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## REPORT OF THE DEPARTMENT OF WATER AFFAIRS AND FORESTRY

**1 APRIL 2008 TO 31 MARCH 2009**

**To the Minister of Water Affairs and Forestry**

It is my pleasure to present this report on the work of the Department of Water Affairs and Forestry for the financial year ended 31 March 2009.

**Ms N Ngele**  
**Acting Director-General: Water Affairs**



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## • PART ONE: GENERAL INFORMATION



### 1.1 INTRODUCTION BY THE ACCOUNTING OFFICER

The Department had, during the year under review, continued with the implementation of various interventions aimed at contributing to the alleviation of poverty, which is one of the main priorities of the previous administration. In line with the government's Apex of priorities, a set of Department's specific priorities that were informed by the Medium-Term Strategic Framework made a commendable progress with regard to the improvement of the lives of people.

On behalf of the Department, I am very pleased to indicate that we indeed made tremendous progress against our priorities and hereunder present a summary of key highlights:

#### (a) Governance, organisation and transformation

Key highlights in this priority relates to the development of various strategies, policies and plans relating to human resource matters, information services and broad based black economic empowerment.

As part of the government's transformation agenda of empowering women, we were able to launch a women's organisation which is aimed at participating in the areas of water and forestry.

Continuous monitoring and oversight was effectively performed to ensure that our public entities comply with the legislative and regulatory requirement at all times.

The Department embarked on a transformation journey whose main outcomes are to re-engineer business processes and introduce systems that will lead to efficiency gains. One of the main deliverables achieved during the reporting period had been the review of the organisational structure, which was approved by the

Minister and forwarded to the Department of Public Service and Administration for consideration in line with the Public Service Regulation, 2001 as amended. Furthermore, a new vision, mission and set of values were developed to ensure alignment to the Department's legislative mandate.

#### (b) Water services

Substantial progress has been made by the water sector in providing universal access to water and sanitation services in South Africa. Access to basic water services has increased from 59 percent in April 1994 to 96 percent at the end of March 2009. Similarly, access to basic sanitation services increased from 49 percent to 75 percent. Although backlogs in water and sanitation services were supposed to have been eradicated by 2008 and 2010 respectively, a 2008 Cabinet decision aligned the provision of universal access to water and sanitation with the provision of housing and other basic services. The new target of ensuring universal access to basic services and housing is 2014.

As part of improving our water management function, the Department launched the Water for Growth and Development Framework, aimed at centralising decision making and planning with regard to water; introducing a diversified water mix; introducing water savings targets for users; and anchoring public awareness and behaviour as core to water security.

#### (c) Water resources management

Water resources infrastructure were developed, operated and maintained in a manner that takes into account enterprise-wide risk management, improved asset maintenance and management programmes; and enhancement of



revenue management. Much work has already been done on water resources infrastructure including construction of new infrastructure to increase capacity for water security and availability.

In addition, the Department developed strategies to deal with Public-Private Partnerships (PPP), which would be implemented to promote Accelerated and Shared Growth Initiative for South Africa (ASGISA) objectives. As part of the implementation of the framework on Water for Growth and Development, the Department will explore the conversion of single purpose dams to multi-use dams to accelerate access to water services by communities residing near those dams.

Through the Dam Safety Rehabilitation Project, water resources infrastructure were rehabilitated and refurbished to international standards to ensure improved service delivery.

#### **(d) Forestry**

Key highlights in this priority relates to the development of the Forest Sector BBBEE Charter that was approved by the Minister. The Charter seeking to broaden participation in the sector for economic growth and to better represent the demographics of the country; and led to the establishment of the Forestry Sector Charter Council.

The National Afforestation Programme, in response to the need to expand the timber resource to minimise timber imports and to optimise enterprise development opportunities in the Timber Production and Processing Sector, was developed and is expected to create about 7 500 direct jobs (timber growing) and 45 000 indirect jobs (timber processing) thereby contributing to the Accelerated and Shared Growth Initiatives' objective to halve unemployment and poverty by 2014.

With regard to the greening function a strategy to broaden the scope and to cover the planting of fruit trees and indigenous trees with communities, public institutions and other government departments was developed. Moreover, the Million Trees Programme has resulted in the planning of 1,850 million trees (fruit trees and ornamental indigenous species) nationally. This was achieved through collaboration between the Departments and other organisations.

#### **(e) Infrastructure provision and management**

Under this priority, focus was mainly on the implementation of the infrastructure programme which comprises; construction, upgrading and rehabilitation of dams, water treatment plans, substations, bulk distribution and regional water schemes. The majority of these projects are nearing completion stage and few at 50% completion stage.



#### **(f) Improve financial management processes and systems**

Under this priority, focus was on ensuring that the Department worked towards achieving an unqualified audit opinion from the Auditor-General. Key milestones achieved relates to the addition of capacity through the appointment of senior management officials in the Finance Branch to ensure the provision of effective leadership and management. Such appointments were effected at head office and various regional offices of the Department. Furthermore, implementation of the financial management plan result in the reduction of the number of adverse audit queries raised by independent auditors.

#### **(g) Organisational systems and functioning**

The Department focused on the improvement of internal business processes and systems under this priority to ensure that services are delivered in an effective and efficient manner. Key achievements relate to provision of various training interventions to the internal staff, attracting young graduates through the





internship and learnership programmes as well as providing financial assistance to serving officials and prospective officials, in the form of bursaries, to undertake studies in the critical fields that address the core needs of the Department. Moreover, various policies were finalised and implemented to ensure compliance with the legislative and regulatory frameworks.

#### **(h) International co-operation and relations**

The Department participated in various bi-lateral and multi-lateral forums at regional and international levels aimed at sharing best practices related to the management water issues. A number of Memoranda of Understanding were signed with neighbouring countries such as Botswana, Mozambique and Lesotho in an attempt to strengthen relations. Furthermore, the Department also participated in the African Union and NEPAD structures and South-South relations in Water and Forestry issues.

### **Conclusion**

Notwithstanding the challenges that were encountered during the course of implementing the strategic plan, I can confidently confirm that the milestones reported above are an indication that we indeed contributed to the betterment of the people's lives. Furthermore, the Department's tireless effects were rewarded with an unqualified audit opinion by the Auditor-General, an achievement that was not realised in the past four years.

My sincere appreciation goes to the former Minister of Water Affairs and Forestry for her courageous leadership and guidance, members of top management and all officials of the Department for their support and dedication and commitment in ensuring the effective and efficient implementation of the strategic plan. The support received from the oversight committees and the Office of the Auditor-General throughout the year cannot be underestimated as it assisted the Department to improve its way of doing things.



**Ms N Ngele**  
**Acting Director-General: Water Affairs**



## 1.2. INFORMATION ON THE MINISTRY

The Minister of Water Affairs and Forestry has executive authority over 15 water boards; the Water Research Commission (WRC); the Trans-Caledon Tunnel Authority (TCTA); the irrigation boards (IBs); water user associations (WUAs); and catchment management agencies (CMAs).

### 1.2.1. Bills tabled in Parliament

Only one Bill, the South African National Water Resources Infrastructure Agency was tabled in Parliament but referred back to the Department for further consultation.

### 1.2.2. Cabinet Memoranda submitted

The following cabinet memoranda were submitted during the reporting period:

- (a) Report on progress with the provision of Free Basic Services (FBS) (water, sanitation, electricity and refuse removal);
- (b) Re-commissioning of plantation forestry areas located on State forest land in the Western Cape destined for exit and conversion into other land use;
- (c) South Africa has expressed interest in hosting the 6<sup>th</sup> World Water Forum in 2012;
- (d) Alienation of the Vaal-Gamagara government water scheme to Sedibeng Water Board;
- (e) Water security and the perceived water crisis in South Africa;
- (f) Strategic interventions to ensure the water security of Gauteng and the rest of the Vaal river supply area;
- (g) Alienation of water services works/assets from the Department of Water Affairs and Forestry to the Thembisile Local Municipality;

- (h) Alienation of water services works/assets from the Department of Water Affairs and Forestry to the Sekhukhune District Municipality; and
- (i) Alienation of water services works/assets from the Department of Water Affairs and Forestry to the Mbombela Local Municipality.

**Table 1: International visits**

Destination	Purpose	Date
Swaziland	Accompany the President	23 <sup>rd</sup> and 24 <sup>th</sup> April
New York, USA	CSD 16	13 <sup>th</sup> – 16 <sup>th</sup> May
Singapore	Singapore International Water Week 2008 (attend)	22 <sup>nd</sup> & 23 <sup>rd</sup> June
Manila, Philippines	International symposium: Women, Water and Waste (Deliver Keynote address)	24 <sup>th</sup> – 27 <sup>th</sup> June
Egypt	11 Session of the AU 11 <sup>th</sup>	30 June to 01 July
Zaragoza, Spain	Visit the DWAF stand and attend the EXBO	Between 14 June and 14 September
Stockholm, Sweden	World Water Week	17 <sup>th</sup> – 22 <sup>nd</sup> August
Lesotho	Bilateral and visit Mohale / Khatse Dams	19 to 20 July 2009
Botswana	Signing of Cross border agreement	18 July 2009
SADC Minister's of Water	Tanzania, Mwanza	04 to 07 November 2008

## 1.3 STRATEGIC OVERVIEW

### 1.3.1 VISION

A country that uses water and forests productively and in a sustainable manner for social and economic activities, in a manner that promotes growth, development and prosperity of all people to achieve social justice and equity.

### 1.3.2 MISSION

**As sector leader, the mission of DWAF is to serve the people of South Africa by:**

- guiding, leading, developing legislative framework, regulating and controlling the water and forestry sectors; conserving, managing and developing the water resources and forests in a scientific and environmentally sustainable manner in order to meet the social and economic needs of South Africa, both now and in the future;
- ensuring that water services are provided to all South Africans in an efficient, cost effective and sustainable way;
- managing and sustaining the forests, using the best scientific practice in a participatory and sustainable manner;
- educating the people of South Africa in ways to manage, conserve and sustain the water and forest resources;
- cooperating with all spheres of government, in order to achieve the best and most integrated development in the country and region; and
- creating the best possible opportunities for employment, the eradication of poverty and the promotion of equity, social development and democratic governance.

### 1.3.3 VALUES

**The values of the Department were as follows:**

As public servants, the Department's skills will at all times be used for the benefit of the people and for the reconstruction and development of the country in the spirit of Batho Pele (People First);

As management, it is the Department's responsibility and aim to provide high-quality, transformational leadership and a disciplined work ethic and to promote a working culture for motivated, accountable and committed teamwork;

As citizens of the African continent, the Department is dedicated to long-term, integrated regional security and cooperation and also to the spirit of the African Renaissance; and

The Department's working environment is governed by the principles of representation, equality, mutual respect and human development.

## 1.4 LEGISLATIVE MANDATE

The Department derives its mandate from various legislative and policy frameworks that are discussed below:

### 1.4.1 Water Research Act, 1971 (Act No. 34 of 1971)

The objective of the Act is to provide for the promotion of research in connection with Water Affairs and for that purpose, to establish the Water Research Commission and Water Research Fund with which the Minister of Water Affairs and Forestry appoints board members and exercise executive oversight.







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

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

#### **1.4.3 Water Services Act, 1997 (Act No. 108 of 1997)**

The objective of the Act is to provide for the rights of access to basic water supply and basic sanitation by setting national standards and norms. Section 156, read in conjunction with Part B of Schedule 4 of the Constitution of the Republic of South Africa (Act 108 of 1996) vests the executive authority and responsibility to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. It also has the authority to see to the effective performance by municipalities of their functions in matters listed in Schedules 4 and 5 of the Constitution, by regulating the exercise by municipalities of their executive authority. The Water Services Act gives substance to these constitutional requirements.

#### **1.4.4 National Forests Act, 1998 (Act No. 84 of 1998)**

The objectives of the Act are to promote the sustainable management and development of forests for the benefit of all; the promotion of sustainable use of forests; the promotion of community forestry; the creation of the conditions necessary to restructure forestry in State forests; the provision of special measures for the protection of forests and trees; and the promotion of greater participation in all aspects of forestry and the forest products industry by historically disadvantaged persons. To balance the protection of forests

with sustainable use, the Act regulates a wide range of users and sets out the right of everyone to have a reasonable right of access to State forests for non-consumptive purposes, such as recreation. The rights to the use, management, control and operation of State forests and the produce in them vested in the Minister of Water Affairs and Forestry regulated by the Department through the Act.

#### **1.4.5 National Veld and Forest Fire Act, 1998 (Act No. 101 of 1998)**

The objective of the Act is to prevent and combat veld, forest and mountain fires throughout the country and thereby limit and reduce the damage and losses caused by fires to life, fixed property, infrastructure, movable property, stock, crops, fauna and flora and veld in South Africa. The Act provides for a variety of institutions, methods and practices to prevent and combat fires. In this regard it places responsibilities on landowners to form Fire Protection Associations to prevent, manage and extinguish veldfires. The Minister of Water Affairs and Forestry must prepare and maintain a fire danger rating system for the country in consultation with the South African Weather Service to enable the Minister to prohibit the lighting of fires in the open air when the fire danger is high. The Department must also keep a record of fires and develop a database to capture the statistics of fires and their impact on society.

### **1.5 PUBLIC ENTITIES REPORTING TO THE MINISTER**

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



### 1.5.1 Catchment Management Agencies

Catchment Management Agencies (CMAs) are established in terms of Chapter 7 of the National Water Act, 1998 (Act No.36 of 1998) and are classified as Schedule 3A public entities in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended). Their main responsibility is to manage water resources at catchment level in collaboration with local stakeholders, which specific focus on involving local communities in the decision-making processes, in terms of meeting basic human needs; promoting equitable access to water and facilitating social and economic development. Department had during the year under review established eight CMAs which are: Inkomati; Crocodile; Marico; Mvoti; Thukela; Usuthu to Mhlathuze; Breede; Olifants and Gouritz.

### 1.5.2 Trans-Caledon Tunnel Authority

The TCTA was established in terms of the National Water Act, 1998 (Act No.36 of 1998) by the Minister of Water Affairs and Forestry as is listed as an Schedule 2 public entity in terms of the Public Finance Management Act,1999 (Act No. 1 of 1999 as amended). It is responsible for the development of for bulk raw water infrastructure and also provides an integrated treasury management and financial advisory services to Water Boards. Some of the mega projects that TCTA is responsible for are: Lesotho Highlands Water Project (LHWP); Berg Water Project (BWP); and Vaal River Eastern Sub-system Augmentation Project (VRESAP).

### 1.5.3. Water Research Commission (WRC)

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

### 1.5.4 Water boards

Water boards are established in terms of the Water Services Act, 1997 (Act No. 108 of 1997), as organs of State. The primary activity of water boards is to provide water services to other water services institutions within their respective service areas. They may perform other activities under certain conditions set out in Section 30 of the WSA.

The water boards are regulated by the Minister in terms of both the Water Services Act, 1997 (Act No. 108 of 1997) and the Public Management Act, 1999 (Act No. 1 of 1999 as amended). Water boards submit, on an annual basis, shareholder's compacts (business plans) and policy statements a month before the beginning of the new financial year to the Minister. In as far as business plans are concerned, the Minister may direct water boards to change these in order to meet all the requirements of the WSA.

**Table 2: List of water boards reporting to the Department**

No.	Name	No.	Name
1	Albany Coast Water	9	Mhlathuze Water
2	Amatola Water	10	Namakwa Water
3	Bloem Water	11	Overberg Water
4	Botshelo Water	12	Pelladrift Water
5	Bushbuckridge Water	13	Rand Water
6	Ikangala Water <b>*(In the process of dis-establishment)</b>	14	Sedibeng Water
7	Lepelle Northern Water	15	Umgenti Water
8	Magalies Water		



## 1.6 OTHER INSTITUTIONS REPORTING TO THE MINISTER

### 1.6.1 Transforming irrigation boards

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

### 1.6.2 Smallholder water user associations

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

### 1.6.3 Multi-Sectoral WUAs

The WUAs are co-operative associations of water users established in terms of the National Water Act, 1998 (Act No. 36 of 1998), to undertake water-related

activities for the mutual benefit of all its members and also manage local water infrastructure, e.g. irrigation water supply schemes. WUAs play an important role towards the implementation of poverty alleviation and food security programmes. There are seventy six gazetted WUAs.

### 1.6.4 Forest Sector Charter Council

The Forest Sector Charter Council was appointed by the Minister in May 2008 to oversee and facilitate the implementation of the Charter. The Council consists of 19 members and the term of office for members is 3 years. The functions of the Charter Council are to:

- monitor the implementation of the Charter; provide interpretation and guidance with respect to the Charter;
- facilitate the communication and popularisation of the Charter;
- facilitate cross-industry and government negotiations to promote the application and implementation of the Charter;
- provide guidance on sector-specific matters affecting B-BBEE in entities within the Sector;
- share information with the national monitoring mechanism and approved accreditation agencies that are relevant to the Sector;
- implement programmes to ensure that sufficient independent capacity of verification agencies exist to support the Charter;
- initiate procedures to convert the Forest Charter into Sector Codes; issue guidelines for sector-specific enterprise development and socio-economic development contributions under the Scorecard;
- and investigate and review the thresholds for exempted micro enterprises.



### 1.6.5 National Forests Advisory Council

The Minister appoints the National Forests Advisory Council (NFAC) to advise the Minister on all aspects of forestry in the Republic. The Council has two permanent committees; i.e. the Committee for Sustainable Forest Management and the Committee on Forest Access. The Council presents an annual report on its activities to the Minister.



## • PART TWO: PROGRAMME PERFORMANCE

### 2 PROGRAMME PERFORMANCE

Table 3: VOTE 34

Appropriation	Main Appropriation R'000	Adjusted Appropriation R'000	Actual Expenditure R'000	% Over/ Under Expenditure
MTEF allocations, of which:				
• Current payments	3 786 771	3 101 100	312 4421	(23 321)
• Transfers and subsidies	2 834 749	3 883 168	3 355 561	527 607
• Payments for capital assets	77 756	52 348	51 589	759
• Statutory amounts				
<b>Total</b>	<b>6 699 276</b>	<b>7 036 616</b>	<b>6 531 571</b>	<b>505 045</b>
Responsible Minister	Minister of Water Affairs and Forestry			
Administering Department	Department of Water Affairs and Forestry			
Accounting Officer	Director-General of Water Affairs and Forestry			

#### 2.1 Aim of the Vote

The aim of the Vote is to ensure the availability and supply of water at national level to facilitate equitable and sustainable social and economic development; to ensure the universal and efficient supply of water services at local level; and to promote the sustainable management of forests.



## Department's priorities and strategic objectives

Table 4: Priorities and strategic objectives

Priority	Strategic objectives
1 Governance, organisation and transformation	Transformation of the state and society Economic growth, social development and poverty eradication
2 Water services	Economic growth, social development and poverty eradication
3 Water resource management	Ensuring sustainable use of the natural resource base
4 Forestry	Economic growth, social development and poverty eradication
5 Infrastructure provision and management	Economic growth, social development and poverty eradication
6 Improve financial management processes and systems	Transformation of the state and society
7 Organisational systems and functioning	Transformation of the state and society
8 International co-operation and relations	International agenda

## DESCRIPTION OF PROGRAMMES

The Department comprised four programmes which are further broken down into sub-programmes, namely: Administration, Water Resources Management, Water Services and Forestry. A detailed breakdown per programme is outlined below:

### 2.3.1 PROGRAMME 1: ADMINISTRATION

The Administration programme is divided into key sub-programmes which mainly provide corporate support services to the entire Department. The key sub-programmes are Corporate Services and Finance, which are further divided into various sub-programmes.

#### 2.3.1.1 Corporate services

##### (a) Purpose

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

##### (b) Brief description of sub-programmes

This sub-programme comprises the following:

- (i) **Human Resources** is responsible to provide human resources services and solutions which are targeted at adding value and improving business performance through people;





- (ii) **Communications** is responsible for the promotion of effective profiling of the department, public awareness, education and communicating the work of the department to the public and stakeholders;
- (iii) **Legal Services** is responsible for the provision of effective legal support to maximize the Department's pursuance of its mandate;
- (iv) **Gender and Disability** is responsible for ensuring that Departmental programmes and strategies are aligned to national gender policy;
- (v) **Administration** is responsible for the provision of a safe and secure physical environment and appropriate logistical support; and
- (vi) **Information Services** is responsible for the provision of the relevant Information Technology (IT) support and solutions and oversee the management of IT operations.

#### (c) Key highlights

Key achievements in this sub-programme relates to;

- the finalisation of the top level organisational structure which is aimed at reorganising the function of the department and achieve better delivery of services;
- the finalisation of the human resource strategy and plan will assist the Department to determine the kinds of competencies and skills required for performing functions in an effective and efficient manner;
- a human resource development strategy was finalised to enhance the skills of the work force on the other hand
- and to further develop new skills that the Department really needs in order to deliver according to its mandate;
- information services strategy and a Master system Plan were finalised to ensure that the relevant information and communication technology service is provided in line with the department's needs;

- various human resources policies were finalised to comply with the legislative requirements as well as map clear processes to be followed with regard to effectively implementing human resources matters; and
- a broad based black economic empowerment strategy was finalised to ensure that previously marginalised members of the community are brought into the mainstream and participate in the economy; and finally a women's organization was launched with intend to justify our drive to ensure that women are recognised and empowered.

#### (d) Key challenges and proposed solutions

Key challenges experienced during the reporting period relate to the unavailability of a human resource system that seeks to bring innovation and solutions to problem that are experienced within that functional area. Another critical issue was the unavailability of a document management system, which helps to minimise the misplacements of various form of records. The shortage of skills in the water sector is a high risk area in relation to the provision of effective water services and water resources management. As with many other sectors in the country requiring engineers, technicians, artisans and scientists the water sector faces major challenges in the recruitment and retention of suitably qualified staff including addressing the remuneration of the category of employees in the public service. Of particular concern is the loss of skilled civil engineering personnel from municipalities.

The crisis of skills shortage in the mission critical engineering, scientific functional areas remain a major challenge facing the department. The department has been hard pressed to compete with the private sector for talent in specific areas. This has been compounded by the massive infrastructure investment and boom in other sectors. The pressing problems of an aging technical workforce and an imbalance of skills have also made the retention of talent more complex due to demographic trends locally and globally.

### 2.3.1.2. Finance

#### (a) Purpose

The purpose of this sub-programme is to provide excellent financial management service to DWAF and its partners so that they can achieve their overall objectives economically, efficiently and effectively and simultaneously promoting good governance, accountability and sustainability.

#### (b) Brief description of sub-programmes

This sub-programme comprises the following:

- (i) **Supply chain and asset management** is responsible for the effective management of the supply chain management system, and assets as required by the PFMA, 1999 (Act No. 1 of 1999) also develop and implement policies and procedural guidelines in relation to procurement and asset management;
- (ii) **Revenue and debtors management** is responsible for the management of Water Trading Entity's revenue, billing management, debt management, billing and collection of water research levy on behalf of the Water Research Commission;
- (iii) **Financial accounting and reporting** is responsible for ensuring the efficient management of daily financial operations, which include the classification, recording and reporting on financial accounting activities in accordance with the modified cash basis of accounting as determined by the National Treasury;
- (iv) **Management accounting** is responsible for financial planning, implementing costing models to enhance overall financial performance and budget compilation;

- (v) **Budget and planning** is responsible for linking annual budgets to government priorities, provide guidance on budgeting processes as well as the monitoring of expenditure against budget; and
- (vi) **Financial management** is responsible for ensuring the improvement with regard to financial management processes and systems.

#### (c) Key highlights

Key achievements in this sub-programme relate to the separation of the Department's two accounts, namely; Main Account and the Water Trading Account, an issue which was raised by the Auditor-General as emphasis of matter in the previous audits. Furthermore, the strengthening of the capacity was also realised through the filling of key management positions to provide effective leadership in the sub-programme.

The monitoring of effectiveness of financial processes and systems continued to receive prominence as the internal audit function executed targeted assignments leading to improvement in financial management. Critically important milestones in the financial improvement plan were achieved as evidenced by the year's audit report shown on Part 4 of this annual report. In particular, complete asset registers for physical and biological assets were maintained to support the preparation of financial statements.

#### (d) Key challenges and proposed solutions

Key challenges experienced during the reporting period relate to:

- i) unavailability of a system that required proper implementation and post implementation refinement over an extended period, which was overcome through the split of the Main Account from the Water Trading Entity Account.





- ii) management of timeous collection of revenue was resolved through the re-engineering of the business processes and Water Trading Entity (WTE) operations efficiency drive, and
- iii) proper linking of Main Account and the as well as ineffective management of extensive infrastructure which was resolved through the development and implementation of the Asset Management Strategy as well as compilation of the Immovable Asset Register in accordance with Generally Acceptable Accounting Practices (GAAP).

The department has had a qualified audit in the last couple of years. Serious efforts have gone into rectifying the situation and work on dealing with the issues raised by the Auditor-General. There has been a challenge with skills in this section of the department and more work will be undertaken in ensuring that the right people are recruited throughout the organisation.

Strategic and operational challenges facing the activities of department have necessitated the establishment of six management units with a clear policy to champion proactive management on an enterprise-wide basis.

The function of corporate service sub-programme has been historically under funded and as a result the Department is faced with a lot of challenges with regard to the recruitment and retention of staff (especially technical staff); systems and processes etc.

## 2.3.2 PROGRAMME 2: WATER RESOURCES MANAGEMENT

### 2.3.2.1 Purpose

The purpose of this programme is 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.

### 2.3.2.2. Brief description of sub-programmes

This programme comprises the following:

- (a) **Equitable supply** is responsible for covering the policy, planning and regulatory functions required to ensure the reliable and equitable supply of water for sustainable economic and social development, including the eradication of poverty. This includes assessing available water in particular areas and developing strategies to enable supply to meet demand.
- (b) **Sustainable supply** is responsible for the provision of a reliable and equitable supply of bulk water, water conservation and demand management, as well as the working for water and working on fire programmes for sustainable economic and social development, including the eradication of poverty.
- (c) **Protection policies** covers the policy, planning and regulatory functions required to ensure the protection of water resources, such as developing a system for classifying water resources as required by the National Water Act, 1998 (Act No. 36 of 1998).
- (d) **Protection measures** initiates and supports the implementation of measures to protect water resources, such as pollution protection measures or ensuring sufficient water for the aquatic ecosystem to function properly.
- (e) **Institutional regulation** provides policy and strategy support for developing and establishing effective water management institutions (catchment management agencies and water user associations), and includes revenue collection from water use charges.
- (f) **Institutional development** ensures that effective water management institutions are developed in the regions.



- (g) **Strategic alignment** which ensures that policies and strategies are internally consistent and aligned with relevant external policies and legislation. It develops and maintains monitoring and information systems, and promotes capacity building among water resource management practitioners and stakeholders.
- (h) **Stakeholder empowerment** which develops empowered, skilled and representative staff, and capacitates stakeholders and the general public to achieve integrated water resource management.
- (i) **African cooperation** which promotes integrated water resource management globally, particularly in Africa in support of the New Partnership for Africa's Development (NEPAD).
- (j) **Water resource administration** which provides management and administrative support services to the programme in the national office.
- (k) **Water resource support** which provides support services to the programme in the regions, namely human resources, financial management and general administration.
- (l) **Operations of water resources** which provide for the augmentation of the Water Trading Entity to ensure the effective management of water resources and the sustainable operation and management of bulk water infrastructure.
- (m) **Infrastructure development and rehabilitation** which provides for the design, construction and commissioning of new water resource infrastructure, as well as the rehabilitation of existing infrastructure to ensure the safety and functionality of departmental dams and related infrastructure.

### 2.3.2.3. Key highlights

#### (a) Developing water resource infrastructure

Water resource infrastructure is developed, operated and maintained in a manner that takes into account enterprise-wide risk management, improved asset maintenance and management programmes; and enhancement of revenue management. Much work has already been done on water resources infrastructure including construction of new infrastructure to increase capacity for water security and availability. The following is a brief list of current and future initiatives:

- 2008 and 2012: another 6 major water resources infrastructure projects at a projected cost of R8b including De Hoop Dam in Limpopo; Berg Water Dam in Western Cape and the Vaal River Eastern-Subsystem Augmentation Scheme (VRESAP Pipeline) which will supply sufficient water to Eskom power stations and Sasol.
- Further 9 major water resources capital projects are at the planning stage to be built in the next 5-10 years at an estimated cost of R12 billion.

#### (b) Capital projects implemented since 2004-2012

Table 5 below gives a clear picture of large and multi-year projects that have been undertaken by the Department during the previous MTSF period.



**Table 5: List of completed projects**

Description of project	Completion date
Luvuvhu River GWS: Xikunda Weir and Water Treatment Works (Limpopo)	2005
Mooi-Mgeni Transfer Scheme Phase 1 (KwaZulu-Natal)	2004
Usutu-Vaal Scheme: Morgenstond-Jericho Emergency Pump Station (Mpumalanga)	2005
Luvuvhu River GWS: Nandoni Dam (Limpopo)	2005
Sabie River GWS: Inyaka Raw Water Pumpstation (Mpumalanga)	2006
Olifants River Water Resources Development Project (Phase 1): Raising of Flag Boshielo Dam (Limpopo)	2006



**Table 6: List of projects under construction**

Description of project	Completion date
Augmentation of Eastern Vaal Subsystem (VRESAP Pipeline) (Gauteng/Mpumalanga)	2010
Luvuvhu River GWS: Nandoni Water Treatment Works (Limpopo)	2009
Olifants River Water Resources Development Project Phase 1: De Hoop Dam (Limpopo)	2012
Luvuvhu River GWS: Bulk Distribution Works (Limpopo)	2012
Sabie River GWS: Inyaka Water Treatment Works (Mpumalanga)	
Inyaka PH 1 Comp	2005
Inyaka PH 2 Comp	2008
Inyaka PH 3 Comp	2010
Inyaka PH 4 Comp	2012

**Table 7: Projects at the initial commencement stage**

Description of project	Year
Olifants River Water Resources Dev Project Phase 2: Distribution Works (Limpopo)	2008/9
Mdloti River Development: Raising of Hazelmere Dam (KwaZulu-Natal)	2008/9
Mgeni River Augmentation: Spring Grove Dam (KwaZulu-Natal)	2008/9
Mzimkhulu Off-Channel Storage (KwaZulu-Natal)	2009/10
Groot Letaba River Development: Nwamitwa Dam (Limpopo)	2009/10
Lusikisiki Regional Water Supply: Zalu Dam (Eastern Cape)	2009/10
Raising of Clanwilliam Dam (Western Cape)	2009/10
Amatole GWS: Extensions (Pipeline and Bridges) (Eastern Cape)	2009/10





**Table 8: List of dams undergoing safety rehabilitaiton**

Description of Dam	Province	Estimated months for construction
Nsami - Planned	Limpopo	25
Modjadji - Planned	Limpopo	8
Molepo - Planned	Limpopo	22
Mashashane - Planned	Limpopo	7
Chuniespoort - Planned	Limpopo	14
Acornhoek - Planned	Mpumalanga	11
Bospoort - Planned	North West	24
Vaalkop - Planned	North West	9
Klipdrift - Planned	North West	12
Wentzel - Planned	North West	12
Toleni - Planned	Eastern Cape	10
Gcuwa - Planned	Eastern Cape	20
Majola - Planned	Eastern Cape	3
Albert Falls - Planned	KwaZulu-Natal	15
Goedertrouw - Planned	KwaZulu-Natal	3
Makotswane - Planned	Limpopo	18
Piet Gouws - Planned	Limpopo	22
Groter Brandvlei - Planned	Western Cape	4
Midmar - Planned	KwaZulu-Natal	10
Duiwnehoks - Planned	Western Cape	28
Taung - Planned	North West	10



Description of Dam	Province	Estimated months for construction
Clanwilliam - Planned	Western Cape	38
Gamtoos Infrastructure - Planned	Eastern Cape	27
Van Der Kloof - Planned	Northern Cape	12
Gariep	Free State	-
Pongolapoort - Planned	KwaZulu-Natal	6
Rust de Winter - Planned	Limpopo	11
Kromellenboog - Planned	North West	13
Klein Maricopoort - Planned	North West	11
Elandsdrift - Planned	Eastern cape	26
Lakeside - Planned	North West	20
Grassridge - Planned	Eastern Cape	21
Glen Brock - Planned	Eastern Cape	15
Tsojana - Planned	Eastern Cape	17
Cata - Planned	Eastern Cape	10
Mnyameni - Planned	Eastern Cape	18
Mhlanga - Planned	Eastern Cape	12
Mankazana - Planned	Eastern Cape	12
Total - Planned		556



In order to achieve greater efficiency and cost-effectiveness in the management of water resources infrastructure, the Department will continue to engage in a process with all relevant stakeholders to consider preliminary options or models which are briefly described in the following section below:

- In order to achieve greater efficiency and cost-effectiveness in the management of water resources infrastructure and water services, the Department will continue to engage in a process with all relevant stakeholders to consider preliminary options or models which are briefly described in the following section below. The Trans-Caledon Transfer Authority (TCTA) model will be reviewed and the mandate amended accordingly. This model will require the restructuring of the TCTA in line with the proposed NWRI Agency mandate through an amendment of the National Water Act, 1998 (Act No. 36 of 1998). It will enhance the assurance of implementing large infrastructure projects; provision of funding; use of TCTA's Enterprise risk planning systems; access to TCTA treasury; improve operation as a private contractor; and enable financing through other models based on balance sheet and cash flow for infrastructure development that is less dependent on The National Treasury allocations and is premised on the principle of socio-economic growth. Depending on the viability of this option, the possibility of the incorporation of the TCTA into the preferred and final option must be considered during the assessment of each option which will be premised on the water value chain from the resource to the end-consumption.
- The ring-fencing and creation of an enabling environment for the NWRI Sub-programme will ensure capacity to function as a 'government component' reporting to the Executive Authority via the Accounting officer of DWAF. The government component will allow for national water resources infrastructure to be managed as a true trading entity within a government department. The restructuring of the NWRIB will be based

on a model that promotes the efficient and cost-effective management of national water resources infrastructure. This model will provide for a greater capacity to develop, operate and maintain national water resources infrastructure; an urgent requirement and capacity to attract and retain scarce skills and expertise; finance through the National Treasury but would also utilise commercial funds for viable projects; an improved revenue collection facility. It will be in keeping with the concept of a single public service; and will address the conflict of the implementer versus regulator roles and responsibilities.

- The construction model will provide for the current construction unit to be corporatised function as an independent contractor for government. The operations and maintenance functions can similarly be restructured or outsourced to other entities. It will ensure the consolidation and beneficial use of scarce resources; management of revenue collection / financial management; financing through National Treasury as well as the capital markets.
- The regional water utility option is a hybrid model that integrates the relevant functions, performed by DWAF, TCTA, water boards, local government, other institutions, into a trading entity. The focus will be on development, construction, maintenance and operations. It will provide for enhanced financial management.

#### **2.3.2.4. Key challenges and proposed solutions**

##### **(a) Water resource infrastructure**

Due to a history of inadequate investment in preventative maintenance, much of South Africa's water storage, distribution and monitoring infrastructure, as well as water and waste water treatment and distribution systems are ageing and require refurbishment or replacement. The increase in provision of water and sanitation

services has also placed a greater burden on water supply and sanitation infrastructure. The lack of preventative maintenance and inadequate investment in water services infrastructure particularly by municipalities is leading to periodic and systematic failures which have resulted in serious pollution incidents and problems with the quality of water in rivers and dams.

## 2.3.3 PROGRAMME 3: WATER SERVICES

### 2.3.3.1. Purpose

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

### 2.3.3.2 Brief description of sub-programmes

**This programme comprises the following:**

- (a) Policies ensure basic water supply and sanitation services for improved quality of life and poverty alleviation.
- (b) **Water and sanitation services** support the development of infrastructure for basic water supply and sanitation services at the regional level, for improved quality of life and poverty alleviation.
- (c) **Water sector policies** provide a framework for the effective and sustainable delivery of water services to underpin economic and social development.
- (d) **Africa initiative promotes** the programme's activities to achieve the UN Millenium Development Goals and the World Summit on Sustainable Development targets in Africa, and to support NEPAD.  
African Participation promotes and supports policies to achieve the UN Millenium Development Goals in Africa.

- (e) **Water services administration** provides support services at the national level, including human resources, financial management and general administration.
- (f) **Water services support** provides support services at the regional level, including human resources, financial management and general administration.
- (g) **Operations of water services** ensure the reliable and sustainable supply of water for basic use and economic development. (While this function is still with the department, it is a temporary arrangement and will be phased out as the transfer programme is completed.
- (h) **Water sector support** supports the delivery of sustainable water services at the regional level to underpin economic and social development.
- (i) **Institutional Policies** support effective water services institutions.
- (j) **Institutional support** provides support at the regional and local level for effective water services institutions.
- (k) **Transfer policies** guide the transfer of operations and maintenance functions and water services schemes for effective local operations and management.
- (l) **Transfer of functions** implements the transfer of water services schemes to water services institutions to ensure effective local level operation and management.

### 2.3.3.3 Key highlights

Key highlights during the reporting period relate to the following:

A total budget of R21.9 billion has been allocated under the Municipal Infrastructure Grant (MIG) for the water sector to deliver water and sanitation services to communities.





### (a) Access to basic water supply infrastructure

The target set for 2008/09 financial year was to serve 1.08 million people with basic water supply. During the year under review, basic water supply was provided by local government to a further 1.01 million people. Out of a population of 49.7 million people (based on an updated 2001 Census figure to the end of March 2009) there are currently 2.1 million people with no access to a basic level

of water supply and a further 2.6 million people that have access to a water supply that does not meet the basic services standard. Since 1994 access to water supply infrastructure in the sector has improved from 59% to 96% (improved supply) of the population. This percentage includes all people that benefit from access to infrastructure, including those that receive services below basic supply levels.

**Table 9 : Access to basic water supply infrastructure (population, millions)**

Period	Census Population	Number of people with access to water supply infrastructure*	Number of people with access to basic services but below RDP service levels	Number of people with no access to infrastructure	% Access to water supply infrastructure
Current (2008/09)	49.7	47.6	2.6	2.1	96%
People served April 2008 - March 2009		1.01			
Previous Year (2007/08)	49.5	47.1	3.3	2.4	95%
People served 1994 - March 2009		19.72			
1994	39.8	23.0		15.9	59%

#### Notes for clarification:

\* “Access to water supply infrastructure” includes people served to higher than basic RDP levels of service as well as those with “access to basic services but below RDP service levels”.

The figures only reflect infrastructure provided and do not reflect quality of ongoing service provision. Water supply backlog figures are based on 2001 Census based and updated using information obtained on projects that have been implemented across the sector. Population figures given are based on Statistics South Africa (STATS SA) mid year estimates and have been adjusted to reflect annual population growth. The information which relates who were provided with services based on input from the Department and the Department of Cooperative Governance, (formerly known as DPLG) and excludes delivery through municipal own funding or any other resources. Should this be considered, delivery may increase.



## (b) Access to basic sanitation infrastructure

The target set by local government for the financial year 2008/09 was to serve 1.1 million people with basic sanitation. During the year under review, this target was met as 1.35 million people received access to basic sanitation services. (Please refer to the notes below Table 2). In 1994 only 49% of the population had access

to basic sanitation. By 2007/08 this had increased to 73%. In the year under review there was an increase of 3%, leading to 76% of the population having access to basic sanitation.

**Table 10: Access to basic sanitation infrastructure (population, millions)**

Period	Census Population	Supply, Basic level or higher	No Access to Infrastructure	% Access to services
Current (2008/2009)	49.7	37.6	12.1	76%
People served April 2008 - March 2009		1.35		
Previous year (2007/2008)	49.5	36.1	13.4	73%
People served 1994 - March 2008		12.35		
1994	39.8	19.4	20.4	49%

Figures only reflect infrastructure provided and do not reflect quality of ongoing service provision. Sanitation supply backlog figures are Census 2001 based and updated using information obtained on projects that have been implemented across the sector. Population figures given are based on STATS SA mid year estimates and have been adjusted to reflect annual population growth. The “People served April 2008 - March 2009” information provided in Table 2 is based on input from the Department and the Department of Cooperative Governance (formerly known as DPLG) and excludes delivery through municipal own funding or any other resources. Should this be considered, delivery (including bucket eradication) may be as high as 1.735 million people or 433 982 households.





### (c) Bucket eradication

December 2007 was declared as a national target for the eradication of the bucket system in established settlements. The bucket eradication programme was established in February 2008 and the buckets backlog then was 252 254. This programme aimed to eradicate buckets in formal established settlements that existed prior to the dawn of the 1994 democratic dispensation. In total 243 210 buckets were removed from the start of the programme in February 2005 to March 2009. At the end of March 2008, the remaining backlog was 23 083.

During the year under review, 14 039 buckets were removed, leaving a backlog of 9 044 buckets in Free State, Eastern Cape and Northern Cape provinces. It must be noted that the national target was not met due to delays caused by excavation of rock, slow performance of contractors and the fact that some projects had to wait for the completion of sewer networks and pump stations before the buckets could be removed.

**Table 11: Eradication of bucket system**

Backlog in February 2005	Backlog as at 31 March 2008	Removed in 2008/09	Backlog as at 01 April 2009		Removed since commencement of Programme
			Province	Number	
252 254	23 083	14 039	Free State	7 279	97 % (243 210)
			Eastern Cape	438	
			Northern Cape	1 327	
			Total	9 044	



#### (d) Free basic services

Currently, 85.6 percent of the total South African population enjoy access to Free Basic Water representing a 1.6 percent increase from the previous reporting period. 97.6 percent of WSAs are implementing the Free Basic Water (FBW) services programme with only four are not providing free basic water to its population

Presently, 86 percent of the poor population are benefiting from this service. Poor is defined as a household earning less than R800 per month, except for the combined income of people who receive social grants. Of the 23.4 million poor people in South Africa, 20.1 million continue to receive FBW.

**Table 12: Affordable access to water (Free Basic Water (FBW))**

Period	Total WSAs	Total Population (millions)	WSAs Providing Free Basic Water	Total Population with Free Basic Water (%)
Current (2008/09)	169	49.7	165 (97.6%)	85.6%
Previous year (2007/08)	169	49.5	165 (97.6%)	84%

Reporting focuses only on municipalities which are Water Services Authorities (WSAs) who are implementing free basic water.

**Table 13: Poor people that benefit from free basic water (FBW)**

Period	Poor as percentage of Total Population	Percentage of Poor served with Free Basic Water
Current (2008/09)	47%	85.9%
Previous year (2007/08)	47%	72.7%

Free Basic Water delivery to the poor population increased dramatically during the last quarter of 2008/2009 (11 percent).



### (e) Schools and clinics

The water and sanitation programme for clinics was officially brought to an end during 2007/08 financial year and handed over to the Department of Health. Out of 433 schools without access to water supply, 132 schools have been provided with basic water supply. Out of 498 schools without access to basic sanitation, 255 schools were provided with basic sanitation.

### (f) Drinking water quality (DWQ)

The Department launched the Blue Drop Certification Programme during the Municipal Indaba hosted by the Department in September 2008 as an incentive-based regulation approach for drinking water quality management. The initial assessment round (November 2008 to January 2009) saw more than 70% of water services institutions assessed against stringent criteria for effective drinking water quality management. This process is ensuring the sustainable improvement of skills, data credibility, monitoring programmes, quality compliance, incident response protocol and asset management within the drinking water quality domain of all relevant water services institutions.

The Department developed an electronic water quality management system (eWQMS) in order to ensure efficient monitoring of drinking water quality and to provide DWAF with information necessary for effective DWQ regulation. Significant progress has been made. More than 90% of WSAs are loading data from more than 3 200 sampling points on this system. On average, approximately 94% of the sample points complied with the health aspects of the national standard (SANS 241).

This initiative has been very successful due to intense awareness programmes (which included the first National Drinking Water Quality Conference) as well as support from sector partners such as Institution of Municipal Engineering of

Southern Africa (IMESA) and the South African Local Government Association (SALGA). This municipal system is supplying the Department with regular data on drinking water quality to the Regulation System which enables effective performance monitoring and credible reporting. In addition to the eWQMS, DWAF also continued to conduct the local government self-assessment survey that reflects Water Services Authority views on drinking water quality and service quality. The self assessment was extended to include waste water quality as well. This survey has proved that there was an increased understanding of DWQ management and monitoring requirements.

### (f) Waste water quality

The Green Drop Certification Programme was initiated as a twin project to the Blue Drop Certification programme, focusing on waste water services management.

The Blue Drop-Green Drop Certification process, includes clarification of the criteria against which compliance to drinking and waste water legislation, as well as other best practice requirements will be assessed in future.

Receipt of a Blue or Green Drop was accepted to represent excellence in managing drinking water quality, or waste water services by a town within a Water Services Authority.

Initial assessments indicated that Green Drop compliance on average is much lower than the drinking water counterpart, however seen as a prestigious goal for many municipal officials.

A first Order Assessment was conducted to determine the risks of waste water treatment facilities in terms of treatment design capacity, exceeding design capacity, process controlling skills shortage and effluent quality compliance. Assessments were completed for Gauteng, Western Cape, North West, Eastern



Cape and Free State. The rest of the provincial assessments are being completed in the first quarter of the 2009/10 financial year.

The results from local government self-assessment survey with regard to waste water quality indicated that 25% of Water Services Authorities (WSAs) have the appropriate licences and adhere to the licence conditions. This is similar to the previous year. The 64% of WSAs that stated that their waste water works operate over their design capacity are nearly double the 36% for the previous year. Finally, 63% stated that they monitored final waste water effluent at least on a monthly basis which is a 5% increase from the previous year.

#### **(g) Service quality**

Emanating from the local government self-assessment survey that reflects water services authority views on drinking water quality and service quality, it has been determined that 52% of WSAs achieve acceptable service quality which is similar to the previous reporting period. (Service Quality indicators include “the existence of a customer service system; appropriate levels of staffing, equipment, resources, funding and most importantly the ability to respond to customer call-outs within 24 hours”). The self-assessment indicated that lowest compliance to adequate Service Quality standards occurred in the Eastern Cape and Limpopo provinces respectively. No significant improvement in compliance was evident provincially.

#### **(h) Municipal tariffs**

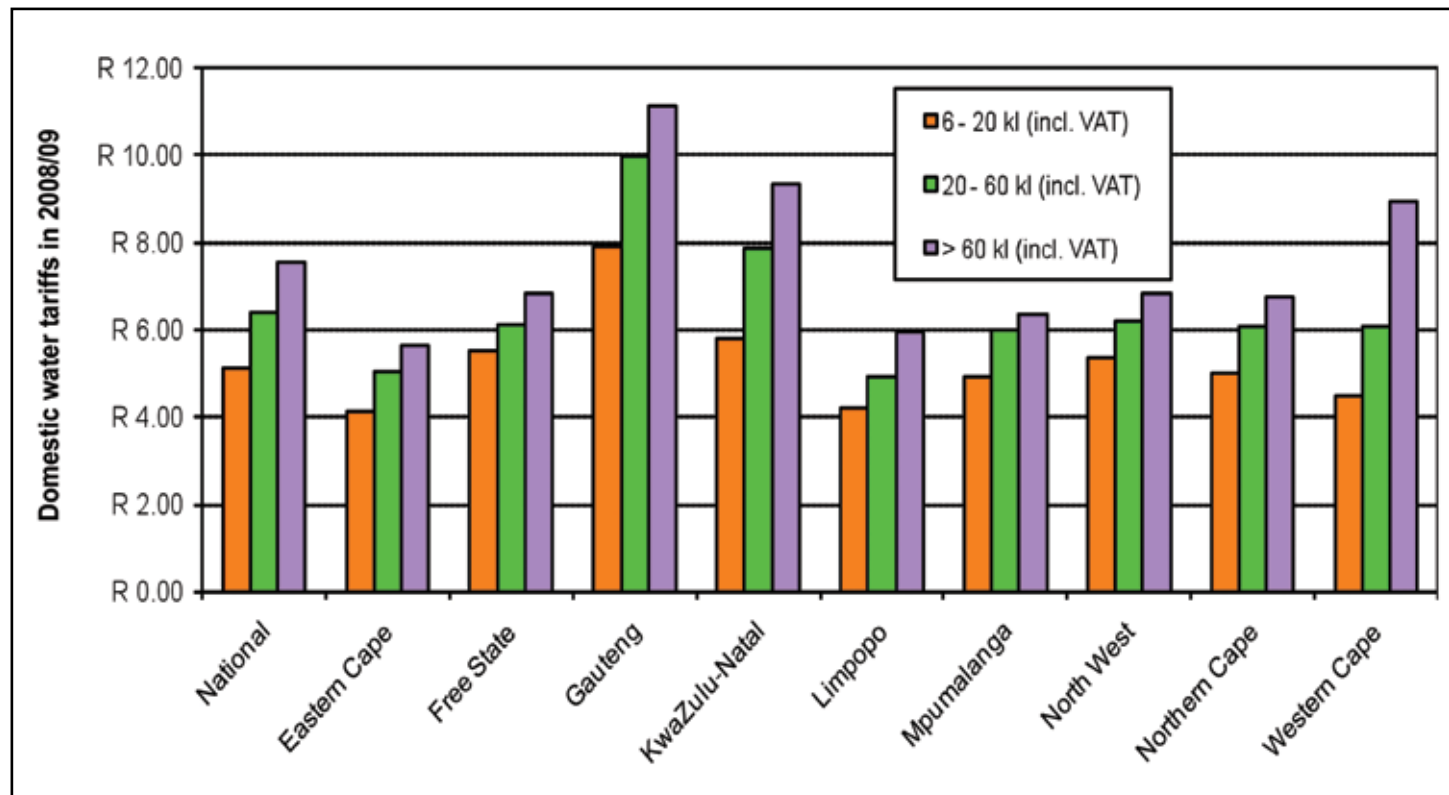
The 2008/2009 municipal tariffs reflect the outcome of a survey that focused on 222 out of a total of 283 local municipalities. All tariffs quoted are VAT inclusive and the information includes the actual volume blocks used by municipalities. Also captured are the raw water and bulk water tariffs which influence the determination of the municipal retail tariffs.

#### **(i) Domestic water tariffs**

The national average domestic water tariff for 2008/2009 (including VAT) is R5.12 for the 6 kilolitres to 20 kilolitres block, R6.40 for 20 kilolitres to 60 kilolitres and R7.53 for usage above 60 kilolitres.



Figure 1: The average municipal water supply tariffs for domestic users:

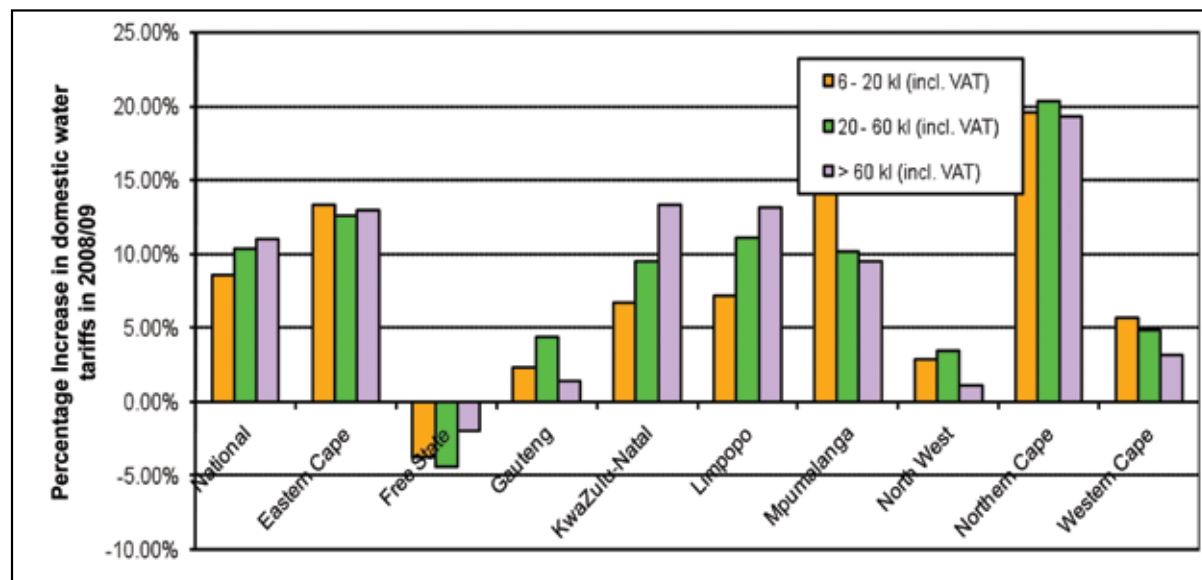




The highest domestic water tariffs are in Gauteng, KwaZulu-Natal and the Western Cape. The higher tariffs in Gauteng and Western Cape are generally associated with high cost of water supply over vast distances (via inter-basin transfer schemes). Western Cape, and to some extent also Gauteng and KwaZulu-Natal,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

In comparison to the 2007/2008, municipal domestic water tariffs, the national average tariffs for 2008/2009 increased by 7.7% for the 6 to 20 kl block, 9.6% for the 20 to 60 kl block and 10.4% for the >60 kl block. The national increases are within the corresponding Consumers Price Index (CPI) of 10.6% year-on-year to March 2008.

**Figure 2: The provincial percentage increases in domestic water tariffs from the 2007/08 to the 2008/09 financial year**







#### Comments:

- Eastern Cape municipalities on average increased all blocks in similar proportion. Increases were slightly above the national average increases, thereby correcting some of its below average tariff levels.
- Free State municipalities had below average increases, reflecting affordability concerns resulting from an increase in service levels to poor households and possibly due to a general adjustment of some of its high water tariffs.
- Gauteng and North West municipalities show below average increases in this financial year, following above average increases in the previous financial years.
- KwaZulu-Natal and Limpopo municipalities have introduced greater differentiation between the lower use blocks and the higher use blocks, reflecting increased emphasis on water conservation and demand management. It also reflects cross-subsidisation of the poor. Overall the increases across the different blocks are still in line with the average national increase and the inflation rate.
- Mpumalanga municipalities increased tariffs in-line with the average inflation rate, except for the lower block which effectively is a correction of the previous year's below average increase.
- Northern Cape municipalities showed the highest percentage increases exceeding the inflation rate for the same period. Previously the Northern Cape tariffs were below the national averages and hereby are brought back in line with the norm. It also reflects the water scarcity in the region and increased emphasis on water conservation.

About 55% of municipalities increased tariffs within the CPI range, while about 20% of municipalities increased tariffs below the CPI and a further 25% increased

at levels above the CPI range. Comparing the different tariff blocks, percentage increases were higher for the high-volume blocks, which indicates increased demand management and utilisation of income from the high volume users to cross-subsidize the lower volume users.

