

VOTE 38 *Water Affairs*



National Treasury

BUDGET 2012

ESTIMATES OF NATIONAL EXPENDITURE



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure

2012

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2012 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspensing on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.



Lungisa Fuzile
Director General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the 'expenditure trends' section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest improvements in non-financial performance information. These publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven year period as well as changes in these, as they relate to trends in planned expenditure.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on www.treasury.gov.za.

Water Affairs

**National Treasury
Republic of South Africa**



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Vote 38

Water Affairs

Budget summary

R thousand	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	883 128	828 974	14 575	39 579	975 738	1 075 837
Water Sector Management	618 859	532 761	49 371	36 727	521 582	610 007
Water Infrastructure Management	2 273 496	–	2 273 496	–	2 967 102	3 145 448
Regional Implementation and Support	4 896 682	1 135 896	575 353	3 185 433	5 135 697	5 709 726
Water Sector Regulation	114 683	113 208	–	1 475	119 890	123 993
International Water Cooperation	25 813	25 188	625	–	25 670	27 506
Total expenditure estimates	8 812 661	2 636 027	2 913 420	3 263 214	9 745 679	10 692 517
Executive authority	Minister of Water Affairs					
Accounting officer	Director General of Water Affairs					
Website address	www.dwa.gov.za					

Aim

Ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development, and ensure the universal and efficient supply of water services at local level.

Programme purposes

Programme 1: Administration

Purpose: Provide policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication, and corporate planning.

Programme 2: Water Sector Management

Purpose: Ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment, through effective policies, integrated planning, strategies, knowledge base and procedures.

Programme 3: Water Infrastructure Management

Purpose: Ensure a reliable supply of water from bulk raw water resources infrastructure, within acceptable risk parameters, to meet sustainable demand objectives for South Africa. Solicit and source funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

Programme 4: Regional Implementation and Support

Purpose: Coordinate effective implementation of the department's strategic goals and objectives at the regional level, including the establishment of water resource management institutions. Facilitate water conservation and demand management. Accelerate communities' access to water infrastructure.

Programme 5: Water Sector Regulation

Purpose: Ensure the development, implementation, monitoring and review of regulations across the water value chain in accordance with the provisions of the National Water Act (1998) and the Water Services Act (1997).

Programme 6: International Water Cooperation

Purpose: Strategically develop, promote and manage international relations on water resources between countries through bilateral and multilateral cooperation instruments and organisations. Further pursue national interest at both African multilateral and global multilateral organisations and forums.

Strategic overview: 2008/09 – 2014/15

The Department of Water Affairs is the custodian of the country's water resources. To deliver on its mandate, the department ensures that water resources are protected, managed, used, developed, conserved, and controlled in accordance with the Constitution (1996), the National Water Act (1998), the Water Services Act (1997) and other key policy frameworks. Within the outcomes based performance management framework adopted by government, the department contributes to two critical outcomes: the development of an efficient, competitive and responsive economic infrastructure network (outcome 6), and the protection and enhancement of environmental assets and natural resources (outcome 10). The department contributes to these outcomes by ensuring the maintenance and supply availability of the country's bulk water infrastructure, protecting and enhancing environmental assets and natural resources, and improving water quality and the quantity of water resources.

The department's core functions are policy formulation, water resource management, infrastructure development, capacity building, intergovernmental and intra-governmental coordination, and water sector regulation.

Recent progress and developments

To strengthen the department's ability to carry out its functions, the minister appointed a committee of experts in June 2011 to review and re-engineer the department's business processes to ensure that functions are carried out efficiently. The committee is expected to make recommendations on optimal approaches to restructuring the department to address backlogs in the rehabilitation and refurbishment of national bulk water infrastructure, integrate bulk water infrastructure with reticulation infrastructure at the local level, support improvements in the management of wastewater treatment works within local government, and improve the financial position of the water trading entity.

Economic regulation plays an important role in promoting the sustainability of water infrastructure by ensuring that prices are reflective of costs. The department has initiated the process of establishing an independent economic regulator to oversee the water value chain and regulate water tariffs and the capital unit charge, which is set by the Trans-Caledon Tunnel Authority. The regulator will ensure efficient pricing in the water value chain and that inefficiencies in the water supply sector are not passed on to end-users.

