15

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of posts filled additional to the establishment
Food services aids and waiters, Permanent	19	17	10,5	0
Forestry labourers, Permanent	2	2	0	0
General legal administration & related professionals, Permanent	13	10	23,1	0
Geologists geophysicists hydrologists & related professionals, Permanent	179	160	10,6	2
Head of department/chief executive officer, Permanent	3	3	0	1
Health sciences related, Permanent	1	1	0	0
Horticulturists foresters agriculture.& forestry technician, Permanent	1	1	0	0
Household and laundry workers, Permanent	5	5	0	0
Household food and laundry services related, Permanent	2	2	0	0
Human resources & organisation development & related professionals, Permanent	43	36	16,3	0
Human resources clerks, Permanent	122	112	8,2	2
Human resources related, Permanent	123	103	16,3	5
Information technology related, Permanent	24	23	4,2	0
Language practitioners interpreters & other communications, Permanent	39	33	15,4	4
Legal related, Permanent	1	1	0	0
Librarians and related professionals, Permanent	5	3	40	0
Library mail and related clerks, Permanent	45	39	13,3	1
Light vehicle drivers, Permanent	28	23	17,9	0
Logistical support personnel, Permanent	65	58	10,8	3
Material-recording and transport clerks, Permanent	145	135	6,9	4
Mechanical engineering technicians, Permanent	1	0	100	1
Messengers porters and deliverers, Permanent	76	62	18,4	0
Mining geology & geophysical & related technicians, Permanent	20	20	0	1
Motor vehicle drivers, Permanent	4	4	0	0
Motorised farm and forestry plant operators, Permanent	27	27	0	0
Natural sciences related, Permanent	327	266	18,7	17
Natural sciences related, Temporary	1	1	0	0
Nature conservation and oceanographical related. technicians, Permanent	4	4	0	0
Other administration & related clerks and organisers, Permanent	442	369	16,5	13

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of posts filled additional to the establishment
Other administrative policy and related officers, Permanent	92	76	17,4	0
Other information technology personnel., Permanent	5	5	0	0
Other machine operators, Permanent	6	2	66,7	0
Other occupations, Permanent	3	3	0	4
Photographic lithographic and related workers, Permanent	1	1	0	0
Quantity surveyors & related professionals not classified elsewhere, Permanent	1	1	0	0
Regulatory inspectors, Permanent	28	21	25	0
Risk management and security services, Permanent	6	5	16,7	0
Safety health and quality inspectors, Permanent	8	5	37,5	0
Secretaries & other keyboard operating clerks, Permanent	140	116	17,1	0
Security guards, Permanent	17	13	23,5	0
Security officers, Permanent	47	37	21,3	0
Senior managers, Permanent	165	102	38,2	0
Social sciences related, Permanent	59	47	20,3	4
Social work and related professionals, Permanent	5	3	40	0
Statisticians and related professionals, Permanent	1	1	0	0
Trade labourers, Permanent	261	245	6,1	0
Trade related, Permanent	1	1	0	0
Trade/industry advisers & other related professionals, Permanent	4	4	0	0
Water plant and related operators, Permanent	82	53	35,4	0
TOTAL	4 800	3 974	17,2	168

3.3 Filling of SMS posts

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

Table 3.3.1 SMS post information as on 31 March 2016

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	12	11	91.7	1	8.3
Salary Level 14	48	26	54.2	22	45.8
Salary Level 13	140	96	68.6	44	31.4
Total	202	135	66.8	67.2	32.8

Table 3.3.2 SMS post information as on 30 September 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	12	9	75	3	25
Salary Level 14	47	27	57.4	20	42.6
Salary Level 13	133	96	72.2	37	27.8
Total	194	134	69.1	60	30.9

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2015 to 31 March 2016

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	14	13	92.9	1	7.1
Salary Level 14	56	39	69.6	17	30.4
Salary Level 13	156	111	71.2	45	28.8
Total	228	165	72.4	63	27.6

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2015 to 31 March 2016

Reasons for vacancies not advertised within six months

- On the 18 June 2014 to date, Minister issued a moratorium on the filling of vacancies and the recruitment process was stopped, only critical posts were advertised
- Currently the advertisement of posts is been carried out on the basis of priority and positions are being filled within the stipulated timeframes

Reasons for vacancies not filled within six months

- On the 18 June 2014 to date, Minister issued a moratorium on the filling of vacancies and the recruitment process was stopped, only critical posts were filled
- Non availability of panel members to conduct shortlist and interviews
- Constant postponement of dates set for shortlisting and interviews due to competing priorities

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2015 to 31 March 2016

Reasons for vacancies not advertised within six months

- The department could not take disciplinary measures due to the reason that there was a moratorium on filling of posts
- The Unit was requested to come with measures to deal with the challenges and the measures provided were convincing and subsequently implemented

Reasons for vacancies not filled within six months

- The department could not take disciplinary measures due to the reason that there was a moratorium on filling of posts
- The Unit was requested to come with measures to deal with the challenges and the measures provided were convincing and subsequently implemented

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

3.4 Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job evaluation by salary band for the period 1 April 2015 to 31 March 2016

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	225	0	0	0	0	0	0
Skilled (Levels 3-5)	110	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	203	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	89	0	0	0	0	0	0
Senior Management Service Band A	6	0	0	0	0	0	0
Senior Management Service Band B	2	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
Skilled (Levels 3-5)	957	957	100	0	0	0	0
Highly skilled production (Levels 6-8)	1691	1291	76,3	0	0	0	0
Highly skilled supervision (Levels 9-12)	1267	29	2,3	3	10,3	1	3,4
Senior Management Service Band A	157	14	8,9	0	0	0	0
Senior Management Service Band B	71	0	0	0	0	0	0
Senior Management Service Band C	15	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
Total	4 800	2 291	47,7	3	0,1	1	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2015 to 31 March 2016

Gender	African	Asian	Coloured	White	Total
Female	35	0	3	5	43
Male	34	0	0	1	35
Total	69	0	3	6	78
Employees with a Disability	0	0	0	0	0

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2015 to 31 March 2016

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2015 to 31 March 2016

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

3.5 Employee changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2015 to 31 March 2016

Salary Band	Employment at beginning of April 2015	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	883	2	14	1,6
Skilled (Levels 3-5), Permanent	1 905	17	90	4,7
Highly skilled production (Levels 6-8), Permanent	2 389	6	81	3,4
Highly skilled supervision (Levels 9-12), Permanent	1 410	7	37	2,6
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	0
Senior Management Service Band A, Permanent	131	1	9	6,9
Senior Management Service Band B, Permanent	63	1	2	3,2
Senior Management Service Band C, Permanent	14	0	1	7,1
Senior Management Service Band D, Permanent	3	0	0	0
Contract (Levels 3-5), Permanent	169	60	63	37,3
Contract (Levels 6-8), Permanent	263	38	42	16
Contract (Levels 9-12), Permanent	150	12	11	7,3
Contract (Band A), Permanent	6	1	1	16,7
Contract (Band B), Permanent	2	0	0	0
Contract (Band C), Permanent	1	0	0	0
Contract (Band D), Permanent	3	0	0	0
TOTAL	7 393	145	351	4,7

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2015 to 31 March 2016

Occupation	Employment at beginning of April 2015	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	381	19	26	6,8
Agriculture animal oceanography forestry & other sciences, Permanent	4	0	0	0
Agriculture related, Permanent	4	0	0	0
All artisans in the building metal machinery etc., Permanent	96	0	7	7,3
Appraisers-valuers and related professionals, Permanent	1	0	0	0
Artisan project and related superintendents, Permanent	6	0	0	0
Auxiliary and related workers, Permanent	428	0	15	3,5
Biologists botanists zoologists & related professionals, Permanent	3	0	0	0
Building and other property caretakers, Permanent	86	0	1	1,2
Bus and heavy vehicle drivers, Permanent	21	0	4	19
Cartographers and surveyors, Permanent	8	0	0	0
Cartographic surveying and related technicians, Permanent	18	0	0	0
Chemical and physical science technicians, Permanent	10	0	0	0
Civil engineering technicians, Permanent	121	0	4	3,3
Cleaners in offices workshops hospitals etc., Permanent	153	0	6	3,9
Client information clerks(switchboard receptionist information clerks), Permanent	8	0	1	12,5
Communication and information related, Permanent	28	0	0	0
Community development workers, Permanent	80	0	1	1,3
Computer programmers., Permanent	1	0	0	0
Computer system designers and analysts, Permanent	1	0	0	0
Economists, Permanent	2	0	0	0
Electrical and electronics engineering technicians, Permanent	5	0	0	0
Engineering sciences related, Permanent	454	78	70	15,4
Engineers and related professionals, Permanent	119	1	8	6,7
Farm hands and labourers, Permanent	63	0	2	3,2
Farming forestry advisors and farm managers, Permanent	1	0	0	0

Occupation	Employment at beginning of April 2015	Appointments	Terminations	Turnover Rate
Finance and economics related, Permanent	164	5	12	7,3
Financial and related professionals, Permanent	17	0	1	5,9
Financial clerks and credit controllers, Permanent	416	7	19	4,6
Food services aids and waiters, Permanent	20	0	3	15
Forestry labourers, Permanent	7	0	0	0
General legal administration & related professionals, Permanent	10	0	0	0
Geologists geophysicists hydrologists & related professionals, Permanent	160	0	3	1,9
Head of department/chief executive officer, Permanent	2	0	0	0
Health sciences related, Permanent	1	0	0	0
Horticulturists foresters agriculture & forestry technicians, Permanent	1	0	0	0
Household and laundry workers, Permanent	5	0	0	0
Household food and laundry services related, Permanent	2	0	0	0
Housekeepers laundry and related workers, Permanent	1	0	0	0
Human resources & organisational development & related professionals, Permanent	36	0	0	0
Human resources clerks, Permanent	148	0	6	4,1
Human resources related, Permanent	115	4	2	1,7
Information technology related, Permanent	26	0	0	0
Language practitioners interpreters & other communication, Permanent	29	2	2	6,9
Legal related, Permanent	1	0	0	0
Librarians and related professionals, Permanent	4	0	0	0
Library mail and related clerks, Permanent	40	0	1	2,5
Light vehicle drivers, Permanent	48	0	1	2,1
Logistical support personnel, Permanent	89	1	6	6,7
Material-recording and transport clerks, Permanent	169	9	13	7,7
Mechanical engineering technicians, Permanent	2	0	0	0
Messengers porters and deliverers, Permanent	86	1	6	7
Mining geology & geophysical & related technicians, Permanent	20	0	1	5
Motor vehicle drivers, Permanent	36	0	0	0
Motorised farm and forestry plant operators, Permanent	39	0	7	17,9
Natural sciences related, Permanent	271	3	14	5,2

Occupation	Employment at beginning of April 2015	Appointments	Terminations	Turnover Rate
Natural sciences related, Temporary	1	0	0	0
Nature conservation and oceanographical related technicians, Permanent	4	0	0	0
Other administrative & related clerks and organisers, Permanent	481	6	12	2,5
Other administrative policy and related officers, Permanent	96	0	7	7,3
Other information technology personnel., Permanent	8	0	1	12,5
Other machine operators, Permanent	2	0	0	0
Other occupations, Permanent	1 013	4	15	1,5
Photographic lithographic and related workers, Permanent	1	0	0	0
Physicists, Permanent	1	0	0	0
Quantity surveyors & related professionals not classified elsewhere, Permanent	1	0	0	0
Regulatory inspectors, Permanent	21	0	0	0
Risk management and security services, Permanent	6	0	1	16,7
Road workers, Permanent	10	0	0	0
Safety health and quality inspectors, Permanent	10	0	0	0
Secretaries & other keyboard operating clerks, Permanent	146	0	5	3,4
Security guards, Permanent	40	0	4	10
Security officers, Permanent	136	0	7	5,1
Senior managers, Permanent	115	3	9	7,8
Social sciences related, Permanent	55	0	1	1,8
Social work and related professionals, Permanent	4	0	0	0
Statisticians and related professionals, Permanent	1	0	0	0
Trade labourers, Permanent	1006	2	28	2,8
Trade related, Permanent	1	0	0	0
Trade/industry advisers & other related professionals, Permanent	4	0	0	0
Water plant and related operators, Permanent	163	0	19	11,7
TOTAL	7 393	145	351	4,7

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

Table 3.5.3 Reasons why staff left the department for the period 1 April 2015 to 31 March 2016

Termination Type	Number	Percentage of total resignations	Percentage of total employment
Death, Permanent	33	9,4	0,4
Resignation, Permanent	130	37	1,8
Expiry of contract, Permanent	76	21,7	1
Transfers, Permanent	1	0,3	0
Discharged due to ill health, Permanent	7	2	0,1
Dismissal-misconduct, Permanent	3	0,9	0
Retirement, Permanent	101	28,8	1,4
TOTAL	351	100	4,7

Table 3.5.4 Promotions by critical occupation for the period 1 April 2015 to 31 March 2016

Occupation	Employment at beginning of period (April 2015)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Administrative related	381	6	1,6	232	60,9
Agriculture animal oceanography forestry & other sciences	4	0	0	1	25
Agriculture related	4	0	0	2	50
All artisans in the building metal machinery etc.	96	0	0	27	28,1
Appraisers-valuers and related professionals	1	0	0	0	0
Artisan project and related superintendents	6	0	0	0	0
Auxiliary and related workers	428	3	0,7	202	47,2
Biologists botanists zoologists & related professionals	3	0	0	1	33,3
Building and other property caretakers	86	0	0	5	5,8
Bus and heavy vehicle drivers	21	0	0	7	33,3
Cartographers and surveyors	8	0	0	3	37,5
Cartographic surveying and related technicians	18	0	0	8	44,4
Chemical and physical science technicians	10	0	0	9	90
Civil engineering technicians	121	0	0	86	71,1
Cleaners in offices workshops hospitals etc.	153	0	0	40	26,1

Occupation	Employment at beginning of period (April 2015)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Client information clerks (switchboard receptionist information clerks)	8	0	0	6	75
Communication and information related	28	2	7,1	16	57,1
Community development workers	80	0	0	64	80
Computer programmers.	1	0	0	1	100
Computer system designers and analysts.	1	0	0	1	100
Economists	2	0	0	0	0
Electrical and electronics engineering technicians	5	0	0	0	0
Engineering sciences related	454	1	0,2	42	9,3
Engineers and related professionals	119	0	0	15	12,6
Farm hands and labourers	63	0	0	1	1,6
Farming forestry advisors and farm managers	1	0	0	1	100
Finance and economics related	164	2	1,2	84	51,2
Financial and related professionals	17	1	5,9	5	29,4
Financial clerks and credit controllers	416	0	0	198	47,6
Food services aids and waiters	20	0	0	18	90
Forestry labourers	7	0	0	1	14,3
General legal administration & related professionals	10	0	0	4	40
Geologists geophysicists hydrologists & related professionals	160	0	0	116	72,5
Head of department/chief executive officer	2	0	0	0	0
Health sciences related	1	0	0	1	100
Horticulturists foresters agriculture & forestry technicians	1	0	0	0	0
Household and laundry workers	5	0	0	5	100
Household food and laundry services related	2	0	0	1	50
Housekeepers laundry and related workers	1	0	0	0	0

Occupation	Employment at beginning of period (April 2015)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Human resources & organisational development & related professionals	36	1	2,8	23	63,9
Human resources clerks	148	1	0,7	80	54,1
Human resources related	115	0	0	84	73
Information technology related	26	1	3,8	20	76,9
Language practitioners interpreters & other communication	29	2	6,9	26	89,7
Legal related	1	0	0	1	100
Librarians and related professionals	4	0	0	4	100
Library mail and related clerks	40	1	2,5	32	80
Light vehicle drivers	48	0	0	11	22,9
Logistical support personnel	89	1	1,1	38	42,7
Material-recording and transport clerks	169	3	1,8	88	52,1
Mechanical engineering technicians	2	0	0	0	0
Messengers porters and deliverers	86	0	0	40	46,5
Mining geology & geophysical & related technicians	20	0	0	17	85
Motor vehicle drivers	36	0	0	1	2,8
Motorised farm and forestry plant operators	39	0	0	13	33,3
Natural sciences related	272	4	1,5	148	54,4
Nature conservation and oceanographical related technicians	4	0	0	1	25
Other administration & related clerks and organisers	481	1	0,2	272	56,5
Other administrative policy and related officers	96	0	0	68	70,8
Other information technology personnel.	8	0	0	3	37,5
Other machine operators	2	0	0	2	100
Other occupations	1013	0	0	0	0
Photographic lithographic and related workers	1	0	0	1	100
Physicists	1	0	0	0	0

Occupation	Employment at beginning of period (April 2015)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Quantity surveyors & related professionals not classified elsewhere	1	0	0	1	100
Regulatory inspectors	21	0	0	18	85,7
Risk management and security services	6	0	0	5	83,3
Road workers	10	0	0	0	0
Safety health and quality inspectors	10	0	0	1	10
Secretaries & other keyboard operating clerks	146	1	0,7	87	59,6
Security guards	40	0	0	7	17,5
Security officers	136	0	0	31	22,8
Senior managers	115	4	3,5	42	36,5
Social sciences related	55	0	0	42	76,4
Social work and related professionals	4	0	0	3	75
Statisticians and related professionals	1	0	0	0	0
Trade labourers	1 006	0	0	181	18
Trade related	1	0	0	1	100
Trade/industry advisers & other related professionals	4	0	0	3	75
Water plant and related operators	163	1	0,6	30	18,4
TOTAL	7 393	36	0,5	2 628	35,5

Table 3.5.5 Promotions by salary band for the period 1 April 2015 to 31 March 2016

Salary Band	Employment at beginning of period (April 2015)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Lower skilled (Levels 1-2), Permanent	883	0	0	81	9,2
Skilled (Levels 3-5), Permanent	1 905	3	0,2	534	28
Highly skilled production (Levels 6-8), Permanent	2 389	11	0,5	1156	48,4
Highly skilled supervision (Levels 9-12), Permanent	1 410	14	1	762	54
Highly skilled supervision (Levels 9-12), Temporary	1	0	0	1	100
Senior management (Levels 13-16), Permanent	211	4	1,9	80	37,9
Contract (Levels 3-5), Permanent	169	0	0	1	0,6
Contract (Levels 6-8), Permanent	263	0	0	2	0,8
Contract (Levels 9-12), Permanent	150	3	2	11	7,3
Contract (Levels 13-16), Permanent	12	1	8,3	0	0
TOTAL	7 393	36	0,5	2 628	35,5

3.6 Employee equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2016

Occupational Categories	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Legislators, senior officials and managers, Permanent	42	2	5	49	8	36	5	2	43	5	105
Professionals, Permanent	427	23	13	463	107	416	23	12	451	32	1 053
Technicians and associate professionals, Permanent	444	48	17	509	72	472	19	15	506	55	1 142
Clerks, Permanent	271	16	1	288	11	590	46	16	652	85	1 036
Service and sales workers, Permanent	46	1	0	47	2	27	2	0	29	1	79
Craft and related trades workers, Permanent	23	0	0	23	7	1	0	0	1	0	31
Plant and machine operators and assemblers, Permanent	95	4	0	99	4	15	0	0	15	0	118
Elementary occupations, Permanent	229	36	0	265	2	135	8	0	143	0	410
TOTAL	1 577	130	36	1 743	213	1 692	103	45	1 840	178	3 974

No of employees	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Employees with disabilities	19	2	0	21	8	17	1	1	19	4	52

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2016

Occupational bands	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Top Management, Permanent	5	0	1	6	1	7	1	0	8	0	15
Senior Management, Permanent	50	2	4	56	7	45	4	2	51	8	122
Professionally qualified and experienced specialists and mid-management, Permanent	374	22	14	410	123	334	18	12	364	45	942
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	627	42	15	684	72	918	59	29	1006	117	1 879
Semi-skilled and discretionary decision making, Permanent	430	54	2	486	10	308	16	2	326	8	830
Unskilled and defined decision making, Permanent	91	10	0	101	0	80	5	0	85	0	186
TOTAL	1 577	130	36	1 743	213	1 692	103	45	1 840	178	3 974



Growth and achievement

DWS recognises that people are the cornerstone of the department's success and diversity is valued as a source of strength. DWS therefore strives for a department that fosters personal growth and achievement.



Table 3.6.3 Recruitment for the period 1 April 2015 to 31 March 2016

Occupational bands	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Senior Management, Permanent	0	0	0	0	0	2	0	0	2	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	3	0	1	4	0	1	2	0	3	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	3	0	1	4	0	2	0	0	2	0	6
Semi-skilled and discretionary decision making, Permanent	8	0	0	8	0	8	1	0	9	0	17
Unskilled and defined decision making, Permanent	2	0	0	2	0	0	0	0	0	0	2
Contract (Senior Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	0	1	0	1	6	3	0	0	3	2	12
Contract (Skilled technical), Permanent	11	0	1	12	0	24	2	0	26	0	38
Contract (Semi-skilled), Permanent	25	0	0	25	5	30	0	0	30	0	60
TOTAL	53	1	3	57	11	70	5	0	75	2	145

Recruitment	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2015 to 31 March 2016

Occupational bands	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Top Management, Permanent	0	0	0	0	1	0	0	0	0	0	1
Senior Management, Permanent	33	0	4	37	13	20	2	2	24	9	83
Professionally qualified and experienced specialists and mid-management, Permanent	310	22	11	343	58	321	12	12	345	30	776
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	361	24	6	391	28	603	45	22	670	78	1167
Semi-skilled and discretionary decision making, Permanent	288	51	2	341	2	174	12	2	188	6	537
Unskilled and defined decision making, Permanent	37	2	0	39	0	40	2	0	42	0	81
Contract (Senior Management), Permanent	1	0	0	1	0	0	0	0	0	0	1

Occupational bands	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Contract (Professionally qualified), Permanent	6	1	0	7	0	4	0	2	6	1	14
Contract (Skilled technical), Permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (Semi-skilled), Permanent	1	0	0	1	0	0	0	0	0	0	1
TOTAL	1 037	100	23	1 160	102	1 164	73	40	1277	125	2 664

Promotions	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Employees with disabilities	11	2	0	13	4	14	0	1	15	4	36

Table 3.6.5 Terminations for the period 1 April 2015 to 31 March 2016

Occupational bands	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Top Management, Permanent	0	0	0	0	1	0	0	0	0	0	1
Senior Management, Permanent	3	1	0	4	3	1	0	1	2	2	11
Professionally qualified and experienced specialists and mid-management, Permanent	14	3	0	17	12	6	0	2	8	0	37
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	32	5	0	37	5	28	4	0	32	7	81
Semi-skilled and discretionary decision making, Permanent	63	6	0	69	0	20	1	0	0	0	90
Unskilled and defined decision making, Permanent	7	0	0	7	0	7	0	0	7	0	14
Contract (Senior Management), Permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (Professionally qualified), Permanent	3	3	0	6	1	1	0	2	3	1	11
Contract (Skilled technical), Permanent	18	4	1	23	4	12	3	0	15	0	42
Contract (Semi-skilled), Permanent	19	4	1	24	6	33	0	0	33	0	63
TOTAL	159	26	2	187	32	109	8	5	101	10	351

Terminations	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2015 to 31 March 2016

Disciplinary action	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Total	14	0	2	14	0	6	0	1	6	0	23

Table 3.6.7 Skills development for the period 1 April 2015 to 31 March 2016

Occupational Categories	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Legislators, Senior Officials and Managers	7	0	1	7	1	1	0	1	2	1	12
Professionals	330	27	9	366	120	291	10	13	314	13	813
Technicians and Associate Professionals	322	23	7	352	35	375	27	14	416	65	868
Clerks	351	29	4	384	6	381	37	14	432	23	845
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	79	14	1	94	1	23	2	0	25	3	123
Elementary Occupations	441	18	6	465	30	163	6	0	169	3	667
TOTAL	1 530	111	28	1 668	193	1 234	82	42	1 358	108	3 328

Skills development	Males			Total Black Males	White Males	Females			Total Black Females	White Females	Total
	African	Coloured	Indian			African	Coloured	Indian			
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

3.7 Signing of performance agreements by SMS members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of performance agreements by SMS members as on 31 May 2016

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/Head of Department	1	1	1	100%
Salary Level 16	2	2	1	50%
Salary Level 15	11	11	7	63.6
Salary Level 14	36	36	31	86.1
Salary Level 13	112	112	93	83
Total	162	162	133	82.1

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2016

Reasons
Delayed signatures by supervisors due to work related commitments outside the office

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2016

Reasons
The affected officials will not qualify for any incentives as spelt out in the PMDS policy

3.8 Performance rewards

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

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2015 to 31 March 2016

Demographics	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)
African, Female	560	1 693	33,1	7 828
African, Male	453	1 578	28,7	7 209
Asian, Female	20	45	44,4	490
Asian, Male	14	35	40,0	258
Coloured, Female	33	103	32,0	556
Coloured, Male	27	130	20,8	360
Total Blacks, Female	614	1891	32,5	8 874
Total Blacks, Male	495	1813	27,3	7 827
White, Female	86	178	48,3	1 694
White, Male	61	212	28,8	1 692
Employees with a disability	6	52	11,5	84
TOTAL	1 254	3 974	31,6	20 171

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2015 to 31 March 2016

Salary Band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)
Lower skilled (Levels 1-2)	73	187	39,0	405
Skilled (Levels 3-5)	217	720	30,1	1 606
Highly skilled production (Levels 6-8)	566	1 467	38,6	7 325
Highly skilled supervision (Levels 9-12)	390	1 007	38,7	10 107
Contract (Levels 3-5)	0	110	0,0	0
Contract (Levels 6-8)	3	203	1,5	49
Contract (Levels 9-12)	5	89	5,6	162
TOTAL	1 254	3 783	33,1	1 9654

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)
Administrative related	121	345	35,1	2 629
Agriculture animal oceanography forestry & other science	0	4	0	0
Agriculture related	2	2	100	50
All artisans in the building metal machinery etc.	9	29	31	87
Appraisers-valuers and related professionals	0	1	0	0
Auxiliary and related workers	86	251	34,3	1 007
Biologists botanists zoologists & related professionals	1	3	33,3	25
Building and other property caretakers	1	7	14,3	6
Bus and heavy vehicle drivers	3	9	33,3	16
Cartographers and surveyors	4	6	66,7	113
Cartographic surveying and related technicians	0	11	0	0
Chemical and physical science technicians	2	10	20	20
Civil engineering technicians	29	93	31,2	514
Cleaners in offices workshops hospitals etc.	34	62	54,8	235
Client inform clerks(switchboard receptionist information clerks)	1	9	11,1	4
Communication and information related	4	29	13,8	171
Community development workers	25	76	32,9	398
Computer programmers.	0	1	0	0
Computer system designers and analysts.	1	1	100	25
Economists	0	1	0	0
Electrical and electronics engineering technicians	1	2	50	18
Engineering sciences related	24	327	7,3	780
Engineers and related professionals	12	55	21,8	563
Farm hands and labourers	0	2	0	0
Farming forestry advisors and farm managers	0	1	0	0
Finance and economics related	39	107	36,4	868
Financial and related professionals	0	11	0	0

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)
Financial clerks and credit controllers	80	258	31	1 056
Food services aids and waiters	18	17	105,9	118
Forestry labourers	1	2	50	5
General legal administration & related professionals	2	10	20	48
Geologists geophysicists hydrologists & related professionals	48	160	30	895
Head of department/chief executive officer	0	3	0	0
Health sciences related	0	1	0	0
Horticulturists foresters agriculture & forestry technicians	0	1	0	0
Household and laundry workers	4	5	80	26
Household food and laundry services related	1	2	50	6
Human resources & organisational development & related professionals	15	36	41,7	297
Human resources clerks	48	112	42,9	600
Human resources related	55	103	53,4	1 176
Information technology related	15	23	65,2	282
Language practitioners interpreters & other communicators	9	33	27,3	171
Legal related	0	1	0	0
Librarians and related professionals	3	3	100	20
Library mail and related clerks	10	39	25,6	132
Light vehicle drivers	6	23	26,1	37
Logistical support personnel	28	58	48,3	444
Material-recording and transport clerks	38	135	28,1	414
Mechanical engineering technicians	0	0	0	0
Messengers porters and deliverers	26	62	41,9	185
Mining geology & geophysical & related technicians	8	20	40	154
Motor vehicle drivers	1	4	25	5
Motorised farm and forestry plant operators	7	27	25,9	25
Natural sciences related	80	267	30	2 109
Nature conservation and oceanographical related technicians	3	4	75	30
Other administration & related clerks and organisers	136	369	36,9	1 493

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)
Other administrative policy and related officers	37	76	48,7	623
Other information technology personnel.	3	5	60	65
Other machine operators	0	2	0	0
Other occupations	0	3	0	23
Photographic lithographic and related workers	0	1	0	0
Quantity surveyors & related professionals not classified elsewhere	1	1	100	38
Regulatory inspectors	8	21	38,1	159
Risk management and security services	3	5	60	61
Road workers	0	0	0	0
Safety health and quality inspectors	2	5	40	49
Secretaries & other keyboard operating clerks	48	116	41,4	708
Security guards	6	13	46,2	46
Security officers	6	37	16,2	78
Senior managers	0	102	0	170
Social sciences related	16	47	34	406
Social work and related professionals	1	3	33,3	12
Statisticians and related professionals	0	1	0	0
Trade labourers	57	245	23,3	349
Trade related	0	1	0	0
Trade/industry advisers & other related professionals	1	4	25	28
Water plant and related operators	24	53	45,3	99
TOTAL	1 254	3 974	31,6	20 171

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2015 to 31 March 2016

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Band A	0	120	0	0	0	0
Band B	0	51	0	5	0	0
Band C	0	15	0	0	0	0
Band D	0	5	0	0	0	0
Total	0	191	0	5	0	0

3.9 Foreign workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2015 to 31 March 2016

Salary Band	Employment at 1 April 2015		Employment at 31 March 2016		Change in employment	Percentage of total
	Number	Percentage of total	Number	Percentage of total		
Highly skilled production (Levels 6-8)	4	7,1	3	20	-1	2,4
Highly skilled supervision (Levels 9-12)	11	19,6	8	53,3	-3	7,3
Senior management (Levels 13-16)	2	3,6	1	6,7	-1	2,4
Contract (Levels 9-12)	38	67,9	2	13,3	-36	87,8
Contract (Levels 13-16)	1	1,8	1	6,7	0	0
TOTAL	56	100	15	100	-41	100

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2015 to 31 March 2016

Major occupation	Employment at 1 April 2015		Employment at 31 March 2016		Change in Employment	Percentage of Total
	Number	Percentage of total	Number	Percentage of total		
Administrative office workers	2	3,6	2	13,3	0	0
Information technology personnel	1	1,8	1	6,7	0	0
Other occupations	2	3,6	0	0	-2	4,9
Professionals and managers	50	89,3	11	73,3	-39	95,1
Technicians and associated professionals	1	1,8	1	6,7	0	0
TOTAL	56	100	15	100	-41	100

3.10 Leave utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2015 to 31 December 2015

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	2 445	86,4	412	9,2	6	1 035
Skilled (Levels 3-5)	7 230	87,2	966	21,5	7	3 682
Highly skilled production (Levels 6-8)	12 146	79,1	1 673	37,3	7	11 691
Highly skilled supervision (Levels 9-12)	6203	80	955	21,3	6	11 402
Senior management (Levels 13-16)	781	83,4	143	3,2	5	2 874
Contract (Levels 3-5)	492	59,6	112	2,5	4	326
Contract (Levels 6-8)	601	64,2	145	3,2	4	594
Contract (Levels 9-12)	344	67,4	79	1,8	4	540
Contract (Levels 13-16)	14	100	5	0,1	3	61
TOTAL	30 256	81,2	4 490	100	7	32 205

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2015 to 31 December 2015

Salary Band	Total Days	% Days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	674	100	14	6,2	48	303
Skilled (Levels 3-5)	1 000	100	40	17,7	25	614
Highly skilled production (Levels 6-8)	1 825	100	111	49,1	16	1 895
Highly skilled supervision (Levels 9-12)	1 313	100	52	23	25	2 548
Senior management (Levels 13-16)	21	100	2	0,9	11	73
Contract (Levels 3-5)	113	100	2	0,9	57	95
Contract (Levels 6-8)	40	100	3	1,3	13	38
Contract (Levels 9-12)	14	100	2	0,9	7	29
TOTAL	5 000	100	226	100	22	5 595

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

Table 3.10.3 Annual Leave for the period 1 January 2015 to 31 December 2015

Salary Band	Total days taken	Average days per employee	Number of employees who took leave
Lower skilled (Levels 1-2)	13 072,09	15	877
Skilled (Levels 3-5)	31 118,42	17	1 854
Highly skilled production (Levels 6-8)	47 082,25	20	2 406
Highly skilled supervision (Levels 9-12)	28 715,25	20	1 438
Senior management (Levels 13-16)	5343	22	243
Other	2	1	2
Contract (Levels 3-5)	2 059,92	10	201
Contract (Levels 6-8)	3681	14	263
Contract (Levels 9-12)	1962	12	161
Contract (Levels 13-16)	240	16	15
Not Available	43	4	11
TOTAL	133 318,93	18	7 471

Table 3.10.4 Capped leave for the period 1 January 2015 to 31 December 2015

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2015	Number of employees who took capped leave	Total number of capped leave available at 31 December 2015	Number of employees as at 31 December 2015
Lower skilled (Levels 1-2)	1	1	50	1	2 637	53
Skilled (Levels 3-5)	42	4	80	12	25 605	321
Highly skilled production (Levels 6-8)	211	7	77	30	32 163	418
Highly skilled supervision (Levels 9-12)	129	6	68	22	18 073	266
Senior management (Levels 13-16)	69	9	64	8	5 587	87
TOTAL	452	6	73	73	84 065	1 145

Table 3.10.5 Leave pay-outs for the period 1 April 2015 to 31 March 2016

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Leave pay-out for 2015/16 due to non-utilisation of leave for the previous cycle	233	7	33 286
Capped leave pay-outs on termination of service for 2015/16	11 843	256	46 262
Current leave pay-out on termination of service for 2015/16	969	107	9 056
TOTAL	13 045	370	35 257

3.11 HIV/AIDS and health promotion programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
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: Organisational Development.
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		Two (2) in head office and 1 in each regional office (i.e. A total of 11)
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		Case management; training and development; networking; consulting; marketing;
Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Mr Moyi; Ms Moabelo; Ms Baloyi; Mr Ramaswe; Ms Mpshe
Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The policy was reviewed in 2014 and is due to be reviewed again in 2016
Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		The policy categorically states that action will be taken against those discriminating against HIV+ employees
Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		HCT is rolled out through wellness centres/clinics located in all regional/cluster offices.
Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes		Impact assessment studies and feedback reports after interventions.