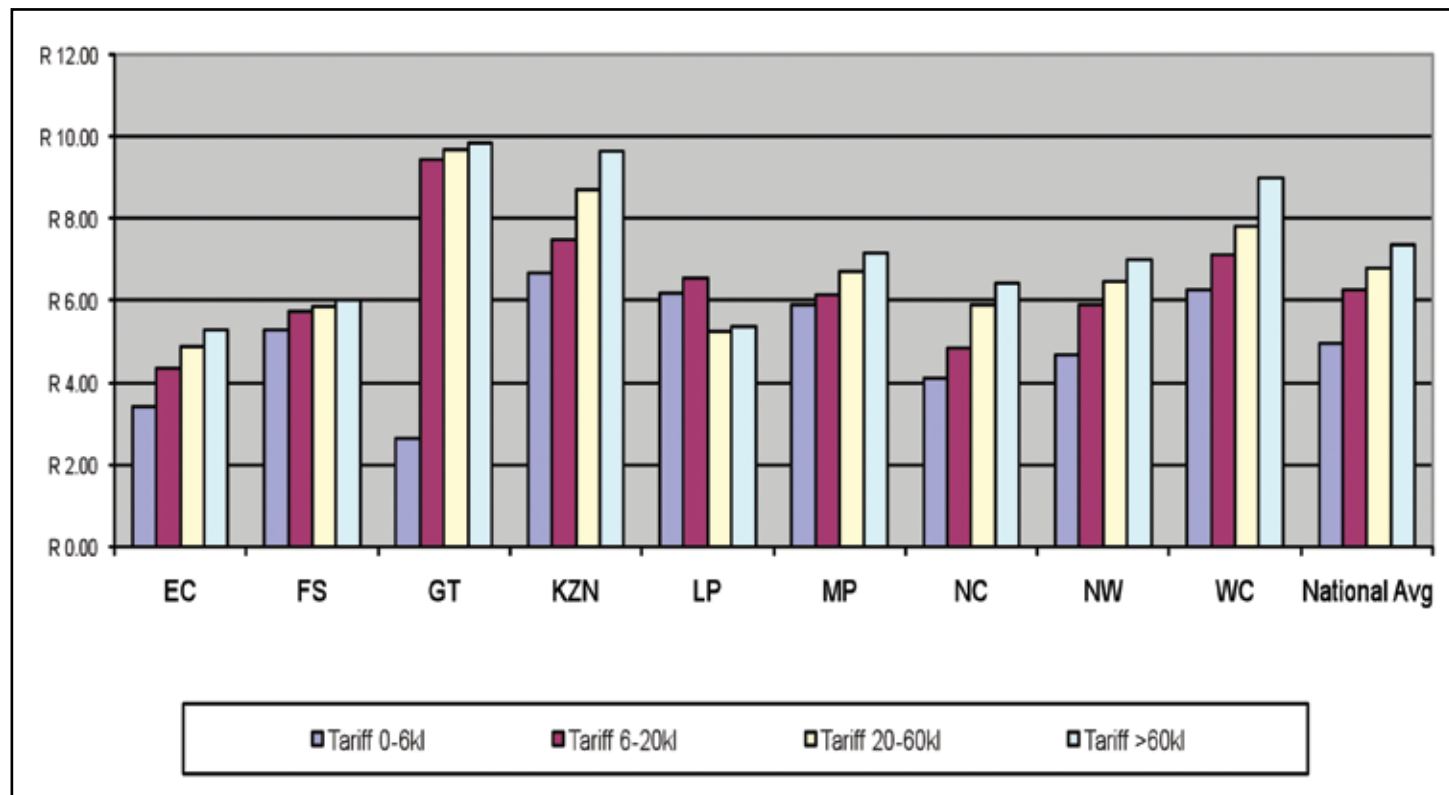
A comparison of urban and rural municipalities shows that tariffs in rural municipalities are about 10% below the equivalent tariffs in urban areas. For the high volume use, the difference is slightly higher with urban users paying about 13% more than rural users.

#### (j) Commercial and industrial water tariffs

The average commercial tariffs are R6.26 for 6-20 kl, R6.80 for 20-60 kl and R7.38 for volumes above 60 kl per month. The respective increases in these tariff blocks were, 16%, 19% and 19%. These increases are generally higher than the CPI and about 150% of the average increase recorded for domestic water use, which indicates that industry and commerce are used to cross-subsidise the domestic water use sector. This is to be expected as many of the new domestic water services are for the low income and indigent customers.



Figure 3: The average provincial tariffs for commercial and industrial users





Gauteng, KwaZulu-Natal and Western Cape have the highest tariffs, while Eastern Cape, Limpopo and Northern Cape are on the lower end.

Western Cape had the highest annual increases of up to 40% in the lower blocks, followed by Mpumalanga and Northern Cape with about 28% increases and KwaZulu-Natal and North-West with 18% to 20% increases. The other provinces had increases within the CPI of 10% to 12%. Commercial and industrial tariffs are still about the same as the domestic tariffs, with less differentiation between rising blocks.

#### (k) Sector operating expenditure

Based on the Municipal Budgets for 2008/09, the total operating expenditure for the water services sector is estimated at over R20.1 billion with R16.4 billion for water supply and R 3.7 billion for sanitation. Municipal budgets target a total income of R22.6 billion of which R18.2 billion is to be gathered from water supply and R4.4 billion from sanitation services. If achieved, water services will generate a net surplus of about R2.6 billion which will be used to cross-subsidize other services or, if approved, could be used for re-capitalization of water services assets. About 55% of the operating expenditure (R11 billion) is used by the six (06) Metros and the remainder is roughly split R7 billion for local municipalities and about R2 billion for district municipalities.

**Table 14: Estimated annual municipal water services operating expenditure**

Perspective	Water Supply R'000	Sanitation R'000	Total for 2008/2009 R'000
National	16,356	3,697	20,053
Eastern Cape	1,227	606	1,833
Free State	752	210	962
Gauteng	7,564	828	8,392
KwaZulu-Natal	3,367	1,027	4,394
Limpopo	223	37	260
Mpumalanga	705	95	800
North West	499	212	711
Northern Cape	88	12	100
Western Cape	1,929	671	2,600

#### (l) Working for Water

The Working for Water programme facilitated the clearance of 601 500 hectares of invasive plants and the creation of 20 476 jobs translating into 1 626 900 person days and 1 575 Small Micro Medium Enterprises have been established. Due to a court interdict in Mpumalanga preventing the appointment of new contractors, less employment was created and this resulted in a reduced number of hectares being cleared. This had a significant impact in the programme's ability to do follow up work on previously cleared land.



### (m) National transfers

In total 317 targeted schemes were transferred of which 1480 were rudimentary. In addition 58 of the 60 transfer agreements have been signed and 4 592 staff members have been transferred to Water Services Authorities (1 435 were not transferred due to the delay in union buy-in on the signing of the Human Resources agreement in Mpumalanga). Water Service Authorities have shown 85% compliance to DoRA. 35% of transferred schemes were refurbished; while 65% are at different stages of transfer.

### (n) Regional bulk

On the basis that the Department is the custodian of water resources, the leader and regulator of the water services sector, it has to act as an intermediary to facilitate integrated planning and implementation of large multi-institutional regional bulk infrastructure projects through the involvement of all stakeholders. Hence the allocation of R1.4 billion to the Department of which R 450 million was earmarked for 2008/9 financial year. The focus of the Water Services Regional Bulk Infrastructure fund is on regional and local bulk water supply and sanitation services. This includes “enabling infrastructure” required to connect water resources over vast distances with bulk and reticulation systems.

Since the inception of the Regional Bulk Infrastructure Grant in 2007/08, four projects have been completed. As of March 2009, 11 projects were at design and tender stage. Of the identified projects, 46 are at feasibility and implementation readiness phase and 23 at the construction phase. It is expected that 11 projects will be completed in the 2009/10 financial year. Initially the total number of Regional Bulk projects, nationally was 84. An overview of all bulk infrastructure requirements in the country has been completed and it is estimated that the total funding of R 60 billion is required. The strategy and revised policy document, including the business processes have been developed and are awaiting approval.

## 2.3.3.4. Challenges and proposed solutions

### (a) Skills

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

### (b) Transfer of infrastructure to municipalities.

In line with the Constitutional responsibility of Municipalities, i.e. to provide water and sanitation services to communities, the Water Services Act, 1997 requires the Department to transfer all Water Services infrastructure to municipalities to enable them to perform their functions. Given capacity constraints at local government the state of transferred infrastructure has reached concerning levels of deterioration in many municipalities. The situation is expected to worsen as more new infrastructure is built to ensure universal access. Within this context, decisions have to be made on how this programme proceeds in future. This may require amendment of certain acts like the Water Services Act, 1997 (Act No. 108 of 1997); and Local Government; Municipal Structures Act, 1998 (Act No. 117 of 1998).

### (c) Access to Basic Water and Sanitation.

The Department is deeply concerned about the persistent backlogs in particular parts of the country although it has achieved the Millennium Development Goal of halving; “by the year 2015”. the proportion of people who are unable to reach or to afford safe drinking water” in 2005. The Department is also aware



of the anomalies in water distribution, where people reside adjacent to water sources and yet have no access to these. The Department will achieve the target of ensuring that every person has access to safe and reliable supply of drinking water although it has to reconsider how this can be achieved. It is the Department's recommendation that the service backlogs, which are predominant in KwaZulu-Natal, Eastern Cape, Limpopo, and the North West province, are prioritised and addressed through a combination of short-term interventions such as rainwater harvesting, exploring further options of supply communities from available sources and the further exploitation of groundwater sources, which may necessitate a policy change.

Fundamental to this discussion is the need to revisit the functionality of some municipalities, which despite all efforts to support, have shown very little or no improvement to perform on their core mandate. If the country is to meet the national water services targets, the capacity of local government will have to be considered. Such a debate cannot be held in isolation with the work the DPLG has initiated, i.e. revision of Powers and Functions of local government. DWAF has made extensive inputs into this process.

Currently, the Ventilated Improved Pit (VIP) toilets are considered to be the most preferred sanitation technology in areas where waterborne systems cannot be installed. The challenge to date is that toilets that have been built five or more years ago, are filling up and municipalities do not have the appropriate mechanisms to empty full pits. This creates new backlogs from areas that otherwise would have been considered as served. It is recommended that steps be undertaken to make it mandatory for municipalities to consider other technological options that will ensure sustainability in sanitation delivery. DWAF will provide leadership in this regard.

Key challenges facing these programmes are lack of integration by affected Departments at National level (DWAF, DoH, DME and DPLG). Improved

integration will ensure that there is alignment in policies and effective utilisation of resources. There is also a need to make amendments to the current MIG policy to ensure that a certain proportion of the MIG funding goes towards operations and maintenance to prevent further deterioration of infrastructure. The use of equitable funding which is supposed to address amongst other issues, operations and maintenance of infrastructure and provision of free basic services to the poor has to be looked at. It is recommended that the equitable share should have certain conditions attached to it to make it mandatory for municipalities to use it for the identified purposes.

#### (d) Regulation

Illegal water use is a significant problem in many parts of the country, both in terms of illegal abstraction (mainly for agricultural use and mining) and the illegal discharge of effluents into rivers and dams. The unlawful water abstraction means that in some areas demand for water will be higher than availability of water, which during good rainfall and run-off in the past seasons was not a challenge but could be a challenge during the poor rainfall or drought period. Municipalities, industries and mines discharging effluent that does not meet compliance standards pose a severe problem to the environment, to the health of rivers and to the well being of communities.

According to research conducted in terms of compliance and enforcement relating to the National Forests Act, 1998 (Act No. 84 of 1998) and the National Veld and Forest Fire Act, 1998 (Act No. 101 of 1998) indicates that offences on different levels are prevalent in almost all forests; that some offences occur outside of forests; and there is a fairly high level of non compliance to the prescriptions in the National Veld and Forest Fire Act, 1998 (Act No. 84 of 1998). It was founded that in at least two of the nine regions there is evidence of crime syndicate involvement in forest offences. The lack of a database and reporting



system to monitor transgressions and enforcement actions made it difficult to determine the number and seriousness of the transgressions as well as the capacity required to effectively enforce legislation. The current organisational design & competency influencing enforcement functions is inadequate.

#### (e) Drinking water quality

The Department has invested in providing municipalities with electronic water quality management systems and this allows the Department to access drinking water quality (DWQ) information on a regular basis. This system has been receiving awards locally and internationally for its innovative way of promoting effective drinking water quality. Lately it received a global award from the International Water Association which will be received at the Association's Conference in Vienna on the 11th of September 2009. This means that the international water community is acknowledging the good work we are doing in the drinking water quality regulation domain here in South Africa.

The available information indicates that the general quality of the South African tap water is of good quality and therefore generally safe for human consumption. On average more than 3200 sampling sites were monitored and about 94% compliance with our national standard (SANS 241) was recorded. The Department's Regulation Unit is engaging with the various municipalities to ensure that these high levels of drinking water quality are maintained, as well as to ensure that the required attention is given where failures are being recorded. Local authorities are also engaged on issues of inadequate planning and asset management that threatens to adversely affect the quality of drinking water.

#### (f) Water quality in rivers and dams

Of concern is the state of some of our rivers which have unacceptably high levels of pollution. This pollution comes from a number of sources: (i) The mining

industry in the form of what is called "acid mine drainage"; (ii) Poor municipal infrastructure which is not adequately treating waste water before discharge back into our rivers; (iii) Industrial undertakings; (iv) Informal settlements established in the flood zones alongside rivers; and (v) agricultural activities where water contaminated with fertilisers or pesticides returns to the rivers.

#### (g) Water conservation and demand management

South Africa is the 30th driest country, yet water is wasted through poor infrastructure, inefficient technology, and consumers that do not conserve water. If water conservation measures are not implemented urgently the country could face water shortages in many of our cities. A recent study estimates that some R33 billion should be invested in various structural and operational water saving measures over the next decade. Two thirds of this amount would be required to address structural and operational issues giving rise to water wastage in the agricultural sector which uses in excess of 60% of our available water and the balance would be required for the municipal sector. A Water Research Commission (WRC) study estimated that over 30% of revenue from water is lost by municipalities through leaking pipes, illegal connections and poor billing systems.

### 2.3.4 PROGRAMME 4: FORESTRY

#### 2.3.4.1 Purpose

The purpose of this programme is to ensure the sustainable management of the department's plantations and indigenous forests, in order to realise their optimal social, environmental and economic benefits. To promote rural development through policy development, regulation, facilitation and monitoring and evaluation.





### 2.3.4.2 Brief description of sub-programmes

The programme comprises the following:

- (a) **Forestry oversight** oversees the forestry sector, develops policies to support sustainable forest management, and ensures that policies at all levels of government are coherent. It further oversees: international liaison on sustainable forest management; governance; sector foresight and liaison; research; the national forest programme; capacity building; and the promotion of black economic empowerment (BEE) through policy initiatives.
- (b) **Sustainable forest management** supports the sustainable management of state forests to optimise social and economic benefits in rural areas and to ensure the participation of stakeholders.
- (c) **Forests and fire regulation** ensures compliance with the National Forests Act (1998) and the National Veld and Forest Fire Act (1998), and supports rural socioeconomic development through access and use of state forests and developing systems and strategies for preventing, managing and monitoring veld and forest fires. The name of this sub-programme has changed.
- (d) **Forests and fire governance** supports sustainable forest management by monitoring forestry management and ensuring that there is sufficient capacity at the local level for implementing forestry legislation. It further provides technical advice to, and support for the organisation and operation of local institutions to prevent veld and forest fires and to achieve fire management goals in general. The name of this sub-programme has changed.
- (e) **Forestry development** develops strategies and forest enterprise development programmes that support BEE and that enable communities to make use of tree and forest resources to improve their livelihoods. This includes international liaison, which promotes forestry development in South Africa, the SADC region and Africa.
- (f) **Forestry enterprise development and livelihoods** support the implementation of programmes that enable communities to participate in the benefits of forestry to generate economic growth and sustain livelihoods. This is a new sub-programme.
- (g) **Forest technical and information services** ensure sustainable use of the natural resource base through the management of the overall system for forestry data, information and knowledge, including spatial and nonspatial forestry information. This is a new sub-programme .
- (h) **Regional forestry information services** ensure access to forestry information by sector stakeholders and the gathering of information by the regions. This is a new sub-programme .
- (i) **State forest transfer and regulation** deal with the transfer and post-transfer administration and regulation of state forests. It includes the management of delegations and legal agreements on state forests and the collection and management of lease rentals.
- (j) **State forest administration and oversight** implement and negotiates the transfer of state forests and monitors the post-transfer management of forests and relations with stakeholders.
- (k) **Forestry management and support** funds efficient general administration and management support for the programme.
- (l) **Forestry support services** provide technical, financial and general administration support for regional forestry activities.

### 2.3.4.3 Key highlights

#### (a) Fostering sustainability in forestry

The Department, in consultation with the industry, has developed a draft forestry strategy, which will serve as a roadmap or blueprint for effective and sustainable development of all forestry resources and will assist the forestry sector in addressing its constraints and challenges and realizing its full potential in terms





of contribution to job and wealth creation as well as conservation of biological diversity.

Strategic interventions were identified in the draft Forestry Strategy and includes the expansion of the South African forest estate with a view to conserve and improve the quality of these forests, to secure the supply for downstream processing and through the complete value chain increase the economic contribution of the sector to the country's Gross Domestic Product (GDP); increasing the contribution of all types of forests and related goods and services to the quality of life of South Africans with particular focus on rural and disadvantaged communities; supporting conservation of forest biological diversity, ecosystems and habitats, while promoting the fair and equitable distribution of their economic, social, health and environmental benefits; improving contributions to skills development, awareness raising and information sharing with a view to enhance the profile of forestry as a sector; implementation of innovative ways to enhance and streamline the regulatory environment to assist the sector to be compliant while reaching its potential in terms of sustainable development; and facilitating improved timber availability and secure supply of timber to ensure sustainability of the entire timber value chain.

#### **(b) Forest Sector BBBEE Charter**

The Department, in collaboration with the sector developed a Forest Sector BBBEE Charter, a growth and transformation strategy that seeks to broaden participation in the sector for economic growth and to better represent the demographics of the country. The Charter applies to all enterprises involved with commercial forestry and first-level processing of wood products. The Minister and forestry stakeholders signed the Charter on May 22, 2008 in Cape Town and this has been published in the government gazette in terms of sections 9 and 12 of the Broad-based Black Economic Empowerment Act, 2003 (Act No 53 of 2003). The Charter Council was also launched on the same day of signing this important growth and transformational vehicle.

Following the appointment of the Charter Council and the Charter Council Chairperson during the 2008/9 financial year, the Minister and the Council appointed the Chief Executive Officer for the Council together with the office manager and a junior researcher during this reporting year. The Charter Council is responsible for monitoring and overseeing the implementation of the Charter and it operates as an independent entity with its own secretariat and support staff (posts partially filled). The Council has commenced with its programme of work and has held five meetings since its inception wherein various task teams were established to take forward various issues assigned to them. The council held its strategic planning session in February 2009 wherein it discussed issues relating to business planning, roles and responsibilities, budgeting, Council policies, vision, mission and values, branding and review of its key results areas.

#### **(c) The Forestry Charter Implementation Unit (FCIU)**

The Department has the responsibility of implementing a cooperative governance initiative involving different government departments and levels of government to ensure that various government undertakings in the charter are implemented in a coordinated manner. The Department established the Forest Charter Implementation Unit (FCIU) in February 2008. The unit must ensure that government undertakings in the Charter are implemented in a coordinated manner. A programme manager has been appointed to coordinate government undertakings on the charter.

#### **(d) Afforestation**

Forestry has been identified as a high potential growth sector of the economy. The Forest Sector Growth Strategy provides for the afforestation of more than 100 000 hectares over the next ten years in South Africa. Economic growth can be realized in the Forest Sector only if new plantations are established. Recent studies indicate that about 785 000ha of new afforestation will be required to make up for the country's timber shortfall. Afforestation, which is the



development of new forests, is required to meet both the domestic and global demand for wood and timber products. The Department embarked on a National Afforestation Programme, a strategy developed in response to the need to expand the timber resource to minimise timber imports and to optimise enterprise development opportunities in the Timber Production and Processing Sector.

An area of about 140 000 hectares was initially earmarked for afforestation in the Eastern Cape (100 000 ha) and KwaZulu-Natal (40 000 ha). The National Afforestation Programme is expected to create about 7500 direct jobs (timber growing) and 45 000 indirect jobs (timber processing) thereby contributing to the Accelerated and Shared Growth Initiatives' objective to halve unemployment and poverty by 2014. However, it was found that the area identified as feasible for forestry in KwaZulu-Natal did not take cognisance of other environmental factors such as wetland areas, roads, slopes, depth of the soil and rocky areas. A review was therefore initiated covering the province of Mpumalanga, of which the work was wound up by March 2009. The results on the studies for Mpumalanga and KZN will be released shortly. Studies conducted in Limpopo revealed that there was about 6000ha which could be used for afforestation but these are minute patches occurring all over the province which are not viable.

The programme features prominently in the Forest Sector BBBEE Charter, and offers opportunities for new entrants into the sector. The Forest Sector Transformation Charter stipulates that 10 000ha need to be planted annually over a period of ten years to meet the Sector's economic needs. KwaZulu-Natal and Eastern Cape were identified as the two areas in which afforestation should take place, although the rest of the country would also be evaluated to determine the potential.

The Afforestation Programme is, however, still battling to take off due to the complexity of the authorisation process. Lack of communication among the key role players (both internal and external) aggravates the problem. A variety of critical factors for the success of the programme include the willingness of the

landowners to release the land for afforestation and the capacity of communities to sustainably run the business. A draft Memorandum of Agreement (MoA) has been prepared to streamline the licensing process. The MoA involving DWAF, Department of Agriculture, Provincial departments of Environmental Affairs and Tourism and Department of Land Affairs is expected to be signed in May 2009.

An approved Afforestation Communication and Community Mobilisation Strategy has been developed aimed at awareness raising and understanding of the afforestation programme, ensuring input and participation by key stakeholders, and gaining the support and buy-in of the communities (landowners). This could not be implemented immediately as comprehensive basic Strategic Environmental Assessments in the Eastern Cape and KwaZulu-Natal as well as forestry potential studies needed to be carried out in other provinces. It is envisaged that the strategy will be implemented in the next financial year. It is important to note that forestry is now incorporated in the Provincial Growth & Development Strategies of Mpumalanga, Eastern Cape and Limpopo and the Western Cape.

### Afforestation Licences (KZN & Eastern Cape)

	Communities	Area (ha)	Private Sector	Area (ha)
No of applications received	82	12 240	-	-
No of licences issued	22	413	-	-
No of licences declined	30	6 000	-	-
No of licences in process	30	6 097	-	-

### (e) The Million Trees Programme

The new greening strategy broadened the scope of the greening function to cover the planting of fruit trees and indigenous trees with communities, public institutions and other Government Departments. The strategy also covers tree



planting as part of the preparations for the 2010 Soccer World Cup and the Department also continues to have discussions with municipalities to integrate greening and other forestry initiatives into their Integrated Development Plans.

The Million Trees Programme which was launched in 2007 aims to plant at least a million trees per annum. During this reporting period, 1'850'000 million trees (fruit trees and ornamental indigenous species) were planted nationally. These figures include the trees that were planted by the projects being assisted by the Department and by other organisations. While the majority of the trees were obtained from commercial nurseries, considerable efforts were made to source trees from small community-based nurseries.

**(f) Implementation of the National Forests Act, 1998 (Act No. 101 of 1998) and the National Veld and Forest Fire Act, 1998 (Act No. 84 of 1998)**

The regulations supporting the National Forests Act, 1998 (Act No. 101 of 1998) were presented to the Minister for promulgation. This will go a long way to assist in guiding and supporting the implementation of the legislation to ensure South Africa's forests are sustainably managed. The regulations are expected to be published by April 2009. The regulations will be translated into a second official language as soon as they are published. A Forest Licensing Tracking System has also been developed and deployed to all regional offices. Training on the use of the system is being continuously conducted. A feasibility study on the establishment of an Enforcement Unit within the Forestry Branch as a potential means of improving the Department's capability to monitor compliance and enforce the NFA and NVFFA has been finalised. The recommendations of the study were released but have since been put on hold due to the Department's re-alignment project.

A total of thirty-eight (38) Fire Protection Associations (FPAs) covering an area of approximately 7 million hectares were registered in terms of the NVFFA. Thirty-five (35) of these were registered in high to extreme fire risk areas and 3 FPAs registered in low to medium veldfire risk areas by March 2009. The National Veldfire Information System (NVIS) and the Fire Protection Associations registration Management System (FPARMS) have not been fully functional due to technical problems. The NVIS is intended to capture fire incidents whereas the latter is for capturing information of FPAs. A decision was taken to redesign the two systems and to ensure their integration and in the interim, a manual reporting format has been developed and is in use.

Full implementation of the National Fire Danger Rating System has also been a challenge due to incorrect coding of the software imported from the United States. The Technicians from the United States visited South Africa on invitation to assist with the system. Due to the complexity of the US system, it was agreed that a Prototype, based on the Australian McArthur Forest Fire Danger Index (FFDI) system be developed. The Council for Scientific and Industrial Research (CSIR) has been contracted to develop the system.

**(g) Commercial plantations**

The commercial plantations remaining under the Department's management measures approximately 62 000 ha in extent and these areas are managed with the aim of improving their condition for eventual transfer to new recipients in terms of the land reform process. Management within the context of best practice has continued and significant improvements have been made. All the category B and C plantations (earmarked for transfers) now have growing stock management plans and it is envisaged that stock enumeration for category C plantations will be done in the next financial year (2009/10). Only 3 of 117 maps were produced for all category B plantations (those which require minor improvement before disposal) and the Cs (community woodlots).



However, the major challenges are to improve the condition of plantations in terms of re-stocking the unproductive land and improving the road network within budgetary constraints. A process was initiated to establish the exact requirements in terms of refurbishment and to outsource the management of the category B and C plantations. Some of the category B and C plantations are seen as good opportunities for strengthening local economies and to achieve the objectives in terms of the Forest Sector BBBEE Charter.

#### **(h) Reports published in 2008/09**

##### **Commercial Timber Resources and Primary Roundwood Processing Report**

The annual report for 2006/07 was produced in 2008 and distributed to over 2 300 stakeholders currently in the forestry database. The report was also provided to all legal deposit libraries, including the library of Parliament. The Department issued compliance notices to non-compliant owners of plantations and primary roundwood processing plants to ensure compliance with the statutory requisite to supply annual statistics.

##### **State of the country's forests report**

Section 6(3) of the National Forests Act, 1998 (Act No. 84 of 1998) requires the Minister to publish a report on the State of the Forests (SoF) every three years. The first ever report was published in 2007 covering the years 2004 -2006. Data for the compilation of a report based on criteria, indicators and standards is currently being collected. The first phase of the report will cover the years 2007 and 2008 and this will be followed by the collection of data for the criteria, indicators and standards report for the year 2009. Information from both reports will form the basis for the 2009 SoF triennial report due in 2010. The Department has aimed to improve the quality of the information in the next SoF report through the

publication of regulations in terms of the NFA compelling the sector to report in terms of criteria, indicators and standards. However, the process has not been initiated since no consensus was reached on whether or not to make reporting against criteria and indicators compulsory. This is because of a feeling by some viewing the action as having the potential to discourage owners from reporting.

#### **(i) Forestry assets transfers**

The Minister signed a head lease agreement with the KwaMbonambi community in KwaZulu-Natal during this reporting period. This milestone will enable the payment of rental money to the land reform beneficiaries.

Documentation for the establishment of a trust, which will manage the rental monies, has been prepared and submitted to the Master of the High Court.

Cabinet had approved the recommissioning of approximately 22 000 ha of the 45 000 ha that was destined for exit in the Western Cape. The Department has initiated a process of drawing up an implementation plan for the rollout of this process. A study was also conducted to establish the viability of forestry in Mpumalanga after these areas were earmarked for exit based on a Cabinet decision in 2001. The study was finalised and its recommendations will be submitted to Cabinet after the stakeholder consultation process has been finalised. The Department released an area of 3 729.8 ha of state forest land in Dukuduku, KwaZulu-Natal to Department of Public Works (DPW) to be transferred to KwaZulu-Natal Provincial Department of Housing for housing purposes and to implement the Cabinet decision to formalise the settlements in Dukuduku.



#### 2.3.4.4 Key challenges and proposed solutions

##### (a) Land reform & post-settlement support to communities

Tenure security is a major requirement for forestry investment and development. The challenge lays in defining the rights, roles and responsibilities associated with forest use which are crucial for the poor to receive an equitable share of the benefits from forestry. At present, great uncertainty exists over the long-term ownership of forest lands. It is estimated that 60% of Komatiland (state-owned plantation), 48% Mondi of their 375 000 ha land and SAPPI 17.5% of 540 000 ha privately owned plantations are subject to land claims. In the absence of the speedy resolution of these claims many people are not certain about how the benefits will eventually be shared. The Department of Land Affairs (DLA) is developing policy in this area, to allow greater security in all South Africa's land tenure systems and has recently adopted a model that will be used to settle land claims on privately owned plantation areas. DWAF together with DLA and affected communities will continue to address land reform in communal areas.

Support to communities for forestry development in the form of policies, programmes and implementation plans are inadequate and / or ineffective. Access to extension support services is critical for the success of emerging entrepreneurs. Industry cooperatives and companies play an important role in providing these services. However, these are focused mainly to ensure the supply of raw materials to the corporate forestry companies for processing purposes. There is a need to extend such services to the entire value chain so that emerging entrepreneurs can enter and benefit along the entire value chain. Government therefore has a role to play in availing these services to fast track access to opportunities in the entire value chain for emerging entrepreneurs and for those growers who do not wish to be linked to a market but want to establish themselves independently.

##### (b) Raising the profile of the forestry sector

The South African Forestry industry contributes significantly to the country's economic development, while it maintains high environmental standards. A recent study showed that the government and industry do not do enough to promote the sector and that the general public has a neutral to negative perception of the forestry industry. There is, therefore, a need to raise the profile of the industry by, among others, convincing people to invest in the industry; encouraging students to make Forestry a career choice; and informing consumers of timber products about the environmental benefits of buying FSC-certified, South African timber vs. timber imported from uncertified sources. The other constraint with raising the profile is limited funding especially with regards to creating awareness on the National Forests Act, 1998 (Act No. 84 of 1998) and the National Veld and Forest Fire Act, 1998 (Act No. 101 of 1998).

##### (c) Timber shortage in the country

Over the last few years there had been several studies that confirmed the fact that the country is now beginning to experience a shortage of timber. This shortage can be expected to affect government's intentions to achieve a 6% economic growth rate. The effects of a shortage of timber is already evident in some parts of the country, where this is having an adverse effect on the sustainability of local sawmilling, pulp and paper operations and subsequently pose a threat to employment opportunities and local economies. It is anticipated that South Africa will not in future be able to meet its domestic demand for timber from the existing growing stock in timber. This will affect the national economy through increased prices and lack of timber products to meet domestic demand. There are also risks involved with timber imports that include the introduction of pests and diseases, which may threaten our local forestry industry. To address this shortage, the Department received approval from Cabinet to retain certain forestry areas in the





Western Cape; the Charter sets a target for afforestation (100 000 ha over a period of 10 years); and opportunities within the Region are being investigated.

#### **(d) Access to funding**

Afforestation and forestry enterprise development require access to financial and extension support services. Forestry is a business that requires large amounts of capital to be invested over a long rotation period. The Forest Sector Transformation Charter proposes the establishment of a Forest Enterprise Development Fund that provides for:

- A forestry grant aimed at forest enterprise development (subsidising interest); and
- Seed funding for the development of fires insurance scheme for emerging growers.

As a result of the land reform process, transfer of forestry assets and pending afforestation targets to be reached as specified in the Forest Sector Transformation Charter and which will take place mainly in communal areas, a significant proportion of forested land will be on community land. This situation provides an excellent opportunity for Broad Based Black Economic Empowerment. However, there are challenges that need to be addressed in order to continue with sustainable and productive forestry activity. These challenges include skills, capacity, training and extension support and funding.

Currently the Department is not structured and resourced in a manner that will address these challenges effectively and efficiently. For this reason, a study has been undertaken to assess options that are available in government, to establish an entity that will be best suited to undertake the function. The Department

is in the process of finalising an agreement with the Industrial Development Cooperation to administer grant funding for projects aligned with the Charter deliverables.

The Branch has developed a draft funding policy that will set aside a three year fund for the Fire Protection Associations (FPAs) that will be used to support FPAs (especially those in rural areas) in executing their veldfire management strategies.

#### **(e) Skills shortage**

The Forest Sector Charter identifies the dire shortage of critical, scarce and core skills as well as shortcomings in skills development infrastructure in the sector as key constraints to transformational growth. A concerted and coordinated sector initiative is required to address this challenge. The Forest Sector Transformation Charter highlights the need to develop and implement a sector skills plan through the Forestry Industries Education and Training Authority (FIETA) and the Forestry paper pulp and Timber Chambers.

#### **(f) Research, development and innovation**

A study commissioned by the former Department of Water Affairs and Forestry into the current activities and future requirements for Research and Development (R&D) in the Forestry sector has found that with the exception of a few pockets of excellence, forest sector R&D activities suffer from under-funding, lack of co-ordination and a declining skills base and that this situation has to be rectified to ensure that South Africa's national development imperatives in the forestry sector can be met. This also undermines the country's ability as signatory to a number of international and regional conventions (e.g. NEPAD and SADC Protocol), that deal with forestry R&D collaboration, to adequately fulfill its international obligations.



Insufficient strategic leadership by both Government and Industry in forest sector R&D was identified as the major stumbling block in dealing with the challenges.

The National R&D Strategy (2002) requires that Sector R&D strategies be prepared and that line departments must take the lead in sectors they serve. A forest sector R&D strategy needs to be launched and the institutional capacity within the Department needs to be strengthened to take the lead in this regard. This need has also been highlighted in the Forest Sector Transformation Charter.

#### **(g) Climate change**

South Africa's forest resources and the forestry sector will be negatively impacted by this global phenomenon. Currently there is no comprehensive data or information on this aspect to enable informed decision-making. Climate Change, and the role that forestry can play in mitigating the impacts of climate change, is now widely accepted as one of the most significant global issues. It is anticipated that Climate Change will have significant impacts on forestry in South Africa, requiring interventions in terms of adaptation and at the same time forestry could offer meaningful mitigation possibilities. The Department will therefore continue to engage in various forums and with various institutions to obtain information on best practice in terms of adaptation and mitigation measures.

#### **(h) Forest protection**

Whereas fairly clear mandates and legislative provisions exist for the protection of South Africa's biodiversity, South Africa still lags far behind the 15% target of natural areas under protection, which is globally widely pursued. Only 6.8% of South Africa's total land area is currently under formal protection. Even where protection measures are in place there remain persistent pressures on protected

areas from neighbouring communities, industrial and mining developments as well as urban development. Certain forest types are persistently under pressure from resource utilisation and development, for example coastal and scarp forests. One of the principles of the NFA is that natural forests may not be destroyed except under exceptional circumstances. It remains a challenge to enforce this principle. Once forests have been degraded, the damage is difficult to remedy and therefore it is vital that forests be maintained and utilised sustainably.

The definition of woodlands in the NFA covers both savannah and thicket. About 9% of the total area of savannah is contained in formally protected areas and 7% of the thicket biome. However, this legacy from the past does not reflect the actual conservation priorities within these biomes, as protection in the past was done on an ad-hoc basis. The Principles of the NFA requires that minimum areas of all different woodlands types should be protected. A serious constraint in conservation planning at present is the lack of adequate data, especially for some forest and woodland types. Inadequate mapping of natural forests and woodlands makes spatial planning for conservation difficult.

The risks posed by fire on South African Forestry Industry have increased significantly. The consequence has been severe timber damage leading to losses of both raw material and processed products, and, most importantly, loss of life. In South Africa, the need for an integrated strategy to manage the risk of pests and diseases as well as fire has been identified to ensure that the forestry sector can continue to make a significant contribution to the economy and consequently employment opportunities in South Africa. In order to achieve the goal of an integrated fire, pest and disease management strategy, a national level partnership of all stakeholders in forestry is needed.





## (I) Regulatory environment

Growth especially in the commercial forest industry is constrained by a wide variety of legal requirements that negatively affect the business environment in South Africa in general and the forestry sector in particular. For example, it remains that there are a number of challenges for small growers to obtain the necessary licences for afforestation under the National Water Act, 1998 (Act No.36 of 1998).

In terms of fire issues, fire prevention is a concurrent competency between local and national government, according to the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996 as amended). The application of the NVFFA and the Fire Brigade Services Act, 1987 (Act No. 99 of 1987) need to be better aligned to ensure that activities relating to fire fighting are effectively managed. The Department is currently engaging the Department of Co-operative Governance and Traditional Affairs to seek a legal mandate through the NVFFA and the Fire Brigade Services Act, 1987 (Act No. 99 of 1987) to get local authorities within the local council and under the Fire Brigade Services Act, 1987 (Act No. 99 of 1987) to co-ordinate all Fire Protection Associations operations in the country.

## (j) Monitoring and Evaluation

Information is the cornerstone of adaptive management and sound decision making. Reliable and up-to-date spatial and non spatial information forms the basis for much of the operational and strategic planning in Forestry. Forest monitoring depends on the spatial baseline information and provides further quantitative and qualitative information that informs planning and decision

making. Specific technical and subject information is further required on the range of forestry applications and technology. The National Forests Act, 1998 (NFA) provides a strong mandate for forest monitoring and dissemination of the information generated through monitoring. At present a set of criteria, indicators and measures (C&I) are available for promoting Sustainable Forest Management. These C&I should also form the basis for forest monitoring. However, the C&I are currently only applicable within the Department and performance against these instruments of measurement is weak. This undermines the ability of the Department to use this instrument for monitoring the sector as a whole.

The Forestry Branch has also identified a need for the establishment of a Compliance and Enforcement Unit which be responsible for enforcement of the forestry legislation. A Compliance and Enforcement Strategy has been developed and is in the process of being rolled out.



**PERFORMANCE AGAINST PRIORITIES  
(2008/9 CONSOLIDATED BUSINESS PLAN)**



**Table 15 : Priority No.1: Governance, Organisation and Transformation**

Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
Transformation of the state and society  Economic growth, social development and poverty eradication	Institutional realignment model developed and implemented	Degree of alignment with institutions	Model approved by 30 June 2008	The draft model for further consultation was approved by the Policy Board on 14 July 2008 through the Project Charter approval.
		Degree of alignment of institutions with DWAF strategic goals	Implementation of phase 1 completed by 30 November 2008	Business Case developed through a consultative process as part of the model development. Internal and external consultation undertaken to enhance the model development.
		Degree of support rendered by institutions to the water sector	Second phase completed by March 2009	The Business Case developed and completed by March 2009 and awaiting approval by the Minister before the implementation of the model can start.
	Strengthened management arrangements of Water Trading Entity	Degree of compliance with legislation	Business Plan adopted	The budget and business plan for 2008/09 was approved
			Accounting Officer's Reporting Framework signed	The head of the trading entity was appointed but the accounting framework was not signed since the DG did not designate another DWAF official to be the accounting officer of WTE
			Annual Report developed and tabled	WTE information was prepared and forms part of the department's annual report
			Strategic Plan development	Strategic plan was developed for WTE at a planning session held in November 2008



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
	Organisational structure revised and approved	Degree of effectiveness of span of control and integration of business processes and systems across branches. Approval of reviewed organisational structure by the Director-General and the Minister		
		Degree of alignment of the organisational structure with the strategy of DWAF	Finally approved structure by 30 September 2008	3rd draft of the organisational structure approved by the Minister for consultation with DPSA.
			Ongoing from September 2008	2 and 3rd levels (Branches and Chief Directorates) have been aligned with the strategy
		Improvement on delivery capability of the Department		Capability in the Office of the DG, offices of the DDGs, has been improved through the filling of posts in critical areas.
		Implementation of the revised organisational structure		Not achieved. Still waiting for approval from DPSA
	Effective legal support provided	Number of successful cases	Ongoing adherence to set time frames	33 court cases and 6 Water tribunal cases were successfully finalised.



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
	Effective legal support provided	Degree of compliance with legislation and policies	Ongoing adherence to set time frames	Several notices were drafted and published from the directorate and for other clients in the Department e.g. notice to call for the registration for waste discharge was approved by the DG, and a notice to bring Section 18 of the National Forest Act, 1998 (Act No. 84 of 1998) was drafted and approved by the Minister for publication
	Institutional oversight framework	Degree of time spent on provision of legal advice.	Ongoing adherence to set time frames	The average turn around time in the provision of support in complex matters is 15 days and 10 days in simple matters.
		Degree/extent of compliance by all water management institutions (WMIs)	Business plans and quarterly reports submitted by all WMIs by March 2009	All business plans and quarterly reports submitted.
			Annual Report and financial statements for the period 2007/08 submitted by all WMIs by April 2009	All WMI s annual reports and financial statements for 2007/08 have been submitted.
		Percentage of water sector institutions operating effectively and improved performance	Draft report on proposed institutional model for Water Services by october 2008.	WS Regulatory Performance Measurement system piloted in 19 municipalities initiated



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
			WS Regulation Strategy finalised and signed by Minister by March 2009.	WS Regulation Strategy finalised.
			Institutional Reform Strategy for WS provision finalised and implemented.	Institutional Reform Strategy for WS provision not finalised. Awaiting finalization of Institutional Realignment Project
	Support to local government	Improved basic service delivery by municipalities	Implementation strategies, guidelines and tools developed.	<p>Terms of reference for the Transport infrastructure requirements developed</p> <p>Draft framework for Integrating Forestry projects into PGDS and IDPs developed</p> <p>Forestry programmes presented to the ISRDP Steering Committee – focus on Million Trees programme. The Million Trees programme contributes to the implementation of the ISRDP (Integrated Sustainable Rural Development Programme (ISRDP). The Million Trees programme aims to plant trees in the ISRDP nodes and 1 850 000 trees planted during 2008/09 financial year</p>



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
				KwaZulu-Natal initiated a Forestry Sector Strategy for the province  Guidelines for developing Limpopo forestry implementation plan developed  Free Basic sanitation implementation strategy approved.
		Number of municipalities supported with Schools' Efficiency Programme	Support 28 municipalities with schools water efficiency programme.	27 municipalities supported with schools efficiency programme.
	Youth and expanded public works (EPW) programmes	National Youth Development Strategy developed	National Youth Development Strategy approved by 30 June 2008	Not achieved. Draft strategy on Youth Development developed.  Two projects launched in Alfred Nzo District Municipality and Letsemeng Local municipality and 150 young people are part of the built environment sector.
	Transformation Strategies developed and implemented	Degree of compliance with transformation targets set by the Department	BBBEE strategy and action plan approved by 30 June 2008.	Preferential Procurement Policy and Strategy including BEE targets approved by Top Management.





Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
				<ul style="list-style-type: none"> <li>Continual improvement to ensure adherence to SED targets (Achievement) for all major infrastructure projects</li> <li>Training programme completed for SMMEs and Affirmative Black Enterprise including access to opportunities roadshows across the nine provinces</li> <li>Policy development underway and Incubator programme started</li> </ul>
			Establishment of women organization in the sector by 31 March 2009	Women in Water and Forestry organization launched in August 2008.
		Degree of participation and empowerment of the youth in the sector	A Gender Management Information system developed by 31 December 2008	Not Achieved
			4 Training and development interventions for staff on gender mainstreaming implemented by 31 March 2009	6 training and development interventions provided



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
	Effective communications and positive stakeholder relationship	Number of media briefings	4 media briefings per annum	6 media briefings
		Number of advertorials on success stories	6 Advertorials published in media	43 Advertorials
		Number and degree of relations built with media	Positive media profile	Positive media profile achieved through the implementation of Water week and stakeholder and public engagement on water for growth and development.
		Degree of participation and public awareness of Departmental programmes	4 Forestry Campaigns undertaken on critical areas	<ul style="list-style-type: none"> <li>• Successful Eduplant workshop held. DWAF conducted environmental Education workshops for learners and Educators</li> <li>• Successful Arbor Week events and Arbor City Awards</li> <li>• 134 Arbor Week events nationally – 3 Ministerial events</li> <li>• Arbor City Awards Plan for 2009 finalised and entry forms distributed</li> <li>• Draft Promotional Strategy for Raising the Profile of Forestry developed and discussed with the sector</li> </ul>



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
				<ul style="list-style-type: none"> <li>• Host cities greening plans adopted to be implemented in 2009/10</li> <li>• MoU TOTAL South Africa (annual) in place regarding Million Trees programme, Arbor Week, and Arbor City Award.</li> <li>• MoU on partnership with the Department of Housing regarding greening drafted</li> <li>• Two school based greening and two RDP areas greening projects supported</li> <li>• Firewise Campaign delivered in the summer rainfall areas</li> </ul>
	Organisation for woman in water, sanitation and forestry	Formal organization established	Organization operational	Women organization launched in August 2009 Mobilization completed
	Increased awareness around disability	Number of interventions provided	6 Interventions provided by 30 March 2009	More than 6 interventions provided on awareness raising, reasonable accommodation, accessibility and appointment of persons with disabilities.



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
	Implementation of the Forestry Capacity Development Strategy	<p>Relevant training courses for forestry training in place to suit 3 spheres /sector needs</p> <p>Continued support and engagement within context of the BBBEE Forests Charter</p>	Plan implemented within 3 spheres of the forestry sector (March 2009)	<ul style="list-style-type: none"> <li>• A three day Skills Development Facilitator training attended by Forest Functional Training Committee members in the regions (Limpopo, KZN, WC and Mpumalanga) - 60 Forestry staff members were trained</li> <li>• Two officials attended Forestry Business Management course in KZN</li> <li>• NFA foundation course conducted in EC, WC &amp; KZN (60 officials attended)</li> <li>• Forest Officer Course conducted in the NW, Limpopo and Free State - 48 officials were trained</li> <li>• Introduction to Forestry GIS conducted in all DWAF regions - 69 officials were trained</li> <li>• NV&amp;FFA presentation given to staff members during Induction Course at Roodeplaat Training Centre</li> <li>• NV&amp;FFA presented to Graduate Trainees in terms of Schedule prepared by the Directorate: Talent Management</li> </ul>



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
	Support ABET, learnership implementation and skills programmes roll-out	Number of learners registered in Forestry Branch	600 ABET learners registered in Forestry branch by March 2009	A total number of 490 regional forestry staff enrolled in ABET
		Number of learnerships enrolled	250 learnerships enrolled by March 2009	<ul style="list-style-type: none"> <li>The enrollment of learners on learnerships postponed to September 2009 due to logistical arrangements pending FIETA's support: Capacity, financial, learners finalising ABET NQF level 4 from the regions</li> </ul> <p>NQF Level 3 General Forestry Learnership qualification has been selected &amp; will be implemented in last quarter</p> <p>ABET graduations took place in Qwaqwa – 35 forestry employees graduated</p>
		Number of persons participating in skills programmes	300 persons participated in Skills programmes by March 2009	120 Forestry officials participated in skills programmes
	Skills Development Strategy developed for Forestry sector	Degree of compliance with the BBBEE Charter skills development mandates  % Increase in skills	Full compliance with the BBBEE Charter skills development mandates  Increased skills as per BBBEE Charter skills development mandates in the Forestry sector	Review of Forestry sector skills development strategy initiated  Action plan developed by the Sector stakeholders during the Forestry Sector Skills Development Forum



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
	20/20 Schools Education Programme implemented	% Awareness on Water Conservation and Water Demand Management in schools	<p>The annual South African Youth and Women Programme participation of schools increased by 100% by 31 March 2009</p> <p>(This target was a total misrepresentation of the intended work to be carried out by the unit, it should read: The forestry youth advancement programme will be introduced for implementation nationally by March 2010.)</p>	The annual South African Youth Water Price (SAYWP) participation of schools increased by 105%.
	Training at tertiary institutions aligned with Forest Sector needs	<p>Number of MoUs concluded with Forestry academic institutions and FITPA</p> <p>(MoU were concluded with the forestry institutions through the Water and forestry Learning Academy.)</p>	<p>5 MoUs concluded with Forestry academic institutions and FITPA</p> <p>(The forestry branch gives input and support curriculum matters to address sector needs.)</p>	<ul style="list-style-type: none"> <li>• FIETA and DWAF reviewed &amp; approved the draft action plan submitted by Fort Cox College to implement the new curriculum as endorsed by Council of Higher Education</li> <li>• Engagements with DEAT and Tertiary Institutions continued</li> </ul>



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
			(Forestry branch is represented at curriculum review boards of forestry)	<ul style="list-style-type: none"> <li>Curriculum reviews in progress: Fort Cox, Stellenbosch, Saasveld.</li> </ul>
		Number of new bursaries allocated to students in the Forestry sector	26 Students obtain bursaries to further their studies in the forestry sector	Not achieved as dates for students interviews were only confirmed for April 2009
	Forestry Gender and Youth strategic Framework Developed	Forestry Gender and Youth Strategic Framework drafted and consulted with the Forestry Sector	Gender and youth strategy developed, adopted and mainstreamed throughout the forestry functions	Not achieved as the Gender and Youth Specialist has not yet been appointed, suitable candidates to be head hunted
	NFA aligned courses developed, delivered and monitored	Degree of alignment with the National Forestry Act	Revised NFA Foundation Course and presented in all DWAF Regions	Courses presented in the Eastern Cape, Free State, KwaZulu-Natal, Mountain to Ocean (MTO), Knysna
		Number of regions where courses will be implemented		
		Training provided to Forestry Officers in the Regions	Trained Forest Officers in all high risk regions by March 2009	FO training presented in Limpopo, North West and Free State - 48 officials trained





Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
		Number of training sessions provided to SAPS, Prosecutors and Magistrates	Three training sessions concluded with SAPS, Prosecutors and Magistrates by March 2009	<p>Presented NVFFA &amp; NFA at DEAT and Justice College</p> <p>Sessions with Prosecutors and Magistrates in Mpumalanga &amp; North West</p> <p>Information sessions conducted with SAPS, prosecutors, magistrates, municipalities and traditional leaders</p>



**Table 16: Priority No.2: Water Services**

Strategic Objective	Output	Performance Indicator	Performance against targets	
			Target	Actual
Economic growth, social development and poverty eradication	Regional Bulk Infrastructure	Number of projects and feasibility studies	32 Projects implemented	22 projects have been implemented
			49 Feasibility studies conducted	46 are at feasibility and implementation readiness phase
	Water and sanitation services provided to schools	Number of schools provided with water and sanitation services	1376 schools provided with water and sanitation services	Water -132 schools completed 301 schools under construction. The target was revised to 433 schools.
				Sanitation – 255 schools completed 243 under construction. The target was revised to 498 schools.
	Water Sector Support (infrastructure provision, capacity and skills support; local government support specifically)	Improved service delivery and sector compliance to regulations	Integrated basic service delivery strategy and action plan to meet 2014 targets developed and implemented	A Target Implementation Support Programme Plan has been developed indicating per WSA the historical backlog to be addressed; the targeted date to address the backlog and challenges.
			84 Municipal support plans developed and implemented	95 municipal support plans developed
			Drinking water quality management – ongoing	94% compliance.



Strategic Objective	Output	Performance Indicator	Performance against targets	
			Target	Actual
			Sector performance monitoring – ongoing	MIG MIS under revision and alignment of sector KPIs. Technical task team to ensure improved municipal data established
			Sector collaboration – ongoing	Nationally: Review of WSLG & MCC structures from being Water services structures into Water sector structures and mobilization of relevant government & private sectors to participate in the water sector collaboration initiatives within Water for Growth & Development context (Energy, Agriculture and Environment sectors & Business SA)  Provincially: Restructuring of the Provincial fora to include water resources issues and ensure active participation of relevant government & private sector stakeholders.
	Water Services Regulatory support, compliance and enforcement	Degree of compliance with applicable prescripts	Rollout of policies, strategies, guidelines	Regulatory strategy rolled-out in seven regions.  Water Services Regulation Strategy developed, awaiting finalization of Integrated Regulatory Framework



Strategic Objective	Output	Performance Indicator	Performance against targets	
			Target	Actual
			Develop compliance and enforcement strategy and model	Strategy is at draft stage. The PEP for the NEC contract has been finalised and signed off. Work on the strategy will continue once funds and external resource contracts have been approved
			Establish compliance and enforcement unit in all 9 regions.	Units have not been established. Interactions with regions has been included in the NEC PEP
			Intervention plan for unlawful use.	The business plan for the intervention in the Vaal has been developed. The development of the intervention plan for unlawful use has been included in the NEC PEP.
	HIV/AIDS Strategy developed	Approved Strategy	Approved HIV/AIDS strategy	Draft HIV/AIDS strategy developed.
	WSA Performance Report	Extent of communication and awareness raised about availability	Publication of WSA Performance Report	WSA Performance Report has been produced.
Economic Growth, social development and poverty eradication	Access to basic water	Number of people served	People served	1 million people served
		Number of households served	3.3 million households	326, 477 households served
	All pre 94 buckets eradicated	Number of buckets eradicated	23,083 buckets eradicated	14,039 buckets eradicated



Strategic Objective	Output	Performance Indicator	Performance against targets	
			Target	Actual
	Water Schemes transferred operated and maintained	Number of schemes transferred	317 schemes transferred	Transferred 1797, including rudimentary Schemes
		Number of staff to be transferred	7 000 staff members transferred	4592 staff transferred
		% Of DORA compliance by the WSAs	80% compliance	85% compliance achieved
		% of transferred schemes to be maintained by DWAF	100% schemes refurbished	35% transferred schemes refurbished
	Sector CSO skills and competence developed and enhanced for effective participation in advocacy and service delivery in the water sector	Number of CSO water sector projects implemented	15 CSO water sector projects implemented	15 CSO projects undertaken



**Table 17: Priority No. 3: Water Resources Management**

Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
Ensuring sustainable use of the natural resource base	Water Security Plan	Gap Analysis	Analysis of six water resource management options conducted at either a pre-feasibility or a feasibility level of detail	Four feasibility and two pre-feasibility water resources management options initiated.
		Number of Reconciliation Strategies developed for metros and demarcation regions	Water Reconciliation Strategies for 4 metros (Johannesburg, Durban, Tshwane, Nelson Mandela) and demarcation regions by March 2009	Water reconciliation strategies for 4 metros (Vaal river system, KZN coastal metros, Algoa system, Crocodile West) conducted.
		Degree of preparedness for climate change	Draft intervention strategies to climate change tabled at Top Management by 31 March 2009	Draft discussion paper on climate change developed.
	Revised National Water Resource Strategy	Degree of compliance with applicable prescripts	Full compliance with applicable prescripts  First Draft of revised strategy (2 <sup>nd</sup> edition) submitted to Top Management by March 2009	Revision process initiated.