The acid mine drainage phenomenon in South Africa, particularly in the Eastern, Central and Western mining basins in the Gauteng region, has become more severe in recent years. The problem is multi-faceted and has its roots in an area that is characterised by abandoned, derelict, ownerless or inactive mines. The most immediate problem the phenomenon brings is the decanting of water from defunct mines, which can pollute surface water and impact on the overall water security in the already water scarce Gauteng region. The solution will involve long term economically, financially and environmentally sustainable options for managing acid mine drainage.

The inter-ministerial committee, which government had set up in September 2010 to start addressing the acid mine drainage problem, accepted the report and recommendations of a team of experts that had been appointed to advise on the matter in December 2010. The Minister of Water Affairs directed the Trans-Caledon Tunnel Authority to implement any necessary short term measures to address the low pH, high salt content and presence of heavy metals in water originating from mining areas in the Gauteng region to mitigate any adverse health and environmental effects. In December 2011, the department appointed professional service providers to investigate financially sustainable institutional models.

Medium term focus

Over the medium term, the department will focus its efforts on a number of key initiatives. The result of the business process engineering review will inform the restructuring of the department, enabling it to implement its plans optimally and provide greater leadership on key issues within the sector.

Responding to the acid mine drainage challenge

Consensus exists that a sustainable long term solution cannot be the sole responsibility of government alone, and that a long term solution, properly developed and coordinated, with the buy-in of a range of stakeholders, would help improve water security, enhance environmental sustainability, safeguard economic gains and improve water quality through treatment and the appropriate discharge of effluent. Such a solution would also avoid costly, haphazard and ad hoc treatment requirements that would render it financially unviable.

In response to the acid mine drainage challenges, the department will develop an appropriate and all-inclusive funding mechanism, design a financially sustainable institutional model, strengthen the legislative framework and determine the appropriate technology options for dealing with the problem. Key to developing a sustainable financing approach will be the assessment of a range of public private partnership options, which leverage the opportunities to generate revenue through, for example, the sale of treated water and mineral by-products recovered through the treatment and desalinisation process.

Strengthening oversight over water institutions

Water institutions play a key role in delivering water infrastructure and services. The department will strengthen its oversight over water boards by reviewing their mandate and updating guidelines for regulating them. The department will further improve regulation by reviewing and improving its blue drop and green drop assessment tools, which are designed to ensure that both drinking water and wastewater meet quality standards. Pollution remains a significant threat to water resources in South Africa, and there is a need to enforce the polluter-pays principle to address, among others, pollution from acid mine water. The department will finalise regulatory tools such as the waste discharge charge system to mitigate the consequences of pollution. Compliance monitoring and enforcement capacity within the department will also be strengthened over the medium term. The department will continue to implement the river health programme.

Revising and updating key strategic documents

The national water resource strategy, which describes how water resources will be protected, used, managed and conserved, will be revised to reflect the existing state of water resources in the country. The department will also update the raw water pricing strategy to enhance cost recovery from previously exempted sectors. A high level national water investment framework for South Africa, which provides guidance on overall water investment requirements in the sector at the national, regional and local levels, has already been drafted. The department will build on the framework to formulate detailed plans by 2012/13.

Selected performance indicators

Table 38.1 Water Affairs

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new reconciliation strategies developed to ensure water security per year	Water Sector Management	5	8	2	2	4	3	4
Total number of water monitoring stations and number of priority catchments optimally monitored ¹	Water Sector Management	2	2	5	5	5	5	5