3.12 Labour relations

Table 3.12.1 Collective agreements for the period 1 April 2015 to 31 March 2016

Subject Matter	Date
None	N/A

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2015 to 31 March 2016

Outcomes of disciplinary hearings	Number	Percentage of total
TOTAL	23	0

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 to 31 March 2016

Type of misconduct	Number	Percentage of total	Total
Fraud	5		
Absenteeism	5		
Procurement irregularities	8		
Dishonesty	2		
Misuse of state vehicles	1		
Negligence	2		
TOTAL	23	0	0

Table 3.12.4 Grievances logged for the period 1 April 2015 to 31 March 2016

Number of grievances addressed	Number	Percentage of total	Total
TOTAL	122	0	0

Table 3.12.5 Disputes logged with Councils for the period 1 April 2015 to 31 March 2016

Number of disputes addressed	Number	Percentage of total
Upheld	3	15,8
Dismissed	16	84,2
Total	19	

Table 3.12.6 Strike actions for the period 1 April 2015 to 31 March 2016

Strike actions	
Total number of person working days lost	None
Total cost (R'000) of working days lost	None
Amount (R'000) recovered as a result of no work no pay	None

Table 3.12.7 Precautionary suspensions for the period 1 April 2015 to 31 March 2016

Precautionary suspensions	
Number of people suspended	4
Number of people whose suspension exceeded 30 days	4
Average number of days suspended	90
Cost (R'000) of suspensions	830 745

3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2015 to 31 March 2016

Occupational Categories	Gender	Employment	Learner-ships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	48	0	4	0	4
	Male	57	0	8	0	8
Professionals	Female	483	0	327	0	327
	Male	570	0	486	0	486
Technicians and associate professionals	Female	561	0	481	0	481
	Male	581	0	387	0	387
Clerks	Female	738	0	455	0	455
	Male	298	0	390	0	390
Service and sales workers	Female	29	0	0	0	0
	Male	49	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	1	0	0	0	0
	Male	30	0	0	0	0
Plant and machine operators and assemblers	Female	15	0	28	0	28
	Male	103	0	96	0	96
Elementary occupations	Female	143	0	172	0	172
	Male	268	0	494	0	494
Gender sub totals	Female	2 018	0	1 467	0	1 467
	Male	1 956	0	1 861	0	1 861
Total		3 974	0	3 328	0	3 328

Table 3.13.2 Training provided for the period 1 April 2015 to 31 March 2016

Occupational Categories	Gender	Employment	Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	48	0	166	90	256
	Male	57	0	156	90	246
Professionals	Female	483	0	194	121	315
	Male	570	0	227	158	385
Technicians and associate professionals	Female	561	0	241	204	445
	Male	581	0	360	210	570
Clerks	Female	738	0	393	259	652
	Male	298	0	139	128	267
Service and sales workers	Female	29	0	28	1	29
	Male	49	0	68	1	69
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	1	0	0	1	1
	Male	30	0	25	2	27
Plant and machine operators and assemblers	Female	15	0	12	4	16
	Male	103	0	229	35	264
Elementary occupations	Female	143	0	50	99	149
	Male	268	0	165	275	440
Gender sub totals	Female	2 018	0	1 084	779	1 863
	Male	1 956	0	1 369	899	2 268
Total		3 974	0	2 453	1 678	4 131

3.14 Injury on duty

The following table provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2015 to 31 March 2016

Nature of injury on duty	Number	Percentage of total
Required basic medical attention only	126	99,2
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	1	0,8
Total	127	100

3.15 Utilisation of consultants

The following tables relate to information on the utilisation of consultants in the department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2015 to 31 March 2016

Project title	Total number of consultants that worked on the project	Duration (Work days)	Contract value in Rand
Appointment of a professional service provider (PSP) for Development of Resource Directed measures decision support system	9	24 Months	R4 974 048,00
Appointment of a professional service provider (PSP) for Development of Procedures to operationalise Resource Directed Measures	21	24 Months	R2 383 854,00
Appointment of a service provider for provision of employee health and wellness services in the Department	19	36 Months	R48 949 853,00
Appointment of a professional service provider for development of an Integrated Water Quality Management Strategy (IWQMS)	21	24 Months	R8 280 289,00
Appointment of a professional service provider (PSP) for determination of Ecological Water (Rivers, Estuaries Requirements for Surface Water and groundwater in the Lower Orange WMA	24	24 Months	R3 240 005,00
Appointment of a professional service provider for Environmental Impact Assessment for the proposed surfaced water developments for augmentation of the Western Cape water supply system	9	18 Months	R1 913 189,04
Appointment of a professional service provider (PSP) to conduct a forensic investigation into the alleged fraudulent activities and theft of mobile devices to the Director-General (DG)	8	5 Months	R1 188 244,80
Development of an integrated Water Quality Management Plan (IWQMP) for the Olifants river system	25	24 Months	R3 965 376,00

Project title	Total number of consultants that worked on the project	Duration (Work days)	Contract value in Rand
Appointment of a professional service provider for the determination of resource quality objectives in Moloko and Matlabas and Crocodile (West) and Marico catchments in the Limpopo and North West Water Management Area (WMA) for a period of 18 months	17	18 Months	R2 885 918,00
Determination of water Resource Classes and associated resource quality objectives in Berg catchment for a period of 30 months	31	30 Months	R9 133 115,00
Appointment of a professional service provider for the Water Reconciliation Strategy for the Algoa Water supply system for a period of thirty six (36) months	35	36 Months	R12 803 160,00
Appointment of a professional consultancy services to assist in the development and implementation of a financial management system for accruals, commitments, assets and process engineering for the Supply Chain Management	20	6 Months	R16 489 014,00
Appointment of Aurecon South Africa (Pty) Ltd for the determination of water resource classes and resource quality objectives for water resources in the Breede and Gouritz water management area	32	24 Months	R7 500 000,00
Appointment of a professional service provider to review the organisational structure of the department of Water and Sanitation for a period of twelve (12) months	18	12 Months	R12 363 634,00
Feasibility plan for groundwater resource development of the Malmani Dolomites within the Olifants River water supply system	24	24 Months	R7 556 631,00
Appointment of a professional service provider for the determination of water resource classes and resource quality objectives in the Mzimvubu Catchment for a period of twenty four (24) months	34	24 Months	R5 414 658,00

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
18	377	401 months	R156 398 890,84

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 to 31 March 2016

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Appointment of a professional service provider (PSP) for Development of Resource Directed measures decision support system	0	0%	6
Appointment of a professional service provider (PSP) for Development of Procedures to operationalise Resource Directed Measures	0	0,84	10
Appointment of a service provider for provision of employee health and wellness services in the Department	0	0,76%	17
Appointment of a professional service provider (PSP) for Development of Resource Directed measures decision support system	0	0%	6
Appointment of a professional service provider (PSP) for Development of Procedures to operationalise Resource Directed Measures	0	0,84	10
Appointment of a professional service provider for development of an Integrated Water Quality Management Strategy (IWQMS)	0	0,21	13
Appointment of a professional service provider (PSP) for determination of Ecological Water (Rivers, Estuaries Requirements for Surface Water and groundwater in the Lower Orange WMA	0	0,96	13
Appointment of a professional service provider for Environmental Impact Assessment for the proposed surfaced water developments for augmentation of the Western Cape water supply system	9	0,09	5
Appointment of a professional service provider (PSP) to conduct a forensic investigation into the alleged fraudulent activities and theft of mobile devices to the Director-General (DG)	2,4	0	5
Development of an integrated Water Quality Management Plan (IWQMP) for the Olifants river system	7,165	0,75	13
Appointment of a professional service provider for the determination of resource quality objectives in Moloko and Matlabas and Crocodile (West) and Marico catchments in the Limpopo and North West Water Management Area (WMA) for a period of 18 months	0	0,34	10
Determination of water Resource Classes and associated resource quality objectives in Berg catchment for a period of 30 months	0	0	16

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Appointment of a professional service provider for the Water Reconciliation Strategy for the Algoa Water supply system for a period of thirty six (36) months	0	0	12
Appointment of a professional consultancy services to assist in the development and implementation of a financial management system for accruals, commitments, assets and process engineering for the Supply Chain Management	0	0,8	19
Appointment of Aurecon South Africa (Pty) Ltd for the determination of water resource classes and resource quality objectives for water resources in the Breede and Gouritz water management area	0	1,6	18
Appointment of a professional service provider to review the organisational structure of the department of Water and Sanitation for a period of twelve (12) months	0	0,18	10
Feasibility plan for groundwater resource development of the Malmani Dolomites within the Olifants River water supply system	0	0,24	9
Appointment of a professional service provider for the determination of water resource classes and resource quality objectives in the Mzimvubu Catchment for a period of twenty four (24) months	0	0,34	18

3.16 Severance packages

Table 3.16.1 Granting of employee initiated severance packages for the period
1 April 2015 to 31 March 2016

Category	No of applications received	No of applications referred to the MPSA	No of applications supported by MPSA	No of packages approved by department
Lower Skilled (Salary Level 1-2)	0	0	0	0
Skilled (Salary Level 3-5)	0	0	0	0
Highly Skilled Production (Salary Level 6-8)	0	0	0	0
Highly Skilled Production (Salary Level 9-12)	0	0	0	0
Senior Management (Salary Level 13 and higher)	0	0	0	0
Total	0	0	0	0

PART D: HUMAN RESOURCE MANAGEMENT WATER TRADING ENTITY



HR OVERSIGHT - AUGUST 2015 to MARCH 2016 - WATER TRADING ENTITY

TABLE 2.1 - Personnel costs by Programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
Department of Water and Sanitation	7,589,553	431,670	23,190	613,046	5.7%	144,855.82	2 980
Total	7,589,553	431,670	23,190	613,046	5.7%	144,855.82	2 980

TABLE 2.1 - Personnel costs by Programme

Salary Band	Compensation of Employees Cost including Transfers (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Services (R'000)	Number of Employees
Lower Skilled (Levels 1-2), Permanent	53,393.07	12.67%	75,681.33	54,779.97	643
Skilled (Levels 3-5), Permanent	67,534.84	15.97%	95,867.55	69,323.21	640
Highly Skilled Production (Levels 6-8), Permanent	77,553.50	18.27%	162,854.51	79,246.49	431
Highly Skilled Supervision (Levels 9-12), Permanent	27,489.78	6.38%	278,573.13	28,628.33	88
Highly Skilled Supervision (Levels 9-12), Temporary	-	-	-	-	-
Senior Management Service Band A, Permanent (Level 13)	6,778.25	0.20%	379,437.44	7,784.99	18
Senior Management Service Band B, Permanent (Level 14)	4,150.45	0.49%	157,975.36	4,343.00	16
Senior Management Service Band C, Permanent (Level 15)	1,160.61	0.27%	513,733.40	1,229.86	2
Not Assigned - Permanent	-	-	-	-	-
Contract (Levels 1-2)	63.72	0.01%	11,377.99	63.72	5
Contract (Levels 3-5)	33,521.83	7.98%	86,547.75	34,092.10	354
Contract (Levels 6-8)	68,805.37	16.10%	132,156.10	70,080.83	468
Contract (Levels 9-12)	89,568.90	21.25%	263,287.97	93,788.67	310
Contract (Band A) (Level 13)	454.45	0.10%	400,654.66	475.47	1
Contract (Band B) (Level 14)	1,195.58	0.29%	278,719.18	1,230.17	4
Contract (Band C) (Level 15)	-	-	-	-	-
Not Assigned - Contract	-	-	-	-	-
Total	431,670.35	100.00%	129,758.02	445,066.80	2 980

TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
Department of Water and Sanitation	361,758.45	83.80	30,590.00	7.09	16,678.25	3.86	22,643.65	5.25	431,670.35
Not Assigned Master Cost Center (s)									
Total:	361,758.45	83.80	30,590.00	7.09	16,678.25	3.86	22,643.65	5.25	431,670.35

TABLE 2.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower Skilled (Levels 1-2), Permanent	41,035.20	76.85	1,733.86	3.25	4,616.81	8.65	6,007.20	11.25	53,393.07
Skilled (Levels 3-5), Permanent	53,325.46	78.96	3,617.83	5.36	4,660.02	6.90	5,931.52	8.78	67,534.84
Highly Skilled Production (Levels 6-8), Permanent	63,686.64	82.12	5,274.48	6.80	3,261.91	4.21	5,330.47	6.87	77,553.50
Highly Skilled Supervision (Levels 9-12), Permanent	25,823.85	93.94	303.38	1.10	455.20	1.66	907.36	3.30	27,489.78
Highly Skilled Supervision (Levels 9-12), Temporary	-	-	-	-	-	-	-	-	-
Senior Management Service Band A, Permanent (Level 13)	6,737.45	99.40	-	0.00	6.30	0.09	34.50	0.51	6,778.25
Senior Management Service Band B, Permanent (Level 14)	4,136.57	99.67	-	0.00	-	0.00	13.88	0.33	4,150.45
Senior Management Service Band C, Permanent (Level 15)	1,147.39	98.86	-	0.00	-	0.00	13.22	1.14	1,160.61

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Not Assigned - Permanent	-	-	-	-	-	-	-	-	-
Contract (Levels 1-2)	59.47	93.33	1.60	2.51	2.66	4.17	-	0.00	63.72
Contract (Levels 3-5)	27,386.93	81.70	3,797.24	11.33	1,245.45	3.72	1,092.22	3.26	33,521.83
Contract (Levels 6-8)	58,729.73	85.36	7,807.90	11.35	2,003.40	2.91	264.34	0.38	68,805.37
Contract (Levels 9-12)	78,042.78	87.13	8,053.71	8.99	426.51	0.48	3,045.90	3.40	89,568.90
Contract (Band A) (Level 13)	454.45	100.00	-	0.00	-	0.00	-	0.00	454.45
Contract (Band B) (Level 14)	1,192.54	99.75	-	0.00	-	0.00	3.04	0.25	1,195.58
Contract (Band C) (Level 15)	-	-	-	-	-	-	-	-	-
Not Assigned - Contract	-	-	-	-	-	-	-	-	-
Total	361,758.45	83.80	30,590.00	7.09	16,678.25	3.86	22,643.65	5.25	431,670.35

PART E

VOTE 36 ANNUAL FINANCIAL STATEMENTS



1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AND SANITATION (VOTE 36)

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee and attendance

The Audit Committee consists of the external members listed hereunder and is required to meet a minimum of at least two times per annum as per provisions of the Public Finance Management Act (PFMA). In terms of the approved Terms of Reference (Audit Committee Charter), seven meetings were held during the current year, i.e. five meetings to consider the Quarterly Performance Reporting (financial and non-financial) and two meetings to review and discuss the Annual Financial Statements and the Auditor-General of South Africa (AGSA) Audit and Management Reports.

Non-Executive Members

Name of Member	Number of meetings attended
Mr. Justice Motha (Chairperson)	03 (Contract ended 31/3/2016)
Ms. Natalie Skeepers	02 (Contract ended 31/3/2016)
Adv. Frans Van der Westhuizen	02 (Contract ended 31/3/2016)
Mr. Thiru Mudaly	00 (Contract ended 31/3/2016)
Adv. Job Molapo	02 (Contract ended 31/3/2016)
Ms. Annah Badimo	06 (Reappointed 1/4/2016)
Mr. Japie du Plessis (Chairperson)	04 (Appointed 1/4/2016)
Mr. Lwazi Kuse	04 (Appointed 1/4/2016)

Executive Members

In terms of the Audit Committee Charter, officials listed hereunder are obliged to attend meetings of the Audit Committee:

Compulsory Attendance	Number of meetings attended
Ms. Margaret Diedricks (Accounting Officer)	03 (Resigned 7 July 2016)
Mr. Sifiso Mkhize (Chief Financial Officer)	04
Mr. Chris Du Preez (Chief Risk Officer)	07
Ms. Mbali Manukuza (Acting Chief Financial Officer)	01 (From 8/7/2016)
Ms. Rebecca Nkomo (Acting Chief Financial Officer)	02 (From 7/7/2015 to 31/10/2015)

The Audit Committee noted that the Accounting Officer did not attend all seven scheduled Audit Committee meetings and delegated a proxy to attend on her behalf. Therefore, the Audit Committee is satisfied that the Department adhered to the provisions of the Audit Committee Charter.

The Members of the Audit Committee met with the Senior Management of the Department, Internal Audit and the AGSA, individually and collectively to address risks and challenges facing the Department. A number of in-committee meetings were held to address control weaknesses and deviations within the Department.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The Audit Committee took note that in order to improve the effectiveness of the internal control environment at the Department the Accounting Officer merged all the internal assurance services and established one Chief Directorate: Risk Management comprising the functions Risk Management, Internal Audit and Internal Control.

The internal control environment in the Department has been enhanced since the Accounting Officer ensured that matters of Internal Control, Risk Management and Internal Audit were prioritised in the Top Management meetings.

Deficiencies in the system of internal control and deviations were reported in the Internal and AGSA Audit Reports.

The Audit Committee noted the Auditor-General's improved unqualified audit opinion with findings on predetermined objectives and compliance with legislation for the Department.

The overall opinion of Internal Audit on the internal control design at the Department is partially adequate and effective.

The Audit Committee also reviewed the progress with respect to the ICT Governance in line with the ICT Framework issued by the Department of Public Services and Administration. Although there were some progress on the ICT internal control, the Audit Committee report its dissatisfaction with minimal progress made with the implementation of the Information Technology Steering Committee, Disaster Recovery Plan, the Business Continuity Plan and the monitoring of access in the server control room. This continued to be a high risk for the Department.

The Department did implement some of the recommendations made by the Audit Committee.

Internal Audit

The Audit Committee is satisfied that the Internal Audit plan represents a clear alignment with the key risks, has adequate information systems coverage, and a good balance across the different categories of audits, i.e. risk-based, mandatory, performance, computer and follow-up audits.

The Audit Committee has noted improvement in the communication between the Executive Management, the AGSA and the Internal Audit Function which has strengthened the Corporate Governance initiatives within the Department.

The Audit Committee wishes to stress that in order for the Internal Audit Function to operate at an optimal level as expected by the Audit Committee, the shortage in human resources and skills must be addressed as a matter of urgency.

Risk Management

The Department's approach to the management of risk is based on sound governance processes and depends on both a collective oversight and an individual responsibility. Progress on the Department's Risk Management was reported to the Audit Committee on a quarterly basis. The Audit Committee is satisfied that

the actual management of risk is receiving attention, although there are areas that still require improvement. Management should take full responsibility for the entire Enterprise Risk Management Process and continue to support the Chief Risk Officer to even further enhance the performance of the Department.

The Audit Committee fulfils an oversight role regarding the management and reporting of risk. The Department continues to enhance its risk management capabilities that will better position the Department to achieve its objectives in a controlled environment.

Forensic Investigations

The Special Investigation Unit conducted a forensic investigation regarding possible conflict of interest, possible irregularities and possible supply chain matter irregularities. This investigation was completed in the current year under review and the results were provided to the Department.

The Special Investigation Unit is conducting a forensic investigation on a pipeline. This investigation is in progress.

Several investigations were conducted/are in progress by the Internal Audit unit at the request of the Accounting Officer and/or the Minister arising from allegations against officials of the Department. The completed investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the department's officials concerned.

The quality of quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the content and quality of some of the financial and non-financial quarterly reports prepared and submitted by the Accounting Officer of the Department during the year under review and confirms that the reports were mostly in compliance with the statutory reporting framework.

Evaluation of Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Officer;
- Reviewed the Audit Report of the AGSA;
- Reviewed the AGSA Management Report and Management's response thereto;
- Reviewed the Department's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs with and accepts the AGSA conclusions 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 AGSA.

Evaluation of Annual Performance Report

The Audit Committee has considered the performance information report submitted to the AGSA for review and noted with concern the internal control deficiencies over:

- Lack of standardised operating procedures/processes to ensure reliability, verifiability, accuracy and completeness of the performance information.
- The Audit Committee has also requested management to take appropriate steps to ensure that performance targets are specific as required by the Performance Management and Reporting Framework.

Compliance with Laws and Regulations

The AGSA has reported supply chain findings that the Department did not have a proper internal control system to ensure that all tender processes conducted on behalf of the Department by the implementing agents were adhere to. Management has to ensure that all procurement complies with laws, regulations and all departmental policies and procedures. Further the remedial steps as prescribed in the PFMA must be instituted immediately to ensure that there is consequence management and compliance.

One-on-One Meeting with the Accounting Officer

The Audit Committee has met with the Accounting Officer for the Department to address unresolved issues

Auditor-General of South Africa

The Audit Committee has met with the AGSA to ensure that there are no unresolved issues.



Mr Japie du Plessis
Chairperson of the Audit Committee
Department of Water and Sanitation
31 July 2016

2 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO 36: DEPARTMENT OF WATER AND SANITATION

Report on the financial statements

Introduction

- 1 I have audited the financial statements of the Department of Water and Sanitation set out on pages 202 to 315, which comprise of the appropriation statement, the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

- 2 The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Modified Cash Standards (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

- 3 My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

- 6 In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Water and Sanitation as at 31 March 2016 and its financial performance and cash

flows for the year then ended, in accordance with the MCS prescribed by the National Treasury and the requirements of the PFMA and DORA.

Emphasis of matter

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

Restatement of corresponding figures

- 8 As disclosed in note 34 to the financial statements, the corresponding figures for 2014/15 have been restated as a result of errors discovered during 2015/16 in the financial statements of the Department of Water and Sanitation at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

- 9 In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)(PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

- 10 I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:
- Programme 3: Water Infrastructure Development on pages 65 to 79.
 - Programme 4: Water and Sanitation Services on pages 79 to 84.
 - Programme 5: Water Sector Regulation on pages 84 to 93.
- 11 I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
- 12 I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 13 The material findings in respect of the selected programmes are as follows:

Programme 3: Water Infrastructure Development

Usefulness of reported performance information

- 14 I did not identify any material findings on the usefulness of the reported performance information for the Water Infrastructure Development.

Reliability of reported performance information

- 15 The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievement against the planned target of the important indicator - number of households provided with (interim or basic) water supply in the 27 priority districts - could not be verified as not all the lists of households could be obtained

Programme 4: Water and Sanitation Services

- 16 I did not identify any material findings on the usefulness and reliability of the reported performance information for the Water and Sanitation Services programme

Programme 5: Water Sector Regulation

Usefulness of reported performance information

- 17 The FMPPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance. A total of 30% targets were not specific.

Reliability of reported performance information

- 18 The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of the important indicators below were not reliable:
- The percentage of water use authorisation applications finalised within the required 300 days turnaround indicator - is not complete as water use licenses and general authorisations finalised were not included in the schedule supporting the annual performance report and the indicator is not valid as some water use licences were finalized in excess of the 300 days turnaround time and were reported as part of this indicator.
 - The number of dams evaluated in compliance with dam safety regulations indicator - we were unable to obtain sufficient appropriate evidence as some dam risk categories were not specified in the inspection reports. Also the indicator is not complete as dam safety evaluations were not performed for all dams within the specified period as per the regulations.
 - The percentage of reported non-compliant cases investigated indicator - is incomplete as non-compliant cases reported are not included in the schedule supporting the annual performance report.

Additional matters

- 19 I draw attention to the following matters:

Achievement of planned targets

- 20 Refer to the annual performance report on pages 44 to 93; 96 to 100 for information on the achievement of planned targets for the year. This information should be considered in the context of material findings on conclusions expressed on usefulness and reliability of the reported performance information in paragraphs 14 to 18 of this report.

Adjustment of material misstatements

- 21 I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of water infrastructure development, water and sanitation services and water sector regulation programmes. As management subsequently corrected only some of the misstatements, I identified material findings on reliability of the reported performance information.

Compliance with legislation

- 22 I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance

- 23 Effective, efficient and transparent systems of risk management and internal control with respect to performance information and management was not maintained in all instances as required by section 38(1)(a)(i) of the PFMA.

Financial statements and annual reports

- 24 The financial statements submitted for auditing were not prepared fully in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the Public Finance Management Act.
- 25 Material misstatements of commitments and other disclosure notes identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

- 26 Effective steps were not taken to prevent irregular expenditure, amounting to R1.7 billion as disclosed in note 25 of the financial statements, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

- 27 Effective steps were not taken to prevent irregular expenditure as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1. The value of R1.7 billion as disclosed in note 25 is not complete as management is still busy with the exercise to quantify the full extent of the irregular expenditure. This will be specific to procurement processes that were done by the implementing agents on behalf of the department.
- 28 Effective steps were not taken to prevent fruitless and wasteful expenditure, amounting to R87 156 000 as disclosed in note 26 of the financial statements, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1. An amount of R52 million relating to possible double payments has been disclosed as fruitless and wasteful expenditure pending the outcome of the investigations by the internal auditors.

Procurement and contract management

- 29 Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.4
- 30 Thresholds for local content on designated sectors procurement were in some instances not properly applied in accordance with the requirements of preferential procurement regulation 9 as a specification committee were not established for a portion of the year.
- 31 Contracts were in certain instances awarded to bidders based on preference points that were not calculated correctly in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

Internal control

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

Leadership

- 33 Management did not have documented policies and procedures to guide the operations of the department with regards to commitments on the Regional Bulk Infrastructure Grant (RBIG) and the Municipal Water Infrastructure Grant (MWIG). A manual / policy did not exist for the year under review to support payments in having a proper reconciliation system per project in place to ensure all information pertaining to the project are reconciled on a monthly basis.

Financial and performance management

- 34 The department did not standardize all the operating procedures /processes (SOP) per indicator in which adequate internal controls can be implemented. This relates to having a proper record management system to maintain information that supported the reported performance in the annual performance report.

- 35 The department did not have a proper internal control system to ensure that all tender processes conducted on behalf of the department by the implementing agents were adhere to.

Other reports

- 36 I draw attention to the following engagements that could potentially impact on the department's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Performance audits

- 37 A performance audit to evaluate the effectiveness of the basic water infrastructure programme between 2008 and 2015 was conducted. The audit was completed and the report is expected to be tabled in September 2016.

Investigations

- 38 The Special Investigation Unit (SIU) was investigating possible conflict of interest, possible irregularities identified by the SIU data analysis and also possible supply chain matter irregularities. This investigation was completed in the current year under review and the results were provided to the department.
- 39 The Special Investigation Unit (SIU) was conducting a forensic investigation on the Vuwani Steel pipeline. This investigation is still in progress.
- 40 An independent consulting firm is performing an investigation at the request of the Director-General. This investigation was initiated based on allegation of misappropriation of the department's construction equipment. The investigation is still in progress.
- 41 Several investigations were conducted / are in progress by the internal audit unit at the request of the Accounting Officer and/or the Minister arising from allegations against officials of the department. Those completed investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the department officials concerned.

Auditor General

Pretoria
31 July 2016





Sanitation is dignity

Access to dignified sanitation is a basic human right and the department seeks to eradicate the sanitation backlog in the country in formal areas.

3 ANNUAL FINANCIAL STATEMENTS OF VOTE 36 FOR THE YEAR ENDED 31 MARCH 2016

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ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Appropriation per programme

2015/16										2014/15	
Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
1 Administration	1 487 534	-	32 219	1 519 753	1 517 867	1 886	99.9%	1 399 262	1 297 667		
2 Water Planning and Information Management	743 963	-	(59 517)	684 446	668 817	15 629	97.7%	414 282	386 596		
3 Water Infrastructure Development	11 815 750	-	40 790	11 856 540	11 748 847	107 693	99.1%	8 601 568	7 629 078		
4 Water and Sanitation Services	1 414 674	-		1 414 674	1 359 575	55 099	96.1%	2 694 898	1 823 128		
5 Water Sector Regulation	284 609	-	(13 492)	271 117	261 868	9 249	96.6%	537 391	480 213		
TOTAL	15 746 530	-	-	15 746 530	15 556 974	189 556	98.8%	13 647 401	11 616 682		
Reconciliation with statement of financial performance											
ADD											
Departmental receipts											
	11 008				15 333						
	15 757 538				13 662 734						
Actual amounts per statement of financial performance (total revenue)											
Actual amounts per statement of financial performance (total expenditure)											
	15 556 974				11 616 682						

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Appropriation per economic classification

Economic classification	2015/16							2014/15	
	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	3 122 150	(126 033)	(19 554)	2 976 563	2 902 343	74 220	97.5%	2 847 118	2 595 596
Compensation of employees	1 428 397	(27 323)	(880)	1 400 194	1 360 369	39 825	97.2%	1 307 722	1 275 705
Salaries and wages	1 229 642	(3 885)	778	1 226 535	1 191 427	35 108	97.1%	1 141 949	1 121 599
Social contributions	198 755	(23 438)	(1 658)	173 659	168 942	4 717	97.3%	165 773	154 106
Goods and services	1 687 230	(98 722)	(18 674)	1 569 834	1 535 439	34 395	97.8%	1 538 250	318 811
Administrative fees	10 358	(5 085)	(663)	4 610	4 592	18	99.6%	9 918	5 434
Advertising	39 761	16 387	(1 459)	54 689	54 686	3	100.0%	40 541	38 214
Minor assets	12 955	(955)	(3 417)	8 583	8 224	359	95.8%	18 686	5 978
Audit costs: External	32 345	(2 491)	-	29 854	29 854	-	100.0%	27 018	22 955
Bursaries: Employees	3 469	(570)	-	2 899	2 865	34	98.8%	3 760	3 382
Catering: Departmental activities	10 920	(4 671)	(823)	5 426	5 255	171	96.8%	11 738	7 199
Communication (G&S)	55 974	(13 689)	(955)	41 330	41 266	64	99.8%	44 655	43 761
Computer services	122 737	7 815	(1 251)	129 301	129 297	4	100.0%	130 076	127 067
Consultants: Business and advisory services	110 419	(3 489)	700	107 630	107 598	32	100.0%	196 787	134 984
Infrastructure and planning services	319 418	(70 800)	11 360	259 978	231 576	28 402	89.1%	148 403	141 218
Laboratory services	7 438	1 176	(3 412)	5 202	5 201	1	100.0%	5 372	3 473
Scientific and technological services	1 777	(1 177)	(600)	-	-	-	-	-	-

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Legal services	8 109	2 964	-	11 073	11 073	-	100.0%	3 873	6 827
Contractors	176 612	(38 076)	(10 773)	127 763	127 482	281	99.8%	137 512	132 751
Agency and support / outsourced services	47 263	(6 239)	(2 271)	38 753	38 730	23	99.9%	57 341	55 715
Entertainment	666	(432)	(53)	181	163	18	90.1%	969	157
Fleet services (including government motor transport)	1 554	647	(407)	1 794	1 785	9	99.5%	1 559	1 724
Housing	44	(29)	(15)	-	-	-	-	-	-
Inventory: Clothing material and accessories	4 329	(1 458)	(832)	2 039	2 031	8	99.6%	3 440	3 067
Inventory: Farming supplies	81	32	(17)	96	86	10	89.6%	34	72
Inventory: Food and food supplies	399	(100)	(137)	162	154	8	95.1%	266	118
Inventory: Fuel, oil and gas	5 515	48	(3 590)	1 973	1 948	25	98.7%	2 819	1 869
Inventory: Learner and teacher support material	2 468	(2 365)	(98)	5	-	5	-	95	9
Inventory: Materials and supplies	14 130	(6 233)	(4 104)	3 793	3 750	43	98.9%	6 874	8 111
Inventory: Medical supplies	146	18	(104)	60	50	10	83.3%	267	142

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Inventory: Medicine	108	(108)	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	6 377	31 150	(334)	37 193	37 193	-	100.0%	17 985	16 418
Consumable supplies	14 493	(6 464)	(1 465)	6 564	6 225	339	94.8%	12 009	7 123
Consumable: Stationery, printing and office supplies	25 171	(9 872)	(1 107)	14 192	13 723	469	96.7%	27 302	15 658
Operating leases	253 365	50 804	13 463	317 632	317 362	270	99.9%	257 560	231 762
Property payments	124 181	(41 702)	(394)	82 085	82 065	20	100.0%	76 873	52 908
Transport provided: Departmental activity	3 761	(3 565)	-	196	196	-	100.0%	1 270	620
Travel and subsistence	196 078	32 696	(476)	228 298	227 505	793	99.7%	227 049	203 639
Training and development	35 344	(14 566)	(2 412)	18 366	17 031	1 335	92.7%	28 497	17 052
Operating payments	17 410	(966)	(1 312)	15 132	14 452	680	95.5%	18 947	17 121
Venues and facilities	16 756	(3 043)	(1 713)	12 000	11 122	878	92.7%	16 059	9 950
Rental and hiring	5 299	(4 314)	(3)	982	899	83	91.5%	2 696	2 334
Interest and rent on land	6 523	12	-	6 535	6 535	-	100.0%	1 146	1 082
Interest (Incl. interest on unitary payments (PPP))	6 523	2	-	6 525	6 525	-	100.0%	1 099	1 035
Rent on land	-	10	-	10	10	-	100.0%	47	47

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Transfers and subsidies	5 072 620	10 899	879	5 084 398	5 078 344	6 054	99.9%	4 590 989	4 588 799
Provinces and municipalities	2 305 464	280	-	2 305 744	2 305 689	55	100.0%	1 051 719	1 051 353
Provinces	-	-	-	-	-	-	-	5	6
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	5	6
Municipalities	2 305 464	280	-	2 305 744	2 305 689	55	100.0%	1 051 714	1 051 347
Municipal bank accounts	2 305 464	280	-	2 305 744	2 305 689	55	100.0%	1 051 714	1 051 347
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 739 189	6 704	-	1 745 893	1 744 838	1 055	99.9%	2 740 913	2 739 536
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	1 739 189	6 704	-	1 745 893	1 744 838	1 055	99.9%	2 740 913	2 739 536
Higher education institutions	2 000	-	-	2 000	1 000	1 000	50.0%	-	-
Foreign governments and international organisations	189 267	-	-	189 267	189 231	36	100.0%	185 186	185 176
Public corporations and private enterprises	802 000	-	-	802 000	801 748	252	100.0%	580 000	579 919
Public corporations	802 000	-	-	802 000	801 748	252	100.0%	580 000	579 919

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16						2014/15	
	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
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-
Other transfers to public corporations	802 000	-	-	802 000	801 748	252	100.0%	580 000
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	1 995	3	-	1 998	681	1 317	34.1%	2 159
Households	32 705	3 912	879	37 496	35 157	2 339	93.8%	31 012
Social benefits	3 263	4 729	879	8 871	8 869	2	100.0%	7 452
Other transfers to households	29 442	(817)	-	28 625	26 288	2 337	91.8%	23 560
Payments for capital assets	7 551 760	110 284	18 675	7 680 719	7 571 438	109 281	98.6%	6 209 171
Buildings and other fixed structures	7 419 043	113 262	18 675	7 550 980	7 455 957	95 023	98.7%	6 111 323
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	7 419 043	113 262	18 675	7 550 980	7 455 957	95 023	98.7%	6 111 323
Machinery and equipment	92 347	8 196	-	100 543	86 450	14 093	86.0%	84 101
Transport equipment	19 195	(4 407)	-	14 788	12 201	2 588	82.5%	12 748
Other machinery and equipment	73 152	12 603	-	85 755	74 249	11 505	86.6%	71 353

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	40 370	(11 174)	-	29 196	29 031	165	99.4%	13 747	10 284
Payment for financial assets	-	4 850	-	4 850	4 849	1	100.0%	123	123
TOTAL	15 746 530	-	-	15 746 530	15 556 974	189 556	98.8%	13 647 401	11 616 682

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Programme 1: Administration

Sub programme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Ministry	50 936	9 223	-	60 159	60 158	1	100.0%	44 462	43 270
2 Departmental Management	130 007	(27 323)	-	102 684	102 682	2	100.0%	445 400	412 807
3 Internal Audit	24 773	(2 475)	-	22 298	22 298	-	100.0%	21 039	20 185
4 Corporate Services	679 976	15 322	4 997	700 295	699 447	848	99.9%	422 146	407 520
5 Financial Management	207 215	1 636	13 460	222 311	222 311	-	100.0%	132 314	127 475
6 Office Accommodation	352 610	7 740	13 762	374 112	374 112	-	100.0%	299 775	253 698
7 Programme Management Unit	4 860	(3 485)	-	1 375	1 375	-	100.0%	-	-
8 International Water Support	37 157	(638)	-	36 519	35 484	1 035	97.2%	34 126	32 712
Total for sub programmes	1 487 534	-	32 219	1 519 753	1 517 867	1 886	99.9%	1 399 262	1 297 667

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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	1 394 897	(3 915)	27 222	1 418 204	1 418 208	(4)	100.0%	1 329 071	1 238 5174
Compensation of employees	645 589	(7 697)	-	637 892	637 892	-	100.0%	610 471	602 714
Salaries and wages	556 459	4 609	-	561 068	561 068	-	100.0%	536 070	532 271
Social contributions	89 130	(12 306)	-	76 824	76 824	-	100.0%	74 401	70 443
Goods and services	742 785	3 782	27 222	773 789	773 793	(4)	100.0%	717 501	634 765
Administrative fees	4 541	(2 320)	-	2 221	2 221	-	100.1%	4 722	3 187
Advertising	30 781	18 033	-	48 814	48 814	-	100.0%	31 148	30 883
Minor assets	4 339	167	-	4 506	4 506	-	100.0%	5 718	3 704
Audit costs: External	32 345	(2 492)	-	29 853	29 853	-	100.0%	27 016	22 089
Bursaries: Employees	3 108	(340)	-	2 768	2 769	(1)	100.0%	3 713	3 382
Catering: Departmental activities	4 877	(3 237)	-	1 640	1 641	(1)	100.0%	5 105	2 686
Communication	38 783	(9 614)	1 626	30 795	30 795	-	100.0%	29 467	29 626
Computer services	42 033	23 070	-	65 103	65 103	-	100.0%	61 570	59 949
Consultants: Business and advisory services	14 997	(4 463)	7 645	18 179	18 179	-	100.0%	22 730	29 961
Infrastructure and planning services	1 194	1 334	-	2 528	2 528	-	100.0%	1 209	785
Laboratory services	-	-	-	-	-	-	-	-	11
Legal services	8 099	2 974	-	11 073	11 073	-	100.0%	3 873	6 827
Contractors	45 279	(20 555)	-	24 724	24 724	-	100.0%	24 871	24 837
Agency and support / outsourced services	16 044	(10 993)	4 189	9 240	9 240	-	100.0%	24 047	25 507
Entertainment	323	(199)	-	124	124	-	100.0%	348	121
Fleet services	415	465	-	880	881	(1)	100.0%	9	281