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
	Water Allocation Reform Implementation	% Reduction in turnaround time for the processing of licences	Average time for evaluation of water use licences reduced to 12 months	Time for evaluation of water use licences reduced to 12 months
		Number of catchment areas where Water Allocation Reform is implemented	Proposed allocation schedules for Mhlathuze and Jan Dissels completed by 31 March 2009	Allocation plan for Mhlathuze and allocation framework for Jan Dissels developed.
		Number of licences issued	A call for compulsory licensing completed in Inkomati by March 2009	Draft allocation framework has been developed
			80 water licences issued.	103 water licences issued
		Number of resource-poor farmers (RPF) assisted	100% of budget utilisation of funds for RPF support.	10% budget utilized
			All six financial assistance packages offered to RPF and rural households	Rain water tanks grant for infrastructure discount on rain water charges
			At least 1 RPF project implemented in each of the nine provinces	RPF project has been implemented in Four provinces





Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
		Degree of compliance with legislation or license conditions	Compliance and enforcement strategy finalised and implementation initiated.	Draft Compliance and enforcement strategy developed.
			Guidelines for dealing with unlawful storage dams approved by WRFMC and implemented.	Project has been discontinued
	Water Use Efficiency Programme	Level of success in water conservation and demand management	National Water-Wise Campaign Launched & rolled-out in three Provinces (Gauteng, Northern Cape & Mpumalanga)	National Water-Wise Campaign Launched & rolled-out in four Provinces
		Number of municipalities involved in the WC/WD management	2 <sup>nd</sup> annual WC/WDM sector awards hosted by March 2009	2 <sup>nd</sup> annual WC/WDM sector awards hosted
			Facilitate the implementation of COWEP in SANParks communities	COWEP has been implemented in three SANParks communities (Nelspoort, Vredesvallei & Riemsvasmaak)



Strategic Objective	Output	Performance Indicator	Performance against targets for 2008/9	
			Target	Actual
			218 000 hectares cleared of invasive alien plant species by March 2009	Achieved 662,488 hectares (preliminary final figures for the financial year showed a total of 152,846 hectares of initial clearing and 509,642 follow-up hectares)
	Water Resource Quality Management	% Increase in water resource quality monitoring networks	Continuous water resource quality monitoring in all sites	Monitoring continuing in all sites
			Water resource quality report produced monthly	Water quality reports produced
			Annual ecological health of water resource report produced by 31 March 2009	Water resource reports produced
		Water Sector Regulation Strategy drafted	Water Sector Regulation draft Strategy finalised by 31 March 2009	Water Sector Regulation strategy initiated (not finalised)
		% Reduction in non-compliance to licence conditions for waste discharge	All reported and identified non-compliance cases dealt with by March 2009	All reported and identified non-compliance cases dealt with accordingly
	Water for Growth and Development Framework	% Increase in the number of programmes that enhance economic growth in the country	Approved Strategy for Water for Growth and Development by March 2009	Draft Water for Growth and Development framework approved for consultation



**Table 18: Priority No. 4: Forestry**

Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
Economic growth, social development and poverty eradication	National Forest Programme (NFP) developed, consulted and implementation initiated	International Standard National Forestry Programme (NFP) adopted as the framework for national forest policy development planning and planning  Sector strategies on identified priority areas in NFP initiated	National Forest Programme developed, consulted with stakeholders including sector strategies by February 2009	<ul style="list-style-type: none"> <li>• National Forest Programme developed</li> <li>• Development of Protection Strategy initiated</li> <li>• Development of strategies on two priority areas, viz. Forestry SMME development and Integrated Forest Protection initiated (Strategies to be finalised in the Second Quarter 2009/10).</li> <li>• Contract / Letter of Agreements (LoA) between the FAO DWAF finalised</li> </ul>
		Establishment of information hub for dissemination of information to SMEs  Promotion of entrepreneurship in the Forestry Sector focused on SMEs through subsidies and capacity building initiatives	National Industrial Policy Forestry Action plan on Paper, pulp and Furniture implemented by March 2009	<p>National Industrial Policy Forestry Action Plan implemented but constrained by water licensing process</p> <p>DWAF developed growers' maps in the two regions targeted for afforestation (Eastern Cape and KZN)</p> <p>Design of FED database developed</p>



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
		Strengthening the enabling environment for industry associations		Agreement and grant framework with Industrial Development Corporation (IDC) negotiated and finalised to address access to funding for SMMEs
		Technical support of the FED component of the R&D Strategy and Plan for the Sector through identification of the bottlenecks to FED		
		Finalisation of the strategy to raise the profile of the Forestry industry (industry promotion)		Minister and Forest Industry signed the Forest Charter in May 2008  Forestry BBBEE Charter Council established – and CEO appointed  Programme Manager and support staff appointed for the Forest Charter Implementation Unit  Draft MoA for streamlining SFRA (Licensing) process prepared for consideration by DWAF, DOA, DLA, Provincial DEAT



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
			Afforestation target: 10 000 ha planted by March 2009	<p>Study in the Central Regions i.e. Gauteng, Free State, Northern Cape and North West initiated</p> <p>Studies for potential afforestation conducted in KZN, Mpumalanga and Limpopo (reports available)</p> <p>Twenty-two (22) licences were issued in the year (all on communal land) covering an area of 413 ha. Thirty (about 6000 ha) of the total 82 applications (12 240 ha) were declined with the remainder still being processed</p> <p>The target of 10 000 ha not achieved due to licensing challenges</p>
			Nine FED projects established / supported by March 2009	<p>Mpumalanga: 2 projects supported - Salique – Registration as cooperative and business development which is still in progress &amp; Inyaka – Business plan development completed and training on business model</p> <p>KZN: 1 projects is supported - Amandlemvelo – assisted with organisational design</p>



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
				<p>Northern Cape: Galeshewe Nursery – linked with Umsombomvu and Khula Finance</p> <p>Gauteng: KhulaNathi Greening Co-operatives – registered as Cooperative and Business training offered</p>
			<p>Eighteen Forestry Livelihoods projects initiated across South Africa by March 2009</p>	<ul style="list-style-type: none"> <li>• 3 projects initiated and supported in the Western Cape and Ekurhuleni</li> <li>• Draft discussion papers developed for fuel wood and medicinal plant strategies</li> <li>• Second phase of partnership with iIKSSA initiated - testing samples of medicinal plants planted</li> <li>• Philipi Nursery supported by preparing a draft marketing plan</li> <li>• Two nursery projects in Mpumalanga were visited and assessed for future support</li> </ul>



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
	Administration of the NFA & NVFFA  Increased degree of compliance with and enforcement of legislation		National list of protected tree species updated, gazetted and enforced by March 2009	<ul style="list-style-type: none"> <li>• National list of Champion Trees (protected under section 12(1)(a) of the National Forests Act) revised and updated, gazetted and published in newspapers</li> <li>• Advisory Panel met to evaluate the 2008 nominations</li> <li>• National list of protected trees revised, published in newspapers and aired on radio</li> <li>• Consultation relating to the declaration of Kathu forests as protected woodland finalised and Minister's approval for declaration requested.</li> <li>• Workshop on timber yield regulation held in the Western Cape</li> <li>• Participated in the National Biodiversity Planning forum. DWAF hosted a 1 day workshop on biodiversity conservation planning in tree dominated biomes (forest thickets and woodlands).</li> </ul>





Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
			Gazette NFA regulations by August 2008	Final Regulations finalised and signed by Minister for publication in Government Gazette.
			Initiate implementation of recommendations of study on establishment of enforcement and compliance unit by March 2009	Feasibility study regarding the establishment of an Enforcement Unit within the Forestry branch conducted. Recommendations put on hold by Top Management due to Departmental re-alignment project
			Revision and amendment of forestry tariffs for 2009/10 by February 2009	Submitted request to National Treasury to review tariff structure Received principle approval from National Treasury to revise the tariff structure
			Proclamations for conservation areas under NFA reviewed & implemented by March 2009	Review process initiated during this quarter. Meetings with DEAT, SANBI and Cape Nature. Archive work in progress Archiving work continuing
			Upgraded National Veld Fire Information System (NVFIS) implemented by December 2008	<ul style="list-style-type: none"> <li>Proposals for the review of NVFIS received from Arivia and Working on Fire.</li> </ul>



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
				<ul style="list-style-type: none"> <li>NVIS to be re-designed and integrated with Fire Protection Association Registration Management System (FPARMS)</li> <li>Manual reporting format for both systems developed by Arivia and Manual Fire Reporting format also on the website for use by FPAs and landowners.</li> </ul>
			A National Fire Danger Rating System (NFDRS) implemented	<ul style="list-style-type: none"> <li>Continuation of the Prototype Development with SAWS on track</li> <li>Contract with CSIR signed to investigate the aligning of the McArthur(Australian) system to the SA needs</li> </ul>
			25 Fire Protection Associations registered in terms of the NVFFA regulations by March 2009	<ul style="list-style-type: none"> <li>A total of 38 FPAs registered covering an area of 7 million hectares.</li> <li>35 are in high to extreme fire risk areas and</li> <li>3 registered in low to medium veldfire risk areas</li> </ul>
			Fire Protection Association Registration Management System (FPARMS) operational by March 2009	FPARMS not yet reviewed. Arivia has been engaged to review the system and embed it within the NVFIS



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
	Sustainable Forest Management implemented on commercial and indigenous forests	Certification standards drafted in accordance with certification bodies' guidelines	National Certification System for Sustainable Forest Management developed by March 2009	<ul style="list-style-type: none"> <li>• Consultation workshops conducted</li> <li>• Draft set of national standards developed, refined and presented to Certification Bodies for evaluation</li> </ul>
		No of audits done on plantations and indigenous forests	A minimum of 9 audits done on plantations as well as on indigenous forests by March 2009	9 audits (9) on plantations and indigenous forests done
			PCIS Manual revised & implemented by March 2009	PCIS Manual revised & submitted to FPMC for approval



**Table 19: Priority No. 5: Infrastructure Provision and Management**

Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
Economic growth, social development and poverty eradication	Agency Establishment and Legislation in place	Bill tabled and approved by Parliament	<b>Bill</b> tabled and debated in Parliament;	Bill is in Parliament, but not tabled because of call for wider consultation
		Act to establish agency in place	Act Promulgated	
	Implementation of the Infrastructure Programme	Number of projects completed	<b>Nandoni</b> Water Treatment Works – 100%	Progress made; Target for design was 100%; 99% complete; construction target was 100%; actual 98%. Mechanical and Electrical sub contractors are progressing slowly with installation.
		Number of projects –design, construction and project implementation progressed	Vaal River Eastern Sub-system Augmentation Project (VRESAP)	Commissioning of all projects components to supply water to the delivery points, using the temporary abstraction works, successfully completed except the final testing of three pumps running together
			De Hoop-construction of dam access progressed to 38% completion	Overall 12 days behind dam accelerated programme. Target for design 92% achieved 90% Outlet Works: 26% complete Spillway: 27% complete



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
				Left Bank: 21% complete Right Bank: 12% complete 2 <sup>nd</sup> Phase river diversion: 39% complete <b>Constraints:</b> The attraction and retention of professional staff a serious risk The geotechnical conditions for dam worse than expected. Extensive additional excavation required Road construction within the contractual programme for opening to traffic by mid May 2009
			Preparatory work for implementation and design in progress	Preparatory work for implementation complete. 1% complete.



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
			Inyaka Water Treatment Works – 65% complete	Phase 2 commissioned in September 2008.  Phases 3 and 4: Design behind (Target 50% and actual 48%) Construction behind due to holdup in designs (Target 18 % and actual 8 %). <u>Phase 3 and 4</u> : No Construction but excavation started at contractor's risk. Construction experiencing delays due to rain.
			Hluhluwe Regional Water Scheme- 61 % completed	Phase 3: Water treatment plant reservoirs and pipelines (Target 98%, Actual 95%). Serious delays in material delivery due to non-payment of suppliers and serious delays due to non-conformance of pipe items delivered from suppliers.  With regard to supply of water to authorised users, Hluhluwe Dam is currently at 36.5% and not recovering as expected. This lead to water restrictions, according to System Operating Rules.



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
			Nandoni Bulk Distribution – 54% complete	Distribution Network: Pipelines, reservoirs and pump station ( <u>Design</u> : Target 71% and Achieved 67% <u>Construction</u> : Target 57% and Achieved 49%). Lack of professional technical human resources and supplier payment problems because of implementation of SAP. Serious problems with pipe line testing because of problems with pipe material supplied by external supplier. Work on GRP pipes stopped due to continuous problems with pipe material.
	Operation and Maintenance of existing infrastructure	Client Satisfaction Index	Bulk Water delivery performance to all major water users (ESKOM, SASOL, Agriculture, Municipalities)	Draft Bulk Water Supply (BWS) agreements for water boards in place. Agreements with Eskom, Sasol and Rand Water in place. Lack of human resources, and PSP has been appointed to finalise BWS Agreements.  Agreements for Amatola Water Board in place. Drought restrictions at Egmont, Krugersdrift and Sand-Vet. Technical skills shortage.
			Bulk Water Supply Agreements in place	Final draft of agreements in place. Awaiting approval and signature.
	Rehabilitation and Refurbishment of Dams	Number of dams in working condition	Improved dam safety – 10 dams	Improved dam safety – 12 dams





Strategic Objective	Output	Performance Indicator	Performance against target for 2008/9	
			Target	Actual
	Maintenance of Infrastructure according to preventative and routine maintenance plans.	100%	100%	75% Scheduled maintenance up to date. Shortage of suitable skilled supervisors staff.
	Develop the mechanical and electrical infrastructure refurbishment programme	100%	100%	90% Planned refurbishment done. Lack of human resources. Advertised posts. Poor performance of contractors.
	Implement the Dam Safety rehabilitation Programme (DSRP)	100%	100%	Rehabilitation programme on track.
	Operate dams in accordance with emergency preparedness plans	100%	100%	Emergency plan implemented successfully in most dams.



**Table 20: Priority No. 6: Improve Financial Process and Systems**

Strategic Objective	Output	Performance Indicator	Performance against target for 2008/09	
			Target	Actual
Transformation of the state and society	Risk Management Unit Established	Risk Management Unit functional	Risk Management Unit Established and Operational by October 2008	The structure has been approved but the post of the Director: Risk Management has not been filled yet.
	Risk Mitigation plan developed	Degree of compliance with prescripts	Completion and approval of a risk mitigation plan by September 2008	Risk mitigation plan and policy have been approved
	Internal Audit Function Improved	Degree of reduction in audit queries	Three-year rolling strategic plan in line with prescripts by 30 June 2008	Three-year rolling strategic plan in line with prescripts was developed and approved by the Audit Committee.
			Execute 100% of rolling plan by 31 March 2009	The plan was executed and a number of projects were completed. However there are a number of projects that have not been implemented due to staff turnover including the Head of Internal Audit. A new Head of internal Audit has been appointed and projects not implemented will be incorporated in 2009/10 financial period's plans
	Effective and efficient planning and budgeting processes	Alignment of budget with strategic priorities	Implementation of proper budget and expenditure control processes	A list of department priorities aligned to the budget were agreed upon at the top management meeting which was held on 17 November 2008  2009 MTEF funds bids, reflecting priorities of the department, presented to National Treasury for funding



Strategic Objective	Output	Performance Indicator	Performance against target for 2008/09	
			Target	Actual
		% of success of Departmental bids	Management of MTEF (ENE) process	Baseline MTEF budget allocation adjustment totaling R2.1 billion made on the basis of the five bids presented for funding
	Revenue, asset, liability and expenditure management enhanced	Number of policies and procedures completed and approved	Policies and procedures developed and implemented in line with business processes by 31 March 2009	19 policies and procedures have been reviewed and approved.
	Degree of reduction in audit queries	All milestones in the financial improvement action plan achieved	Audit queries reduces	Progressively milestones such as valuation of biological assets, verification and valuation of bulk infrastructure, preparation of interim financial statements, regular reconciliation and confirmation of debtor balance, etc have been achieved



**Table 21: Priority No. 7: Organisational Systems and functioning**

Objective	Output	Performance Indicator	Performance against targets w008/9	
			Target	Actual
Transformation of the state and society	Human Resources Development Strategic Framework developed and implemented	Number of skills development interventions/ programmes provided	Skills audit undertaken by 31 December 2009	Not Achieved
		Number of participants completing the programmes	Training and development interventions implemented as per Workplace Skills Plan	61 Training interventions implemented
		Degree of support provided to bursary holders, interns and young graduates	Induction, training and development support interventions	Induction programme provided to bursary holders Interns provided with on job training interventions Young graduates provided with on job training and short courses interventions.
		Degree of increase in the intake of young graduates and bursary holders	100% intake of students completing studies	100% (48) intake of young graduates who were bursary holders 42 external bursaries awarded 290 internal bursaries awarded
		Degree of competency improvement	Post training impact assessment tools developed by 31 August 2008 and implemented	Not achieved



Objective	Output	Performance Indicator	Performance against targets w008/9	
			Target	Actual
		Degree of performance improvement	Learnership, internship and mentorship programme implemented 30 July 2009	<p>Internship programme in Finance and Internal Audit implemented.</p> <p>Mentorship interventions undertaken for all interns.</p>
	Effective and aligned HR architecture developed and implemented  (Strategies, policies, plans, systems and compliance)	Degree of compliance with legislation and policies	HR Strategies, policies and plans developed by 31 March 2009	<p>6 HR policies developed and approved</p> <p>6 HR policies developed and not yet approved</p> <p>HR strategy developed</p> <p>HR plan developed</p> <p>Grievance Protocol developed</p>
		Degree of support and alignment of HR practices with business requirements and demands	Full compliance achieved in performance management, probation management, financial disclosures and the resolution of grievances and misconduct	<p>Achievement of HR compliance:-</p> <p>98 % for performance management</p> <p>97% for financial disclosures</p> <p>90% reduction in grievances</p> <p>60% in probation management</p> <p>100% for compliance with Skills development Act</p> <p>100% for EE plan</p>



Objective	Output	Performance Indicator	Performance against targets w008/9	
			Target	Actual
	Turnaround strategy for HR implemented			Recruitment and selection practices revised and aligned to business requirements. Organisational design practices were re-engineered to business requirements
		Service delivery standards met on: Job evaluation, recruitment, selection, appointment, termination and leave administration processes	Ongoing adherence to business process time frames	Job evaluation drive implemented and new posts were approved. Turnaround time around of 60 days around recruitment and selection was achieved. Turnaround time around leave administration was reduced to 5 days.
		Reduced complaints due to non adherence with service delivery standards	80% adherence	80% adherence to time frames as indicated in the business process.
	Improved Public understanding and awareness on Water and Forestry related issues	Number of awareness workshops	3 Different interventions per quarter	6 awareness workshops undertaken
		Number of awareness instruments	awareness instruments	6 awareness instruments were used during Water and Sanitation weeks
		Number of awareness advertisements	6 awareness advertisements	3 awareness advertisements were achieved
	Appropriate organisational structure implemented	Adoption of new structure and implementation	Project plan by 31 October 2008	Revised high level organisational structure approved by the Minister in December 2008



Objective	Output	Performance Indicator	Performance against targets w008/9	
			Target	Actual
	Business Performance Management System Developed and Implemented	Degree of compliance with applicable prescripts	Business plans submitted in compliance with prescripts	Business plans submitted timeously
		Degree of Parliament's satisfaction with Departmental performance	Strategic Plan developed in compliance with prescripts	A strategic plan covering one year was tabled on time.
			Monitoring and evaluation System in place by March 2009	Manual system in place and being reviewed to become an automated system in line with the proposed Government Wide Monitoring and Evaluation System.
	Effective security support plan developed and implemented	Degree of compliance with legislation and policies	Security clearances finalised for Minister and DG's office by 30 June 2008 and Senior management and key personnel by 31 July 2008 projects implemented	Minister and DG Offices: 46% of staff vetted  Senior Management and key personnel: 30% staff vetted
		Number of security breaches	Zero reported incidents  Compliance to Security requirements for classified information by 30 June 2008	<ul style="list-style-type: none"> <li>• A total of 26 security incidents reported</li> <li>• Safes for key office in place</li> <li>• Security audits undertaken quarterly</li> <li>• Debugging of key offices</li> <li>• Declaration of secrecy for key personnel completed</li> </ul>





Objective	Output	Performance Indicator	Performance against targets w008/9	
			Target	Actual
			Four (4) security awareness workshops held by 30 June 2008	Five security workshops held
		Number of losses and thefts	Security policies implemented by 31 March 2009	Security policy not reviewed
			Zero losses	Zero losses
	Effective and Aligned IT Architecture Developed and Implemented	Degree of Compliance with Legislation and Policies	IS strategies, policies, systems and governance structures in place by 30 March 2009	Fully Developed IS Strategy Document
		Degree of Availability of IT Services and Support to Clients	96 % availability of IT Services and support	98% availability of IT services and support
	IS, IT, IM Strategy and Implementation	Number of IT Policies Implemented	Approved and Implemented IT Policies	4 Policies developed and not approved:-
				<ul style="list-style-type: none"> <li>• Information Security Policy</li> <li>• Business Continuity Policy</li> <li>• Mobile Device Policy</li> <li>• Server Room policy</li> </ul>



Objective	Output	Performance Indicator	Performance against targets w008/9	
			Target	Actual
		Number of IT Strategic Thrusts Implemented		<ul style="list-style-type: none"> <li>• 2 Thrusts for Stabilisation of IT Environment</li> <li>• Enterprise Architecture</li> <li>• (EA) Programme implemented</li> </ul> System Integration using Service Oriented Architecture Pilot Project Implemented
	Improved Quality of IT Services	% of Maintenance Contracts and Service Level Agreements Developed	100% of measures stipulated in contracts and Service Level Agreements	100% Achieved
	Improve Efficiency of DWAF Applications and Systems	% of Applications that are Improved	100 % of Critical Applications Improved	50% Done.
	Provide Data and Information Integrity	Existence of a Storage Management Facility	Storage Management Facility Implemented	Storage management facility fully implemented
		Existence of a Robust Backup Service	Backup Service Unit Implemented	Backup service unit developed and in place
	Optimized IT Infrastructure	60% of Server room facilities Upgraded	100 % of Server Room Facilities Upgraded	30% done
		Microsoft Servers Optimized	Project Plan Developed	All project outputs achieved
		Existence of a Disaster Recovery Plan	Completion of Optimization Project	Optimisation project completed



Objective	Output	Performance Indicator	Performance against targets w008/9	
			Target	Actual
			Disaster Recovery Plan Developed and Approved	Not achieved
	Open Source Strategy Developed and Implemented	Strategy Developed and Implemented	Open source strategy and plan approved by 30 June 2008	Not achieved
		Existence of a Project Management Office	The PMO fully operational and all IT projects registered and managed from the PMO	100% achieved
	Implementation of Sourcing Strategy	Full Implementation	Project Plan in Place by 30 April 2008	Not achieved
	Electronic Document Management System (EDMS) Developed and Implemented	User Requirements Finalised Software installed Improved tracking of documents	Pilot EDMS Rolled-out by March 2009	Not achieved



**Table 22: Priority No. 8: International Co-operation and Relations**

Strategic Objective	Output	Performance Indicator	Performance against set targets 2008/9	
			Target	Actual
International agenda	International Relations Strategy	Intervention Programmes focusing on mentoring of Civil Society Organisations	Well coordinated programmes for participation in Africa and internationally	Participated effectively in Africa Water Week, Stockholm World Water Week and World Water Forum.
		Knowledge Sharing through Participation in Conferences		
		Schools based Education Programme		
		Bucket eradication		
		Africa Water Week, Stockholm World Water Week and Water Forum		
	Compliance with International Conventions and Agreements	UNFCCC decisions about forestry applied to SA and inputs given on forestry issues	Forestry staff within DWAF informed about Climate Change issues by July 2008	Media information circulated by e-mail
		UNFCCC decisions about forestry applied to SA and inputs given on forestry issues	Inputs prepared for UNFCCC-COP 14 by Dec 2008	Report on the Alexander von Humboldt Conference compiled and circulated
				Questionnaire survey conducted at Forestry Strategic Planning Workshop Poster displayed on notice boards



Strategic Objective	Output	Performance Indicator	Performance against set targets 2008/9	
			Target	Actual
		Forestry contributions prepared for the UNCBD	Forestry inputs prepared and delivered for the UNCBD COP Annually by March 09	Inputs were given to DME (NDA) on potential role of forestry in the Clean Development Mechanism
		UNCSD 16 attended and a focused approach for UNCSD 17	Implementation requirements for Forestry in terms of the CSD understood by Dec 2008	Inputs on two COP14 / SB agenda items prepared and communicated to DEAT
		CITES effectively enforced in terms of forest products.	Relevant officials trained in wood sample identification by September 2008	<p>Inputs prepared for National Policy Conference</p> <p>Ensured attendance of IGCCC meeting</p> <p>Inputs channelled through standing SANBI committee</p> <p>Attendance of national Biodiversity Forum.</p> <p>Half-day focused workshop on forest biodiversity facilitated.</p> <p>Meeting held with chair of the Timber Working Group to plan way forward on the monitoring of imports and exports of protected timber species</p>



Strategic Objective	Output	Performance Indicator	Performance against set targets 2008/9	
			Target	Actual
				Training of Ports Officials in timber identification (Species listed in the Appendices of the Convention on International Trade in Endangered Species (CITES) was conducted. The actual performance does not clearly indicate whether or not the targets were achieved. The target was met
	Regional (SADC) collaboration on SFM studies	Facilitate ratification of SADC Forestry Protocol	Collaboration with SADC (recurring)	Participated (and chaired) the SADC Forestry Technical Committee meeting and developed a draft strategy for the implementation of the SADC Protocol on Forestry; prepared a draft SADC position for UNFF and develop a draft proposal for the establishment of a SADD Multi-stakeholder Forestry Forum  SADC Heads of Forestry meeting was held on the margins of COFO 19 Session in Rome, Italy. DWAF / SA facilitated the meeting.
	Bilateral and multilateral agreements that support SFM	Bilateral and multilateral agreements with SA foreign partners	Technical exchange programme implemented by March 2009	No progress



Strategic Objective	Output	Performance Indicator	Performance against set targets 2008/9	
			Target	Actual
	Negotiations of cross-border MoUs finalised and MoUs signed (Botswana, Namibia, Swaziland & Mozambique) and implemented (Lesotho)	MoUs signed (Botswana, Namibia, Swaziland & Mozambique) & implemented (Lesotho)	MoUs signed with Botswana, Namibia, Swaziland & Mozambique	<ul style="list-style-type: none"> <li>• Botswana MoU has been signed</li> <li>• Mozambique and Swaziland ready for signing</li> <li>• Implementation started for Lesotho</li> </ul>

## • PART THREE: AUDIT COMMITTEE REPORT



### 3.1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AFFAIRS AND FORESTRY - VOTE 34 FOR THE YEAR ENDED 31 MARCH 2009

The Audit Committee comprises the following members:-

Name of Member	Number of Meetings attended
Ms S Thomas (Chairperson)	4
Mr J A Boyd	4
Mr W G du Preez	4
Mr K D Nkadimeng	2
Mr J Motha	2
Ms H Kabini – Zondo	2
<b>Ex Officio Member</b>	
Ms P Yako (Director General)	1
Ms Nobubele Ngele (Acting Director General)	1

During the year under review the Audit Committee held three normal meetings and one special meeting. Mr J A Boyd resigned as Chairperson of the Audit Committee on 12 November 2008, at which point Ms S Thomas was appointed as Chairperson. Mr Motha and Ms Kabini – Zondo were appointed to the Audit Committee in October 2008.

#### AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a) of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) as amended by Act No.29 of 1999) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of

reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has attempted to discharge its responsibilities as contained therein.

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

- Department of Water Affairs and Forestry – Vote 34

#### INTERNAL CONTROL

Whilst the members of the Audit Committee believe that the system of internal controls largely covers organisational, financial and operating risks, control weaknesses are periodically identified during the Internal and External audit processes. The committee closely monitors management's actions to remedy these weaknesses.

#### RISK MANAGEMENT

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

#### INTERNAL AUDITING

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





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

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

### **MATTERS REQUIRING SPECIFIC MENTION**

The Auditor-General makes specific mention in his audit report of the performance audit that was conducted concerning entities that are connected with government employees and doing business with national departments. The report covered the period April 2005 to March 2006 and was tabled on 20 April 2009 in Parliament.

The Audit Committee wishes to highlight the fact that the performance audit reported on does not relate to the period under review and that the Department has during the 2009/10 financial year made representation to SCOPA on the matters raised concerning the performance audit.

### **EVALUATION OF FINANCIAL STATEMENTS**

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



MS S THOMAS

**DATE: 2 September 2009**

**CHAIRPERSON OF THE AUDIT COMMITTEE**



### 3.2 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY FOR THE YEAR ENDED 31 MARCH 2009

The Audit Committee comprises the following members:-

Name of Member	Number of Meetings attended
Ms S Thomas (Chairperson)	4
Mr J A Boyd	4
Mr W G du Preez	4
Mr K D Nkadimeng	2
Mr J Motha	2
Ms H Kabini – Zondo	2
<b>Ex Officio Member</b>	
Ms P Yako (Director General)	1
Ms Nobubele Ngele (Acting Director General)	1

During the year under review the Audit Committee held three normal meetings and one special meeting. Mr J A Boyd resigned as Chairperson of the Audit Committee on 12 November 2008, at which point Ms S Thomas was appointed as Chairperson. Mr Motha and Ms Kabini – Zondo were appointed to the Audit Committee in October 2008.

#### AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a) of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) as amended by Act No.29 of 1999) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of

reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has attempted to discharge its responsibilities as contained therein.

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

- Water Trading Entity

#### INTERNAL CONTROL

Whilst the members of the Audit Committee believe that the system of internal controls largely covers organisational, financial and operating risks, control weaknesses are periodically identified during the Internal and External audit processes. The committee closely monitors management's actions to remedy these weaknesses.

#### RISK MANAGEMENT

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

#### INTERNAL AUDITING

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



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

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

### EVALUATION OF FINANCIAL STATEMENTS

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

**M S THOMAS**

**DATE: 2 September 2009**

**CHAIRPERSON OF THE AUDIT COMMITTEE**



### 3.3 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE NATIONAL FOREST RECREATION AND ACCESS TRUST FOR THE YEAR ENDED 31 MARCH 2009

The Audit Committee comprises the following members:-

Name of Member	Number of Meetings attended
Ms S Thomas (Chairperson)	4
Mr J A Boyd	4
Mr W G du Preez	4
Mr K D Nkadimeng	2
Mr J Motha	2
Ms H Kabini – Zondo	2
<b>Ex Officio Member</b>	
Ms P Yako (Director General)	1
Ms Nobubele Ngele (Acting Director General)	1

During the year under review the Audit Committee held three normal meetings and one special meeting. Mr J A Boyd resigned as Chairperson of the Audit Committee on 12 November 2008, at which point Ms S Thomas was appointed as Chairperson. Mr Motha and Ms Kabini – Zondo were appointed to the Audit Committee in October 2008.

#### AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a) of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) as amended by Act No.29 of 1999) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of

reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has attempted to discharge its responsibilities as contained therein.

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

- National Forest Recreation and Access Trust

#### INTERNAL CONTROL

Whilst the members of the Audit Committee believe that the system of internal controls largely covers organisational, financial and operating risks, control weaknesses are periodically identified during the Internal and External audit processes. The committee closely monitors management's actions to remedy these weaknesses.

#### RISK MANAGEMENT

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

#### INTERNAL AUDITING

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



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

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

### EVALUATION OF FINANCIAL STATEMENTS

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

MS S THOMAS

DATE: 2 September 2009

CHAIRPERSON OF THE AUDIT COMMITTEE



**ANNUAL FINANCIAL STATEMENTS FOR**  
**Department of Water Affairs and Forestry for the year ended 31 March 2009**



## 4.1 REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA FOR THE YEAR ENDED 31 MARCH 2009

### 1 GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

#### Important policy decisions and strategic issues facing the Department

The Department of Water Affairs and Forestry (the Department) ensures that South Africa has reliable sources of water and sufficient forest resources for sustainable social and economic development. The Department's work supports job creation, poverty eradication, the protection of the environment, the provision of basic services, building the economy and the development of human resources.

The Department continues to focus on:

- Ensuring sustainable and equitable water resources management
- Meeting water and sanitation targets
- Ensure universal access to safe and affordable basic water
- Aligning and promoting effective institutions in the water sector
- Building, operating and maintenance of bulk water infrastructure
- Supporting the development of water resources infrastructure
- Implementing the Forest Sector BEE Charter to introduce new participants in the forest sector

- Transformation of the water sector
- Pursuing African advancement and enhancing international cooperation and development
- Managing state owned plantations
- Promoting sustainable forest management and development of all types of forests

#### Key ongoing challenges of the Department include:

- Ensuring equity in access to water for domestic and productive purposes
- Curbing unlawful water use through targeted water conservation and demand management
- Conclusion of water allocation reforms
- Maintaining existing water resource infrastructure
- Enforcing raw and drinking water quality standards
- Reducing forest fires through regulation and monitoring
- Implementation of service delivery programmes within a multiple departmental contribution
- Funding for refurbishment of category B and C plantations
- Funding for forest enterprise development





The Department responds to critical issues regarding the management of water resources and sustainable supply of water, sanitation and forestry services in ways that will contribute to the social and economic development of our people. Municipalities are at the centre of government's efforts to improve the quality of life of all citizens and the Department will continue to support local government in all aspects of their work.

The Department's role is to create an environment in which local government is better able to fulfill its constitutional mandate and improve service delivery. There must be greater collaboration between the Department, the Department of Cooperative Governance and Traditional Affairs (CGTA), provincial departments responsible for local government, health, education, agriculture and housing and other sector departments to ensure an integrated and comprehensive approach to supporting local government in the spirit of the Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005). The Project Consolidate formed the basis of this foundation and the Department continued to work with the South African Local Government Association (SALGA) in developing strategic actions for support programmes in order to respond to the needs of municipalities.

As regulator, the Department must ensure that municipalities adhere to water quality standards and will continue to ensure that drinking water quality monitoring programmes are improved. The quality of water, both supplied to consumers and waste discharged back into water resources, depends on the quality of the treatment facilities. Although the development of policy for water services infrastructure development is the Department's regulatory responsibility, the Department will continue to support local government to improve their water

services development plans and ensure that there is adequate planning for the management, operation, maintenance, refurbishment and upgrading of water services infrastructure.

In its role as a regulator of the forest sector, the department is required to promote sustainable management and development of forests for the benefit of all as prescribed by the National Forests Act (Act No 84 of 1998). To strengthen the regulatory mandate, the Department developed regulations. The Department continues to promote the integrated fire management through implementation and enforcement of the National Veld and Forest Fire Act (Act No 101 of 1998).

### Water resource management

Recognising the need to ensure that water resources are of the appropriate quality for consumption and productive use, the Department is finalising the water system classification regulations policy frameworks for resource quality objectives and source directed controls focusing on specific sectors and users will be in place in 2009/10.

A process of reviewing the institutional framework in the water sector started in 2007, and this process has gone through various stages of consultation supported by intensive research and analysis. The National Water Resource Strategy, which was first published in 2004, is being reviewed with the latest information on the stock and location of water resources and the revised version will be published in 2009/10. Five water reconciliation strategy studies have been initiated in major metropolitan areas to identify and confirm the option for meeting future water demand.





Key to water resources development and management is the establishment of South African National Water Infrastructure Agency that amalgamates TCTA and WTE. Establishing one unit for planning and development of strategic national water resources will benefit the Department, and the sector, in the long-term. Short-term gains projected included financial savings and the creation of an operating surplus. Short term challenges related to the merger are manageable and there are no major risks, other than TCTA's current loan liabilities, are expected. The majority of these loans are guaranteed by government. The draft legislation to establish the South African National Water Infrastructure Agency (SANWIA) was withdrawn from the National Assembly to allow for further consultations with key stakeholders. The establishment of SANWIA is not viewed in isolation of the overall institutional realignment model that seeks to consolidate water sector institutions to achieve, among others, the following outcomes:

- Economy of scale for effective service delivery
- Sufficient institutional capacity to attain sustainable and capability to execute service delivery mandates of affected institutions
- Integrated planning for water sector development
- Sufficient delegation and decentralisation of water management mandates
- Enhancement of regulations and compliance thereof.

The institutional realignment model proposes realignment of water boards is to use the existing legal entity of one of the water boards already established in the region to kick-start the process of working towards the establishment of wall to wall public entities within provincial boundaries that will operate as regional water utilities (RWUs). Provincial boundaries will be determined by the dynamics within each province. The first phase of transformation process involves re-arranging the objectives, service areas, board composition, etc., of an existing water board as well as, in some cases, the consolidation of two water boards. Each one of these new organisations will require major change management interventions

and support. The proposed changes, especially the impact on staff, will have to be carefully and correctly managed as one of the core elements of the re-organisation is to optimise existing expertise for the benefit of the wider service area and the wider population to be served.

The reconfiguration of the 14 water boards into wall to wall regional water utilities (RWUs) is financially viable. However certain measures will have to be implemented to maintain this viability. Measures such as cost as well as effective cash management strategies must be implemented. The realignment of water boards will bring about wall to wall provision of water services for all, improved service delivery and economies of scale.

Based on the overall analysis of profitability it appears that most RWU's will be "profitable" for the foreseeable future. The RWU which is of great concern is the RWU in Northern Cape as its net profit percentages are negative for the projected five year period. A detailed turn-around strategy will have to be developed for this RWU to ensure its future sustainability. The RWU in Mpumalanga will have to be relocated to Nelspruit and this will influence the viability of the RWU in that region. There is a definite need for overlap in some areas where the existing water board has sufficient capacity to cover the areas outside set provincial boundaries, for example, Rand Water Board and Mpumalanga.

The establishment of catchment management agencies (CMAs) to manage consolidated water management areas and the incorporation of water user associations (WUAs) will ensure finalisation of the establishment process, effective departmental oversight, elimination of overlapping mandates, integrated water resource management, economies of scale, and ultimately contribute to affordable raw water tariffs. A number of issues and challenges need to be resolved before the realignment is implemented. These issues relate to role clarification, issues around legislation, transfer of Departmental staff to CMA's, transfer of water sales and registration fees for water users, etc. Furthermore



it is suggested that an in-depth due diligence be undertaken to inform implementation.

### Developing water resource infrastructure

The Department's national water resources infrastructure branch continues to work with the Trans- Caledon Tunnel Authority (TCTA) to:

- Develop, operate and maintain water resource infrastructure;
- Implement strategic and operational risk management;
- Improve asset maintenance and management programmes; and
- Enhance revenue management from water users.

### Promoting universal access and reliable water services

More recent policy and legislation, particularly in the realm of local government, has prompted the need for the Water Services Act (Act No 108 of 1997) to be reviewed and amended to modernise the water services sector's regulatory framework. The proposed National Water Services Bill has been drafted and is currently awaiting Cabinet approval for it to be published in the government gazette for comment.

### Significant events that have taken place during the financial year

#### Transforming the water and forestry sectors for improved delivery

The overall strategy of the Department seeks to ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development; to ensure the universal and efficient supply of water services within the local government sphere; and to promote the sustainable management of forests. In fulfilling these aims, the department continues to re-examine its service delivery components with special focus to building organisational arrangements within the permitted legislative mandate.

### Women empowerment and gender equality

During the financial year under review, the focus has been on conducting gender proofing on policies and projects. The external gender-proofing project revealed shortcomings, and a response strategy has been developed to implement recommendations.

On 29 August 2008, an organisation for women in water and forestry, Sedibeng Bafadzi, was launched. This organisation is an important vehicle to ensure meaningful participation of women, having previously been marginalised, in the sector. Mobilisation for Sedibeng Bafadzi has taken place in many provinces with a view to raising awareness about the organisation. The strategic objectives of the women organisation are to integrate women into formal government programmes, serve as a platform to facilitate and mobilise resources to support women in the sector, and promote entrepreneurship among women of South Africa.

### Universal access to water and sanitation services

Providing access to basic water and sanitation services is the core priority for the Department. Substantial progress has been made in providing universal access to water and sanitation in South Africa. Access to basic water infrastructure has increased from 59 per cent in April 1994 to 96 per cent at the end of March 2008. Similarly, access to basic sanitation increased from 48 per cent to 76 per cent. In 2007/08, water was supplied to a further 1.3 million people, and sanitation to a further 1.1 million. Although backlogs in water and sanitation were supposed to be eradicated by 2008 and 2010, respectively, a 2008 Cabinet decision aligned the provision of universal access to water and sanitation with the provision of housing and other basic services. The new target of ensuring universal access to basic services and housing is 2014. Government accelerated the eradication of



bucket toilets in established formal settlements existing pre 1994 by allocating an additional budget of R1.8 billion between 2005/06 and 2007/08. In February 2005, the backlog was 252 254 bucket toilets. At the end of March 2008, 9 044 buckets still needed to be removed. The majority are in Free State (7 279), followed by Northern Cape (1 372) and Eastern Cape (438). The department aims to remove all buckets by March 2010. Over the 2009 MTEF period, the department will be implementing regional bulk infrastructure schemes to further expand access to basic water and sanitation services and to enable the expansion of the housing delivery programme. Further the Department is planning to accelerate access to basic service i.e. water and sanitation by intervening in municipalities with directed need and lack of capacity to deliver.

Water and sanitation services were provided to the remaining 716 clinics (out of all clinics) that had none, or had limited access to such services. The water and sanitation programme for clinics was officially completed and handed over to the Department of Health in May 2008. In 2007/08, 143 schools were provided with water and sanitation services, against a target of 110.

The target for 2008/09 was revised to 433 schools to be provided with water facilities and 498 with sanitation. At the end of April 2009, water infrastructure had been provided to 132 schools, and sanitation facilities to 255 schools. Over the 2009 MTEF period, the Department will continue to provide water and sanitation services to schools. The Department developed a municipal drinking water quality management system in all water services authorities, and completed a pilot of a waste water treatment management system in 2007/08. Special investigations into water supply interruptions are under way, and an effort is being made to improve water services authorities' management and control systems. As part of its regulatory mandate for drinking water quality, the department will be introducing a new incentive system for municipalities over the 2009 MTEF period. Blue Drop certificates will be issued to municipalities that meet the drinking water



standards and Green Drop certificates to those that meet the requirements for treating waste water.

### Organisational transformation

The department has embarked on a transformation journey by addressing issues around vision and mission, business technology and processes, leadership development, human capital, change management. These are issues that are key to the improvement of service delivery in the next three years. The focus on regulatory, compliance and enforcement functions are key to the mandate of the department. Segregation of functions between the Main Account and Water Trading Entity will, over the next two years, support improvement of governance and service delivery. A critical segregation of functions and staff between the Main Account and Water Trading Entity is crucial in order to inter alia:

- Enhance sound financial management in the Department;
- Ensure the correct classification, measurement and disclosure of revenues, assets and liabilities of the Department;
- Determine the correct water use charges payable by water users and hence a sustainable revenue base;
- Enhance accountability and governance in terms the existing legislative framework; and
- Contribute towards improving service delivery, performance evaluation and reporting.

One component that is key to the legislative mandate of the department is the Water Trading Entity that operates within the administration of the Department. This component facilitates the development and management of the water infrastructure resources. Although the Water Trading Entity was established some years ago, the Department failed to properly segregate the functions and staff of the Main Account and Water Trading Entity. This matter was raised in the Auditor-General's audit report on the annual financial statements of the Department



for year ended 31 March 2007. Since then, steps were taken as part of financial management improvement initiatives to ensure a proper segregation of the functions associated with the Exchequer Account and Water Trading Entity. To this end, two sets of financial statements have been prepared to report on the financial position and performance of Main Account and the Water Trading Entity as distinct reporting entities under the leadership of the Director-General as the accounting officer.

### **Improving departmental wide performance**

There has been noticeable improvement in the quality of the performance agreements of senior managers as well as compliance with the Performance Management and Development System (PMDS). The department has deliberately focused on the training and education of managers at various levels as well as the development of practical tools in order to embed the appropriate ethos, better alignment with the strategic objectives and thus improving department wide performance. In terms of skills development, the department continues to provide opportunities for young graduates through the Learning Academy and staff members by offering bursaries for formal studies. The department will be able to enjoy the full benefits of the Learning Academy when the first professionals will graduated from the Academy. Performance assessments have been done for all levels except for SMS, which are expected to be finalised in April 2009.

The process of reviewing the organisational structure was undertaken. The review process aimed at ensuring that the structural operating model is aligned to the strategy and provides a platform for effective delivery of services. The revised organisational structure has been submitted to the Minister of Public Service Administration for consideration.

Staff in the Department also get bursaries as part of the talent management and skills development.

### **Change journey**

The department embarked on a change journey in order to identify and address the internal organisational and cultural challenges. These challenges compromised the ability of the department to deliver on its strategic goals. A new vision and mission were developed and awareness campaigns were held to facilitate full participation and commitment by all employees. Short-term actions and milestones around the agreed change levers were developed and implemented. Employees were engaged extensively, task teams established and resources committed to ensure that change happens at all levels of the departments. The department has been able to realise some benefits around strategic alignment, reengineering of systems and processes for internal workflow management.

### **Support to local government and municipalities**

The department intensified its support to local government by providing technical assistance, facilitation and co-ordination of planning initiatives, and direct assistance to municipalities in crisis by developing turnaround plans with water service authorities and their water service providers. The department installed a municipal drinking water quality management system in all water services authorities, and has completed a pilot of a similar waste water treatment management system. Special investigations into water supply interruptions are under way and an effort is being made to improve water services authorities' management and control systems. Significant progress has been made since April 2008 as 100% of WSAs are loading data from more than 3 200 drinking water sampling points on the information management system. Approximately 94% of the sample points complied with the health aspects of the national standard (SANS 241).



## Forestry

The Department has been faced with a challenge with respect to the implementation of the provisions of the National Forests Act 1998 (Act No. 84 of 1998) and the National Veld and Fires Act, 1998 (Act No 101 of 1998) due to limited funding. The forestry branch has taken a number of initiatives to strengthen the regulatory function.

To strengthen the compliance, monitoring and enforcement function, a total of 800 forest officers were appointed internally, and the power to enforce the two pieces of legislation were delegated to them by the Minister, following the completion of the forest officer's course. This course has since been reviewed to align it with the Criminal Procedures Act, 1977 (Act No. 51 of 1977) and other legislation and policies, with the aim of retraining staff and improving their skills and knowledge. A training plan will be developed in 2009/10 to train internal Department staff, other government departments; NGO's and community based organisations and eventually appoint the officials as forest officers or forest protection officers.

Information sessions to build capacity and raise awareness have been conducted with the municipalities, traditional authorities, South African Police Services, other government departments and stakeholders in all the provinces, where appropriate awareness raising materials are distributed strategically.

A working relationship has been established with the Justice College and the national Department of Environmental Affairs and Tourism. This initiative has created a platform for the Department to raise awareness with the magistrates and prosecutors.

The Department and the International Trade Administration Commission of South Africa within DTI signed a memorandum of agreement regarding the regulation, administration and trade in protected trees declared under the National Forest Act, 1998 (Act No 84 of 1998).

The Forest Sector Broad-Based Black Economic Empowerment Charter, the forestry sectors growth, development and transformation strategy; the expansion of the forest estate; the transfer of refurbished plantations; the improvement of livelihoods through greening and forestry-related enterprise development; and the implementation of the National Forests Act, 1998 (Act No. 84 of 1998) and the National Veld and Forest Fire Act, 1998 (Act No 101 of 1998) are the cornerstones of the Programme's activities.

The Forest Sector BBBEE Charter was signed by the Minister and industry representatives on 22 May 2008. The Minister appointed the Charter Council members and the Chairperson of the Council. The council met three times during the 2008/09 financial year. The Charter Council appointed a Chief Executive Officer and support staff and the Council will be responsible for monitoring and overseeing the implementation of the Charter. The Charter has been published in the government gazette in terms of section 9 of the Broad-based Black Economic Empowerment Act, 2003 (Act No 53 of 2003) as a sector Charter and the Council was registered as a Section 21 Company with the Department of Trade and Industry. The department initiated processes to comply with the targets set in the Charter and in terms of access to funding for SMMEs the department has successfully negotiated a Memorandum of Agreement with the Industrial Development Corporation to administer grant funding for the sub-sectors addressed in the Charter, which will be signed in the 2009/10 financial year.

### Reasons for under/(over) Spending:

There is an under spending of 14,6 per cent in respect of Programme 2: Water Resource Management which is as a result of the De Hoop Dam Project. Disbursements of the funds in respect of this project could not proceed as anticipated mainly as a result of the delays in the conclusion of the negotiations to finalise a memorandum of agreement with the 23 different mines. Since this memorandum records the principle for the sharing of the project cost which



is essential to conclude the negotiations prior to the commencement with preparations for project implementation. In view of this reason, the Department requested the National Treasury for approval to utilise the unspent funds for the benefit of other bulk water supply infrastructure projects that were nearing completion. The necessary approval was not received from the National Treasury and consequently these funds remained unspent within the Vote while WTE continued to implement the relevant bulk water services projects using funds meant for recurrent expenditure items. Had the approval from National Treasury been received R262,67 million would have been paid out to the Water Trading Entity to augment the necessary capital expenditure on other bulk water infrastructure projects.

### Impact on programmes and service delivery

The delay in the commencement and finalisation of projects as well as delays in the transfer of staff to municipalities, due to the protracted nature of the negotiations, had minimal impacts on the overall service delivery of the Department as many of the programmes are multi-year programmes and no services were disrupted.

The following actions have been taken to eliminate the recurrence of under-spending:

- Intensified efforts to complete the Department's restructuring programme and fill key vacant positions;
- Ensuring that plans are timeously in place for the implementation of projects;
- Improved cash flow management; and
- Improved programme/project management that utilised informed cash forecasts

## 2 SERVICES RENDERED BY THE DEPARTMENT

The following services are rendered by the Department

The main services rendered by the Department are related to:

- Ensuring the availability of water at a national level to facilitate equitable and sustainable social and economic development;
- Ensuring the efficient supply of water services at a local level;
- Promoting the sustainable management of forest; and
- Promoting integrated fire management.

### Administration

This programme is responsible for the provision of policy leadership, advice and core support services, including finance, human resources, legal services, information and management services, communication and corporate planning.

### Water resources

The policy framework for water resources is laid down in sections 56 to 60 of the National Water Act, 1998 (Act No 36 of 1998). The pricing strategy for raw water use charges was published in Government Gazette No. 1353 of 12 November 1999. The first revision of the pricing strategy has been completed and implemented by a Notice in Government Gazette No. 29697 3 of 16 March 2007 for implementation from April 2007. It remains valid until a further revision is deemed necessary.

The pricing strategy currently only covers the following three consumption water uses:

- Taking water from a water resource (underground or surface water);
- Storing water, abstraction from dam or recharged aquifer will constitute





the use. The annual refilling of dams constructed to enhance property values or for recreation and which are located in important water-courses, will constitute the use and will be based on an estimation of evaporation losses; and

- Engaging in a stream flow reduction activity such as afforestation.

The following abstraction related uses are charged for in terms of the Pricing Strategy:

- Taking water from a water resource (underground or surface water)
- Storing water, abstraction from dam or recharged aquifer will constitute the use. The annual refilling of dams constructed to enhance property values or for recreation and which are located in important water- courses, will constitute the use and will be based on an estimation of evaporation losses; and
- Engaging in a stream flow reduction activity such as afforestation .

The proposed pricing for waste discharge related uses and return flows will be implemented after a money bill has been approved and the relevant sections of the National Water Act are amended and dealt with in the revised Pricing Strategy.

## Forestry

The Forestry programme aims to ensure the sustainable management of all forests, woodlands and plantations and their commercial and community use to achieve social and economic benefits, and to advance rural development, regulation, facilitation, monitoring and evaluation. The Department, in consultation with the industry, has developed a forestry 2030 roadmap, which will serve as a roadmap or blueprint for effective and sustainable development of all forestry resources and will assist the forestry sector in addressing its constraints and challenges and realising its full potential in terms of contribution to job and wealth creation as well as conservation of biological diversity.

Strategic interventions were identified in the Forestry Roadmap and includes the expansion of the South African forest estate with a view to conserve and improve the quality of these forests, to secure the supply for downstream processing and through the complete value chain increase the economic contribution of the sector to the country's Gross Domestic Product (GDP); increasing the contribution of all types of forests and related goods and services to the quality of life of South Africans with particular focus on rural and disadvantaged communities; supporting conservation of forest biological diversity, ecosystems and habitats, while promoting the fair and equitable distribution of their economic, social, health and environmental benefits; improving contributions to skills development, awareness raising and information sharing with a view to enhance the profile of forestry as a sector; implementation of innovative ways to enhance and streamline the regulatory environment to assist the sector to be compliant while reaching its potential in terms of sustainable development; and facilitating improved timber availability and secure supply of timber to ensure sustainability of entire timber value chain.

### Tariff policy

Tariffs for the sale of forest products and for forestry services rendered by the Department are approved on an annual basis in terms section 55 of the National Forests Act, (Act No 84 of 1998) and Treasury regulations 7.3.1 and published in the local and national press. The department amended the Tariff structure to align the Departments' tariffs to market related tariffs and the new structure has been approved by the National Treasury.

### Free services:

Various technical and administrative support services were provided to water services and water resource institutions. These vary over a wide range of actions but mostly around support such as provision of information to municipalities,



the media and the public. Booklets, guidelines and pamphlets were distributed free of charge to municipalities, civil society and NGO's working in the water sector. Free training was delivered to operators of water works and induction training to councillors. The Department also provided free training of water board members. Specialised planning were done to assist municipalities in forward planning for water resources and water services. All these were done in addition to participation in several actions, activities and workshops organised by other spheres of government such as provinces and local government.

### Water resources

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

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

### Other services:

Various technical and administrative support services were provided to water services and water resources institutions.

### Inventories

Inventories amounted to R119 478 000 as at 31 March 2009. These are reflected as note 5.5 of the Annual Financial Statements.

## 3 CAPACITY CONSTRAINTS

The crisis around skills shortage in the mission critical engineering and scientific functional areas remains a challenge facing the department. The Department continues to be hard pressed to compete with the private sector for talent these areas. The problem has been compounded by the massive infrastructure investment and boom in the other sectors. The problems of ageing technical workforce and an imbalance of skills have also made retention of talent more complex due to demographic trends locally and globally. The major interventions that have been implemented thus far are the implementation of a retention that seek to offer competitive remuneration packages as well as the establishment of the Water and Forestry Learning Academy (WFLA). In its effort to strengthen delivery, the department continues to retain seasoned and experienced technical staff to mentor new entrants in the engineering and scientific areas. The latter has seen the creation of a human resource development pipeline to ensure that more students have access to education in engineering and scientific areas through provision of bursaries, implementation of a graduate trainee programme and provision of experiential training opportunities. All the capacity building interventions have been implemented in line with the government's transformation agenda and the Employment Equity Act (Act No 55 of 1998) without jeopardising the ability of the department to deliver.

The attraction and retention of professionally qualified finance professionals constitute another area of capacity challenge to the Department. The Department continues to use finance internships to build internal capacity in finance.





## 4 UTILISATION OF DONOR FUNDS

During the 2008/09 financial year, donor funds were received to implement the Community Water Supply and Sanitation Programme (CWSS) through the Masibambane III Programme. The details of the donor funds received are reflected in the note 3 to the Annual Financial Statements.

The funds were used for the following activities:

- The support to the implementation of water and sanitation infrastructure projects
- Local Government capacity building and knowledge sharing
- Financial management improvement

## 5 TRADING ENTITIES AND PUBLIC ENTITIES

### 5.1 Trading entities

#### 5.1.1 Water Trading Entity

The Water Trading Entity (WTE) has been established as a distinct trading entity within the administration of the department and is charged with the management of activities associated with the national water resource management areas, developing and operating the national water resource infrastructure assets so as to ensure the availability of raw water to all water users in South Africa in terms of the National Water Act and Pricing Strategy. The business units within the WTE are:

- **Water Resource Management:** This component of the WTE funds the implementation of water resource management activities, including the integration and rollout of water quality standards, the authorisation and control of water use, and water conservation measures in catchments areas nationally. Revenue is generated by a water resource management charge

which is recovered from all registered water users plus an augmentation from Vote 34 to fund operating deficits.

- **Integrated water supply systems:** This component of WTE ensures that water is transferred from water rich areas to areas where locally available water resources cannot meet the demand, provides for new water resource infrastructure and the rehabilitation and refurbishment of existing infrastructure. Expenses relating to management, operations and maintenance as well as revenue collected from the supply of water are reflected in this component.
- **Bulk water supply:** This component of WTE ensures that raw water is provided to bulk water users from stand alone schemes, provides for new water resource infrastructure and the rehabilitation and refurbishment of existing infrastructure. Expenses relating to management, operations and maintenance as well as revenue collected from the supply of water are reflected in this component.
- **Construction and technical support Services:** This component of WTE is responsible for the maintenance of government water schemes, development of new water resource infrastructure facilities as well as dam safety projects. The funding of this unit comes from the following resources:-

New projects and dam safety work through augmentation from the Main Account (Vote 34) while betterment and refurbishment of existing infrastructure are funded from revenue generated through cost recoveries in terms of the Water Pricing Strategy of 2007.

The Water Trading Entity was established in terms of the old Exchequer Act, 1975 (Act No. 66 of 1975) and the Director-General is the Accounting Officer. The aim of the Water Trading Entity is to develop and implement catchment management plans and manage, operate and maintain government water schemes, regional bulk water supply and water services infrastructure.

## 5.2 Public entities

The following public entities report to the department:

### 5.2.1 Trans-Caledon Tunnel Authority (PFMA Schedule 2 Major Public Entity)

The Trans-Caledon Tunnel Authority (TCTA) is a government owned liability management entity, established by the Minister in December 1986, initially to implement the South African portion of the Lesotho Highlands water project and to take over government's responsibility for long-term funding and risk management.