Table 38.1 Water Affairs (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of additional people provided with access to water per year	Regional Implementation and Support	1.1 million	1.1 million	351 106	598 766	746 004	1 million	1 million
Number of bulk infrastructure schemes implemented per year	Regional Implementation and Support	32	38	55	62	64	70	78
Number of additional rainwater harvesting tanks distributed for access and food production per year	Regional Implementation and Support	300	2 544	5 740	6 000	7 000	8 000	10 000
Number of additional resource poor farmers supported with subsidies per year	Regional Implementation and Support	30	5 725	666	1 000	750	2 000	3 000
Number of new water management areas in which compulsory licensing processes have been completed per year	Water Sector Regulation	2	5	2	2	3	3	1
Number of water use license applications issued per year	Water Sector Regulation	80	200	250	300	250	300	300
Number of water supply systems assessed to meet effluent standards per year ²	Water Sector Regulation	401	787	792	797	803	810	–
Number of existing bilateral instruments realigned or expanded per year	International Water Cooperation	0	0	1	1	1	1	1
Number of country strategies established per year	International Water Cooperation	–	–	2	2	2	2	2
Number of municipalities supported in water conservation and water demand management per year	Regional Implementation and Support	50	80	4	47	39	71	69
Percentage completion on construction of Inyaka water treatment works as stated in the original and approved project implementation plan	Regional Implementation and Support	36%	56%	73%	98%	99%	100%	0
Percentage completion on construction of Nandoni water distribution network and water treatment works as stated in the original and approved project implementation plan	Regional Implementation and Support	49%	60%	69%	79%	99%	100%	

Table 38.1 Water Affairs (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage completion on construction of Nandoni distribution replacement of glass-reinforced plastic pipeline as stated in the original and approved implementation plan	Regional Implementation and Support	–	–	–	27%	91%	97%	100%
Percentage completion on construction of Groot Letaba water augmentation project water distribution network and water treatment works as stated in the original and approved project implementation plan	Regional Implementation and Support	–	–	–	20%	10%	12%	16%
Percentage completion on construction of Hluhluwe regional water scheme as stated in the original and approved project implementation plan	Regional Implementation and Support	35%	61%	81%	92%	100%	0	0
Percentage of completion on construction of the pipeline from Middle Letaba dam as stated in the original and approved project implementation plan	Regional Implementation and Support	–	–	76%	94%	100%	0	0

1. The unit of measurement for this indicator changes from the number of water monitoring stations to the number of catchment areas optimally monitored, as a result of technological changes in the infrastructure used to monitor water.

2. There is no outer year target identified. Infrastructure projects are reported according to predefined milestones within project plans. Dashes represent work not yet started. 100% means that the construction work has been completed.

Expenditure estimates

Table 38.2 Water Affairs

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic Classification								
Administration	679 838	864 492	826 489	869 065	770 488	883 128	975 738	1 075 837
Water Sector Management	413 122	443 544	423 883	882 151	702 900	618 859	521 582	610 007
Water Infrastructure Management	1 644 329	2 108 080	2 132 422	2 384 963	1 919 963	2 273 496	2 967 102	3 145 448
Regional Implementation and Support	2 310 858	3 062 950	3 499 417	4 753 659	4 160 835	4 896 682	5 135 697	5 709 726
Water Sector Regulation	80 553	73 170	125 561	112 370	88 606	114 683	119 890	123 993
International Water Cooperation	18 906	11 441	15 922	26 111	22 755	25 813	25 670	27 506
Total	5 147 606	6 563 677	7 023 694	9 028 319	7 665 547	8 812 661	9 745 679	10 692 517
Change to 2011 Budget estimate				(907 906)	(2 270 678)	(1 418 826)	(1 137 797)	(843 968)