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Inventory: Clothing material and supplies	648	(81)	-	567	567	-	100.0%	816	763
Inventory: Farming supplies	4	(2)	-	2	2	-	100.0%	-	31
Inventory: Food and food supplies	90	(26)	-	64	64	-	100.0%	125	54
Inventory: Fuel, oil and gas	182	(146)	-	36	36	-	100.0%	39	49
Inventory: Learner and teacher support material	22	(22)	-	-	-	-	-	11	1
Inventory: Materials and supplies	611	(89)	-	522	523	(1)	100.0%	571	293
Inventory: Medical supplies	-	6	-	6	6	-	100.0%	33	34
Inventory: Medicine	71	(71)	-	-	-	-	-	-	-
Inventory: Other supplies	181	3 772	-	3 953	3 953	-	100.0%	-	-
Consumable supplies	8 446	(4 062)	-	4 384	4 384	-	100.0%	6 942	4 315
Consumable: Stationery, printing and office supplies	11 278	(2 884)	-	8 394	8 394	-	100.0%	16 848	10 404
Operating leases	250 290	52 940	13 762	316 992	316 992	-	100.0%	255 526	229 727
Property payments	122 099	(50 723)	-	71 376	71 376	-	100.0%	68 557	45 897
Transport provided: Departmental activity	1 507	(1 507)	-	-	-	-	-	1 079	603
Travel and subsistence	65 765	26 068	-	91 833	91 833	-	100.0%	84 177	72 672

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Training and development	19 000	(8 201)	-	10 799	10 799	-	100.0%	17 793	10 039
Operating payments	7 583	(847)	-	6 736	6 736	-	100.0%	7 900	7 066
Venues and facilities	5 402	(84)	-	5 318	5 318	-	100.0%	9 901	7 697
Rental and hiring	2 448	(2 089)	-	359	359	-	100.0%	1 637	1 287
Interest and rent on land	6 523	-	-	6 523	6 523	-	100.0%	1 099	1 035
Interest	6 523	-	-	6 523	6 523	-	100.0%	1 099	1 035
Rent on land									
Transfers and subsidies	22 262	1 400	-	23 662	21 774	1 888	92.0%	23 455	21 4523
Provinces and municipalities	3	7	-	10	9	1	90.0%	415	6
Provinces	-	-	-	-	-	-	-	3	4
Provincial agencies and funds	-	-	-	-	-	-	-	3	4
Municipalities	3	7	-	10	9	1	90.0%	412	2
Municipal bank accounts	3	7	-	10	9	1	90.0%	412	2
Departmental agencies and accounts	3 066	(1)	-	3 065	3 014	51	98.3%	5 759	4 377
Departmental agencies	3 066	(1)	-	3 065	3 014	51	98.3%	5 759	4 377
Higher education institutions	2 000	-	-	2 000	1 000	1 000	50.0%	-	-
Foreign governments and international organisations	1 029	-	-	1 029	993	36	96.5%	918	908

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Non-profit institutions	900	-	-	900	100	800	11.1%	900	700
Households	15 264	1 394	-	16 658	16 658	-	100.0%	15 463	15 462
Social benefits	1 360	1 615	-	2 975	2 975	-	100.0%	1 732	1 731
Other transfers to households	13 904	(221)	-	13 683	13 683	-	100.0%	13 731	13 731
Payments for capital assets	70 375	2 292	4 997	77 664	77 662	2	100.0%	46 667	37 629
Machinery and equipment	30 475	13 171	4 997	48 643	48 641	2	100.0%	35 032	27 804
Transport equipment	5 781	(2 595)	-	3 187	3 187	-	100.0%	3 754	3 749
Other machinery and equipment	24 694	15 766	4 997	45 456	45 454	2	100.0%	31 278	24 055
Intangible assets	39 900	(10 879)	-	29 021	29 021	-	100.0%	11 635	9 825
Payments for financial assets	-	223	-	223	223	-	100.0%	69	69
Total for economic classification	1 487 534	-	32 219	1 519 753	1 517 867	1 886	99.9%	1 399 262	1 297 667

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

1.1 Ministry

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	49 801	9 369	-	59 170	59 170	-	100.0%	42 054	40 865		
Compensation of employees	31 406	(1 208)	-	30 198	30 198	-	100.0%	22 889	22 889		
Goods and services	18 394	10 577	-	28 971	28 971	-	100.0%	19 165	17 976		
Interest and rent on land	1	-	-	1	1	-	100.0%				
Transfers and subsidies	5	-	-	5	4	1	80.0%	33	32		
Provinces and municipalities	3	1	-	4	3	1	75.0%	5	6		
Departmental agencies and accounts	2	(1)	-	1	1	-	100.0%	2	-		
Households	-	-	-	-	-	-	-	26	26		
Payments for capital assets	1 130	(146)	-	984	984	-	100.0%	2 375	2 374		
Machinery and equipment	1 130	(146)	-	984	984	-	100.0%	2 375	2 374		
Payments for financial assets											
Total	50 936	9 223	-	60 159	60 158	1	100.0%	44 462	43 270		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

1.2 Departmental Management

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	125 911	(25 189)	-	100 722	100 723	(1)	100.0%	428 603	399 622		
Compensation of employees	77 804	(8 027)	-	69 777	69 777	-	100.0%	273 275	269 794		
Goods and services	48 107	(17 162)	-	30 945	30 946	(1)	100.0%	155 328	129 828		
Transfers and subsidies	88	37	-	125	123	2	98.4%	3 568	2 638		
Provinces and municipalities	-	-	-	-	-	-	-	410	-		
Departmental agencies and accounts	2	-	-	2	-	2	-	2 692	2 173		
Households	86	37	-	123	123	-	100.0%	466	465		
Payments for capital assets	4 008	(2 171)	-	1 837	1 836	1	99.9%	13 229	10 547		
Machinery and equipment	4 008	(2 171)	-	1 837	1 836	1	99.9%	13 229	10 547		
Total	130 007	(27 323)	-	102 684	102 682	2	100.0%	445 400	412 807		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

1.3 Internal Audit

2015/16							2014/15		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	24 111	(2 282)	-	21 829	21 829	-	100.0%	20 877	20 023
Compensation of employees	17 683	(2 501)	-	15 182	15 182	-	100.0%	15 200	15 163
Goods and services	6 428	219	-	6 647	6 647	-	100.0%	5 677	4 860
Transfers and subsidies	5	16	-	21	21	-	100.0%	-	-
Households	5	16	-	21	21	-	100.0%	-	-
Payments for capital assets	657	(209)	-	448	448	-	100.0%	162	162
Machinery and equipment	657	(209)	-	448	448	-	100.0%	162	162
Total	24 773	(2 475)	-	22 298	22 298	-	100.0%	21 039	20 185

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

1.4 Corporate Services

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	602 766	9 594	-	612 360	612 362	(2)	100.0%	375 865	368 307		
Compensation of employees	346 862	11 048	-	357 910	357 910	-	100.0%	203 279	203 279		
Goods and services	249 382	(1 453)	-	247 929	247 931	(2)	100.0%	171 568	164 010		
Interest and rent on land	6 522	(1)	-	6 521	6 521	-	100.0%	1 018	1 018		
Transfers and subsidies	18 996	698	-	19 694	18 845	849	95.7%	18 535	17 477		
Provinces and municipalities	-	6	-	6	6	-	100.0%				
Departmental agencies and accounts	3 062	-	-	3 062	3 013	49	98.4%	3 062	2 204		
Non-profit institutions	900			900	100	800	11.1%	900	700		
Households	15 034	692	-	15 726	15 726	-	100.0%	14 573	14 573		
Payments for capital assets	58 214	5 026	4 997	68 237	68 236	1	100.0%	27 746	21 736		
Machinery and equipment	18 314	15 905	4 997	39 216	39 215	1	100.0%	16 111	11 911		
Intangible assets	39 900	(10 879)		29 021	29 021	-	100.0%	11 635	9 825		
Payment for financial assets	-	4	-	4	4	-	100.0%	-	-		
Total	679 976	15 322	4 997	700 295	699 447	848	99.9%	422 146	407 520		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

1.5 Financial Management

Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2014/15	
								Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	201 659	678	13 460	215 797	215 797	-	100.0%	129 515	124 678
Compensation of employees	143 830	(2 521)	-	141 309	141 309	-	100.0%	73 854	70 356
Goods and services	57 829	3 198	13 460	74 487	74 487	-	100.0%	55 644	54 305
Interest and rent on land	-	1	-	1	1	-	100.0%	17	17
Transfers and subsidies	139	649	-	788	788	-	100.0%	398	398
Households	139	649	-	788	788	-	100.0%	398	398
Payments for capital assets	5 417	90	-	5 507	5 507	-	100.0%	2 332	2 330
Machinery and equipment	5 417	90	-	5 507	5 507	-	100.0%	2 332	2 330
Payments for financial assets	-	219	-	219	219	-	100.0%	69	69
Total	207 215	1 636	13 460	222 311	222 311	-	100.0%	132 314	127 475

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

1.6 Office Accommodation

Economic classification	2015/16						2013/14	
	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	352 610	7 740	13 762	374 112	374 112	-	100.0%	299 775
Goods and services	352 610	7 740	13 762	374 112	374 112	-	100.0%	299 775
Total	352 610	7 740	13 762	374 112	374 112	-	100.0%	299 775
								253 698

1.7 Programme Management Unit

Economic classification	2015/16						2014/15	
	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	4 860	(3 485)	-	1 375	1 375	-	100.0%	-
Compensation of employees	3 660	(2 353)	-	1 307	1 307	-	100.0%	-
Goods and services	1 200	(1 132)	-	68	68	-	100.0%	-
Total	4 860	(3 485)	-	1 375	1 375	-	100.0%	-

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

1.8 International Water Support

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	33 179	(340)	-	32 839	32 840	(1)	100.0%	32 382	31 324		
Compensation of employees	24 344	(2 135)	-	22 209	22 209	-	100.0%	21 974	21 233		
Goods and services	8 835	1 795	-	10 630	10 631	(1)	100.0%	10 344	10 091		
Transfers and subsidies	3 029	-	-	3 029	1 993	1 036	65.8%	921	908		
Higher education institutions	2 000			2 000	1 000	1 000	50.0%				
Foreign governments and international organisations	1 029			1 029	993	36	96.5%	918	908		
Payments for capital assets	949	(298)	-	651	651	-	100.0%	823	480		
Machinery and equipment	949	(298)	-	651	651	-	100.0%	823	480		
Total	37 157	(638)	-	36 519	35 484	1 035	97.2%	34 126	32 712		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Programme 2: Water Planning And Information Management

2015/16										2014/15	
Sub programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
1 Water Planning, Information Management and Support	4 985	40	-	5 025	3 851	1 174	76.6%	5 606	5 604		
2 Integrated Planning	186 976	(7 622)	(16 549)	162 805	159 032	3 773	97.7%	143 420	138 266		
3 Water Ecosystems	42 648	7 582	-	50 230	49 927	303	99.4%	50 075	47 972		
4 Water Information Management	509 354	-	(42 968)	466 386	456 007	10 379	97.8%	215 181	194 754		
Total for sub programmes	743 963	-	(59 517)	684 446	668 817	15 629	97.7%	414 282	386 596		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	679 677	(12 548)	(54 520)	612 609	601 596	11 013	98.2%	369 682	354 108		
Compensation of employees	350 644	(822)	(9 278)	340 544	333 129	7 415	97.8%	158 439	155 330		
Salaries and wages	300 834	(246)	(4 387)	296 201	289 485	6 716	97.7%	139 188	137 513		
Social contributions	49 810	(576)	(4 891)	44 343	43 644	699	98.4%	19 251	17 817		
Goods and services	329 033	(11 738)	(45 242)	272 053	268 455	3 598	98.7%	211 243	198 778		
Administrative fees	2 196	(1 110)	(190)	896	883	13	98.5%	1 246	346		
Advertising	1 274	1 168	(1 124)	1 318	1 318	-	100.0%	1 782	1 564		
Minor assets	5 801	(1 010)	(3 340)	1 451	1 368	83	94.3%	1 967	184		
Audit costs: External	-	1	-	1	1	-	100.0%	2	-		
Bursaries: Employees	-	81	-	81	81	-	100.0%	7	-		
Catering: Departmental activities	964	(417)	(377)	170	159	11	93.5%	200	7		
Communication	7 406	(463)	(886)	6 057	6 032	25	99.6%	2 648	2 947		
Computer services	62 752	1 714	(917)	63 549	63 549	-	100.0%	48 311	48 185		
Consultants: Business and advisory services	20 795	(7 576)	(4)	13 215	13 215	-	100.0%	15 792	15 664		
Infrastructure and planning services	94 384	(2 093)	(9 203)	83 088	83 088	-	100.0%	99 268	96 912		
Laboratory services	6 807	-	(3 184)	3 623	3 623	-	100.0%	3 509	3 345		
Contractors	24 916	(198)	(10 750)	13 968	13 962	6	100.0%	-	-		
Agency and support / outsourced services	635	-	(147)	488	488	-	100.0%	65	9		
Entertainment	71	(21)	(33)	17	12	5	70.6%	3 509	3 345		
Fleet services	684	621	(407)	898	898	-	100.0%	112	60		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Inventory: Clothing material and supplies	1 565	(621)	(61)	883	883	-	100.0%	292	195
Inventory: Farming supplies	50	34	-	84	84	-	100.0%	-	-
Inventory: Food and food supplies	161	(34)	(94)	33	33	-	100.0%	14	-
Inventory: Fuel, oil and gas	5 245	-	(3 571)	1 674	1 674	-	100.0%	525	193
Inventory: Learner and teacher support material	203	(119)	(84)	-	-	-	-	37	8
Inventory: Materials and supplies	6 991	-	(3 791)	3 200	3 199	1	100.0%	73	79
Inventory: Medical supplies	142	-	(104)	38	32	6	84.2%	70	32
Inventory: Other supplies	5 624	(1 224)	(279)	4 121	4 121	-	100.0%	2 961	2 858
Consumable supplies	2 936	(652)	(1 209)	1 075	1 064	11	99.0%	259	171
Consumable: Stationery, printing and office supplies	5 095	(1 821)	(854)	2 420	2 251	169	93.0%	2 477	1 235
Operating leases	1 401	(1 185)	-	216	2	214	0.9%	82	-
Property payments	1 783	-	(332)	1 451	1 451	-	100.0%	65	136
Transport provided: Departmental activity	-	-	-	-	-	-	-	1	-
Travel and subsistence	55 836	3 444	-	59 280	58 487	793	98.7%	24 361	21 104
Training and development	6 629	(197)	(2 412)	4 020	2 819	1 201	70.1%	2 523	1 826

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Operating payments	4 519	124	(1 281)	3 362	2 953	409	87.8%	968	1 040		
Venues and facilities	1 963	(279)	(608)	1 076	488	588	45.4%	1 333	516		
Rental and hiring	205	95	-	300	237	63	79.0%	23	-		
Interest and rent on land	-	12	-	12	12	-	100.0%	-	-		
Interest	-	2	-	2	2	-	100.0%	-	-		
Rent on land	-	10	-	10	10	-	100.0%	-	-		
Transfers and subsidies	924	7 800	-	8 724	8 722	2	100.0%	801	804		
Provinces and municipalities	378	273	-	651	651	-	100.0%	9	9		
Provinces	-	-	-	-	-	-	-	1	1		
Provincial agencies and funds	-	-	-	-	-	-	-	1	1		
Municipalities	378	273	-	651	651	-	100.0%	8	8		
Municipal bank accounts	378	273	-	651	651	-	100.0%	8	8		
Departmental agencies and accounts	-	6 705	-	6 705	6 704	1	100.0%	-	1		
Departmental agencies	-	6 705	-	6 705	6 704	1	100.0%	-	1		
Non-profit institutions	23	-	-	23	22	1	95.7%	23	25		
Households	523	822	-	1 345	1 345	-	100.0%	769	769		
Social benefits	523	822	-	1 345	1 345	-	100.0%	769	769		
Payments for capital assets	63 362	132	(4 997)	58 497	53 884	4 613	92.1%	43 799	31 684		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Buildings and other fixed structures	26 076	-	-	26 076	25 971	105	99.6%	28 500	25 064		
Other fixed structures	26 076	-	-	26 076	25 971	105	99.6%	28 500	25 064		
Machinery and equipment	36 816	427	(4 997)	32 246	27 903	4 343	86.5%	14 854	6 214		
Transport equipment	6 259	-	-	6 259	6 167	92	98.5%	1 495	1 451		
Other machinery and equipment	30 557	427	(4 997)	25 987	21 736	4 251	83.6%	13 359	4 763		
Intangible assets	470	(295)	-	175	10	165	5.7%	445	406		
Payments for financial assets	-	4 616	-	4 616	4 615	1	100.0%	-	-		
Total for Economic classification	743 963	-	(59 517)	684 446	668 817	15 629	97.7%	414 282	386 596		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2.1 Water Planning, Information Management and Support

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	4 820	(109)	-	4 711	3 537	1 174	75.1%	5 511	5 509		
Compensation of employees	3 140	(14)	-	3 126	2 666	460	85.3%	4 475	4 473		
Goods and services	1 680	(95)	-	1 585	871	714	55.0%	1 036	1 036		
Transfers and subsidies	-	13	-	13	13	-	100.0%	11	11		
Households	-	13	-	13	13	-	100.0%	11	11		
Payments for capital assets	165	71	-	236	236	-	100.0%	84	84		
Machinery and equipment	165	71	-	236	236	-	100.0%	84	84		
Payment for financial assets	-	65	-	65	65	-	100.0%	-	-		
Total	4 985	40	-	5 025	3 851	1 174	76.6%	5 606	5 604		

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2.2 Integrated Planning

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	184 541	(7 707)	(16 549)	160 285	157 702	2 583	98.4%	141 908	137 043		
Compensation of employees	63 635	(3 156)	(7 239)	53 240	53 239	1	100.0%	49 057	48 239		
Goods and services	120 906	(4 551)	(9 310)	107 045	104 463	2 582	97.6%	92 851	88 804		
Transfers and subsidies	36	156	-	192	191	1	99.5%	468	470		
Provinces and municipalities	-	-	-	-	-	-	-	1	1		
Non-profit institutions	23	-	-	23	22	1	95.7%	23	25		
Households	13	156	-	169	169	-	100.0%	444	444		
Payments for capital assets	2 399	(71)	-	2 328	1 139	1 189	48.9%	1 044	753		
Machinery and equipment	2 394	(76)	-	2 318	1 129	1 189	48.7%	1 044	753		
Intangible assets	5	5	-	10	10	-	100.0%	-	-		
Total	186 976	(7 622)	(16 549)	162 805	159 032	3 773	97.7%	143 420	138 266		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2.3 Water Ecosystems

Economic classification	2015/16							2014/15	
	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	42 442	2 871	-	45 313	45 011	302	99.3%	49 465	47 362
Compensation of employees	21 298	2 973	-	24 271	24 271	-	100.0%	18 834	18 121
Goods and services	21 144	(102)	-	21 042	20 740	302	98.6%	30 631	29 241
Transfers and subsidies	-	28	-	28	28	-	100.0%	225	225
Households	-	28	-	28	28	-	100.0%	225	225
Payments for capital assets	206	132	-	338	338	-	100.0%	385	385
Machinery and equipment	206	132	-	338	338	-	100.0%	385	385
Payment for financial assets	-	4 551		4 551	4 550	1	100.0%	-	-
Total	42 648	7 582	-	50 230	49 927	303	99.4%	50 075	47 972

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2.4 Water Information Management

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	447 874	(7 603)	(37 971)	402 300	395 346	6 954	98.3%	172 798	164 194		
Compensation of employees	262 571	(625)	(2 039)	259 907	252 953	6 954	97.3%	86 073	84 497		
Goods and services	185 303	(6 990)	(35 932)	142 381	142 381	-	100.0%	86 725	79 697		
Interest and rent on land	-	12	-	12	12	-	100.0%				
Transfers and subsidies	888	7 603	-	8 491	8 490	1	100.0%	97	98		
Provinces and municipalities	378	273	-	651	651	-	100.0%	8	8		
Departmental agencies and accounts	-	6 705	-	6 705	6 704	1	100.0%	-	1		
Households	510	625	-	1 135	1 135	-	100.0%	89	89		
Payments for capital assets	60 592	-	(4 997)	55 595	52 171	3 424	93.8%	42 286	30 462		
Buildings and other fixed structures	26 076	-	-	26 076	25 971	105	99.6%	28 500	25 064		
Machinery and equipment	34 051	300	(4 997)	29 354	26 200	3 154	89.3%	13 341	4 992		
Intangible assets	465	(300)		165		165	-	445	406		
Total	509 354	-	(42 968)	466 386	456 008	10 378	97.8%	215 181	194 754		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Programme 3: Water Infrastructure Development

Sub programme	2015/16							2014/15	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
1 Infrastructure Development and Rehabilitation	1 758 963	-	-	1 758 963	1 758 960	3	100.0%	2 755 177	2 755 177
2 Operation of Water Resources	164 398	-	-	164 398	164 371	27	100.0%	164 245	164 245
3 Water Services Infrastructure	9 892 389	-	40 790	9 933 179	9 825 516	107 663	98.9%	5 682 146	4 709 656
Total for sub programmes	11 815 750	-	40 790	11 856 540	11 748 847	107 693	99.1%	8 601 568	7 629 078

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	477 651	(67 286)	22 115	432 480	371 833	60 647	86.0%	236 587	186 589		
Compensation of employees	114 679	(1 549)	-	113 130	80 852	32 278	71.5%	101 499	81 603		
Salaries and wages	100 773	(1 549)	-	99 224	70 963	28 261	71.5%	86 962	71 937		
Social contributions	13 906	-	-	13 906	9 889	4 017	71.1%	14 537	9 666		
Goods and services	362 972	(65 737)	22 115	319 350	290 981	28 369	91.1%	135 088	104 986		
Administrative fees	1 150	(1 081)	-	69	69	-	100.0%	362	226		
Advertising	668	(668)	-	-	-	-	-	101	-		
Minor assets	207	192	-	399	399	-	100.0%	2 317	212		
Bursaries: Employees	241	(241)	-	-	-	-	-	40	-		
Catering: Departmental activities	173	(134)	-	39	39	-	100.0%	339	176		
Communication	2 206	(1 564)	-	642	615	27	95.8%	1 085	724		
Computer services	7 298	(7 170)	-	128	128	-	100.0%	258	147		
Consultants: Business and advisory services	18 028	687	-	18 715	18 715	-	100.0%	74 302	52 703		
Infrastructure and planning services	206 063	(56 288)	22 115	171 890	143 548	28 342	83.5%	17 652	14 324		
Laboratory services	-	7	-	7	7	-	100.0%	146	-		
Scientific and technological services	122	(122)	-	-	-	-	-	-	-		
Contractors	103 939	(19 587)	-	84 352	84 352	-	100.0%	3 090	4 555		
Agency and support / outsourced services	65	(65)	-	-	-	-	-	11 600	11 825		
Entertainment	16	(12)	-	4	4	-	100.0%	15	3		
Fleet services	150	(145)	-	5	5	-	100.0%	-	-		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Housing	29	(28)	-	1	-	1	-	-	-
Inventory: Clothing material and supplies	-	17	-	17	17	-	100.0%	711	81
Inventory: Farming supplies	-	-	-	-	-	-	-	5	-
Inventory: Food and food supplies	10	(5)	-	5	1	4	20.0%	21	8
Inventory: Fuel, oil and gas	-	227	-	227	227	-	100.0%	301	1
Inventory: Learner and teacher support material	508	(508)	-	-	-	-	-	-	-
Inventory: Materials and supplies	6 021	(6 017)	-	4	4	-	100.0%	330	1 321
Inventory: Medical supplies	-	-	-	-	-	-	-	30	23
Inventory: Medicine	28	(28)	-	-	-	-	-	-	-
Inventory: Other supplies	-	22 188	-	22 188	22 188	-	100.0%	520	-
Consumable supplies	-	181	-	181	181	-	100.0%	777	624
Consumable: Stationery, printing and office supplies	3 098	(2 529)	-	569	569	-	100.0%	1 450	620
Operating leases	8	(8)	-	-	-	-	-	1	7
Property payments	-	9 166	-	9 166	9 166	-	100.0%	6 174	4 656
Transport provided: Departmental activity	-	-	-	-	-	-	-	50	-
Travel and subsistence	11 046	(1 145)	-	9 901	9 901	-	100.0%	11 470	11 165

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Training and development	654	(575)	-	79	79	-	100.0%	702	374		
Operating payments	264	503	-	767	767	-	100.0%	812	1 092		
Venues and facilities	180	(180)	-	-	-	-	-	427	115		
Rental and hiring	800	-800	-	-	-	-	-	-	4		
Transfers and subsidies	4 983 458	1 549	-	4 985 007	4 984 750	257	100.0%	3 950 953	3 950 872		
Provinces and municipalities	2 256 847	-	-	2 256 847	2 256 847	-	100.0%	449 558	449 558		
Municipalities	2 256 847	-	-	2 256 847	2 256 847	-	100.0%	449 558	449 558		
Municipal bank accounts	2 256 847	-	-	2 256 847	2 256 847	-	100.0%	449 558	449 558		
Departmental agencies and accounts	1 735 123	-	-	1 735 123	1 735 120	3	100.0%	2 735 154	2 735 154		
Departmental agencies	1 735 123	-	-	1 735 123	1 735 120	3	100.0%	2 735 154	2 735 154		
Foreign governments and international organisations	188 238	-	-	188 238	188 238	-	100.0%	184 268	184 268		
Public corporations and private enterprises	802 000	-	-	802 000	801 748	252	100.0%	580 000	579 919		
Public corporations	802 000	-	-	802 000	801 748	252	100.0%	580 000	579 919		
Other transfers to public corporations	802 000	-	-	802 000	801 748	252	100.0%	580 000	579 919		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	1 250	1 549	-	2 799	2 797	2	99.9%	1 973	1 973		
Social benefits	1 250	1 549	-	2 799	2 797	2	99.9%	1 973	1 973		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	6 354 641	65 737	18 675	6 439 053	6 392 264	46 789	99.3%	4 414 028	3 491 617
Buildings and other fixed structures	6 350 240	68 458	18 675	6 437 373	6 390 584	46 789	99.3%	4 410 014	3 490 050
Other fixed structures	6 350 240	68 458	18 675	6 437 373	6 390 584	46 789	99.3%	4 410 014	3 490 050
Machinery and equipment	4 401	(2 721)	-	1 680	1 680	-	100.0%	2 347	1 514
Transport equipment	-	610	-	610	610	-	100.0%	447	445
Other machinery and equipment	4 401	(3 331)	-	1 070	1 070	-	100.0%	1 900	1 069
Intangible assets	-	-	-	-	-	-	-	1 667	53
Total for economic classification	11 815 750	-	40 790	11 856 540	11 748 847	107 693	99.1%	8 601 568	7 629 078

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

3.1 Infrastructure Development and Rehabilitation

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Transfers and subsidies	1 758 963	-	-	1 758 963	1 758 960	3	100.0%	2 755 177	2 755 177		
Departmental agencies and accounts	1 570 725	-	-	1 570 725	1 570 722	3	100.0%	2 570 909	2 570 909		
Foreign governments and international organisations	188 238			188 238	188 238	-	100.0%	184 268	184 268		
Total	1 758 963	-	-	1 758 963	1 758 960	3	100.0%	2 755 177	2 755 177		

3.2 Operation of Water Resources

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	-	-	-	-	-27	27	-	-	-		
Goods and services	-	-	-	-	-27	27	-	-	-		
Transfers and subsidies	164 398	-	-	164 398	164 398	-	100.0%	164 245	164 245		
Departmental agencies and accounts	164 398	-	-	164 398	164 398	-	100.0%	164 245	164 245		
Total	164 398	-	-	164 398	164 371	27	100.0%	164 245	164 245		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

3.3 Water Services Infrastructure

Economic classification	2015/16							2014/15	
	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	477 651	(67 286)	22 115	432 480	371 860	60 620	86.0%	236 587	186 589
Compensation of employees	114 679	(1 549)	-	113 130	80 852	32 278	71.5%	101 499	81 603
Goods and services	362 972	(65 737)	22 115	319 350	291 008	28 342	91.1%	135 088	104 986
Transfers and subsidies	3 060 097	1 549	-	3 061 646	3 061 392	254	100.0%	1 031 531	1 031 450
Provinces and municipalities	2 256 847	-	-	2 256 847	2 256 847	-	100.0%	449 558	449 558
Public corporations and private enterprises	802 000	-	-	802 000	801 748	252	100.0%	580 000	579 919
Households	1 250	1 549	-	2 799	2 797	2	99.9%	1 973	1 973
Payments for capital assets	6 354 641	65 737	18 675	6 439 053	6 392 264	46 789	99.3%	4 414 028	3 491 617
Buildings and other fixed structures	6 350 240	68 458	18 675	6 437 373	6 390 584	46 789	99.3%	4 410 014	3 490 050
Machinery and equipment	4 401	(2 721)	-	1 680	1 680	-	100.0%	2 347	1 514
Intangible assets				-		-	-	1 667	53
Total	9 892 389	-	40 790	9 933 179	9 825 516	107 663	98.9%	5 682 146	4 709 656

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Programme 4: Water and Sanitation Services

Sub programme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Water And Sanitation Services Support	-	-	-	-	-	-	-	2 305	1 836
2 Water Sector Support	232 612	(22 488)	-	210 124	205 586	4 538	97.8%	1 603 788	1 433 644
3 National Sanitation Services	1 182 062	22 488	-	1 204 550	1 153 989	50 561	95.8%	1 088 805	387 648
Total for sub programmes	1 414 674	-	-	1 414 674	1 359 575	55 099	96.1%	2 694 898	1 823 128

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	296 495	(42 284)	-	254 211	254 081	130	99.9%	412 431	362 600		
Compensation of employees	148 102	(17 256)	-	130 846	130 716	130	99.9%	158 320	157 625		
Salaries and wages	122 494	(8 746)	-	113 748	113 618	130	99.9%	137 416	137 789		
Social contributions	25 608	(8 510)	-	17 098	17 098	-	100.0%	20 904	19 836		
Goods and services	148 393	(25 028)	-	123 365	123 365	-	100.0%	254 111	204 975		
Administrative fees	863	(307)	-	556	556	-	100.0%	1 068	680		
Advertising	4 405	(2 232)	-	2 173	2 173	-	100.0%	4 997	2 792		
Minor assets	1 225	(592)	-	633	633	-	100.0%	927	420		
Bursaries: Employees	70	(70)	-	-	-	-	-	-	-		
Catering: Departmental activities	3 722	(684)	-	3 038	3 038	-	100.0%	4 818	3 602		
Communication	3 390	(1 634)	-	1 756	1 756	-	100.0%	3 476	3 105		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Computer services	10 134	(9 744)	-	390	390	-	100.0%	18 623	17 950
Consultants: Business and advisory services	30 533	10 218	-	40 751	40 751	-	100.0%	39 854	9 119
Infrastructure and planning services	15 561	(15 561)	-	-	-	-	-	20 269	20 227
Laboratory services	-	275	-	275	275	-	100.0%	24	213
Scientific and technological services	313	(313)	-	-	-	-	-	-	-
Contractors	962	1 526	-	2 488	2 488	-	100.0%	97 173	87 719
Agency and support / outsourced services	22 449	5 339	-	27 788	27 788	-	100.0%	9 417	9 157
Entertainment	209	(200)	-	9	9	-	100.0%	427	12
Fleet services	295	(294)	-	1	1	-	100.0%	474	508
Inventory: Clothing material and supplies	878	(539)	-	339	339	-	100.0%	78	212
Inventory: Food and food supplies	83	(32)	-	51	51	-	100.0%	64	34
Inventory: Fuel, oil and gas	33	(33)	-	-	-	-	-	83	-
Inventory: Learner and teacher support material	1 716	(1 716)	-	-	-	-	-	21	-
Inventory: Materials and supplies	70	(66)	-	4	4	-	100.0%	86	103
Inventory: Medical supplies	-	3	-	3	3	-	100.0%	4	-
Inventory: Medicine	9	(9)	-	-	-	-	-	-	-
Inventory: Other supplies	105	5 610	-	5 715	5 715	-	100.0%	70	479

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Consumable supplies	1 032	(685)	-	347	347	-	100.0%	1 775	750
Consumable: Stationery, printing and office supplies	2 714	(1 695)	-	1 019	1 019	-	100.0%	2 674	1 538
Operating leases	670	(623)	-	47	47	-	100.0%	686	570
Property payments	9	(8)	-	1	1	-	100.0%	2	188
Transport provided: Departmental activity	1 215	(1 019)	-	196	196	-	100.0%	140	17
Travel and subsistence	34 195	(3 491)	-	30 704	30 704	-	100.0%	39 366	39 042
Training and development	4 317	(2 855)	-	1 462	1 462	-	100.0%	1 799	1 470
Operating payments	3 020	(888)	-	2 132	2 132	-	100.0%	3 287	3 319
Venues and facilities	2 436	(1 252)	-	1 184	1 184	-	100.0%	1 617	858
Rental and hiring	1 760	(1 457)	-	303	303	-	100.0%	812	891
Transfers and subsidies	64 906	147	-	65 053	62 146	2 907	95.5%	603 222	603 064
Provinces and municipalities	48 236	-	-	48 236	48 182	54	99.9%	601 232	601 232
Municipalities	48 236	-	-	48 236	48 182	54	99.9%	601 232	601 232
Municipal bank accounts	48 236	-	-	48 236	48 182	54	99.9%	601 232	601 232
Non-profit institutions	1 072	-	-	1 072	556	516	51.9%	588	430
Households	15 598	147	-	15 745	13 408	2 337	85.2%	1 402	1 402
Social benefits	60	743	-	803	803	-	100.0%	1 394	1 395
Other transfers to households	15 538	(596)	-	14 942	12 605	2 337	84.4%	8	7

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Payments for capital assets	1 053 273	42 126	-	1 095 399	1 043 337	52 062	95.2%	1 679 191	857 410		
Buildings and other fixed structures	1 042 727	44 804	-	1 087 531	1 039 402	48 129	95.6%	1 672 809	853 273		
Other fixed structures	1 042 727	44 804	-	1 087 531	1 039 402	48 129	95.6%	1 672 809	853 273		
Machinery and equipment	10 546	(2 678)	-	7 868	3 935	3 933	50.0%	6 382	4 137		
Transport equipment	6 168	(2 695)	-	3 473	1 337	2 136	38.5%	1 075	951		
Other machinery and equipment	4 378	17	-	4 395	2 598	1 797	59.1%	5 307	3 186		
Payment for financial assets	-	11	-	11	11	-	100.0%	54	54		
Total for economic classification	1 414 674	-	-	1 414 674	1 359 575	55 099	96.1%	2 694 898	1 823 128		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

4.1 Water and Sanitation Services Support

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	-	-	-	-	-	-	-	2 247	1 813		
Compensation of employees	-	-	-	-	-	-	-	1 660	1 647		
Goods and services	-	-	-	-	-	-	-	587	166		
Payments for capital assets	-	-	-	-	-	-	-	58	23		
Machinery and equipment	-	-	-	-	-	-	-	58	23		
Total	-	-	-	-	-	-	-	2 305	1 836		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

4.2 Water Sector Support

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	211 851	(44 558)	-	167 293	167 163	130	99.9%	334 373	321 117		
Compensation of employees	108 040	(8 950)	-	99 090	98 960	130	99.9%	126 567	125 953		
Goods and services	103 811	(35 608)	-	68 203	68 203	-	100.0%	207 806	195 164		
Transfers and subsidies	16 664	-	-	16 664	13 757	2 907	82.6%	537 594	537 436		
Provinces and municipalities	54	-	-	54	-	54	-	535 608	535 608		
Non-profit institutions	1 072	-	-	1 072	556	516	51.9%	588	430		
Households	15 538	-	-	15 538	13 201	2 337	85.0%	1 398	1 398		
Payments for capital assets	4 097	22 070	-	26 167	24 666	1 501	94.3%	731 821	575 091		
Buildings and other fixed structures	-	21 671	-	21 671	21 670	1	100.0%	726 132	571 311		
Machinery and equipment	4 097	399	-	4 496	2 996	1 500	66.6%	5 689	3 780		
Total	232 612	(22 488)	-	210 124	205 586	4 538	97.8%	1 603 788	1 433 644		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