Subsequently, the TCTA's mandate was expanded to:

- Implement and finance the Berg River water project;
- Implement and finance the Vaal River Eastern Sub-system Augmentation Project (VRESAP);
- Provide treasury and financial advisory services to the Department of Water Affairs and Forestry and water management institutions, such as Umgeni; and
- Provide advisory and financial services on Phase II of the Olifants River Water Resources Development Project.

In implementing its projects, the TCTA leverages private sector involvement, develops institutional arrangements for risk allocation, and ensures that all suppliers meet the required socio-economic objectives.

No grants are made to the authority as it is funded by income from the sale of water from the Vaal River system, and shortfalls in revenue are funded through commercial loans. Presently, TCTA has four mandates from the Department and is busy sourcing funding to give effect to the mandates.

The long-term solvency of the authority is determined by its tariff methodology, income agreements and guarantees.

### 5.2.2 Water Research Commission (PFMA National Public Entity Schedule 3 – Part A)

#### (a) Functions

The strategic objective of the Water Research Commission, established in accordance with section 2 of the Water Research Act (Act No. 34 of 1971), is to promote co-ordination, communication and co-operation in water research; to establish water research needs and priorities from a national perspective; to fund prioritised research, and to promote the effective transfer, dissemination and application of research findings.

The Water Research Commission (WRC) has four key strategic areas, each providing an integrated framework for investment to address a portfolio of key water related needs: Water Resource Management; Water-linked Ecosystems; Water Use and Waste Management and Water Utilisation in Agriculture. The areas allow for multidisciplinary studies and are focused on solving problems related to national needs and supporting society and the water sector. While each area is unique, all areas collectively cover the spectrum of strategically important water related topics. The WRC functions as a hub for water-centred knowledge, reporting to and supporting its shareholder, the Government of South Africa, through the Minister of Water Affairs and Forestry.

No grants are made to the WRC as its work is funded by a levy on water users.

#### (b) Accountability arrangements

In terms of the Public Financial Management Act, 1999 (Act No 1 of 1999) the Minister of Water Affairs and Forestry is responsible for the approval of the Commission's budget.





### 5.2.3 Catchment Management Agencies (PFMA Public Schedule 3 – Part A)

Chapter 7 of the National Water Act, 1998 (Act No 36 of 1998) makes provision for the progressive establishment of catchment management agencies for delegating water resources management to the regional or catchment level and for involving local communities in decision making. The act requires the progressive development of a national water resources strategy that provides the framework for national water resources management and guides the establishment of catchment management agencies in defined water management areas.

In addition, the act requires the progressive development of a catchment management strategy for each water management area by each catchment management agency. The agencies are service delivery agencies and are listed in the Public Finance Management Act, 1999 Schedule 3A, when they are established.

So far, the Inkomati Catchment Management Agency (ICMA) and the Breede Overberg Catchment Management Agencies (BOCMA) have been established and are operational, with a Governing Board, a Chief Executive Officer and first line managers respectively. The Department is negotiating the transfer of staff who performed agency functions from the Mpumalanga regional office to the ICMA as well as from the Western Cape Regional Office to the BOCMA. R11.5 million of seed and operational funds have been transferred to the ICMA for 2008/09. The BOCMA has received seed and operational funds to the value of R2.6 million during the 2008/09 financial year.

The Mvoti to Umzimkulu and the Crocodile West Marico catchment management agencies have been established however the board appointments were not made and therefore the operations of the CMAs were not initiated. This process was halted due to the institutional realignment process which is expected to be

finalised by end September 2009. However, start-up funds and operational funds amounting to R15 million need to be transferred to these agencies in 2009/10. As some of the water management areas will be merged to have fewer CMAs a sum of R60 million may be required in 2009/10 to support these CMAs.

Agencies have been established in the Thukela, Usutu to Mhlathuze, Gouritz and Olifants-Doorn water management areas. Processes to nominate the governing boards of the established CMAs were halted due to the institutional realignment process. Requirements for financial support would need to be met in 2009/10.

### 5.2.4 Water boards (PFMA National Government Business Enterprises Schedule 3 – Part B)

#### (a) Functions

Water Boards that report to the Minister have been established. The Boards manage water services in their supply areas and provide potable water at cost effective prices. There are currently 14 Boards. They have been set up as financially independent institutions, in terms of section 34(1) of the Water Services Act, 1997 and must aim to be financially viable. Inkangala Water Board was disestablished during 2008/09 financial.

The objectives of new policy on Water Boards are to increase their representivity, to rationalise their areas of service and subsequently reunify services, and eventually to extend the mandate of Water Boards to provide a second tier water utility framework over most of South Africa. This tier would be primarily responsible for supplying treated bulk water on a commercial basis.

The impact of the Boards' financial performance on the Department has been limited. Apart from providing seed funding for some of the newly formed Boards and operating subsidies where they have undertaken specific functions on behalf of the Department, financial assistance is only given in exceptional circumstances.



The following Water Boards are subsidised for operations and maintenance costs: Botshelo Water, Magalies Water, Sedibeng Water, Bushbuckridge Water and Lepelle Northern Water. These boards operate water schemes on behalf of the Department in mostly rural areas, which still have to be transferred to municipalities.

To be financially independent, the Water Boards are required to: repay and service their debts; recover their capital, operational and maintenance costs; make reasonable provision for depreciation of assets; recover the costs of the repayment of capital from revenues over time; and make reasonable provision for future capital requirements and expansions. The individual water boards are listed in the table below.

#### (b) Water Boards

Albany Coast Water	Umgeni Water	Overberg Water
Amatola Water	Lepelle Northern Water	Pelladrift Water
Bloem Water	Magalies Water	Rand Water
Botshelo Water	Mhlathuze Water	Sedibeng Water
Bushbuckridge Water	Namakwa Water	Ikangala Water *

\* Ikangala water board is in the process of disestablishment.

#### (c) Accountability arrangements

The water boards were established in terms of the Water Act, 1956 (Act No. 54 of 1956) and the Water Services Act, 1997 (Act No. 108 of 1997).

These boards are currently administered by the Water Services Act, 1997 (Act No. 108 of 1997). The Water Services Act requires Water Boards to submit Policy Statements, Business Plans and Annual Reports to the Minister of Water Affairs

and Forestry, in terms of sections 39, 40 and 43, respectively, of the Water Services Act.

In terms of this Act the Minister may direct a water board to amend its business plan or policy statement if aspects are not consistent with the Act or are deemed not to be in the best interests of the general population. The review of business plans takes place annually during which time each water board has to respond to issues raised in the Department's appraisal of their business plan.

In furtherance of the regulatory requirements, the Department monitors governance of Water Boards. The Act requires the Minister to consider the need for representation of Water Services Authorities, other interest groups and expertise required on the Board when appointing members to the Board. The primary purpose of the Board is to govern the institution and to ensure the water board's compliance with the Act, and to promote and ensure that the Water Board's business plan and policy statement are implemented (section 38(1)).

In terms of section 32(b) a water board is required to enter into service provision agreements when performing its primary or other activities. These agreements are also intended to serve as a regulatory mechanism to regulate the relationship between the institutions.

In terms of the Public Finance Management Act 1999, Water Boards, as Schedule 3, Public Entities, must submit audited financial statements to the National Treasury for each financial year in accordance with generally accepted accounting practice. Further, in terms of the PFMA the accounting authority is the Board and its fiduciary responsibilities are spelt out in section 50 and 51 of this Act.

Water boards have been set up to be financially independent institutions. In terms of section 34(1) of the Water Services Act, 1997 water boards must strive, amongst others, to be financially viable. In this respect, they are required to repay and



service their debts; recover their capital, operational and maintenance costs; make reasonable provision for depreciation of assets; recover the costs associated with the repayment of capital from revenues over time; and make reasonable provision for future capital requirements and expansions.

In terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended), the Minister of Water Affairs and Forestry is responsible for the approval of the budgets of the water boards.

### 5.3 Other entities

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

#### 5.3.1 Komati River Basin Water Authority:

The Komati River Basin Water Authority is a statutory body established in terms of the treaty on water resources of the Komati River basin entered into between South Africa and Swaziland. It is governed by the Joint Water Commission, whose members are officials from both governments.

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

The construction of Driekoppies Dam was secured through a loan of R488.40 million from the Development Bank of South Africa, which bears interest of 10% a year, payable biannually in arrears. The capital is payable in 40 equal biannual instalments from March 2001. The liability is secured by a 100% guarantee from the South African government.

The loan of R165 million, structured by a promissory note as agreed by the South African and Swazi governments, is an additional facility to complete the Maguga Dam. It bears interest of 13.1% a year, payable biannually in arrears. The capital and interest are repayable in 30 biannual instalments from June 2002. The liability is fully guaranteed by the South African government. The Swazi government guarantees 40% per cent of the loan to South Africa.

#### 5.3.2 Irrigation boards and user associations:

Water user associations are established in terms of chapter 8 of the National Water Act, 1998 (Act No. 36 of 1998) for localised users to manage their water use jointly and in a more integrated way. The act requires that all irrigation boards formed under previous legislation must transform into Water User Associations.

In terms of sections 61 and 62 of the Act, the new policy framework for financial assistance to water management institutions for irrigated agricultural development aims to promote initial access to irrigated agriculture, and to improve sustainable irrigation development by subsidising emerging farmers.

Currently, all irrigation boards are in the process of being transformed into Water User Associations. Due to the difficulties of the required stakeholder consultations, as well as to various policy adjustments, the process has been delayed considerably. Of the 279 irrigation boards, some 68 have been transformed into 38 Water User Associations. A further 23 new Water User Associations have been established, most of which are focused on emerging farmers.

In 2005/06, nine water user associations were established, six of which were new and three transformed from irrigation boards. The new associations are: Spruit River and Houdensbeks River, Western Cape, Nzhelele, Mutale and Mutshimbwe, Limpopo; and uPhongolo Dam, KwaZulu-Natal. The Western Cape associations



include commercial and resource-poor farmers, while the Limpopo associations are made up of resource-poor farmers only. The transformed irrigation boards are Vanwyksdorp and Groenland, Western Cape, and Umlaas, KwaZulu-Natal. All three include resource-poor farmers, and local government is represented on all three management committees.

There are presently a number of water user associations using government guaranteed loans with a total value of R300 million. The majority are servicing their debt without threatening the sustainability of their cash flows.

### **5.3.3 National Forest Recreation and Access Trust:**

The object of the National Forest Recreation and Access Trust is to promote access to and the use of forests for recreation, education, culture or spiritual fulfilment. In terms of section 4(2) of the National Forests Act, 1998 (Act No. 84 of 1998), the Minister is the sole trustee of the Trust and a decision was taken in the year to appoint four trustees to oversee the operations of the National Forest Recreation and Access Trust. The only source of revenue for the Trust is interest earnings. The Minister approved two projects during the 2008/09 financial year that will enable the Department to make use of the funds in the trust.

## **6 ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE**

All entities to which transfer payments have been made are reflected in Note 8 to Annual Financial Statements.

### **6.1 Reasons for transfer payments**

#### **6.1.1 Grants to municipalities:**

Transfer payments are made to municipalities in accordance with the water services operating and transfer subsidy, which is intended to subsidise the operation and maintenance of water schemes owned and/or operated by the Department or by other agencies on behalf of the Department.

#### **6.1.2 Accountability arrangements**

Funds are transferred on the basis of a “Transfer Agreement” (contract between the Department and the receiving institution). The transfer agreement is intended to ensure the effective and sustainable delivery of infrastructure in accordance with the required accountability aspects of the Public Finance Management Act (Act No. 1 of 1999) and the Division of Revenue Act, 2008 (Act No. 2 of 2008).

### **6.2 Other transfers:**

#### **6.2.1 Water Trading Entity**

The Water Trading Entity (WTE) operates under the administration of Department and any deficit must be made good from the Main Account as an augmentation. For the year under review, augmentation of the Water Trading Entity amounted to R1 328 096 000 for infrastructure and R316 233 000 for normal augmentation and KOBWA. Included in the underspending of R510 226 000 is an amount of





R262 670 000 in respect of other bulk infrastructure projects which could not be disbursed in favour of WTE as a result of a declined request made to National Treasury.

## 7 PUBLIC / PRIVATE PARTNERSHIPS

The Department does not have any Public Private Partnerships.

## 8 CORPORATE GOVERNANCE ARRANGEMENTS

### 8.1 Risk management approach

In terms of Section 3.2.1 of the Treasury Regulations the accounting officer must ensure that risk assessments are conducted regularly to identify emerging risks of the institution.

The Department assessed significant risks on the basis of both internal and external audit reports and created a register of significant risks. This initiative has been followed by the approval of a risk management policy and establishment of a risk management unit that will be headed by a director. The creation of a risk register was achieved by holding discussions with the programme managers within the Department and the facilitation of risk assessment workshops across the business units and the regions. Risk database profiles which were developed were also updated. The regular updating of the risk assessment process is facilitated by the Chief Directorate: Internal Audit and is ongoing and detailed in relevant internal audit reports for action.

### 8.2 Fraud prevention policies

During 2008/2009 financial year, Internal Audit has conducted Fraud Prevention workshops at all nine regional offices as well as Head Office. Working for Water

and Construction Branch (Water Trading Entity) was also included during these road shows. Internal Audit is currently in the process of updating the Department's existing Fraud Prevention Plan.

### 8.3 Effectiveness of internal audit and audit committee

The Chief Directorate: Internal Audit conducts its activities in accordance with the standards as laid down by the Institute of Internal Auditors. It provides assurance to management that internal controls are effective and that the identified risks are properly managed. The Audit Committee is functioning effectively. Members of the Audit Committee were appointed in terms of the Public Finance Management Act, 1999 and are discharging their duties in accordance with the prescribed policies as the members have at each meeting engaged management on matters relating to financial management improvement action plans formulated to address financial management and reporting weakness identified by the external auditors in the previous financial years.

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

Other committees such as the Executive Committee (EXCO), the Management Committee (MANCO) and the Departmental Control Committee (DCC) are functioning effectively and are achieving their objectives.

The Department has sound management structures in place to deal with flow of information and issues of conflict of interest.

### 8.5 Implementation of the code of conduct

The code of conduct has been developed and procedures are in place to deal with cases where irregularities occur. Managers are required at the start of each financial year to declare financial interests in terms of this code.

## Safety, health and environmental issues facing the organisation

Issues of Health and Safety in the Department are being coordinated by a formally established structure which reports quarterly.

## 9 DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The process of transferring water services to water services institutions is nearing completion with the majority of transfer agreements in place. Operational responsibility transfers to the municipalities in terms of a transfer agreement and the operating subsidy will eventually be phased out by 2011/12. Most of these assets were inherited from the previous homelands.

The Department is in the process of transferring government irrigation water schemes to Water User Associations. Once this process is complete the Department will no longer be responsible for managing such schemes but will retain oversight over their operations where the WUAs are managing state-owned infrastructure.

## 10 NEW/ PROPOSED ACTIVITIES

### 10.1 Forestry

The Department has the responsibility of implementing a cooperative governance initiative involving different Government Departments and levels of government to ensure that various Government undertakings in the Charter are implemented in a coordinated manner. The Department established the Forest Charter Implementation Unit (FCIU) in February 2008. The unit must ensure that Government undertakings in the Charter are implemented in a coordinated

manner. A programme manager has been appointed to coordinate government undertakings on the charter.

### 10.2 Afforestation

Forestry has been identified as a high potential growth sector of the economy and is one of the lead sectors in terms of Industrial Policy Action Plan.

The Forest Sector Transformation and Growth Charter provides for the afforestation of more than 100 000 hectares over the next ten years in South Africa. Economic growth can be realized in the Forest Sector only if new plantations are established. Recent studies indicate that about 785 000ha of new afforestation will be required to make up for the country's timber shortfall. Afforestation, which is the development of new forests, is required to meet both the domestic and global demand for wood and timber products. The Department embarked on a National Afforestation Programme, a strategy developed in response to the need to expand the timber resource to minimise timber imports and to optimise enterprise development opportunities in the Timber Production and Processing Sector

An area of about 140 000 hectares was initially earmarked for afforestation in the Eastern Cape (100 000 ha) and KwaZulu-Natal (40 000 ha). The National Afforestation Programme is expected to create about 7500 direct jobs (timber growing) and 45 000 indirect jobs (timber processing) thereby contributing to the Accelerated and Shared Growth Initiatives' objective to halve unemployment and poverty by 2014. However, it was found that the area identified as feasible for forestry in Kwazulu-Natal did not take cognisance of other environmental factors such wetland areas, roads, slopes, depth of the soil and rocky areas.

The programme features prominently in the Forest Sector BBBEE Charter, and offers opportunities for new entrants into the sector. The Forest Sector







Transformation Charter stipulates that 10 000ha need to be planted annually over a period of ten years.

The Afforestation Programme is, however, still battling to take off due to the complexity of the authorization process. Lack of communication among the key role players (both internal and external) aggravates the problem. A variety of critical factors for the success of the programme include the willingness of the landowners to release the land for afforestation and the capacity of communities to sustainably run the business. A draft Memorandum of Agreement (MoA) has been prepared to streamline the licensing process. The MoA involving DWAF, Department of Agriculture, Provincial departments of Environmental Affairs and Tourism and Department of Land Affairs is expected to be signed during 2009/10 financial year.

An approved Afforestation Communication and Community Mobilization Strategy has been developed aimed at awareness raising and understanding of the afforestation programme, ensuring input and participation by key stakeholders, and gaining the support and buy-in of the communities (landowners). This could not be implemented immediately as comprehensive basic Strategic Environmental Assessments in the Eastern Cape and KwaZulu-Natal as well as forestry potential studies needed to be carried out in other provinces. It is envisaged that the strategy will be implemented in the next financial year. It is important to note that forestry is now incorporated in the Provincial Growth & Development Strategies of Mpumalanga, Eastern Cape and Limpopo and the Western Cape, that is, it appears in 35 of the 52 districts of the Republic.

### 10.3 Million Trees Programme

The new greening strategy broadened the scope of the greening function to cover the planting of fruit trees and indigenous trees with communities, public institutions and other Government Departments. The strategy also covers tree

planting as part of the preparations for the 2010 Soccer World Cup and the Department also continues to have discussions with municipalities to integrate greening and other forestry initiatives into their Integrated Development Plans.

The Million Trees Programme which was launched in 2007 aims to plant at least a million trees per annum. During this reporting period, 1'850'000 million trees (fruit trees and ornamental indigenous species) were planted nationally. These figures include the trees that were planted by the projects being assisted by the Department and by other organisations.

### 10.4 Implementation of the National Forests Act, 1998 (Act No 101 of 1998) (NFA) and the National Veld and Forest Fire Act, 1998 (Act No 84 of 1998) (NVFFA)

The regulations supporting the National Forests Act were presented to the Minister for promulgation. This will go a long way to assist in guiding and supporting the implementation of the legislation to ensure South Africa's forests are sustainably managed. The regulations are expected to be published by April 2009. The regulations will be translated into a second official language as soon as they are published. A forest licensing tracking system has also been developed and deployed to all regional offices. Training on the use of the system is being continuously conducted. A feasibility study on the establishment of an Enforcement Unit within the Forestry Branch as a potential means of improving the Departments capability to monitor compliance and enforce the NFA and NVFFA has been finalised. The recommendations of the study were released but have since been put on hold due to the Department's re-alignment project.

A total of thirty-eight (38) Fire Protection Associations (FPAs) covering an area of approximately 7 million hectares were registered in terms of the NVFFA. Thirty-five (35) of these were registered in high to extreme fire risk areas and 3 FPAs registered in low to medium veldfire risk areas by March 2009.



## 10.5 Commercial plantations

The commercial plantations remaining under the Department's management measures approximately 60 000 ha in extent and these areas are managed with the aim of improving their condition for eventual transfer to new recipients in terms of the land reform process. Management within the context of best practice management has continued and significant improvements have been made. All the category B and C plantations (earmarked for transfers) now have growing stock management plans and it is envisaged that stock enumeration for category C plantations will be done in the next financial year (2009/10). Only 3 of 117 maps were produced for all category B plantations (those which require minor improvement before disposal) and the C's (community woodlots). However, the major challenges are to improve the condition of plantations in terms of re-stocking the unproductive land and improving the road network within budgetary constraints. A process was initiated to establish the exact requirements in terms of refurbishment and to outsource the management of the category B and C plantations. Some of the category B and C plantations are seen as good opportunities for strengthening local economies and to achieve the objectives in terms of the Forest Sector BBBEE Charter.

Wildfires remain a threat to the Department's and the sector's sustainable forests management effort and approximately 1110 hectares of plantations managed by DWAF were damaged as a result of fires with the entire forestry industry reporting 65 933 ha damaged by fires.

## 10.6 Forestry assets transfers

The Minister signed a head lease agreement with the KwaMbonambi community in KwaZulu-Natal during this reporting period. This milestone will enable the payment of rental money to the beneficial community.

Documentation for the establishment of a trust, which will manage the rental monies, has been prepared and submitted to the Master of the High Court.

Cabinet had approved the recommissioning of approximately 22 000 ha of the 45 000 ha that was destined for exit in the Western Cape. The Department has initiated a process of drawing up an Implementation Plan for the rollout of this process. Cabinet took a decision in the past that a study be conducted to establish the viability of forestry in Mpumalanga after these areas were earmarked for exit. The study has since been finalized and its recommendations will be forwarded to Cabinet for further decision after the stakeholder consultation process has been finalized. The Department released an area of 3 729.8 ha of state forest land in Dukuduku, Kwazulu -Natal to Department of Public Works (DPW) to be transferred to KZN Department of Housing for housing purposes. The release of this land was aimed at responding to the long outstanding illegal invasion of the Dukuduku forest.

## 11 ASSET MANAGEMENT

In 2007 the Department undertook verification and valuation exercise for its immovable and movable assets. All moveable assets were verified and bar-coded to enable tracking and identification and the selection and implementation of information technology tool for management of movable assets remained the focus in this area. The results of verification and valuation of immovable infrastructure assets show that the department is in charge of immovable assets that are in excess of R87 billion, which include servitudes. As part of financial improvement initiatives of the Department, the asset management policy was implemented in the current financial year and capital expenditures incurred under different grants administered by the Department form part of capital transfers and not assets of the Department. The financial statements for year under review reflect this practice.



## 11.1 INTERVENTIONS TO ADDRESS CHALLENGES

### 11.1.1 Misallocation of postings

The issue of misallocations of expenditure items was addressed by providing a guideline procedure to all users. However, some of the users experienced problems that required ongoing engagement to resolve the issues. Most of the issues around expenditure misallocations formed part of adjustments effected in the conclusion of the annual financial statements.

### 11.1.2 Migration to LOGIS

The implementation process progressed well. The progress report on the completion status is provided on a monthly basis to management to inform them of the process.

### 11.1.3 Lack of capacity

Asset management structure has been approved and a process of recruiting is underway to fill the created positions on the structure.

### 11.1.4 Assets bought through donor funding

Assets bought through donor funding in the year under review amounted to R397,465.27.

## 12 EVENTS AFTER THE REPORTING DATE

No events took place after the reporting date of 31 March 2009 that will impact the financial position of the Department for the 2008/09 reporting period. However, on 10 May 2009, the President of the Republic of South Africa announced the reconfiguration of the new administration following the elections held on 22 April 2009.

As a result of the new configuration, it is anticipated that the Forestry Branch of the Department of Water Affairs and Forestry will move to the Department of Agriculture, Forestry and Fisheries. At the same time the Environmental Affairs component of the Department of Environmental Affairs and Tourism will move to Water Affairs to constitute the Ministry of Water and Environmental Affairs. In addition, sanitation at schools and clinics programme will move to the Department of Human Settlement.

## 13 PERFORMANCE INFORMATION

There has been noticeable improvement in the quality of the Performance Agreements of senior managers as well as compliance with the Performance Management and Development System (PMDS). The Department has deliberately focused on the training and education of managers at various levels as well as the development of practical tools in order to embed the appropriate ethos, better alignment with the strategic objectives and thus improving department wide performance.

The Departmental performance is monitored on a quarterly basis. Branch quarterly reports are consolidated by Directorate: Corporate Planning and at the end of the financial year the Annual Report is consolidated where the overall departmental performance is outlined.

## 14 SCOPA RESOLUTIONS

In respect of 2008/09 financial year, there were no new SCOPA resolutions that required implementation. The previous SCOPA resolutions informed the financial management improvement initiatives implement during 2008/09. The implementation of targeted financial improvement initiatives witnessed the Department move away from qualified audit opinion to unqualified audit opinion.



## 15 PRIOR MODIFICATIONS TO AUDIT REPORTS

The Auditor-General raised concerns regarding the audit report for the 2007/2008, which includes inter alia:

- Capacity or people related issues in that there was high vacancy levels and lack of financial skills;
- Unconfirmed debtor balances for Water Trading Entity;
- Unsubstantiated additions to moveable asset register of Main Account;
- Late submission of values for biological assets that could not be subjected to independent review before issue of the audit report;
- Governance arrangements as a result of non-adherence to certain compliance issues and inadequate or lack of policies.

The department achieved 90 per cent of milestones set to ensure improved financial management. Delays in filling of vacant posts on the approved finance structure could not enable the department to achieve 100 per of the key milestones. Internal Audit new structure and three-year rolling plans were approved for implementation.

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

- A reorganisation of the Finance Branch at Head Office and at the regional level through the separation of the Water Trading Entity and the Main Account activities;
- The finance structure for the regional offices indicating the segregation between finance and corporate services as well as main account and the Water Trading Entity were finalised;

- A policy document to provide guidance in terms of the linking of functions and staff to either the Main Account or Water Trading Entity was developed and implemented;
- The Director-General has designated an official to head the Trading Entity in order to ensure the proper establishment and to set up clear roles and responsibilities;
- As an interim measure to capacity constraints in finance, an accounting firm was contracted to provide temporary resources to improve the Department's financial management as the department continued to fill vacant posts on existing approved establishment;
- Additional budgetary allocation was obtained from the National Treasury for the appointment of additional skilled resources in finance and internal audit;
- The audit steering committee, established during the 2005/06 financial year, continued to operate under the chairmanship of the CFO to resolve audit queries and manage the overall end of year accounting processes coherently;
- Measures were in place to ensure that all staff members have signed performance agreements;
- A director was appointed to facilitate the development of the strategic plan, operational plans and budget and to ensure that these plans are aligned with the contents of the Annual Report;
- Programme and budget managers have been appointed to manage the budgets on programme and sub-programme level;
- The policy on valuation of cultivated biological assets was developed and implemented to support financial reporting biological assets.



## EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

None.

## 16 OTHER

None

## 17 APPROVAL

The Annual Financial Statements set out on pages 29 to 124 have been approved by the Acting Accounting Officer, Ms Nobubele Ngele.

ACTING DIRECTOR-GENERAL: WATER AFFAIRS

DATE: 31/08/09

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 34: DEPARTMENT OF WATER AFFAIRS AND FORESTRY FOR THE YEAR ENDED 31 MARCH 2009

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

- 1) I have audited the accompanying financial statements of the Department of Water Affairs and Forestry which comprise the appropriation statement, the statement of financial position as at 31 March 2009, and the statement of financial performance and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 127 to 252.

#### The accounting officer's responsibility for the financial statements

- 2) The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (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.

#### The Auditor-General's responsibility

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

- 4) I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 5) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 6) I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

- 7) In my opinion these financial statements present fairly, in all material respects, the financial position of the Department of Water Affairs and







Forestry as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the PFMA.

Without qualifying my opinion, I draw attention to the following matters:

### Basis of accounting

- 8) I draw attention to the accounting policy note 1.1, which describes the basis of accounting. The department's policy is to prepare financial statements on the modified cash basis of accounting as determined by the National Treasury.

### Other matters

- 9) I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

### Governance framework

- 10) The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below.

### Key governance responsibilities

- 11) The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
<b>Quality of financial statements and related management information</b>			
2	The financial statements were not subject to any material amendments resulting from the audit.		✓
3	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
<b>Timeliness of financial statements and management information</b>			
4	The annual financial statements were submitted for auditing as per the legislated deadlines [section 40 of the PFMA].	✓	
<b>Availability of key officials during audit</b>			
5	Key officials were available throughout the audit process.	✓	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6	Audit committee		
	• The department had an audit committee in operation throughout the financial year.	✓	
	• The audit committee operates in accordance with approved, written terms of reference.	✓	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.	✓	
7	Internal audit		
	• The department had an internal audit function in operation throughout the financial year.	✓	



No.	Matter	Y	N
	<ul style="list-style-type: none"> <li>The internal audit function operates in terms of an approved internal audit plan.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2</li> </ul>		✓
8	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2	✓	
12	Delegations of responsibility are in place, as set out in section 44 of the PFMA.	✓	
<b>Follow-up of audit findings</b>			
13	The prior year audit findings have been substantially addressed.	✓	
14	SCOPA resolutions have been substantially implemented.	✓	
<b>Issues relating to the reporting of performance information</b>			
15	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		✓
16	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		✓

No.	Matter	Y	N
17	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the department of Water Affairs and Forestry against its mandate, predetermined objectives, outputs, indicators and targets Treasury Regulations 5.1, 5.2 and 6.1.	✓	
18	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		✓

- 11 The governance framework, except for the internal audit department, functioned effectively during the year. The internal audit department went through a restructuring process resulting in vacancies that the department could only start filling in the latter part of the year. To ensure a better audit outcome material amendments had to be made to the financial statements. Some information was only submitted for audit purposes on 30 July 2009.

### Special investigations

- 12 After year-end the accounting officer of the Department of water affairs was placed on special leave and at date of this report the department was busy with the investigation.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

- 13 I have reviewed the performance information as set out on pages 10 to 92.





### The accounting officer's responsibility for the performance information

- 14 The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

### The Auditor-General's responsibility

- 15 I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.
- 16 In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
- 17 I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

### Findings (performance information)

#### Inconsistently reported performance information

- 18 The department did not report on predetermined targets. Some targets, although not included in the department's business plan, were included and reported on in the annual performance report.
- 19 Some performance indicators that were reported on in the annual performance report were inconsistent with the indicators in the business plan.

### Reported performance information not reliable

- 20 Due to a lack of an effectively implemented reporting system that ensures the maintenance of supporting documents. The reliability of actual performance reported on, could not be substantiated by supporting source documents.

### OTHER REPORTS

#### Performance audits

- 21 A performance audit was conducted concerning entities that are connected with government employees and doing business with national departments. The report covered the period April 2005 to March 2006 and was tabled on 20 April 2009 in Parliament.

### APPRECIATION

The assistance rendered by the staff of the Department of Water Affairs and Forestry during the audit is sincerely appreciated.

*Auditor-General*

Pretoria

31 August 2009





## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

Appropriation per programme									
APPROPRIATION STATEMENT	2008/09							2007/08	
	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
<b>1 Administration</b>									
Current payments	558 667	70 268	24 755	653 690	653 690	-	100.0%	518 285	518 285
Transfers and subsidies	11 055	3 307	-	14 362	14 032	330	97.7%	59 195	57 529
Payment for capital assets	21 964	(7 928)	-	14 036	14 036	-	100.0%	29 067	29 065
<b>2 Water Resource Management</b>									
Current payments	1 259 433	11 724	-	1 271 157	1 282 919	(11 762)	100.9%	1 121 691	1 117 893
Transfers and subsidies	2 238 617	(4 608)	(28 300)	2 205 709	1 695 483	510 226	76.9%	1 757 973	1 312 920
Payment for capital assets	30 062	(7 116)	-	22 946	22 946	-	100.0%	32 688	31 701
<b>3 Water Services</b>									
Current payments	940 189	(253 988)	(4 155)	682 046	691 615	(9 569)	101.4%	801 870	771 514
Transfers and subsidies	1 015 626	641 054	-	1 656 680	1 640 897	15 783	99.6%	659 193	679 494
Payment for capital assets	468 029	(458 724)	-	9 305	9 305	-	100.0%	412 944	415 918
<b>4 Forestry</b>									
Current payments	481 719	5 549	7 700	494 968	496 199	(1 231)	100.2%	459 089	446 497
Transfers and subsidies	2 700	3 718	-	6 418	5 150	1 268	80.2%	3 550	2 625
Payment for capital assets	8 555	(3 256)	-	5 299	5 299	-	100.0%	6 968	1 955
<b>TOTAL</b>	<b>7 036 616</b>	<b>-</b>	<b>-</b>	<b>7 036 616</b>	<b>6 531 571</b>	<b>505 045</b>	<b>92.8%</b>	<b>5 862 513</b>	<b>5 385 396</b>



	2008/09		2007/08	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	R'000	R000	R'000	R'000
<b>TOTAL (brought forward)</b>	<b>7 036 616</b>	<b>6 531 571</b>	<b>5 862 513</b>	<b>5 385 396</b>
Reconciliation with statement of financial performance				
<b>ADD</b>				
Departmental receipts	71 646		39 142	
Aid assistance	445 124		52 042	
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>7 553 386</b>		<b>5 953 697</b>	
<b>ADD</b>				
Aid assistance		408 736		331 310
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>6 940 307</b>		<b>5 716 706</b>



Appropriation per economic classification									
2008/09								2007/08	
	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
<b>Current payments</b>									
Compensation of employees	1 332 383	(148 461)	-	1 183 922	1 183 922	-	100.0%	1 195 481	1 162 630
Goods and services	1 906 883	(21 517)	28 300	1 913 666	1 936 987	(23 321)	101.0%	1 700 416	1 686 583
Interest and rent on land	742	(568)	-	174	174	-	100.0%	1 340	1 278
Financial transactions in assets and liabilities	-	3 338	-	3 338	3 338	-	100.0%	3 698	3 698
<b>Transfers and subsidies</b>									
Provinces and municipalities	994 716	657 448	-	1 652 164	1 636 389	15 775	99.0%	722 038	732 926
Departmental agencies and accounts	2 196 898	(339)	(28 300)	2 168 259	1 657 786	510 473	76.4%	1 625 908	1 190 161
Foreign governments and international organisations	572	33	-	605	533	72	88.1%	675	510
Public corporations and private enterprises	2 700	-	-	2 700	1 422	1 278	52.7%	42 490	41 737
Non-profit institutions	387	-	-	387	378	9	97.7%	350	350
Households	72 725	(13 672)	-	59 053	59 053	-	100.0%	88 450	86 884



Appropriation per economic classification									
2008/09								2007/08	
	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
<b>Payments for capital assets</b>									
Buildings and other fixed structures	418 559	(416 576)	-	1 983	1 971	12	99.4%	331 004	330 957
Machinery and equipment	59 042	(10 985)	-	48 057	48 039	18	99.0%	47 773	44 475
Biological assets	-	199	-	199	199	-	100.0%	165	165
Software and other intangible assets	51 009	(48 900)	-	2 109	1 380	729	65.4%	102 725	103 042
<b>Total</b>	<b>7 036 616</b>	<b>-</b>	<b>-</b>	<b>7 036 616</b>	<b>6 531 571</b>	<b>505 045</b>	<b>92.8%</b>	<b>5 862 513</b>	<b>5 385 396</b>



## PROGRAMME 1: ADMINISTRATION

Detail per sub-programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	%	R'ooo	R'ooo
<b>1.1 Minister</b>									
Current payments	1 019	959	-	1 978	1 978	-	100.0%	1 501	1 501
<b>1.2 Management</b>									
Current payments	91 565	(2 950)	4 155	92 770	92 770	-	100.0%	90 464	90 464
Transfers and subsidies	-	1 454	-	1 454	1 454	-	100.1%	44 870	43 204
Payment for capital assets	505	481	-	986	986	-	100.0%	935	935
<b>1.3 Corporate Services</b>									
Current payments	165 158	117 519	20 600	303 277	303 277	-	100.1%	164 479	164 479
Transfers and subsidies	11 055	1 289	-	12 344	12 014	330	97.3%	14 325	14 325
Payment for capital assets	10 145	(3 230)	-	6 915	6 915	-	100.0%	17 901	17 899
<b>1.4 Information Services</b>									
Current payments	72 212	8 522	-	80 734	80 734	-	100.0%	92 760	92 760
Transfers and subsidies	-	1	-	1	1	-	100.0%	-	-
Payment for capital assets	9 610	(6 362)	-	3 248	3 248	-	100.0%	9 365	9 365
<b>1.5 Property Management</b>									
Current payments	119 967	3 348	-	123 315	123 315	-	100.0%	105 952	105 952
<b>1.6 Financial Management</b>									
Current payments	108 746	(57 130)	-	51 616	51 616	-	100.0%	63 129	63 129
Transfers and subsidies	-	563	-	563	563	-	100.0%	-	-
Payment for capital assets	1 704	1 183	-	2 887	2 887	-	100.0%	866	866
<b>Total</b>	<b>591 686</b>	<b>65 647</b>	<b>24 755</b>	<b>682 088</b>	<b>681 758</b>	<b>330</b>	<b>100.0%</b>	<b>606 547</b>	<b>604 879</b>



Programme 1 per Economic classification	2008/09							2007/08	
	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
<b>Current payments</b>									
Compensation of employees	203 516	(49 177)	975	155 314	155 314	-	100.0%	141 047	141 047
Goods and services	355 151	116 107	23 780	495 038	495 038	-	100.1%	373 540	373 540
Financial transactions in assets and liabilities	-	3 338	-	3 338	3 338	-	100.0%	3 698	3 698
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	2	-	2	2		100.0%	1	1
Departmental agencies and accounts	1 055	(339)	-	716	386	330	53.9%	647	647
Households	10 000	3 643	-	13 643	13 643	-	100.0%	58 547	56 881
<b>Payment for capital assets</b>									
Buildings and other fixed structures	3 342	(3 238)	-	104	104	-	100.0%	14 361	14 361
Machinery and equipment	18 542	(4 855)	-	13 687	13 687	-	100.0%	13 461	13 459
Software and other intangible assets	80	166	-	246	246	-	100.0%	1 245	1 245
<b>Total</b>	<b>591 686</b>	<b>65 647</b>	<b>24 755</b>	<b>682 088</b>	<b>681 758</b>	<b>330</b>	<b>100.0%</b>	<b>606 547</b>	<b>604 879</b>



## PROGRAMME 2: WATER RESOURCE MANAGEMENT

Detail per sub-programme	2008/09							2007/08	
	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
<b>2.1 Equitable Supply</b>									
Current payments	124 484	16 941	-	141 425	141 425	-	100.0%	119 989	119 817
Transfers and subsidies	28 695	(2 662)	-	26 033	26 026	7	100.0%	30 241	30 241
Payment for capital assets	3 086	(1 990)	-	1 096	1 096	-	100.0%	4 928	4 928
<b>2.2 Sustainable Supply</b>									
Current payments	649 204	(26 058)	-	623 146	623 146	-	100.0%	557 117	551 785
Transfers and subsidies	9 005	806	-	9 811	18 278	(8 467)	186.3%	100 003	90 908
Payment for capital assets	2 463	2 242	-	4 705	4 705	-	100.0%	2 501	2 484
<b>2.3 Protection Policies</b>									
Current payments	39 180	(3 372)	-	35 808	35 808	-	100.0%	33 910	33 810
Transfers and subsidies	-	14	-	14	14	-	100.0%	1 502	1 502
Payment for capital assets	734	(494)	-	240	240	-	100.0%	812	368
<b>2.4 Protection Measures</b>									
Current payments	2 756	(634)	-	2 122	2 122	-	100.0%	2 444	2 500
Payment for capital assets	85	29	-	114	114	-	100.0%	80	12





Detail per sub-programme	2008/09							2007/08	
	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
<b>2.5 Institutional Regulation</b>									
Current payments	22 881	392	-	23 273	32 440	(9 167)	139.4%	21 185	21 018
Transfers and subsidies	6 004	(2 011)	-	3 993	4 605	(612)	115.3%	3 660	3 651
Payment for capital assets	1 222	(1 132)	-	90	90		100.0%	775	665
<b>2.6 Institutional Development</b>									
Current payments	3 774	5 022	-	8 796	8 796	-	100.0%	2 640	2 520
Transfers and subsidies	-	114	-	114	114	-	100.0%	-	-
Payment for capital assets	215	(111)	-	104	104	-	100.0%	199	12
<b>2.7 Strategic Alignment</b>									
Current payments	140 801	2 315	-	143 116	145 171	(2 055)	101.4%	138 912	138 870
Transfers and subsidies	-	305	-	305	305	-	100.0%	10	10
Payment for capital assets	9 073	(3 937)	-	5 136	5 136	-	100.0%	8 214	8 214
<b>2.8 Stakeholder Empowerment</b>									
Current payments	130 900	6 485	-	137 385	137 385	-	100.0%	126 084	126 074
Transfers and subsidies	2 360	(1 514)	-	846	846		100.0%	280	233
Payment for capital assets	8 483	976	-	9 459	9 459	-	100.0%	11 887	11 887



Detail per sub-programme	2008/09							2007/08	
	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
<b>2.9 African Co-operation</b>									
Current payments	21 954	(3 434)	-	18 520	18 520	-	100.0%	7 773	7 692
Transfers and subsidies	572	-	-	572	500	72	87.4%	675	510
Payment for capital assets	484	(20)	-	464	464	-	100.0%	1 466	1 466
<b>2.10 Water Resource Administration</b>									
Current payments	23 410	2 597	-	26 007	26 007	-	100.0%	20 856	20 810
Transfers and subsidies	51	(46)	-	5	5	-	100.0%	-	-
Payment for capital assets	788	(275)	-	513	513	-	100.0%	680	519
<b>2.11 Water Resource Support</b>									
Current payments	100 089	11 470	-	111 559	112 099	(540)	100.5%	90 781	92 997
Transfers and subsidies	75	386	-	461	461	-	100.0%	-	-
Payment for capital assets	3 429	(2 404)	-	1 025	1 025	-	100.0%	1 146	1 146
<b>2.12 Operation of Water Resources</b>									
Transfers and subsidies	316 233	-	-	316 233	316 233	-	100.0%	283 553	283 553
<b>2.13 Infrastructure Development and Rehabilitation</b>									
Transfers and subsidies	1 875 622	-	(28 300)	1 847 322	1 328 096	519 226	71.9%	1 338 049	902 312
<b>Total</b>	<b>3 528 112</b>	<b>-</b>	<b>(28 300)</b>	<b>3 499 812</b>	<b>3 001 348</b>	<b>498 464</b>	<b>85.8%</b>	<b>2 912 352</b>	<b>2 462 514</b>



2008/09								2007/08	
Programme 2 per 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
<b>Current payments</b>									
Compensation of employees	370 570	(32 412)	-	338 158	338 158	-	100.0%	300 535	300 155
Goods and services	888 863	43 206	-	932 069	944 589	(12 520)	101.3%	821 144	817 736
Interest and rent on land	-	171	-	171	171	-	100.0%	12	2
Transfers and subsidies to:									
Provinces and municipalities	9 090	446	-	9 536	9 536	-	100.0%	100 293	91 152
Departmental agencies and accounts	2 195 843	-	(28 300)	2 167 543	1 657 396	510 147	76.5%	1 625 261	1 189 515
Foreign governments and international organisations	572	33	-	605	533	72	88.1%	675	510
Public corporations and private enterprises	-	-	-	-	3	(3)	-	1 500	1 500
Non-profit institutions	387	-	-	387	378	9	97.7%	350	350
Households	32 725	(5 087)	-	27 638	27 638	-	100.0%	29 894	29 893
<b>Payment for capital assets</b>									
Buildings and other fixed structures	217	376	-	593	581	12	98.0%	2 217	2 116
Machinery and equipment	26 340	(4 620)	-	21 720	21 702	18	99.0%	26 646	25 773
Software and other intangible assets	3 505	(2 113)	-	1 392	663	729	47.6%	3 825	3 812
<b>Total</b>	<b>3 528 112</b>	<b>-</b>	<b>(28 300)</b>	<b>3 499 812</b>	<b>3 001 348</b>	<b>498 464</b>	<b>85.8%</b>	<b>2 912 352</b>	<b>2 462 514</b>



## PROGRAMME 3: WATER SERVICES

Detail per sub-programme	2008/09							2007/08	
	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
<b>3.1 Provisioning Policies</b>									
Current payments	2 503	473	-	2 976	2 976	-	100.0%	2 255	2 253
Payment for capital assets	3 800	(3 800)	-	-	-	-	-	-	-
<b>3.2 Water and Sanitation Services</b>									
Current payments	245 271	(214 431)	-	30 840	40 406	(9 566)	131.0%	30 650	30 592
Transfers and subsidies	-	657 000	-	657 000	641 280	15 720	97.6%	3	3
Payment for capital assets	460 300	(459 974)	-	326	326	-	100.0%	406 369	406 772
<b>3.3 Water Sector Policies</b>									
Current payments	50 878	14 851	-	65 729	65 729	-	100.0%	47 076	47 065
Transfers and subsidies	-	27	-	27	27	-	100.0%	2	2
Payment for capital assets	660	(250)	-	410	410	-	100.0%	646	279
<b>3.4 Water Sector Support</b>									
Current payments	105 855	(14 223)	-	91 632	91 635	(3)	101.0%	104 753	103 913
Transfers and subsidies	-	162	-	162	162	-	100.0%	2	2
Payment for capital assets	1 378	823	-	2 201	2 201	-	100.0%	662	3 009



Detail per sub-programme	2008/09							2007/08	
	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
<b>3.5 Institutional Policies</b>									
Current payments	11 911	(4 761)	-	7 150	7 150	-	100.0%	9 318	9 241
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Payment for capital assets	-	37	-	37	37	-	100.0%	-	-
<b>3.6 Institutional Support</b>									
Current payments	44 697	(4 989)	-	39 708	39 708	-	100.0%	38 478	38 096
Transfers and subsidies	-	85	-	85	85	-	100.0%	-	-
Payment for capital assets	787	(527)	-	260	260	-	100.0%	3 375	3 974
<b>3.7 Transfer Policies</b>	-	-	-	-	-	-	-	-	-
<b>3.8 Transfer of Functions</b>									
Current payments	17 530	3 568	-	21 098	21 098	-	100.0%	12 255	6 876
Transfers and subsidies	-	7 100	-	7 100	7 100	-	100.0%	-	(34)
Payment for capital assets	-	151	-	151	151	-	100.0%	-	47
<b>3.9 African Initiative</b>									
Current payments	105	-	-	105	105	-	100.0%	131	131
<b>3.10 African Participation</b>									
Current payments	100	(100)	-	-	-	-	-	-	-



Detail per sub-programme	2008/09							2007/08	
	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
<b>3.11 Water Services Administration</b>									
Current payments	9 953	(1 359)	-	8 594	8 594	-	100.0%	8 281	8 146
Payment for capital assets	142	(77)	-	65	65	-	100.0%	220	165
<b>3.12 Water Services Support</b>									
Current payments	83 942	9 832	(4 155)	89 619	89 619	-	100.0%	98 374	98 286
Transfers and subsidies	-	761	-	761	761	-	100.0%	-	81
Payment for capital assets	962	4 332	-	5 294	5 294	-	100.0%	1 672	1 672
<b>3.13 Operation of Water Services</b>									
Current payments	367 444	(42 849)	-	324 595	324 595	-	100.0%	450 299	426 915
Transfers and subsidies	1 015 626	(24 081)	-	991 545	991 482	63	100.0%	659 184	679 438
Payment for capital assets	-	561	-	561	561	-	100.0%	-	-
<b>Total</b>	<b>2 423 844</b>	<b>(71 658)</b>	<b>(4 155)</b>	<b>2 348 031</b>	<b>2 341 817</b>	<b>6 214</b>	<b>99.7%</b>	<b>1 874 007</b>	<b>1 866 926</b>



Programme 3 per Economic classification	2008/09							2007/08	
	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
<b>Current payments</b>									
Compensation of employees	426 496	(35 135)	(975)	390 386	390 386	-	100.0%	476 071	447 445
Goods and services	513 693	(218 855)	(3 180)	291 658	301 228	(9 570)	103.3%	325 179	323 449
Interest and rent on land	-	-	-	-	-	-	-	620	620
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	985 626	657 000	-	1 642 626	1 626 838	15 788	99%	621 744	641 731
Public corporations and private enterprises	-	-	-	-	4	(4)	-	37 440	37 687
Households	30 000	(15 946)	-	14 054	14 054	-	100.0%	9	76
<b>Payment for capital assets</b>									
Buildings and other fixed structures	415 000	(414 950)	-	50	50	-	100.0%	311 954	314 393
Machinery and equipment	5 782	3 032	-	8 814	8 814	-	100.0%	3 474	3 679
Software and other intangible assets	47 247	(46 804)	-	443	443	-	100.0%	97 516	97 846
<b>Total</b>	<b>2 423 844</b>	<b>(71 658)</b>	<b>(4 155)</b>	<b>2 348 031</b>	<b>2 341 817</b>	<b>6 214</b>	<b>99.7%</b>	<b>1 874 007</b>	<b>1 866 926</b>



## PROGRAMME 4: FORESTRY

Detail per sub-programme	2008/09							2007/08	
	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
<b>4.1 Forestry Oversight</b>									
Current payments	19 903	3 757	-	23 660	23 660	-	100.0%	17 540	17 482
Transfers and subsidies	-	152	-	152	152	-	100.0%	3 450	2 450
Payment for capital assets	502	383	-	885	885	-	100.0%	345	112
<b>4.2 Forestry Governance</b>									
Current payments	2 382	(475)	-	1 907	1 907	-	100.0%	3 053	3 024
Payment for capital assets	-	108	-	108	108	-	100.0%	4	4
<b>4.3 Forestry Development</b>									
Current payments	6 134	(4 445)	-	1 689	1 689	-	100.0%	5 481	5 397
Transfers and subsidies	-	6	-	6	6	-	100.0%	-	-
Payment for capital assets	32	(18)	-	14	14	-	100.0%	130	130
<b>4.4 Community Empowerment</b>									
Current payments	26 971	(6 618)	-	20 353	20 353	-	100.0%	19 014	18 908
Transfers and subsidies	-	31	-	31	33	(2)	106.5%	-	-
Payment for capital assets	432	(36)	-	396	396	-	100.0%	410	168





Detail per sub-programme	2008/09							2007/08	
	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
<b>4.5 Fire Regulation &amp; Oversight</b>									
Current payments	5 718	1 358	-	7 076	7 076	-	100.0%	4 940	4 783
Payment for capital assets	50	(32)	-	18	18	-	100.0%	26	12
<b>4.6 Fire Governance</b>									
Current payments	2 481	(380)	-	2 101	2 101	-	100.0%	1 194	1 149
Payment for capital assets	-	75	-	75	75	-	100.0%	-	35
<b>4.7 State Forest Transfer and Regulation</b>									
Current payments	5 391	(1 613)	-	3 778	3 778	-	100.0%	4 774	4 653
Payment for capital assets	89	(46)	-	43	43	-	100.0%	84	27
<b>4.8 State Forest Administration and Oversight</b>									
Current payments	22 293	3 375	446	26 114	26 114	-	100.0%	25 881	24 305
Payment for capital assets	381	(302)	-	79	79	-	100.0%	362	-
<b>4.9 State Forest Management</b>									
Current payments	2 426	(1 457)	-	969	969	-	100.0%	187	127
Payment for capital assets	-	25	-	25	25	-	100.0%	-	-



Detail per sub-programme	2008/09							2007/08	
	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
<b>4.10 Sustainable Forest Management</b>									
Current payments	348 031	10 986	-	359 017	359 017	-	100.0%	341 097	331 045
Transfers and subsidies	2 700	3 495	-	6 195	4 924	1 271	79.5%	-	75
Payment for capital assets	6 518	(4 108)	-	2 410	2 410	-	100.0%	5 029	1 122
<b>4.11 Forestry Management and Support</b>									
Current payments	8 120	(1 232)	-	6 888	6 888	-	100.0%	4 773	4 664
Transfers and subsidies	-	34	-	34	34	-	100.0%	100	100
Payment for capital assets	30	63	-	93	93	-	100.0%	82	82
<b>4.12 Forestry Support Services</b>									
Current payments	31 869	2 293	7 254	41 416	42 647	(1 231)	103.0%	31 155	30 960
Transfers and subsidies	-	-	-	-	1	(1)	-	-	-
Payment for capital assets	521	632	-	1 153	1 153	-	100.0%	496	263
<b>Total</b>	<b>492 974</b>	<b>6 011</b>	<b>7 700</b>	<b>506 685</b>	<b>506 648</b>	<b>37</b>	<b>100.0%</b>	<b>469 607</b>	<b>451 077</b>



Programme 4 per Economic classification	2008/09							2007/08	
	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
<b>Current payments</b>									
Compensation of employees	331 801	(31 737)	-	300 064	300 064	-	100.0%	277 828	273 983
Goods and services	149 176	38 025	7 700	194 901	196 132	(1 231)	100.6%	180 553	171 858
Interest and rent on land	742	(739)	-	3	3	-	100.0%	708	656
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	-	-	-	13	(13)	-	-	42
Departmental agencies and accounts	-	-	-	-	4	(4)	-	-	(1)
Public corporations and private enterprises	2 700	-	-	2 700	1 415	1 285	52.4%	3 550	2 550
Households	-	3 718	-	3 718	3 718	-	100.0%	-	34
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	1 236	-	1 236	1 236	-	100.0%	2 472	87
Machinery and equipment	8 378	(4 542)	-	3 836	3 836	-	100.0%	4 192	1 564
Biological assets	-	199	-	199	199	-	100.0%	165	165
Software and other intangible assets	177	(149)	-	28	28	-	100.0%	139	139
<b>Total</b>	<b>492 974</b>	<b>6 011</b>	<b>7 700</b>	<b>506 685</b>	<b>506 648</b>	<b>37</b>	<b>100.0%</b>	<b>469 607</b>	<b>451 077</b>



## NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

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

Detail of these transactions can be viewed in note 8 (Transfers and subsidies) and Annexure 1 (A-L) to the Annual Financial Statements.