Economic classification

Current payments	1 958 982	2 372 629	2 267 271	2 919 301	2 445 529	2 636 027	2 659 776	2 938 004
Compensation of employees	815 972	820 022	905 976	1 095 615	969 501	1 084 183	1 173 337	1 290 784
Goods and services	1 142 839	1 545 752	1 358 412	1 822 958	1 475 300	1 549 939	1 484 422	1 644 991
<i>of which:</i>								
Administrative fees	6 155	6 612	8 684	10 631	10 631	11 097	11 867	12 592
Advertising	18 192	11 118	26 019	28 787	28 787	17 395	22 287	25 376
Assets less than the capitalisation threshold	10 181	5 055	7 202	26 038	26 038	25 150	25 277	27 868
Audit cost: External	10 414	13 219	15 592	515	515	–	–	–
Bursaries: Employees	5 851	5 166	3 180	10 385	10 385	4 614	6 115	6 996
Catering: Departmental activities	5 554	5 429	4 344	8 374	8 374	12 633	12 612	13 630
Communication	42 658	60 819	55 404	21 480	21 480	32 833	35 567	38 741
Computer services	105 662	206 175	180 183	54 434	54 434	94 576	97 184	118 216
Consultants and professional services:								
Business and advisory services	246 205	375 224	204 286	394 703	220 519	181 258	163 400	179 832
Consultants and professional services: Infrastructure and planning	83 074	196 092	159 972	519 891	376 013	347 125	208 417	245 850
Consultants and professional services: Laboratory services	3 821	7 348	4 032	3 543	3 543	7 784	8 715	9 701
Consultants and professional services: Legal costs	5 535	2 457	8 465	7 045	7 045	6 674	7 019	7 372
Contractors	47 517	57 506	66 660	44 035	23 215	53 355	60 927	64 227
Agency and support / outsourced services	133 166	99 237	111 586	135 830	135 830	78 217	91 013	104 726
Entertainment	530	373	106	1 870	1 870	2 182	2 201	2 346
Fleet services (including government motor transport)	–	–	49	3	3	4 034	35	37
Housing	–	–	–	5	5	1 002	2	2
Inventory: Food and food supplies	4 056	2 773	2 214	396	396	290	303	318
Inventory: Fuel, oil and gas	684	4 341	5 015	2 806	2 806	6 754	7 608	7 334
Inventory: Learner and teacher support material	3 995	2 462	82	624	624	766	804	844
Inventory: Materials and supplies	3 979	15 236	12 959	3 054	3 054	8 652	9 083	9 576
Inventory: Medical supplies	28	347	110	516	516	500	527	555
Inventory: Military stores	–	–	1 791	–	–	–	–	–
Inventory: Other consumables	5 113	10 755	10 278	13 270	13 270	18 736	19 767	20 831
Inventory: Stationery and printing	36 470	22 340	21 658	25 557	25 557	26 189	28 643	30 126
Lease payments	18 023	175 286	217 207	51 553	51 553	29 066	31 249	33 739
Property payments	131 904	21 593	14 301	207 941	199 897	343 774	371 349	396 965
Transport provided: Departmental activity	1 974	16	383	1 191	1 191	3 101	3 317	3 511
Travel and subsistence	179 525	181 863	173 903	171 489	170 757	171 168	188 573	205 808
Training and development	18 610	17 810	19 475	31 200	31 200	31 890	38 095	42 718

Table 38.2 Water Affairs (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
<i>Operating expenditure</i>	10 728	31 954	10 401	26 557	26 557	10 831	11 127	12 607
<i>Venues and facilities</i>	3 235	7 146	12 871	19 235	19 235	18 293	21 339	22 547
Interest and rent on land	171	6 855	2 883	728	728	1 905	2 017	2 229
Transfers and subsidies	2 700 171	3 135 180	3 227 040	3 512 408	3 029 408	2 913 420	3 655 701	3 875 798
Provinces and municipalities	994 994	908 875	985 044	993 066	993 066	562 556	421 073	449 697
Departmental agencies and accounts	1 649 645	1 958 464	1 992 802	2 280 542	1 797 542	2 144 442	2 830 695	3 000 840
Foreign governments and international organisations	533	177 081	180 275	180 600	180 600	180 625	190 529	201 961
Public corporations and private enterprises	7	43	9 667	–	–	–	–	–
Non-profit institutions	378	450	–	–	–	–	–	–
Households	54 614	90 267	59 252	58 200	58 200	25 797	213 404	223 300
Payments for capital assets	485 115	1 005 591	1 523 762	2 596 610	2 190 610	3 263 214	3 430 202	3 878 715
Buildings and other fixed structures	441 558	974 107	1 290 748	2 509 222	2 103 222	3 171 454	3 334 433	3 784 530
Machinery and equipment	42 221	30 758	225 624	72 683	72 683	68 557	71 427	68 599
Biological assets	–	4	1	–	–	–	–	–
Software and other intangible assets	1 336	722	7 389	14 705	14 705	23 203	24 342	25 586
Payments for financial assets	3 338	50 277	5 621	–	–	–	–	–
Total	5 147 606	6 563 677	7 023 694	9 028 319	7 665 547	8 812 661	9 745 679	10 692 517

Expenditure trends

The spending focus over the medium term will be on developing bulk water infrastructure, to accelerate delivery of water services to households, agriculture and industry. The department will also focus on strengthening economic regulation within the water sector.