4.3 National Sanitation Services

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	84 644	2 275	-	86 919	86 919	-	100.0%	75 811	39 670		
Compensation of employees	40 062	(8 306)	-	31 756	31 756	-	100.0%	30 093	30 025		
Goods and services	44 582	10 581	-	55 163	55 163	-	100.0%	45 718	9 645		
Transfers and subsidies	48 242	147	-	48 389	48 389	-	100.0%	65 628	65 628		
Provinces and municipalities	48 182	-	-	48 182	48 182	-	100.0%	65 624	65 624		
Households	60	147	-	207	207	-	100.0%	4	4		
Payments for capital assets	1 049 176	20 056	-	1 069 232	1 018 671	50 561	95.3%	947 312	282 296		
Buildings and other fixed structures	1 042 727	23 133	-	1 065 860	1 017 732	48 128	95.5%	946 677	281 962		
Machinery and equipment	6 449	-3 077	-	3 372	939	2 433	27.8%	635	334		
Payment for financial assets	-	11	-	11	11	-	100.0%	54	54		
Total	1 182 062	22 489	-	1 204 551	1 153 990	50 561	95.8%	1 088 805	387 648		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Programme 5: Water Sector Regulation

2015/16										2014/15	
Sub programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
1 Water Sector Regulation Management And Support	31 106	3 849	3 173	38 128	34 119	4 009	89.5%	6 856	3 423		
2 Economic And Social Regulation	14 652	(992)	(1 173)	12 487	12 310	177	98.6%	7 683	4 472		
3 Water Use Authorisation And Administration	56 417	(7 302)	(3 543)	45 572	44 403	1 169	97.4%	48 365	42 454		
4 Water Supply Services And Sanitation Regulation	21 170	(171)	(4 874)	16 125	15 728	397	97.5%	396 557	358 791		
5 Compliance Monitoring	57 255	5 364	831	63 450	60 628	2 822	95.6%	21 799	21 767		
6 Enforcement	26 720	(748)	(1 785)	24 187	23 754	433	98.2%	14 795	14 031		
7 Institutional Oversight	77 289	-	(6 121)	71 168	70 926	242	99.7%	41 336	35 275		
Total for sub programmes	284 609	-	(13 492)	271 117	261 868	9 249	96.6%	537 391	480 213		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	273 430	-	(14 371)	259 059	256 625	2 434	99.1%	499 347	453 784		
Compensation of employees	169 383	1	8 398	177 782	177 780	2	100.0%	278 993	278 433		
Salaries and wages	149 082	2 047	5 165	156 294	156 293	1	100.0%	242 313	242 089		
Social contributions	20 301	(2 046)	3 233	21 488	21 487	1	100.0%	36 680	36 344		
Goods and services	104 047	(1)	(22 769)	81 277	78 845	2 432	97.0%	220 307	175 304		
Administrative fees	1 608	(267)	(473)	868	863	5	99.4%	2 520	995		
Advertising	2 633	86	(335)	2 384	2 381	3	99.9%	2 513	2 975		
Minor assets	1 383	288	(77)	1 594	1 318	276	82.7%	7 757	1 458		
Audit costs: External	-	-	-	-	-	-	-	-	866		
Bursaries: Employees	50	-	-	50	15	35	30.0%	-	-		
Catering: Departmental activities	1 184	(199)	(446)	539	378	161	70.1%	1 276	727		
Communication	4 189	(414)	(1 695)	2 080	2 068	12	99.4%	7 979	7 359		
Computer services	520	(55)	(334)	131	127	4	96.9%	1 314	836		
Consultants: Business and advisory services	26 066	(2 355)	(6 941)	16 770	16 738	32	99.8%	44 109	27 537		
Infrastructure and planning services	2 216	1 808	(1 552)	2 472	2 412	60	97.6%	10 005	8 970		
Laboratory services	631	894	(228)	1 297	1 296	1	99.9%	4 932	3 087		
Scientific and technological services	1 342	(742)	(600)	-	-	-	-	-	-		
Legal services	10	(10)	-	-	-	-	-	-	-		
Contractors	1 516	738	(23)	2 231	1 956	275	87.7%	8 869	12 295		
Agency and support / outsourced services	8 070	(520)	(6 313)	1 237	1 214	23	98.1%	12 277	9 226		
Entertainment	47	-	(20)	27	14	13	51.9%	114	12		
Fleet services	10	-	-	10	-	10	-	964	875		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16						2014/15	
	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
Housing	15	-	(15)	-	-	-	-	-
Inventory: Clothing material and supplies	1 238	(234)	(771)	233	225	8	96.6%	1 543
Inventory: Farming Supplies	27	-	(17)	10	-	10	-	29
Inventory: Food and food supplies	55	1	(43)	13	5	8	38.5%	42
Inventory: Fuel, oil and gas	55	-	(19)	36	11	25	30.6%	1 871
Inventory: Learner and teacher support material	19	-	(14)	5	-	5	-	26
Inventory: Materials and supplies	437	(61)	(313)	63	20	43	31.7%	5 814
Inventory: Medical supplies	4	9	-	13	9	4	69.2%	130
Inventory: Other supplies	467	804	(55)	1 216	1 216	-	100.0%	14 434
Consumable supplies	2 079	(1 246)	(256)	577	249	328	43.2%	2 256
Consumable: Stationery, printing and office supplies	2 986	(943)	(253)	1 790	1 490	300	83.2%	3 853
Operating leases	996	(320)	(299)	377	321	56	85.1%	1 265
Property payments	290	(137)	(62)	91	71	20	78.0%	2 075
Transport provided: Departmental activity	1 039	(1 039)	-	-	-	-	-	-
Travel and subsistence	29 236	7 820	(476)	36 580	36 580	-	100.0%	67 675
Training and development	4 744	(2 738)	-	2 006	1 872	134	93.3%	5 680
Operating payments	2 024	142	(31)	2 135	1 864	271	87.3%	5 980
Venues and facilities	6 775	(1 248)	(1 105)	4 422	4 132	290	93.4%	2 781
Rental and hiring	86	(63)	(3)	20	-	20	-	224
Interest and rent on land	-	-	-	-	-	-	-	47

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Economic classification	2015/16							2014/15	
	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
Rent on land	-	-	-	-	-	-	-	47	47
Transfers and subsidies	1 070	3	879	1 952	952	1 000	48.8%	12 558	12 605
Provinces and municipalities	-	-	-	-	-	-	-	505	548
Provinces	-	-	-	-	-	-	-	1	1
Provincial agencies and funds	-	-	-	-	-	-	-	1	1
Municipalities	-	-	-	-	-	-	-	504	547
Municipal bank accounts	-	-	-	-	-	-	-	504	547
Departmental agencies and accounts	1 000	-	-	1 000	-	1 000	-	57	61
Social security funds	-	-	-	-	-	-	-	57	57
Departmental agencies	1 000	-	-	1 000	-	1 000	-	-	4
Non-profit institutions	-	3	-	3	3	-	100.0%	648	648
Households	70	-	879	949	949	-	100.0%	11 348	11 348
Social benefits	70	-	879	949	949	-	100.0%	1 527	1 527
Other transfers to households	-	-	-	-	-	-	-	9 821	9 821
Payments for capital assets	10 109	(3)	-	10 106	4 291	5 815	42.5%	25 486	13 824
Machinery and equipment	10 109	(3)	-	10 106	4 291	5 815	42.5%	25 486	13 824
Transport equipment	987	273	-	1 260	900	360	71.4%	5 977	4 853
Other machinery and equipment	9 122	(276)	-	8 846	3 391	5 455	38.3%	19 509	8 971
Total for economic classification	284 609	-	(13 492)	271 117	261 868	9 249	96.6%	537 391	480 213

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

5.1 Water Sector Regulation Management and Support

Economic classification	2015/16							2014/15	
	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	27 597	3 847	3 173	34 617	32 998	1 619	95.3%	6 285	3 389
Compensation of employees	17 202	3 847	3 274	24 323	24 323	-	100.0%	2 340	2 267
Goods and services	10 395	-	(101)	10 294	8 675	1 619	84.3%	3 945	1 122
Transfers and subsidies	-	2	-	2	2	-	100.0%	-	-
Households	-	2	-	2	2	-	100.0%	-	-
Payments for capital assets	3 509	-	-	3 509	1 119	2 390	31.9%	571	34
Machinery and equipment	3 509	-	-	3 509	1 119	2 390	31.9%	571	34
Total	31 106	3 849	3 173	38 128	34 119	4 009	89.5%	6 856	3 423

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

5.2 Economic and Social Regulation

Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 272	(992)	(1 173)	12 107	12 107	-	100.0%	7 591	4 380
Compensation of employees	6 750	(992)	-	5 758	5 758	-	100.0%	3 924	3 772
Goods and services	7 522	-	(1 173)	6 349	6 349	-	100.0%	3 667	608
Payments for capital assets	380	-	-	380	203	177	53.4%	92	92
Machinery and equipment	380	-	-	380	203	177	53.4%	92	92
Total	14 652	(992)	(1 173)	12 487	12 310	177	98.6%	7 683	4 472

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

5.3 Water Use Authorisation and Administration

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	54 564	(7 296)	(3 543)	43 725	43 725	-	100.0%	47 591	42 236		
Compensation of employees	39 298	(7 296)	-	32 002	32 002	-	100.0%	30 446	30 214		
Goods and services	15 266	-	(3 543)	11 723	11 723	-	100.0%	17 145	12 022		
Transfers and subsidies	1 020	(6)	-	1 014	14	1 000	1.4%	58	58		
Provinces and municipalities	-	-	-	-	-	-	-	1	1		
Departmental agencies and accounts	1 000	-	-	1 000	-	1 000	-	57	57		
Households	20	(6)	-	14	14	-	100.0%	-	-		
Payments for capital assets	833	-	-	833	664	169	79.7%	716	160		
Machinery and equipment	833	-	-	833	664	169	79.7%	716	160		
Total	56 417	(7 302)	(3 543)	45 572	44 403	1 169	97.4%	48 365	42 454		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

5.4 Water Supply Services And Sanitation Regulation

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	20 520	(160)	(4 874)	15 486	15 485	1	100.0%	360 727	333 044		
Compensation of employees	9 195	(160)	-	9 035	9 034	1	100.0%	199 182	199 171		
Goods and services	11 325	-	(4 874)	6 451	6 451	-	100.0%	161 498	133 826		
Interest and rent on land	-	-	-	-	-	-	-	47	47		
Transfers and subsidies	50	(11)	-	39	39	-	100.0%	12 486	12 533		
Provinces and municipalities	-	-	-	-	-	-	-	504	547		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	4		
Non-profit institutions				-		-	-	648	648		
Households	50	(11)	-	39	39	-	100.0%	11 334	11 334		
Payments for capital assets	600	-	-	600	204	396	34.0%	23 344	13 214		
Machinery and equipment	600	-	-	600	204	396	34.0%	23 344	13 214		
Total	21 170	(171)	(4 874)	16 125	15 728	397	97.5%	396 557	358 791		

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

5.5 Compliance Monitoring

Economic classification	2015/16							2014/15	
	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	54 464	5 349	-	59 813	59 000	813	98.6%	21 680	21 680
Compensation of employees	41 595	5 349	-	46 944	46 944	-	100.0%	18 700	18 700
Goods and services	12 869	-	-	12 869	12 056	813	93.7%	2 980	2 980
Transfers and subsidies	-	18	831	849	849	-	100.0%	-	-
Non-profit institutions		3		3	3	-	100.0%		
Households	-	15	831	846	846	-	100.0%	-	-
Payments for capital assets	2 791	(3)	-	2 788	779	2 009	27.9%	119	87
Machinery and equipment	2 791	(3)	-	2 788	779	2 009	27.9%	119	87
Total	57 255	5 364	831	63 450	60 628	2 822	95.6%	21 799	21 767

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

5.6 Enforcement

Economic classification	2015/16							2014/15	
	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	25 875	(748)	(1 785)	23 342	23 341	1	100.0%	14 307	13 898
Compensation of employees	16 111	(747)	-	15 364	15 363	1	100.0%	9 364	9 364
Goods and services	9 764	(1)	(1 785)	7 978	7 978	-	100.0%	4 943	4 534
Transfers and subsidies	-	-	-	-	-	-	-	14	14
Households	-	-	-	-	-	-	-	14	14
Payments for capital assets	845	-	-	845	413	432	48.9%	474	119
Machinery and equipment	845	-	-	845	413	432	48.9%	474	119
Total	26 720	(748)	(1 785)	24 187	23 754	433	98.2%	14 795	14 031

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

5.7 Institutional Oversight

Economic classification	2015/16						2014/15		
	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	76 138	-	(6 169)	69 969	69 969	-	100.0%	41 166	35 157
Compensation of employees	39 232	-	5 124	44 356	44 356	-	100.0%	15 037	14 945
Goods and services	36 906	-	(11 293)	25 613	25 613	-	100.0%	26 129	20 212
Transfers and subsidies	-	-	48	48	48	-	100.0%	-	-
Households	-	-	48	48	48	-	100.0%	-	-
Payments for capital assets	1 151	-	-	1 151	909	242	79.0%	170	118
Machinery and equipment	1 151	-	-	1 151	909	242	79.0%	170	118
Total	77 289	-	(6 121)	71 168	70 926	242	99.7%	41 336	35 275

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

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
Administration	1 519 753	1 517 867	1 886	0%
An allocation of R1.886 million could not be spent as a result of transfers which could not be made to Higher Education Institution R1.000 million and Non Profit Institutions R0.800 million due to outstanding documents.				
Water Planning and Information Management	684 446	668 817	15 629	2%
An allocation of R15.629 million could not be spent mainly as a result of unfilled funded vacant positions which could not be filled due to changes in organisational structure R7.415 million, and the related goods and services R3.598 and payments for capital expenditure R4.613 million, mainly in the Integrated Planning and Water Information Management activities of the department.				
Water Infrastructure Development	11 856 540	11 748 847	107 693	1%
An allocation of R107.693 million for the Water Services infrastructure could not be spent due to the delays in the procurement of services and contractors by the department's Implementing Agents, and the delays in delivery of ordered material required for implementation of Water Infrastructure Development projects which were in construction phase. The Department has requested a rollover of R46.789 million from the fiscus to finalise the projects.				

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Water and Sanitation Services	1 414 674	1 359 575	55 099	4%

An allocation of R55.099 million could not be spent in activities relating to Water Sector Support R4.538 million and National Sanitation R50.561 million as a result of capacity constraints in terms of inadequate technical skills, high vacancy rate in the programme and challenges with regulation of sanitation technologies. Further to this, there were delays in delivery of material for construction of sanitation structures under the rural households' infrastructure projects. The Department has requested a rollover of R29.159 million from the fiscus to finalise the projects.

Water Sector Regulation	271 117	261 868	9 249	3%

An allocation of R9.249 million could not be spent in this programme mainly due to the delays in the finalising the invoice (which required legal advice) for a Water Use Association and the transfer payment which could not be transferred to Water Research Commission due to the delays in finalisation of memorandum of agreement.

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	2 976 563	2 902 343	74 220	2%
Compensation of employees	1 400 194	1 360 369	39 825	2.84%
Goods and services	1 569 834	1 535 439	34 395	2%
Interest and rent on land	6 535	6 535	-	0%
Transfers and subsidies	5 084 398	5 078 344	6 054	0%
Provinces and municipalities	2 305 744	2 305 689	55	0%
Departmental agencies and accounts	1 745 893	1 744 838	1 055	0%
Higher education institutions	2 000	1 000	1 000	50%
Public corporations and private enterprises	802 000	801 748	252	0%
Foreign governments and international organisations	189 267	189 231	36	0%
Non-profit institutions	1 998	681	1 317	66%
Households	37 496	35 157	2 339	6%
Payments for capital assets	7 680 719	7 571 438	109 281	1%
Buildings and other fixed structures	7 550 980	7 455 957	95 023	1%
Machinery and equipment	100 543	86 450	14 093	14%
Intangible assets	29 196	29 031	165	1%

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Payments for financial assets	4 850	4 849	1	0%

The under spending of R39.825 million in Compensation of Employees is mainly attributable to the process of restructuring which resulted in deferring the filling of vacant positions within the Department across all programmes. Consequently, expenditure of Goods and Services which are associated with the Human Resources activities relating to filling of positions such as advertising, induction and training of new employees, have been affected and contributed to the overall under spending of R34.399 million in that item. The under spending in Transfers and Subsidies is mainly due to transfers which could not be made to Higher Education Institutions, Non Profit Institutions and Water Research Commission due to outstanding documents, and the transfers which could not be made as subsidies to farmers who could not meet the requirements to qualify as Resource Poor Farmers. The under spending in Payments for Capital Assets is mainly due to the delayed delivery of ordered material needed for implementation capital infrastructure programmes.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Water Services Operating Subsidy Grant (WSOS)	452 915	452 915	-	0%
Municipal Water Infrastructure Grant (MWIG)	1 803 932	1 803 932	-	0%
Rural Households Infrastructure Grant (RHIG)	48 182	48 182	-	0%

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
31 MARCH 2016

	Note	2015/16 R'000	2014/15 R'000
REVENUE			
Annual appropriation	<u>1</u>	15 746 530	13 647 401
Departmental revenue	<u>2</u>	11 008	15 333
TOTAL REVENUE		15 757 538	13 662 734
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>3</u>	1 360 369	1 275 705
Goods and services	<u>4</u>	1 535 439	1 318 813
Interest and rent on land	<u>5</u>	6 535	1 082
Total current expenditure		2 902 343	2 595 600
Transfers and subsidies			
Transfers and subsidies	<u>7</u>	5 078 344	4 588 799
Total transfers and subsidies		5 078 344	4 588 799
Expenditure for capital assets			
Tangible assets	<u>8</u>	7 542 407	4 421 877
Intangible assets	<u>8</u>	29 031	10 283
Total expenditure for capital assets		7 571 438	4 432 160
Unauthorised expenditure approved without funding	9	-	-
Payments for financial assets	<u>6</u>	4 849	123
TOTAL EXPENDITURE		15 556 974	11 616 682
SURPLUS/(DEFICIT) FOR THE YEAR		200 564	2 046 052
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		189 556	2 030 719
Annual appropriation		189 556	2 030 719
Conditional grants		-	-
Departmental revenue and NRF Receipts	14	11 008	15 333
SURPLUS/(DEFICIT) FOR THE YEAR		200 564	2 046 052

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2015/16 R'000	2014/15 R'000
ASSETS			
Current assets		202 460	1 923 441
Unauthorised expenditure	<u>9</u>	3 782	3 782
Cash and cash equivalents	<u>10</u>	147 474	1 884 014
Prepayments and advances	<u>11</u>	38 979	3 667
Receivables	<u>12</u>	10 150	28 449
Loans	<u>16</u>	2 075	3 529
Non-current assets		6 168	6 789
Loans	16	6 168	6 789
TOTAL ASSETS		208 628	1 930 230
LIABILITIES			
Current liabilities		194 947	1 915 855
Voted funds to be surrendered to the Revenue Fund	13	189 550	1 912 798
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	854	182
Bank overdraft	15	6	25
Payables	17	4 537	2 850
Non-current liabilities			
Payables	17	-	-
TOTAL LIABILITIES		194 947	1 915 855
NET ASSETS		13 681	14 375
Represented by:			
Recoverable revenue		13 681	14 375
TOTAL		13 681	14 375

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED
31 MARCH 2016

	Note	2015/16 R'000	2014/15 R'000
Recoverable revenue			
Opening balance		14 375	18 975
Transfers:		(694)	(4 600)
Irrecoverable amounts written off	<u>6.2</u>	(287)	(59)
Debts revised		1 611	12 170
Debts recovered (included in departmental receipts)		(4 036)	(20 720)
Debts raised		2 018	4 009
Closing balance		13 681	14 375
TOTAL		13 681	14 375

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Note	2015/16 R'000	2014/15 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		15 757 507	13 544 819
Annual appropriated funds received	1.1	15 746 530	13 529 486
Departmental revenue received	2	8 549	12 789
Interest received	2.2	2 428	2 544
Net (increase)/decrease in working capital		(15 326)	42 746
Surrendered to Revenue Fund		(1 923 140)	(141 324)
Current payments		(2 895 818)	(2 594 565)
Interest paid	5	(6 525)	(1 035)
Payments for financial assets		(4 849)	(123)
Transfers and subsidies paid		(5 078 344)	(4 588 799)
Net cash flow available from operating activities	18	5 833 505	6 261 719
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(7 571 438)	(4 432 160)
Proceeds from sale of capital assets	2.3	31	
(Increase)/decrease in loans		2 075	3 028
Net cash flows from investing activities		(7 569 332)	(4 429 132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(694)	(4 600)
Increase/(decrease) in non-current payables			
Net cash flows from financing activities		(694)	(4 600)
Net increase/(decrease) in cash and cash equivalents		(1 736 521)	1 827 987
Cash and cash equivalents at beginning of period		1 883 989	56 002
Unrealised gains and losses within cash and cash equivalents			
Cash and cash equivalents at end of period	19	147 468	1 883 989

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2016

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The financial statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.
6	Comparative information
6.1	Prior period comparative information 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.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7	Revenue
7.1	Appropriated funds Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	Departmental revenue Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

8	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages
	Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	Social contributions
	Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.
	Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2	Other expenditure
	Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.
8.3	Accrued expenditure payable
	Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.
	Accrued expenditure payable is measured at cost.
8.4	Leases
8.4.1	Operating leases
	Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.
	The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases
	Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.
	The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.
	Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:
	• cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

9	Aid assistance
9.1	Aid assistance received Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
9.2	Aid assistance paid Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
10	Cash and cash equivalents Cash and cash equivalents are stated at cost in the statement of financial position. 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.
11	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost. Prepayments and advances are recorded in the financial statements when the goods are received or, in the case of services, when they are rendered to the department
12	Loans and receivables Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
13	Investments Investments are recognised in the statement of financial position at cost.
14	Financial assets
14.1	Financial assets (not covered elsewhere) A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
14.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15	Payables Loans and payables are recognised in the statement of financial position at cost.
16	Capital assets
16.1	Immovable capital assets Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.
16.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

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

18	Unauthorised expenditure Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.
19	Fruitless and wasteful expenditure Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
20	Irregular expenditure Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
21	Changes in accounting policies, accounting estimates and errors Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
22	Events after the reporting date Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23	Principal-Agent arrangements The department is party to a principal-agent arrangement for implementation of the water and sanitation projects through arrangements with various water boards and municipalities. In terms of the arrangement the department is the principal and is responsible for project funding and accountability to Parliament. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
24	Departures from the MCS requirements Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.
25	Capitalisation reserve The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.
26	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.
27	Related party transactions A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions are recorded in the notes to the financial statements when the transaction is not at arm's length. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.
28	Inventories (Effective from 1 April 2016) At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and replacement value.
29	Public-Private Partnerships Public Private Partnerships are accounted for based on the substance of the partnership. The transaction is accounted for as either capital assets, finance or operating leases in accordance with the relevant accounting policies. A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Department of Water and Sanitation (Voted funds):

	2015/16			2014/15	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	1 519 753	1 519 753	-	1 399 262	1 339 262
Water Planning and Information Management	684 446	684 446	-	414 282	414 282
Water Infrastructure Development	11 856 540	11 856 540	-	8 601 568	8 601 568
Water and Sanitation Services	1 414 674	1 414 674	-	2 694 898	2 694 898
Water Sector Regulation	271 117	271 117	-	537 391	479 476
Total	15 746 530	15 746 530	-	13 647 401	13 529 486

1.2 Conditional grants

	Note	2015/16 R'000	2014/15 R'000
Total grants received	36	2 305 029	1 050 790

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

2 Departmental revenue

	Note	2015/16 R'000	2014/15 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	2 576	2 360
Interest, dividends and rent on land	2.2	2 428	2 544
Sales of capital assets	2.3	31	-
Transactions in financial assets and liabilities	2.4	5 973	10 366
Transfer received	2.5	-	63
Departmental revenue collected		11 008	15 333

2.1 Sales of goods and services other than capital assets

	Note	2015/16 R'000	2014/15 R'000
	2		
Sales of goods and services produced by the department		2 547	2 356
Sales by market establishment		920	935
Administrative fees		66	67
Other sales		1 561	1 354
Sales of scrap, waste and other used current goods		29	4
Total		2 576	2 360

2.2 Interest, dividends and rent on land

	Note	2015/16 R'000	2014/15 R'000
	2		
Interest		2 428	2 544
Total		2 428	2 544

2.3 Sale of capital assets

	Note	2015/16 R'000	2014/15 R'000
	2		
Tangible assets			
Machinery and equipment		31	-
Total		31	-

2.4 Transactions in financial assets and liabilities

	Note	2015/16	2014/15
	2	R'000	R'000
Receivables		3 140	6 496
Stale cheques written back		14	3
Other Receipts including Recoverable Revenue		2 819	3 867
Total		5 973	10 366

2.5 Transfers received

	Note	2015/16	2014/15
	2	R'000	R'000
Public corporations and private enterprises		-	63
Total		-	63

3 Compensation of employees**3.1 Salaries and Wages**

	Note	2015/16	2014/15
	3	R'000	R'000
Basic salary		941 848	897 509
Performance award		17 120	15 127
Service Based		2 834	2 940
Compensative/circumstantial		20 307	14 245
Periodic payments		8	271
Other non-pensionable allowances		209 309	191 510
Total		1 191 426	1 121 602

3.2 Social contributions

	Note	2015/16	2014/15
	3	R'000	R'000
Employer contributions			
Pension		112 213	107 607
Medical		56 560	46 212
UIF		1	1
Bargaining council		169	283
Total		168 943	154 103
Total compensation of employees		1 360 369	1 275 705
Average number of employees		3 543	3 736

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

4 Goods and services

	Note	2015/16 R'000	2014/15 R'000
Administrative fees		4 602	5 461
Advertising		54 686	38 215
Minor assets	4.1	8 224	5 975
Bursaries (employees)		2 864	3 382
Catering		5 254	7 199
Communication		41 260	43 760
Computer services	4.2	129 296	127 068
Consultants: Business and advisory services		107 597	134 984
Infrastructure and planning services		231 576	141 218
Laboratory services		5 201	3 473
Legal services		11 073	6 826
Contractors		127 482	132 751
Agency and support / outsourced services		38 730	55 710
Entertainment		163	168
Audit cost – external	4.3	29 855	22 955
Fleet services		1 786	1 725
Inventory	4.4	45 212	29 804
Consumables	4.5	19 947	22 776
Operating leases		317 362	231 763
Property payments	4.6	82 065	52 908
Rental and hiring		899	2 336
Transport provided as part of the departmental activities		196	620
Travel and subsistence	4.7	227 506	203 634
Venues and facilities		11 122	9 952
Training and development		17 031	17 026
Other operating expenditure	4.8	14 450	17 124
Total		1 535 439	1 318 813

4.1 Minor assets

	Note	2015/16 R'000	2014/15 R'000
	4		
Tangible assets		8 224	5 970
Machinery and equipment		8 143	5 933
Transport assets		81	37
Intangible assets		-	5
Software		-	5
Total		8 224	5 975

4.2 Computer services

	Note	2015/16	2014/15
	4	R'000	R'000
SITA computer services		24 895	20 136
External computer service providers		104 401	106 932
Total		129 296	127 068

4.3 Audit cost – External

	Note	2015/16	2014/15
	4	R'000	R'000
Regularity audits		21 863	18 730
Performance audits		1 726	
Investigations		4 448	3 620
Environmental audits		1	-
Computer audits		1 817	605
Total		29 855	22 955

4.4 Inventory

	Note	2015/16	2014/15
	4	R'000	R'000
Clothing material and accessories		2 031	3 068
Farming supplies		86	73
Food and food supplies		153	116
Fuel, oil and gas		1 948	1 869
Learning, teaching and support material		-	9
Materials and supplies		3 751	8 110
Medical supplies		50	142
Other supplies	4.4.1	37 193	16 417
Total		45 212	29 804

4.4.1 Other supplies

	Note	2015/16	2014/15
	4.4	R'000	R'000
Assets for distribution		31 795	12 618
Other assets for distribution		31 795	12 618
Other		5 398	3 799
Total		37 193	16 417

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

4.5 Consumables

	Note	2015/16	2014/15
	4	R'000	R'000
Consumable supplies		6 223	7 120
Uniform and clothing		390	648
Household supplies		4 637	4 521
Building material and supplies		480	609
Communication accessories		12	-
IT consumables		196	540
Other consumables		508	802
Stationery, printing and office supplies		13 724	15 656
Total		19 947	22 776

4.6 Property payments

	Note	2015/16	2014/15
	4	R'000	R'000
Municipal services		48 829	26 955
Property maintenance and repairs		19 893	12 148
Other		13 343	13 805
Total		82 065	52 908

4.7 Travel and subsistence

	Note	2015/16	2014/15
	4	R'000	R'000
Local		205 285	192 966
Foreign		22 221	10 668
Total		227 506	203 634

4.8 Other operating expenditure

	Note	2015/16	2014/15
	4	R'000	R'000
Professional bodies, membership and subscription fees		1 219	1 305
Resettlement costs		434	3 268
Other		12 797	12 551
Total		14 450	17 124

Included in the line item other operating expenditure in sub-note 4.8 for Goods & Services is an amount of R12.7 million (2014/15: R12.5 million) classified under other expenditure line item of which the breakdown per trial balance is below:-

	Note	2015/16	2014/15
	4	R'000	R'000
Laundry Services		-	1
Courier and Delivery Services		1 368	1 170
Competency Certificates		65	115
Freight Services		31	-
Voluntary Workers		8	6
Non-Life Insurance Premiums		5 887	6 576
Printing and Publication Services		4 984	4 630
Roadworthy Tests		7	27
Storage Of Assets		5	14
Storage Of Files		10	10
Warranties and Guarantees		432	2
Total		12 797	12 551

5 Interest and rent on land

	Note	2015/16	2014/15
	5	R'000	R'000
Interest paid		6 525	1 035
Rent on land		10	47
Total		6 535	1 082

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

6 Payments for financial assets

	Note	2015/16 R'000	2014/15 R'000
Material losses through criminal conduct			
Theft	6.3	4 551	-
Other material losses written off	6.1		64
Debts written off	6.2	298	59
Total		4 849	123

6.1 Other material losses written off

	Note	2015/16 R'000	2014/15 R'000
Nature of losses	6		
Prepayments and Advances		-	10
Salary Control Accounts		-	54
Total		-	64

6.2 Debts written off

	Note	2015/16 R'000	2014/15 R'000
Nature of debts written off	6		
Bad debts		287	59
Human Settlement		11	-
Total		298	59

There was an increase in the amount of bad debts written off from R59 thousand reported in 2014/15 to R298 thousand reported in 2015/16 as a result of writing off salary overpayment debts of deceased officials where all reasonable steps have been taken to recover the debts/ or the recovery would cause undue financial hardship to the debtor's dependants. It would not be in the interest of the Department to pursue debts where probabilities of recovery were doubtful such as when the deceased was the bread winner of a rural family who may have continued receiving payment of the deceased salary after the death and who have no financial means to repay the debt. Most of the debts written off related to overpayment of salaries of deceased officials.

6.3 Details of the theft

	Note	2015/16 R'000	2014/15 R'000
Nature of theft	6		
Fraud and Disallowance		4 551	-
Total		4 551	-

There was an increase in the theft from zero in 2014/15 to R4.5 million in 2015/16 caused by fraudulent payments. Disciplinary action has been taken against the officials involved.

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7 Transfers and subsidies

		2015/16 R'000	2014/15 R'000
	Note		
Provinces and municipalities	36, 37	2 305 689	1 051 353
Departmental agencies and accounts	Annex 1B	1 744 838	2 739 536
Higher education institutions	Annex 1C	1 000	
Foreign governments and international organisations	Annex 1E	189 231	185 176
Public corporations and private enterprises	Annex 1D	801 748	579 919
Non-profit institutions	Annex 1F	681	1 803
Households	Annex 1G	35 157	31 012
Total		5 078 344	4 588 799

8 Expenditure for capital assets

	Note	2015/16 R'000	2014/15 R'000
Tangible assets		7 542 407	4 421 877
Buildings and other fixed structures	32	7 455 957	4 368 386
Machinery and equipment	30	86 450	53 491
Intangible assets		29 031	10 283
Software	31	29 031	10 283
Total		7 571 438	4 432 160

8.1 Analysis of funds utilised to acquire capital assets – 2015/16

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	7 542 407	-	7 542 407
Buildings and other fixed structures	7 455 957	-	7 455 957
Machinery and equipment	86 450	-	86 450
Intangible assets	29 031	-	29 031
Software	29 031	-	29 031
Total	7 571 438	-	7 571 438

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

8.2 Analysis of funds utilised to acquire capital assets – 2014/15

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	4 421 877	-	4 421 877
Buildings and other fixed structures	4 368 386	-	4 368 386
Machinery and equipment	53 491	-	53 491
Intangible assets	10 283	-	10 283
Software	10 283	-	10 283
Total	4 432 160	-	4 432 160

8.3 Finance lease expenditure included in expenditure for capital assets

	Note 8	2015/16 R'000
Tangible assets		
Machinery and equipment		22 493
Total		22 493

9 Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

	Note 9	2015/16 R'000	2014/15 R'000
Opening balance		3 782	3 782
Prior period error		-	-
As restated		3 782	3 782
Unauthorised expenditure awaiting authorisation / written off		3 782	3 782
Analysis of awaiting authorisation per economic classification			
Current		495	495
Transfers and subsidies		3 287	3 287
Total		3 782	3 782

9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2015/16	2014/15
	R'000	R'000
Current	495	495
Transfers and subsidies	3 287	3 287
Total	3 782	3 782

9.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2015/16	2014/15
	R'000	R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	495	495
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	3 287	3 287
Total	3 782	3 782

10 Cash and cash equivalents

	Note	2015/16	2014/15
	10	R'000	R'000
Consolidated Paymaster General Account		147 133	1 883 568
Cash on hand		82	82
Investments (Domestic)		259	364
Total		147 474	1 884 014

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11 Prepayments and advances

	Note	2015/16	2014/15
		R'000	R'000
Travel and subsistence		241	87
Advances paid	11.1	38 738	3 580
Total		38 979	3 667

11.1 Advances paid

	Note	2015/16	2014/15
		R'000	R'000
National departments	11	446	2 247
Provincial departments		-	1 333
Public entities		38 266	-
Other entities		26	-
Total		38 738	3 580

12 Receivables

	Note	2015/16			2014/15		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	12.1 <i>Annex 4</i>	1 810	-	1 810	458	-	458
Recoverable expenditure	12.2	1 423	-	1 423	22 170	-	22 170
Staff debt	12.3	6 917	-	6 917	5 821	-	5 821
Total		10 150	-	10 150	28 449	-	28 449

12.1 Claims recoverable

	Note	2015/16	2014/15
		R'000	R'000
National departments	12	1 636	454
Provincial departments		87	-
Private enterprises		87	4
Total		1 810	458

12.2 Recoverable expenditure (disallowance accounts)

	Note	2015/16	2014/15
		R'000	R'000
Sal: Deduction Disallowance Acc	12	-	63
Sal: Reversal Control Acc		(64)	-
Sal: Tax Debt		1	7
Disallowance Payment Fraud: CA		2	4 553
Disallowance Miscellaneous: CA		1 484	17 547
Total		1 423	22 170

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12.3 Staff debt

	Note	2015/16	2014/15
	12	R'000	R'000
Salary Overpayment		2 100	1 598
Bursary (Breach of contract)		3 226	2 158
State Guarantees		5	7
T & S Advance: Dom		16	7
GG Accidents		65	93
Telephone Debt		374	694
Subsidies Transport		523	-
Departmental Debt/Employees/ Ex-employees/ Other		605	1 258
Tax Debt		3	6
Total		6 917	5 821

12.4 Impairment of receivables

	Note	2015/16	2014/15
	12	R'000	R'000
Estimate of impairment of receivables		2 099	2 156
Total		2 099	2 156

13 Voted funds to be surrendered to the Revenue Fund

	Note	2015/16 R'000	2014/15 R'000
Opening balance		1 912 798	96 824
Prior period error	13.1	-	(85 427)
As restated		1 912 798	11 397
Transfer from statement of financial performance (as restated)		189 556	2 030 719
Voted funds not requested/not received	1.1	-	(32 488)
Paid during the year		(1 912 804)	(96 830)
Closing balance		189 550	1 912 798

13.1 Prior period error

	Note	2014/15 R'000
	13	
Nature of prior period error		
Relating to 2014/15		(85 427)
Closing balance incorrectly reported due to typing error during the printing of the Annual Report		(1 998 225)
Closing balance as restated on the Annual Report		1 912 798
Total prior period errors		(85 427)

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

	Note	2015/16 R'000	2014/15 R'000
Opening balance		182	29 343
Prior period error	14	-	-
As restated		182	29 343
Transfer from Statement of Financial Performance (as restated)		11 008	15 333
Paid during the year		(10 336)	(44 494)
Closing balance		854	182

15 Bank Overdraft

	Note	2015/16 R'000	2014/15 R'000
	15		
Overdraft with commercial banks (Local)		6	25
Total		6	25

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16 Loans

	Note	2015/16	2014/15
	16	R'000	R'000
Public corporations		8 243	10 318
Total		8 243	10 318
Analysis of Balance			
Opening balance		10 318	13 346
New Issues		360	502
Repayments		(2 435)	(3 530)
Closing balance		8 243	10 318

17 Payables – current

	Note	2015/16	2014/15
		R'000	R'000
Amounts owing to other entities		-	2 107
Clearing accounts	17.1	4 537	743
Total		4 537	2 850

17.1 Clearing accounts

	Note	2015/16	2014/15
	17	R'000	R'000
Sal: Income Tax		643	370
Sal: Pension Fund: CL		39	34
Payable: Adv: Pub Ent Adv Acc CL		13	-
Cash Clearing		-	339
Sal: Finance Other Institution CL		3 842	-
Total		4 537	743

18 Net cash flow available from operating activities

	Note	2015/16	2014/15
	18	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		200 564	2 046 052
Add back non cash/cash movements not deemed operating activities		5 632 941	4 215 667
(Increase)/decrease in receivables – current		18 299	(4 926)
(Increase)/decrease in prepayments and advances		(35 312)	45 251
Increase/(decrease) in payables – current		1 687	2 421
Proceeds from sale of capital assets		(31)	-
Expenditure on capital assets		7 571 438	4 432 160
Surrenders to Revenue Fund		(1 923 140)	(141 324)
Voted funds not requested/not received		-	(117 915)
Net cash flow generated by operating activities		5 833 505	6 261 719

19 Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2015/16	2014/15
	19	R'000	R'000
Consolidated Paymaster General account		147 133	1 883 568
Cash on hand		82	82
Cash with commercial banks (Local)		253	339
Total		147 468	1 883 989

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20 Contingent liabilities and contingent assets

20.1 Contingent liabilities

	Note 20	2015/16 R'000	2014/15 R'000
Liable to Nature			
Housing loan guarantees Employees	Annex 3A	135	319
Other guarantees	Annex 3A	21 642 229	21 396 816
Claims against the department	Annex 3B	100 449	84 725
Intergovernmental payables (unconfirmed balances)	Annex 5	699 208	959 169
Total		22 442 020	22 441 029

Prior year balance for contingent liabilities (in particular Claims against the department) was adjusted from R81.9 million reported in 2014/15 to R84.7 million restated amount, to reflect the accurate balance that has been tested and validated for existence. There was no effect on prior year total of R22.4 million, this was mainly due to typing error during the printing of the annual report. Prior year balance for contingent liabilities (in particular other guarantees) was adjusted from R21.399 billion reported in 2014/15 to R21.397 billion restated amount (Prior year balance (in particular – Land Bank 30) was adjusted from R42.7 million reported in 2014/15 to R40.4 million restated amount. The net-effect of prior year error is the decrease in the opening balance by R2.3 million).