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

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

### 3 Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 7 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

### 4 Explanations of material variances from amounts voted (after Virement):

#### 4.1 Per Programme

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
<b>Administration</b>	682 088	681 759	329	0%
Insignificant variance				
<b>Water Resource Management</b>	3 499 812	3 001 347	498 465	14.2%
The underspending is in respect of the De Hoop Dam Project which could not proceed due to delays in signing agreement with mines and exceptional high rainfall also prevented contractors from making anticipated progress.				
<b>Water Services</b>	2 348 031	2 341 817	6 214	0.3%
Insignificant variance				
<b>Forestry</b>	506 685	506 648	37	0%
Insignificant variance				



## 4.2 Per Economic classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
<b>Current payments:</b>				
Compensation of employees	1 183 922	1 183 922	-	-
Goods and services	1 913 666	1 936 987	(23 321)	(1.22%)
Interest and rent on land	174	174	-	-
Financial transactions in assets and liabilities	3 338	3 338	-	-
<b>Transfers and subsidies:</b>				
Provinces and municipalities	1 652 164	1 636 389	15 775	1%
Departmental agencies and accounts	2 168 259	1 657 786	510 473	23,5%
Public corporations and private enterprises	2 700	1 422	1 278	47,3%
Foreign governments and international organisations	605	533	72	11,9%
Non-profit institutions	387	378	9	2,3%
Households	59 053	59 053	-	-
<b>Payments for capital assets:</b>				
Buildings and other fixed structures	1 983	1 971	12	0.6%
Machinery and equipment	48 057	48 039	18	0.03%
Biological assets	199	199	-	-
Software and other intangible assets	2 109	1 380	729	34.57%



## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2009

	Note	2008/09 R'000	2007/08 R'000
<b>REVENUE</b>			
Annual appropriation	1	7 036 616	5 862 513
Departmental revenue	2	71 646	39 142
Aid assistance	3	445 124	52 042
<b>TOTAL REVENUE</b>		<b>7 553 386</b>	<b>5 953 697</b>
<b>EXPENDITURE</b>			
Current expenditure			
Compensation of employees	4	1 183 922	1 162 630
Goods and services	5	1 936 987	1 686 583
Interest and rent on land	6	174	1 278
Financial transactions in assets and liabilities	7	3 338	3 698
Aid assistance	3	407 243	324 096
<b>Total current expenditure</b>		<b>3 531 664</b>	<b>3 178 285</b>



	Note	2008/09 R'000	2007/08 R'000
<b>Transfers and subsidies</b>		<b>3 355 644</b>	<b>2 052 568</b>
Transfers and subsidies	8	3 355 561	2 052 568
Aid assistance	3	83	-
<b>Expenditure for capital assets</b>			
Tangible capital assets	9	51 444	382 811
Software and other intangible assets	9	1 555	103 042
<b>Total expenditure for capital assets</b>		<b>52 999</b>	<b>485 853</b>
<b>TOTAL EXPENDITURE</b>		<b>6 940 307</b>	<b>5 716 706</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>613 079</b>	<b>236 991</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		505 045	477 117
Departmental revenue	16	71 646	39 142
Aid assistance	3	36 388	(279 268)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>613 079</b>	<b>236 991</b>



## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2009

	Note	2008/09 R'000	2007/08 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>774 788</b>	<b>673 270</b>
Unauthorised expenditure	10	3 782	3 782
Cash and cash equivalents	11	406 662	262 828
Prepayments and advances	12	17 387	25 965
Receivables	13	46 572	68 321
Loans	14	24 682	24 310
Aid assistance receivable	3	275 703	288 064
<b>Non-current assets</b>		<b>118 719</b>	<b>122 167</b>
Loans	14	118 719	122 167
<b>TOTAL ASSETS</b>		<b>893 507</b>	<b>795 437</b>





	Note	2008/09 R'000	2007/08 R'000
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>740 732</b>	<b>645 408</b>
Voted funds to be surrendered to the Revenue Fund	15	505 045	477 117
Departmental revenue to be surrendered to the Revenue Fund	16	(22)	3 239
Payables	17	202 016	155 386
Aid assistance unutilised	3	33 693	9 666
<b>Non-current liabilities</b>			
Payables		-	-
<b>TOTAL LIABILITIES</b>		<b>740 732</b>	<b>645 408</b>
<b>NET ASSETS</b>		<b>152 775</b>	<b>150 029</b>
<b>Represented by:</b>			
Capitalisation reserve		143 401	146 476
Recoverable revenue		9 374	3 553
<b>TOTAL</b>		<b>152 775</b>	<b>150 029</b>



## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2009

NET ASSETS	Note	2008/09 R'000	2007/08 R'000
<b>Capitalisation Reserves</b>			
Opening balance		146 476	155 117
Transfers		(3 075)	(8 641)
Closing balance		<b>143 401</b>	<b>146 476</b>
<b>Recoverable revenue</b>			
Opening balance		3 553	2 919
Transfers:		5 821	634
Irrecoverable amounts written off		-	(653)
Debts revised		5 248	-
Debts recovered (included in departmental receipts)		(1 427)	(1 289)
Debts raised		2 000	2 576
Closing balance		<b>9 374</b>	<b>3 553</b>
<b>TOTAL</b>		<b>152 775</b>	<b>150 029</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

CASH FLOW	Note	2008/09 R'000	2007/08 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>7 553 386</b>	<b>5 953 442</b>
Annual appropriated funds received	1.1	7 036 616	5 862 513
Departmental revenue received	2	71 646	38 887
Aid assistance received	3	445 124	52 042
Net (increase)/decrease in working capital		76 957	89 653
Surrendered to Revenue Fund		(552 024)	(421 065)
Current payments		(3 531 664)	(3 178 285)
Transfers and subsidies paid		(3 355 644)	(2 052 568)
<b>Net cash flow available from operating activities</b>	<b>18</b>	<b>191 011</b>	<b>391 177</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	9	(52 999 )	(485 853)
Proceeds from sale of capital assets	2	-	255
(Increase)/decrease in loans		3 076	8 640
<b>Net cash flows from investing activities</b>		<b>(49 923)</b>	<b>(476 958)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		2 746	(8 007)
<b>Net cash flows from financing activities</b>		<b>2 746</b>	<b>(8 007)</b>
Net increase/(decrease) in cash and cash equivalents		143 834	(93 788)
Cash and cash equivalents at the beginning of the period		262 828	356 616
<b>Cash and cash equivalents at end of period</b>	<b>19</b>	<b>406 662</b>	<b>262 828</b>

## ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2009

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

### 1 Presentation of the Financial Statements

#### 1.1 Basis of preparation

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

#### 1.2 Presentation currency

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

#### 1.3 Rounding

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

#### 1.4 Comparative figures

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

the information is presented is consistent with the format of the current year's financial statements.

#### 1.5 Comparative figures - Appropriation Statement

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

### 2 Revenue

#### 2.1 Appropriated funds

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

Total appropriated funds are presented in the Statement of Financial Performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.





## 2.2 Departmental revenue

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

### 2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the Statement of Financial Performance when received.

### 2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

### 2.2.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

### 2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the Statement of Financial Performance when the cash is received.

### 2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

### 2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Forex gains are recognised on payment of funds.

### 2.2.7 Transfers received (including gifts, donations and sponsorships)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in an annexure to the financial statements.

## 2.3 Aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as current or capital expenditure in the Statement of Financial Performance.

Inappropriately expensed amounts using CARA funds and any unutilised amounts are recognised as payables in the Statement of Financial Position.

## 3 Expenditure

### 3.1 Compensation of employees

#### 3.1.1 Short-term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages

are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the Statement of Financial Performance<sup>1</sup>.

All other payments are classified as current expense.

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

#### 3.1.2 Post retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions.

Employer contributions (i.e. social contributions) to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

<sup>1</sup> This accounting policy is only relevant where the department elects to capitalise the compensation paid to employees involved on capital projects.





### 3.1.3 Termination benefits

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

### 3.1.4 Other long-term employee benefits

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

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

## 3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.

## 3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for

the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

## 3.4 Financial transactions in assets and liabilities

**Debts are written off** when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

**Forex losses** are recognised on payment of funds.

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

## 3.5 Transfers and subsidies

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

## 3.6 Unauthorised expenditure

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

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

### 3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

### 3.8 Irregular expenditure

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

### 3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

## 4 Assets

### 4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

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

### 4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

### 4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

### 4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest.

### 4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the Statement of Financial Performance when the cash is received.

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

### 4.6 Loans

Loans are recognised in the Statement of Financial Position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the disclosure notes.







Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost.

#### 4.7 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

#### 4.8 Capital assets

##### 4.8.1 Movable assets

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

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

##### 4.8.2 Immovable assets

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

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset”. On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/national department of public works.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

## 5 Liabilities

### 5.1 Voted funds to be surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

### 5.2 Departmental revenue to be surrendered to the Revenue Fund

Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.

### 5.3 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the Statement of Financial Position.

### 5.4 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements.

### 5.5 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

## 5.6 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

## 5.7 Employee benefits

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

## 5.8 Lease commitments

### 5.8.1 Finance leases

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

### 5.8.2 Operating leases

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

## 6 Receivables for departmental revenue

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

## 7 Net Assets

### 7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

### 7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

## 8 Related party transactions

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

## 9 Key management personnel

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





## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

### 1 Annual Appropriation

#### 1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted Funds) and Provincial Departments:

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received 2007/08
	R'000	R'000	R'000	R'000
Administration	682 088	682 088	-	606 547
Water Resource Management	3 499 812	3 499 812	-	2 912 352
Water Services	2 348 031	2 348 031	-	1 874 007
Forestry	506 685	506 685	-	469 607
<b>Total</b>	<b>7 036 616</b>	<b>7 036 616</b>	<b>-</b>	<b>5 862 513</b>



## 2 Departmental revenue

	Note	2008/09 R'000	2007/08 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	45 976	42 051
Interest, dividends and rent on land	2.2	10 721	6 294
Sales of capital assets	2.3	-	255
Financial transactions in assets and liabilities	2.4	14 949	(9 458)
<b>Departmental revenue collected</b>		<b>71 646</b>	<b>39 142</b>



## 2.1 Sales of goods and services other than capital assets

	Note	2008/09	2007/08
	2	R'000	R'000
Sales of goods and services produced by the department		45 871	41 988
Sales by market establishment		2 855	-
Administrative fees		237	239
Other sales		42 779	41 749
Sales of scrap, waste and other used current goods		105	63
<b>Total</b>		<b>45 976</b>	<b>42 051</b>

## 2.2 Interest, dividends and rent on land

	Note	2008/09	2007/08
	2	R'000	R'000
Interest		10 485	6 231
Rent on land		236	63
<b>Total</b>		<b>10 721</b>	<b>6 294</b>



### 2.3 Sale of capital assets

	Note	2008/09	2007/08
	2	R'000	R'000
<b>Tangible capital assets</b>			
Buildings and other fixed structures	31.2	-	134
Machinery and equipment	29.2	-	121
<b>Total</b>		<b>-</b>	<b>255</b>

### 2.4 Financial transactions in assets and liabilities

	Note	2008/09	2007/08
	2	R'000	R'000
Receivables		4 900	569
Stale cheques written back		95	89
Other Receipts including Recoverable Revenue		9 954	(10 116)
<b>Total</b>		<b>14 949</b>	<b>(9 458)</b>



### 3 Aid assistance

#### 3.1 Aid assistance received in cash from RDP

	Note	2008/09	2007/08
		R'000	R'000
<b>Local</b>			
Opening Balance		2 972	4 123
Revenue		22 000	-
Expenditure		(205)	(1 151)
Current		(2)	(1 151)
Capital		(203)	-
<b>Closing Balance</b>		<b>24 767</b>	<b>2 972</b>
<b>Foreign</b>			
Opening Balance		(281 370)	(3 253)
Revenue		423 124	52 042
Expenditure		(408 531)	(330 159)
Current		(407 241)	(322 945)
Capital		(1 207)	(7 214)
Transfers		(83)	-
<b>Closing Balance</b>		<b>(266 777)</b>	<b>(281 370)</b>



### 3.2 Total assistance

	2008/09	2007/08
	R'000	R'000
Opening Balance	(278 398)	870
Revenue	445 124	52 042
Expenditure	(408 736)	(331 310)
Current	(407 243)	(324 096)
Capital	(1 410)	(7 214)
Transfers	(83)	-
Closing Balance	<b>(242 010)</b>	<b>(278 398)</b>
Analysis of balance		
Aid assistance receivable		
RDP	(275 703)	(288 064)
Aid assistance unutilised		
RDP	33 693	9 666
<b>Closing balance</b>	<b>(242 010)</b>	<b>(278 398)</b>





## 4 Compensation of employees

### 4.1 Salaries and Wages

	Note	2008/09	2007/08
		R'000	R'000
Basic salary		818 713	811 645
Performance award		18 734	9 563
Service Based		3 820	2 124
Compensative/circumstantial		40 668	36 484
Periodic payments		4 883	6 706
Other non-pensionable allowances		160 033	160 002
<b>Total</b>		<b>1 046 851</b>	<b>1 026 524</b>



## 4.2 Social contributions

	Note	2008/09	2007/08
		R'ooo	R'ooo
<b>Employer contributions</b>			
Pension		95 827	95 267
Medical		42 915	40 428
UIF		4	8
Bargaining council		(1 675)	403
<b>Total</b>		<b>137 071</b>	<b>136 106</b>
<b>Total compensation of employees</b>		<b>1 183 922</b>	<b>1 162 630</b>
Average number of employees		<b>9 097</b>	<b>9 630</b>



## 5 Goods and services

	Note	2008/09	2007/08
		R'000	R'000
Administrative fees		10 201	6 560
Advertising		24 751	11 222
Assets less than R5 000	5.1	15 885	18 046
Bursaries (employees)		5 943	7 140
Catering		10 432	5 767
Communication		49 675	48 359
Computer services	5.2	92 554	124 006
Consultants, contractors and agency/outsourced services	5.3	1 063 711	832 648
Entertainment		565	218
Audit cost – external	5.4	10 386	13 825
Inventory	5.5	119 478	125 431
Maintenance, repairs and running costs		-	31 873
Operating leases		147 964	15 615
Owned and leasehold property expenditure	5.6	18 130	148 701
Transport provided as part of the departmental activities		243	983
Travel and subsistence	5.7	324 521	264 433
Venues and facilities		3 691	3 204
Training and staff development		29 043	19 921
Other operating expenditure	5.8	9 814	8 631
<b>Total</b>		<b>1 936 987</b>	<b>1 686 583</b>



## 5.1 Assets less than R5 000

	Note	2008/09	2007/08
	5	R'000	R'000
<b>Tangible assets</b>			
Machinery and equipment		15 817	16 859
<b>Intangible assets</b>		68	1 187
<b>Total</b>		<b>15 885</b>	<b>18 046</b>

## 5.2 Computer services

	Note	2008/09	2007/08
	5	R'000	R'000
SITA computer services		25 561	52 842
External computer service providers		66 993	71 164
<b>Total</b>		<b>92 554</b>	<b>124 006</b>



### 5.3 Consultants, contractors and agency/outsourced services

	Note	2008/09	2007/08
	5	R'000	R'000
Business and advisory services		302 783	227 310
Infrastructure and planning		267 828	355 012
Laboratory services		1 966	290
Legal costs		3 586	3 502
Contractors		102 180	2 568
Agency and support/outsourced services		385 368	243 966
<b>Total</b>		<b>1 063 711</b>	<b>832 648</b>

### 5.4 Audit cost – External

	Note	2008/09	2007/08
	5	R'000	R'000
Regularity audits		9 770	7 730
Performance audits		226	1 298
Other audits		390	4 797
<b>Total</b>		<b>10 386</b>	<b>13 825</b>



## 5.5 Inventory

	Note	2008/09	2007/08
	5	R'000	R'000
Learning and teaching support material		1	-
Food and food supplies		2 860	4 595
Fuel, oil and gas		27 108	18 362
Other consumable materials		27 975	35 640
Maintenance material		25 878	36 993
Stationery and printing		35 470	29 693
Medical supplies		185	148
<b>Total</b>		<b>119 478</b>	<b>125 431</b>

## 5.6 Owned and leasehold property expenditure

	Note	2008/09	2007/08
	5	R'000	R'000
Municipal services		12 537	139 321
Other		5 593	9 380
<b>Total</b>		<b>18 130</b>	<b>148 701</b>



## 5.7 Travel and subsistence

	Note	2008/09	2007/08
Local	5	313 539	256 905
Foreign		10 982	7 528
<b>Total</b>		<b>324 521</b>	<b>264 433</b>

## 5.8 Other operating expenditure

	Note	2008/09	2007/08
	5	R'000	R'000
Professional bodies, membership and subscription fees		183	186
Resettlement costs		4 086	3 645
Other		5 545	4 800
<b>Total</b>		<b>9 814</b>	<b>8 631</b>

## 6 Interest and rent on land

	Note	2008/09	2007/08
		R'000	R'000
Interest paid		104	620
Rent on land		70	658
<b>Total</b>		<b>174</b>	<b>1 278</b>



## 7 Financial transactions in assets and liabilities

	Note	2008/09	2007/08
		R'000	R'000
Material losses through criminal conduct			
Theft	7.2	371	2 383
Debts written off	7.1	2 967	1 315
<b>Total</b>		<b>3 338</b>	<b>3 698</b>

### 7.1 Debts written off

	Note	2008/09	2007/08
	7	R'000	R'000
<b>Nature of debts written off</b>			
Salary overpayment		1 278	874
Tax debt		22	57
Study debt		-	198
Susidised vehicles		26	17
Subsistence and travel		-	10
Suppliers		1 274	73
Telephone debt		-	4
Elandskaroo		-	82
State guarantee plus other debt		367	-
<b>Total</b>		<b>2 967</b>	<b>1 315</b>





## 7.2 Detail of theft

	Note	2008/09	2007/08
	7	R'000	R'000
<b>Nature of theft</b>			
Laptops & computers		370	265
GPS		-	4
Tools & items		-	67
Projector		-	9
Car		-	8
Petty cash		-	1
Fax machine		-	4
Fire hazard		-	2 025
RD Cheques		1	-
<b>Total</b>		<b>371</b>	<b>2 383</b>



### 7.3 Recoverable revenue written off

	Note	2008/09	2007/08
		R'000	R'000
<b>Nature of losses</b>			
Salary overpayments		610	365
Tax debt		-	1
Bursary		5	171
Subsidised vehicle		1	17
Historical loans to Water boards and Municipalities		128	82
Supplier disallowance		-	17
Telephone		6	-
State guarantee		23	-
Departmental Debt		1	-
<b>Total</b>		<b>774</b>	<b>653</b>



## 8 Transfers and subsidies

		2008/09	2007/08
		R'000	R'000
	Note		
Provinces and municipalities	Annex 1E & 1F	1 636 387	732 926
Departmental agencies and accounts	Annex 1G	1 657 788	1 190 161
Foreign governments and international organisations	Annex 1J	-	500
Public corporations and private enterprises	Annex 1I	1 422	41 637
Non-profit institutions	Annex 1K	378	350
Households	Annex 1L	58 790	86 884
Gifts, donations and sponsorships made	Annex 1O	796	110
<b>Total</b>		<b>3 355 561</b>	<b>2 052 568</b>



## 9 Expenditure for capital assets

	Note	2008/09	2007/08
		R'000	R'000
<b>Tangible assets</b>		<b>51 444</b>	<b>382 811</b>
Buildings and other fixed structures	32.1	2 904	336 816
Machinery and equipment	30.1	48 341	45 830
Biological assets	30.1	199	165
<b>Software and other intangible assets</b>		<b>1 555</b>	<b>103 042</b>
Computer software	31.1	975	3 291
Patents, licences, copyright, brand names, trademarks	31.1	395	447
Services and operating rights	31.1	10	-
Other intangibles	31.1	175	99 304
<b>Total</b>		<b>52 999</b>	<b>485 853</b>



## 9.1 Analysis of funds utilised to acquire capital assets – 2008/09

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

## 9.2 Analysis of funds utilised to acquire capital assets – 2007/08

	Voted funds	Aid assistance	Total
	R'ooo	R'ooo	R'ooo
<b>Total assets acquired</b>	<b>478 639</b>	<b>7 214</b>	<b>485 853</b>



## 10 Unauthorised expenditure

### 10.1 Reconciliation of unauthorised expenditure

	Note	2008/09	2007/08
		R'000	R'000
Opening balance		3 782	18 671
Less: Amounts approved by Parliament/Legislature (with funding)		-	(14 889)
<b>Unauthorised expenditure awaiting authorisation</b>		<b>3 782</b>	<b>3 782</b>
Analysis of awaiting authorisation per economic classification			
Current		3 782	3 782

## 11 Cash and cash equivalents

	Note	2008/09	2007/08
		R'000	R'000
Consolidated Paymaster General Account		239 194	129 567
Cash receipts		40	36
Disbursements		(2)	1 058
Cash on hand		82	80
Cash with commercial banks (Local)		167 348	132 087
<b>Total</b>		<b>406 662</b>	<b>262 828</b>



## 12 Prepayments and advances

	Note	2008/09	2007/08
		R'000	R'000
Travel and subsistence		1 154	1 171
Advances paid to other entities		16 233	24 794
<b>Total</b>		<b>17 387</b>	<b>25 965</b>

## 13 Receivables

	Note	2008/09				2007/08
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	13.1 Annex 4	15 610	169	733	16 512	24 696
Recoverable expenditure	13.2	1 331	773	104	2 208	3 133
Staff debt	13.3	2 176	1 479	4 180	7 835	6 789
Other debtors	13.4	13 340	240	6 437	20 017	33 703
<b>Total</b>		<b>32 457</b>	<b>2 661</b>	<b>11 454</b>	<b>46 572</b>	<b>68 321</b>



### 13.1 Claims recoverable

	Note	2008/09	2007/08
	13	R'000	R'000
National departments		7 066	17 361
Provincial departments		9 444	1 765
Public entities		-	2 618
Households and non-profit institutions		2	2 952
<b>Total</b>		<b>16 512</b>	<b>24 696</b>

### 13.2 Recoverable expenditure (disallowance accounts)

	Note	2008/09	2007/08
	13	R'000	R'000
Disallowance Dishonoured Cheques		208	234
Sal: Deduction Disallowance Acc		148	694
Sal: Reversal Control Acc		1 647	1 917
Sal: Disallowance Acc		130	101
Sal: Tax Debt		74	180
Sal: Reg Service Council		1	1
Sal: Garnishee Order		-	6
<b>Total</b>		<b>2 208</b>	<b>3 133</b>





### 13.3 Staff debt

	Note	2008/09	2007/08
	13	R'000	R'000
Salary overpayment		2 453	2 507
Tax debt		205	53
Bursary (Breach of contract)		2 085	1 357
State Guarantees		189	356
T&S Advance: Dom		12	9
GG Accidents		140	144
Telephone debt		73	50
Departmental debt		58	59
Employee		101	168
Ex-employee		761	1 211
Fraud		35	21
Other		456	326
Subsidised Transport		1 267	528
<b>Total</b>		<b>7 835</b>	<b>6 789</b>



### 13.4 Other debtors

	Note	2008/09	2007/08
	13	R'000	R'000
Pension Recoverable account		31	31
Suppliers		1 280	2 389
Vat Clearing account		18 706	22 654
Advances from E/Cape		-	7 099
Advances from Gauteng		-	338
Advances from Limpopo		-	629
VAALCO		-	55
MSC Software		-	277
Claims recoverable F/Gov & Int Org		-	231
<b>Total</b>		<b>20 017</b>	<b>33 703</b>



## 14 Loans

	Note	2008/09	2007/08
		R'000	R'000
Public corporations		143 401	146 477
Less: Current portion of loans		24 682	24 310
<b>Long term portion</b>		<b>118 719</b>	<b>122 167</b>
<b>Analysis of Balance</b>			
Opening balance		146 477	155 117
New Issues		-	51 434
Repayments		(2 947)	(59 992)
Write-offs		(129)	(82)
<b>Closing balance</b>		<b>143 401</b>	<b>146 477</b>

## 15 Voted funds to be surrendered to the Revenue Fund

	Note	2008/09	2007/08
		R'000	R'000
Opening balance		477 117	354 652
Transfer from statement of financial performance		505 045	477 117
Paid during the year		(477 117)	(354 652)
<b>Closing balance</b>		<b>505 045</b>	<b>477 117</b>



## 16 Departmental revenue to be surrendered to the Revenue Fund

	Note	2008/09	2007/08
		R'000	R'000
Opening balance		3 239	30 510
Transfer from Statement of Financial Performance		71 646	39 142
Paid during the year		(74 907)	(66 413)
<b>Closing balance</b>		<b>(22)</b>	<b>3 239</b>

## 17 Payables – current

Description			
	Note	2008/09 Total	2007/08 Total
Advances received	17.1	174 291	138 527
Clearing accounts	17.2	11 816	1 205
Other payables	17.3	15 909	15 654
<b>Total</b>		<b>202 016</b>	<b>155 386</b>



## 17.1 Advances received

	Note	2008/09	2007/08
	17	R'000	R'000
Description			
Advances from Mpumalanga		935	39
Advances from Limpopo		875	1 503
Advances from Public Entities		860	924
Advances from Gauteng (Hartbeespoort)		3 570	3 974
Forestry Leases		167 321	132 087
Advances from National Departments		155	-
Advances from Public Entities: Irrigation Board		29	-
Advances from Provincial Department Eastern Cape		543	-
Advances to Provincial Department Mpumalanga		3	-
<b>Total</b>		<b>174 291</b>	<b>138 527</b>

## 17.2 Clearing accounts

	Note	2008/09	2007/08
	17	R'000	R'000
Description			
Salary deduction control accounts		11 816	1 205
<b>Total</b>		<b>11 816</b>	<b>1 205</b>



### 17.3 Other payables

	Note	2008/09	2007/08
	17	R'000	R'000
Description			
Salary deduction disallowance account		-	586
Sal: ACB Recalls		34	23
Compensation Com. Contr. Acc		13 884	9 851
Claims recoverable Prov Governments: Eastern Cape		2	2
Claims recoverable Prov Governments:Northern Cape		102	869
Disallowance Miscellaneous		147	1 327
Dikwari		-	1
Municipality Mossel Bay		-	2 828
Philtron		-	1
Richards Hotel		-	4
Watertrading Enitivity – TCTA		-	144
Tshwane		-	11
Wits		-	1
Lebogang		-	3
ICOLD		-	3
Claims: Gov&Int Org: Claims received		100	-
Claims recoverable Public Entities		1 640	-
<b>Total</b>		<b>15 909</b>	<b>15 654</b>



## 18 Net cash flow available from operating activities

	Note	2008/09	2007/08
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		613 079	236 991
Add back non cash/cash movements not deemed operating activities		(422 068)	154 186
(Increase)/decrease in receivables – current		21 749	93 028
(Increase)/decrease in prepayments and advances		8 578	34 540
(Increase)/decrease in other current assets		-	14 889
Increase/(decrease) in payables – current		46 630	(52 804)
Proceeds from sale of capital assets		-	(255)
Expenditure on capital assets		52 999	485 853
Surrender to Revenue Fund		(552 024)	(421 065)
<b>Net cash flow generated by operating activities</b>		<b>191 011</b>	<b>391 177</b>

## 19 Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2008/09	2007/08
		R'000	R'000
Consolidated Paymaster General account		239 194	129 567
Cash receipts		40	36
Disbursements		(2)	1 058
Cash on hand		82	80
Cash with commercial banks (Local)		167 348	132 087
<b>Total</b>		<b>406 662</b>	<b>262 828</b>



## DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

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

### 20 Contingent liabilities

		Note	2008/09	2007/08
			R'000	R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	7 320	7 933
Other guarantees		Annex 3A	21 624 015	21 484 264
Claims against the department		Annex 3B	5 061	183 988
Other departments (interdepartmental unconfirmed balances)		Annex 5	543	545
<b>Total</b>			<b>21 636 939</b>	<b>21 676 730</b>





## 21 Commitments

	Note	2008/09	2007/08
		R'000	R'000
<b>Current expenditure</b>			
Approved and contracted		519 911	350 165
Approved but not yet contracted		22 613	4 345
		542 524	354 510
<b>Capital expenditure</b>			
Approved and contracted		78 058	40 471
Approved but not yet contracted		-	-
		78 058	40 471
<b>Total Commitments</b>		<b>620 582</b>	<b>394 981</b>



## 22 Accruals

			2008/09	2007/08
			R'000	R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Compensation of employees	-	20	20	-
Goods and services	120 133	124 251	244 384	53 659
Interest and rent on land	-	-	-	87
Transfers and subsidies	281 433	13 319	294 752	-
Buildings and other fixed structures	2 416	4	2 420	1 312
Machinery and equipment	2 542	213	2 755	130
Biological assets	-	1	1	-
Software and other intangible assets	287	-	287	3 168
<b>Total</b>	<b>406 811</b>	<b>137 808</b>	<b>544 619</b>	<b>58 356</b>



	Note	2008/09	2007/08
		R'000	R'000
<b>Listed by programme level</b>			
Administration		98 871	14 010
Water Resource Management		319 612	22 548
Water Services		107 968	17 390
Forestry		18 168	4 408
<b>Total</b>		<b>544 619</b>	<b>58 356</b>

	Note	2008/09	2007/08
		R'000	R'000
Confirmed balances with other departments	Annex 5	263	219
Confirmed balances with other government entities	Annex 5	-	2
<b>Total</b>		<b>263</b>	<b>221</b>



## 23 Employee benefits

	Note	2008/09	2007/08
		R'000	R'000
Leave entitlement		64 021	61 482
Thirteenth cheque		31 640	28 813
Performance awards		18 093	9 379
Capped leave commitments		212 511	208 611
<b>Total</b>		<b>326 265</b>	<b>308 285</b>

## 24 Lease commitments

### 24.1 Operating leases expenditure

2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>Total lease commitments</b>	-	-	-	-

2007/08	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	1 528	1 528
<b>Total lease commitments</b>	-	-	<b>1 528</b>	<b>1 528</b>



## 24.2 Finance leases expenditure

2008/09	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	20 706	20 706
Later than 1 year and not later than 5 years	-	-	53 467	53 467
Later than five years	-	-	-	-
<b>Total lease commitments</b>	-	-	<b>74 173</b>	<b>74 173</b>
LESS: Finance costs	-	-	13 333	13 333
<b>Total present value of lease liabilities</b>	-	-	<b>60 840</b>	<b>60 840</b>

2007/08	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	15 697	15 697
Later than 1 year and not later than 5 years	-	-	8 741	8 741
Later than five years	-	-	-	-
<b>Total lease commitments</b>	-	-	<b>24 438</b>	<b>24 438</b>
LESS: Finance costs	-	-	-	-
<b>Total present value of lease liabilities</b>	-	-	<b>24 438</b>	<b>24 438</b>



## 25 Receivables for departmental revenue

	Note	2008/09	2007/08
		R'000	R'000
Sales of goods and services other than capital assets		<b>1 203</b>	<b>1 222</b>

### 25.1 Analysis of receivables for departmental revenue

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



## 26 Irregular expenditure

### 26.1 Reconciliation of irregular expenditure

	Note	2008/09	2007/08
		R'000	R'000
Opening balance		55	55
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		-	-
Less: Amounts condoned		-	-
Less: Amounts recoverable (not condoned)		-	-
Less: Amounts not recoverable (not condoned)		-	-
<b>Irregular expenditure awaiting condonation</b>		<b>55</b>	<b>55</b>
<b>Analysis of awaiting condonation per age classification</b>			
Current year		-	-
Prior years		-	55
<b>Total</b>		<b>-</b>	<b>55</b>



## 27 Related Party Transactions

	Note	2008/09	2007/08
		R'000	R'000
<b>Loans to related parties</b>			
Interest bearing loans to		99 854	105 455
<b>Total</b>		<b>99 854</b>	<b>105 455</b>

	Note	2008/09	2007/08
		R'000	R'000
<b>Other</b>			
Guarantees issued/received		20 582 964	18 745 414
<b>Total</b>		<b>20 582 964</b>	<b>18 745 414</b>

- 1 Any losses made by the WTA must be made good from the Exchequer as an augmentation. See Annexure 1G
- 2 Guarantees were provided for the TCTA. See Annexure 3A
- 3 Guarantees were provided for the KOBWA. See Annexure 3A
- 4 Loans were provided to the following Water Boards: Albany Coast, Bloem, Kalahari W, Lepelle Northern, Magalies, Namakwa, Overberg, Sedibeng and Balkfontein. See Annexure 2B. Transfers were made to the following Water Boards (2007/08): Botshelo and Magalies. See Annex1
- 5 Loans were provided to the Irrigation Boards and Water User Associations See Annexure 2B





## 28 Key management personnel

	No. of Individuals	2008/09	2007/08
		R'000	R'000
Political office bearers (provide detail below)	1	1 909	1 098
Officials:			
Level 15 to 16	10	10 242	9 248
Level 14 (incl. CFO if at a lower level)	26	19 914	15 350
<b>Total</b>		<b>32 065</b>	<b>25 696</b>

## 29 Provisions

	Note	2008/09	2007/08
		R'000	R'000
Potential irrecoverable debts			
Staff debtors		4 181	4 226
Other debtors		1 271	35 743
<b>Total</b>		<b>5 452</b>	<b>39 969</b>



### 30 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009					
	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>92 329</b>	<b>(24 583)</b>	<b>40 727</b>	<b>2</b>	<b>108 471</b>
Transport assets	376	4770	240	-	5 386
Computer equipment	53 901	(23 636)	15 715	-	45 980
Furniture and office equipment	11 487	8 934	7 515	-	27 936
Other machinery and equipment	26 565	(14 651)	17 257	2	29 169
<b>BIOLOGICAL ASSETS</b>	<b>281 191</b>	<b>228 451</b>	<b>45</b>	<b>-</b>	<b>509 687</b>
Biological assets	281 191	228 451	45	-	509 687
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>373 520</b>	<b>203 868</b>	<b>40 772</b>	<b>2</b>	<b>618 158</b>



### 30.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009					
	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
<b>MACHINERY AND EQUIPMENT</b>	<b>40 727</b>	-	-	-	<b>40 727</b>
Transport assets	240	-	-	-	240
Computer equipment	15 715	-	-	-	15 715
Furniture and office equipment	7 515	-	-	-	7 515
Other machinery and equipment	17 257	-	-	-	17 257
<b>BIOLOGICAL ASSETS</b>	<b>45</b>	-	-	-	<b>45</b>
Biological assets	45	-	-	-	45
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>40 772</b>		-	-	<b>40 772</b>



## 30.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009				
	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>				
Other machinery and equipment	-	2	2	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	2	2	-



### 30.3 Movement for 2007/08

MOVEMENT IN MOVALE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>47 974</b>	<b>44 475</b>	<b>120</b>	<b>92 329</b>
Transport assets	410	78	112	376
Computer equipment	23 765	30 136	-	53 901
Furniture and office equipment	8 933	2 562	8	11 487
Other machinery and equipment	14 866	11 699	-	26 565
<b>BIOLOGICAL ASSETS</b>	<b>297 244</b>	<b>165</b>	<b>16 218</b>	<b>281 191</b>
Biological assets	297 244	165	16 218	281 191
<b>TOTAL MOVABLE TANGIBLE ASSETS</b>	<b>345 218</b>	<b>44 640</b>	<b>16 338</b>	<b>373 520</b>



### 30.4 Minor assets

MINOR ASSETS OF THE DEPARTMENT FOR THE YEAR ENDED 31 MARCH 2009					
	Intangible assets		Machinery and equipment	Biological assets	Total
	R'000		R'000	R'000	R'000
Minor assets	47	-	5 767	-	5 814
<b>TOTAL</b>	<b>47</b>	<b>-</b>	<b>5 767</b>	<b>-</b>	<b>5 814</b>

## 31 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	37 710	(3 308)	975	-	35 377
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	559	(559)	-	-	-
SERVICES AND OPERATING RIGHTS	16 104	-	-	-	16 104
OTHER INTANGIBLES	101 945	(101 365)	561	-	1 141
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>156 318</b>	<b>(105 232)</b>	<b>1 536</b>	<b>-</b>	<b>52 622</b>



### 31.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009					
	Cash	Non-Cash	(Develop-ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	975	-	-	-	975
OTHER INTANGIBLES	561	-	-	-	561
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>1 536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 536</b>

### 31.2 Movement for 2007/08

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	34 419	3 291	-	37 710
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	112	447	-	559
SERVICES AND OPERATING RIGHTS	16 104	-	-	16 104
<b>OTHER INTANGIBLES</b>	<b>2 641</b>	<b>99 304</b>	<b>-</b>	<b>101 945</b>
<b>TOTAL</b>	<b>53 276</b>	<b>103 042</b>	<b>-</b>	<b>156 318</b>



## 32 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009					
	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	2 344 486	2 249 860	448 776	-	5 043 122
Dwellings	40	2 521	11	-	2 572
Non-residential buildings	297 253	334 766	-	-	632 019
Other fixed structures	2 047 193	1 912 573	448 765	-	4 408 531
<b>HERITAGE ASSETS</b>	-	186	-	-	186
<b>LAND AND SUBSOIL ASSETS</b>	87 615	5 453	-	-	93 068
Land	87 615	5 453	-	-	93 068
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	2 432 101	2 255 499	448 776	-	5 136 376





### 32.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009					
	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
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	11	-	448 765	-	448 776
Dwellings	11	-	-	-	11
Other fixed structures	-	-	448 765	-	448 765
<b>LAND AND SUBSOIL ASSETS</b>	-	-	-	-	-
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	11	-	448 765	-	448 776



## 32.2 Movement for 2007/08

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008				
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>2 042 365</b>	<b>330 956</b>	<b>28 835</b>	<b>2 344 486</b>
Dwellings	-	40	-	40
Non-residential buildings	282 702	14 685	134	297 253
Other fixed structures	1 759 663	316 231	28 701	2 047 193
<b>LAND AND SUBSOIL ASSETS</b>	<b>87 615</b>	<b>-</b>	<b>-</b>	<b>87 615</b>
Land	87 615	-	-	87 615
<b>TOTAL IMMOVABLE TANGIBLE ASSETS</b>	<b>2 129 980</b>	<b>330 956</b>	<b>28 835</b>	<b>2 432 101</b>



## ANNEXURE 1E

### STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
<b>EASTERN CAPE</b>										
Buffalo City (EC125)	2 543	-	101	2 644	2 644	100%	-	-	-	5 137
Amatola DM (DC12)	17 277	-	1 770	19 047	19 047	100%	-	-	-	9 808
Chris Hani DM (DC13)	13 510	-	2 358	15 868	15 869	100%	-	-	-	8 584
Ukhahlamba DM (DC14)	2 936	-	373	3 309	3 309	100%	-	-	-	2 513
OR Tambo DM (DC15)	23 296	-	4 751	28 047	28 047	100%	-	-	-	12 944
Alfred Nzo DM (DC44)	7 654	-	1 327	8 981	8 980	100%	-	-	-	1 809
<b>FREE STATE</b>										
Kopanong (FS162)	-	-	1 064	1 064	1 064	100%	-	-	-	544
Maluti-a-Phofung (FS194)	19 877	-	-	19 877	19 877	100%	-	-	-	18 762
Metsimaholo (FS204)	501	-	789	1 290	1 226	95%	-	-	-	536
<b>GAUTENG</b>										



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
City of Tshwane	13 868	-	-	13 868	13 868	100%	-	-	-	18 035
Kungwini (GT02b2)	11 206	-	(772)	10 434	10 434	100%	-	-	-	3 964
<b>KWAZULU-NATAL</b>										
eThekweni	679	-	-	679	679	100%	-	-	-	916
Ugu DM (DC21)	138	-	-	138	138	100%	-	-	-	187
Uthukela DM (DC23)	1 302	-	-	1 302	1 302	100%	-	-	-	10 265
Umzinyathi DM (DC24)	907	-	-	907	907	100%	-	-	-	1 224
Newcastle (KZ252)	-	-	7 000	7 000	7 000	100%	-	-	-	2 712
Amajuba DM (DC25)	381	-	-	381	381	100%	-	-	-	511
Zululand DM (DC26)	6 654	-	-	6 654	6 654	100%	-	-	-	14 527
Umkhanyakude (DC27)	2 102	-	-	2 102	2 102	100%	-	-	-	2 831
uMhlatuze (KZ282)	-	-	-	-	-	-	-	-	-	6 178
uThangulu DM (DC28)	193	-	-	193	193	100%	-	-	-	260
Ilembe DM (DC29)	-	-	-	-	-	-	-	-	-	7 863
Sisonke DM (DC43)	478	-	-	478	478	100%	-	-	-	115



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
<b>LIMPOPO</b>										
Sekhukhune DM (DC47)	71 036	-	18 410	89 446	89 446	100%	-	-	-	53 467
Mopani DM (DC33)	55 127	-	16 000	71 127	71 127	100%	-	-	-	58 573
Vhembe DM (DC34)	203 376	-	(28 362)	175 014	175 014	100%	-	-	-	75 194
Polokwane (NP354)	13 654	-	5 000	18 654	18 654	100%	-	-	-	11 933
Capricorn DM (DC35)	81 695	-	8 922	90 617	90 617	100%	-	-	-	70 008
Lephalale (NP362)	10 168	-	1 091	11 259	11 259	100%	-	-	-	6 867
Mogalakwena (NP367)	29 846	-	6 663	36 509	36 509	100%	-	-	-	25 940
Bela-Bela	-	-	300	300	300	100%	-	-	-	-
<b>MPUMALANGA</b>										
Albert Luthuli (NP301)	12 304	-	(5 200)	7 104	7 104	100%	-	-	-	2 942
Thembisile (MP315)	13 800	-	-	13 800	13 800	100%	-	-	-	11 416
Dr JS Moroka (MP316)	40 607	-	5 000	45 607	45 607	100%	-	-	-	16 643
Thaba Chweu (MP321)	865	-	4 617	5 482	5 482	100%	-	-	-	382
Mbombela (MP322)	14 680	-	28 968	43 648	43 648	100%	-	-	-	30 525
Nkomazi (MP324)	34 200	-	15 526	49 726	49 726	100%	-	-	-	28 343



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Bushbuckridge (MP325)	28 000	-	10 863	38 863	38 863	100%	-	-	-	25 643
<b>NORTHERN CAPE</b>										
Moshaweng (NC451)	10 054	-	7 400	17 454	17 454	100%	-	-	-	11 353
Ga-Segonyana (NC452)	3 419	-	-	3 419	3 419	100%	-	-	-	3 417
Phokwane (NC094)	6 265	-	4 500	10 765	10 765	100%	-	-	-	4 170
<b>NORTH WEST</b>										
Madibeng (NW372)	14 093	-	-	14 093	14 093	100%	-	-	-	12 288
Moses Kotane (NW375)	9 810	-	2 000	11 810	11 810	100%	-	-	-	18 208
Bophirima DM (DC39)	-	-	-	-	-	-	-	-	-	19 832
Bopirima	21 247	-	-	21 247	21 247	100%	-	-	-	-
Rustenburg Municipality	2 167	-	-	2 167	2 167	100%	-	-	-	-
Moretele	8 814	-	-	8 814	8 814	100%	-	-	-	-
Central District	44 890	-	3 700	48 590	48 590	100%	-	-	-	-



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
<b>WESTERN CAPE</b>										
Cederberg (WC012)	473	-	-	473	473	100%	-	-	-	473
West Coast DM (DC1)	741	-	-	741	741	100%	-	-	-	741
Oudtshoorn (WC045)	4 634	-	-	4 634	4 634	100%	-	-	-	4 634
Moretele	-	-	-	-	-	-	-	-	-	10 533
Central DM	-	-	-	-	-	-	-	-	-	7 964
	<b>861 467</b>	<b>-</b>	<b>124 159</b>	<b>985 626</b>	<b>985 562</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>641 714</b>



## ANNEXURE 1F

### STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Mun Rates and Taxes	90	-	-	90	218	242%	-	-	-	19
Vehicle licences	-	-	446	446	468	105%	-	-	-	293
Drought Relieve	-	-	9 000	9 000	9 000	100%	-	-	-	-
<b>North West</b>										
Municipality Bophirima	3 892	-	-	3 892	4 920	126%	-	-	-	1 500
Bojanala Platinum District Mun	3 892	-	(3 892)	-	4 165	-	-	-	-	4 000
Ngaka Modiri Municipality	-	-	-	-	3 512	-	-	-	-	-
Central District Municipality	2 595	-	3 892	6 487	-	-	-	-	-	1 500
Southern District Municipality	1 816	-	-	1 816	1 816	100%	-	-	-	5 500
Maquassi Municipality	20 000	-	23 200	43 200	43 200	100%	-	-	-	-
Unallocated	732	-	-	732	-	-	-	-	-	1 500





NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
<b>Mpumalanga</b>										
Gert Sibande District Municipality	5 584	-	-	5 584	3 199	57%	-	-	-	-
Nkangala District Municipality	2 182	-	-	2 182	1 484	68%	-	-	-	-
Ehlanzeni District Municipality	30 034	-	(7 000)	23 034	25 430	110%	-	-	-	-
Delmas Municipality	-	-	7 000	7 000	7 000	100%	-	-	-	600
Unallocated	708	-	-	708	29	4%	-	-	-	-
<b>Free State</b>										
Xhariep District Municipality	18 700	-	599	19 299	19 900	103%	-	-	-	-
Motheo District Municipality	-	-	2 334	2 334	-	-	-	-	-	-
Lejweleputswa District Municipality	4 820	-	(2 610)	2 210	729	33%	-	-	-	-
Fezile Dabi Dist Municipality	6 217	-	(4 654)	1 563	3 471	222%	-	-	-	-
Thabo Mofutsanyana District Municipality	4 379	-	(260)	4 119	3 286	80%	-	-	-	-
Maluti-a-phofung Municipality	20 600	-	(5 000)	15 600	14 571	93%	-	-	-	-



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Mantsopa Municipality	-	-	-	-	-	-	-	-	-	100
Masilinyana Municipality	-	-	-	-	-	-	-	-	-	1 000
Setsoto Municipality	-	-	-	-	-	-	-	-	-	1 000
Dihlabeng Municipality	-	-	-	-	-	-	-	-	-	500
Nketoana Municipality	-	-	-	-	-	-	-	-	-	400
Ngwathe Municipality	-	-	-	-	-	-	-	-	-	500
Mahokare Municipality	-	-	-	-	-	-	-	-	-	500
Unallocated	655	-	91	746	-	-	-	-	-	-
<b>Gauteng</b>										
City of Tshwane	885	-	1 815	2 700	3 918	145%	-	-	-	-
Ekurhuleni Municipality	1 966	-	1 284	3 250	1 217	37%	-	-	-	-
City of Johannesburg	2 906	-	(2 906)	-	-	-	-	-	-	-
Metsweding District Municipality	624	-	1 076	1 700	1 133	67%	-	-	-	-
Sedibeng District Municipality	1 139	-	(1 139)	-	-	-	-	-	-	-
West Rand District Municipality	597	-	(597)	-	-	-	-	-	-	-
Unallocated-Sanitation	487	-	467	954	8 698	912%	-	-	-	-



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Emfuleni Municipality	-	-	-	-	7 343	-	-	-	-	-
<b>KwaZulu-Natal</b>										
Ugu District Municipality	8 099	-	3 304	11 403	16 789	147%	-	-	-	4 000
Uthukela District Municipality	4 389	-	-	4 389	5 556	127%	-	-	-	1 500
Umzinyathi District Municipality	5 561	-	12 500	18 061	15 682	87%	-	-	-	3 000
Zululand District Municipality	34 851	-	(17 530)	17 321	17 264	100%	-	-	-	7 000
Umkhanyakude District Municipality	27 552	-	(13 797)	13 755	13 743	100%	-	-	-	8 000
Sisonke District Municipality	7 052	-	-	7 052	7 222	102%	-	-	-	-
Amajuba District Municipality	2 350	-	9 588	11 938	13 889	116%	-	-	-	1 000
uMgungu Ndlovo District Municipality	2 542	-	500	3 042	3 215	106%	-	-	-	-
Ilembe District Municipality	1 276	-	5 435	6 711	8 089	121%	-	-	-	1 500
Uthungulu District Municipality	31 802	-	-	31 802	32 598	103%	-	-	-	4 500
Ethekwini Municipality	1 666	-	-	1 666	2 703	162%	-	-	-	-
Umnjeni Municipality	-	-	-	-	1 440	-	-	-	-	-



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Sisonke District Municipality	-	-	-	-	-	-	-	-	-	3 000
Unallocated	2 588	-	-	2 588	-	-	-	-	-	-
<b>Limpopo</b>										
Vhembe District Municipality	21 638	-	(958)	20 680	16 497	80%	-	-	-	2 500
Capricon District Municipality	38 516	-	2 799	41 315	23 137	56%	-	-	-	-
Greater Sekhukhune District Mun	67 476	-	(6 234)	61 242	78 419	128%	-	-	-	3 500
Mopani District Municipality	15 865	-	1 230	17 095	15 111	88%	-	-	-	2 400
Waterberg Dist Municipality	3 046	-	(1 185)	1 861	19 685	1 058%	-	-	-	-
Mookgopong Municipality	-	-	-	-	-	-	-	-	-	700
Thabazimbi Municipality	-	-	-	-	-	-	-	-	-	300
Lephalale Municipality	-	-	-	-	200	-	-	-	-	300
Mogalakwena	20 000	-	-	20 000	4 182	21%	-	-	-	800
<b>Northern Cape</b>										
Kgalagadi District Municipality	5 464	-	800	6 264	7 055	113%	-	-	-	-
Namakwana District Municipality	1 267	-	-	1 267	1 267	100%	-	-	-	-



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Moshaweng Local Municipality	-	-	-	-	2 190	-	-	-	-	-
Karoo District Municipality	12 190	-	15 000	27 190	30 393	112%	-	-	-	-
Siyanda District Municipality	2 054	-	-	2 054	2 325	113%	-	-	-	-
Frances Baard District Municipality	2 325	-	-	2 325	-	-	-	-	-	-
Ubuntu Municipality	-	-	-	-	-	-	-	-	-	500
Umsobumvu Municipality	-	-	-	-	-	-	-	-	-	500
Kareeberg Municipality	-	-	-	-	-	-	-	-	-	2 100
Renosterberg Municipality	-	-	-	-	-	-	-	-	-	1 500
Thembelihle Municipality	-	-	-	-	-	-	-	-	-	500
Gasegonyana Municipality	-	-	-	-	-	-	-	-	-	1 000
Kai Garib Municipality	-	-	-	-	-	-	-	-	-	7 000
Municipality Msukalingwa	-	-	-	-	-	-	-	-	-	500
Unallocated	798	-	-	798	-	-	-	-	-	-
<b>Eastern Cape</b>										
Chris Hani District Municipality	45 354	-	(6 854)	38 500	38 583	100%	-	-	-	1 000
Cacadu District Municipality	2 725	-	(2 725)	-	-	-	-	-	-	-



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Alfred Nzo District Municipality	6 539	-	(6 539)	-	3 715	-	-	-	-	400
Ukhahlamba District Municipality	1 962	-	(1 962)	-	-	-	-	-	-	1 000
Amatole District Municipality	32 656	-	9 889	42 545	41 747	98%	-	-	-	-
OR Tambo District Municipality	66 574	-	(9 874)	56 700	52 321	92%	-	-	-	500
Ndlambe Municipality	-	-	-	-	-	-	-	-	-	500
Sunday's River Municipality	-	-	-	-	-	-	-	-	-	300
Unallocated	3 937	-	(1 937)	2 000	-	-	-	-	-	-
<b>Western Cape</b>										
Central Karoo District Municipality	103	-		103	-	-	-	-	-	-
Overberg District Municipality	120	-	(120)	-	-	-	-	-	-	-
West Coast Dist Municipality	600	-	-	600	1 300	217%	-	-	-	500
Cape Winelands Dist Municipality	400	-	-	400	1 600	400%	-	-	-	-
Eden District Municipality	600	-	200	800	1 231	154%	-	-	-	-
Matzikama Municipality	-	-	-	-	-	-	-	-	-	500



NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Cederberg Municipality	-	-	-	-	-	-	-	-	-	2 700
Bergriver Municipality	-	-	-	-	-	-	-	-	-	600
Mosselbay Municipality	-	-	-	-	-	-	-	-	-	5 000
Laingsburg Municipality	-	-	-	-	-	-	-	-	-	900
Prince Albert Municipality	-	-	-	-	-	-	-	-	-	800
Unallocated	-	-	120	120	171	143%	-	-	-	-
DWAF Management & Coordination	7 000	-	(2 700)	4 300	-	-	-	-	-	-
Project Readiness / Feasibility Studies	30 000	-	-	30 000	2 799	9%	-	-	-	-
	654 437	-	12 096	666 533	650 825	-	-	-	-	91 212



## ANNEXURE 1G

### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2007/08
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Water Trading Account	2 191 855	-	-	2 191 855	1 644 329	75%	1 185 865
Skills Levy	-	-	-	-	-	-	646
Inkomati Catchment Management Area	3 988	-	5 000	8 988	4 600	51%	3 650
Energy Sector Education and Training Authority	1 055	-	-	1 055	387	37%	-
Compensation Commision	-	-	-	-	8 467	-	-
Accounting Standard Boards	-	-	-	-	5	-	-
	<b>2 196 898</b>	<b>-</b>	<b>5 000</b>	<b>2 201 898</b>	<b>1 657 788</b>		<b>1 190 161</b>





## ANNEXURE 1I

### STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2007/08
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Public Corporations</b>									
Transfers									
Magalies Water Board	-	-	-	-	-	-	-	-	1 776
Botshelo Water Board	-	-	-	-	-	-	-	-	35 272
Rustenburg Municipality	-	-	-	-	-	-	-	-	786
World Organisational Congress	-	-	-	-	-	-	-	-	1 500
Forestry South Africa	2 400	-	-	2 400	-	-	-	-	2 450
Forestry and Agri Biotech Inst	100	-	-	100	-	-	-	-	-
International Forestry Students Symp	100	-	-	100	-	-	-	-	-
Indigenous Knowledge	100	-	-	100	-	-	-	-	-
Eskom	-	-	-	-	1 414	-	-	-	-
Siyaqoba	-	-	-	-	4	-	-	-	-
SABS	-	-	-	-	4	-	-	-	-
<b>Total</b>	<b>2 700</b>	<b>-</b>	<b>-</b>	<b>2 700</b>	<b>1 422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41 784</b>



NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2007/08
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Private Enterprises									
Transfers									
Imperial Account	-	-	-	-	-	-	-	-	(163)
Joubert and May Attorneys	-	-	-	-	-	-	-	-	16
<b>Total</b>	-	-	-	-	-	-	-	-	<b>(147)</b>
<b>TOTAL</b>	<b>2 700</b>	-	-	<b>2 700</b>	<b>1 422</b>	-	-	-	<b>41 637</b>



## ANNEXURE 1J

### STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2007/08
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Orange Senque Basin Commission	572	-	-	572	-	-	500
<b>Total</b>	<b>572</b>	<b>-</b>	<b>-</b>	<b>572</b>	<b>-</b>		<b>500</b>

## ANNEXURE 1K

### STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2007/08
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Swimming South Africa	387	-	-	387	378	98%	350
<b>Total</b>	<b>387</b>	<b>-</b>	<b>-</b>	<b>387</b>	<b>378</b>		<b>350</b>



## ANNEXURE 1L

### STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2007/08
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
H/H Social Benefits	-	-	-	-	-	-	56 516
Financial Assistance to Small scale farmers	29 830	-	-	29 830	-	-	29 892
Tshwane University of Technology	-	-	-	-	-	-	476
Fin. Assistance for dam safety	545	-	-	545	-	-	-
Resources for poor farmers	2 350	-	-	2 350	-	-	-
Leave gratuity	-	-	40 000	40 000	58 790	147%	-
<b>Total</b>	<b>32 725</b>	<b>-</b>	<b>40 000</b>	<b>72 725</b>	<b>58 790</b>		<b>86 884</b>



## ANNEXURE 1M

### STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2008/09	2007/08
		R'000	R'000
<b>Received in cash</b>			
Anglo Alpha	20/20 vision Programme in Limpopo	-	160
Total South Africa	Arbor Week and Million Trees programme	2 000	-
Total South Africa	Winning prize for Arbor City Award	100	-
Subtotal		<b>2 100</b>	<b>160</b>
<b>Received in kind</b>			
Total South Africa	Arbor Week	-	2 500
Mercury Media	Golf day	-	400
Working for Water	Arbor Week	-	200
IUFEO	International Forestry Conference on Improvement and Culture of	-	100
Arbor City Awards Umgeni Water	Sanitation Week: 2 000 water bottles	-	160
Swedish International Development Cooperation Agency (SIDA)-10	International Visits	-	244
Stockholm International Water Institute	International Visits	-	37
VNG International – 3	International Visits	-	75
River Symposium Secretariat	10 <sup>th</sup> International River Symposium and Environmental Flows Conference	-	35
VNG International – Netherlands	Water Exchange Activity Workshop	-	34



NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2008/09	2007/08
		R'000	R'000
UNEP / UNESCO / BMU	International visits	-	70
Israel Fellowship	International visits	-	44
UNEP	UNEP Scoping Meeting in Nairobi	-	9
DSI Turkey / ICOLD	ICOLD capacity building exercise for young engineers in dam construction and operation	-	120
Triple Bottom Line Investing Conference Organisers	Triple bottom line investing conference organisers	-	16
SFT (Norway)	Water use Co-operation Project	-	28
Australian Government	Attendance at meeting on Forest and Climate	-	48
Vereniging Nederlandse Gemeentes (VNG)	IHE-UNESCO Symposium on "Water for a Changing World"	-	15
SAAWU	Attendance for Water Boards Oversight	-	20
<b>Subtotal</b>		-	<b>4 155</b>
<b>TOTAL</b>		<b>2 100</b>	<b>4 315</b>