Spending increased from R5.1 billion in 2008/09 to R9 billion in 2011/12, at an average annual rate of 20.6 per cent. This is driven by the increase in expenditure on the development of bulk water infrastructure, which includes funds allocated for the construction of new dams and ancillary infrastructure, and rehabilitating and repairing existing bulk infrastructure in line with government's renewed emphasis on infrastructure development.

Expenditure in the *Water Sector Management* programme grew from R413.1 million in 2008/09 to R882.2 million in 2011/12, at an average annual rate of 28.8 per cent. This strong growth is attributable to expenditure incurred on the development of a long term national strategy detailing South Africa's response to the challenges arising from acid mine drainage. Between 2008/09 and 2011/12, expenditure in the *Water Infrastructure Management* programme increased from R1.6 billion to R2.4 billion, at an average annual rate of 13.2 per cent, as a result of increased transfer payments to water services authorities and water boards. The authorities and boards act as implementing agents on behalf of the department. Allocations in this programme were used to fund two mega infrastructure projects and five large scale infrastructure projects.

Spending on consultants increased from R338.6 million in 2008/09 to R925.2 million in 2011/12, at an average annual rate of 39.8 per cent, due to the increased expenditure on consultants used in planning mega and large scale infrastructure projects. Over the medium term, expenditure on consultants is expected to decline to R442.8 million, at an average annual rate of 21.8 per cent, as the department builds internal capacity to perform these functions.

Transfers and subsidies expenditure increased from R2.7 billion in 2008/09 to R3.5 billion in 2011/12, at an average annual rate of 9.2 per cent, as a result of the development of bulk water infrastructure. This included funds allocated for the construction of the De Hoop Dam and ancillary infrastructure such as distribution pipelines for the Nandoni Dam, and the rehabilitation and repair of existing bulk infrastructure.

Over the medium term, expenditure is expected to grow from R9 billion to R10.7 billion, at an average annual rate of 5.8 per cent, attributable mainly to growth in the *Regional Implementation and Support* programme. Growth in this programme is expected to increase expenditure from R4.8 billion in 2011/12 to R5.7 billion in 2014/15, at an average annual rate of 6.3 per cent, in line with the regional bulk infrastructure framework. Between 2008/09 and 2010/11, 17 regional bulk water projects were implemented throughout the country and an additional eight projects are planned for completion in 2011/12.

Cabinet has approved baseline cuts of R419 million in 2012/13, R647.2 million in 2013/14 and R940.9 million in 2014/15. To achieve this, expenditure reductions are effected mainly in spending on compensation of employees, goods and services, and transfers.

The department receives additional allocations of R419 million, R647.2 million and R940.9 million over the medium term as follows:

- R226.5 million, R266.3 million and R396.1 million for the construction of the De Hoop Dam's regional bulk distribution systems to connect to the national bulk distribution systems
- R60 million, R140 million and R200 million for the Sedibeng district municipality wastewater bulk infrastructure
- R95 million, R200 million and R300 million for the OR Tambo district municipality regional bulk water and wastewater infrastructure
- R25.4 million, R28.3 million and R31.6 million for improvements in conditions of service for the department
- R12 million, R12.6 million and R13.2 million for improvements in conditions of service for the water trading entity.

Infrastructure spending

The department oversees and manages 151 water and waste water infrastructure projects in various stages of completion throughout South Africa. The total estimated cost of these projects between 2008/09 and 2014/15 is R69 billion. The projects include those where new infrastructure is being built or existing infrastructure is being refurbished, rehabilitated, upgraded or maintained. Infrastructure spending includes direct expenditure on national water resources infrastructure projects through the department's public entities and indirect expenditure on regional bulk water and wastewater infrastructure projects through transfers to water services authorities and water boards. Spending on infrastructure rose from R2.3 billion in 2008/09 to R4.4 billion in 2011/12, and is expected to increase further to R6.4 billion over the medium term. The allocations earmarked for infrastructure will be used to undertake the following water infrastructure projects:

Mega infrastructure projects

The Olifants River water resources development project comprises the construction of the De Hoop Dam and the bulk raw water distribution systems. The total estimated cost for the construction of the dam is R3.1 billion and the distribution systems are expected to cost R13.1 billion.