20.2 Contingent assets

	Note 20	2015/16 R'000	2014/15 R'000
Nature of contingent asset			
Best Trading Enterprises		-	350
SJ Dube		2 108	2 108
JS Nkuna		931	679
Total		3 039	3 137

21 Commitments

	Note 21	2015/16 R'000	2014/15 R'000
Current expenditure			
Approved and contracted		487 314	422 073
Approved but not yet contracted		54 966	65 621
		542 280	487 694
Capital expenditure			
Approved and contracted		8 834 886	11 831 903
Approved but not yet contracted		30 550	33 672
		8 865 436	11 865 575
Total Commitments		9 407 716	12 353 269

Prior year balance of commitments was adjusted from R35.4 billion reported in 2014/15 financial year to R12.3 billion restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect to prior year error is the opening balance has decreased by R23.1 billion.

22 Accruals and payables not recognised

22.1 Accruals

	2015/16		2014/15	
	R'000		R'000	
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	44 626	397	45 023	99 551
Transfers and subsidies	-	-	-	274
Capital assets	387 469	68 335	455 804	1 466 154
Total	432 095	68 732	500 827	1 565 979

	Note	2015/16	2014/15
	22	R'000	R'000
Listed by programme level			
Administration		30 421	1 027 355
Water Planning and Information Management		5 317	5 531
Water Infrastructure Development		261 252	275 230
Water and Sanitation Services		201 009	256 644
Water Sector Regulation		2 828	1 219
Total		500 827	1 565 979

Prior year balance of Accruals was adjusted from R1.3 billion reported in 2014/15 financial year to R1.5 billion restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has increased by R197 million.

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22.2 Payables not recognised

		2015/16 R'000	2014/15 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	5 788	363	6 151
Transfers and subsidies	3	-	3
Capital assets	184 774	35 950	220 724
Total	190 565	36 313	226 878
	Note	2015/16	2014/15
	22	R'000	R'000
Listed by programme level			
Administration		4 297	-
Water Planning and Information Management		733	-
Water Infrastructure Development		218 483	-
Water and Sanitation Services		2 569	-
Water Sector Regulation		796	-
Total		226 878	-
	Note	2015/16	2014/15
		R'000	R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 5	45	584
Confirmed balances with other government entities	Annex 5	4 117	959 137
Total		4 162	959 721

It should be noted that both the Accruals and Payables not recognised were previously combined and have been split into sub-note for the current year and beyond. This was a result of the change in the Modified Cash Standards issued in December 2015. The change is not retrospective and only applies to the current financial year and future financial years.

23 Employee benefits

	Note	2015/16	2014/15
	23	R'000	R'000
Leave entitlement		61 683	56 938
Service bonus (Thirteenth cheque)		35 054	33 816
Performance awards		16 834	14 996
Capped leave commitments		85 231	86 046
Other (Long service awards)		2 146	1 993
Total		200 948	193 789

Included in "Other" is an amount for long service awards for R2.1 million (R1.9 million in 2014/15). Prior year balance of Employee benefits was adjusted from R191.7 million reported in 2014/15 financial year to R193.7 restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is the opening balance has increased by R1.9 million.

24 Lease commitments

24.1 Operating leases expenditure

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	182 117	-	182 117
Later than 1 year and not later than 5 years	-	-	315 470	-	315 470
Later than five years	-	-	-	-	-
Total lease commitments	-	-	497 587	-	497 587

2014/15	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	167 073	-	167 073
Later than 1 year and not later than 5 years	-	-	393 067	-	393 067
Later than five years	-	-	-	-	-
Total lease commitments	-	-	560 140	-	560 140

24.2 Finance leases expenditure**

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	17 736	17 736
Later than 1 year and not later than 5 years	-	-	-	4 757	4 757
Total lease commitments	-	-	-	22 493	22 493

2014/15	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	11 341	11 341
Later than 1 year and not later than 5 years	-	-	-	4 944	4 944
Total lease commitments	-	-	-	16 285	16 285

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25 Irregular expenditure

25.1 Reconciliation of irregular expenditure

	Note	2015/16	2014/15
	25	R'000	R'000
Opening balance		781 826	360 013
Prior period error		-	-
As restated		781 826	360 013
Add: Irregular expenditure – relating to prior year		885	-
Add: Irregular expenditure – relating to current year		1 710 461	423 453
Less: Prior year amounts condoned		-	(1 640)
Closing balance		2 493 172	781 826
Analysis of awaiting condonation per age classification			
Current year		1 710 461	423 453
Prior years		782 712	358 373
Total		2 493 172	781 826

25.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000
Bid awarded to bidder who quoted the highest price with low functionality points	Awaiting line function to finalise the matter	552
Bid not evaluated as per the prescribed prescribes	Awaiting line function to finalise the matter	235
Bidder did not qualify on functionality but was evaluated on price and BBEE	Awaiting line function to finalise the matter	552
Contract extended without approval	Awaiting line function to finalise the matter	1
No PBAC approval was obtained	Awaiting line function to finalise the matter	14
Overspending on contract amount without a variation order	Awaiting line function to finalise the matter	237
Preference Point system not used on evaluation of quotations	Awaiting line function to finalise the matter	315
Procurement of Goods/service without an order	Awaiting line function to finalise the matter	27
SCM process were not followed	Awaiting line function to finalise the matter	30
Services were rendered without DBAC authorisation	Awaiting line function to finalise the matter	294
Tender not advertised through SITA	Awaiting line function to finalise the matter	82 203
Tender not published in Government Gazette	Awaiting line function to finalise the matter	186
Three quotations not attached and no approval	Awaiting line function to finalise the matter	90
Infrastructure projects payments made above the contracted amount (Overpayments)	Awaiting regions to submit required documents (Payment certificates, contractor invoices, appointment letters, variation orders where applicable and DWS management's condonement of Irregular Expenditure).	304 316
Appointment of a service provider by the Implementing Agent on an emergency basis	Investigations still ongoing at the Implementing Agent to determine corrective steps to be taken.	1 321 409
Total		1 710 461

Included in the above irregular expenditure is an amount of R1.3 billion (R0.2 billion – 2014/15) which relates to a contractor that was appointed on the basis of emergency procurement in terms of Treasury Instruction. The Department believes that the basis was appropriate as it sought to implement the Minister's Directive which was issued as an emergency in terms of the Water Services Act.

The emergency appointment was carried out by the Department's Implementing Agent – Lepelle Northern Water Board. To prevent this recurring in the future, the Department is implementing stringent oversight controls to ensure that all Implementing Agents adhere to the Department's Supply Chain processes.

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Investigations are currently being carried out at all Implementing Agents (IA's) to determine and report accurately and completely all Irregular Expenditure identified. Corrective action will be taken upon finalisation of the investigations.

Prior year balance of Irregular Expenditure was adjusted from R330 million reported in 2014/15 financial year to R782 million restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has increased by R452 million.

26 Fruitless and wasteful expenditure

26.1 Reconciliation of fruitless and wasteful expenditure

	Note	2015/16	2014/15
	26	R'000	R'000
Opening balance		28 025	26 480
Prior period error		-	-
As restated		28 025	26 480
Fruitless and wasteful expenditure – relating to prior year		46 581	-
Fruitless and wasteful expenditure – relating to current year		12 550	1 545
Fruitless and wasteful expenditure awaiting resolution		87 156	28 025

26.2 Analysis of awaiting resolution per economic classification

	2015/16	2014/15
	R'000	R'000
Current	32 943	26 259
Capital	54 213	1 766
Total	87 156	28 025

26.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000
Accommodation - No Show	Letters sent to officials informing them of the expense	80
Travelling - No Show	Letters sent to officials informing them of the expense	51
Legal fees		6 522
Other		5 897
Total		12 550

Included in the above fruitless and wasteful expenditure is an amount of R52.4million relating to possible duplicate payments identified in the current financial year. These payments are currently being investigated to determine and quantify the actual duplicate payments. Upon conclusion of the investigations, the actual duplicate payments will be raised as a receivable to be recovered from the responsible units.

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27 Related party transactions

	Note	2015/16	2014/15
	27	R'000	R'000
Year end balances arising from revenue/payments			
Payables to related parties		-	959 137
Total		-	959 137

	Note	2015/16	
	27	R'000	
In kind goods and services provided/received			
Energy Water Sector Education and Training Authority (EWSETA) sponsored Adopt a River Training Programme		588	-
Total		588	-

All departments and public entities in the national sphere of government are related parties. Below is the listing of related parties:-

National Treasury, National Department of Agriculture, Forestry & Fisheries, National Department of Arts & Culture, National Department of Basic Education, Civilian Secretariat for Police, National Department of Communications, National Department of Cooperative Governance & Traditional Affairs, National Department of Correctional Services, National Department of Defence, National Department of Economic Development, National Department of Energy, National Department of Environmental Affairs, National Department of Government Communication and Information System (GCIS), National Department of Health, National Department of Higher Education & Training, National Department of Home Affairs, National Department of Human Settlements, National Department of Independent Police Investigative Directorate, National Department of International Relations & Cooperation, National Department of Justice & Constitutional Development, National Department of Labour, National Department of Military Veterans, National Department of Mineral Resources, National School of Government, National Department of Performance Monitoring & Evaluation, National Department of Public Enterprises, National Department of Public Service Administration, National Department of Public Service Commission, National Department of Public Works, National Department of Rural Development & Land Reform, National Department of Science & Technology, National Department of Social Development, National Department of South African Police services, National Department of South African Revenue Services, National Department of Small Business Development, National Department of State Security Agency, National Department of Sport & Recreation South Africa, National Department of Statistics South Africa, National Department of Telecommunications & Postal Services, National Department of Tourism, National Department of Trade & Industry, Traditional Affairs, National Department of Transport, National Department of Women, The Presidency and all public entities in the national sphere of government.

The table below indicates entities falling under the portfolio of the Minister

Public entities in the national sphere of government are related parties.

Below is the listing of related parties:-

Amatola Water; Bloem Water; Botshelo Water; Bushbuckridge Water; Lepelle Northern; Magalies Water; Mhlathuze Water; Overberg Water; Pelladriest Water; Rand Water; Sedibeng Water; Umgeni Water; Breede Catchment Management Agency; Inkomati Catchment Management Agency; Komati Basin Water Authority; Trans-Caledon Tunnel Authority; Water Research Commission; Water Trading Account; Kalahari West Water Irrigation Boards and Water User Associations in the national sphere of government are related parties.

Below is the listing of related parties:-

Agterkliphoogte; Bellair; Buffelskloof; Cogmanskloof; Gamkarivier; Haarlem; Illovo; Kanoneiland; Manchester Noordwyk; Noord Agter Paarl; Perdeberg ; Sondagsrivier (Elandslaagte); Suid Agter Paarl; Uitnood

28 Key management personnel

	No. of Individuals	2015/16 R'000	2014/15 R'000
Political office bearers (provide detail below)	2	4 211	4 088
Officials:			
Level 15 to 16	12	16 812	12 949
Level 14 (incl. CFO if at a lower level)	42	43 973	35 623
Family members of key management personnel	1	328	-
Total		65 324	52 660

Prior year balance for key management personnel was adjusted from R54.6 million reported in 2014/15 to R52.6 million restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has decreased by R1.9 million.

Included in the line item Consultants in note 5 for Goods & Services, there is an amount paid for the Business Process Review (BPR) committee amounting to R116 thousand (prior year R2.9 million). The committee was appointed by the Minister to review and advise the minister on the business processes re-engineering of the Departments. The committee looks at the overall government mandate given to the Department. The relevance of the Department Strategic Plan to the overall priorities of the government and evaluate all legal instruments. Remuneration is as per below:-

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	Note	2015/16	2014/15
	28	R'000	R'000
Prof GM Nkondo		-	20
Mr. T Modise		116	477
Ms. Mabandla		-	189
In Touch Training cc		-	529
Rocalistep (Pty) Ltd		-	497
Mr. W Metcalfe		-	776
Pegasys Strategy and Development		-	155
Dr. T Mkhonto		-	85
Ms. LI Nelufule		-	255
Total		116	2 982

29 Provisions

	Note	2015/16	2014/15
	29	R'000	R'000
Claims against the state - Attachment Corporation		-	14 101
Claims against the state - JS Erasmus		23	-
Total		23	14 101

Prior year balance for Provision was adjusted from R nil reported in 2014/15 to R14.1 million restated amount, to reflect the accurate balance that has been tested and validated for existence. The effect on prior year total is R14.1 million.

29.1 Reconciliation of movement in provisions – 2015/16

	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	14 101	-	-	14 101
Increase in provision	375	23	-	398
Settlement of provision	(14 266)			(14 266)
Unused amount reversed	(210)			(210)
Closing balance	-	23	-	23

Reconciliation of movement in provisions – 2014/15

	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	12 901	-	-	12 901
Increase in provision	1 200	-	-	1 200
Closing balance	14 101	-	-	14 101

Prior year balance for Provision was adjusted from R nil reported in 2014/15 to R14.1 million restated amount, to reflect the accurate balance that has been tested and validated for the probability of future cash outflow. The effect on prior year total is R14.1 million.

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30 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Machinery and Equipment	318 687	(7 929)	65 371	(4 119)	372 010
Transport assets	13 784	(127)	1 500	-	15 157
Computer equipment	96 722	496	19 474	(3 147)	113 545
Furniture and office equipment	47 382	1 390	3 298	(812)	51 258
Other machinery and equipment	160 799	(9 688)	41 099	(160)	192 050
Total movable tangible capital assets	318 687	(7 929)	65 371	(4 119)	372 010

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	43	385

30.1 Additions**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	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	86 451	1 611	(22 639)	(52)	65 371
Transport assets	12 201	1 093	(11 794)		1 500
Computer equipment	18 838	435	-	201	19 474
Furniture and office equipment	3 272	21	-	5	3 298
Other machinery and equipment	52 140	62	(10 845)	(258)	41 099
Total additions to movable tangible capital assets	86 451	-	(22 639)	(52)	65 371

30.2 Disposals**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Machinery and Equipment	21	4 098	4 119	21
Transport assets	-	-	-	-
Computer equipment	-	3 147	3 147	-
Furniture and office equipment	-	812	812	-
Other machinery and equipment	21	139	160	21
Total disposal of movable tangible capital assets	21	4 098	4 119	21

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30.3 Movement for 2014/15

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2015

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Machinery and Equipment	282 670	-	37 634	1 617	318 687
Transport assets	12 271	-	2 201	688	13 784
Computer equipment	74 810	-	22 079	167	96 722
Furniture and office equipment	42 937	-	5 080	635	47 382
Other machinery and equipment	152 652	-	8 274	127	160 799
Total Movable Tangible Capital Assets	282 670	-	37 634	1 617	318 687

30.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT
31 MARCH 2016

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	102	-	48 648	-	48 750
Value adjustments	-	-	-	5 087	-	5 092
Additions	-	-	-	8 670	-	8 670
Disposals	-	-	-	(823)	-	(823)
Total minor assets	-	102	-	61 582	-	61 684

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	11 903	139

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2015

	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	-	97	-	43 105	-	43 202
Prior period error	-	-	-	-	-	-
Additions	-	5	-	5 870	-	5 875
Disposals	-	-	-	327	-	327
Total minor assets	-	102	-	48 648	-	48 750

31 Intangible Capital Assets**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	61 648	4 457	29 031	-	95 136
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-	5 468
Total intangible capital assets	67 116	4 457	29 031	-	100 604

31.1 Additions**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Software	29 031	-	-	-	29 031
Total additions to intangible capital assets	29 031	-	-	-	29 031

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31.2 Movement for 2014/15

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	51 365	-	10 283	-	61 648
Patents, licences, copyright, brand names, trademarks	5 468	-	-	-	5 468
Total intangible capital assets	56 833	-	10 283	-	67 116

32 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
Buildings and other fixed structures	2 235 653	-	1 520 570	(135 536)	3 620 687
Dwellings	9 270	-	-	(5 410)	3 860
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	2 219 460	-	1 520 570	(130 126)	3 609 904
Land and subsoil assets	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
Total immovable tangible capital assets	2 247 156	-	1 520 570	(135 536)	3 632 190

32.1 Additions**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	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	7 455 957	1 520 570	(7 455 957)	-	1 520 570
Other fixed structures	7 455 957	1 520 570	(7 455 957)	-	1 520 570
Total additions to immovable tangible capital assets	7 455 957	1 520 570	(7 455 957)	-	1 520 570

32.2 Disposal**DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Buildings and other fixed structures	-	(135 536)	(135 536)	-
Dwellings	-	(5 410)	(5 410)	-
Other fixed structures	-	(130 126)	(130 126)	-
Total disposals of immovable tangible capital assets	-	(135 536)	(135 536)	-

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

32.3 Movement for 2014/15

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	1 607 461	-	628 192	-	2 235 653
Dwellings	9 270	-	-	-	9 270
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	1 591 268	-	628 192	-	2 219 460
Land and subsoil assets	11 503		-	-	11 503
Land	11 503		-	-	11 503
Total immovable tangible capital assets	1 618 964		628 192	-	2 247 156

32.4 Section 42 Immovable assets

Assets subjected to transfer in terms of S42 of the PFMA – 2015/16

	Number of assets	Value of assets R'000
Buildings and other fixed structures	188	3 592 404
Other fixed structures	188	3 592 404
Total	188	3 592 404

Included in the R 3.5 billion are completed assets awaiting formal transfer as follows:

Assets to the value of R1.1 billion are pending formal transfer as regulated by the Water Services Act, 1997 (Act 108 of 1997) which requires the transfer and disposal of Water Services Works owned not to be disposed or transferred without approval of Parliament;

Assets to the value of R916 million are subject to the completion of acceptance processes with the beneficiaries in terms of section 42 of the Public Finance Management Act;

The balance of R1.5 billion relates to recently completed projects and still subject to the completion of acceptance processes with the beneficiaries in terms of section 42 of the Public Finance Management Act.

33 Principal-agent arrangements**33.1 Department acting as the principal**

	2015/16	Fee paid
	R'000	2014/15
		R'000
Regional Bulk Infrastructure Grant (RBIG)	158 582	3 941 238
Accelerated Community Infrastructure Programme (ACIP)	-	244 822
Municipal Water Infrastructure Grant (MWIG)	31 806	405 294
Bucket Eradication Programme (BEP)	-	281 779
National Water Week	-	12 000
Women in Water Awards	-	1 667
Total	190 388	4 886 800

The Department is party to a principal-agent arrangement for implementation of the water and sanitation projects through arrangements with various water boards and municipalities. In terms of the arrangement the Department is the principal and is responsible for project funding and accountability to Parliament. During the financial year under review, the Department paid management fee to the value of R190.3 million to various implementing agents (municipalities and water boards). The nature, circumstances and terms relating to the arrangements differ from one implementing agents to another.

34 Prior year errors

34.1 Correction of prior period errors

	Note	2014/15
	24.2	R'000
Finance Lease Expenditure Included in Expenditure for Capital Assets		
Reported in 2014/15 Annual Financial Statements		-
Re-statement of 2014/15 Annual Financial Statements		15 823
Net effect		15 823

Prior year balance for Finance Lease included in Expenditure for Capital Assets was adjusted from R nil reported in 2014/15 to R15.8 million restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has increased by R15.8 million.

	Note	2014/15
	20.1	R'000
Contingent Liabilities		
Closing balance incorrectly reported due to typing error during the printing of the annual report		(22 443 401)
Closing balance as restated on the Annual Report		22 441 029
Net effect		2 372

Prior year balance for Contingent Liabilities (in particular Claims against the department) was adjusted from R81.9 million reported in 2014/15 to R84.7 million restated amount, to reflect the accurate balance that has been tested and validated for existence. There was no effect on prior year total of R22.4 million, this was mainly due to typing error during the printing of the annual report. Prior year balance for Contingent Liabilities (in particular Other guarantees) was adjusted from R21.399 billion reported in 2014/15 to R21.396 billion restated amount (Prior year balance (in particular – Land Bank 30) was adjusted from R42.7 million reported in 2014/15 to R40.4 million restated amount. The net-effect of prior year error is the decrease in the opening balance by R2.3 million).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

	Note	2014/15
	21	R'000
Commitments		
Reported in 2014/15 Annual Financial Statements		(35 432 508)
Re-statement of 2014/15 Annual Financial Statements		12 353 269
Net effect		(23 079 239)

Prior year balance of commitments was adjusted from R35.4 billion reported in 2014/15 financial year to R12.3 billion restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has decreased by R23.1 billion.

	Note	2014/15
	22.1	R'000
Accruals		
Reported in 2014/15 Annual Financial Statements		1 369 450
Re-statement of 2014/15 Annual Financial Statements		(1 565 979)
Net effect		196 529

Prior year balance for Accruals was adjusted from R1.3 billion reported in 2014/15 to R1.5 billion restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has increased by R197 million.

	Note	2014/15
	29	R'000
Provisions		
Closing balance incorrectly reported due to typing error during the printing of the annual report		-
Closing balance as restated on the Annual Report		14 101
Net effect		14 101

Prior year balance for Provisions was adjusted from R nil reported in 2014/15 to R14.1 million restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has increased by R14.1 million.

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	Note	2014/15
	13.1	R'000
Voted Funds to be Surrendered		
Closing balance incorrectly reported due to typing error during the printing of the annual report		(1 998 225)
Closing balance as restated on the Annual Report		1 912 798
Net effect		(85 427)

Prior year balance for Voted Funds to be surrendered was adjusted from R1.998 billion reported in 2014/15 to R1.912 billion restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has decreased by R85 million.

	Note	2014/15
	25.1	R'000
Irregular Expenditure		
Reported in 2014/15 Annual Financial Statements		(330 162)
Re-statement of 2014/15 Annual Financial Statements		781 826
Net effect		451 664

Prior year balance of Irregular Expenditure was adjusted from R330 million reported in 2014/15 financial year to R782 million restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has increased by R452 million.

	2014/15
	R'000
Total assets	
Reported in 2014/15 Annual Financial Statements	1 928 397
Re-statement of 2014/15 Annual Financial Statements	(1 930 230)
Net effect	(1 833)

Prior year balance of Irregular Expenditure was adjusted from R330 million reported in 2014/15 financial year to R782 million restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has increased by R452 million.

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	Note	2014/15
	23	R'000
Employee Benefits		
Reported in 2014/15 Annual Financial Statements		191 796
Re-statement of 2014/15 Annual Financial Statements		(193 789)
Net effect		1 993

Prior year balance of Irregular Expenditure was adjusted from R330 million reported in 2014/15 financial year to R782 million restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has increased by R452 million.

	Note	2014/15
	28	R'000
Key management personnel		
Reported in 2014/15 Annual Financial Statements		(54 615)
Re-statement of 2014/15 Annual Financial Statements		52 660
Net effect		(1 955)

Prior year balance for key management personnel was adjusted from R54.6 million reported in 2014/15 financial year to R52.6 million restated amount, to reflect the accurate balance that has been tested and validated for existence. The net-effect of prior year error is that the opening balance has decreased by R1.9 million.

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

35 Statement of conditional grants received

Name of department	GRANT ALLOCATION						SPENT			2014/15	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by depart-ment	Amount spent by department	Under / (Overs pending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Water Services Operating Subsidy Grant (WSOS)	452 915	-	-	-	452 915	452 915	452 915	-	100%	449 558	449 558
Municipal Water Infrastructure Grant (MWIG)	1 803 932	-	-	-	1 803 932	1 803 932	1 803 932	-	100%	535 608	532 608
Rural Households Infrastructure Grant (RHIG)	48 182	-	-	-	48 182	48 182	48 182	-	100%	65 624	65 624
	2 305 029	-	-	-	2 305 029	2 305 029	2 305 029	-		1 050 790	1 050 790

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

36 Statement of conditional grants received

Name of municipality	Grant allocation				Transfer		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Water Services Operating Subsidy Grant (WSOS)							
Amatole Municipalities	10 500	-	-	10 500	10 500	-	-
Chris Hani Municipalities	5 000	-	-	5 000	5 000	-	-
Joe Gqabi Municipalities	5 000	-	-	5 000	5 000	-	-
OR Tambo Municipalities	10 000	-	-	10 000	10 000	-	-
Alfred Nzo Municipalities	10 000	-	-	10 000	10 000	-	-
Cederberg	3 000	-	-	3 000	3 000	-	-
Matzikama	1 500	-	-	1 500	1 500	-	-
Ugu Municipality	3 650	-	-	3 650	3 650	-	-
Uthungulu Municipalities	12 000	-	-	12 000	12 000	-	-
Amajuba Municipalities	3 000	-	-	3 000	3 000	-	-
Uthukela Municipalities	3 000	-	-	3 000	3 000	-	-
Zululand Municipalities	6 000	-	-	6 000	6 000	-	-
Ilembe Municipalities	4 000	-	-	4 000	4 000	-	-
Umhlatuze Municipalities	7 000	-	-	7 000	7 000	-	-
Umkhanyathi Municipalities	3 650	-	-	3 650	3 650	-	-
Umkhanyakude Municipal	5 200	-	-	5 200	5 200	-	-
New Castle	3 000	-	-	3 000	3 000	-	-
Albert Luthuli	25 000	-	-	25 000	25 000	-	-
Thembisile	15 000	-	30 000	45 000	45 000	-	30 000
Dr J S Moroka	15 000	-	-	15 000	15 000	-	-
Mbombela	20 000	-	-	20 000	20 000	-	-

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Name of municipality	Grant allocation				Transfer		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Nkomazi	15 000	-	(15 000)			-	(15 000)
Moses Kotane	12 500	-	-	12 500	12 500	-	-
Dr Segomotsi Mompoti Dist mun	9 737	-	-	9 737	9 737	-	-
Moretele	10 178	-	-	10 178	10 178	-	-
Madibeng	15 000	-	-	15 000	15 000	-	-
Rustenburg	7 000	-	-	7 000	7 000	-	-
Dihlabeng	2 500	-	-	2 500	2 500	-	-
Metsimaholo	3 500	-	-	3 500	3 500	-	-
Joe Morolong	22 500	-	-	22 500	22 500	-	-
Ga-Segonyana	17 500	-	-	17 500	17 500	-	-
Phokwane	25 000	-	-	25 000	25 000	-	-
Vhembe District Municipalities	72 000	-	(15 000)	57 000	57 000	-	(15 000)
Capricorn District Municipalities	35 000	-	-	35 000	35 000	-	-
Lephalale	15 000	-	-	15 000	15 000	-	-
Mogalakwena	20 000	-	-	20 000	20 000	-	-
Municipal Water Infrastructure Grant (MWIG)							
Amatole Municipality	80 850	-	-	80 850	80 850	-	-
Chris Hani Municipality	120 608	-	-	120 608	120 608	-	-
Joe Gqabi Municipality	25 011	-	-	25 011	25 011	-	-
OR Tambo Municipality	124 303	-	-	124 303	124 303	-	-
Alfred Nzo Municipalities	91 071	-	-	91 071	91 071	-	-
Mohakare	15 000	-	-	15 000	15 000	-	-
Ugu Municipalities	100 095	-	-	100 095	100 095	-	-
Msunduzi Municipalities	58 333	-	-	58 333	58 333	-	-
Umgungundlovu Municipalities	80 080	-	-	80 080	80 080	-	-

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Name of municipality	Grant allocation				Transfer		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Uthukela Municipalities	50 000	-	-	50 000	50 000	-	-
Umkhanyakazi Municipalities	78 250	-	-	78 250	78 250	-	-
New Castle Municipalities	14 825	-	-	14 825	14 825	-	-
Amajuba Municipalities	19 825	-	-	19 825	19 825	-	-
Zululand Municipalities	79 006	-	-	79 006	79 006	-	-
Umkhanyakazi Municipalities	50 882	-	-	50 882	50 882	-	-
Uthungulu Municipalities	88 118	-	-	88 118	88 118	-	-
Ilembe Municipalities	140 154	-	-	140 154	140 154	-	-
Sisonke Municipalities Distr	43 500	-	-	43 500	43 500	-	-
Vhembe	30 232	-	-	30 232	30 232	-	-
Capricorn District Municipality	58 308	-	-	58 308	58 308	-	-
Lephalale	12 000	-	-	12 000	12 000	-	-
Bela Bela	10 000	-	-	10 000	10 000	-	-
Mogalakwena	20 000	-	-	20 000	20 000	-	-
Mbombela	55 000	-	-	55 000	55 000	-	-
Umgindi	70 000	-	-	70 000	70 000	-	-
Nkomazi	118 740	-	(40 000)	78 740	78 740	-	(40 000)
Bushbuckridge	20 000	-	40 000	60 000	60 000	-	40 000
Joe Morolong	60 000	-	-	60 000	60 000	-	-
Ga-Segonyana	27 713	-	-	27 713	27 713	-	-
Madibeng	20 028	-	-	20 028	20 028	-	-
Rustenburg	12 000	-	-	12 000	12 000	-	-
DR Ruth Segomotsi Mompati	30 000	-	-	30 000	30 000	-	-

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Name of municipality	Grant allocation				Transfer		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Rural Households Infrastructure Grant (RHIG)							
Chris Hani Municipality	4 000	-	-	4 000	4 000	-	-
Maluti-a-Phofung	4 500	-	-	4 500	4 500	-	-
Uthukela Municipalities	4 382	-	-	4 382	4 382	-	-
Umzinyathi Municipalities	4 300	-	-	4 300	4 300	-	-
Umkhanyakude Municipalities	4 000	-	-	4 000	4 000	-	-
Umhlathuze Municipalities	4 500	-	-	4 500	4 500	-	-
Sisonke Municipalities Distr	4 500	-	-	4 500	4 500	-	-
Greater Sekhukhune	4 500	-	-	4 500	4 500	-	-
Capricorn District Municipality	4 500	-	-	4 500	4 500	-	-
Ehlanzeni	4 500	-	-	4 500	4 500	-	-
DR Ruth Segomotsi Mompoti	4 500	-	-	4 500	4 500	-	-
Unconditional Grants							
Mun B/Acc: Mun Rates and Taxes	54	-	-	54	-	-	-
Mun B/Acc: Vehicle Licences Mun	338	-	43	381	660	-	-
	2 305 421	-	43	2 305 464	2 305 689	-	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

Annexure 1A: Statement of conditional grants and other transfers paid to municipalities

Name of municipality	Grant allocation				Transfer			Spent			2014/15
	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	%	%
Water Services Operating Subsidy Grant (WSOS)											
Amatole Municipalities	10 500	-	-	10 500	10 500	-	-	10 500	-	-	10 000
Chris Hani Municipalities	5 000	-	-	5 000	5 000	-	-	5 000	-	-	12 000
Joe Gqabi Municipalities	5 000	-	-	5 000	5 000	-	-	5 000	-	-	10 000
OR Tambo Municipalities	10 000	-	-	10 000	10 000	-	-	10 000	-	-	10 000
Alfred Nzo Municipalities	10 000	-	-	10 000	10 000	-	-	10 000	-	-	5 000
Cederberg	3 000	-	-	3 000	3 000	-	-	3 000	-	-	3 000
Matzikama	1 500	-	-	1 500	1 500	-	-	1 500	-	-	1 058
UGU Municipality	3 650	-	-	3 650	3 650	-	-	3 650	-	-	-
Uthungulu Municipalities	12 000	-	-	12 000	12 000	-	-	12 000	-	-	14 000
Amajuba Municipalities	3 000	-	-	3 000	3 000	-	-	3 000	-	-	-
Uthukela Municipalities	3 000	-	-	3 000	3 000	-	-	3 000	-	-	9 000
Zululand Municipalities	6 000	-	-	6 000	6 000	-	-	6 000	-	-	3 500
Ilembe Municipalities	4 000	-	-	4 000	4 000	-	-	4 000	-	-	4 500
Umhlathuze Municipalities	7 000	-	-	7 000	7 000	-	-	7 000	-	-	-

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Name of municipality	Grant allocation				Transfer			Spent		2014/15 Division of Revenue Act
	Division of Revenue Act	Roll overs	Adjust- ments	Total Available	Actual Transfer	Funds Withheld	Re- allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%
Umzinyathi Municipalities	3 650	-	-	3 650	3 650	-	-	3 650	-	4 000
Umkhanyakude Municipal	5 200	-	-	5 200	5 200	-	-	5 200	-	-
New Castle	3 000	-	-	3 000	3 000	-	-	3 000	-	-
Alber Luthuli	25 000	-	-	25 000	25 000	-	-	25 000	-	15 000
Thembisile	15 000	-	30 000	45 000	45 000	-	-	45 000	-	10 000
Dr JS Moroka	15 000	-	-	15 000	15 000	-	-	15 000	-	15 000
Mbombela	20 000	-	-	20 000	20 000	-	-	20 000	-	15 000
Nkomazi	15 000	-	(15 000)			-	-		-	12 000
Moses Kotane	12 500	-	-	12 500	12 500	-	-	12 500	-	-
Dr Segomotsi Mompoti Dist mun	9 737	-	-	9 737	9 737	-	-	9 737	-	10 000
Moretele	10 178	-	-	10 178	10 178	-	-	10 178	-	-
Madibeng	15 000	-	-	15 000	15 000	-	-	15 000	-	-
Rustenburg	7 000	-	-	7 000	7 000	-	-	7 000	-	-
Ditlabeng	2 500	-	-	2 500	2 500	-	-	2 500	-	5 500
Metsimaholo	3 500	-	-	3 500	3 500	-	-	3 500	-	6 000
Joe Morolong	22 500	-	-	22 500	22 500	-	-	22 500	-	-
Ga-Segonyana	17 500	-	-	17 500	17 500	-	-	17 500	-	-
Phokwane	25 000	-	-	25 000	25 000	-	-	25 000	-	-
Vhembe District Municipalities	72 000	-	(15 000)	57 000	57 000	-	-	57 000	-	35 000
Capricorn District Municipalities	35 000	-	-	35 000	35 000	-	-	35 000	-	25 000
Lephalale	15 000	-	-	15 000	15 000	-	-	15 000	-	-