## ANNEXURE 1N

### STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
Received in cash					
European Union	Water and Sanitation services Masibane programme	(285 240)	380 078	369 217	(274 379)
Finland	Working for Water	209	-	39	170
Ireland	Water and Sanitation Programme	3 519	37 346	32 716	8 149
Flanders		(1 324)	-	-	(1 324)
Republic of China	Community Forestry	194	-	194	-
African Renaissance	DRC Projects	2 972	22 000	207	24 765
Denmark	Community water supply and sanitation	2 772	4 000	6 363	409
Switzerland	Local Government capacity building and knowledge sharing	(1 500)	1 700	-	200
Subtotal		(278 398)	445 124	408 736	(242 010)
Received in kind					
Netherlands Dutch VNG	Twinning Arrangement with Dutch Water Boards	-	1 811	-	1 811
Subtotal		-	1 811	-	1 811
TOTAL		(278 398)	446 935	408 736	(240 199)



## ANNEXURE 10

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

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2008/09	2007/08
	R'000	R'000
Paid in cash		
35 <sup>th</sup> Annual International Forestry Students' Symposium hosted by the Nelson Mandela Metropolitan University	-	100
An incentive to the winning town/city in the Arbor City Awards	-	100
Indigenous Knowledge System of South Africa (iKSSA) to identify projects, in particular Medicinal Plant Gardens and Nurseries	-	1 000
FSA to conduct research on how to control and manage infestations such as Sirex and other Forest Pathology and Forest Entomology issues	-	2 450
Food and Trees for Africa for Eduplant Competition	100	-
Forestry South Africa for SME workshop	100	-
Ga-Segonyaya Municipality for the winner of the Arbor City Award Competition	100	-
Citykay Internal Import	2	-
Delagoa Eastwood	2	-
Naheng Trading Enterprise	30	-
Mz Technical Services PTY LTD	48	-
Phindulo Supply Chain Solutions	81	-
Curio King CC	-	10
Orange Senque Basin Commission Cash	533	-
<b>TOTAL</b>	<b>996</b>	<b>3 660</b>





## 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	
		2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
<b>Controlled entities</b>									
<b>WATER BOARDS</b>									
Albany Coast	Building of a stock drinking scheme	-	-	-	-	-	-	-	273
Kalahari West	Construct a stock drinking scheme	-	-	-	-	-	-	3 541	3 582
Lepelle NW (Duiwelskloof)	Purchase of the Duiwelskloof scheme	-	-	-	-	-	-	754	784
Lepelle NW (Ebenezer)	Purchase of the Pietersburg regional water supply scheme	-	-	-	-	-	-	35	32
Namakwa - De Beers	Namakwa water split into 3 different parties each	-	-	-	-	-	-	3 408	3 172
Overberg Water	Purchase of the Duiwenshoks, Reunsveld East and West scheme	-	-	-	-	-	-	28 504	29 024
Sedibeng Water Balkfontein	Purchase of the Balkfontein and Sand river Government water scheme	-	-	-	-	-	-	3 023	3 223
Sedibeng Water	Purchase of the Balkfontein and Sand river Government water scheme	-	-	-	-	-	-	4 860	5 917
White river valley	Purchase of Prinmkop Dam and Lonmere Dam	-	-	-	-	-	-	681	711



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	
		2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
<b>IRREGATION BOARDS</b>									
Agterkliphoogte (3)	For irrigation	-	-	-	-	-	-	84	95
Bellair	For irrigation	-	-	-	-	-	-	34	37
Bleshoek	For irrigation	-	-	-	-	-	-	-	2
Bo-Doornriver	For irrigation	-	-	-	-	-	-	-	9
Bossieveld (1)	For irrigation	-	-	-	-	-	-	-	64
Bossieveld (2)	For irrigation	-	-	-	-	-	-	-	1 340
Brandwag	For irrigation	-	-	-	-	-	-	78	-
Buffelskloof (1)	For irrigation	-	-	-	-	-	-	21	2
Buffelskloof (2)	For irrigation	-	-	-	-	-	-	94	103
Calitzdorp (1)	For irrigation	-	-	-	-	-	-	-	(1)
Ceres Rooikloof (2)	For irrigation	-	-	-	-	-	-	-	1
Cogmanskloof	For irrigation	-	-	-	-	-	-	1 377	1 406
Curlews (5)	For irrigation	-	-	-	-	-	-	-	2
Curlews (Manchester)	For irrigation	-	-	-	-	-	-	468	355
De Rust	For irrigation	-	-	-	-	-	-	178	184
Doornriver (3)	For irrigation	-	-	-	-	-	-	-	7
Dwariga	For irrigation	-	-	-	-	-	-	9	13
Eureka	For irrigation	-	-	-	-	-	-	691	711
Gamkarivier (1)	For irrigation	-	-	-	-	-	-	20	25



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	
		2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Gamkarivier (2)	For irrigation	-	-	-	-	-	-	71	70
Gamkarivier (3)	For irrigation	-	-	-	-	-	-	11	13
Groenland (2)	For irrigation	-	-	-	-	-	-	(6)	6
Grooteiland Klipdrift (4)	For irrigation	-	-	-	-	-	-	10	10
Grooteiland Klipdrift (5)	For irrigation	-	-	-	-	-	-	2	2
Groothoek (3)	For irrigation	-	-	-	-	-	-	8	8
Groothoek (4)	For irrigation	-	-	-	-	-	-	27	29
Haarlem	Dam and pipelines	-	-	-	-	-	-	9 703	10 103
Hexrivier (2)	For irrigation	-	-	-	-	-	-	18	2
Hexvalley	Purchase of Sandrift Government Water Scheme	-	-	-	-	-	-	4 354	4 963
Hoekoe (1)	For irrigation	-	-	-	-	-	-	-	2
Hoekoe (3)	For irrigation	-	-	-	-	-	-	-	5
Hooprivier (2)	For irrigation	-	-	-	-	-	-	12	16
Illovo	For irrigation	-	-	-	-	-	-	215	230
Impala	Guaranteed payments	-	-	-	-	-	-	22 173	22 239
Ixopo	For irrigation	-	-	-	-	-	-	715	758
Jan du Toits (1)	For irrigation	-	-	-	-	-	-	8	4
Jan du Toits (2)	For irrigation	-	-	-	-	-	-	-	4
Kanoneiland (1)	For irrigation	-	-	-	-	-	-	245	261



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	
		2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Kanoneiland (2)	For irrigation	-	-	-	-	-	-	1 444	1 479
Kanoneiland (3)	For irrigation	-	-	-	-	-	-	15	15
Keurkloof	For irrigation	-	-	-	-	-	-	14	26
Kingna (2)	For irrigation	-	-	-	-	-	-	54	59
Klaasvoogds (1)	For irrigation	-	-	-	-	-	-	61	88
Klaasvoogds (2)	For irrigation	-	-	-	-	-	-	32	44
Klaasvoogds (3)	For irrigation	-	-	-	-	-	-	5	9
Komatirivier (1)	For irrigation	-	-	-	-	-	-	189	197
Komatirivier (2)	For irrigation	-	-	-	-	-	-	260	226
Komatirivier (3)	For irrigation	-	-	-	-	-	-	110	154
Krommerivier (1)	For irrigation	-	-	-	-	-	-	22	26
Krommerivier (2)	For irrigation	-	-	-	-	-	-	2	2
Krommerivier (3)	For irrigation	-	-	-	-	-	-	31	30
Krommerivier (4)	For irrigation	-	-	-	-	-	-	62	67
Leeu Gamka	For irrigation	-	-	-	-	-	-	2	2
Malelane (1)	For irrigation	-	-	-	-	-	-	251	372
Malelane (2)	For irrigation	-	-	-	-	-	-	164	148
Manchester Noordwyk (2)	For irrigation	-	-	-	-	-	-	2 342	2 157
Mzalanyoni	For irrigation	-	-	-	-	-	-	126	163
Nooitgedacht (2)	For irrigation	-	-	-	-	-	-	3	10



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	
		2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Nooitgedacht (3)	For irrigation	-	-	-	-	-	-	26	28
Noord Agter Paarl (1)	For irrigation	-	-	-	-	-	-	806	858
Noree (3)	For irrigation	-	-	-	-	-	-	7	8
Nuyrivier (1)	For irrigation	-	-	-	-	-	-	79	87
Overhex (2)	For irrigation	-	-	-	-	-	-	6	8
Palmiet (2)	For irrigation	-	-	-	-	-	-	10	21
Perdeberg (1)	For irrigation	-	-	-	-	-	-	1 626	2 346
Perdeberg (2)	For irrigation	-	-	-	-	-	-	811	918
Pusela	For irrigation	-	-	-	-	-	-	-	2
Ranch Karino (1)	For irrigation	-	-	-	-	-	-	59	65
Ranch Karino (2)	For irrigation	-	-	-	-	-	-	32	38
Ranch Karino (3)	For irrigation	-	-	-	-	-	-	(2)	3
Ranch Karino (4)	For irrigation	-	-	-	-	-	-	85	156
Renfield	For irrigation	-	-	-	-	-	-	28	35
Sabierivier (1)	For irrigation	-	-	-	-	-	-	6	-
Sabierivier (2)	For irrigation	-	-	-	-	-	-	9	20
Sabierivier (3)	For irrigation	-	-	-	-	-	-	3	-
Sabierivier (4)	For irrigation	-	-	-	-	-	-	1	3
Sabierivier (5)	For irrigation	-	-	-	-	-	-	(1)	-
Sandrivier (1)	For irrigation	-	-	-	-	-	-	-	43



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	
		2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Sandrivier (2)	For irrigation	-	-	-	-	-	-	13	16
Sondagsrivier (Eland)	For irrigation	-	-	-	-	-	-	342	365
Sterkspruitrivier	For irrigation	-	-	-	-	-	-	942	953
Suid Agter Paarl (1)	For irrigation	-	-	-	-	-	-	1 021	1 087
Suid Agter Paarl (2)	For irrigation	-	-	-	-	-	-	157	167
Tierpoort	For irrigation	-	-	-	-	-	-	1 354	1 270
Trans Elands	For irrigation	-	-	-	-	-	-	76	82
Uitnood (1)	For irrigation	-	-	-	-	-	-	564	585
Umlaas (1)	For irrigation	-	-	-	-	-	-	128	134
Umlaas (2)	For irrigation	-	-	-	-	-	-	464	466
Umlaas (3)	For irrigation	-	-	-	-	-	-	188	229
Van Wyksdorp	For irrigation	-	-	-	-	-	-	94	98
Vier-en-twintigriviere (3)	For irrigation	-	-	-	-	-	-	-	4
White Water Major	For irrigation	-	-	-	-	-	-	303	283
Zanddrift	For irrigation	-	-	-	-	-	-	2	5
<b>MUNICIPALITIES</b>									
Amajuba District	Purchase of portion of the Ngagane Regional water supply scheme	-	-	-	-	-	-	39 000	36 000
Tthekeweni	Purchase of Hammersdale water distribution scheme	-	-	-	-	-	-	538	548



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	
		2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Ngwathe (Heilbron)	Purchase of Heilbron pipeline	-	-	-	-	-	-	43	66
Oudtshoorn	Purchase of loan in respect of Municipality dam	-	-	-	-	-	-	-	21
Saldanha	Purchase of Stompneus reservoir	-	-	-	-	-	-	234	245
West Coast District		-	-	-	-	-	-	3 732	4 141
<b>Total</b>		-	-	-	-	-	-	<b>143 401</b>	<b>146 476</b>



## ANNEXURE 3A

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2009 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	Realised losses not recoverable i.e. claims paid out
		R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo
	<b>Housing</b>								
VSB Mutual Bank	Loans	168	168	-	28	-	140	-	-
Old Mutual (NEDB/ PERM)	Loans	1 374	1 374	31	26	(37)	1 342	-	-
Old Mutual Fin. Ltd	Loans	117	117	-	24	-	93	-	-
Peoples Bank (NBS) (FID)	Loans	374	374	-	15	(14)	345	-	-
Green Start H/ Loans	Loans	45	45	-	15	-	30	-	-
Nedbank (Boe)	Loans	25	25	-	-	-	25	-	-
Nedbank LTD	Loans	375	375	-	83	-	292	-	-
NP Dev. Corp	Loans	262	262	-	-	-	262	-	-
Ithala Bank	Loans	85	85	-	-	-	85	-	-
Hlano Fin. Serv.	Loans	3	3	-	-	-	3	-	-
Meeg Bank	Loans	4	4	-	-	-	4	-	-
Standard Bank	Loans	1 009	1 009	22	66	(10)	955	-	-
ABSA	Loans	2 545	2 545	150	220	(39)	2 436	-	-





Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	Realised losses not recoverable i.e. claims paid out
		R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo
Mpumalanga	Loans	45	45	-	-	-	45	-	-
African Bank (Unique Finance)	Loans	46	46	-	-	-	46	-	-
Stanbo	Loans	6	6	-	-	-	6	-	-
FNB	Loans	514	514	-	146	55	423	-	-
Free State Development Corp.	Loans	43	43	-	-	-	43	-	-
Boe Bank Limited	Loans	12	12	-	-	-	12	-	-
First Rand Bank Inco NB	Loans	581	581	-	57	(85)	439	-	-
Nedbank LTD Inco NB	Loans	300	300	-	15	9	294	-	-
<b>Subtotal</b>		<b>7 933</b>	<b>7 933</b>	<b>203</b>	<b>695</b>	<b>(121)</b>	<b>7 320</b>	<b>-</b>	<b>-</b>
	Other								
KOBWA (18)	DBSA Driekoppies Dam	488 401	401 029	-	17 251	-	383 778	-	-



Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	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
KOBWA (21)	Hambros Maguga Dam	380 000	380 000	-	-	-	380 000	21 092	-
KOBWA (27)	Gensec Bnk Magugua Dam	165 000	143 856	-	9 445	-	134 411	-	-
KOBWA	Rnd Mer Bnk Maguga Dam	380 000	343 040	-	15 711	-	327 329	-	-
KOBWA	Nedcor Bnk Maguga Dam	233 000	216 173	-	10 022	-	206 151	-	-
Land Bank (30)	Water Projects by WUA's	150 000	44 615	-	-	-	44 615	(1 643)	-
Land Bank (28)	Kalahari East Water Board	77 400	16 252	-	-	-	16 252	(535)	-
Land Bank (29)	Unzinkulwana WUA	500	332	-	-	-	332	(7)	-
Loan to LHDA (1)	(DBSA)-Contract 2484/1	22 700	7 040	-	1 728	-	5 312	-	-
Loan to LHDA (2)	DBSA-Contract 2744/1	910	-	-	-	-	-	-	-
Loan to LHDA (3)	DBSA-Contract 2744/3	248	-	-	-	-	-	-	-



Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Loan to LHDA (4)	DBSA-Contract 3729/1	3 050	-	-	-	-	-	-	-
Loan to LHDA (5)	DBSA-Contract 9589/1	8 854	-	-	-	-	-	-	-
Loan to LHDA (6)	DBSA-Contract 2653/1	1 840	-	-	-	-	-	-	-
Loan to LHDA (7)	ABSA DMA Phase 4	100 000	-	-	-	-	-	-	-
Loan to LHDA (8)	(Sechold Ltd) Investec	200 000	-	-	-	-	-	-	-
Loan to LHDA (9)	ABSA Money Market	350 000	-	-	-	-	-	-	-
Loan to LHDA (10)	Std Bnk of SA Money Market	350 000	-	-	-	-	-	-	-
Loan to LHDA (11)	Nedperm Bank	100 000	-	-	-	-	-	-	-
Loan to LHDA (12)	RMB Money Market	100 000	-	-	-	-	-	-	-
Loan to TCTA (13)	Call bills & Capital Bills	4 000 000	533 400	-	130 035	-	403 365	(6 393)	-
Loan to LHDA (15)	DPSA-Contract 9589/2	145 443	-	-	-	-	-	-	-



Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Loan to LHDA (16)	DPSA-Contract 10753	58 379	-	-	-	-	-	-	-
Loan to LHDA (17)	CMA-V RMB	100 000	-	-	-	-	-	-	-
Loan to TCTA (14)	Holders of LHW Projects	21 000 000	18 042 198	1 487 803	1 000 000	-	18 530 001	436 077	-
Loan to LHDA	DBSA-Contract 2868/1	2 700	1 707	-	166	-	1 541	-	-
	Subtotal	28 418 425	20 129 642	1 487 803	1 184 358	-	20 433 087	448 591	-
	<b>Total</b>	<b>28 426 358</b>	<b>20 137 575</b>	<b>1 488 006</b>	<b>1 185 053</b>	<b>(121)</b>	<b>20 440 407</b>	<b>448 591</b>	<b>-</b>



## ANNEXURE 3A (continued)

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2009 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	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
	<b>Other</b>								
Loan to LHDA (OSL 23)	HSBC Investment Bank	325 154	131 155	-	33 857	3 420	100 718	440	-
Loan to LHDA (OSL 24)	HSBC Investment Bank	176 625	65 014	-	16 783	1 695	49 926	477	-
Loan to LHDA (OSL 27)	EIB	126 383	58 924	-	5 612	-	53 312	179	-
Loan to LHDA (OSL 26)	EIB	556 086	100 661	-	12 121	2 185	90 725	454	-
OSL 26 EUR		-	100 000	-	-	-	100 000	6 318	-
OSL 26 ZAR		-	77 106	-	7 711	-	69 395	224	-
OSL 26 A		-	15 334	-	1 534	1	13 801	44	-
Loan to LHDA (OSL 25)		-	44 252	-	6 359	(6 903)	30 990	315	-
Loan to TCTA (FXL 01)	AKA Ausfuhrkredit	474 575	-	-	-	-	-	-	-
Loan to TCTA (FXL 02)	Kreditanstalt fur Wiederauf	237 287	-	-	-	-	-	-	-
Loan to TCTA (FXL 08)	EIB	568 724	242 143	-	24 214	-	217 929	7 090	-
	<b>Total</b>	<b>2 464 834</b>	<b>834 589</b>	<b>-</b>	<b>108 191</b>	<b>398</b>	<b>726 796</b>	<b>15 541</b>	<b>-</b>



	<b>Housing</b>						7 320		
	Other – Local and Foreign						21 624 015		
	<b>Total</b>						<b>21 631 335</b>		

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

**Note:**

- 1) Guaranteed institution – Name of the institution in respect of whose liabilities the guarantee was issued e.g. Telkom, Land Bank, ect.
- 2) Guaranteed in respect of – Examples would be Motor Vehicles, Housing, Capital market loan 1/96, water purification plants, access roads to water project ST5.
- 3) Guaranteed capital amount – Capital amount of which the guarantee was issued and which appears on the guarantee documents.
- 4) Opening balance – Capital amounts outstanding at 1 April 2006 in respect of the guarantee amount is shown here (face value of bond / loan). This amount must not include guaranteed interest.
- 5) Currency revaluation – The difference due to exchange rate movements on the opening balances.
- 6) Guarantee drawdowns during the year – The total amount in respect of drawdowns on a guaranteed loan during the financial year is shown here.
- 7) Guarantee repayments during the year – The total amount in respect of guaranteed loan repayment during the financial year is shown here.
- 8) Closing balance – The capital amount outstanding at 31 March 2008 in respect of the guaranteed amount is shown here (face value of bond / loan). This amount must not include guaranteed interest.
- 9) Guaranteed interest outstanding – Where interest is also guaranteed, interest of the guaranteed amount as from the last date of interest until 31 March 2008 is shown here. This amount must be separately and not be included in the opening or closing balances.
- 10) Realised losses i.e. claims paid out – Losses realised in respect of claims paid out are to be shown here. As in the case of a housing loan to an official, a guarantee claim paid out is not necessarily a loss to the State, seeing that the amount paid out can be recovered from the person in question. If such an amount cannot be recovered and has been written-off, it is regarded as a loss.

: Guaranteed exposure – The sum of closing balance and guaranteed interest outstanding and should be disclosed in the disclosure notes.



## ANNEXURE 3B

### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2009

Nature of Liability	Opening Balance 01/04/2008	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2009
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
D de Villiers and Others	400	-	400	-	-
Aquatic Weed Control	2 953	-	2 953	-	-
M Tshwandalani	19	-	19	-	-
D Mongwe & 71 others	8 033	-	8 033	-	-
Concor Construction	33 000	-	33 000	-	-
Individual claims (12)	1 505	-	1 505	-	-
AH Conley	130	-	-	-	130
T Mgwaba	1 165	-	1 165	-	-
JSW van der Heyst	875	-	875	-	-
AIS Farming	55	-	55	-	-
JJ Scheepers	266	-	266	-	-
N Jekubeni	14	-	14	-	-
N Qindisa	19	51	-	-	70
JP Vermaak	1	-	1	-	-
C Strauss	6	-	6	-	-
Stirling Baptist Curch	68	1	-	-	69
Estate Late Namadodzi	316	-	-	-	316



Nature of Liability	Opening Balance 01/04/2008	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2009
	R'000	R'000	R'000	R'000	R'000
N Matodzi	33	-	33	-	-
Inclenon DPI (Pty) Ltd	25	-	25	-	-
L Lubisi	27	-	27	-	-
JJ Kruger	23	-	23	-	-
M Briesies	85	-	85	-	-
Theo la Grange Trust	855	-	855	-	-
TR Collier	266	-	266	-	-
Tripple "SSS"	263	-	-	-	263
HJ Durr	4 200	-	4 200	-	-
D Dalling	365	-	365	-	-
Anglo Gold Mine LTD v DWAF and others	50	-	50	-	-
Louis Hatting v DWAF	93	-	93	-	-
Marais v DWAF	117	-	117	-	-
J Nkuna	51	-	51	-	-
Naude v DWAF	102	-	102	-	-
Group Five Pty Ltd	65 030	-	65 030	-	-
Harmony Gold Mining Company v DWAF and others	48 100	-	48 100	-	-
Mienies Municipality	3 000	-	3 000	-	-
Mdingi	190	-	171	-	19
Khala	7 000	-	7 000	-	-





Nature of Liability	Opening Balance 01/04/2008	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2009
	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo
CC Bill	15	-	15	-	-
CN Polo	150	-	150	-	-
SA Promotion Gifts	70	-	70	-	-
JF Nel and Two Others	767	-	-	-	767
Initial Training Impact CC v DWAF	60	-	60	-	-
MJ Koma v DWAF	34	-	34	-	-
Aaron Mashegoane v Mathews Mokoena and DWAF	20	-	20	-	-
JWA Electrical v DWAF	3 062	-	3 062	-	-
Rolust Roodeboschplaats v Minister of DWAF	1 110	-	1 110	-	-
Fast Track Couriers	-	147	-	-	147
MTO vs Minister of DWAF	-	1 600	-	-	1 600
Mhlontlo vs Minister of DWAF	-	76	-	-	76
MTO vs Minister of DWAF (2 <sup>nd</sup> Case)	-	1 600	-	-	1 600
M Khephe vs C Kameni and Member of Ececutive Council (Agriculture & Forestry)	-	4	-	-	4
<b>Total</b>	<b>183 988</b>	<b>3 479</b>	<b>182 406</b>	<b>-</b>	<b>5 061</b>



## ANNEXURE 4

### CLAIMES RECOVERABLE

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
National Department of Public Enterprises	-	-	6	6	6	6
National Department of Environmental Affairs and Tourism	-	-	(9)	56	(9)	56
Provincial Government: Limpopo Legislature: Office of the Secretary	-	15	-	-	-	15
Provincial Government: Premier Eastern Cape	-	-	-	16	-	16
National Department: Correctional Services	-	-	29	28	29	28
National Department of Public Works	-	-	16	40	16	40
Office of the President	-	-	-	19	-	19
Provincial Government: Agriculture & Land Affairs: Eastern Cape	10	-	-	26	10	26
Provincial Government: Agriculture, Conservation & Dev: North West	-	-	-	13	-	13
Prov Government: Health: KZN	-	-	14	14	14	14
Prov Gov: Traditional & Local Affairs: KZN	3	3	-	-	3	3
Provincial Government: Finance & Economic Development: Limpopo	8	8	8	8	16	16
Provincial Government: Public Works: Limpopo	-	-	7	9	7	9
Provincial Government: Education: Mpumalanga	-	-	-	(2)	-	(2)



	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
Prov Government: Community Safety: Western Cape	11	11	-	-	11	11
National Department: Minerals & Energy	631	-	-	631	631	631
Provincial Government: Agriculture, Environment Affairs: KZN	-	-	-	32	-	32
National Department: Agriculture	-	-	14	11	14	11
Provincial Department: Tourism, Environ & Eco: Free State	11	-	-	-	11	-
Provincial Government: Health: Limpopo	-	50	13	-	13	50
National Department: Ministry of Intelligence	-	6	-	-	-	6
Departmental Debt: State Attorney: Pretoria	-	2	-	-	-	2
Provincial Department: Health & Welfare: Eastern Cape	83	-	-	82	83	82
Prov Department: Local Government & Housing: Limpopo	-	-	24	22	24	22
National Department: Social Development	-	-	-	4	-	4
National Department: Housing	-	7	-	-	-	7
South African Police Service	-	37	-	9	-	46
Provincial Government: Health Services: Free State	8	8	-	8	8	16
National Department: Transport	-	-	3	3	3	3
Prov Gov:: Shared Services Centre: Gauteng	-	10	-	-	-	10
National Department: Health	-	-	46	1	46	1



	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
National Department: Land Affairs	-	-	17	17	17	17
National Department: Justice & Conditional Development	-	-	29	21	29	21
National Treasury	-	-	-	13	-	13
South African Social Security Agency (SASSA)	-	-	28	-	28	-
National Department: Sport & Recreation	-	-	33	33	33	33
Prov Gov: Economic Affairs & Tourism: Eastern Cape	-	-	9	9	9	9
Prov Gov: Roads & Transport: Limpopo	-	-	19	18	19	18
Prov. Gov. Education Limpopo	-	-	25	-	25	-
Sub-Dire: Accounts Payable	357	-	-	-	357	-
Lesotho Highlands Water Projects	-	16 000	-	-	-	16 000
Provincial Department: Agriculture, Conservation & Dev: North West	-	-	-	41	-	41
National Department: Education	-	-	-	24	-	24
CD: Financial Management	1 926	-	-	-	1 926	-
D: RC	832	-	-	-	832	-
Statistics South Africa	-	-	15	-	15	-
National Department of Art & Culture	-	-	9	-	9	-
Provincial Government: Local Gov: Gauteng	-	-	38	-	38	-



	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
REM: DD: CC: SCM	266	-	-	-	266	-
REM: DIR: FIN: STRAT	144	-	-	-	144	-
REM: DIR: FIN:STRAT.PLAN	288	-	-	-	288	-
REM: DIR: FIN: STRAT. & POLICY	144	-	-	-	144	-
REM: DIR: FIN: STRAT. PLAN & POLICY EV.	113	-	-	-	113	-
SUB.DIRE. PAYROLL	1 522	-	-	-	1 522	-
SUB. DIR. GENERAL LEDGER	413	-	-	-	413	-
National Prosecution Authority	34	-	-	-	34	-
National Department	-	-	-	(8)	-	(8)
MSC Software	-	-	(131)	-	(131)	-
<b>TOTAL</b>	<b>6 804</b>	<b>16 157</b>	<b>262</b>	<b>1 204</b>	<b>7 066</b>	<b>17 361</b>



## ANNEXURE 5

### INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
Current						
Department of Health	59	8	29	29	88	37
Department of Justice and Constitutional Development	-	1	-	-	-	1
Department of Public Works	20	-	2	2	22	2
Mpumalanga Provincial Government	-	7	-	-	-	7
Department of Agriculture	1	63	-	-	1	63
Department of Environment and Tourism	56	126	-	-	56	126
Western Cape Provincial Treasury	-	14	-	-	-	14
Department of Provincial and Local Government	-	-	12	12	12	12
Foreign Affairs	18	-	-	245	18	245
Correctional Services	-	-	245	255	245	255
South African Police Services	20	-	255	-	275	-
Department of Science and Technology	5	-	-	-	5	-



GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
Department of Education	24	-	-	-	24	-
Department of Trade and Industry	50	-	-	-	50	-
Department of Transport	10	-	-	-	10	-
<b>Total</b>	<b>263</b>	<b>219</b>	<b>543</b>	<b>543</b>	<b>806</b>	<b>762</b>
<b>OTHER GOVERNMENT ENTITY</b>						
<b>Current</b>						
Department of Public Works: Trading Entity	-	2	-	2	-	4
<b>Total</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>4</b>

## 4.2 WATER TRADING ENTITY

### REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2009

#### 1 Business overview

The annual financial statements for the financial year ended 31 March 2009 were prepared in compliance with South African Statements of Generally Accepted Accounting Practices (SA GAAP) and incorporate disclosures in accordance with the accounting policies of the Water Trading Entity and the Public Finance Management Act (Act No 1 of 1999).

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

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

The business of the WTE comprise of the following components:

#### Trading account 1: Integrated Water Resource Management

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

#### Trading account 2: Integrated systems

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

#### Trading account 3: Bulk Water Supply

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







## 2 Financial management improvements projects

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

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

- Project Sakhile;
- Project Siyanqoba;
- Project Hlayisa; and
- The Efficiency Drive Project.

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

### 2.1 Sakhile project

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

- satisfactorily address the Auditor-General's (AG) significant uncertainty relating to infrastructure asset management as reported in their audit report;
- comply with legal requirements (such as the Public Finance Management Act, National Water Act (No 36 of 1998) and Government Immovable Asset Management Act);

- entrench an approach for managing water resource infrastructure assets in accordance with international best practice; and
- inform the tariff setting process.

Through the Sakhile project, infrastructure assets were verified and valued during the financial year 2007/08 and 2008/09 in accordance with international recognised best practices to determine their fair values. A project initiated by management to determine fair values for infrastructure assets resulted in the revaluation of these assets to R87 billion, including land and servitudes.

### 2.2 Siyanqoba project

The Siyanqoba project had the following objectives:

Assist in the re-engineering of the financial management (trading entity) business processes:

- assist in introducing policies and procedures that will facilitate the implementation of a control environment that will ensure an efficient and effective utilisation of the entity's assets;
- establish a process culture that will unlock additional revenue potential for the WTE;
- assist in keeping the current operations going through addressing the numerous day-to-day issues including responding to issues and qualifications raised by the Auditor General; and
- assist in managing and coordinating the various finance related projects and initiatives being undertaken by the WTE.

This project was concluded during the 2008 / 2009 financial year and the bulk of these objectives were achieved. The project also highlighted challenges that the WTE needs to deal with going forward. These include:



- taking the SAP front-end process further until implementation;
- minimising the delay in stabilising billing processes in the operating clusters;
- resolving the following business process implementation dependencies as soon as possible:
  - final approval of to-be business processes;
  - development of standard operating procedures supporting the business processes;
  - staff capacity (especially within operating clusters);
  - SAP system upgrade and configuration; and
  - finalising the WTE operating model.

### 2.3 Hlayisa project

This project was introduced specifically to create an up to date owned and leased movable asset registers as well as intangible assets register and offer training to the staff of the WTE.

The project's deliverables include the following:

- asset registers for owned and leased movable assets and intangible assets (excluding servitudes) that comply with GAAP;
- revised asset management policy, processes and procedures;
- impairment, verification and fair valuation methodologies;
- reconciliations between the general ledger and asset registers; and
- migrate assets registers to SAP.

The project was concluded on 31 July 2009.

### 2.4 Efficiency drive project

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

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

- ineffective billing and collection;
- negative cash-flow status;
- deficient budgeting processes;
- misallocation of expenditure in the accounting records;
- ineffective systems;
- ineffective internal and external reporting; and
- inadequate funding for infrastructure life-cycle needs resulting in growing backlogs and escalating risk of dilapidation of infrastructure.

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

- effective and efficient business processes implementation;
- improved revenue collection;
- improved budgeting processes;
- improved internal control environment;
- correct SAP configurations;
- development of personnel's skills;



- financial self-sustainability of the entity;
- achievement of unqualified audit reports; and
- establishment of an effective business performance framework.

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

### 3 Capital expenditure

Planning for infrastructure maintenance development is based on asset management plans formulated to meet specific service level standards agreed with water users.

During the current year, approximately R1.4 billion was spent by the WTE in the development of infrastructure. This resulted in significant progress in the development of new infrastructure and in this respect the Banhoek scheme was completed. Furthermore, Bullshoek and Klipdrift schemes underwent significant refurbishments / rehabilitation.

Progress has been made with the construction of the De Hoop Dam in the Limpopo province. The project aims to unlock the mineral wealth in the Middle Olifants River Catchments and at the same time bring relief to thousands of people who currently do not have safe and reliable sources of water. The Department together with ESKOM are also assessing how best the proposed Project Lima, a new pumped storage scheme that forms part of the Olifants River Water Resources Development Project (Phase 2: De Hoop Dam), can be utilised to provide an additional 1500 MW of electricity to the national grid while it is utilised to pump water to about 800 000 residents on the Nebo Plateau in the Greater Sekhukhune District Municipality.

Infrastructure projects that have commenced in the 2008-09 financial year are:

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

The WTE is responsible for the operation and maintenance of water resource infrastructure and the subsequent cost recovery emanating from the operations. Cost recovery is managed through a tariff structure which is based on the Water Pricing Strategy of 1999, as amended in 2007.

Currently, there is approximately R10 billion in backlogs in infrastructure refurbishments which may result in increased risk of dilapidation of infrastructure assets managed by the WTE. The WTE is unable to recover the costs for these rehabilitations as a result of deficiencies in the pricing strategy, such as the provision for capping of tariffs, etc. To this end, in consultation with water users, the pricing strategy is to be reviewed in order to serve as a public policy instrument that will ensure that financial resources are available to sustain service delivery and infuse responsible water use in the country.

The revenue billed is also not adequate to cover the operating and maintenance requirements (excluding depreciation and amortisation) of approximately R2 billion per annum, also as a result of the said deficiencies in the pricing strategy.



## 4 Tariff structure

### 4.1 Water resource management charges

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

### 4.2 Consumptive charges

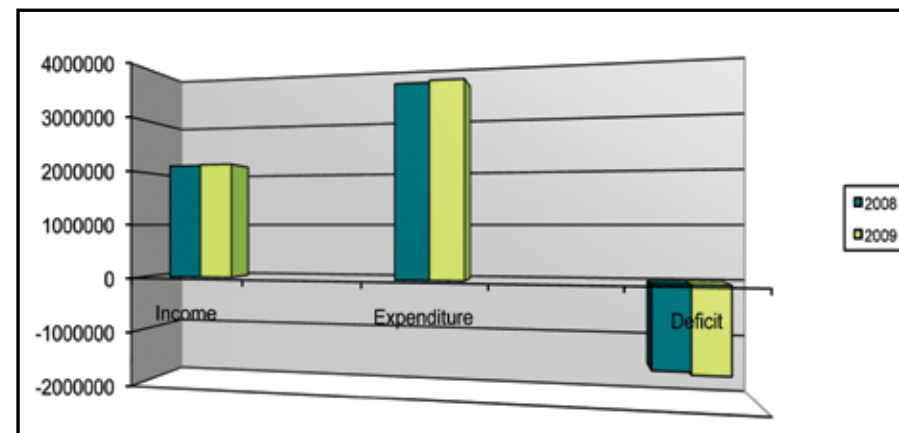
Consumptive charges comprises of return on asset, depreciation, operational cost, capital unit charge as well as maintenance. All these costs make the sum of the total of water resource infrastructure costs. The cost per cubic meter is arrived at by dividing water resource infrastructure costs by the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

## 5 Analysis of operating performance

### 5.1 Operating deficit

Operating deficit for the period increased in comparison to prior year's amount from R1 455 million to R1 504 million partly due to an increase in operating expenses. (Refer Figure 1). It is expected that these costs will decrease as projects that are aimed at improving efficiencies start to bear fruit and operational efficiencies are improved.

Figure 1: Operating deficit

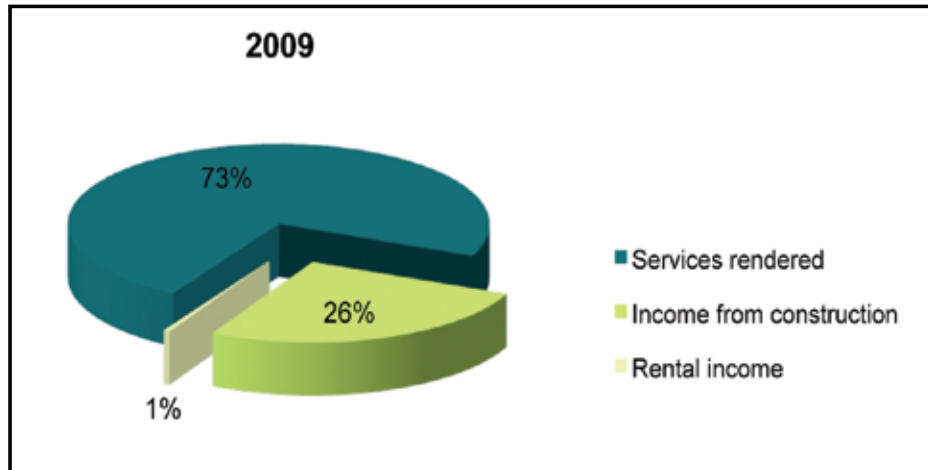


### 5.2 Operating revenue analysis

Revenue from operations has increased marginally (4%) in the current financial year, from R1 477 million to R1 537 million, due primarily to the restrictions imposed on the entity by the current Pricing Strategy. Revenue from water related services contributed the biggest amount to operating income, which is 73% of total revenue and construction income and rental income made up for the balance of income (Refer Figure 2). Improvements are expected to occur with the construction revenue amount as better accounting recognition methods are employed and the results of the re-engineering processes are achieved.



Figure 2: Operating revenue analysis

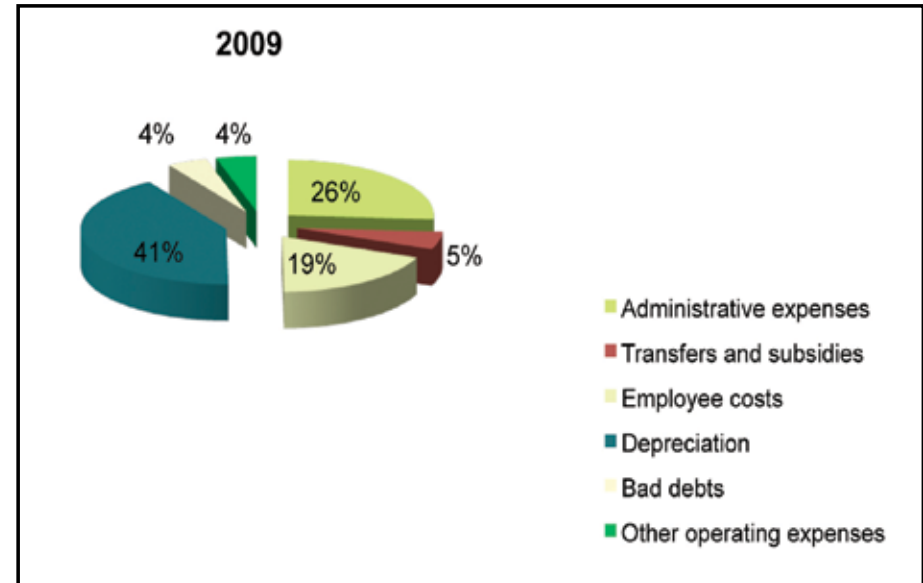


### 5.3 Operating expenditure review

Depreciation is the main source of operating expenditure (Refer Figure 3). This amount has increased significantly from the amounts reported in the prior year (2009: R 1 474 million and 2008: R 1 373 million). Administrative expenses have also increased significantly from R 810 million in 2008 to R 931 million in 2009. Of the total expenditure of R3 572 million, about 41% relates to depreciation, 26% is spent on administrative expenses and about 19% is spent on employee costs.

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

Figure 3: Operating expenditure analysis

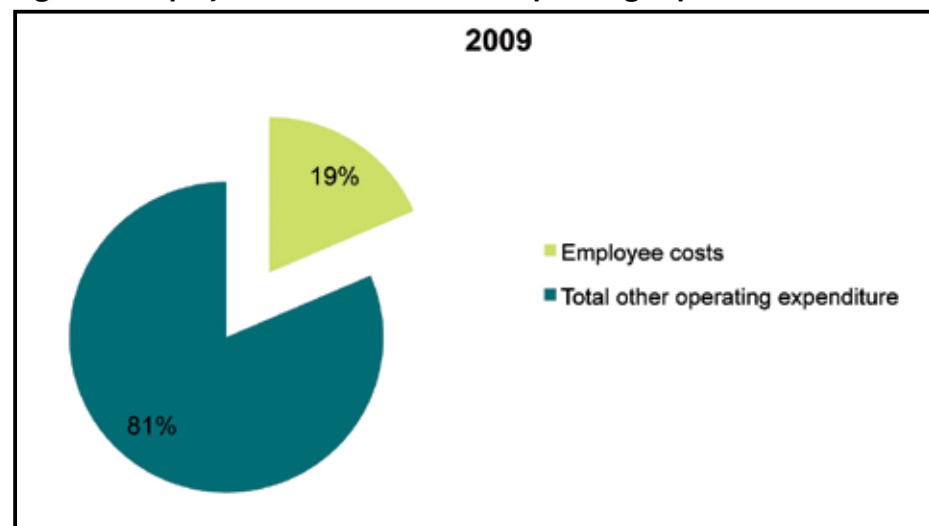


### 5.4 Employee costs vs. total other operational expenditure

The percentage of operating costs that relate to employee costs has increased significantly from R 528 million in 2008 to R 661 million in 2009 (Refer Figure 4). This is attributable to more employees hired to address operating challenges of the previous financial years and the inflation-linked cost of living adjustments effected in the year amounting to 10.5%. In the current year the staff costs component makes about 19% of the total operating cost component in 2009 compared to 15% in the 2008 financial year. This scenario is expected to change as

efficiencies in the other areas of operating expenditure are achieved and as staff is increased in order to achieve the optimum operating capacity of the entity.

**Figure 4: Employee costs vs. Total other operating expenditure**

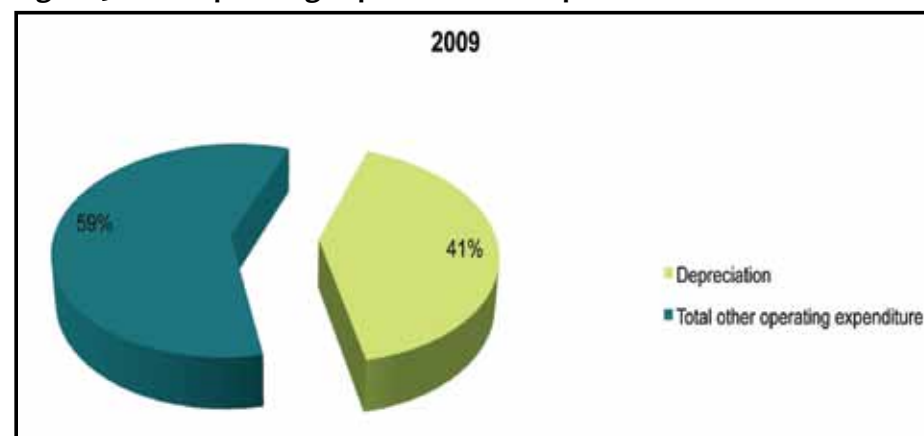


### 5.5 Total operating expenditure vs. depreciation

Depreciation is the main component of the total expenditure incurred by the entity (41% of the total operating expenditure). The depreciation to total expenditure analysis indicates that depreciation makes up a significant portion of the total operating expenditure (Refer Figure 5).

The reported deficit of R1 503 million may indicate that the entity is not viable and that there may be going concern and cash flow management problems. This deficit was mainly brought about by the depreciation charge which is based on revalued amounts. The entity, however, is looking at ways in which the pricing strategy can be amended to enable the entity to recover its full cost of operating. The deficiencies in the pricing strategy resulted in the entity charging less for the services it renders to the water users.

**Figure 5: Total operating expenditure vs. Depreciation**



The interventions implemented by the WTE through the projects referred to above are expected to yield results in the coming financial years and an improved financial performance is expected to be evident. The entity also plans to unlock the potential of the entity as espoused by the valuation of its asset base at approximately R87 billion by translating this asset value into revenue through the amendment of the pricing strategy and by achieving operational efficiencies.



## 5.6 Cash flow from operations

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

### Approval

The annual financial statements have been submitted with my approval as the Acting Accounting Officer

Ms N Ngele  
Acting Director-General: Water Affairs and Forestry  
Date:



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE WATER TRADING ENTITY FOR THE YEAR ENDED 31 MARCH 2009

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

- 1 I have audited the accompanying financial statements of the Water Trading Entity which comprise the statement of financial position as at 31 March 2009, the statement of comprehensive income, the statement of changes in net assets, the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the accounting officer's report as set out on pages 266 to 310.

### The accounting officer's responsibility for the financial statements

- 2 The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act, 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.

### The Auditor-General's responsibility

- 3 As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of

2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

- 4 I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 5 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 6 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.







## Opinion

- 7 In my opinion the financial statements present fairly, in all material respects, the financial position of the Water Trading Entity as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the South African Statements of Generally Accepted Accounting Practice (SA GAAP) and in the manner required by the PFMA.

## Emphasis of matter

Without qualifying my opinion above, I draw attention to the following :

### Restatement of corresponding figures

- 8 As disclosed in note 19.8 to the financial statements, the corresponding figures for 31 March 2008 have been restated as a result of an error discovered during the current year in the financial statements of the Water Trading Entity at, and for the year ended, 31 March 2008.

### Other matters

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

## Non-compliance with applicable legislation

### Treasury Regulations

- 9 The Entity did not implement effective internal controls at inventory stores as required by Treasury Regulations 10.1.1.
- 10 In contravention to Treasury Regulation 19.2.3, the Entity had a PMG bank account in overdraft at 31 March 2009 amounting to R51 928 000.

- 11 The Entity does not charge interest on outstanding trade debtors as required by Treasury Regulation 11.5.1. The review of the trade debtors age analysis indicates that significant amounts are older than 365 days.

### Public Finance Management Act

- 12 The Entity lost motor vehicles at various construction sites, which indicates lack of internal controls to ensure the effective safeguarding of assets as required by section 38(1)(d) of the PFMA.
- 13 The Entity did not take appropriate steps to timeously collect all monies due to the Entity, as required by section 38(1)(c)(i) of the PFMA. Review of the age analysis indicates that staff receivables and trade receivables are older than 120 and 180 days.
- 14 In contradiction with section 38 (1) (a), the Entity did not perform reconciliations on all creditors accounts since 31 August 2008.

### Governance framework

- 15 The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below.

### Key governance responsibilities

- 16 The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:



No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
<b>Quality of financial statements and related management information</b>			
2	The financial statements were not subject to any material amendments resulting from the audit.		✓
3	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
<b>Timeliness of financial statements and management information</b>			
4	The annual financial statements were submitted for auditing as per the legislated deadlines [section 40 of the PFMA].	✓	
<b>Availability of key officials during audit</b>			
5	Key officials were available throughout the audit process.	✓	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6	Audit committee		
	<ul style="list-style-type: none"> <li>The Department had an audit committee in operation throughout the financial year.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The audit committee operates in accordance with approved, written terms of reference.</li> </ul>	✓	

No.	Matter	Y	N
	The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.	✓	
7	Internal audit		
	<ul style="list-style-type: none"> <li>The Department had an internal audit function in operation throughout the financial year.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The internal audit function operates in terms of an approved internal audit plan.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2</li> </ul>		✓
8	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2	✓	



No.	Matter	Y	N
12	Delegations of responsibility are in place, as set out in section 44 of the PFMA.	✓	
<b>Follow-up of audit findings</b>			
13	The prior year audit findings have been substantially addressed.	✓	
14	SCOPA resolutions have been substantially implemented.	✓	
	Issues relating to the reporting of performance information		
15	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		✓
16	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		✓
17	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Water Trading Entity against its mandate, predetermined objectives, outputs, indicators and targets Treasury Regulations 5.1, 5.2 and 6.1.	✓	
18	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		✓

- 17 The governance framework, except for the internal audit department, functioned effectively during the year. The internal audit department went through a restructuring process resulting in vacancies that the entity

could only start filling in the latter part of the year. To ensure a better audit outcome material amendments had to be made to the financial statements. Some information was only submitted for audit purposes on 30 July 2009.

### Special Investigation

- 18 After year end the accounting officer of the Department of water affairs was placed on special leave and at date of this report the department was busy with the investigation.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

- 19 I have reviewed the performance information as set out on pages 10 to 92.

### The accounting officer's responsibility for the performance information

- 20 The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the entity.

### The Auditor-General's responsibility

- 21 I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.
- 22 In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

### Findings (performance information)

- 23 I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings on performance information as reported below.

### Non-compliance with regulatory requirements - Public Finance Management Act

- 24 The trading entity did not have a separate approved strategic plan, indicating measurable objectives and targets for the year as required by section 40(3) (a) of the PFMA. As a result the achievements as disclosed in the annual report could not be measured against planned objectives.
- 25 The Accounting officer did not ensure that trading entity has and maintains an effective and transparent system and internal controls regarding performance management, which describe and represent how the institution's processes of planning, monitoring, measurement, review and reporting will be conducted, organised and managed, as required in terms of section 38(1)(a)(i) and (b) of the PFMA.

### APPRECIATION

- 26 The assistance rendered by the staff of the Trading Entity during the audit is sincerely appreciated.

*Auditor-General*

**Pretoria**  
**2 September 2009**





## Annual Financial Statements of the Water Trading Entity 31 March 2009

### Statement of Comprehensive Income for the year ended 31 March 2009

	Notes	2009	2008 Restated
		R'000	R'000
<b>Revenue</b>		<b>1 537 083</b>	<b>1 477 841</b>
Rendering of water related services		1 124 623	1 047 782
Construction contracts		404 525	424 338
Rental income		7 935	5 721
<b>Other income</b>		<b>601 249</b>	<b>645 155</b>
Government grants	2	391 374	332 834
Finance income		183 647	282 697
Other	3	26 228	29 624
<b>Income before operating expenses</b>		<b>2 138 332</b>	<b>2 122 996</b>
Operating expenses	4	(3 572 967)	(3 533 925)
Finance costs		(68 896)	(44 225)
<b>Deficit for the year</b>		<b>(1 503 531)</b>	<b>(1 455 154)</b>



## Statement of Financial Position as at 31 March 2009

	Notes	2009	2008 Restated
		R'ooo	R'ooo
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>87 174 294</b>	<b>87 297 583</b>
Property, plant and equipment	5	74 711 649	74 822 053
Intangible assets	6	12 462 645	12 475 530
<b>Current assets</b>		<b>2 180 822</b>	<b>1 674 800</b>
Inventory		14 020	18 946
Trade and other receivables	7	2 166 553	1 535 398
Cash and cash equivalents	8	249	120 456
<b>TOTAL ASSETS</b>		<b>89 355 116</b>	<b>88 972 383</b>



	Notes	2009	2008 Restated
		R'000	R'000
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>		<b>86 264 188</b>	<b>87 767 719</b>
Accumulated surplus		1 353 913	1 458 224
Revaluation reserve		84 910 275	86 309 495
<b>Non-current liabilities</b>		<b>29 779</b>	<b>30 394</b>
Finance lease obligations	9	29 779	30 394
<b>Current liabilities</b>		<b>3 061 149</b>	<b>1 174 270</b>
Trade and other payables	10	1 388 681	572 666
Deferred income	11	1 521 520	516 808
Provisions	12	85 163	78 893
Finance lease obligations	9	7 227	5 903
Bank overdraft	8	58 558	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>89 355 116</b>	<b>88 972 383</b>



### Statement of Changes in Net Assets for the year ended 31 March 2009

	Notes	Accumulated (Deficit)/Surplus R'ooo	Revaluation Reserve R'ooo	Total Equity R'ooo
Balance at 1 April 2007 as previously stated		(432 364)	95 099 573	94 667 209
Correction of prior year errors	19.8	(5 444 336)	-	(5 444 336)
Correction of revaluation reserve	19.7	7 467 814	(7 467 814)	-
<b>Restated balance at 1 April 2007</b>		<b>1 591 114</b>	<b>87 631 759</b>	<b>89 222 873</b>
Restated deficit for the year		(1 455 154)	-	(1 455 154)
Deficit for the year as previously stated		(2 259 265)	-	(2 259 265)
Correction of prior year errors	19.8	804 111	-	804 111
Transfers from reserves for depreciation on revalued assets		1 322 264	(1 322 264)	-
<b>Restated balance as at 31 March 2008</b>		<b>1 458 224</b>	<b>86 309 495</b>	<b>87 767 719</b>
Deficit for the year		(1 503 531)	-	(1 503 531)
Transfers from reserves for depreciation on revalued assets		1 399 220	(1 399 220)	-
<b>Balance as at 31 March 2009</b>		<b>1 353 913</b>	<b>84 910 275</b>	<b>86 264 188</b>





## Statement of Cash Flows for the year ended 31 March 2009

	Notes	2009	2008 Restated
		R'000	R'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		3 588 348	3 835 359
Cash paid to suppliers and employees		(2 393 703)	(3 553 733)
Cash generated operations	13	1 194 645	281 626
Finance income		1	6 065
Finance costs		(4 750)	(3 914)
<b>Net cash inflows from operating activities</b>		<b>1 189 896</b>	<b>283 777</b>
<b>Cash flows from investing activities</b>			
Proceeds on disposal of:			
- Property, plant and equipment		7 357	6 690
Acquisition of:			
- Property, plant and equipment	5	(1 376 078)	(565 980)
- Intangible assets	6	(649)	(10)
<b>Net cash outflows from investing activities</b>		<b>(1 369 370)</b>	<b>(559 300)</b>



	Notes	2009	2008 Restated
		R'000	R'000
<b>Cash flows from financing activities</b>			
Net finance lease obligation raised		709	25 731
<b>Net cash inflows from financing activities</b>		<b>709</b>	<b>25 731</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(178 765)</b>	<b>(249 792)</b>
Cash and cash equivalents at the beginning of the year		120 456	370 248
<b>Cash and cash equivalents at the end of the year</b>	<b>8</b>	<b>(58 309)</b>	<b>120 456</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

### 1 ACCOUNTING POLICIES

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared on a going concern basis.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

#### Property, plant and equipment

##### Useful lives and residual values

The useful lives and residual values of property, plant and equipment are reviewed at the end of each financial year. These useful lives and residual values are estimated by management based on historic analysis and other available information.

##### Revaluation

Infrastructure assets are carried at revalued amounts. Revaluations are performed every ten years using the depreciated replacement method.

#### Trade receivables

##### Impairment of receivables

Impairment is recognised for estimated losses on individually significant trade receivables and on a group of trade receivables with similar credit risk that are assessed to be impaired based on objective evidence as a result of one or more events that occurred during the reporting period. For customers who have defaulted, management makes judgements based on an assessment of their ability to make payments based on credit worthiness and historical write-off experience. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment recognised.

#### 1.2 Revenue

Revenue comprises the fair value of consideration received or receivable for water related services. Revenue is shown net of value added tax.

Revenue from the rendering of water related services is recognised when water is consumed by the customer.

Commission from Water Research Levy collection is recognised when the entity collects cash on behalf of Water Research Commission.

Interest income is recognised on a time proportion basis taking account of the principal outstanding and the nominal rate over the period to maturity when it is determined that such income will accrue to the entity.

Construction contract revenue is recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. The stage of completion is assessed by reference to surveys



of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the Statement of Comprehensive Income.

### 1.3 Government grants

Government grants that are provided for compensation of infrastructure development are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs that they are intended to compensate.

Government grants that are provided for compensation of operating expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recorded as income in the Statement of Comprehensive Income in the period that they become receivable.