R2.5 billion was spent up to 2011/12 for the construction of the dam and R373.8 million will be spent over the MTEF period. The surplus of R225.8 million will be reallocated to other infrastructure projects such as the **Mokolo-Crocodile water augmentation project**. Construction of the dam began in 2007 and is set to be commissioned by the end of 2012, with site clearance taking place by March 2013. Commissioning of the dam was delayed by a year due to industrial action and the poor condition of the foundation.

R391.4 million was spent up to 2011/12 for the construction of the bulk raw water distribution systems and R3.8 billion has been allocated over the MTEF period. Construction of the distribution system began in 2011/12. The project will deliver water for domestic and agricultural use in the Greater Sekhukhune, Waterberg and Capricorn district municipalities in Limpopo. The project will benefit more than 800 000 people in the domestic sector. Because mostly poor, rural municipalities benefit from the project, the shortfall in its funding will not be raised from end-users, and a phased approach will be adopted in implementing the project. Where feasible, the department will explore maximising the use of existing infrastructure and exploring partnerships with local mines, particularly in phase 2B of the project, which is designed to provide water to Mogalakwena municipality and the surrounding mines. Building on having finalised the off-take agreements in 2011/12, over the medium term, the department will revisit the socioeconomic impact assessment study to determine the

financial impact of water from the dam on the municipalities and the shortfall between what the municipalities can afford and the actual cost of water from the dam.

The **dam safety rehabilitation project** ensures the continued structural and operational safety of the 315 dams the department owns. The project has an estimated cost of R2.9 billion, R1.6 billion of which was spent up to 2011/12 and R1.3 billion of which is allocated over the MTEF period.

Large infrastructure projects

The **raising of Clanwilliam Dam** project will make it safer during floods and also stabilise dam distortion caused by alkali aggregate reaction, provide an additional yield of 10 million cubic metres of water per year, and help under-resourced, poor farmers promote food security and employment. The dam is located in the middle reaches of the Olifants River near Clanwilliam in Western Cape. By the time it is completed, the project will have created 2 500 permanent jobs in the construction sector. The total estimated budget for the project is R2.2 billion, of which R12.6 million has been spent by 2011/12 and R1 billion will be spent over the MTEF period. The project is in its design stage, pending approval of the final height of the dam wall, and is scheduled for completion by 2015.

Phase 1 and 2 of the **Mokolo and Crocodile River (West) water augmentation** project aims to deliver water to Eskom's Medupi power station and other industries in the area as well as domestic water to the Lephalale local municipality in Limpopo. The total estimated cost of the first phase is R2 billion, of which R435.4 million has been spent and R324.8 million will be spent over the MTEF period. Off-budget sources will be used to fund 75 per cent of the first phase. The minister has directed the Trans-Caledon Tunnel Authority to secure funding and implement the project, which began in 2011/12, and is scheduled for commissioning in 2013/14.

Raising of Tzaneen and Namitwa Dams for the Great Letaba River development project aims to augment the supply of water to meet the growing demand from the domestic sector in Limpopo by 2025, improve water availability in the riverine ecosystem and stabilise water availability to the irrigation sector. The project is estimated to cost R2 billion, of which R13.8 million has been spent up to 2011/12 and R695.7 million is allocated over the MTEF period.

Nandoni water treatment works and distribution networks project will augment water supply to the Vhembe district municipality in Limpopo. The total value of the project is estimated at R2 billion, of which R811.4 million has been spent up to 2011/12 and R349.9 million will be spent over the MTEF period. Construction began in 2006/07 and commissioning is scheduled for 2013/14.

Nandoni Pipeline project aims to convey water for domestic use to the Vhembe district municipality in Limpopo. The project began in 2006/07 and is scheduled for completion in 2012/13. The commissioning of this project was delayed due to the quality of the pipes and contract management issues. This increased the project cost from R200 million to R750 million. R203 million has been spent up to 2011/12 and R531.9 million is allocated over the MTEF period.

Small infrastructure projects

The department is implementing 64 regional bulk infrastructure projects. These projects aim to develop bulk water and wastewater infrastructure that will enable connection of municipal reticulation infrastructure. The total value of these projects over the MTEF period is estimated at R9.6 billion.