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Name of municipality	Grant allocation				Transfer			Spent			2014/15
	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	%	%
Waterberg		-	-	-	-	-	-	-	-	-	20 000
Mogalakwena	20 000	-	-	20 000	20 000	-	-	20 000	-	-	-
Oudtshoorn Municipality	-	-	-	-	-	-	-	-	-	-	1 000
Bushbuckridge	-	-	-	-	-	-	-	-	-	-	20 000
Bojanala Platinum	-	-	-	-	-	-	-	-	-	-	32 500
Ngaka Modiri Molema	-	-	-	-	-	-	-	-	-	-	30 000
Maluti-a-Phofung	-	-	-	-	-	-	-	-	-	-	8 500
John Taolo Gaetsewe Municipality	-	-	-	-	-	-	-	-	-	-	17 000
Frances Baard Municipality	-	-	-	-	-	-	-	-	-	-	20 000
Mopani Municipality	-	-	-	-	-	-	-	-	-	-	25 000
Polokwane Municipality	-	-	-	-	-	-	-	-	-	-	20 000
Sekhukhune Municipality	-	-	-	-	-	-	-	-	-	-	20 000
Bela-Bela Municipality	-	-	-	-	-	-	-	-	-	-	1 000
Municipal Water Infrastructure Grant (MWIG)											
Amatole Municipality	80 850	-	-	80 850	80 850	-	-	80 850	-	-	-
Chris Hani Municipality	120 608	-	-	120 608	120 608	-	-	120 608	-	-	48 528
Joe Gqabi Municipality	25 011	-	-	25 011	25 011	-	-	25 011	-	-	20 009
OR Tambo Municipality	124 303	-	-	124 303	124 303	-	-	124 303	-	-	89 442
Alfred Nzo Municipalities	91 071	-	-	91 071	91 071	-	-	91 071	-	-	-
Mohakare	15 000	-	-	15 000	15 000	-	-	15 000	-	-	-

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Name of municipality	Grant allocation				Transfer			Spent			2014/15
	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 Municipalities	100 095	-	-	100 095	100 095	-	-	100 095	-	-	27 500
Harry Gwala Municipality	-	-	-	-	-	-	-	-	-	-	-
Msunduzi Municipalities	58 333	-	-	58 333	58 333	-	-	58 333	-	-	-
Umgungundlovu Municipalities	80 080	-	-	80 080	80 080	-	-	80 080	-	-	40 000
Uthukela Municipalities	50 000	-	-	50 000	50 000	-	-	50 000	-	-	-
Umkhanyathi Municipalities	78 250	-	-	78 250	78 250	-	-	78 250	-	-	19 775
New Castle Municipalities	14 825	-	-	14 825	14 825	-	-	14 825	-	-	-
Amajuba Municipalities	19 825	-	-	19 825	19 825	-	-	19 825	-	-	19 080
Zululand Municipalities	79 006	-	-	79 006	79 006	-	-	79 006	-	-	39 205
Umkhanyakude Municipalities	-	-	-	-	-	-	-	-	-	-	-
Umkhathuzi Municipalities	50 882	-	-	50 882	50 882	-	-	50 882	-	-	-
Uthungulu Municipalities	88 118	-	-	88 118	88 118	-	-	88 118	-	-	56 262
Ilembe Municipalities	140 154	-	-	140 154	140 154	-	-	140 154	-	-	39 000
Sisonke Municipalities Distr	43 500	-	-	43 500	43 500	-	-	43 500	-	-	22 800
Vhembe	30 232	-	-	30 232	30 232	-	-	30 232	-	-	-

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Name of municipality	Grant allocation				Transfer			Spent		2014/15
	Division of Revenue Act	Roll overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	%
Capricorn District Municipality	58 308	-	-	58 308	58 308	-	-	58 308	-	-
Lephalale	12 000	-	-	12 000	12 000	-	-	12 000	-	-
Bela Bela	10 000	-	-	10 000	10 000	-	-	10 000	-	-
Mogalakwena	20 000	-	-	20 000	20 000	-	-	20 000	-	-
Mbombela	55 000	-	-	55 000	55 000	-	-	55 000	-	-
Umjindi	70 000	-	-	70 000	70 000	-	-	70 000	-	-
Nkomazi	118 740	-	(40 000)	78 740	78 740	-	-	78 740	-	-
Bushbuckridge	20 000	-	40 000	60 000	60 000	-	-	60 000	-	-
Joe Morolong	60 000	-	-	60 000	60 000	-	-	60 000	-	-
Ga-Segonyana	27 713	-	-	27 713	27 713	-	-	27 713	-	-
Madibeng	20 028	-	-	20 028	20 028	-	-	20 028	-	-
Rustenburg	12 000	-	-	12 000	12 000	-	-	12 000	-	-
DR Ruth Segomotsi Mompati	30 000	-	-	30 000	30 000	-	-	30 000	-	-
Ehlanzeni	-	-	-	-	-	-	-	-	-	21 000
John Taolo Gaetsewe Municipality	-	-	-	-	-	-	-	-	-	64 170
Tswaing Municipality	-	-	-	-	-	-	-	-	-	1 458
Rural Households Infrastructure Grant (RHIG) -										
Chris Hani Municipality	4 000	-	-	4 000	4 000	-	-	4 000	-	4 000
Maluti-a-Phofung	4 500	-	-	4 500	4 500	-	-	4 500	-	4 500
Uthukela Municipalities	4 382	-	-	4 382	4 382	-	-	4 382	-	4 124

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Name of municipality	Grant allocation				Transfer			Spent			2014/15
	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	%	%
Umzinyathi Municipalities	4 300	-	-	4 300	4 300	-	-	4 300	-	-	4 000
Umkhanyakude Municipalities	4 000	-	-	4 000	4 000	-	-	4 000	-	-	4 000
Umhlathuze Municipalities	4 500	-	-	4 500	4 500	-	-	4 500	-	-	4 500
Harry Gwala Municipality	-	-	-	-	-	-	-	-	-	-	4 500
Sisonke Municipalities Distr	4 500	-	-	4 500	4 500	-	-	4 500	-	-	-
Greater Sekhukhune	4 500	-	-	4 500	4 500	-	-	4 500	-	-	4 500
Capricorn District Municipality	4 500	-	-	4 500	4 500	-	-	4 500	-	-	4 500
Ehlanzeni	4 500	-	-	4 500	4 500	-	-	4 500	-	-	-
Nkomazi	-	-	-	-	-	-	-	-	-	-	4 500
DR Ruth Segomotsi Mompoti	4 500	-	-	4 500	4 500	-	-	4 500	-	-	4 500
Amatole Municipality	-	-	-	-	-	-	-	-	-	-	9 000
Alfred Nzo Municipalities	-	-	-	-	-	-	-	-	-	-	4 500
OR Tambo Municipality	-	-	-	-	-	-	-	-	-	-	4 500
	2 305 029	-	-	2 305 029	2 305 029	-	-	2 305 029	-	-	1 050 790

Annexure 1A: Statement of conditional grants and other transfers paid to municipalities was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 1B: Statement of transfers to departmental agencies and accounts

Department/ Agency/ Account	Transfer Allocation			Transfer		2014/15 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	%
Energy Water Sector Education and Training Authority (EWSETA)	2 588	-	-	2 588	2 588	100%
Public Sector Education and Training Authority (PSETA)	457	-	-	457	421	92%
Water Trading Account: Augmentation (Capital)	2 562 763	-	(827 640)	1 735 123	1 735 120	100%
Water Research Commission (WRC)	1 000	-	6 700	7 700	6 701	87%
Com: Licences (Radio and TV)	21	-	-	21	8	38%
	2 566 829	-	(820 940)	1 745 889	1 744 838	-
						2 740 913

Prior year balance for total available amounts was not fairly presented due to error in print. Total available amount was adjusted from R3 090 reported in 2014/15 to R2 740 913 restated amount, to reflect the accurate balance. The net-effect of prior year error is that the prior year balance has increased by R2 737 823.

Annexure 1B: Statement of transfers to departmental agencies and accounts was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 1C: Statement of transfers to higher education institutions

Department/ Agency/ Account	Transfer allocation				Transfer		2014/15 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
Stellenbosch University	600	-	400	1 000	1 000	0%	-
University of the Western Cape	-	-	1 000	1 000	-	-	-
	600	-	1 400	2 000	1 000	-	-

Annexure 1C: Statement of transfers to higher education institutions was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 1D: Statement of transfers / subsidies to public corporations and private enterprises

Name of public corporation/ private enterprise	Transfer allocation			Expenditure			2014/15 Appropriation Act
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Public Corporations							
Transfer							
Amatola Water Board	169 060	-	-	169 060	169 060	100%	150 000
Magalies Water	348 000	-	(198 000)	150 000	150 000	100%	70 000
Sedibeng Water	203 800	-	-	203 800	203 548	99.9%	143 200
Umgeni Water	279 140	-	-	279 140	279 140	100%	216 800
Total	1 000 000	-	(198 000)	802 000	801 748	100%	580 000

Annexure 1D: Statement of transfers/subsidies to public corporations and private enterprises was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 1E: Statement of transfers to foreign government and international organisations

Foreign Government/ International Organisation	Transfer Allocation				Expenditure		2014/15 Appropriation Act
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfer							
African Minister Council on Water (AMCOW)	192			192	157	82%	98
Komati River Basin Water Authority (KOBWA)	188 238			188 238	188 238	100%	184 268
Limpopo Watercourse Commission (LIMCOM)	337			337	336	100%	264
Orange-Senqu River Basin Commission (ORASECOM)	500			500	500	100%	556
African Ministers' Council on Water (AMCOW) Trust Fund	-	-	-	-	-	-	-
Total	189 267	-	-	189 267	189 231	-	185 186

Annexure 1E: Statement of transfers to foreign government and international organisations was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 1F: Statement of transfers to non-profit institutions

Non-profit institutions	Transfer allocation			Expenditure		2014/15 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						
NPI: Donations & Gifts NPI	1 989	-	-	1 989	678	34%
NPI: Claims Against State NPI	6	-	-	6	3	50%
Total	1 995	-	-	1 995	681	-
						2 159

Annexure 1F: Statement of transfers to non-profit institutions was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 1G: Statement of transfers to households

Households	Transfer allocation			Expenditure		2014/15 Appropriation Act
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	% Transferred R'000
Transfers						
H/H:Bursaries (Non-Employees)	13 904	-	-	13 904	13 671	98%
H/H:Claim Against the State (Cash)		-			12	
Farmer Support Household (Cash)	14 487	-	1 000	15 487	12 551	81%
H/H Empl S/Ben: Leave Gratuity	2 230	-	1 033	3 263	8 870	272%
H/H:Donations Gift (Cash)	51	-		51	53	104%
H/H Empl S/Ben: Severance Package						
Total	30 672	-	2 033	32 705	35 157	-
						31 012

Annexure 1G: Statement of transfers to households was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 1H: Statement of gifts, donations and sponsorships received

Name of organisation	Nature of gift, donation or sponsorship	2015/16	2014/15
		R'000	R'000
Received in cash			
Umgeni Water	Sponsorship for Minister's Stakeholders Session in Stockholm	-	3
Rand Water	Sponsorship for Minister's Stakeholders Session in Stockholm	-	60
Subtotal		-	63
Received in kind			
South African Breweries	Protective clothing	500	
Energy Water Sector Education and Training Authority (EWSETA)	Adopt a River Training Programme	588	-
LSIS Advance Water Solutions & Government of Korea	7th World Water Forum sponsor for flights, accommodation, meal and ground transport	21	-
Phakisa World	Camp chair, lunch and bag	1	-
Rennies Travel	Sponsorship for Minister's international Gender, Water and Development Conference entertainment - Live Band	-	20
Umgeni Water	Gala Dinner - Stockholm	-	47
Pick n' Pay Epikanini - Promotions	Cake, Lunch Boxes	-	1
Subtotal		1 110	68
Total		1 110	131

Annexure 1H: Statement of gifts, donations and sponsorships received was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 1J: Statement of gifts, donations and sponsorships made

Nature of gift, donation or sponsorship	2015/16	2014/15
	R'000	R'000
Made in kind		
Protective clothing	500	-
Trophy	20	8
Trophy	32	-
Certificate, Frames and Papers	-	3
Medals	-	1
Designer Collar Tracksuits - Message SAYWP	-	21
Coasters and Gifts Bags	-	3
Marque Tent for 2000	-	14
Chairs	-	14
7 Piece Spice Rack Set	-	19
Engraving + Stickers	2	-
Engraving + Stickers	1	-
T-Shirt	7	-
Hat	8	-
First Aid Kit	4	-
Total	574	83

Annexure 1J: Statement of gifts, donations and sponsorships made was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 1L: Statement of indirect grants between national departments and municipalities

Name of grant	Grant allocation			Total Available	Spent Amount
	Division of Revenue Act	Roll Overs	Adjustments		
		R'000	R'000	R'000	R'000
Bucket Eradication Programme (BEP)	975 399	-	(16 900)	958 499	975 399
Municipal Water Infrastructure Grant (MWIG)	791 729	-	(200 000)	591 729	546 256
Regional Bulk Infrastructure Grant (RBIG)	4 921 654	-	(64 000)	4 857 654	4 856 588
Rural Households Infrastructure Grant (RHIG)	67 328	-	-	67 328	19 200
Total	6 756 110	-	(280 900)	6 475 210	6 397 443

Annexure 1L: Statement of indirect grants between National Departments and Municipalities was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 2B: Statement of investments in and amounts owing by / to entities

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Water boards									
Kalahari West	Construct a stock drinking scheme	-	-	-	-	-	-	1 450	1 742
Irrigation boards									
Agterkliphoogte	For irrigation	-	-	-	-	-	-	11	24
Bellair	For irrigation	-	-	-	-	-	-		
Buffelskloof	For irrigation	-	-	-	-	-	-	36	34
Cogmanskloof	For irrigation	-	-	-	-	-	-	232	389
Gamkarivier	For irrigation	-	-	-	-	-	-		
Haarlem	Dam and pipelines	-	-	-	-	-	-	3545	4 411
Illovo	For irrigation	-	-	-	-	-	-	70	85
Kanoneiland	For irrigation	-	-	-	-	-	-	345	344
Manchester Noordwyk	For irrigation	-	-	-	-	-	-	2 060	2 165
Noord Agter Paarl	For irrigation	-	-	-	-	-	-	438	491
Perdeberg	For irrigation	-	-	-	-	-	-	261	331
Suid Agter Paarl	For irrigation	-	-	-	-	-	-		164
Uitnood	For irrigation	-	-	-	-	-	-	52	94
Municipalities									
Saldanha Bay	Purchase of Stompneus reservoir	-	-	-	-	-	-	14	44
Total		-	-	-	-	-	-	8 243	10 318

Annexure 2B: Statement of investments in and amounts owing by/to entities was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 3A: Statement of financial guarantees issued as at 31 March 2016 – Local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2015	Guarantees draw-downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2016	Guaranteed interest for year ended 31 March 2016	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
ABSA Bank	Loans	70	70	-	70	-	-	-	-
Mpumalanga	Loans	16	16	-	16	-	-	-	-
NP Dev. Corp	Loans	310	126	-	32	-	94	-	-
Standard Bank	Loans	1 281	107	-	67	-	41	-	-
	Subtotal	1 677	319	-	185	-	135	-	-
	Other								
KOBWA (18)	DBSA Driekoppies Dam	488 401	236 414	-	34 079	-	202 335	-	-
KOBWA (21)	Hambros Maguga Dam	380 000	380 000	-	-	-	380 000	21 094	-
KOBWA (27)	Gensec Bnk Maguga D	165 000	48 607	-	22 661	-	25 946	805	-
KOBWA	Rnd Mer Bnk Maguga D	380 000	186 530	-	33 834	-	152 696	2 966	-
KOBWA	Nedcor Bnk Maguga D	233 000	116 985	-	21 297	-	95 688	-	-
Land Bank (30)	Water projects by WUA's	150 000	40 407	-	1 121	-	39 286	150	-
Land Bank (28)	Kalahari E Water Board	77 400	-	-	-	-	-	-	-
Land Bank (29)	Unzinkulwana WUA	500	-	-	-	-	-	-	-

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2015	Guarantees draw-downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2016	Guaranteed interest for year ended 31 March 2016	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TCTA (13)	Call Bills & Capital Bills.	4 000 000	77 000	188 300	63 300	-	202 000	440	-
TCTA (14)	Holders of L H W Projects	21 000 000	20 156 349	4 806 498	4 529 149	-	20 433 698	488 839	-
TCTA (LHDA)	DBSA - 2868/1	2 700	-	-	-	-	-	-	-
	Subtotal	26 877 001	21 242 292	4 994 798	4 705 441	-	21 531 649	514 294	-
	Total	26 878 678	21 242 611	4 994 798	4 705 625	-	21 531 784	514 294	-

Annexure 3A: Statement of financial guarantees Issued as at 31 March 2016 – Local was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 3A (continued): Statement of financial guarantees issued as at 31 March 2016 – Foreign

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2015	Guarantees draw-downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2016	Guaranteed interest for year ended 31 March 2016	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Other								
TCTA (LHDA) (OSL 27)	EIB	84 177	19 641	-	5 612	-	14 029	32	-
TCTA (LHDA) (OSL 26)	EIB	93 493	34 239	-	13 319	(8 714)	29 634	153	-
TCTA (OSL 26 A)		100 000	23 132	-	7 711	-	15 421	34	-
TCTA (OSL 26 C)		21 468	4 600	-	1 533	-	3 067	7	-
TCTA (FXL 08)	EIB	363 215	72 643	-	24 214	-	48 429	1	-
	Subtotal	662 353	154 255	-	52 389	(8 714)	110 580	227	-
	Total	662 353	154 255	-	52 389	(8 714)	110 580	227	-

Prior year balance (in particular – Land Bank 30) was adjusted from R21 244 933 reported in 2014/15 to R21 242 560 restated amount. The net-effect of prior year error is the decrease in the opening balance by R2 372.

Annexure 3A: Statement of financial guarantees Issued as at 31 March 2016 – Foreign was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 3B: Statement of contingent liabilities as at 31 March 2016

Nature of Liability	Opening Balance 1 April 2015	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2016
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Stephan Mogohlwane & Others	104	16	-	-	120
Freddy Aphane	18	3	-	-	21
Black Child Productions	10 000	-	-	-	10 000
S Walters "Voelwei" vs. Minister of Public Works and Minister of Water Affairs and Forestry	15 385	2 385	-	-	17 770
Naledi Office Equipment	155	24	-	-	179
Standard Bank	5 743	1 034	-	-	6 777
Rothchild (Y Gontshi)	223	35	-	-	258
Nkondo GM	555	-	-	-	555
BM Symthe	5 665	-	-	-	5 665
Nisumi Communications	475	43	-	-	518
Attachment Corporation/DWA	18 807	-	(18 807)	-	-
Aqua Amos Chemicals CC	84	-	-	-	84
JJ Jordaan	15 876	2 461	-	-	18 337
Mothibe EK	66	-	-	-	66
Social Technologies (Pty) Ltd	26	4	-	-	30
Nana Chuma	35	-	-	-	35
Shilata Collins Mkansi	3 301	512	-	-	3 813
Rouletti Investments (Pty) Ltd	-	4 042	-	-	4 042
Mariam Mangera	-	13	-	-	13
PSA obo Surita Kiesling	-	115	-	-	115
Ibrahim Mahomed and Others	-	4 683	-	-	4 683
Rubbytad Management Pty Ltd	-	17 549	-	-	17 549

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Nature of Liability	Opening Balance 1 April 2015	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2016
	R'000	R'000	R'000	R'000	R'000
Maselesele	-	12	-	-	12
Geldenbuys	-	1 226	-	-	1 226
JS Erasmus	-	20	-	-	20
Letter of demands					
Jonathan Pillay (Correct name: Jonathan)	105	-	-	-	105
Diners Club	2 074	321	-	-	2 395
Reinhardt Transport	5	1	-	-	6
Seani Silas Mbedzi	6 000	-	-	-	6 000
Hollard Insurance	-	46	-	-	46
Mavis Nondumiso Tom	-	10	-	-	10
TOTAL	84 702	34 553	(18 807)	-	100 449

Annexure 3B: Statement of contingent liabilities as at 31 March 2016 was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 4: Claims recoverable

Government Entity	Confirmed balance outstanding 31/03/2015	31/03/2015	Unconfirmed balance outstanding 31/03/2016	31/03/2015	Total	31/03/2015	Cash in transit at year end 2015/16 *	Amount
	R'000	R'000	R'000	R'000	31/03/2016	31/03/2015	Receipt date up to six (6) working days after year end	R'000
Department								
National Department of Water and Sanitation-Trading Account (W7)	-	-	-	77	-	77	-	-
National Department of Correctional Services (95)	-	-	-	13	-	13	-	-
National Department of Arts & Culture (E7)	-	-	-	97	-	97	-	-
The Presidency (M4)	-	-	-	35	-	35	-	-
National Department of Environmental Affairs (17)	-	-	-	232	-	232	-	-
National Department of Health	-	-	32	-	32	-	-	-
National Department of Water and Sanitation-Trading Account (W7)	-	-	1 566	-	1 566	-	-	-
Independent Police Investigative (Q9)	-	-	15	-	15	-	-	-
Nat Dept Cooperative Governance & Traditional Affairs(27)	-	-	23	-	23	-	-	-
Gauteng Department of Health	-	-	21	-	21	-	-	-
North Cape Dept. Of Health (H5)	-	-	20	-	20	-	-	-
North Cape Co-Op Govern Human Settlement & Traditional Affairs (H4)	-	-	32	-	32	-	-	-
Gauteng Treasury (4G)	-	-	14	-	14	-	-	-
	-	-	1 723	454	1 723	454	-	-

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Government Entity	Confirmed balance outstanding 31/03/2015	31/03/2015	Unconfirmed balance outstanding 31/03/2016	31/03/2015	Total	31/03/2015	Cash in transit at year end 2015/16 *	Amount
	R'000	R'000	R'000	R'000	R'000	R'000	Receipt date up to six (6) working days after year end	R'000
Other government entities								
DL Consulting CC	-	-	-	4	-	4		-
Public Entities	-	-	87		87	-		-
	-	-	87	4	87	4		-
Total			1 810		458	1 810	458	

Annexure 4: Claims recoverable was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 5: Inter-government payables

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2015/16 *	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Departments								
Current								
South African Police Services (SAPS)	-	-	-	32	-	32	-	-
Department of Arts and Culture	-	36	-	-	-	36	-	-
Gauteng: Office of the Premier	-	113	-	-	-	113	-	-
Department of Justice & Constitutional Development	38	435	-	-	38	435	-	-
Limpopo Economic Development	7	-	-	-	7	-	-	-
Subtotal	45	584	-	32	45	616	-	-
Non-current								
Subtotal	-	-	-	-	-	-	-	-
Total Departments	45	584	-	32	45	616	-	-
Other government entity								
Current								
Department of Water and Sanitation	-	-	699 208	959 137	699 208	959 137	-	-
Special Investigation Unit (SIU)	4 117	-	-	-	4 117	-	-	-

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2015/16 *	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Government entity								
Subtotal	4 117	-	699 208	959 137	703 325	959 137	-	-
Non-current								
Subtotal	-	-	-	-	-	-	-	-
Total Other Government Entities	-	-	699 208	959 137	703 325	959 137	-	-
Total intergovernmental	4 162	584	699 208	959 169	703 370	959 753	-	-

Annexure 5: Inter-government payables was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 6: Inventories

Inventory	Note	Quantity	2015/16	Quantity	2014/15
			R'000		R'000
Opening balance		462 098	1 195	514 448	3 756
Add / (Less): Adjustments to prior year balance		11 812	11 812	(1 788)	(23)
Add: Additions/Purchases – Cash		168 576	10 577	161 680	12 871
Add: Additions - Non-cash		-	-	11	-
(Less): Disposals		(2)	-	29	-
(Less): Issues		(10 219)	(10 219)	(138 300)	(12 931)
Add/(Less): Adjustments		(4 191)	(4 191)	(73 982)	(2 478)
Closing balance		628 074	9 174	462 098	1 195

Annexure 6: Inventories was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 7: Movement in capital work in progress

Movement in capital work in progress for the year ended 31 March 2016				
	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
Buildings and other fixed structures	12 829 275	7 455 957	(1 520 570)	18 764 662
Other fixed structures	12 829 275	7 455 957	(1 520 570)	18 764 662
Total	12 829 275	7 455 957	(1 520 570)	18 764 662

Movement in capital work in progress for the year ended 31 March 2015

	Opening balance	Prior period error	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000	R'000
		-			
Buildings and other fixed structures	9 089 081	-	4 368 386	(628 192)	12 829 275
Other fixed structures	9 089 081	-	4 368 386	(628 192)	12 829 275
		-			
Total	9 089 081	-	4 368 386	(628 192)	12 829 275

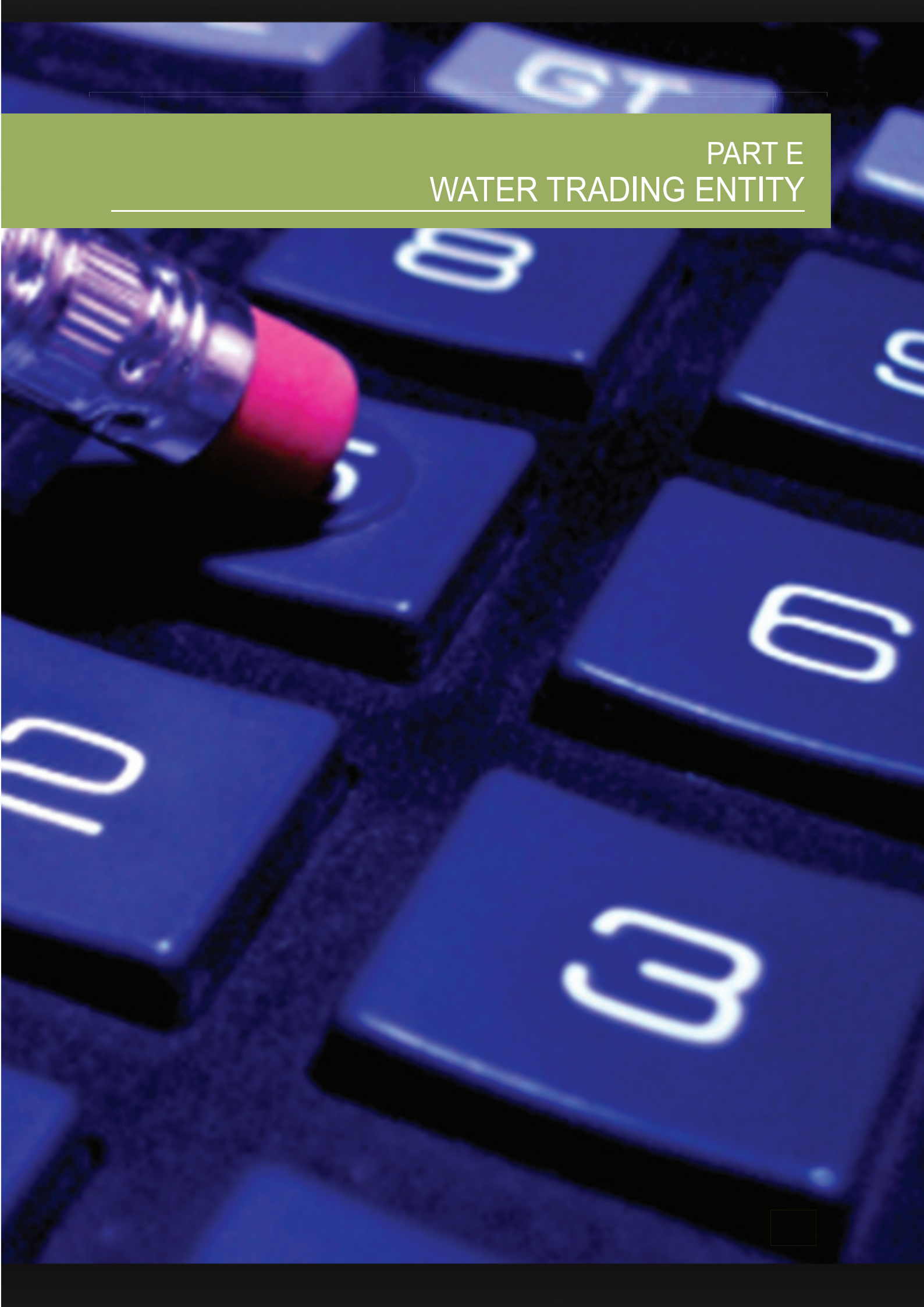
Annexure 7: Movement in capital work in progress was not audited and does not form part of the audited Annual Financial Statements (AFS).

ANNUAL FINANCIAL STATEMENTS FOR THE MAIN ACCOUNT

Annexure 8A: Inter-entity advances paid (note 14)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
National departments						
Department of International Relations & Cooperation	95	-		2 022	95	2 022
Government Communication Information System	164	225			164	225
National School of Government	187				187	
Subtotal	446	225	-	2 022	446	2 247
Provincial departments						
Chris Hani District Municipality: Cluster 4	-	-	-	1 333	-	1 333
Subtotal	-	-	-	1 333	-	1 333
Public entities						
Rand Water	1 577	-	-		-	-
Sedibeng Water	36 689					
Subtotal	38 266	-	-	-	-	-
Other entities						
African Scholar Magazine	26	-	-	-	-	-
Subtotal	26	-	-	-	-	-
Total	38 738	225	-	3 355	38 738	3 580

Annexure 8A: Inter-entity advances paid was not audited and does not form part of the audited Annual Financial Statements (AFS).

A close-up, low-angle photograph of a computer keyboard. The keys are dark blue with white lettering. A red pen with a silver clip is resting on the 'Enter' key. The lighting is dramatic, with strong highlights and deep shadows, creating a professional and tech-oriented atmosphere.

PART E

WATER TRADING ENTITY



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

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee and attendance

The Audit Committee consists of the external Members listed hereunder and is required to meet a minimum of at least two times per annum as per provisions of the Public Finance Management Act (PFMA). In terms of the approved Terms of Reference (Audit Committee Charter), seven meetings were held during the current year, i.e. five meetings to consider the Quarterly Performance Reporting (financial and non-financial) and two meetings to review and discuss the Annual Financial Statements and the Auditor-General of South Africa's (AGSA) Audit and Management Reports.

Non-Executive Members

Name of Member	Number of meetings attended
Mr. Justice Motha (Chairperson)	03 (Contract ended 31/3/2016)
Ms. Natalie Skeepers	02 (Contract ended 31/3/2016)
Adv. Frans Van der Westhuizen	02 (Contract ended 31/3/2016)
Mr. Thiru Mudaly	00 (Contract ended 31/3/2016)
Adv. Job Molapo	02 (Contract ended 31/3/2016)
Ms. Annah Badimo	06 (Reappointed 1/4/2016)
Mr. Japie du Plessis (Chairperson)	04 (Appointed 1/4/2016)
Mr. Lwazi Kuse	04 (Appointed 1/4/2016)

Executive Members

In terms of the Audit Committee Charter, officials listed hereunder are obliged to attend meetings of the Audit Committee:

Compulsory Attendance	Number of meetings attended
Ms. Margaret Diedricks (Accounting Officer)	03 (Resigned 7 July 2016)
Mr. Mpho Mofokeng (Chief Financial Officer WTE)	04
Mr. Chris Du Preez (Chief Risk Officer)	07

The Audit Committee noted that the Accounting Officer did not attend all seven scheduled Audit Committee meetings and delegated a proxy to attend on her behalf. Therefore, the Audit Committee is satisfied that the Department adhered to the provisions of the Audit Committee Charter.

The Members of the Audit Committee met with the Senior Management of the Entity, Internal Audit and the AGSA, individually and collectively to address risks and challenges facing the Entity. A number of in-committee meetings were held to address control weaknesses and deviations within the Department.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Accounting Officer merged all the internal assurance services and established one Chief Directorate: Risk Management comprising the functions Risk Management, Internal Audit and Internal Control.

The internal control environment in the Entity has been enhanced since the Accounting Officer ensured that matters of Internal Control, Risk Management and Internal Audit were prioritised in the Top Management meetings.

Deficiencies in the system of internal control and deviations were reported in the Internal and AGSA Audit Reports.

The overall opinion of Internal Audit on the internal control design at the Entity is partially adequate and effective.

The Audit Committee also reviewed the progress with respect to the ICT Governance in line with the ICT Framework issued by the Department of Public Services and Administration. Although there were some progress on the ICT internal control, the Audit Committee report its dissatisfaction with minimal progress made with the implementation of the Information Technology governance framework, Disaster Recovery Plan, the Business Continuity Plan, the monitoring of access in the server control room and SAP users' access controls were ineffective. This continued to be a high risk for the Entity.

The Entity did implement some of the recommendations made by the Audit Committee.

Internal Audit

The Audit Committee is satisfied that the Internal Audit plan represents a clear alignment with the key risks, has adequate information systems coverage, and a good balance across the different categories of audits, i.e. risk-based, mandatory, performance, computer and follow-up audits.

The Audit Committee has noted improvement in the communication between the Executive Management, the AGSA and the Internal Audit Function, which has strengthened the Corporate Governance initiatives within the Entity.

The Audit Committee wishes to stress that in order for the Internal Audit Function to operate at an optimal level as expected by the Audit Committee, the shortage in human resources and skills must be addressed as a matter of urgency.

Risk Management

The Entity's approach to the management of risk is based on sound governance processes and depends on both a collective oversight and an individual responsibility. Progress on the Entity's Risk Management was reported to the Audit Committee on a quarterly basis. The Audit Committee is satisfied that the actual management of risk is receiving attention, although there are areas that still require improvement. Management should take full responsibility for the entire Enterprise Risk Management Process and continue to support the Chief Risk Officer to even further enhance the performance of the Entity.

The Audit Committee fulfils an oversight role regarding the management and reporting of risk. The Entity continues to enhance its risk management capabilities that will better position the Entity to achieve its objectives in a controlled environment.

Forensic Investigations

The Special Investigation Unit is currently performing an investigation within the trading entity. The investigation is ongoing.

Several investigations were conducted/are in progress by the Internal Audit unit at the request of the Accounting Officer and/or the Minister arising from allegations against officials of the Entity. The completed investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the entity's officials concerned.

An independent consulting firm performed an investigation at the request of the Accounting Officer. This investigation was initiated based on an allegation of misappropriation of the Department's construction equipment. The investigation is completed and no irregularities were found.

The quality of quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the content and quality of some of the financial and non-financial quarterly reports prepared and submitted by the Accounting Officer of the Entity during the year under review and confirms that the reports were mostly in compliance with the statutory reporting framework.

Evaluation of Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Officer;
- Reviewed the Audit Report of the AGSA;
- Reviewed the AGSA's Management Report and Management's response thereto;
- Reviewed the Department's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs with and accepts the AGSA's conclusions 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 AGSA. The Audit Committee would like to encourage Management and the AGSA to continuously improve the management of the audit process for the Entity. Significant challenges were noted related to timely reporting and ineffective communication during the audit process.

Evaluation of Annual Performance Report

The Audit Committee has considered the performance information report submitted to the AGSA for review and is satisfied with the report.

Compliance with Laws and Regulations

The AGSA has reported supply chain management findings that the Entity did not have a proper internal control system to ensure that all tender processes conducted on behalf of the Entity by the implementing agents were adhered to. Management has to ensure that all procurement complies with laws, regulations and all departmental policies and procedures. Remedial steps as prescribed in the PFMA must be instituted immediately to ensure that there is consequence management and compliance.