### 1.4 Property, plant and equipment

#### Infrastructure assets

Items of infrastructure property, plant and equipment are stated at revalued amounts, less accumulated depreciation and accumulated impairment losses. Additions on items of infrastructure property, plant and equipment are recorded at cost.

Cost comprises all expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Revaluation of all infrastructure assets is carried out every 10 years. This revaluation is carried out throughout the particular revaluation year so as to determine the value as at the end of that financial year. Increases in carrying value

arising on revaluation are credited directly to a revaluation reserve.

Any accumulated depreciation and any accumulated impairment loss is eliminated against the gross carrying amount of the asset upon revaluation. On disposal of previously revalued property, plant and equipment, any amount relating to that asset remaining in the revaluation reserve is transferred to accumulated surplus.

Depreciation is calculated on a straight line basis over the expected useful lives of each major component of infrastructure assets. Depreciation on infrastructure assets is charged to the Statement of Comprehensive Income.

The estimated useful lives of infrastructure assets are as follows:

Buildings	25 – 50 years
Canals	35 – 300 years
Dams and Weirs	50 – 300 years
Pipelines	20 – 60 years
Pump stations	15 – 75 years
Reservoirs	15 – 100 years
Treatment works	5 – 75 years
Tunnels	50 – 300 years
Other	5 – 100 years

Subsequent costs are included in the assets carrying amount or recognised as a separate asset only when it meets the definition of an asset, it is probable that the future economic benefits associated with the item will flow to the entity and the cost of that item can be reliably measured.

Capital projects under construction are stated at cost. Depreciation only commences on these assets when they are in the condition necessary for it to be capable of operating in the manner intended by management.



Items of infrastructure property, plant and equipment are tested for impairment whenever there are impairment indicators. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and useful lives of all infrastructure assets are reviewed at the end of each financial year. Where there are changes in the residual values or useful lives of assets, these are accounted for as a change in estimate in accordance with IAS 8.

### Moveable assets

Items of moveable property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises all expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated on a straight line basis over the expected useful lives of the moveable assets. Depreciation on moveable assets is charged to the Statement of Comprehensive Income.

The estimated useful lives of moveable assets are as follows:

Motor vehicles	5 - 20 years
Computer equipment	3 - 12 years
Office equipment and furniture	5 - 30 years
Appliances	5 - 25 years
Machinery and equipment	5 - 60 years
Tools	2 - 15 years
Dwellings: mobile homes	4 - 30 years

Costs incurred subsequent to acquisition are included in the assets carrying amount or recognised as a separate asset only when they meet the definition of an asset, is probable that the future economic benefits associated with the item will flow to the entity and the cost of that item of cost can be reliably measured.

All items of moveable property, plant and equipment are tested for impairment on an annual basis. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and useful lives of all assets are reviewed at the end of each financial year.

### 1.5 Intangible assets

Software and licences are recognised and measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets are carried at cost less accumulated impairment losses.

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite.

Intangible assets with an indefinite useful life are tested for impairment at the end of each financial year and whenever there is any indication that an intangible asset could be impaired.

The amortisation period and the method of amortisation of intangible assets with a finite useful life are tested for impairment annually at the end of each financial year. Any changes in the useful lives, residual values or amortisation period are

accounted for as a change in estimate in accordance with IAS 8. The estimated useful lives of intangible assets with finite useful lives are as follows:

Software and licenses                      3 years

Other intangible assets are assessed to have an indefinite useful life.

## 1.6 Financial instruments

Financial instruments recognised on the Statement of Financial Position include:

- trade and other receivables;
- cash and cash equivalents; and
- trade and other payables.

### Trade and other receivables

Trade and other receivables are initially recorded at fair value and are carried at amortised cost less provision for impairment. The provision for impairment is established where there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

### Cash and cash equivalents

Cash and cash equivalents are carried at cost in the Statement of Financial Position. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand, short-term deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less, and bank overdrafts.

### Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost.

## 1.7 Financial instruments and risk management

Exposure to continuously changing market conditions has highlighted the importance of financial risk management as an element of control for the entity.

The entity finances its operations primarily from cash receipts from customers and augmentation income received from the government.

### Interest rate risk management

The entity has no long term debt and as such has very limited exposure to fluctuations in interest rates.

### Credit risk management

Potential areas of credit risk consist of trade accounts receivable and cash investments. Accounts receivable consists mainly of government owned institutions and government owned entities.

The entity monitors the ageing of debtors on an ongoing basis and engages their customers where there is an indication of possible problems with regard to recovery from customers. Provision is made for both specific and general bad debts at the end of the financial year management did not consider there to be any material credit risk exposure that was not already covered by the impairment provision.

Cash investments are investments made by the entity with the South African Reserve Bank and credit risk is considered to be acceptably low.

## 1.8 Inventory

Inventory is carried in the financial statements at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business





less the costs of completion and selling expenses. Any write down of inventory to net realisable value is recognised immediately in the Statement of Comprehensive Income as an expense.

## 1.9 Provisions

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

Management also assesses whether the entity can avoid the liability without incurring significant penalties. If the liability can be avoided, the present obligation would not be present and a provision will not be raised.

### 1.10 Leases

Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the end of the term of the lease, any payments required to be made by the entity by way of penalties are recognised as an expense in the period in which the termination occurred.

Finance leases, which transfer to the entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term.

## 1.11 Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the financial statements but are disclosed as such in the notes to the financial statements. Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

## 1.12 Employee benefits

### Leave benefits

Annual leave is provided over the period the leave accrues. In the case of accumulating compensated leave benefit, the entity recognises the cost when the employee renders the service that increases their entitlement to the future compensated absences. In the case of non-accumulating compensated absences, the entity recognises the leave cost when the absence occurs.



### Short-term employee benefits

The entity recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds the undiscounted amount of the benefits due, the entity recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.

As an expense, unless the entity uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

### Performance bonus plans

The entity recognises the expected cost of performance bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made by the entity. The entity considers the present obligation to exist when the entity has no realistic alternative but to make the payments related to performance bonuses.

### Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy for these benefits or resigns. The entity recognises termination benefits when it is demonstrably committed either to terminate the employment of current employee(s) according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the financial year are discounted to present value.

### Retirement benefits

The entity contributes to the employees' retirement benefits through a contribution to the government funded defined benefit plan. Once the entity has paid the contributions, the entity has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

### Medical benefits

The entity contributes to the employees' medical benefits through a contribution to the employees' medical aid scheme. Once the entity has paid the contributions, the entity has no further payment obligations as such no provision is made for post retirement medical benefits. The contribution paid is charged to employee expenses in the same year as the related service is provided.

## 1.13 Related parties

The entity constitutes part of the national government in terms of the Public Finance Management Act (Act no. 1 of 1999). Public and trading entities within the National Government sphere are considered to be related parties.

Goods and services are sold and or purchased to or from related parties on an arm's length basis at market-related prices.

## 1.14 Construction work in progress

Construction work in progress represents the total cost spent by the entity on infrastructure projects. It is measured as the total cost that the entity has incurred to date on infrastructure projects.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the entity's construction activities





based on normal operating capacity. Construction work in progress is presented as part of property, plant and equipment in the Statement of Financial Position.

### 1.15 Irregular, unauthorised, fruitless and wasteful expenditure

The entity records and reports separately amounts of irregular, unauthorised, fruitless and wasteful expenditure discovered.

Amounts of irregular, unauthorised, fruitless and wasteful expenditure discovered are recognised as receivables to the extent that these are recoverable and are recognised as expenses to the extent that they are not recoverable.

### 1.16 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The following major components of the financial statements were restated:

- Revenue;
- Other income;
- Operating expenses;
- Property, plant and equipment;
- Trade and other receivables;
- Revaluation reserve;
- Accumulated surplus;
- Deferred income;
- Finance lease assets and liabilities; and
- Trade and other payables.

These restatements resulted in a restatement of amounts previously reported for reserves and also resulted in the restatement of amounts previously disclosed in the Statement of Cash Flows.



	Notes	2009 R'000	2008 Restated R'000
<b>2 Government grants</b>		<b>391 374</b>	<b>332 834</b>
The amounts recognised for these grants are as follows:			
- operating expense grant		277 397	247 592
- infrastructure development grant		113 977	85 242
<b>3 Other income</b>		<b>26 228</b>	<b>29 624</b>
Other income include:			
- profit on sale of property, plant and equipment		6 273	6 656
- other income		19 955	22 968
<b>4 Operating expenses</b>		<b>3 572 967</b>	<b>3 533 925</b>
Operating expenses include:			
- administrative expenses		931 801	810 498
- employee costs	4.1	661 489	528 053
- audit fees		6 547	2 329
- transfers and subsidies paid		185 000	181 832
- depreciation		1 477 009	1 373 697
- amortisation		13 534	13 434
- bad debts		158 314	316 016
- other operating expenses		139 273	308 066



	Notes	2009	2008 Restated
		R'000	R'000
<b>4.1 Employee costs</b>		<b>661 489</b>	<b>528 053</b>
Employee costs include:			
- salaries and wages		404 170	323 229
- overtime		52 742	38 661
- service bonuses		30 936	23 505
- performance bonuses		21 278	20 495
- retirement contributions		36 973	38 698
- medical aid contribution		18 056	14 077
- movement in leave pay provision		5 066	5 652
- housing allowances		12 283	11 362
- car allowances		24 494	16 957
- other payments		55 491	35 417



## 5 Property, plant and equipment

Summary	31 March 2009			31 March 2008		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	Restated	Restated	Restated	Restated	Restated	Restated
	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo	R'ooo
<b>Owned assets</b>						
- Infrastructure assets	76 655 621	(4 054 036)	72 601 585	76 584 839	(2 644 528)	73 940 311
- Mobile homes	32 610	(6 181)	26 429	24 373	(4 276)	20 097
- Motor vehicles	9 899	(5 114)	4 785	8 708	(4 509)	4 199
- Equipment	724 091	(277 927)	446 164	584 907	(245 220)	339 687
- Furniture and fittings	51 599	(21 853)	29 746	42 208	(18 926)	23 282
- Computer equipment	28 119	(13 326)	14 793	23 430	(10 543)	12 887
- Assets under construction	1 562 157	-	1 562 157	452 773	-	452 773
<b>Total owned assets</b>	<b>79 064 096</b>	<b>(4 378 437)</b>	<b>74 685 659</b>	<b>77 721 238</b>	<b>(2 928 002)</b>	<b>74 793 236</b>
<b>Leased assets</b>						
- Equipment	15 787	(11 442)	4 345	14 719	(8 970)	5 749
- Motor vehicles	33 246	(11 601)	21 645	27 707	(4 639)	23 068
<b>Total leased assets</b>	<b>49 033</b>	<b>(23 043)</b>	<b>25 990</b>	<b>42 426</b>	<b>(13 609)</b>	<b>28 817</b>
<b>TOTAL ASSETS</b>	<b>79 113 129</b>	<b>(4 401 480)</b>	<b>74 711 649</b>	<b>77 763 664</b>	<b>(2 941 611)</b>	<b>74 822 053</b>

The WTE's policy is to perform a revaluation of its infrastructure assets every ten years. The last independent revaluation was performed effective in the financial year ended 31 March 2008, by Akhile, a consortium of professional valuers, using the depreciated replacement cost method.



Movement 2009	31 March 2008 Carrying value Restated	Additions	Disposals and decommissions	Transfers	Depreciation	31 March 2009 Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Owned assets</b>						
- Infrastructure assets	73 940 311	-	(8 389)	79 778	(1 410 115)	72 601 585
- Mobile homes	20 097	8 237	-	-	(1 905)	26 429
- Motor vehicles	4 199	1 230	(31)	-	(613)	4 785
- Equipment	339 687	146 823	(783)	9 407	(48 970)	446 164
- Furniture and fittings	23 282	9 572	(105)	-	(3 003)	29 746
- Computer equipment	12 887	5 040	(165)	-	(2 969)	14 793
- Assets under construction	452 773	1 198 569	-	(89 185)	-	1 562 157
<b>Total owned assets</b>	<b>74 793 236</b>	<b>1 369 471</b>	<b>(9 473)</b>	<b>-</b>	<b>(1 467 575)</b>	<b>74 685 659</b>
<b>Leased assets</b>						
- Equipment	5 749	1 068	-	-	(2 472)	4 345
- Motor vehicles	23 068	5 539	-	-	(6 962)	21 645
<b>Total leased assets</b>	<b>28 817</b>	<b>6 607</b>	<b>-</b>	<b>-</b>	<b>(9 434)</b>	<b>25 990</b>
<b>TOTAL ASSETS</b>	<b>74 822 053</b>	<b>1 376 078</b>	<b>(9 473)</b>	<b>-</b>	<b>(1 477 009)</b>	<b>74 711 649</b>



Movement 2008	31 March 2007	Additions	Disposals	Transfers	Depreciation	31 March 2008
	Carrying value					Carrying value
	Restated					Restated
	R'ooo					R'ooo
<b>Owned assets</b>						
- Infrastructure assets	75 176 447	12 162	-	73 966	(1 322 264)	73 940 311
- Mobile homes	6 893	15 721	-	-	(2 517)	20 097
- Motor vehicles	4 395	108	-	-	(304)	4 199
- Equipment	276 706	96 877	(34)	2 496	(36 358)	339 687
- Furniture and fittings	22 496	3 587	-	-	(2 801)	23 282
- Computer equipment	11 620	3 802	-	-	(2 535)	12 887
- Assets under construction	122 399	406 836		(76 462)	-	452 773
<b>Total owned assets</b>	<b>75 620 956</b>	<b>539 093</b>	<b>(34)</b>	<b>-</b>	<b>(1 366 779)</b>	<b>74 793 236</b>
<b>Leased assets</b>						
- Equipment	5 862	2 188	-	-	(2 301)	5 749
- Motor vehicles	2 986	24 699	-	-	(4 617)	23 068
<b>Total leased assets</b>	<b>8 848</b>	<b>26 887</b>	<b>-</b>	<b>-</b>	<b>(6 918)</b>	<b>28 817</b>
<b>TOTAL ASSETS</b>	<b>75 629 804</b>	<b>565 980</b>	<b>(34)</b>	<b>-</b>	<b>(1 373 697)</b>	<b>74 822 053</b>



## 6 Intangible assets

	2009	2008 Restated
	R'000	R'000
<b>6.1 Computer software</b>		
Cost at beginning of year	40 354	40 344
Additions	649	10
<b>Cost at end of year</b>	<b>41 003</b>	<b>40 354</b>
Accumulated amortisation at beginning of year	(20 136)	(6 702)
Amortisation / impairment for the year	(13 534)	(13 434)
<b>Accumulated amortisation / impairment at end of year</b>	<b>(33 670)</b>	<b>(20 136)</b>
<b>Carrying amount at end of year</b>	<b>7 333</b>	<b>20 218</b>
<b>6.2 Other intangibles*</b>		
Cost at beginning of year	12 455 312	12 455 312
Additions	-	-
<b>Cost at end of year</b>	<b>12 455 312</b>	<b>12 455 312</b>
<b>Total intangible assets</b>	<b>12 462 645</b>	<b>12 475 530</b>

\*Other intangible assets comprise servitudes held in land owned by various individuals/entities.



## 7 Trade and other receivables

	2009	2008 Restated
	R'000	R'000
<b>7.1 Trade receivables</b>		
Trade receivables	2 835 707	2 292 979
Less: Impairment of trade receivables	(911 473)	(753 159)
Opening balance	(753 159)	(437 143)
Current year provision	(158 314)	(316 016)
<b>Net trade receivables</b>	<b>1 924 234</b>	<b>1 539 820</b>
<b>7.2 Unallocated receipts**</b>	<b>(159 445)</b>	<b>(126 027)</b>
<b>7.3 Other receivables</b>		
Claims recoverable	546	(3 732)
Staff debt net of impairment provision	2 708	5 532
Travel and subsistence	845	758
Fruitless and wasteful expenditure***	5 996	5 996
Other receivables	391 669	113 051
<b>Total net other receivables</b>	<b>401 764</b>	<b>121 605</b>
<b>Total trade and other receivables</b>	<b>2 166 553</b>	<b>1 535 398</b>





\*\* Unallocated receipts consist mainly of deposits made by bulk water customers as payment for water use, which have not yet been allotted to the individual customer accounts.

\*\*\* Fruitless and wasteful expenditure comprises of:

- A R5.996 million penalty paid to SARS during the year ended 31 March 2008 for various matters identified with the VAT return submitted. These matters arose during the period the entity implemented the SAP accounting software. The penalty was not budgeted for and the entity is in the process of recovering the amount from National Treasury.

#### **Trade receivables impairment provision**

The impairment provision was computed using a two-step approach. The first step involved assessing each individual debtor to determine its recoverability and the second step involved a collective assessment of debtors per risk category.

#### **Individual assessment of trade receivables**

The entity assessed each individual debtor for impairment as follows:

- All trade receivables that are owing for more than 365 days were selected
- Payment history, reasons provided by the customer for not having paid and such other related factors were taken into account.

#### **Collective assessment of trade receivables**

The entity first removed trade receivables which have been individually assessed for impairment and then risk categorised the balance of the trade receivables as follows:

- |                            |                            |
|----------------------------|----------------------------|
| • Bulk payers;             | • Companies;               |
| • Individuals;             | • Water service providers; |
| • Water user associations; | • Provincial governments.  |

The collective assessment highlighted the fact that 49% of trade receivables assessed collectively that have been owing for over 150. The entity concluded not to make an impairment provision on the trade receivables assessed collectively in the light of the evidence at its disposal.



	2009	2008 Restated
	R'000	R'000
The impairment calculation is as follows:		
Specific individual debtors	911 473	487 394
Collective assessment	-	265 765
<b>Total provision</b>	<b>911 473</b>	<b>753 159</b>

## 8 Cash and cash equivalents

	2009	2008 Restated
	R'000	R'000
Cash and balances with banks	106	120 349
Cash on hand	143	107
<b>Total cash and equivalents</b>	<b>249</b>	<b>120 456</b>
<b>Bank overdraft</b>	<b>(58 558)</b>	<b>-</b>
<b>Net cash and equivalents</b>	<b>(58 309)</b>	<b>120 456</b>



## 9 Finance lease obligations

	2009	2008 Restated
	R'000	R'000
Future minimum lease payments under finance leases for equipment are as follows:		
Not later than 1 year	11 394	9 716
Later than 1 year and not later than 5 years	35 561	34 684
Later than five years	-	-
<b>Total minimum lease payments</b>	<b>46 955</b>	<b>44 400</b>
Future finance charges	(9 949)	(8 103)
<b>Present value of minimum lease payments</b>	<b>37 006</b>	<b>36 297</b>
<b>Non-current portion</b>	<b>29 779</b>	<b>30 394</b>
<b>Current portion</b>	<b>7 227</b>	<b>5 903</b>

Finance lease obligation relate to amounts committed for leases of photocopying equipment and motor vehicles. The lease terms varies from 3 to 5 years and the interest rates varies between 10.5% and 17%. The WTE does not have options to purchase the assets at the conclusion of the lease agreements. The entity's obligations under finance leases are secured by the lessors' title to the leased assets.

The agreements provide for contingent fees on the following basis:

- Maintenance costs on motor vehicles is based on the maintenance carried out and is recognised in the Statement of Comprehensive Income when incurred.
- Insurance cost on motor vehicles based at 1.17% of the total cost of the assets and is recognised in the Statement of Comprehensive Income when incurred.
- Copy charges on photocopiers are based on the volume of copies and are recognised in the Statement of Comprehensive Income when incurred.



## 10 Trade and other payables

	2009	2008 Restated
	R'000	R'000
Trade creditors	205 228	64 056
TCTA	754 345	233 911
Accruals	55 574	43 419
VAT Payable	101 098	97 739
Other	272 436	133 541
<b>Total trade and other payables</b>	<b>1 388 681</b>	<b>572 666</b>

## 11 Deferred income

	2009	2008 Restated
- Opening balance	516 808	89 548
- Grants received during the year	1 118 689	512 502
- Grants released to the Statement of Comprehensive Income during the year	(113 977)	(85 242)
<b>Deferred income at end of year</b>	<b>1 521 520</b>	<b>516 808</b>



## 12 Provisions

	2009	2008 Restated
	R'000	R'000
Provision for employee benefits		
<b>12.1 Performance bonus provision</b>		
- opening balance	11 634	3 679
- unused amounts reversed / utilised during the year	(11 634)	(3 679)
- provisions made during the year	18 234	11 634
<b>Performance bonus provision at end of year</b>	<b>18 234</b>	<b>11 634</b>
<b>12.2 Provision for leave</b>		
- opening balance	67 223	66 333
- unused amounts reversed / utilised during the year	(67 223)	(66 333)
- provisions made during the year	66 929	67 223
<b>Leave provision at end of year</b>	<b>66 929</b>	<b>67 223</b>
<b>12.3 Other provisions</b>		
- opening balance	36	36
- unused amounts reversed / utilised during the year	(36)	-
- provisions made during the year	-	-
<b>Other provisions at end of year</b>	<b>-</b>	<b>36</b>
<b>Total provisions</b>	<b>85 163</b>	<b>78 893</b>



### 13 Cash generated from / (utilised in) operations

	Notes	2009	2008 Restated
		R'ooo	R'ooo
<b>Deficit for the year</b>		(1 503 531)	(1 455 154)
Finance income		(1)	(6 065)
Finance costs		4 750	3 914
		<b>(1 498 782)</b>	<b>(1 457 305)</b>
<b>Non-cash movements / working capital changes</b>		<b>2 693 427</b>	<b>1 738 931</b>
- depreciation	5	1 477 009	1 373 697
- amortisation	6.1	13 534	13 434
- increase in impairment provision of trade receivables	7.1	158 314	316 016
- profit on sale of property, plant and equipment		(6 273)	(6 656)
- decommissioning	5	8 389	-
- increase/(decrease) in payables		816 015	(9 092)
- increase in deferred income		1 004 712	427 260
- increase in provision relating to employee costs		6 270	8 845
- increase in receivables		(789 469)	(385 512)
- decrease in inventory		4 926	939
<b>Net cash flows from operating activities</b>		<b>1 194 645</b>	<b>281 626</b>



## 14 Key management personnel remuneration

March 2009	Salary	Pension fund contribution	Other contributions and payments	Total
Dr. Ruiters C - Deputy Director General	560 921	72 920	301 028	934 869
Mr. Moloi LS - Chief Director	535 293	69 588	287 274	892 155
Ms. Anderson H - Chief Director	447 709	58 202	240 270	746 181
Mr. Croucamp WS - Chief Director	482 312	62 701	258 841	803 854
Ms. Mathe ZY - Chief Director	482 312	62 701	258 841	803 854
Mr. Smith FJ - Chief Director*	447 709	58 202	240 270	746 181
Mr. Swart HJ - Chief Director*	447 709	58 202	240 270	746 181
Mr. Van Der Westhuizen WG - Chief Director*	447 709	58 202	240 270	746 181
<b>TOTAL</b>	<b>3 851 674</b>	<b>500 718</b>	<b>2 067 064</b>	<b>6 419 456</b>

\* Promoted to the position during the year

March 2008	Salary	Pension fund contribution	Other contributions and payments	Total
Dr. Ruiters C - Deputy Director General	503 351	60 124	207 348	770 823
Mr. Moloi LS - Chief Director	516 651	59 240	183 600	759 491
Ms. Anderson H - Chief Director	458 812	49 598	127 464	635 874
Mr. Croucamp WS - Chief Director	482 429	53 407	148 872	684 708
Ms. Mathe ZY - Chief Director	476 914	52 623	145 115	674 652
<b>TOTAL</b>	<b>2 438 157</b>	<b>274 992</b>	<b>812 399</b>	<b>3 525 548</b>



## 15 Related Party Transactions

	2009 R'000	2008 R'000
The following transactions were carried out with related parties:		
<b>15.1 Rendering of water related services:</b>		
Government departments	12 993	10 909
Other public entities	608 024	518 258
	<b>621 017</b>	<b>529 167</b>
<b>15.2 Rendering of construction services:</b>		
Government departments	388 281	279 000
Major public entities	7 071	122 795
Other public entities	3 031	15 285
	<b>398 373</b>	<b>417 080</b>
<b>15.3 Government grant received:</b>		
Government departments - VOTE 34	1 396 086	760 094
	<b>1 396 086</b>	<b>760 094</b>
<b>15.4 Purchases of goods and services:</b>		
Government departments	1 379	158
Major public entities	131 670	85 350
Other public entities	208 482	273 653
	<b>341 531</b>	<b>359 161</b>





	2009 R'000	2008 R'000
<b>15.5 Transfers and subsidies paid:</b>		
Other public entities	185 000	181 832
	<b>185 000</b>	<b>181 832</b>
<b>15.6 Year-end balances arising from transactions:</b>		
<b>Receivables from related parties</b>		
Government departments	118 970	99 170
Other public entities	633 643	569 847
	<b>752 613</b>	<b>669 017</b>
<b>Payables to related parties</b>		
Government departments	185	180
Government departments	756 845	235 388
Other public entities	134 110	112 577
	<b>891 140</b>	<b>348 145</b>
Kindly refer to Annexure "A" for detailed list of related party transactions.		



## 16 Contingent liabilities

	2009 R'000	2008 R'000
The amount of Contingent Liabilities represents outstanding litigation against the entity at the end of the financial year.		
<b>Group 5 Construction vs. The Water Trading Entity</b>		
<ul style="list-style-type: none"> <li>The plaintiff is suing the entity for services rendered in the construction of the Injanka dam. The entity is confident about its prospect of success.</li> </ul>	59 465	73 368
<b>JD Marais vs. The Minister</b>		
<ul style="list-style-type: none"> <li>The entity is sued for breach of promise for destroying by fire the trees which it had donated to the Plaintiff at Jericho Dam.</li> </ul>	100	-
<b>JSW Electrical (Pty) Ltd vs. The Minister</b>		
<ul style="list-style-type: none"> <li>The plaintiff has instituted a claim against the entity as results of termination of contract for supply of goods and services. The entity is confident about its prospect of success.</li> </ul>		
The case was resolved subsequent to year-end with each party responsible for their own legal costs.	637	-
<b>Buffler Madeline vs. Kungwini Local Municipality and the Minister</b>		
<ul style="list-style-type: none"> <li>Buffler Madeleine alleges that due to the activities of Kungwini Local Municipality and the failure of the Minister to take action against pollution of Water on Portion 77 of the Farm Doornkloof, she lost production on her crop and her animals. She approached the court to issue summons against Kungwini Local Municipality and the Minister for payment of damages.</li> </ul>	150	-
<b>Other claims</b>		
There are numerous other court cases in which the entity is a defendant. The entity's maximum exposure in this regard is estimated at:	155	405
	<b>60 507</b>	<b>73 773</b>



	2009 R'ooo	2008 R'ooo
<b>17 Capital commitments</b>		
Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements	261 495	419 047
<b>18 Guarantees</b>		
The WTE has issued guarantees in favour of various financial institutions to support employees to obtain loans for housing. To date the WTE has not been called to honour any of these guarantees. No loss is expected to materialise in respect of these guarantees in the foreseeable future.	1 110	1 642

## 19 Restatement of previously reported financial statements

### 19.1 Property, plant and equipment

#### Infrastructure asset register

During the prior year the WTE through the Sakhile Project and the moveable assets project performed the following:

- a physical verification of all property, plant and equipment;
- the separation of all significant part of these assets into components as required by International Accounting Standard 16 ("IAS 16");
- the depreciation of each significant part separately;
- the review of the estimated useful lives; and
- the review of the carrying value of all assets.

The above procedures resulted in the identification of material adjustments required on the fixed assets register. The material adjustments could not be completely quantified at the reporting date. The refinements were completed during the current year, as such the prior year reported amounts for infrastructure assets was incorrect.

The prior year financial statements have been restated as per note 19.8 to correct the errors identified.

### 19.2 Assets under construction

The WTE constructs certain assets infrastructure assets for use in its operations. During the previous year an assessment was performed to identify all construction assets in progress that meet the recognition criteria of an asset per IAS 16. Certain assets that meet the recognition criteria were not recognised accordingly in error.

The prior year financial statements have been restated as per note 19.8 to correct the errors identified.



### **19.3 Augmentation/deferred income**

The WTE receives grants from the government for infrastructure development and to fund other operational activities. During the previous year the WTE adjusted for grants received consistent with the WTE's accounting policy which is to recognise grants received as income on a systematic basis over the period necessary to match the grants with the related costs that they are intended to compensate. However the grants related to the assets not recognised per 19.2 above were not adjusted for in error. The prior year financial statements have been restated as per note 19.8 to correct the errors identified.

### **19.4 Leases**

During the prior year the WTE identified a material error in the manner in which it accounted for leases. Leases that meet the definition of a finance lease were incorrectly accounted for as operating leases. The errors were corrected, however in the current year further errors related to finance leases were identified.

The prior year financial statements have been restated per 19.8 to correct the errors identified.

### **19.5 Revenue**

During the current year the WTE identified a material error in the accounting for amounts collected on behalf of TCTA in the prior year. The amount was incorrectly recorded as revenue. The WTE also noted various other incorrect transactions.

The prior year financial statements have been restated per 19.8 to correct the errors identified.

### **19.6 Reclassifications**

During the current year the WTE identified a material error in the classification of cashier deposits and supplier payments suspense accounts, these accounts were incorrectly classified as cash and cash equivalent.

The prior year financial statements have been restated per 19.8 to correct the errors identified.

### **19.7 Revaluation reserve**

During the current year the entity completed the valuation of Infrastructure assets, refer to note 19.1. The entity could not verify the initial costs of assets recorded prior to the valuation projects. The assets were thus deemed to be Rnil and the total final carrying value per the valuation was recorded against the revaluation reserve.

The prior year accumulated deficit and revaluation reserve have been restated by R7.467 814 billion, refer to the Statement of Changes in Net Assets for the effect of the adjustment.



	2008 R'000
<b>19.8 Summary of adjustments</b>	
The total effect of the restatement noted above on the prior year financial statements is as follows.	
<b>Statement of Comprehensive Income</b>	
<b>Deficit for the period as previously stated</b>	(2 259 265)
Adjustments for errors in:	
• Revenue and accounts receivables	(27 482)
• Leases	(243)
• Property, plant and equipment	838 459
• Assets under construction	(195 032)
• Augmentation income	188 409
<b>Total errors</b>	<b>804 111</b>
<b>Restated deficit for the period</b>	<b>(1 455 154)</b>
<b>Statement of Financial Position</b>	
<b>Total Assets as previously stated</b>	<b>94 154 520</b>
Adjustments for errors in:	
• Revenue and accounts receivables	13 412
• Leases	1 869
• Property, plant and equipment	(4 658 655)
• Assets under construction	(536 265)
• Reclassifications	(2 498)
<b>Total errors</b>	<b>(5 182 137)</b>
<b>Restated Total Assets</b>	<b>88 972 383</b>



	2008 R'000
<b>Total Equity as previously stated</b>	<b>92 407 944</b>
Adjustments for errors in:	
• Revenue and accounts receivables	206 467
• Leases	(155)
• Property, plant and equipment	(4 715 719)
• Assets under construction	(466 974)
• Augmentation income	336 156
<b>Total errors</b>	<b>(4 640 225)*</b>
<b>Restated Total Equity</b>	<b>87 767 719</b>
Opening retained income	(5 444 336)
Statement of Comprehensive income	804 111
<b>Net adjustment to Equity*</b>	<b>(4 640 225)</b>
<b>Total Liabilities as previously stated</b>	<b>1 746 576</b>
Adjustments for errors in:	
• Revenue and accounts receivables	(193 055)
• Leases	2 024
• Property, plant and equipment	(12 223)
• Augmentation income	(336 156)
• Reclassifications	(2 502)
<b>Total errors</b>	<b>(541 912)</b>
<b>Restated Total Liabilities</b>	<b>1 204 664</b>
<b>Restated Total Equity and Liabilities</b>	<b>88 972 383</b>



	2008 R'000
<b>Statement of Cash Flows</b>	
<b>Cash flows from operating activities as previously stated</b>	<b>503 759</b>
Adjustments for errors in:	
• Leases	(99)
• Property, plant and equipment	(17 839)
• Assets under construction	(195 032)
• Reclassifications	(7 012)
<b>Total errors</b>	<b>(219 982)</b>
<b>Restated Cash flows from operating activities</b>	<b>283 777</b>
<b>Cash flows from investing activities as previously stated</b>	<b>(770 007)</b>
Adjustments for errors in:	
• Leases	(2 165)
• Property, plant and equipment	17 839
• Assets under construction	195 032
<b>Total errors</b>	<b>210 706</b>
<b>Restated Cash flows from investing activities</b>	<b>(559 301)</b>
<b>Cash flows from financing activities as previously stated</b>	<b>23 469</b>
Adjustments for errors in:	
• Leases	2 262
<b>Total errors</b>	<b>2 262</b>
<b>Restated Cash flows from financing activities</b>	<b>25 731</b>



## ANNEXURE A

### 15 Related Party Transactions

	2009	2008
	R'000	R'000
<b>15 Related Party Transactions</b>		
The following transactions were carried out with related parties:		
<b>15.1.1 Rendering of water related services:</b>		
<b>a) Government departments</b>		
DEPARTMENT OF AGRICULTURE	1 370	1 034
DEPARTMENT OF CORRECTIONAL SERVICES	584	433
DEPARTMENT OF EDUCATION	14	13
DEPARTMENT OF ENVIRONMENTAL AFFAIRS	1	-
DEPARTMENT OF HEALTH	10	10
DEPARTMENT OF LAND AFFAIRS	116	92
DEPARTMENT OF NATIONAL DEFENCE FORC	2	19
DEPARTMENT OF POLICE SERVICE (SA)	2	4
DEPARTMENT OF PUBLIC WORKS	742	1 313
DEPARTMENT OF WATER AFFAIRS AND FOR	10 105	7 964
OTHER	47	27
	<b>12 993</b>	<b>10 909</b>





	2009	2008
	R'000	R'000
<b>b) Other public entities</b>		
ALBANY COAST WATER BOARD	11	9
AMATOLA WATER BOARD	37 447	25 155
BLOEM WATER	11 527	10 305
BOTSHELO WATER	16 286	6 946
LEPELLE NORTHERN WATER (ARABIE)	255	798
LEPELLE NORTHERN WATER (OLIFANTSPPOORT)	2 866	2 780
LEPELLE NORTHERN WATER (PHALABORWA)	12 412	10 534
MAGALIES WATER	36 458	31 160
MHLATHUZE WATER	24 389	14 450
NAMAKWA WATER BOARD	286	207
OVERBERG WATER	152	137
PELLA DRIFT WATER BOARD	590	438
RAND WATER	376 558	337 856
SEDIBENG: VAAL GAMAGARA	2 667	2 675
UMGENI WATER	76 555	65 940
UTHUKELA WATER	9 565	8 868
	608 024	518 258
<b>Total rendering of water related services</b>	621 017	529 167



	2009	2008
	R'000	R'000
<b>15.2.1 Rendering of construction services</b>		
<b>a) Government departments</b>		
DEPARTMENT OF WATER AFFAIRS (VOTE 34)	388 281	279 000
	<u>388 281</u>	<u>279 000</u>
<b>b) Major public entities</b>		
TRANS CALEDON TUNNEL AUTHORITY	7 061	122 795
	<u>7 061</u>	<u>122 795</u>
<b>c) Other public entities</b>		
BOTSHELO WATER	2 383	15 285
BOTSHELO IRRIGATION	648	-
	<u>3 031</u>	<u>15 285</u>
<b>Total rendering of construction services</b>	<u>398 373</u>	<u>417 080</u>



	2009	2008
	R'000	R'000
<b>15.4.1 Purchase of goods and services:</b>		
<b>a) Government departments</b>		
DEPARTMENT OF AGRICULTURE	73	-
DEPARTMENT OF FOREIGN AFFAIRS	-	158
DEPARTMENT OF HEALTH	4	-
DEPARTMENT OF SAFETY AND LIAISON	46	-
DEPARTMENT ENVIRONMENTAL AFFAIRS	318	-
DEPARTMENT WATER AFFAIRS EXCHEQUER	939	-
	<b>1 380</b>	<b>158</b>



	2009	2008
	R'000	R'000
<b>b) Major public entities</b>		
ARIVIA.KOM	24 070	-
CONNEX TRAVEL	1 445	-
ESKOM	89 390	69 707
SA POST OFFICE	1 755	1 678
TELKOM SA LTD	14 998	13 631
TRANS CALEDON TUNNEL AUTHORITY	10	-
VODACOM SERVICE PROVIDER	-	334
XPS SERVICE (PROPRIETARY) LIMITED	2	-
	<b>131 670</b>	<b>85 350</b>



	2009	2008
	R'ooo	R'ooo
<b>c) Other public entities</b>		
AGRICULTURAL RESEARCH COUNCIL	-	100
AMATOLA WATER-AMANZI	6 353	5 051
BLOEMWATER	330	735
BOTSHELO WATER	-	1 063
COUNCIL FOR GEOSCIENCE	1	842
INDEPENDENT COMMUNICATIONS AUTHO	13	-
INKOMATI CATCHMENT MANAGEMENT AG	15 006	5 263
MHLATHUZE WATER	11 159	8 690
NATIONAL HEALTH LABORATORY SERVICE	7	-
NATIONAL STUDENT FIN AID SCHEME	1	-
RANDWATER	95 331	28 477
SOUTH AFRICAN BUREAU OF STANDARDS	62	-
SARS GOV PAYMENTS	15 132	-
SEDIBENG WATER	2 921	-
SOUTH AFRICAN SOCIAL SECURITY AGENC	6	-
UMGENI WATER	3	440
UNEMPLOYMENT INSURANCE FU	1	-
WATER RESEARCH COMMISSION	55 163	222 992
WESTERN CAPE NATURE CONSERVATION	6 992	-
	<b>208 481</b>	<b>273 653</b>
<b>Total purchase of goods and services of services</b>	<b>341 531</b>	<b>359 161</b>



	2009	2008
	R'000	R'000
<b>15.6.1 Year end balances arising from transactions:</b>		
<b>Receivables from related parties</b>		
<b>a) Government departments</b>		
DEPARTMENT OF AGRICULTURE	11 586	9 147
DEPARTMENT OF ARTS CULTURE SCIENCE	2	1
DEPARTMENT OF CORRECTIONAL SERVICES	19 610	16 474
DEPARTMENT OF EDUCATION	48	34
DEPARTMENT OF ENVIRONMENTAL AFFAIRS	8	5
DEPARTMENT OF FINANCE	1	1
DEPARTMENT OF HEALTH	93	81
DEPARTMENT OF LAND AFFAIRS	1 239	993
DEPARTMENT OF NATIONAL DEFENCE FORC	74	85
DEPARTMENT OF POLICE SERVICE (SA)	25	22
DEPARTMENT OF PUBLIC WORKS	8 559	8 001
DEPARTMENT OF WATER AFFAIRS AND FORESTRY	77 531	64 245
NATIONAL INTELLIGENCE SERVICE	44	44
OPENBARE WERKE	1	1
OTHER	149	36
	<b>118 970</b>	<b>99 170</b>



	2009	2008
	R'000	R'000
<b>b) Other public entities</b>		
ALBANY COAST WATER BOARD	922	22
AMATOLA WATER BOARD	58 119	59 140
BLOEM WATER	28 474	31 717
BOTSHELO WATER	58 162	37 718
LEPELLE NORTHERN WATER (ARABIE)	6 597	7 039
LEPELLE NORTHERN WATER (OLIFANTSPPOORT)	27 829	27 493
LEPELLE NORTHERN WATER (PHALABORWA)	82 683	67 186
MAGALIES WATER	39 198	34 544
MHLATHUZE WATER	14 785	7 618
NAMAKWA WATER BOARD	1 029	695
OVERBERG WATER	103	78
PELLA DRIFT WATER BOARD	657	494
RAND WATER	196 710	204 543
SEDIBENG: VAAL GAMAGARA	12 190	18 416
UMGENI WATER	48 505	25 938
UTHUKELA WATER	57 680	47 206
	<b>633 643</b>	<b>569 847</b>
<b>Total receivables</b>	<b>752 613</b>	<b>669 017</b>



	2009	2008
	R'000	R'000
<b>Payables to related parties</b>		
<b>a) Government departments</b>		
DEPARTMENT OF FOREIGN AFFAIRS	180	180
DEPARTMENT OF SAFETY AND LIAISON	1	-
CHIEF DIRECTORATE: ENGINEERING SERVICES	5	-
	<b>186</b>	<b>180</b>
<b>b) Other public entities</b>		
AMATOLA WATER-AMANZI	1 165	-
BLOEMWATER	-	400
BOTSELO WATER	-	1 212
COUNCIL FOR GEOSCIENCE	-	59
MHLATHUZE WATER	1 291	616
RANDWATER	27 761	12 550
SOUTH AFRICAN BUREAU OF STANDARDS	41	-
SARS GOVERNMENT PAYMENTS	1 031	-
WATER RESEARCH COMMISSION	-	1
WESTERN CAPE NATURE CONSERVATION	1 723	-
SARS GOVERNMENT PAYMENTS - VAT	101 098	97 939
	<b>134 110</b>	<b>112 777</b>





	2009	2008
	R'000	R'000
<b>c) Major public entities</b>		
ARIVIA.KOM	314	-
CONNEX TRAVEL	67	-
ESKOM	1 774	1 131
IKANGALA WATER BOARD	345	345
SA POST OFFICE	-	1
TRANS CALEDON TUNNEL AUTHORITY	754 345	233 911
	<b>756 845</b>	<b>235 388</b>
<b>Total payables</b>	<b>891 141</b>	<b>348 345</b>



## 4.3 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE NATIONAL FOREST RECREATION AND ACCESS TRUST FOR THE YEAR ENDED 31 MARCH 2009

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

- 1 I have audited the accompanying financial statements of the National Forest Recreation and Access Trust which comprise the balance sheet as at 31 March 2009, income statement, statements of changes in net assets and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 315 to 320.

#### The accounting officer's responsibility for the financial statements

- 2 The accounting authority is responsible for the preparation of these financial statements in accordance with the entity specific basis of accounting as set out in note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Auditor-General Audit Circular 1 of 2007 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.

#### The Auditor-General's responsibility

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

- 4 I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
- 5 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 6 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

- 7 In my opinion the financial statements of the National Forest Recreation and Access Trust as at 31 March 2009 have been prepared, in all material



respects, in accordance with the basis of accounting, as set out in accounting policy note 1 to the financial statements and in the manner required by the PFMA.

## EMPHASIS OF MATTERS

Without qualifying my audit opinion, I draw attention to the following matters:

### Basis of accounting

- 8 The Trust's policy is to prepare financial statements on the entity specific basis of accounting, as set out in accounting policy note 1 to the financial statements.

### Highlighting a critical important matter

- 9 National Forest Trust has been dormant since inception.

### Governance framework

- 10 The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting authority and executive management and are reflected in the key governance responsibilities addressed below.

### Key governance responsibilities

- 11 The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
<b>Quality of financial statements and related management information</b>			
2	The financial statements were not subject to any material amendments resulting from the audit.	✓	
3	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
4	The annual financial statements were submitted for auditing as per the legislated deadlines section 40 of the PFMA	✓	
<b>Availability of key officials during audit</b>			
5	Key officials were available throughout the audit process.	✓	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6	Audit committee		
	• The department had an audit committee in operation throughout the financial year.	✓	
	• The audit committee operates in accordance with approved, written terms of reference.	✓	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in [section 77 of the PFMA and Treasury Regulation 3.1.10]	✓	



No.	Matter	Y	N
7	Internal audit		
	<ul style="list-style-type: none"> <li>The department had an internal audit function in operation throughout the financial year.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The internal audit function operates in terms of an approved internal audit plan.</li> </ul>	✓	
	<ul style="list-style-type: none"> <li>The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.</li> </ul>	✓	
8	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2.	✓	
12	Powers and duties have been assigned, as set out in section 44 of the PFMA	✓	
<b>Follow-up of audit findings</b>			
13	The prior year audit findings have been substantially addressed.	✓	
14	SCOPA resolutions have been substantially implemented.	✓	

No.	Matter	Y	N
<b>Issues relating to the reporting of performance information</b>			
15	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
16	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	
17	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Department of Water Affairs and Forestry against its mandate, predetermined objectives, outputs, indicators and targets Treasury Regulations 5.1, 5.2 and 6.1.	✓	
18	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

- 12 Due to the dormant status of the Trust no performance information were reported on for the year under review.

### The accounting authority's responsibility for the performance information

- 13 The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.



### **The Auditor-General's responsibility**

- 14 I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.
- 15 In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
- 16 I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

### **Findings (performance information)**

- 17 Due to the dormant status of the Trust no performance information was submitted for review for the year under review.

### **APPRECIATION**

- 18 The assistance rendered by the staff of the National Forest Recreation and Access Trust during the audit is sincerely appreciated.

*Auditor-General*

**Pretoria  
31 July 2009**





## ANNUAL FINANCIAL STATEMENTS FOR THE NATIONAL FOREST RECREATION AND ACCESS TRUST

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R	2007/08 R
Income	429 072	349 377
Investment income	429 072	349 377
Expenditure	-	-
Net income for the year	<u>429 072</u>	<u>349 377</u>



## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2009

	Note	2008/09 R	2007/08 R
<b>Assets</b>			
Current Assets		4 213 760	3 784 688
Amounts immediately recoverable		4 211 031	3 781 959
Cash with Paymaster-General		2 729	2 729
		<b>4 213 760</b>	<b>3 784 688</b>
<b>Equity</b>			
Capital Fund	2	4 213 760	3 784 688
		<b>4 213 760</b>	<b>3 784 688</b>

## APPROVAL

Ms N Ngele  
Acting Accounting Officer  
National Forest Recreation and Access Trust  
Date: 29/05/09  
Department of Water Affairs and Forestry



## NATIONAL FOREST RECREATION AND ACCESS TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

#### 1 Accounting policy

1.1 The financial statements are, unless indicated otherwise, prepared on an historical cost basis according to the under mentioned policy which, in all significant respects, is applied consistently.

#### 1.2 Income is acknowledged on a cash basis.

#### 1.3 Cash and bank

The Fund does not have a formal counter party policy, but the credit risk in respect of cash resources is limited as the counter party is a high quality credit institution with a sound reputation. Fund management considers that the carrying amount of cash and bank approximates to their fair value.

#### 1.4 Investment risk management

The Corporation for Public Deposits (CPD) manages the investments of the Fund. The CPD is independent from the Fund and has a sound reputation. The investment strategy is to maximize long-term growth and return on the investment portfolio while maintaining a low level of risk within the portfolio. In order for this objective to be achieved, significant investments include government bonds, bills and securities, deposits and cash. Of the total investments, approximately 21% are held in deposits and cash.

#### 1.5 Price risk

Due to the nature and extent of the Fund's investments, the Fund is not unduly exposed to price risks as investments are held to maturity or in cash and deposits.

#### 1.6 Interest rate risk

Investments in the form of bills, bonds and securities held by the Fund will normally be exposed to interest rate risk. Since these investments are held to maturity, they are not unduly exposed to interest rate risk.

#### 1.7 Other risks

Cash flow and liquidity risks of the Fund are minimal as the majority of investments are held in cash and deposits. The Fund does not have any foreign accounts receivables, foreign accounts payable or derivative market instruments.

#### 1.8 Capitalization of Interest

Interest on the investment in the Corporation for Public Deposits must be capitalized to the investment.

	2008/09	2007/08
	R	R
<b>2 Capital fund</b>		
Balance at the beginning of the year	3 784 688	3 435 311
Net income for the year	429 072	349 377
	<b>4 213 760</b>	<b>3 784 688</b>





## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2009

	Accumulated profit	Total
	R	R
Balance 1 April 2003	2 513 321	2 513 321
Interest received	241 327	241 327
<b>Balance 31 March 2004</b>	<b>2 754 648</b>	<b>2 754 648</b>
Balance 1 April 2004	2 754 648	2 754 648
Interest received	214 492	214 492
<b>Balance 31 March 2005</b>	<b>2 969 140</b>	<b>2 969 140</b>
Balance 1 April 2005	2 969 140	2 969 140
Interest received	207 270	207 270
<b>Balance 31 March 2006</b>	<b>3 176 410</b>	<b>3 176 410</b>
Balance 1 April 2006	3 176 410	3 176 410
Interest received	258 901	258 901
<b>Balance 31 March 2007</b>	<b>3 435 311</b>	<b>3 435 311</b>



	Accumulated profit	Total
	R	R
Balance 1 April 2007	3 435 311	3 435 311
Interest received	349 377	349 377
<b>Balance 31 March 2008</b>	<b>3 784 688</b>	<b>3 784 688</b>
Balance 1 April 2008	3 784 688	3 784 688
Interest received	429 072	429 072
<b>Balance 31 March 2009</b>	<b>4 213 760</b>	<b>4 213 760</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Note	2008/09	2007/08
		R	R
Cash flows from operating activities			
Interest received		429 072	349 377
<b>Cash generated by operations</b>		<b>429 072</b>	<b>349 377</b>
Cash flows from investing activities			
Increase in investment		(429 072)	(349 377)
<b>Net cash outflow from investing activities</b>		<b>(429 072)</b>	<b>(349 377)</b>
Net increase in cash and cash equivalent		-	-
Cash and cash equivalent at the beginning of the year		2 729	2 729
<b>Cash and cash equivalent at the end of the year</b>		<b>2 729</b>	<b>2 729</b>

- PART FIVE: HRM OVERSIGHT REPORT





**TABLE 1: REPORT ON THE IMPLEMENTATION OF THE SERVICE DELIVERY IMPROVEMENT PLAN**

Key services	Service beneficiaries	Standards	Achievements against set standards
Support to municipalities in case of water related emergency situations	<ul style="list-style-type: none"> <li>Local government</li> <li>SALGA</li> <li>DPLG</li> <li>Public</li> </ul>	Respond to 90% of all requests for advice and/or support to municipalities in dealing with emergency incidents related to water supply and sanitation within 24 hours.	Overall support to municipalities coordinated through municipal support plans, hands-on support provided in the form of Provincial Support Teams, Technical Assistance Contracts, Project Consolidate Coordinators, tools and guidelines.
Access to dams for recreational purposes	Public	Ensure equitable access to state dams for recreational purposes taking into account safety requirements and zoning of dams for specific activities.	<p>Recreational Water Use Regulations developed to facilitate public participation in compilation of Resource Management Plans (RMPs) to ensure equitable access to state dams.</p> <p>Developed a Memorandum of Agreement with Swimming South Africa to support awareness campaign to public for safe and equitable access to state dams.</p>
Access to state forests	Public	Ensure approval or refusal of forestry permits for activities in state forests within 30 days of receiving completed application.	Website populated with RDM related information Posters, brochures and toolkit developed and training given to regional office staff.



Key services	Service beneficiaries	Standards	Achievements against set standards
Sale of timber	Public Forestry Enterprises	Ensure fair and transparent procedures for the sale of timber from state forests in support of BBBEE.	Speedy adjudication of timber sales tenders.
Issuing licenses: Water	Farmers, mines, forestry, municipalities, water boards and industries.	<p>Accept or decline 70% of water use license applications within six months from date of receipt of a correct and completed application:</p> <p>Inform applicants within one month of receiving license application if further information is required.</p>	<p>Streamlined the process of water use authorisation through assigning internal responsibilities and timeframes for assessment, coupled to a tracking system.</p> <p>Developed user-friendly license assessment guidelines and built internal capacity.</p> <p>Developed external license application information guidelines.</p>
Emergency intervention: Fire water pollution incidents	<ul style="list-style-type: none"> <li>Local Government</li> <li>Public</li> </ul>	<p>Support emergency fire fighting through the Working on Fire Campaign.</p> <p>Take action within 24 hours from being notified of significant water pollution incidents.</p>	<p>DWAF membership of aerial fire fighting associations in some provinces.</p> <p>Fire prevention and suppression measures taken up in fire-plans.</p>



Key services	Service beneficiaries	Standards	Achievements against set standards
Provision of raw water	Water users	Provide raw water at agreed level of assurance.	Posters, brochures and toolkit developed and training given to regional office staff.
Support grants/ subsidy to resource poor farmers	Historically Disadvantaged Individuals farmers.	Provide financial assistance on request by resource poor farmers if funds are available for: grants for capital cost for construction and/or upgrading of irrigation schemes subsidies on operation.	The regulations to support resource poor farmers have been drafted.