Personnel information

Table 38.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	4 365	4 365	130	3 933	4 173	4 718	4 844	4 365	4 365	4 365
Salary level 1 – 6	1 982	1 982	110	2 714	2 800	3 177	3 269	2 078	2 078	2 078
Salary level 7 – 10	1 706	1 706	13	932	1 058	1 145	1 175	1 617	1 617	1 617
Salary level 11 – 12	509	509	6	242	268	349	344	518	518	518
Salary level 13 – 16	168	168	1	45	47	47	56	152	152	152
Administration	1 158	1 158	42	767	816	969	992	1 158	1 158	1 158
Salary level 1 – 6	523	523	35	481	500	619	619	619	619	619
Salary level 7 – 10	469	469	2	191	209	229	252	380	380	380
Salary level 11 – 12	96	96	4	79	90	105	105	105	105	105
Salary level 13 – 16	70	70	1	16	17	16	16	54	54	54
Water Sector Management	625	625	2	277	316	338	377	625	625	625
Salary level 1 – 6	171	171	–	112	130	133	149	171	171	171
Salary level 7 – 10	256	256	1	112	129	138	145	256	256	256
Salary level 11 – 12	156	156	1	48	52	62	62	156	156	156
Salary level 13 – 16	42	42	–	5	5	5	21	42	42	42
Regional Implementation and Support	2 357	2 357	46	2 713	2 836	3 195	3 288	2 357	2 357	2 357
Salary level 1 – 6	1 224	1 224	35	2 067	2 110	2 361	2 438	1 224	1 224	1 224
Salary level 7 – 10	877	877	10	550	622	679	695	877	877	877
Salary level 11 – 12	216	216	1	87	95	145	145	216	216	216
Salary level 13 – 16	40	40	–	9	9	10	10	40	40	40
Water Sector Regulation	187	187	40	150	179	186	187	187	187	187
Salary level 1 – 6	63	63	40	53	59	63	63	63	63	63
Salary level 7 – 10	83	83	–	67	86	82	83	83	83	83
Salary level 11 – 12	32	32	–	22	25	32	32	32	32	32
Salary level 13 – 16	9	9	–	8	9	9	9	9	9	9
International Water Cooperation	38	38	–	26	26	30	–	38	38	38
Salary level 1 – 6	1	1	–	1	1	1	–	1	1	1
Salary level 7 – 10	21	21	–	12	12	17	–	21	21	21
Salary level 11 – 12	9	9	–	6	6	5	–	9	9	9
Salary level 13 – 16	7	7	–	7	7	7	–	7	7	7

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 4 365 posts, all of which were funded and 130 were additional to the establishment. The number of staff increased from 3 933 in 2008/09 to 4 844 in 2011/12, as a result of the institutional realignment exercise and the transfer of functions from the water trading entity to the department.

There were 884 vacant posts as at 30 September 2011. The department has experienced problems in filling vacancies at the technical, engineering and scientist levels, due to difficulties in meeting the requirements of the General Public Service Sectoral Bargaining Council for occupational specific dispensation posts. The department also experiences difficulty in retaining individuals with skills as the market is highly competitive. The ratio of support staff to line function staff was 1:0.9.

Departmental receipts

Table 38.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	26 643	76 279	33 119	22 983	55 734	24 336	25 895	26 055
Sales of goods and services produced by department	2 210	5 398	1 778	1 889	1 891	1 927	1 970	1 970
Sales by market establishments	2 210	5 326	1 067	980	982	985	990	990
<i>of which:</i>								
Dwellings	1 210	4 742	888	980	982	985	990	990
Rental parking: Covered and open	1 000	584	179	–	–	–	–	–
Administration fees	–	72	30	–	–	–	–	–
<i>of which:</i>								
Transport fees	–	2	1	–	–	–	–	–
Camping fees	–	(12)	–	–	–	–	–	–
Replacement of security guards	–	32	2	–	–	–	–	–
Maps	–	33	17	–	–	–	–	–
Sale: Water portable	–	17	10	–	–	–	–	–
Other sales	–	–	681	909	909	942	980	980
<i>of which:</i>								
Rental: Capital assets	–	–	15	320	320	350	385	385
Tender documents	–	–	16	–	–	–	–	–
Commission insurance	–	–	650	589	589	592	595	595
Sales of scrap, waste, arms and other used current goods	105	35	32	100	100	34	30	30
<i>of which:</i>								
Sales: Scrap	70	30	29	100	100	34	30	30
Sales: Waste paper	35	5	3	–	–	–	–	–
Fines, penalties and forfeits	–	(12)	–	–	–	–	–	–
Interest, dividends and rent on land	9 379	34 873	3 420	2 014	2 014	2 025	2 040	2 045
Interest	9 379	34 873	3 420	2 014	2 014	2 025	2 040	2 045
Transactions in financial assets and liabilities	14 949	35 985	27 889	18 980	51 729	20 350	21 855	22 010
Total	26 643	76 279	33 119	22 983	55 734	24 336	25 895	26 055