One-on-One Meeting with the Accounting Officer

The Audit Committee has met with the Accounting Officer for the Entity to address unresolved issues.

Auditor-General of South Africa

The Audit Committee has met with the AGSA to ensure that there are no unresolved issues.



Mr Japie du Plessis
Chairperson of the Audit Committee
Department of Water and Sanitation

31 July 2016

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

Report on the financial statements

Introduction

- 1 I have audited the financial statements of the Water Trading Entity set out on pages 356 to 406, which comprise statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

- 3 My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property, Plant and Equipment

- 6 The Water Trading Entity did not adequately review the useful lives of property, plant and equipment at each reporting date in accordance with the Standards of Generally Accepted Accounting Practise, GRAP 17, Property, plant and equipment. In addition, some items of property plant and equipment were recorded in the financial statements but their existence could not be verified. As a result I was unable to determine the correct net carrying amount of property, plant and equipment and depreciation, amortisation and impairments stated at R76 531 035 000 and R1 882 751 000 respectively in notes 14 and 9 to the financial statements, as it was impracticable to do so. I was also not able to determine the consequential impact that any adjustments would have on the surplus for the period and the accumulated surplus in the financial statements.

Qualified opinion

- 7 In my opinion, except for possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Water Trading Entity as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with standards of GRAP and the requirements of the PFMA.

Emphasis of matter

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

Material impairments

- 9 As disclosed in note 12 to the financial statements, material impairments to the amount of R4 775 338 000. (2015: R3 901 797 000) which occurred as a result of customers not being able to pay their accounts for water-related services.

Significant uncertainties

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

Restatement of corresponding figures

- 12 As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 31 March 2016 in the financial statements of the Water Trading Entity at, and for the year ended, 31 March 2015.

Report on other legal and regulatory requirements

- 13 In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

- 14 I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objective presented in the annual performance report of the trading entity for the year ended 31 March 2016:
- Strategic Objectives of Water Trading Entity: Financial Management and Proto-catchment Agencies on pages 97.
- 15 I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objective. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
- 16 I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 17 I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objective:
- Water Trading Entity: Financial Management and Proto-catchment Agencies

Additional matter

- 18 Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objective, I draw attention to the following matters:

Achievement of planned targets

- 19 Refer to the annual performance report on pages 96 to 100 for information on the achievement of the planned targets for the year.

Compliance with legislation

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

Financial statements

- 21 The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (a) and (b) of the Public Finance Management Act.

Material misstatements of non-current assets and finance cost identified by the auditors in the submitted financial statement were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

- 22 Effective steps were not taken to prevent irregular expenditure, amounting to R54 566 000 as disclosed in note 28 of the AFS, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.
- 23 Contractual obligations and money owed by the entity were not always settled within 30 days, as required by sections 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 8.2.3.

Internal control

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

Leadership

- 25 There was inadequate oversight responsibility regarding financial reporting and compliance as well as related internal controls.
- 26 There was inadequate monitoring that the established and communicated policies and procedures relating to asset management are adhered to.
- 27 There was inadequate monitoring that the internal control objectives, processes and responsibilities of asset management are understood and executed.

Financial and performance management

- 28 There were inadequate controls over daily and monthly processing of transactions and reconciling of information and reports that supports the financial statements.
- 29 There was inadequate review of the financial statements to ensure that they are supported and evidenced by sufficient and appropriate schedules and registers.
- 30 There was inadequate review and monitor of compliance with applicable legislation.

Governance

- 31 Internal audit was not adequately resourced to carry out its mandate on both the department and the entity.

Other reports

- 32 I draw attention to the following engagements that could potentially impact on the entity's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

- 33 The Special investigation unit (SIU) is conducting a forensic investigation on the Vuwani Steel pipeline. This investigation is still in progress.
- 34 An independent consulting firm is performing an investigation at the request of the Director-General. This investigation was initiated based on allegation of misappropriation of the department's construction equipment. The investigation is still in progress.

Audit-related services and special audit

- 35 At the request of the trading entity, an audit was performed on reported irregular expenditure up to the year ended March 2012. The report was issued on 18 June 2016.

Auditor General

Pretoria
31 July 2016



3 ANNUAL FINANCIAL STATEMENTS OF WATER TRADING ENTITY

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Wastewater Treatment Plants

Over R300 million was allocated for an emergency intervention to refurbish semi and non- functional Waste Water Treatment Plants across the country.



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
31 MARCH 2016

		2016	2015
	Notes	R'000	Restated R'000
Revenue		11 154 159	12 318 503
Revenue from exchange transactions	3	9 593 228	9 598 422
Revenue from non-exchange transactions	4	1 560 931	2 720 081
Expenditure		7 589 553	9 826 182
Employee benefit costs	5	804 740	697 301
Operating expenditure	6	3 589 874	3 779 268
Impairment on financial assets	7	878 858	925 385
Finance cost	8	426 488	2 332 486
Depreciation, amortisation and impairment	9	1 882 751	2 032 094
Loss on disposal of fixed assets	10	6 842	59 648
Surplus/(deficit) for the year		3 564 606	2 492 321

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016	2015
		R'000	Restated R'000
ASSETS			
Current assets		6 805 582	7 329 164
Cash and cash equivalents	11	42 948	1 545 868
Receivables from exchange transactions	12	6 354 622	5 663 338
Construction Work In Progress	13	260 028	-
Inventory	13	147 984	119 958
Non-current assets		92 537 788	89 625 122
Property, plant and equipment	14	76 531 035	73 768 500
Intangible assets	15	16 006 753	15 856 622
Total assets		99 343 370	96 954 286
LIABILITIES			
Current liabilities		2 061 063	5 057 697
Payables from exchange transactions	16	997 477	1 254 246
Employee benefits	17	162 640	175 734
Finance lease liability	18	18 741	16 095
Financial liabilities: TCTA	19	882 205	3 611 622
Non-current liabilities		24 959 327	23 138 218
Finance lease liability	18	32 498	34 504
Financial liabilities: TCTA	19	24 926 829	23 103 714
Total liabilities		27 020 390	28 195 915
Total net assets		72 322 980	68 758 374
NET ASSETS			
Reserves			
Accumulated surplus		71 960 394	68 413 062
Pumping cost reserve		362 586	345 312
Net assets		72 322 980	68 758 374

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR 31 MARCH 2016

	Note	Accumulated surplus	Pumping Cost Reserve	Net Assets
Balance at 1 April 2014		65 997 395	268 586	66 265 981
As previously stated		66 432 477	268 586	66 701 063
Prior period error	30	(435 082)	-	(435 082)
				-
Surplus for the year		2 492 321	-	2 492 321
As previously stated		2 814 816	-	2 814 816
Prior period error	30	(322 495)	-	(322 495)
Net movement in reserves		(76 726)	76 726	-
Transfers between reserves		(76 726)	76 726	-
Balance at 31 March 2015		68 413 062	345 312	68 758 374
As previously stated		69 170 640	345 312	69 515 952
Prior period error	30	(757 578)	-	(757 578)
Surplus for the year		3 564 606	-	3 564 606
Net movement in reserves		(17 274)	17 274	-
Transfers between reserves		(17 274)	17 274	-
Balance at 31 March 2016		71 960 394	362 586	72 322 980

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

CASH FLOW STATEMENT FOR THE YEAR 31 MARCH 2016

	Notes	2016 R'000	2015 Restated R'000
Cash flows from operating activities			
<i>Cash receipts</i>		9 841 745	10 273 400
Taxes and transfers		1 522 038	2 399 258
Sale of water services		7 038 259	6 510 305
Construction and other revenue		826 133	636 146
Water research levies - receipts		18 278	80 162
Commission earned		2 708	6 925
Lease revenue earned		13 239	13 606
Interest revenue		421 090	626 998
<i>Cash payments</i>		(4 340 817)	(4 771 123)
Employee benefits		817 834	717 012
Water Research Commissioner - payments		108 714	81 316
Goods and services		3 408 766	3 792 867
Finance cost paid		262	173 253
Finance cost paid: Leases		5 241	6 675
Net cash flows from operating activities	20	5 500 928	5 502 277
Cash flows from investing activities			
Acquisition of property, plant and equipment		(2 021 249)	(1 302 490)
Acquisition of intangible assets		(203 539)	-
Proceeds on disposal of non-current assets		19 346	35 440
Net cash flows used in investing activities		(2 205 442)	(1 267 050)
Cash flows from financing activities			
Finance lease payments		(18 351)	(15 148)
Repayments of other financial liabilities		(4 780 054)	(4 599 107)
Net cash flows from financing activities		(4 798 406)	(4 614 255)
Net increase/(decrease) in cash and cash equivalents		(1 502 920)	(379 027)
Cash and cash equivalents at beginning of year		1 545 868	1 924 895
Cash and cash equivalents at end of year	11	42 948	1 545 868

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Approved Budget R'000	Final Budget R'000	Actual Amounts R'000	Variance Amounts R'000
Revenue	21,3	12 073 904	11 248 276	11 154 159	(94 117)
Taxes and transfers		2 248 038	1 522 038	1 522 038	-
Sale of water services		8 729 839	8 729 839	8 697 371	(32 468)
Construction revenue		988 581	888 953	449 853	(439 100)
Commission earned		-	-	2 708	2 708
Lease revenue earned		12 502	12 502	13 239	737
Interest revenue		19 765	19 765	421 090	401 325
Other receipts		75 180	75 180	47 860	(27 320)
<i>Total revenue</i>		<u>12 073 904</u>	<u>11 248 276</u>	<u>11 154 159</u>	<u>(94 117)</u>
Expenses	21,4	(7 954 407)	(7 781 407)	(5 736 450)	2 044 957
Employee benefit costs		979 345	806 345	804 740	1 605
Operating expenditure		2 699 347	2 699 347	1 736 771	962 576
Impairment on financial assets		-	-	878 858	(878 858)
Finance cost		1 721 326	1 721 326	426 488	1 294 838
Depreciation, amortisation and impairment		2 554 389	2 554 389	1 882 751	671 638
Loss on disposal of fixed assets		-	-	6 842	(6 842)
<i>Total expenses</i>		<u>(7 954 407)</u>	<u>(7 781 407)</u>	<u>(5 736 450)</u>	<u>2 044 957</u>
Surplus/(deficit) from operating activities		<u>4 119 497</u>	<u>3 466 869</u>	<u>5 417 709</u>	<u>1 950 840</u>
Projects expenditure	21,5	4 963 026	4 967 466	3 387 538	1 579 928
Allocation from government grants		1 836 762	1 170 748	897 091	(273 658)
Other additions		3 126 264	3 796 718	2 490 448	1 306 270
<i>Budget surplus/(deficit)</i>		<u>(843 529)</u>	<u>(1 500 597)</u>	<u>2 030 171</u>	<u>3 530 767</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Presentation of Financial Statements

1.1 Statement of compliance

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

1.2 Adoption of GRAP

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

GRAP 25	Employee Benefits

In addition to the Standards that have to be applied, the WTE early adopted the amendments to the Standards made as a result of the improvements project of the ASB in so far as it is applicable to the transactions of the WTE. The applicable Standards, effective in period starting 1 April 2015, are listed below:

IGRAP 1	Applying the probability test on initial recognition of revenue
IGRAP 2	Changes in existing decommissioning restoration and similar liabilities
IGRAP 3	Determining whether an arrangement contains a lease
IGRAP 4	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IGRAP 5	Applying the restatement approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 7	The limit on a Defined Benefit Asset, minimum funding requirements and their interaction
IGRAP 8	Agreements for the construction of assets from exchange transactions
IGRAP 9	Distributions of non-cash assets to owners
IGRAP 10	Assets received from customers
IGRAP 11	Consolidation – Special purpose entities
IGRAP 13	Operating Leases - Incentives
IGRAP 14	Evaluating the substance of transactions involving the legal form of a lease

Based on the analysis of the transactions of the WTE, these Standards do not currently have an impact on the WTE and the adoption of these Standards will thus have no impact on the current financial statements.

1.3 Standards of GRAP issued but not yet effective

The Standards of GRAP that has been issued by the ASB, but where the Minister has not determined an effective date, has not been adopted by the WTE. The WTE used the Standard of GRAP on Related Party Disclosures (GRAP 20) to develop its accounting policies on Related Party Disclosures to determine the extent of disclosures for related party transactions and balances.

1.3.1 Standard utilised in developing disclosure

The WTE has utilised the following Standard of GRAP to determine the disclosures around related parties:

GRAP 20	Related Party Disclosures

1.3.2 Standard not yet applicable

It's unlikely that the following Standards and/or amendments to Standards, that have been issued but are not yet effective, will have a material impact on the financial statements of the WTE once they become effective and therefore accounting policies have not been developed for the following Standards:

IGRAP 6	Loyalty programmes
IGRAP 12	Jointly controlled entities – Nonmonetary contributions by ventures
GRAP 6 (as revised 2010)	Consolidated and Separate Financial Statements
GRAP 7 (as revised 2010)	Investments in Associates
GRAP 8 (as revised 2010)	Interests in Joint Ventures
IGRAP16	Intangible assets website costs
GRAP 18	Segment Reporting
GRAP 27 (as revised 2012)	Agriculture (Replaces GRAP 101)
GRAP 31 (as revised 2012)	Intangible Assets (Replaces GRAP 102)
GRAP 105	Transfer of functions between entities under common control
GRAP 106	Transfer of functions between entities not under common control
GRAP 107	Mergers

Based on the analysis of the transactions of the WTE, these Standards do not impact the WTE and the adoption of these Standards will thus have no impact on the current financial statements.

1.4 Basis of preparation

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

1.5 Functional currency

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

1.6 Going concern

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

1.7 Off-setting

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

1.8 Comparative figures

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

1.9 Significant judgments and sources of estimation uncertainty

1.9.1 Initial measurement of financial assets

Short-term financial assets have been measured initially at the transaction price unless there was an indication that the transaction was provided at terms that were longer than the normal credit term of 30 days. Where extended payment terms were given, the transaction prices are discounted at the rate applicable to debt owed to the State to determine the fair value for initial measurement purposes.

1.9.2 Impairment of financial assets

An impairment is recognised for estimated losses firstly on an individually significant receivables and secondly on a group of receivables with similar credit risk that are assessed to be impaired based on objective evidence as a result of one or more events that occurred during the reporting period. For debtors which have defaulted, management makes judgments based on an assessment of their ability to make future payments. Credit worthiness is not used in assessing debtor balances. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment losses recognised. The current year's provision for impairment is based on management's best estimate of the expected cash flows for amounts that are outstanding for longer than the normal payment terms. A full provision was made for trade debtors that could not be traced after significant effort has been made. The future expected receipt has been discounted at the current interest rate (10.25%) applicable to entities owing money to the state (prior year: 10.25%).

1.9.3 Useful lives and impairment of assets

Due to the fact that the WTE has budget constraints, management is of the opinion that the useful life of an asset will approximate the economic life of the asset, except for certain construction equipment which is earmarked for sale. The review of the useful lives and residual values are performed annually based on a risk assessment approach. Where factors exist that indicate that the useful life needs to be amended, the useful life is reassessed. This estimate is based on judgment, taken into account historical usage patterns as well as the condition of the asset. As the WTE plans to use the assets for their entire economic life, the residual values on these assets are

estimated to be zero. The estimated useful life of leased assets that are capitalised are usually equal to the term of the lease contract unless other factors exist that may indicate a shorter lease period.

Property, plant and equipment and intangible assets are assessed annually for indicators of impairment. The assessment takes into account utilisation, condition, functional performance and obsolescence. Changes in these factors may lead to either an impairment loss or a reversal of previous impairment losses recognised.

The estimated useful lives of property, plant and equipment are as follows:

Infrastructure assets

Land	Infinite life span
Buildings	1 - 75 years
Canals	1 - 298 years
Dams and weirs	1 - 496 years
Pipelines	1 - 60 years
Pump stations	1 - 75 years
Reservoirs	1 - 80 years
Treatment works	1 - 50 years
Tunnels	1 - 253 years
Power Supply	1 - 30 years
Roads and Bridges	15 - 71 years
Boreholes	8 - 50 years
Measuring Facilities	1 - 80 years
Telemetry	1 - 30 years
Servitudes	3 - 99 years

Movable assets

Vehicles	4 - 20 years
Computer equipment	3 - 5 years
Office equipment, Furniture and furniture	6 - 20 years
Construction equipment	Based on usage (kilometres, hours, months)
Machinery and equipment	5 - 59 years
Dwellings: mobile homes	20 years

Intangible assets

Software and licenses	3 - 13 years

Management is of the view that the current assets of the WTE is non-cash generating, despite the fact that certain water users are classified as commercial users as most of the projects are funded through additional funds received through the transfer payment from the Department of Water & Sanitation. Therefore, any impairment that has been identified was calculated using the recoverable service amount of the asset.

The depreciation methods were assessed and are considered to be appropriate and will not change unless there is a change in the way that assets will be utilised, which is unlikely in the foreseeable future.

1.9.4 Recognition of servitudes

Servitudes on land are often acquired as part of construction of water infrastructure. Where the cost of servitudes can be measured reliably, these assets are included in the cost of infrastructure as it forms an integral part of the cost of the asset, and are recognised as separate components of the water infrastructure.

1.9.5 Agreements with Trans Caledon Tunnel Authority (TCTA)

As the DWS through WTE is responsible for the development, operation and maintenance of specific water resources infrastructure and managing water resources in specific water management areas, management concluded that the WTE controls the infrastructure assets that are constructed by the TCTA and has to assume the related liabilities. The cost of the assets recognised includes all the cost attributable to the asset until the asset has been ready for its intended use. The internal cost of capital was assumed to approximate the cost of capital of the TCTA, as the DWS (effectively through the WTE) is providing the required guarantees for the debt. DWS through WTE guarantees the repayment of the liability and thus TCTA and WTE have a similar risk profiles.

1.9.6 Measurement of inventories on hand

Materials on hand are to be consumed in the production process. As all the cost incurred is recovered from users or through the augmentation grant, and the price of the inventory items are subject to inflation, it is assumed that the net realisable value or replacement cost will be equal to or exceed the cost of the item at year-end. Therefore, there has been no provision made at year-end for losses in the value of stock due to price changes.

1.9.7 Commitments

Commitments included in disclosure note 24 have been based on orders relating to capital projects but where the goods or services have not been delivered.

1.9.8 Contingent liabilities and provisions

Contingent liabilities and provisions have been based on the best estimate available. Contingent liabilities relating to litigation have been based on the assessment of the estimated claim against the WTE as at 31 March 2016.

1.9.9 Capitalisation of expenses relating to constructed assets

The costs of inventory and property, plant and equipment produced internally include materials, depreciation and certain overheads incurred to produce these assets. The allocation of costs to the different items is based on judgment. The allocation usually occurs on a proportionate basis and where the items produced are to be used internally, exclude internal profits. Abnormal losses are determined based on judgment and is excluded from the cost of assets under construction.

1.9.10 Classification of leases

The WTE classifies lease agreements in accordance with risks and rewards incidental to ownership. Where the lessor transfers substantially all the risks and rewards to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

1.9.11 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.9.12 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act, or
- (b) the State Tender Board Act, 1968, or any regulations made in terms of the Act, or

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure that was classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

2 Significant accounting policies

2.1 Revenue

When the WTE receives value in the form of an asset and directly provides approximate equal value in exchange, the WTE classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable, net of any VAT, trade discounts and volume rebates and recognised when it becomes due to the WTE.

2.1.1 Revenue from non-exchange transactions

The WTE recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions.

Where services are received in-kind, and a reliable estimate can be made, the WTE will recognise the related revenue. In all other cases, the WTE will only disclose the event.

2.1.2 Revenue from exchange transactions

Revenue relating to the supply of water is recognised either on the consumption of water by the water users or in accordance with registered volumes, depending on the specific agreement with licensed water users.

Revenue from construction contracts is recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. The stage of completion is based on the cost to date and is assessed based on surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the Statement of Financial Performance in the period in which it was incurred.

Interest is recognised using the effective interest rate method.

Other revenue from exchange transactions is recognised in the statement of financial performance when the revenue becomes due to the WTE.

2.1.3 Agency fees and revenue

The WTE bills and collects water research levies on behalf of the Water Research Commissioner and earns 2% commission, excluding VAT, on the amount billed. The revenue collected (amounts billed less outstanding debt) is recognised as a liability and the payments made to the WTE decreases the liability. The net asset/liability is recognised in the statement of financial position.

The commission earned is recognised as revenue from exchange transactions in the statement of financial performance and the amount owed/overpaid on the commission is recognised in receivables/payables from exchange transactions.

2.2 Expenditure

Expenditure is classified in accordance with the nature of the expenditure.

The WTE recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability, other than those relating to distributions to owners, has arisen, that can be measured reliably.

The WTE recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

The WTE also recognises expenses in the statement of financial performance in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

Finance cost is recognised as an expense in surplus or deficit in the statement of financial performance in the period in which it is incurred, using the effective interest rate method.

2.3 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The WTE incurs borrowing costs as a result of the construction of infrastructure. The WTE capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are expensed in the period in which it is incurred.

2.4 Employee benefits

2.4.1 Short-term employee benefits

The WTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:-

- As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds the undiscounted amount of the benefits due, the entity recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.
- As an expense, unless the entity uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

2.4.2 Leave benefits

The WTE recognises the expected cost of short-term employee benefits in the form of compensated absences (paid leave) when the employees render service that increases their entitlement to future compensated absences.

The expected cost of accumulating compensated absences is measured as the additional amount that the WTE expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.4.3 Performance and service bonuses

The WTE recognises the expected cost of performance or service bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made. The WTE considers the present obligation to exist when it has no realistic alternative but to make the payments related to performance bonuses.

2.4.4 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy for these benefits or resigns. The WTE recognises termination benefits when it is demonstrably committed either to terminate the employment of current employee(s) according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the financial year are discounted to present value.

2.4.5 Retirement and medical benefits

The WTE contributes towards the pension fund and the medical aid for its employees through a defined contribution plan. Once the contributions are paid, the WTE has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

2.5 Leases

2.5.1 The WTE as a lessee

The WTE classifies certain leases of equipment and vehicles as finance leases.

The assets acquired under finance leases is recognised as assets and the associated lease obligations as liabilities in the statement of financial position at the commencement of the lease term. The assets and liabilities is recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Where practicable, the discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Where this is not practical, the WTE's incremental borrowing rate is used. Any initial direct costs are added to the amount recognised as an asset.

The WTE measures the liability as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest (i.e. the WTE recognises the capital portion of the obligation as a liability and recognises the interest over the lease term).

The leased assets are subsequently measured at cost less accumulated depreciation and impairment. The leased assets are depreciated over the shorter of the lease agreement or the useful life of the asset. The minimum lease payments is apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases that are longer than 1 year are measured on a straight line basis as an expense, and the difference between the actual payments and the expense is accrued through payables or receivables. Where the lease is less than 1 year, the actual expenses is recognised in the statement of financial performance.

2.5.2 The WTE as a lessor

The WTE receives lease revenue for the hiring out of equipment and renting of houses to its employees.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, where the lease term can be determined. The lease charge of construction equipment is based on a charge-out tariff determined on a cost recovery basis.

2.6 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the WTE, and the cost or fair value of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

After recognition as an asset, items of property, plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses, except for assets under construction. Subsequent costs are included in the assets carrying amount or recognised as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of that item can be reliably measured.

Assets under construction are stated at cost, excluding abnormal losses. Depreciation only commences on these assets when they are in the condition necessary for them to be capable of operating in the manner intended by management.

Cost comprises of the purchases price or construction cost of the asset (excluding internal profits), costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an estimate of the cost of dismantling or rehabilitation.

Where an intangible asset is an integral part of an item of property, plant and equipment, the cost of the intangible asset is not recognised separately from the cost of the asset, but rather, it is included as a separate component of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciable amount of an asset is allocated on a systematic basis over its useful life. Depreciation is calculated on a straight line basis over the expected life of each major component of an asset. Depreciation is charged to the statement of financial performance, unless it forms part of the cost of inventories or the cost of assets under construction.

The residual value and the useful life of an asset is reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate.

The WTE must assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the WTE will estimate the recoverable service amount of the asset. Items of property, plant and equipment are tested for impairment whenever there are impairment indicators. An impairment loss is recognised where the carrying amount exceeds recoverable service amount for non-cash generating assets and where the carrying amount exceeds the recoverable amount for cash-generating assets.

The WTE assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the WTE will estimate the recoverable service amount of that asset. An impairment loss recognised in prior periods for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

Impairment and reversals of impairment is recognised in the statement of financial performance at the time when the event occurred.

2.7 Intangible assets

Identifiable intangible assets are recognised if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the WTE, and the cost or fair value of the item can be measured reliably. An intangible asset is measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, is measured at its fair value as at that date.

An asset meets the identifiability criterion in the definition of an intangible asset when it is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, unless such useful lives are indefinite.

An intangible asset with an indefinite useful life is not amortised. Intangible assets with an indefinite useful life or an intangible asset not yet available for use, are tested for impairment at the end of each financial year and whenever there is any indication that the intangible asset could be impaired. Other intangible assets are only tested for impairment where there is an indication that impairment exists.

Gains and losses on intangible assets, including impairment and impairment reversals, are treated similarly to gains and losses for property, plant and equipment.

2.8 Non-current assets held for sale

The WTE classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable, i.e. a committed plan to dispose of the asset will exist.

The WTE measures non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell.

2.9 Inventory

Inventories are assets in the form of materials or supplies to be consumed in the production process; in the form of materials or supplies to be consumed or distributed in the rendering of services; held for sale or distribution in the ordinary course of operations; or in the process of production for sale or distribution.

Inventory is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the WTE; and the cost of the inventory can be measured reliably.

Inventory is initially measured at cost (or fair value if the item was acquired through a non-exchange transaction), and subsequently measured at the lower of cost or net realisable value. Costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition are included in the cost of inventories. Construction and building materials are measured using the First-In-First-Out method and all other inventories are measured using the Weighted Average Cost method. Where inventory is distributed at no or a nominal charge, inventory is measured at the lower of cost or replacement cost.

2.10 Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

Current assets include uncertified construction related projects performed for on behalf of external stakeholders.

2.11 Financial instruments

2.11.1 Initial recognition and classification

The WTE classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the WTE becomes a party to the contractual provisions of the instruments and WTE funds are committed or receive the benefits.

The WTE does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exists; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.11.2 Initial measurement

Financial instruments are initially measured at fair value.

2.11.3 Transaction costs

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. Transactions costs on other financial instruments are included in the cost of the instrument.

2.11.4 Subsequent measurement

All non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that has been designated at fair value or are held for trading, are measured at amortised cost. Instruments that do not meet the definition of financial assets or financial liabilities measured at amortised cost are measured at fair value unless fair value cannot be determined. Those instruments, where fair value cannot be measured reliably, is measured at cost.

Amortised cost is calculated based on the effective interest rate method.

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Net gains or losses on the financial instruments at fair value through profit or loss includes transaction costs, interest and foreign exchange gains or losses. A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

2.11.5 Impairment of financial assets

At each reporting date the WTE assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Impairment losses are recognised in the statement of financial performance as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed does not exceed the carrying amount that would have been recognised had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

The following items included in the statement of financial position contains financial instruments:

- Cash and cash equivalents;
- Receivables from exchange transactions;
- Other financial assets;
- Payables from exchange transactions; and
- Other financial liabilities.

2.11.6 Derecognition

Financial assets

The WTE derecognises financial assets using trade date accounting.

The WTE derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the WTE transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the WTE, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the WTE :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the WTE transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the WTE adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the WTE obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the WTE recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the WTE has retained substantially all the risks and rewards of ownership of the transferred asset, the WTE continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the WTE recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The WTE removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another WTE by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

2.13 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised cost arise from transactions with water users. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

2.14 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the WTE has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement in which the WTE is receiving non-exchange revenue. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

2.15 Other financial assets

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

2.16 Payables from exchange transactions

The WTE recognises payables from exchange transactions where liabilities result in counter performance by the respective parties.

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

2.17 Payables from non-exchange transactions

The WTE recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue as a result of outstanding obligations.

Payables from non-exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

2.18 Other financial liabilities

Included in other financial liabilities are the liability incurred to the TCTA. The liability is initially measured at fair value and is subsequently measured at amortised cost. Effective interest is capitalised against the amounts outstanding in accordance with the respective agreements.

2.19 Provisions and accruals

Provisions and accruals are liabilities where uncertainty exists about the timing or amount of the future expenditure required to settle the liability.

The WTE recognises, in payables, an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but the invoice is outstanding or a formal agreement with the supplier has not been concluded.

Provisions are liabilities, excluding accruals that are recognised where the WTE has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the amount to settle the present obligation at the reporting date, discounting to present value where the time value of money is expected to be material.

2.20 Contingents assets and contingent liabilities

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

2.21 Reserves

The WTE classifies its reserves in two categories namely pumping cost reserve and accumulated reserves. None of these reserves are distributable reserves.

2.21.1 Pumping cost reserve

The WTE recovers an additional charge from specific water users in the Vaal River scheme to cover for pumping costs. This additional fee is charge to reduce the impact of price increases as a result of additional pumping cost incurred in times of emergencies, drought and other contingencies.

A transfer is made from the accumulated reserves to the pumping cost for amounts recovered from users for pumping cost and from pumping cost to accumulated reserves for the actual costs incurred.

2.21.2 Accumulated reserves

Accumulated reserves consist of the net assets less amounts transferred to other reserves. Accumulated reserves are mainly build up as a result of the depreciation and return on asset charge included in the pricing strategy and the capital portion of augmentation funds included in revenue recognised. This is to ensure adequate rehabilitation and maintenance of existing infrastructure and future infrastructure development.

2.22 Budget information

The budget is prepared on a modified accrual basis. The WTE budget comprise of revenue from the transfer payment received from the Department of Water & Sanitation (Main Exchequer Account) as well as revenue received from raw water sales.

2.23 Related parties

The budget is prepared on a modified accrual basis. The WTE budgets for Water sales revenue as well as transfer payments received through the Department of Water & Sanitation. Expenditure incurred exceeding the transfer payments as well as Water sales revenue is defrayed from accumulated reserves.

2.24 Irregular, fruitless and wasteful expenditure and material losses through criminal conduct

Irregular, fruitless and wasteful expenditure and material losses through criminal conduct is recognised as expenditure in the statement of financial performance according to the nature of the payment and disclosed separately in notes 28 and 29. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Any receivable recognised as a result of irregular, fruitless and wasteful expenditure or material losses through criminal conduct, are subject to an annual impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2016

	2016 R'000	2015 R'000
3 Revenue from exchange transactions		
Sale of water services	8 697 371	8 098 044
Construction revenue	449 853	853 812
Commission earned	2 708	6 925
Receivables	2 300	6 334
Short-term deposits and bank accounts	408	591
Interest revenue	421 090	626 998
Receivables	421 082	626 992
Short-term deposits and bank accounts	8	6
Lease revenue earned	13 239	13 606
Equipment	-	14
Property	13 239	13 592
Sale of goods - scrap materials and waste paper	139	1 776
Other revenue	8 828	(2 739)
	9 593 228	9 598 422

The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable, net of any discount and VAT.

4 Revenue from non-exchange transactions

Transfer revenue includes:

Funds from the Department of Water Affairs	1 522 038	2 399 258

Other revenue:

Assets received/transferred	38 814	320 727
Water usage license fees	79	96
	1 560 931	2 720 081

Funds are transferred from the Department of Water Affairs as an augmentation to revenue earned to enable the WTE to carry out its operating activities.

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

	2016 R'000	2015 R'000
5 Employee benefit costs		
<i>Employee benefits consists of:</i>		
Short term employee benefits	1 429 157	1 421 872
Less: direct labour capitalised to assets under construction	(470 945)	(364 832)
Less: amounts capitalised to construction costs for third parties	(153 472)	(359 742)
	804 740	697 301
6 Operating expenditure		
<i>Construction costs incurred</i>	451 689	812 336
<i>Other operating expenditure</i>		
Administrative fees	3 748	291
Audit cost	22 648	18 359
Communication	34 162	30 825
Computer services	94 080	9 637
Courier and delivery costs	-	-
Electricity	418 242	227 521
Entertainment	1 560	29
Facility and management fee: TCTA	653 731	822 463
Materials consumed	234 709	283 443
Maintenance, repairs and running costs	83 561	255 384
Operating leases	113 504	58 578
Owned and leasehold property expenditure	10 229	88 560
Professional services: Business and advisory services, contractors and agency/outsourced services	613 046	441 372
Professional services: Infrastructure and planning	415 436	360 952
Printing, posting and stationery	8 756	17 321
Transport costs	28 640	-
Travel and subsistence	31 010	118 222
Training and staff development	23 190	14 452
Venues and facilities	133 454	3 910
Auxiliary	214 479	215 613
	3 589 874	3 779 268

The amounts above includes changes in estimates for reversals in accruals

	2016 R'000	2015 R'000
7 Impairment on financial assets		
<i>Impairment relating to:</i>		
Trade receivables	873 541	924 841
Staff receivables	486	733
Other receivables	4 831	(189)
	878 858	925 385
8 Finance cost		
Finance leases	5 241	6 675
Interest on amortised payables	421 247	2 325 811
	426 488	2 332 486
	2016 R'000	2015 R'000
9 Depreciation, amortisation and impairment		
<i>Depreciation on property, plant and equipment</i>	1 742 592	2 047 801
Computer equipment	1 345	8 396
Equipment	53 912	97 267
Furniture and Fittings	1 133	7 524
Infrastructure	1 630 980	1 919 274
Leased equipment	3 901	3 808
Leased vehicles	15 287	12 597
Mobile homes	35 868	(1 740)
Vehicles	166	675
<i>Amortisation on intangible assets</i>	53 399	9 452
Computer software	53 399	9 452
<i>Change in estimate - depreciation</i>	-	(72 765)
Computer equipment	-	(10)
Equipment	-	(5 363)
Furniture and Fittings	-	3 137
Infrastructure	-	(76 212)
Mobile homes	-	5 180
Vehicles	-	503

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

Impairment and impairment reversals	86 760	330 494
Computer equipment	568	(1 100)
Computer software	-	(1 082)
Equipment	9 052	295 662
Furniture and Fittings	595	(3 660)
Infrastructure	76 373	41 517
Leased equipment	6	-
Leased vehicles	63	-
Mobile homes	-	94
Vehicles	103	(937)
Change in estimate - impairment	-	(282 887)
Infrastructure	-	22 666
Equipment	-	(305 554)
	1 882 751	2 032 094

Various Movable assets and Infrastructure assets with original remaining useful lives varying between 1-100 years have been revised in the beginning of the current period to reflect a new depreciable amount (impairment implications) and the actual pattern of service potential derived from these assets (Revised useful lives).

For the current financial year the impairments are increased by R86 million based on the new assets identified for impairment. The future depreciation and impairment will increase by approximately R86 million.

10 Loss on disposal of fixed assets

Loss on disposal of fixed assets	6 842	59 648
	6 842	59 648

11 Cash and cash equivalents

Cash and cash equivalents at fair value:

Current accounts at commercial banks	42 668	1 545 651
Short-term deposits	120	112
Cash on hand	160	105
	42 948	1 545 868

	2016 R'000	2015 R'000
12 Receivables from exchange transactions		
Current		
<i>Financial assets at amortised cost</i>		
Trade receivables	8 298 350	6 600 535
Less: Provision for impairment	(4 775 338)	(3 901 797)
Carrying amount at the beginning of the period	(3 901 797)	(2 976 956)
Current year provision	(873 541)	(924 841)
	3 523 012	2 698 738
Advances to public entities	1 740 970	996 014
Staff related receivables	5 846	4 813
Less: Provision for impairment	(3 950)	(4 235)
Carrying amount at the beginning of the period	(4 235)	(3 502)
Trade receivables written off	772	-
Current year provision	(486)	(733)
	1 896	578
Claims recoverable - Departments	97	29
Water Research Commission - advances	115 764	25 328
Gross amount of water research levies due	(168 111)	(160 005)
Outstanding debtors	283 875	185 333
Other receivables	830 072	1 974 174
Less: Provision for impairment on other receivables	(9 505)	(31 523)
Carrying amount at the beginning of the period	(31 523)	(31 496)
Trade receivables written off	26 848	-
Current year provision	(4 831)	(27)
	820 567	1 942 651
	6 204 205	5 663 916
VAT receivable	152 313	-
	6 354 622	5 663 338

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

2016	2015
R'000	R'000

The fair value of the short term receivables approximates the carrying amount of the balances due to their short-term maturity.