**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
DWA: Administration	662,502	155,218	0	0	13.11	81.56	1903
DWA: Forestry	506,648	300,064	0	0	25.35	100.09	2998
DWA: Water resource management	3,001,267	337,985	0	0	28.55	81.15	4165
DWA: Water services	2,342,011	390,375	0	0	32.98	121.61	3210
<b>Z=Total as on Financial Systems (BAS)</b>	<b>6,512,428</b>	<b>1,183,681</b>	<b>0</b>	<b>0</b>	<b>100.00</b>	<b>96.42</b>	<b>12276</b>



**TABLE 2.2: Personnel costs by Salary band**

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	256,418	15.45	75,908	1,805,164	3378
Skilled (Levels 3-5)	415,515	25.04	97,333	1,805,164	4269
Highly skilled production (Levels 6-8)	384,849	23.19	164,536	1,805,164	2339
Highly skilled supervision (Levels 9-12)	360,183	21.71	327,737	1,805,164	1099
Senior management (Levels 13-16)	56,820	3.42	684,578	1,805,164	83
Contract (Levels 1-2)	3,785	0.23	80,532	1,805,164	47
Contract (Levels 3-5)	14,072	0.85	102,715	1,805,164	137
Contract (Levels 6-8)	43,924	2.65	121,673	1,805,164	361
Contract (Levels 9-12)	63,781	3.84	293,922	1,805,164	217
Contract (Levels 13-16)	49,288	2.97	593,831	1,805,164	83
Periodical Remuneration	9,962	0.60	40,008	1,805,164	249
Abnormal Appointment	615	0.04	43,929	1,805,164	14
<b>TOTAL</b>	<b>1,659,212</b>	<b>100.00</b>	<b>135159</b>	<b>1805164</b>	<b>12276</b>



**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)
Administration	141896	75.8	1164	0.6	3680	2	6106	3.3	187122
DWA: Forestry	204833	65.3	4261	1.4	16338	5.2	13666	4.4	313632
Water resource management	366773	64.1	10088	1.8	12671	2.2	20540	3.6	572357
Water services	449038	61.3	26682	3.6	24452	3.3	20534	2.8	732053
<b>TOTAL</b>	<b>1162540</b>	<b>64.4</b>	<b>42195</b>	<b>2.3</b>	<b>57141</b>	<b>3.2</b>	<b>60846</b>	<b>3.4</b>	<b>1805164</b>



**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)	178583	66.4	4491	1.7	19562	7.3	10255	3.8	268762
Skilled (Levels 3-5)	281131	63.2	18889	4.2	22229	5	16530	3.7	444550
Highly skilled production (Levels 6-8)	256573	60.8	13707	3.2	9758	2.3	19040	4.5	422289
Highly skilled supervision (Levels 9-12)	243215	60.2	4666	1.2	4062	1	12067	3	403924
Senior management (Levels 13-16)	45386	70.6	1	0	280	0.4	1469	2.3	64294
Contract (Levels 1-2)	3388	88.7	103	2.7	87	2.3	14	0.4	3818
Contract (Levels 3-5)	13600	93.9	92	0.6	7	0	22	0.2	14483
Contract (Levels 6-8)	41678	84.6	120	0.2	12	0	163	0.3	49246
Contract (Levels 9-12)	57581	81.7	126	0.2	77	0.1	390	0.6	70500
Contract (Levels 13-16)	41229	78.4	0	0	1067	2	896	1.7	52566
Periodical Remuneration	0	0	0	0	0	0	0	0	10083
Abnormal Appointment	176	27.1	0	0	0	0	0	0	649
<b>TOTAL</b>	<b>1162540</b>	<b>64.4</b>	<b>42195</b>	<b>2.3</b>	<b>57141</b>	<b>3.2</b>	<b>60846</b>	<b>3.4</b>	<b>1805164</b>



**TABLE 3.1: Employment and Vacancies by Programme at end of period**

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administration, Permanent	2791	1762	36.9	141
Administration, Temporary	144	141	2.1	0
Dwa:forestry, Permanent	3093	2953	4.5	45
Dwa:forestry, Temporary	45	45	0	0
Water resource management, Permanent	5544	3363	39.3	843
Water resource management, Temporary	866	843	2.7	0
Water services, Permanent	3978	2829	28.9	340
Water services, Temporary	345	340	1.4	
<b>TOTAL</b>	<b>16806</b>	<b>12276</b>	<b>27</b>	<b>1369</b>



**TABLE 3.2: Employment and Vacancies by Salary Band at end of period**

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	4694	3748	20.2	315
Skilled (Levels 3-5), Permanent	5499	4174	24.1	532
Highly skilled production (Levels 6-8), Permanent	3826	2412	37	253
Highly skilled production (Levels 6-8), Temporary	1	1	0	0
Highly skilled supervision (Levels 9-12), Permanent	1782	1015	43	68
Highly skilled supervision (Levels 9-12), Temporary	2	2	0	0
Senior management (Levels 13-16), Permanent	157	79	49.7	2
Other, Temporary	1	1	0	0
Contract (Levels 1-2), Permanent	76	76	0	28
Contract (Levels 3-5), Permanent	170	170	0	72
Contract (Levels 6-8), Permanent	369	369	0	57
Contract (Levels 9-12), Permanent	152	152	0	36
Contract (Levels 13-16), Permanent	77	77	0	6
<b>TOTAL</b>	<b>16806</b>	<b>12276</b>	<b>27</b>	<b>1369</b>



**TABLE 3.3: Employment and Vacancies by Critical Occupation at end of period**

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	279	150	46.2	25
Agricul animal oceanography forestry & other scien, Permanent	28	23	17.9	0
Agriculture related, Permanent	110	82	25.5	1
Agriculture related, Temporary	1	1	0	0
All artisans in the building metal machinery etc., Permanent	296	183	38.2	9
Artisan project and related superintendents, Permanent	63	34	46	0
Auxiliary and related workers, Permanent	852	601	29.5	17
Biochemistry pharmacol. zoology & life scie.techni, Permanent	1	1	0	0
Biologists botanists zoologists & rel professional, Permanent	24	18	25	0
Building and other property caretakers, Permanent	265	256	3.4	0
Bus and heavy vehicle drivers, Permanent	182	112	38.5	17
Cartographers and surveyors, Permanent	6	1	83.3	0
Cartographic surveying and related technicians, Permanent	46	23	50	0
Chemical and physical science technicians, Permanent	12	9	25	0
Civil engineering technicians, Permanent	436	245	43.8	2
Cleaners in offices workshops hospitals etc., Permanent	220	173	21.4	17
Client inform clerks(switchb recept inform clerks), Permanent	12	9	25	0
Communication and information related, Permanent	32	26	18.8	5
Community development workers, Permanent	123	77	37.4	4
Computer programmers., Permanent	1	1	0	0



Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Health sciences related, Permanent	14	6	57.1	0
Horticulturists foresters agricul.& forestry techn, Permanent	45	43	4.4	0
Household and laundry workers, Permanent	6	6	0	1
Human resources & organisat developm & relate prof, Permanent	72	46	36.1	1
Human resources & organisat developm & relate prof, Temporary	1	1	0	0
Human resources clerks, Permanent	386	305	21	42
Human resources related, Permanent	151	120	20.5	6
Information technology related, Permanent	5	4	20	1
Inspectors of apprentices works and vehicles, Permanent	2	1	50	0
Language practitioners interpreters & other commun, Permanent	51	33	35.3	0
Legal related, Permanent	3	2	33.3	0
Librarians and related professionals, Permanent	7	4	42.9	0
Library mail and related clerks, Permanent	68	45	33.8	4
Light vehicle drivers, Permanent	121	78	35.5	6
Logistical support personnel, Permanent	131	53	59.5	0
Material-recording and transport clerks, Permanent	314	219	30.3	18
Material-recording and transport clerks, Temporary	1	1	0	0
Mechanical engineering technicians, Permanent	2	1	50	0
Messengers porters and deliverers, Permanent	193	159	17.6	6
Mining geology & geophysical & related technicians, Permanent	39	21	46.2	0
Motor vehicle drivers, Permanent	84	61	27.4	2





Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Motorised farm and forestry plant operators, Permanent	545	416	23.7	57
Natural sciences related, Permanent	273	170	37.7	1
Natural sciences related, Temporary	1	1	0	0
Nature conservation and oceanographical rel.techni, Permanent	7	2	71.4	0
Occupational therapy, Permanent	2	0	100	0
Other administrat & related clerks and organisers, Permanent	1015	665	34.5	43
Other administrative policy and related officers, Permanent	171	112	34.5	3
Other information technology personnel., Permanent	12	8	33.3	4
Other machine operators, Permanent	1	1	0	1
Other occupations, Permanent	683	665	2.6	673
Printing and related machine operators, Permanent	1	1	0	0
Quantity surveyors & rela prof not class elsewhere, Permanent	1	1	0	0
Rank: Administration clerk (grade ii) (construction), Permanent	1	1	0	1
Rank: Chief industrial technician (construction), Permanent	1	1	0	1
Rank: Chief operator (construction), Permanent	1	1	0	1
Rank: Compound manager (construction), Permanent	1	1	0	1
Rank: Principal artisan (group a) (construction), Permanent	2	2	0	2
Rank: Principal driver (construction), Permanent	3	3	0	3
Rank: Principal factotum (construction), Permanent	7	7	0	7
Rank: Principal operator (construction), Permanent	1	1	0	1
Risk management and security services, Permanent	5	5	0	0



Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Road workers, Permanent	4	4	0	1
Safety health and quality inspectors, Permanent	22	11	50	0
Secretaries & other keyboard operating clerks, Permanent	215	165	23.3	17
Security guards, Permanent	569	654	-14.9	6
Security officers, Permanent	307	230	25.1	4
Senior managers, Permanent	160	125	21.9	7
Social sciences related, Permanent	101	69	31.7	4
Social work and related professionals, Permanent	1	1	0	0
Trade labourers, Permanent	3258	2235	31.4	219
Trade related, Permanent	1	1	0	1
Trade/industry advisers & other related profession, Permanent	4	4	0	1
Water plant and related operators, Permanent	961	599	37.7	43
<b>TOTAL</b>	<b>16806</b>	<b>12276</b>	<b>27</b>	<b>1369</b>



**TABLE 4.1: Job Evaluation**

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	4467	19	0.4	13	68.4	0	0
Contract (Levels 1-2)	71	0	0	0	0	0	0
Contract (Levels 3-5)	181	0	0	0	0	0	0
Contract (Levels 6-8)	373	0	0	6	0	0	0
Contract (Levels 9-12)	156	0	0	0	0	0	0
Contract (Band A)	12	0	0	0	0	0	0
Contract (Band B)	39	0	0	0	0	0	0
Contract (Band C)	19	0	0	0	0	0	0
Contract (Band D)	7	0	0	0	0	0	0
Skilled (Levels 3-5)	5353	26	0.5	2	7.7	2	7.7
Highly skilled production (Levels 6-8)	3701	58	1.6	10	17.2	0	0
Highly skilled supervision (Levels 9-12)	1735	158	9.1	13	8.2	0	0
Senior Management Service Band A	67	20	29.9	0	0	0	0
Senior Management Service Band B	72	4	5.6	0	0	0	0
Senior Management Service Band C	15	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Other	1	0	0	0	0	0	0
<b>TOTAL</b>	<b>16270</b>	<b>285</b>	<b>1.8</b>	<b>44</b>	<b>15.4</b>	<b>2</b>	<b>0.7</b>



**TABLE 4.2: Profile of employees whose positions were upgraded due to their posts being upgraded**

Beneficiaries	African	Asian	Coloured	White	Total
Female	9	0	0	0	9
Male	19	1	1	3	24
Total	28	1	1	3	33
Employees with a Disability	0	0	0	0	0

**TABLE 4.3: Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]**

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
General Worker: Stores Assistant	1	2	3		
Manager: Protection Services	1	11	12		
<b>Total</b>	2	-	-	-	-
Percentage of Total Employment	0	-	-	-	0

**TABLE 4.4: Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]**

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	1	0	2
Total	1	0	1	0	2
Employees with a Disability	0	0	0	0	0



**TABLE 5.1: Annual Turnover Rates by Salary Band**

Salary Band	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	4052	176	239	5.9
Skilled (Levels 3-5), Permanent	4598	174	292	6.4
Highly skilled production (Levels 6-8), Permanent	2033	251	183	9
Highly skilled production (Levels 6-8), Temporary	2	0	0	0
Highly skilled supervision (Levels 9-12), Permanent	1009	56	104	10.3
Highly skilled supervision (Levels 9-12), Temporary	2	1	1	50
Senior Management Service Band A, Permanent	75	0	6	8
Senior Management Service Band B, Permanent	12	0	3	25
Other, Permanent	4	0	0	0
Contract (Levels 1-2), Permanent	63	51	70	111.1
Contract (Levels 3-5), Permanent	218	189	280	128.4
Contract (Levels 6-8), Permanent	293	190	139	47.4
Contract (Levels 9-12), Permanent	206	91	53	25.7
Contract (Band A), Permanent	35	4	8	22.9
Contract (Band B), Permanent	17	3	10	58.8
Contract (Band C), Permanent	9	2	1	11.1
Contract (Band D), Permanent	3	0	0	0
<b>TOTAL</b>	<b>12631</b>	<b>1188</b>	<b>1389</b>	<b>11</b>



**TABLE 5.2: Annual Turnover Rates by Critical Occupation**

Occupation	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	108	30	15	13.9
Agricul animal oceanography forestry & other scien, Permanent	59	4	25	42.4
Agriculture related, Permanent	62	5	1	1.6
Agriculture related, Temporary	1	0	0	0
All artisans in the building metal machinery etc., Permanent	241	3	40	16.6
Artisan project and related superintendents, Permanent	17	0	3	17.6
Auxiliary and related workers, Permanent	538	44	49	9.1
Biochemistry pharmacol. zoology & life scie.techni, Permanent	1	0	0	0
Biologists botanists zoologists & rel professional, Permanent	19	5	3	15.8
Building and other property caretakers, Permanent	210	8	15	7.1
Bus and heavy vehicle drivers, Permanent	166	0	46	27.7
Cartographers and surveyors, Permanent	2	0	0	0
Cartographic surveying and related technicians, Permanent	21	1	2	9.5
Chemical and physical science technicians, Permanent	7	3	0	0
Civil engineering technicians, Permanent	233	45	48	20.6
Cleaners in offices workshops hospitals etc., Permanent	172	64	49	28.5
Client inform clerks(switchb recept inform clerks), Permanent	10	1	1	10
Communication and information related, Permanent	19	11	6	31.6
Community development workers, Permanent	68	15	3	4.4
Computer programmers., Permanent	1	0	0	0
Computer system designers and analysts., Permanent	8	2	1	12.5



Occupation	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Turnover Rate
Economists, Permanent	3	1	1	33.3
Electrical and electronics engineering technicians, Permanent	1	0	0	0
Engineering sciences related, Permanent	187	123	50	26.7
Engineering sciences related, Temporary	0	1	1	0
Engineers and related professionals, Permanent	109	4	20	18.3
Farm hands and labourers, Permanent	96	2	6	6.3
Farming forestry advisors and farm managers, Permanent	102	2	8	7.8
Finance and economics related, Permanent	54	8	7	13
Financial and related professionals, Permanent	14	1	2	14.3
Financial clerks and credit controllers, Permanent	264	82	67	25.4
Food services aids and waiters, Permanent	18	4	3	16.7
Forestry labourers, Permanent	1845	0	35	1.9
General legal administration & rel. professionals, Permanent	8	3	2	25
Geologists geophysicists hydrologists & relat prof, Permanent	127	39	14	11
Head of department/chief executive officer, Permanent	2	0	0	0
Health sciences related, Permanent	5	3	3	60
Horticulturists foresters agricul.& forestry techn, Permanent	75	1	3	4
Household and laundry workers, Permanent	5	1	0	0
Human resources & organisat developm & relate prof, Permanent	40	1	1	2.5
Human resources & organisat developm & relate prof, Temporary	1	0	0	0
Human resources clerks, Permanent	269	68	61	22.7
Human resources related, Permanent	104	11	7	6.7



Occupation	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Turnover Rate
Information technology related, Permanent	4	0	1	25
Inspectors of apprentices works and vehicles, Permanent	2	0	0	0
Language practitioners interpreters & other commun, Permanent	28	6	2	7.1
Legal related, Permanent	2	0	1	50
Librarians and related professionals, Permanent	5	1	0	0
Library mail and related clerks, Permanent	44	18	19	43.2
Light vehicle drivers, Permanent	89	3	14	15.7
Logistical support personnel, Permanent	28	7	1	3.6
Material-recording and transport clerks, Permanent	227	40	29	12.8
Material-recording and transport clerks, Temporary	1	0	0	0
Mathematicians and related professionals, Permanent	1	0	0	0
Mechanical engineering technicians, Permanent	1	0	0	0
Messengers porters and deliverers, Permanent	178	12	9	5.1
Mining geology & geophysical & related technicians, Permanent	25	5	4	16
Motor vehicle drivers, Permanent	90	0	9	10
Motorised farm and forestry plant operators, Permanent	787	3	81	10.3
Natural sciences related, Permanent	147	8	19	12.9
Natural sciences related, Temporary	1	0	0	0
Nature conservation and oceanographical rel.techni, Permanent	2	1	0	0
Other administrat & related clerks and organisers, Permanent	736	119	147	20
Other administrative policy and related officers, Permanent	86	13	9	10.5
Other information technology personnel., Permanent	4	5	2	50





Occupation	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Turnover Rate
Other machine operators, Permanent	1	0	0	0
Other occupations, Permanent	645	89	38	5.9
Printing and related machine operators, Permanent	1	0	1	100
Quantity surveyors & rela prof not class elsewhere, Permanent	2	0	1	50
Rank: Unknown, Permanent	5	0	0	0
Risk management and security services, Permanent	1	0	0	0
Road workers, Permanent	8	3	1	12.5
Safety health and quality inspectors, Permanent	5	4	2	40
Secretaries & other keyboard operating clerks, Permanent	133	69	53	39.8
Security guards, Permanent	672	20	79	11.8
Security officers, Permanent	128	9	3	2.3
Senior managers, Permanent	68	9	14	20.6
Social sciences related, Permanent	63	6	12	19
Social sciences supplementary workers, Permanent	1	0	0	0
Social work and related professionals, Permanent	0	1	1	0
Trade labourers, Permanent	2652	136	133	5
Trade related, Permanent	0	1	0	0
Trade/industry advisers & other related profession, Permanent	4	0	0	0
Water plant and related operators, Permanent	462	4	106	22.9
<b>TOTAL</b>	<b>12631</b>	<b>1188</b>	<b>1389</b>	<b>11</b>



**TABLE 5.3: Reasons why staff are leaving the department**

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	192	13.8	1.6	1389	12276
Resignation, Permanent	368	26.5	3	1389	12276
Expiry of contract, Permanent	425	30.6	3.5	1389	12276
Expiry of contract, Temporary	1	0.1	0	1389	12276
Transfers, Permanent	2	0.1	0	1389	12276
Discharged due to ill health, Permanent	15	1.1	0.1	1389	12276
Dismissal-misconduct, Permanent	12	0.9	0.1	1389	12276
Retirement, Permanent	362	26.1	2.9	1389	12276
Other, Permanent	12	0.9	0.1	1389	12276
<b>TOTAL</b>	<b>1389</b>	<b>100</b>	<b>11.3</b>	<b>1389</b>	<b>12276</b>



**TABLE 5.4: Promotions by Critical Occupation**

Occupation	Employment at Beginning of Period (April 2008)	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	108	54	50	55	50.9
Agricul animal oceanography forestry & other scien	59	5	8.5	20	33.9
Agriculture related	63	10	15.9	34	54
All artisans in the building metal machinery etc.	241	18	7.5	143	59.3
Artisan project and related superintendents	17	0	0	9	52.9
Auxiliary and related workers	538	47	8.7	347	64.5
Biochemistry pharmacol. zoology & life scie.techni	1	0	0	1	100
Biologists botanists zoologists & rel professional	19	3	15.8	12	63.2
Building and other property caretakers	210	0	0	71	33.8
Bus and heavy vehicle drivers	166	0	0	127	76.5
Cartographers and surveyors	2	0	0	0	0
Cartographic surveying and related technicians	21	0	0	15	71.4
Chemical and physical science technicians	7	1	14.3	4	57.1
Civil engineering technicians	233	23	9.9	120	51.5
Cleaners in offices workshops hospitals etc.	172	0	0	50	29.1
Client inform clerks(switchb recept inform clerks)	10	1	10	7	70
Communication and information related	19	9	47.4	7	36.8
Community development workers	68	19	27.9	41	60.3
Computer programmers.	1	0	0	1	100



Occupation	Employment at Beginning of Period (April 2008)	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
Computer system designers and analysts.	8	1	12.5	3	37.5
Custodian personnel	0	1	0	0	0
Economists	3	1	33.3	1	33.3
Electrical and electronics engineering technicians	1	0	0	1	100
Engineering sciences related	187	56	29.9	97	51.9
Engineers and related professionals	109	15	13.8	41	37.6
Environmental health	0	2	0	0	0
Farm hands and labourers	96	0	0	51	53.1
Farming forestry advisors and farm managers	102	1	1	52	51
Finance and economics related	54	21	38.9	25	46.3
Financial and related professionals	14	6	42.9	7	50
Financial clerks and credit controllers	264	51	19.3	140	53
Food services aids and waiters	18	0	0	4	22.2
Forestry labourers	1845	0	0	1081	58.6
General legal administration & rel. professionals	8	1	12.5	1	12.5
Geologists geophysicists hydrologists & relat prof	127	47	37	60	47.2
Head of department/chief executive officer	2	0	0	1	50
Health sciences related	5	1	20	1	20
Horticulturists foresters agricul.& forestry techn	75	1	1.3	57	76
Household and laundry workers	5	0	0	0	0
Human resources & organisat developm & relate prof	41	6	14.6	22	53.7



Occupation	Employment at Beginning of Period (April 2008)	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 clerks	269	22	8.2	114	42.4
Human resources related	104	34	32.7	51	49
Information technology related	4	1	25	1	25
Inspectors of apprentices works and vehicles	2	1	50	0	0
Language practitioners interpreters & other commun	28	5	17.9	13	46.4
Legal related	2	1	50	1	50
Librarians and related professionals	5	0	0	3	60
Library mail and related clerks	44	7	15.9	24	54.5
Light vehicle drivers	89	2	2.2	54	60.7
Logistical support personnel	28	13	46.4	12	42.9
Material-recording and transport clerks	228	15	6.6	94	41.2
Mathematicians and related professionals	1	0	0	0	0
Mechanical engineering technicians	1	0	0	0	0
Medical research and related professionals	0	1	0	0	0
Messengers porters and deliverers	178	2	1.1	57	32
Mining geology & geophysical & related technicians	25	3	12	20	80
Motor vehicle drivers	90	0	0	53	58.9
Motorised farm and forestry plant operators	787	2	0.3	503	63.9
Natural sciences related	148	63	42.6	86	58.1
Nature conservation and oceanographical rel.techni	2	1	50	0	0
Other administrat & related clerks and organisers	736	54	7.3	414	56.3



Occupation	Employment at Beginning of Period (April 2008)	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
Other administrative policy and related officers	86	25	29.1	48	55.8
Other information technology personnel.	4	2	50	3	75
Other machine operators	1	0	0	0	0
Other occupations	645	175	27.1	321	49.8
Printing and related machine operators	1	0	0	1	100
Quantity surveyors & rela prof not class elsewhere	2	0	0	0	0
Rank: Unknown	5	0	0	0	0
Risk management and security services	1	2	200	0	0
Road workers	8	0	0	2	25
Safety health and quality inspectors	5	3	60	1	20
Secretaries & other keyboard operating clerks	133	21	15.8	62	46.6
Security guards	672	0	0	360	53.6
Security officers	128	4	3.1	72	56.3
Senior managers	68	27	39.7	52	76.5
Social sciences related	63	19	30.2	36	57.1
Social sciences supplementary workers	1	0	0	0	0
Trade labourers	2652	6	0.2	1372	51.7
Trade/industry advisers & other related profession	4	1	25	1	25
Water plant and related operators	462	5	1.1	250	54.1
<b>TOTAL</b>	<b>12631</b>	<b>918</b>	<b>7.3</b>	<b>6790</b>	<b>53.8</b>



**TABLE 5.5: Promotions by Salary Band**

Salary Band	Employment at Beginning of Period (April 2008)	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	4052	0	0	2613	64.5
Skilled (Levels 3-5), Permanent	4598	126	2.7	2116	46
Highly skilled production (Levels 6-8), Permanent	2033	384	18.9	1182	58.1
Highly skilled production (Levels 6-8), Temporary	2	0	0	0	0
Highly skilled supervision (Levels 9-12), Permanent	1009	314	31.1	598	59.3
Highly skilled supervision (Levels 9-12), Temporary	2	1	50	0	0
Senior management (Levels 13-16), Permanent	87	43	49.4	68	78.2
Other, Permanent	4	0	0	0	0
Contract (Levels 1-2), Permanent	63	0	0	16	25.4
Contract (Levels 3-5), Permanent	218	0	0	32	14.7
Contract (Levels 6-8), Permanent	293	3	1	61	20.8
Contract (Levels 9-12), Permanent	206	24	11.7	61	29.6
Contract (Levels 13-16), Permanent	64	23	35.9	43	67.2
<b>TOTAL</b>	<b>12631</b>	<b>918</b>	<b>7.3</b>	<b>6790</b>	<b>53.8</b>



**TABLE 6.1: Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)**

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	23	5	3	31	19	30	2	1	33	4	87
Professionals, Permanent	1119	128	33	1280	346	729	39	37	805	161	2592
Professionals, Temporary	0	0	0	0	0	0	0	0	0	3	3
Clerks, Permanent	497	36	7	540	32	853	73	27	953	177	1702
Clerks, Temporary	0	0	0	0	0	0	0	0	0	1	1
Service and sales workers, Permanent	625	1	1	627	6	128	1	0	129	1	763
Craft and related trades workers, Permanent	151	15	1	167	58	2	1	0	3	0	228
Plant and machine operators and assemblers, Permanent	1645	88	0	1633	157	218	10	0	128	41	2159
Elementary occupations, Permanent	2513	150	1	2568	11	2015	23	0	1979	2	4715
Other, Permanent	9	0	0	9	4	9	1	0	10	3	26
<b>TOTAL</b>	<b>6582</b>	<b>423</b>	<b>46</b>	<b>6855</b>	<b>633</b>	<b>3984</b>	<b>150</b>	<b>65</b>	<b>4040</b>	<b>393</b>	<b>12276</b>
	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	11	1	0	12	6	3	0	0	3	1	22





**TABLE 6.2: Total number of Employees (incl. Employees with disabilities) per Occupational Bands**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	4	0	0	4	4	5	0	0	5	1	14
Senior Management, Permanent	11	2	1	14	42	7	0	1	8	4	68
Professionally qualified and experienced specialists and mid-management, Permanent	422	22	13	457	282	244	8	13	265	87	1091
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	0	0	0	0	0	2	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	892	78	20	990	225	767	46	28	841	223	2279
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	0	0	0	0	0	0	0	0	0	2	2
Semi-skilled and discretionary decision making, Permanent	3038	235	3	3176	26	989	38	10	978	39	4378
Unskilled and defined decision making, Permanent	1898	52	0	1854	7	1617	20	0	1537	3	3597
Contract (Top Management), Permanent	11	2	1	14	7	12	0	0	12	1	34
Contract (Senior Management), Permanent	14	4	2	20	3	17	3	1	21	5	49



Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Contract (Professionally qualified), Permanent	80	9	2	91	25	71	13	3	87	14	217
Contract (Skilled technical), Permanent	131	13	4	148	9	173	14	6	193	11	361
Contract (Semi-skilled), Permanent	53	6	0	59	3	63	8	3	74	1	137
Contract (Unskilled), Permanent	28	0	0	28	0	19	0	0	19	0	47
<b>TOTAL</b>	<b>6582</b>	<b>423</b>	<b>46</b>	<b>6855</b>	<b>633</b>	<b>3984</b>	<b>150</b>	<b>65</b>	<b>4040</b>	<b>393</b>	<b>12276</b>



**TABLE 6.3: Recruitment**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionally qualified and experienced specialists and mid-management, Permanent	21	1	0	22	7	24	0	0	24	3	56
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	1	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	91	9	1	101	22	113	8	2	123	5	251
Semi-skilled and discretionary decision making, Permanent	71	15	0	86	4	65	10	2	77	7	174
Unskilled and defined decision making, Permanent	107	12	0	119	1	51	5	0	56	0	176
Contract (Top Management), Permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (Senior Management), Permanent	3	0	0	3	0	4	0	0	4	0	7
Contract (Professionally qualified), Permanent	26	2	2	30	14	41	4	0	45	2	91
Contract (Skilled technical), Permanent	58	3	2	63	3	113	4	3	120	4	190
Contract (Semi-skilled), Permanent	69	2	0	71	5	104	4	3	111	2	189
Contract (Unskilled), Permanent	35	0	0	35	0	16	0	0	16	0	51
<b>TOTAL</b>	<b>481</b>	<b>44</b>	<b>5</b>	<b>530</b>	<b>57</b>	<b>533</b>	<b>35</b>	<b>10</b>	<b>578</b>	<b>23</b>	<b>1188</b>



Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	1	0	0	1	0	0	0	0	0	0	1

**TABLE 6.4: Promotions**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	3	0	0	3	2	5	0	0	5	0	10
Senior Management, Permanent	10	0	1	11	76	10	0	0	10	4	101
Professionally qualified and experienced specialists and mid-management, Permanent	354	22	10	386	228	204	5	11	220	78	912
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	645	54	13	712	144	517	29	30	576	134	1566
Semi-skilled and discretionary decision making, Permanent	1675	172	4	1851	19	305	29	8	342	30	2242
Unskilled and defined decision making, Permanent	1346	20	0	1366	3	1238	6	0	1244	0	2613
Contract (Top Management), Permanent	8	3	0	11	5	7	0	0	7	0	23
Contract (Senior Management), Permanent	19	3	3	25	2	10	2	0	12	4	43



Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Contract (Professionally qualified), Permanent	25	4	0	29	7	31	7	1	39	10	85
Contract (Skilled technical), Permanent	28	3	0	31	2	19	9	0	28	3	64
Contract (Semi-skilled), Permanent	10	2	0	12	1	15	2	2	19	0	32

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Contract (Unskilled), Permanent	5	0	0	5	0	11	0	0	11	0	16
<b>TOTAL</b>	<b>4128</b>	<b>283</b>	<b>31</b>	<b>4442</b>	<b>489</b>	<b>2372</b>	<b>89</b>	<b>52</b>	<b>2513</b>	<b>264</b>	<b>7708</b>
	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	5	1	0	6	6	2	0	0	2	1	15



**TABLE 6.5: Terminations**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	1	0	0	1	6	2	0	0	2	0	9
Professionally qualified and experienced specialists and mid-management, Permanent	30	0	1	31	45	14	0	1	15	13	104
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	1	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	79	9	3	91	34	35	3	4	42	16	183
Semi-skilled and discretionary decision making, Permanent	461	25	0	486	4	126	1	0	127	6	623
Unskilled and defined decision making, Permanent	300	0	0	300	0	189	0	0	189	0	489
Contract (Top Management), Permanent	0	0	0	0	0	0	0	0	0	1	1
Contract (Senior Management), Permanent	7	0	0	7	5	5	0	0	5	1	18
Contract (Professionally qualified), Permanent	14	2	0	16	13	22	2	0	24	0	53
Contract (Skilled technical), Permanent	40	4	0	44	2	84	3	2	89	4	139
Contract (Semi-skilled), Permanent	103	13	2	118	6	148	3	4	155	1	280
Contract (Unskilled), Permanent	43	0	0	43	0	27	0	0	27	0	70
<b>TOTAL</b>	<b>1078</b>	<b>53</b>	<b>6</b>	<b>1137</b>	<b>116</b>	<b>652</b>	<b>12</b>	<b>11</b>	<b>675</b>	<b>42</b>	<b>1970</b>



Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	1	0	0	1	0	0	0	0	0	0	1

**TABLE 6.6: Disciplinary Action**

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total	Not Available
TOTAL	13	1	0	13	3	4	0	0	4	0	21	



**TABLE 6.7: Skills Development**

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials and Managers	7	0	1	8	5	3	0	0	3	2	18
Professionals	54	10	7	71	31	41	19	3	63	28	193
Technicians and Associate Professionals	64	9	2	75	24	23	4	1	28	9	136
Clerks	35	9	13	57	17	120	9	2	131	67	272
Service and Sales Workers	57	29	4	90	21	82	8	0	90	12	213
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	183	21	0	204	3	52	7	0	59	7	273
Elementary Occupations	838	43	0	881	3	580	101	0	681	1	1566
<b>TOTAL</b>	<b>1238</b>	<b>121</b>	<b>27</b>	<b>1386</b>	<b>104</b>	<b>901</b>	<b>148</b>	<b>6</b>	<b>1055</b>	<b>126</b>	<b>2671</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0





**TABLE 7.1: Performance Rewards by Race, Gender and Disability**

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	596	3984	15.6	7,078	11,876
African, Male	981	6582	15.4	12,085	12,319
Asian, Female	21	65	32.3	341	16,239
Asian, Male	11	46	23.9	431	39,152
Coloured, Female	22	150	14.7	220	9,997
Coloured, Male	44	423	10.4	637	14,470
Total Blacks, Female	639	4037	15.8	7,639	11,955
Total Blacks, Male	1036	6843	15.1	13,153	12,695
White, Female	132	393	33.7	3,222	24,409
White, Male	163	633	26	7,672	47,069
Employees with a disability	3	22	13.6	205	68,472
<b>TOTAL</b>	<b>1973</b>	<b>12276</b>	<b>16.6</b>	<b>31,891</b>	<b>16,164</b>



**TABLE 7.2: Performance Rewards by Salary Band for Personnel below Senior Management Service**

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'ooo)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	424	3436	12.3	2,131	5,026
Skilled (Levels 3-5)	476	4152	11.5	2,837	5,960
Highly skilled production (Levels 6-8)	494	2484	19.9	6,358	12,870
Highly skilled supervision (Levels 9-12)	394	1013	38.9	12,372	31,401
Contract (Levels 1-2)	2	47	4.3	37	18,500
Contract (Levels 3-5)	13	137	9.5	46	3,538
Contract (Levels 6-8)	51	361	14.1	421	8,255
Contract (Levels 9-12)	46	217	21.2	817	17,761
Periodical Remuneration	0	249	0	0	0
Abnormal Appointment	0	14	0	0	0
Not Available	1306	0	0	16,578	12,694
<b>TOTAL</b>	<b>3206</b>	<b>12110</b>	<b>26.5</b>	<b>41597</b>	<b>12975</b>



**TABLE 7.3: Performance Rewards by Critical Occupation**

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	54	159	34	1,662	30,778
Agricul animal oceanography forestry & other scien	9	39	23.1	216	24,000
Agriculture related	39	69	56.5	958	24,564
All artisans in the building metal machinery etc.	39	206	18.9	400	10,256
Artisan project and related superintendents	7	18	38.9	75	10,714
Auxiliary and related workers	84	546	15.4	698	8,310
Biochemistry pharmacol. zoology & life scie.techni	1	1	100	31	31,000
Biologists botanists zoologists & rel professional	2	16	12.5	75	37,500
Building and other property caretakers	20	188	10.6	86	4,300
Bus and heavy vehicle drivers	29	113	25.7	156	5,379
Cartographers and surveyors	0	2	0	0	0
Cartographic surveying and related technicians	6	23	26.1	52	8,667
Chemical and physical science technicians	3	11	27.3	28	9,333
Civil engineering technicians	57	216	26.4	934	16,386
Cleaners in offices workshops hospitals etc.	23	176	13.1	132	5,739
Client inform clerks(switchb recept inform clerks)	1	10	10	9	9,000
Communication and information related	6	26	23.1	96	16,000
Community development workers	20	80	25	381	19,050
Computer programmers.	0	1	0	0	0
Computer system designers and analysts.	6	10	60	64	10,667



Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Custodian personnel	0	1	0	0	0
Economists	1	4	25	29	29,000
Electrical and electronics engineering technicians	0	1	0	0	0
Engineering sciences related	60	270	22.2	3,225	53,750
Engineers and related professionals	21	88	23.9	1,852	88,190
Environmental health	0	2	0	0	0
Farm hands and labourers	1	92	1.1	5	5,000
Farming forestry advisors and farm managers	29	97	29.9	557	19,207
Finance and economics related	19	61	31.1	780	41,053
Financial and related professionals	6	14	42.9	227	37,833
Financial clerks and credit controllers	77	301	25.6	884	11,481
Food services aids and waiters	7	23	30.4	158	22,571
Forestry labourers	220	1735	12.7	1,026	4,664
General legal administration & rel. professionals	1	7	14.3	16	16,000
Geologists geophysicists hydrologists & relat prof	12	139	8.6	150	12,500
Head of department/chief executive officer	0	1	0	0	0
Health sciences related	1	6	16.7	8	8,000
Horticulturists foresters agricul.& forestry techn	23	70	32.9	660	28,696
Household and laundry workers	0	6	0	0	0
Human resources & organisat developm & relate prof	15	45	33.3	255	17,000
Human resources clerks	87	282	30.9	1,240	14,253



Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Human resources related	48	119	40.3	2,092	43,583
Information technology related	0	3	0	0	0
Inspectors of apprentices works and vehicles	0	3	0	0	0
Language practitioners interpreters & other commun	4	28	14.3	40	10,000
Legal related	1	2	50	11	11,000
Librarians and related professionals	2	4	50	5	2,500
Library mail and related clerks	5	42	11.9	128	25,600
Light vehicle drivers	24	79	30.4	189	7,875
Logistical support personnel	13	35	37.1	166	12,769
Material-recording and transport clerks	43	222	19.4	342	7,953
Mechanical engineering technicians	0	1	0	0	0
Medical research and related professionals	0	1	0	0	0
Messengers porters and deliverers	18	164	11	100	5,556
Middle managers	1	1	100	27	27,000
Mining geology & geophysical & related technicians	10	22	45.5	147	14,700
Motor vehicle drivers	11	68	16.2	74	6,727
Motorised farm and forestry plant operators	82	642	12.8	463	5,646
Natural sciences related	61	168	36.3	2,295	37,623
Nature conservation and oceanographical rel.techni	0	3	0	0	0
Other administrat & related clerks and organisers	168	640	26.3	1,546	9,202
Other administrative policy and related officers	26	118	22	612	23,538



Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Other information technology personnel	3	11	27.3	43	14,333
Other occupations	3	704	0.4	32	10,667
Printing and related machine operators	0	1	0	0	0
Quantity surveyors & rela prof not class elsewhere	0	1	0	0	0
Rank: Unknown	0	26	0	0	0
Regulatory inspectors	0	1	0	0	0
Risk management and security services	0	2	0	0	0
Road workers	0	9	0	0	0
Safety health and quality inspectors	0	10	0	0	0
Secretaries & other keyboard operating clerks	37	155	23.9	492	13,297
Security guards	87	540	16.1	440	5,057
Security officers	2	220	0.9	14	7,000
Senior managers	32	84	38.1	3,300	103,125
Social sciences related	26	58	44.8	448	17,231
Social work and related professionals	0	2	0	0	0
Trade labourers	225	2346	9.6	1,330	5,911
Trade related	0	1	0	0	0
Trade/industry advisers & other related profession	1	6	16.7	87	87,000
Unknown	1305	0	0	16,564	12,693
Water plant and related operators	55	413	13.3	358	6,509
<b>TOTAL</b>	<b>3279</b>	<b>12110</b>	<b>27.1</b>	<b>48470</b>	<b>14782</b>



**TABLE 7.4: Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service**

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	84	0	0	6,421	7,644	10	64,143
Band B	17	117	14.5	1,815	10,677	5.2	34,642
Band C	2	36	5.6	282	14,100	2.3	12,294
Band D	0	13	0	0	0	0	0
<b>TOTAL</b>	<b>103</b>	<b>166</b>	<b>62</b>	<b>8518</b>	<b>8269.9</b>	<b>7.7</b>	<b>111079</b>

**TABLE 8.1: Foreign Workers by Salary Band**

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Skilled (Levels 3-5)	1	6.7	1	5.6	0	0	15	18	3
Highly skilled production (Levels 6-8)	1	6.7	0	0	-1	-33.3	15	18	3
Highly skilled supervision (Levels 9-12)	5	33.3	5	27.8	0	0	15	18	3
Senior management (Levels 13-16)	1	6.7	1	5.6	0	0	15	18	3
Contract (Levels 6-8)	1	6.7	0	0	-1	-33.3	15	18	3
Contract (Levels 9-12)	5	33.3	10	55.6	5	166.7	15	18	3
Contract (Levels 13-16)	1	6.7	1	5.6	0	0	15	18	3
<b>TOTAL</b>	<b>15</b>	<b>100</b>	<b>18</b>	<b>100</b>	<b>3</b>	<b>100</b>	<b>15</b>	<b>18</b>	<b>3</b>



**TABLE 8.2 - Foreign Workers by Major Occupation**

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Professionals and managers	14	93.33	17	94.44	3	100	15	18	3
Social natural technical and medical sciences+supp	1	6.67	1	5.56	0	0	15	18	3
Technicians and associated professionals	0	0	0	0.00	0	0	15	18	3
<b>TOTAL</b>	<b>15</b>	<b>100.00</b>	<b>18</b>	<b>100.00</b>	<b>3</b>	<b>100</b>	<b>15</b>	<b>18</b>	<b>3</b>





**TABLE 9.1: Sick Leave for Jan 2008 to Dec 2008**

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	11826	97.8	1452	25.5	8	2,145	5692	11568
Skilled (Levels 3-5)	16009	96	1847	32.4	9	3,403	5692	15366
Highly skilled production (Levels 6-8)	10829	87.1	1361	23.9	8	4,287	5692	9431
Highly skilled supervision (Levels 9-12)	3727	86.7	578	10.2	6	3,260	5692	3232
Senior management (Levels 13-16)	377	85.4	49	0.9	8	789	5692	322
Contract (Levels 1-2)	104	90.4	23	0.4	5	18	5692	94
Contract (Levels 3-5)	378	74.1	86	1.5	4	100	5692	280
Contract (Levels 6-8)	857	82	157	2.8	5	380	5692	703
Contract (Levels 9-12)	637	82.6	93	1.6	7	588	5692	526
Contract (Levels 13-16)	234	89.3	46	0.8	5	535	5692	209
<b>TOTAL</b>	<b>44978</b>	<b>92.8</b>	<b>5692</b>	<b>100</b>	<b>8</b>	<b>15505</b>	<b>5692</b>	<b>41731</b>



**TABLE 9.2: Disability Leave (Temporary and Permanent) for Jan 2008 to Dec 2008**

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	172	100	9	25	19	32	172	36
Skilled (Levels 3-5)	1007	100	14	38.9	72	208	1007	36
Highly skilled production (Levels 6-8)	301	100	8	22.2	38	119	301	36
Highly skilled supervision (Levels 9-12)	191	100	3	8.3	64	304	191	36
Contract (Levels 1-2)	22	100	1	2.8	22	4	22	36
Contract (Levels 6-8)	4	100	1	2.8	4	2	4	36
<b>TOTAL</b>	<b>1697</b>	<b>100</b>	<b>36</b>	<b>100</b>	<b>47</b>	<b>669</b>	<b>1697</b>	<b>36</b>



**TABLE 9.3: Annual Leave for Jan 2008 to Dec 2008**

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	75402.52	22	3416
Skilled (Levels 3-5)	92640.76	22	4236
Highly skilled production (Levels 6-8)	48311.24	21	2345
Highly skilled supervision (Levels 9-12)	24548.92	21	1162
Senior management (Levels 13-16)	2030	22	91
Other	10	5	2
Contract (Levels 1-2)	713	13	53
Contract (Levels 3-5)	1730.92	9	186
Contract (Levels 6-8)	4149.92	13	325
Contract (Levels 9-12)	3492.92	16	220
Contract (Levels 13-16)	1688	17	101
<b>TOTAL</b>	<b>254718.2</b>	<b>21</b>	<b>12137</b>



**TABLE 9.4: Capped Leave for Jan 2008 to Dec 2008**

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2008	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2008	Number of Employees as at 31 December 2008
Lower skilled (Levels 1-2)	1793	8	72	218	186190	2589
Skilled (Levels 3-5)	1360	7	119	205	323736	2711
Highly skilled production (Levels 6-8)	559	6	105	97	89073	846
Highly skilled supervision (Levels 9-12)	270	6	101	49	51055	505
Senior management (Levels 13-16)	74	9	99	8	4377	44
Contract (Levels 9-12)	22	22	85	1	761	9
Contract (Levels 13-16)	18	5	74	4	2071	28
<b>TOTAL</b>	<b>4096</b>	<b>7</b>	<b>98</b>	<b>582</b>	<b>657263</b>	<b>6732</b>



**TABLE 9.5 : Leave Payouts**

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2008/09 due to non-utilisation of leave for the previous cycle	14	3	4667
Capped leave payouts on termination of service for 2008/09	6,710	1,246	5385
Current leave payout on termination of service for 2008/09	1,104	210	5257
<b>TOTAL</b>	<b>7828</b>	<b>1459</b>	<b>5365</b>

**TABLE 10.1: Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
xxx	xxx
xxx	xxx



**TABLE 10.2: Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]**

Question	Yes	No	Details, if yes
1 Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Director: OD (post currently vacant)
2 Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		There are three permanent members in Head Office (1 professional and 2 admin officers). Each regional office has one staff member assisting with the coordination of the HIV&AIDS workplace programme. R5 million has been allocated to the EWP programme, including HIV&AIDS.
3 Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		HIV&AIDS workplace management (CCVT, support & care, distribution of condoms, policy, education & awareness); Health & productivity management (e.g Analysis of employee absenteeism rate, IODs and mortality rate); Health management (chronic disease management, health assessments, education and awareness); Wellness management (lifestyle management, image consulting, lifeskillstraining workshops, etc)
4 Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		New members (to include line and senior management) to add on the existing committee are currently being recruited. Current members include A Moabelo (DD: EWP), N. Machete (ASD: Sector Collaboration, T. Napakade, (Act D: Sector Collaboration) N. Maphoto (ASD: Disability), N Ngwenyama (ASD: OHS).
5 Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The HIV&AIDS policy was approved in December 2008. Others are the Recruitment & Selection policy, The Job Evaluation policy, the Bursary Policy, the PMDS policy and the Disciplinary and Grievance Procedures.



Question	Yes	No	Details, if yes
6 Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		The policy on HIV&AIDS. The policy addresses issues of discrimination, issues of disclosure, issues of confidentiality, steps to be followed in the case of occupational exposure, different roles of important stakeholders; access to education, training and facilities and absenteeism and work performance.
7 Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		CCVT (compulsory counselling & voluntary testing) provided by trained professionals. For the past three years (ending March 2009) , there was extensive HIV&AIDS campaigns rolled out through DWAF offices and more than half of the workforce participated in these campaigns. The latter was always followed by CCVT and then referrals to relevant insitutions. CCVT was also provided on an ongoing basis through the wellness centres (clinics). The number of volunteers for CCVT increased significantly
8 Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	To a certain extent		Utilization rate of wellness centres; participation in health education campaigns/workshops by employees; sustainability of chronic patients data; Feedback from post-workshops questionnaire.

**TABLE 11.1: Collective Agreements**

Subject Matter	Date
xxx	xxx
xxx	xxx



**TABLE 11.2: Misconduct and Discipline Hearings Finalised**

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Dismissed	10	47.62	10
Final written warning	8	38.10	8
Suspension without pay	3	14.29	3
Demotion	0	0.00	0
Counselling	0	0.00	0
<b>TOTAL</b>	<b>21</b>	<b>100.00</b>	<b>21</b>

**TABLE 11.3: Types of Misconduct Addressed and Disciplinary Hearings**

Type of misconduct	Number	Percentage of Total
Fraud	9	42.86
Dishonesty	4	19.05
Misuse of state property	5	23.81
Excessive absence	1	4.76
Assault	2	9.52
<b>TOTAL</b>	<b>21</b>	<b>100.00</b>

**TABLE 11.4: - Grievances Lodged**

Number of grievances addressed	Number	Percentage of Total
<b>TOTAL</b>	<b>23</b>	<b>59</b>





**TABLE 11.5: Disputes Lodged**

Number of disputes addressed	Number	% of total
Upheld	10	76.9
Dismissed	3	23.1
<b>Total</b>	<b>13</b>	

**TABLE 11.6: Strike Actions**

Strike Actions	–
Total number of person working days lost	0
Total cost(R'ooo) of working days lost	0
Amount (R'ooo) recovered as a result of no work no pay	0

**TABLE 11.7: Precautionary Suspensions**

Precautionary Suspensions	–
Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	204
Cost of suspensions	75,535.25



**TABLE 12.1: Training Needs identified**

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	36	0	36
	Male	0	0	36	0	36
Professionals	Female	969	0	112	0	112
	Male	0	0	141	0	141
Technicians and associate professionals	Female	0	0	55	0	55
	Male	0	0	155	0	155
Clerks	Female	1131	0	281	0	281
	Male	0	0	131	0	131
Service and sales workers	Female	0	0	139	0	139
	Male	0	0	172	0	172
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	105	0	105
	Male	0	0	330	0	330
Elementary occupations	Female	2053	0	737	202	939
	Male	2688	0	835	287	1122
Gender sub totals	Female	4153	0	1465	202	1667
	Male	2688	0	1800	287	2087
<b>Total</b>		<b>6841</b>	<b>0</b>	<b>3265</b>	<b>489</b>	<b>3754</b>



**TABLE 12.2: Training Provided**

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	37	0	5	4	9
	Male	50	0	4	9	13
Professionals	Female	969	0	91		91
	Male	1626	0	102		102
Technicians and associate professionals	Female	0	0	37		37
	Male	0	0	99		99
Clerks	Female	1131	0	198		198
	Male	572	0	74		74
Service and sales workers	Female	130	0	102		102
	Male	633	0	111		111
Skilled agriculture and fishery workers	Female	0	0	0		0
	Male	0	0	0		0
Craft and related trades workers	Female	3	0	0		0
	Male	225	0	0		0
Plant and machine operators and assemblers	Female	269	0	66		66
	Male	1890	0	207		207
Elementary occupations	Female	2053	0	522	160	682
	Male	2688	0	703	181	884
Gender sub totals	Female	4592	0	1021	164	1185
	Male	7684	0	1300	190	1490
<b>Total</b>		<b>12276</b>		<b>2321</b>	<b>354</b>	<b>5350</b>



TABLE 13.1: Injury on Duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	124	38.6
Temporary Total Disablement	194	60.4
Permanent Disablement	0	0
Fatal	3	0.9
Total	321	



**TABLE 14.1: Report on consultant appointments using appropriated funds**

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
WP3397: Efficiency Project WTE	1	24 months	R 47,714,496.00
WP10092: SAP Training Manager	1	6 months	R 585,743.00
WP9942: Monitoring Compliance with the Socio-Economic Development Imperative for Dam Rehabilitation Projects in the Free State and KwaZulu-Natal	1	36 months	R 4,468,156.80
WP9944: Monitoring Compliance with the Socio-Economic Development Imperative for Dam Rehabilitation Projects in Limpopo Province	1	36 months	R 7,383,780.00
WP9945: Monitoring Compliance with the Socio-Economic Development Imperative for Dam Rehabilitation Projects in Western and Eastern Cape Province	1	36 months	R 5,368,049.40
WP9943: Monitoring Compliance with the Socio-Economic Development Imperative for Dam Rehabilitation Projects in Mpumalanga and North West	1	36 months	R 3,086,100.00
WP9912: Undertake the financial model of the National Water Resources Infrastructure Agency	1	3 months	R 505,875.00
2008-2018: Coordinate strategic and business planning for NWRI.	1	4 months	R 500,000.00
WP9821: Mechanical design and draughting services to the ME Engineering Directorate.	4	36 months	R 4,000,000.00
WP9561: Sabie River Government Water Scheme (Phase 1) Design and Site Supervision for the Inyaka Water Treatment Works Phase 3 and 4. 36 Weeks R16 400 000	1	7 months	R 14,270,919.00
WP10129: Detailed Analysis Regarding the Condition of Pipelines Supplying Water to Eskom	1	60 months	R 3,600,000.00



Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
WP10000: Technical Assistance with Specific Tasks in Water Quality 2 years R7000 000	1	24 months	R 3,436,107.00
WP9946: BEE verification project.	1	24 months	R 4,240,800.00
WP9999: The Study of The Klip River Catchment Water Quality Management Plan 2 Years R4000 000.000	1	24 months	R 3,352,854.00
WP9656: Analytical and drawing services for compiling the dam break flood lines of the Upper Olifants, Keiskamma and Mgeni Dam River systems required for dam safety purposes.	3	36 months	R 4,000,000.00
WP9700: Olifants River Water Resources Development Project	4	36 months	R 2,500,000.00
2008-114: Assist the Various Bulk WIs projects under Construction.	1	8 months	R 500,000.00
WP9586: Support the Central Operations Office.	3	36 months	
WP10030: Appointment of PSP to Undertake Validation and Verification of Registered Water Users in Central Blog Catchments of the Levuvhu-Letaba and Limpopo WMA	1	24 months	R 4,894,712.88
WP10030: Appointment of PSP to Undertake Validation and Verification of Registered Water Users in Central Blog Catchments of The Levuvhu-Letaba And Limpopo WMA	1	24 months	R 4,894,712.88
20	29	538 months	R 124,098,540.08
		10 740 days	



Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
WP9561: Sabie River Government Water Scheme (Phase 1) Design and Site Supervision for the Inyaka Water Treatment Works Phase 3 and 4			
WP10129: Detailed Analysis Regarding the Condition of Pipelines Supplying Water to Eskom	0%	0%	0%
WP10000: Technical Assistance With Specific Tasks In Water Quality	100%	100%	85%
WP9946: BEE verification project.	100%	100%	
WP9999: The Study of the Klip River Catchment Water Quality Management Plan	100%	100%	0%
WP9656: Analytical and drawing services for compiling the dam break flood lines of the Upper Olifants, Keiskamma and Mgeni Dam River systems required for dam safety purposes.	31%	31%	44%
WP9700: Olifants River Water Resources Development Project	60%	20%	67%
2008-114: Assist the Various Bulk Water projects under Construction.	0%	0%	0%
WP10086: Provide Dam Safety inspections and training to D: Strategic Asset Management	0%	0%	0%
WP9586: Support the Central Operations Office.	31%	31%	40%
WP10030: Appointment of PSP to Undertake Validation and Verification of Registered Water Users in Central Bloemfontein Catchments of the Levubu-Letaba and Limpopo WMA	49%	49%	



**TABLE 14.2: Analysis of consultant appointments using appropriated funds, i.t.o. HDIs**

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
WP3397: Efficiency Project WTE	100%	100%	100%
WP10092: SAP Training Manager	51%	51%	0%
WP9942: Monitoring Compliance with the Socio-Economic Development Iparative for Dam Rehabilitation Projects in the Free State and KwaZulu-Natal			
WP9944: Monitoring Compliance with the Socio-Economic Development Iparative for Dam Rehabilitation Projects in Limpopo Province			
WP9945: Monitoring Compliance with the Socio-Economic Development Iparative for Dam Rehabilitation Projects in Western and Eastern Cape Province			
WP9943: Monitoring Compliance with the Socio-Economic Development Iparative for Dam Rehabilitation Projects in Mpumalanga and North West			
WP9912: Undertake the financial model of the National Water Resources Infrastructur Agency	100%	100%	42%
2008-208: Coordinate strategic and business planning for NWRI.	100%	100%	0%
WP9821: Mechanical design and draughting services to the ME Engineering Directorate.	31%	31%	34%





TABLE 14.3: Report on consultant appointments using Donor funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
None	None	None	None
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
None	None	None	None

TABLE 14.4: Analysis of consultant appointments using Donor funds, i.t.o. HDIs

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None	None	None	None



Acronym/ Abbreviation	Description
5YLGSA	Five Year Local Government Strategic Agenda
ARF	African Renaissance Fund
BUSA	Business South Africa
CPI	Consumer Price Index
CSIR	Council for Scientific and Industrial Research
CSO	Civil Society Organisations
DBSA	Development Bank of South Africa
DM	District Municipality
DoRA	Division of Revenue Act
DPLG	Department of Provincial and Local Government
DRC	Democratic Republic of Congo
DWAF	Department of Water Affairs and Forestry
DWQ	Drinking Water Quality
eWQMS	Electronic Drinking Water Quality System

Acronym/ Abbreviation	Description
FBW	Free Basic Water
IGR	Inter-Governmental Relations
IMESA	Institute of Municipal Engineering of Southern Africa
IWRM	Integrated Water Resource Management
JICA	Japan International Cooperation Agency
kl	Kiloliter
LGSETA	Local Government Sector Education and Training Authority
LM	Local Municipality
MDG	Millennium Development Goals
MIG	Municipal Infrastructure Grant
MTEF	Medium Term Expenditure Framework
NBI	National Benchmarking Initiative
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation



Acronym/ Abbreviation	Description
RPMS	Regulatory Performance Management System
SAAWU	South African Association of Water Utilities
SALGA	South African Local Government Association
SANS	South African National Standards
StatsSA	Statistics South Africa
TAC	Technical Assistance Centre
TISPP	Target Implementation Support Programme Plan
VAT	Value added tax
WfGD	Water for Growth and Development
WIN-SA	Water Information Network South Africa
WS	Water Services
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSSCU	Water Sector Support Coordinating Unit

Acronym/ Abbreviation	Description
WSSD	Water Services Sector Development
5YLGSA	Five Year Local Government Strategic Agenda
ARF	African Renaissance Fund
BUSA	Business South Africa
CPI	Consumer Price Index
CSIR	Council for Scientific and Industrial Research
CSO	Civil Society Organisations
DBSA	Development Bank of Southern Africa
DM	District Municipality
DoRA	Division of Revenue Act
DPLG	Department of Provincial and Local Government
DRC	Democratic Republic of Congo
DWAF	Department of Water Affairs and Forestry
DWQ	Drinking Water Quality



Acronym/ Abbreviation	Description
eWQMS	Electronic Drinking Water Quality System
FBW	Free Basic Water
IGR	Integrated Governmental Relations
IMESA	Institution of Municipal Engineering of Southern Africa
IWRM	Integrated Water Resource Management
JICA	Japan International Cooperation Agency
kl	Kiloliter
LGSETA	Local Government Sector Education and Training Agency
LM	Local Municipality
MDG	Millennium Development Goals
MIG	Municipal Infrastructure Grant
MTEF	Medium Term Expenditure Forecast
NBI	National Benchmarking Initiative

Acronym/ Abbreviation	Description
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organisation
RPMS	Regulatory Performance Management System
SAAWU	South African Association of Water Utilities
SALGA	South African Local Government Association
SANS	South African National Standards
StatsSA	Statistics South Africa
TAC	Technical Assistance Centre
TISPP	Target Implementation Support Programme Plan
VAT	Value added tax
WfGD	Water for Growth and Development
WIN-SA	Water Information Network South Africa
WS	Water Services



Acronym/ Abbreviation	Description
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSSCU	Water Sector Support Coordinating Unit
WSSD	Water Services Sector Development