Amounts past due not impaired

Included in the financial assets at amortised cost above is an amount past due but not impaired:

364 304	234 659

Age analysis of financial assets that are past due but not impaired:

not more than two months;	219 841	151 456
more than two months and not more than three months;	-	136
more than three months and not more than four months;	28	(5 376)
more than four months and not more than five months;	5 401	6 967
more than five months;	139 034	81 476
	364 304	234 659

Some of these long outstanding amounts may not be recoverable due to incorrect billings in the past. A reliable estimate of the incorrect billings could not be made.

2016	2015
R'000	R'000

13.1 Inventory

Construction and building materials	130 574	105 527
Consumables	8 502	6 921
Fuel and lubricants	6 600	5 178
Stationery	2 308	2 331
	147 984	119 958

Included in the Inventory balance is the inventory write-off amount to **R587 046 (2015: R661 096)** to bring the Inventory balance to its Net reliable value.

13.2 Construction Work In Progress

Construction Work In Progress	260 028	-
	260 028	-

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

14 Property, plant and equipment

	March 2016			March 2015		
	Cost / revaluation	Accumulated depreciation and impairment	Carrying amount	Cost / revaluation	Accumulated depreciation and impairment	Carrying amount - Restated
	R'000	R'000	R'000	R'000	R'000	R'000
Summary						
Owned assets	94 992 145	(18 508 047)	76 484 098	90 411 622	(16 690 324)	73 721 298
Assets under construction	12 785 435	-	12 785 435	8 881 086	-	8 881 086
Computer equipment	55 204	(40 490)	14 714	53 990	(34 213)	19 777
Equipment	1 482 603	(797 938)	684 665	1 340 524	(729 491)	611 033
Furniture and fittings	89 278	(44 462)	44 816	93 743	(46 398)	47 345
Infrastructure assets	80 508 656	(17 562 456)	62 946 200	79 972 776	(15 855 220)	64 117 556
Mobile homes	64 635	(59 220)	5 415	62 647	(21 500)	41 147
Motor vehicles	6 334	(3 481)	2 853	6 856	(3 502)	3 354
Leased assets	88 857	(41 920)	46 937	78 434	(31 231)	47 203
Equipment	9 775	(5 936)	3 839	11 691	(5 544)	6 147
Motor vehicles	79 082	(35 984)	43 098	66 743	(25 687)	41 056
	95 081 002	(18 549 967)	76 531 035	90 490 056	(16 721 555)	73 768 501

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

Leased assets are encumbered by finance lease liabilities. Refer Note 18.

Movement 2016

	31 March 2015						31 March 2016	
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Impairment	Impairment Reversal	Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	73 721 298	4 598 770	(26 188)	314	(1 723 404)	(86 691)	-	76 484 099
Assets under construction	8 881 086	4 402 500	(1 399)	(496 753)	-	-	-	12 785 436
Computer equipment	19 777	4 548	(7 693)	(1)	(1 345)	(568)	-	14 714
Equipment	611 033	126 923	(6 193)	15 865	(53 912)	(9 052)	-	684 665
Furniture and fittings	47 345	8 176	(8 982)	1	(1 133)	(595)	-	44 816
Infrastructure assets	64 117 556	54 836	-	481 161	(1 630 980)	(76 373)	-	62 946 200
Mobile homes	41 147	1 697	(1 601)	40	(35 868)	-	-	5 415
Motor vehicles	3 354	89	(320)	-	(166)	(103)	-	2 853
Leased assets	47 204	18 991	-	-	(19 188)	(69)	-	46 937
Equipment	6 147	1 599	-	-	(3 901)	(6)	-	3 839
Motor vehicles	41 056	17 392	-	-	(15 287)	(63)	-	43 098
TOTAL ASSETS	73 768 503	4 617 761	(26 188)	313	(1 742 592)	(86 760)	-	76 531 035

Movement 2015

	31 March 2014							31 March 2015
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Impairment	Impairment Reversal	Carrying amount restated
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Owned assets	73 161 247	2 684 707	(95 088)	(43 337)	(1 937 542)	(74 730)	26 042	73 721 298
Assets under construction	7 168 133	2 181 462	-	(468 509)	-	-	-	8 881 086
Computer equipment	20 568	7 820	(155)	(3 575)	(5 982)	-	1 100	19 777
Equipment	539 033	157 897	(9 129)	(4 270)	(82 390)	-	9 892	611 033
Furniture and fittings	49 677	8 601	(396)	(14 119)	(76)	-	3 660	47 345
Infrastructure assets	65 336 442	328 053	(85 397)	447 118	(1 844 475)	(74 636)	10 453	64 117 556
Mobile homes	44 083	572	-	26	(3 440)	(94)	-	41 147
Motor vehicles	3 311	302	(11)	(7)	(1 178)	-	937	3 354
Leased assets	47 298	16 312	-	-	(16 405)	-	-	47 204
Equipment	5 357	4 600	-	-	(3 808)	-	-	6 147
Motor vehicles	41 941	11 712	-	-	(12 597)	-	-	41 056
	73 208 545	2 701 019	(95 088)	(43 337)	(1 953 947)	(74 730)	26 042	73 768 503

Leased assets in the prior year were restated as a result of a change in the method of calculating the present value of lease liabilities.

The total addition on Property Plant and Equipment includes both cash and non-cash items.

The WTE pledged assets in a transaction involving assets with a carrying value R5,6 Billion for the National Treasury SUKUK loan agreement in September 2014. Although entity assets were used Department of Water & Sanitation is not the Obligor, and there is no encumbrance on the assets as the transaction is not asset-backed but asset-based. The entity is restricted as it may not encumber these assets over the duration of the bond, nor may they be disposed without notifying the investors through National Treasury. The transaction has a finite period which ends in September 2020.

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

	2016 R'000	2015 R'000
15 Intangible assets		
Summary		
Enduring benefit: Lesotho Highlands	15 844 203	15 844 203
Gross carrying amount	15 844 203	15 844 203
Computer software	162 550	12 419
Gross carrying amount	285 784	82 257
Accumulated amortisation and impairment	(123 234)	(69 838)
	16 006 753	15 856 622
Reconciliation		
Enduring benefit: Lesotho Highlands	15 844 203	15 844 203
Gross carrying amount at the beginning	15 844 203	15 844 203
Computer software	162 559	12 418
Gross carrying amount at the beginning	12 419	20 862
Additions	203 531	-
Transfers	8	(73)
Amortisation	(53 399)	(9 452)
Impairment	-	1 082
	16 006 762	15 856 622

In terms of the Treaty between South Africa and the Lesotho Government, South Africa has a right to receive water in perpetuity and this right is capitalised as an enduring benefit. The enduring benefit is assessed annually for impairment. The assessment is based on any indicators that may impact the delivery of the water in terms of the agreement with the Lesotho Government. Based on the assessment performed, no impairment has been identified.

	2016 R'000	2015 R'000
16 Payables from exchange transactions		
Current		
Financial liabilities at amortised cost	991 121	1 146 316
Trade payables	482 615	678 413
Accruals	332 306	304 704
Amounts due to customers: trade debtors	113 265	74 562
Gross amounts due to customers: construction contracts	-	30 811
Retention creditors	62 935	57 826
Non-financial liabilities	6 356	107 931
Unclaimed deposits	6 351	107 929
Advances received	5	2
	997 477	1 254 247
	2016	2015
	R'000	R'000
17 Employee benefits liability		
<i>Current obligations:</i>		
Leave benefits due	131 098	109 014
Carrying amount at the beginning of the period	109 014	115 878
Current service costs	131 098	109 015
Less: benefits utilised	(109 014)	(115 878)
Change in estimate	-	-
Performance bonuses	15 919	37 029
Carrying amount at the beginning of the period	37 029	50 374
Current service costs	15 919	37 029
Less: benefits utilised	(37 029)	(50 374)
Change in estimate	-	-
Service bonuses - 13th Cheque	15 623	29 691
Carrying amount at the beginning of the period	29 691	29 192
Current service costs	15 623	29 691
Less: benefits utilised	(29 691)	(29 192)
Change in estimate	-	-
	162 640	175 734
	2016	2015

ANNUAL FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

	R'000	R'000
18 Finance lease liability		
Current obligation	18 741	16 095
Non-current obligation	32 498	34 504
<i>Carrying amount at the end</i>	51 239	50 599
Reconciliation of the carrying amount:		
Future minimum lease payments due:	57 650	61 951
Later than 1 year but less than 5 years	34 730	40 507
Less than 1 year	22 920	21 444
Less: Future finance charges	(6 411)	(11 353)
Present value of minimum lease payments	51 239	50 599

The finance lease obligations consist of various leases. The incremental borrowing rate (effective interest) was determined based on the difference between the fair value of the asset and the future minimum lease payments. Where the fair value of the asset could not be determined, the incremental rate was based on the rate of similar instruments in the market and the fair value is assumed to estimate the present value of the minimum lease payments. The effective interest rates vary between 9% and 15%. The liability is secured by the leased assets disclosed in note 14.

	2016 R'000	2015 R'000
19 Financial liabilities: TCTA		
Current obligation	882 205	3 611 622
Non-current obligation	24 926 829	23 103 714
<i>Reconciliation</i>		
Carrying amount at the beginning of the period	26 715 336	27 220 967
Additions	3 581 546	3 807 730
Construction cost	2 506 830	857 986
Interest accrued	420 985	2 152 559
Facility and management fee	653 731	797 185
Payments	(4 780 054)	(4 599 107)
Other Movements	292 206	285 747
Financial liabilities at amortised cost	25 809 034	26 715 336

The liability represents the amounts owed to TCTA in accordance with various construction contracts for the development and maintenance of infrastructure assets. The effective interest rate varies per agreement and range between 4.76% and 8% p.a. Included in Interest accrued is an amount of R784 Million Fair Value Gain Emanating from a derecognition of Financial Liability: Lesotho Highlands Water Projects as a result of approval of the revised water tariff.

	2016 R'000	2015 R'000
20 Net cash flows from operating activities		
Surplus for the year	3 564 606	2 492 321
Adjusted for non-cash items	3 966 993	5 821 879
Employee benefits liability provisions	162 640	175 735
Depreciation, amortisation and impairment	1 882 751	2 032 094
Assets transferred at no cost	(38 814)	(320 727)
Impairment on financial assets at amortised cost	878 858	925 385
Interest accrued: TCTA	420 985	2 152 559
Facility and management fee: TCTA	653 731	797 185
Loss on disposal of fixed assets	6 842	59 648
Additional cash items	(175 734)	(195 445)
Employee benefits utilised	(175 734)	(195 445)
Operating cash flows before working capital changes	7 355 865	8 118 755
Working capital changes:	(1 854 937)	(2 616 478)
(Increase) in receivables from exchange transactions	(1 570 142)	(2 742 365)
(Increase)/decrease in inventories	(28 026)	49 225
(Decrease)/increase in payables from exchange transactions	(256 769)	76 662
Net cash from operating activities	5 500 928	5 502 277
	2016 R'000	2015 R'000

21 Budget information**Reconciliation between budget deficit and statement of financial performance**

Budget surplus (deficit)	2 030 171	140 645
Project expenditure	3 387 538	2 674 173

21.1 Basis of preparation of budget comparison statement

The basis of preparation of the budget during 2015/16 financial year is not the same with preparation of the statement of financial statement. The operating expenditure reflected on the face of the Statement of Financial Performance includes non-capital projects that were funded under project expenditure

reflected in the Statement of Comparison of Budget and Actual amounts.

21.2 Reason on original budget deviation

The budget deviation is due to the reduction of augmentation fund by National Treasury and virement within programme 3 to fund the water service related projects that were performed during the mid-year budget review. The virement on additional project expenditure was due to the additional requests to fund ministerial water related projects. Due to inability to fill vacant positions and the fact the department is currently reviewing the organisational structure, the entity had reprioritise employee costs to fund other service delivery projects.

21.3 Reason on the revenue variance

The unfavourable variance on revenue performance can be attributed to the construction revenue as a result of the construction work that still needed to be certified, while the revenue billing on sale of water services is within the revenue targets for the financial year 2015/16. The favourable variance on interest revenue is due to the interest charged on overdue customers' accounts.

21.4 Reason on the expenses variance

The under spending on expenses can be mainly attributed to the reduction on the finance cost, depreciation and lack of spending on goods and services. The reduction on finance cost is due to the cash flow timing difference on off-budget projects (undertaken by Trans Caledon Tunnel Authority-TCTA), while the reduction on depreciation is due to correction of useful life that was done in the prior year which resulted in the extension of the useful life of the infrastructure assets. The under spending on goods and services can be attributed to the uncertified work (construction costs), lack of spending on maintenance costs and reduction on management fee for projects undertaken by TCTA. The spending on employee costs is within the revised budget for FY 2015/16. The entity is still in the process of reviewing the organisational structure. The unfavourable variance on impairment of assets is due to the fact that the entity doesn't budget for impairment on financial assets.

21.5 Reason on the projects expenditure variance

The variance of R273 million on augmentation projects is due to under-spending on GLeWAP Mopani District (the delay with construction activities, delay in manufacturing of special pipes and the environmental authorisation issues) and Nandoni Nsami (work on site was suspended with instruction from National Treasury) and decision to fund ministerial water intervention project from Main Account. The under spending on other projects is due to delay in appointment of pool of civil contractors. The entity has since finalised the appointment of contractors.

2016	2015
R'000	R'000

22 Financial instruments**Carrying amounts per category**

The total carrying values of the various categories of financial assets and financial liabilities at the reporting date are as follows:

Financial assets at fair value

Cash and cash equivalents	42 948	1 545 868
Financial assets at amortised cost		
Receivables from exchange transactions	6 204 205	5 663 916

Total financial assets

6 247 153	7 209 784

Financial liabilities at amortised cost

Payables from exchange transactions	997 477	1 254 247
Other financial liabilities	25 809 034	26 715 336

Total financial liabilities

26 806 511	27 969 583

Net losses included in the statement of financial performance on amortised receivables

878 858	925 385

Exposure to continuously changing market conditions has highlighted the importance of financial risk management as an element of control for the WTE. The WTE finances its operations primarily from cash receipts from customers and augmentation income received from the government. There are primarily two financial risks that the WTE faces namely credit and interest rate risk.

Interest rate risk exposure

The WTE has an obligation to settle the cost incurred by TCTA for the construction of infrastructure on its behalf. Due to the long term nature of these projects, the WTE is exposed to changes in the interest rates relating to these borrowings as the amounts to settle its obligation to the TCTA is dependent on the interest rates. The effective interest rate for the current period amounted to 8% (2015:8%). Finance leases are discounted at the interest rates implicit in the lease and do not expose the WTE to any further risk as the rates are fixed for the term of the lease.

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The short term payables expose the WTE to a very limited risk of losses as a result of fluctuations in interest rates. The WTE endeavours to comply with the PFMA requirements to settle its debt within 30 days of receipt of an invoice.

Credit risk exposure

Receivables and prepayments

Potential areas of credit risk consist of trade accounts receivable and cash investments.

Accounts receivable consists mainly of government owned institutions and government owned entities.

The WTE monitors the ageing of debtors on an on-going basis and engages their customers where there is an indication of possible problems with regard to recovery from customers. Provision is made for specific bad debts and at the end of the financial year management did not consider there to be any material credit risk exposure that was not already covered by the impairment provision.

Cash and cash equivalents

Cash investments are investments made by the entity with the South African Reserve Bank and credit risk is considered to be acceptably low. Short-term deposits are held in the Corporation for Public Deposits (CPD) as required by the Treasury Regulations.

	2016 R'000	2015 R'000
<i>Maximum credit risk exposure</i>		
Cash and cash equivalents	42 788	1 545 763
Receivables	6 204 205	5 663 916
	6 246 993	7 209 679
 % of total financial assets	 100,0%	 100,0%

Liquidity risk

The WTE is exposed to liquidity risk with regards to the amounts owed to contract creditors and sudden increases in pumping cost expenses. The WTE manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in short term deposits.

	2016 R'000	2015 R'000
Contractual maturities of non-derivative financial liabilities are:		
Due within 30 days	691 404	716 109
Later than one month but not later than 12 months	1 309 759	1 356 559
Later than one year but not later than 5 years	10 035 461	10 394 045
Later than 5 years	14 983 766	15 519 161

The amounts to be paid within 30 days relate mainly to trade and other payables. Amounts due after 30 days include payments due to TCTA that are measured at amortised cost. These payments may vary for certain projects as they are based on actual water sales and are subject to change due to changes in the interest rates. TCTA has various loans with commercial banks that exposes the WTE to liquidity risk.

23 Related party transactions**23.1 Related party relationships and control**

The WTE is controlled through the Department of Water & Sanitation at National Government level.

As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.

2016	2015
R'000	R'000

23.2 Related party transactions and outstanding balances**23.2.1 Department of Water & Sanitation**

Revenue from non-exchange transactions	1 522 038	2 399 258

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

The Department of Water and Sanitation incurred some operating expenditure on behalf of the WTE which include, but is not limited to, rent for office space, internal audit cost, IT cost and other administrative costs (including cost related to the business restructuring process). A reliable estimate cannot be made for these services rendered.

23.2.2 Water Research Commission

Revenue from exchange transactions	2 300	6 334
Outstanding balances (Receivables)	115 764	25 328
WRL payment	108 714	81 316

Water Research Commission and WTE both report to the Minister of Water and Sanitation. WTE performs the billing and collection of revenue on behalf of Water Research Commission (i.e. Agent-Principal Relationship).

2016	2015
R'000	R'000

23.2.3 Trans-Caledon Tunnel Authority (TCTA)

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The following transactions were carried out with TCTA:

Construction activities	2 506 830	857 986
Finance cost	420 985	2 152 559
Management and facility fees	653 731	797 185
Outstanding balances - amount due to TCTA	25 809 034	26 715 336
Prepayment in terms of construction contract	1 740 970	996 014

TCTA is constructing assets on behalf of the WTE on a full cost recovery basis.

23.2.4 Eskom

The following disclosable items were carried out with Eskom:

Revenue	1 062 476	1 014 600
Outstanding balances	(11 753)	87 443
Payment for electricity	406 269	345 312

The amounts billed for the above revenue received from Eskom is based on the actual operations and maintenance cost incurred and not the budgeted operations and maintenance cost included in the water tariffs applicable to other users.

23.2.5 Rand Water

The following disclosable items were carried out with Rand Water:

Sale of water services		
Revenue	4 156 537	3 723 361
Finance revenue (discounting)	33 169	27 925
Gross amount billed	4 189 706	3 751 286
Outstanding balances	758 486	736 508
Gross amount due	764 539	742 074
Less: Effect of discounting	(6 053)	(5 566)
Project cost payment	541 324	115 570

Rand Water (a Water Board) and WTE both report to the Minister of Water and Sanitation. Rand Water receives 60 days to pay for water related services instead of the normal 30 days.

2016	2015
R'000	R'000

23.2.6 Inkomati Catchment Management Agency

The following disclosable items were carried out with Inkomati Catchment Management Agency:

Water Management area revenue collected and paid	76 790	57 121

Inkomati Catchment Management Agency and WTE both report to the Minister of Water and Sanitation. WTE performs the billing and collection of revenue on behalf of Inkomati Catchment Management Agency (i.e. Agent-Principal Relationship).

23.2.7 Entities under control of the Minister of Water and Sanitation

The following Water Boards and Agency are under the common control of the Minister of Water and Sanitation. WTE bills the Water Boards under arm's length transactions in order to recover water infrastructure related charges:

Amatola Water Board
 Bloem Water Board
 Botshelo Water Board
 Bushbuckridge Water Board
 Lepelle Northern Water Board
 Magalies Water Board
 Mhlathuze Water Board
 Overberg Water Board
 Rand Water Board
 Umgeni Water Board
 Sedibeng Water Board
 Pella Drift Water Board

Breede-Overberg Catchment Management Agency (BOCMA)

Komati Basin Water Authority (KOBWA) - Is managed by the treaty between the South African Government and the Swaziland Government. The treaty resulted in KOBWA constructing Maguga and Driekoppies Dam. WTE owns Driekoppies Dam which was built through the finances raised by KOBWA on behalf of DWS.

23.3 Key management personnel remuneration

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.

March 2016	Basic salary	Performance related payments	Other short term employee benefits	Post-employment benefits	Total
R'000					

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Ms Mathe ZY - Deputy Director General	761	-	485	97	1 343
Mr Smith FJ - Chief Director	1 013	-	395	131	1 540
Mr Swart HJ - Construction Manager	1 012	-	344	131	1 487
Mr Van der Westhuizen WG - Chief Director	-	-	-	-	-
Mr Mofokeng MJ - Chief Financial Officer	761	-	429	99	1 289
Mr Manus LAV - Chief Director	635	-	395	81	1 110
Mr Williams MR - Chief Director	-	-	-	-	-
Mr Mudau TN - Chief Director	626	-	378	80	1 083
Mr Nel P - Chief Director	730	-	253	95	1 077
Mrs Nkomo RM - Chief Director	710	-	377	90	1 177
Mrs Mkhabela GV - Chief Director	730	-	218	95	1 042
	6 977	-	3 274	899	11 150

March 2015 R'000	Basic salary	Performance related payments	Other short term employee benefits	Post-employment benefits	Total
Ms Mathe ZY - Deputy Director General	726	-	432	94	1 252
Mr Smith FJ - Chief Director	937	-	280	122	1 338
Mr Swart HJ - Construction Manager	916	122	274	119	1 431
Mr Van der Westhuizen WG - Chief Director	699	29	209	849	1 786
Mr Mofokeng MJ - Chief Financial Officer	721	-	410	94	1 225
Mr Manus LAV - Chief Director	602	-	323	78	1 003
Mr Williams MR - Chief Director	510	-	199	234	943
Mr Mudau TN - Chief Director	599	45	334	78	1 055
Mr Nel P - Chief Director	692	-	197	90	979
Mrs Nkomo RM - Chief Director	692	-	186	90	968
Mrs Mkhabela GV - Chief Director	576	-	186	75	837
	7 668	196	3 028	1 923	12 816

Key management personnel remunerated through Department of Water & Sanitation - Main account

The following officials are also considered to be key management personnel. These officials are paid by the Department of Water & Sanitation - Main account.

Official

Ms Diedricks M, Director-General

Mr Maphanga M, Chief Director

	2016 R'000	2015 R'000
24 Capital commitments		

Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.	2 922 064	1 302 378

The amounts disclosed above for capital commitments exclude VAT.

	2016 R'000	2015 R'000
25 Operating lease commitments		

The Water Trading Entity leases various residential buildings, Office Spaces and piece(s) of Land under operating lease agreements and instalments are payable monthly in advance. The instalments are payable over periods varying between 12 and 24 months. The entity is sub-letting these residential buildings to its various employees at a monthly rental.

The future minimum lease rentals to be paid under non-cancellable and cancellable operating lease contracts as at 31 March 2016 are as follows:

Residential Buildings:	15 989	12 585
Due within 1 year	15 725	12 280
Due later than 1 year but less than 5 years	264	305
Office administration Buildings :	806	79
Due within 1 year	806	79
Due later than 1 year but less than 5 years	-	-
Land:	-	171
Due within 1 year	-	141
Due later than 1 year but less than 5 years	-	30
Total minimum lease payments	16 795	12 836

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26 Contingent liabilities		2016	2015
		R'000	R'000
26.1 Claims against the State			
Legal claims			
26.1.1	Eigenbau Pty Ltd vs Minister of Water and Sanitation	2 244	-
26.1.2	Nasiza Trading CC/DWS	1 570	-
26.1.3	MICS Empowerment Group/DWS CASE NO. 56544/2013	1 509	-
26.1.4	JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd	1 006	1 006
26.1.5	Group Five Construction (Pty) Ltd vs. Minister of Water Affairs and Forestry	-	54 670
26.1.6	Thsiswise Lufuno vs. Department of Water and Sanitation	-	10 000
26.1.7	S H Mkansi vs. Department of Water and Sanitation	1 767	1 767
26.1.8	JJ Schutte vs. The Minister of Water Affairs and Forestry	1 100	1 100
26.1.9	WJ Scheepers vs. DWA	2 124	2 124
26.1.10	Landekamp Boerdery vs. DWA	2 703	2 703
26.1.11	FM Du Plessis vs. DWA	1 322	1 322
26.1.12	Neethling N.O. and Others vs. Department of Water and Sanitation	16 647	16 647
26.1.13	Thabani Zulu and Company (Pty) Ltd vs. Minister of Water Affairs	2 220	2 220
26.1.14	Kwinana & Associates vs. DWS	1 158	1 158
26.1.15	Limpopo Travel Agency/DWA	5 000	5 000
26.1.16	VW Tengwa/DWA	2 765	2 765
	Other claims against the state	3 252	3 143
		46 387	105 625

Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R46,387 million excluding interest of approximately R7,189 million at 15.5%.

The WTE have legal claims against several companies of which the outcome is still uncertain and the summary of nature of the above cases is as follows :

- 26.1.1 Eigenbau Pty Ltd vs. Minister of Water and Sanitation - the applicant has made an application in court with a claim that the department had short paid the applicant.

- 26.1.2 Nasiza Trading CC/DWS a claim is in respect of goods allegedly supplied and delivered to the DWS by the plaintiff. The DWS denies having ordered and received the alleged goods and our investigations revealed that this is a scam using the Department's name.
- 26.1.3 MICS Empowerment Group/DWS CASE NO. 56544/2013 brought an application to join against the DWS to legal proceeding instituted against Vhembe MD for breach of contract.
- 26.1.4 JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd where the Plaintiff sues both Defendants (RBF Engineering and the Department) for services rendered in terms of a contract for the supply, manufacture, delivery, installation, testing and commissioning by the Plaintiff and RBF of MV and LV Electrical installation for Tugela-Mhlathuze Emergency Transfer following a tender process.
- 26.1.5 Group Five Construction (Pty) Ltd vs. Minister of Water Affairs and Forestry summons issued against the Department arising from non-payment of fees for services rendered.
- 26.1.6 Thsiswise Lufuno vs. DWS - a claim against the Department for negligence as a result of an open pit fall by a minor child at Luvuvhu River Government Water Scheme.
- 26.1.7 SH Mkansi vs. Department of Water and Sanitation matter relates to a motor vehicle collision belonging to Construction North, Giyani, Limpopo Province.
- 26.1.8 JJ Schutte vs. The Minister of Water Affairs and Forestry - the Plaintiff instituted summons against the Department for damages suffered by the minor who was utilising the play facility at "Waterwese Kamp", the property allegedly in control of the Department. The Minor fell from the swing and body injuries.
- 26.1.9 WJ Scheepers vs. DWA where the plaintiff together with six other plaintiffs instituted separate civil action against the department claiming damages for loss of profit emanating from the department's failure to supply water to them in terms of the Koppiesdam water canal scheme.
- 26.1.10 Landekamp Boerdery vs. DWA where the facts are same as in WJ Scheepers case under 26.1.9 above.
- 26.1.11 FM Du Plessis vs. DWA where the facts are same as in WJ Scheepers case under 26.1.9 above.
- 26.1.12 Neethling N.O. and Others vs. Department of Water and Sanitation. The Department has been joined as 3rd party. The claim relates to misrepresentation of water rights and the 1st & 2nd respondents have conceded to the merits of the case. Matter postponed for the settling of the quantum.
- 26.1.13 Thabani Zulu and Company (Pty) Ltd vs. Minister of Water Affairs The Plaintiff claims an amount of R2 220 776.25 being fees for professional service rendered in the KZN region by identifying and verifying the Department's debtors in the WARM and SAP Financial Management System.
- 26.1.14 Kwinana & Associates vs. DWS summons issued against the Department for failure to pay for service rendered in terms of contract to provide a compendium of accounting services to effect financial turnaround for the Revenue Collection sub-directorate.
- 26.1.15 Limpopo Travel Agency/ DWA summons issued against the Department for rental of motor vehicles by 5 officials purported to be employed by the Department.

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- 26.1.16 VW Tengwa /DWA Labour Matter - made an application for review and setting aside of the ruling of the Arbitrator in the Commission for Conciliation, Mediation and Arbitration (CCMA)

26.2 Guarantees

	2016	2015
	R'000	R'000
The WTE has issued guarantees in favour of various financial institutions to support employees to obtain loans for housing. To date the WTE has not been called to honour any of these obligations. No loss is expected to materialise in respect of these guarantees in the foreseeable future.	109	109

27 Contingent Assets

Legal claims

Department of Water Affairs and Forestry vs. A.P.S. South Africa (Pty) Ltd	6 971	6 971
The Minister of Water and Environmental Affairs vs. Flowtite Vectus (PTY) Ltd	178 231	178 231
Department of Water vs. T-Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane	2 843	2 843
Department of Water and Sanitation vs. Metric Industrial Supplies CC	30 000	30 000
Department of Water and Sanitation vs. EVN Consulting (Pty) Ltd	-	100 000
	218 381	318 381

The WTE have legal claims against several companies of which the outcome is still uncertain :

- 27.1 Department of Water Affairs and Forestry vs. A.P.S.South Africa (Pty) Ltd - breach of contract due to delivery of defective supplies.
- 27.2 The Minister of Water and Environmental Affairs vs. Flowtite Vectus (PTY) Ltd - breach of contract due to delivery of defective supplies.
- 27.3 Department of Water vs. T-Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane - relates to fraud committed by Mr. Bokhutlo Senokwane against the Department whilst under the employment of DWS contractor (T-Systems (Pty) Ltd).
- 27.4 Department issued summons arising from fraudulent invoices in which the Dependant was paid money for services it did not render.
- 27.5 The Department issued summons against EVN Consulting (Pty) Ltd for professional negligence as a result of them failing to supervise the installation and backfilling of the Dwarsloop - Acornhoed Pipeline.

28 Irregular expenditure	2016	2015
	R'000	R'000
28.1 Reconciliation		
Opening balance	655 324	653 753
Add: Irregular expenditure - current year	54 566	4 151
Less: Irregular expenditure - prior year	(384 015)	-
Less: Amounts condoned	-	(2 580)
	325 875	655 324
Less: Amounts recoverable (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Irregular expenditure awaiting condonation	325 875	655 324
Analysis of expenditure awaiting condonation per age classification		
Current year	54 566	4 151
Prior years	271 309	651 173
Total	325 875	655 324

- 28.2 Amounts previously disclosed and classified as irregular expenditure which over stated the irregular expenditure reported during the financial years that ended in 2011 and 2012. The external auditors have revisited the disclosed population and revised their conclusion of some of the transactions to no longer being irregular in nature. This revised conclusion indicates that variation orders with the total value of R384 015 666 were in fact neither irregular expenditure nor non-compliance with the laws and regulations.

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28.3 Details of Irregular Expenditure

	2016	2015
	R'000	R'000
Incident		
Procurement of goods and services was deliberately split into parts or items of smaller value merely to avoid complying with the requirements of the SCM policy and legislation.	0	955
The final decision on the acceptance of quotations was not done by a properly delegated official or committee.	0	270
Goods or services of a transaction value of more than R2 000 were procured without inviting at least three written price quotations from prospective suppliers and the deviation was not approved by delegated person.	0	549
Deviations from competitive bidding were approved on the basis of the goods and services only being produced by, or available from, a sole service supplier even though other suitable suppliers were available on the market.	0	30
Correct SCM processes and procedures not adhered to. Payment may only be made in terms of a valid contract to a duly authorised payee. Incorrect authorisation of transactions (delegations not complied with).	1	1 392
Expenditure exceeding original excess of the approved contract or quoted amount or no contract in place	97	9
Lowest quotation not selected and no motivation provided	0	96
Contracts awarded without original tax clearance certificates or tax clearance certificates expired	0	476
The method of procurement is inconsistent with those prescribed in terms of PN 8 of 2007/2008. Goods or services of a transaction value of R10 000 to R500 000 were procured without inviting at least three written price quotations from prospective suppliers and the deviation was not approved by delegated person.	241	135
Goods and service were rendered by the supplier and paid for without a valid written signed contract.	778	239
Goods and services with a transaction value above R500 000 were not procured by means of a competitive bidding process and the deviation was not approved by the accounting officer or his delegate in accordance with the SCM policy.	792	-
No current contract in place - RBAC submission was send through to DBAC for approval - Critical Service pertaining to Water Testing.	7	-
Contract extended without proper delegation	18 686	-
Advanced payment was done whereas provision was not made for such in the conditions of contract. Officials did not have delegations to approve payments.	30 655	-
Suppliers to whom awards were made did not submit declarations to declare that a close family member/ partner/ associate of the supplier or of a director/ member/ principal shareholder/ stakeholder of the supplier is in the service of the institution.	532	-
Contracts awarded to supplier who should have been disqualified	360	-
Awards to bidders who did not meet all the specification requirements	1 988	-
Unfair elimination of bidder	429	-
	54 566	4 151

28.4 Details of Irregular Expenditure condoned

	2016	2015
Incident	R'000	R'000
Non-compliance with Treasury Regulation for the procurement in excess of R500 000,00	-	2 580
	<u>-</u>	<u>2 580</u>

29 Fruitless and Wasteful Expenditure

	2016	2015
Incident	R'000	R'000
Interest expenditure incurred on overdue accounts paid to Eskom, municipalities, etc.	1 217	581
	<u>1 217</u>	<u>581</u>

Possible fruitless and wasteful expenditure with regards to the procurement of inferior quality pipes was identified during the reporting period. This possible fruitless and wasteful expenditure relates to a project which originated in 2007 for the installation of glass-reinforced thermosetting plastics (GRP) pipes from Nandoni Dam to Thohoyandou, which was installed and subsequently removed. Corrective action has been taken by management since 2009 to recover this possible fruitless and wasteful expenditure. On 5 May 2010, the Minister of Water and Sanitation sued the two companies for damages and expenses incurred in installing and removing the inferior quality pipes. As at reporting date, the legal process is still underway. The possible fruitless and wasteful expenditure will thus be quantified and disclosed once the legal process has been concluded.

30 Adjustments from prior periods error

During the year the WTE has discovered various omissions that relate to prior years. These omissions represent prior period accounting errors which in terms of GRAP standard must be accounted for retrospectively in the WTE Annual financial statements for the year that ended 31 March 2016. As a result of these errors WTE has adjusted all affected comparative amounts presented in the current period's Annual Financial Statements as affected by these prior year accounting errors.

The nature of the prior period errors mainly relate to the following items:

Employee benefit costs - for payments made in 2015/16 in relation to 2014/15 activities not accrued for.

Finance cost - due to the interest paid for finance leases.

Operating expenditure for payments made in 2015/16 in relation to 2014/15 activities not accrued for.

Revenue from exchange transactions- due to reversal of billing that happen after closure and new contract with prior start date not yet billed. In addition there were existing contract that billed in 2015/16 in relation to 2014/15 and 2013/14, activities not accrued for.

Finance leases - attributed to lease assets take-on.

	2015	2 014
	R'000	R'000
The impact of these errors is summarised below and the details are as follows:		
Increase/(Decrease) in assets	(216 684)	86 528
(Increase)/Decrease in liabilities	(105 811)	(104 231)
Increase/(Decrease) in net assets	(322 495)	(17 704)
Represented by:		
(Increase)/Decrease in accumulated surplus:		
(Increase)/Decrease in revenue	(4 216)	(712 855)
Increase/(Decrease) in expenses	326 711	730 559
Effect on surplus/deficit	322 495	17 704
Effect on opening reserves	17 704	-
	340 199	17 704

30.1 The following is the summary of corrections made in prior years to correct errors discovered to ensure completeness and accuracy:

	2015	2 014
	R'000	R'000
Accumulated surplus/deficit	-	417 376
Other financial liabilities: current	(332)	-
Other financial liabilities: non-current	332	-
Payables from exchange transactions: current	(105 811)	(104 231)
Property, plant and equipment	(220 900)	(368 770)
Receivables from exchange transactions_current	4 215	37 922
	(322 495)	(17 704)
Depreciation, amortisation and impairment	(44 468)	6 060
Employee benefit costs	830	-
Finance cost	168 653	320 464
Operating expenditure	172 933	624 113
Revenue from exchange transactions	(4 216)	(117 862)
Revenue from non-exchange transactions	-	(594 993)
Profit/Loss on disposal of fixed assets	28 762	(220 078)
	322 495	17 704
Effect on opening reserves	17 704	-
	340 199	17 704

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