The department derives its revenue mainly from the repayment of state loans granted to water boards, water user associations and municipalities, and interest on these loans. Departmental receipts decreased from R26.6 million in 2008/09 to R23 million in 2011/12, at an average annual rate of 4.8 per cent, due to the department's decision to write off state loans as a result of non-payments. Over the medium term, revenue is projected to increase to R26.1 million, at an average annual rate of 4.3 per cent, mainly due to inflation related adjustments.

Programme 1: Administration

- *Ministry* provides support to the minister and deputy minister and makes provision for their salaries. This entails handling priority enquiries and correspondence. This subprogramme advises the minister and deputy minister on policy matters, organises public participation programmes, deals with appeals in terms of the grievance procedures, attends to administrative and logistical needs, processes the department's submissions, and supports the minister and deputy minister on cabinet and parliamentary matters. This subprogramme had a staff complement of 26 and a total budget of R25.7 million in 2011/12, of which 52 per cent was used for compensation of employees. R558 000 in 2012/13 has been identified as approved expenditure cuts on salaries, travel and subsistence, and contractors and consultants.
- *Departmental Management* provides administrative support to the director general, secretariat services to the department and makes provisions for salaries and other costs associated with the office of the director

general. Activities include the tracking of submissions, facilitation of governance structure meetings chaired by the minister, director general, and chief operating officer, coordination of parliamentary responses, preparation for cluster meetings, business planning, performance reporting, and implementation of transformation projects. This subprogramme had a staff complement of 44 and total budget of R111.6 million in 2011/12, of which 27.5 per cent was used for the payment of salaries of the director general, support staff and other associated costs. R24.3 million in 2012/13 has been identified as approved expenditure cuts on salaries, travel and subsistence, and contractors and consultants. Transfers totalled R4.8 million in 2011/12, of which R4.3 million was for leave gratuities for staff qualifying for retirement. The remaining R500 000 was used for the creation of jobs through youth programmes.

- *Internal Audit* provides independent, objective assurance and advisory services designed to add value and improve the department's operations. This subprogramme conducts audits to evaluate the integrity of financial and operational information, verify assets management procedures and safeguards and assess compliance with laws and regulations. This entails providing support and advisory services to the department. This subprogramme had a staff complement of 39 and a total budget of R17.1 million in 2011/12, of which 71.1 per cent was used for paying salaries and executing the internal audit function of the department. R372 000 in 2012/13 has been identified as approved expenditure cuts and will be realised from reductions in expenditure on travel and subsistence.
- *Corporate Services* provides administrative support to the department and comprises the human resources, communication services, legal services, administration and information services units. This subprogramme had a staff complement of 631 and a total budget of R358 million in 2011/12, of which 50 per cent was used for procuring and paying for goods and services. Over the medium term, a skills audit will be conducted, staff development activities will be enhanced and a comprehensive human resources plan, including a staff retention strategy, will be developed. R46.8 million in 2012/13 has been identified as approved expenditure cuts and will be used to partially contribute to the higher accommodation costs. Transfers of R13.4 million were made in 2011/12, of which R11.9 million was used to provide bursaries for students at the department's Water Learning Academy. The remaining R1.5 million was transferred to the energy sector education and training authority.
- *Financial Management* ensures the efficient management of daily financial operations, processes and systems. This subprogramme had a staff complement of 36 and a total budget of R155.8 million in 2011/12, of which 75 per cent was used to strengthen financial management at the head and regional offices of the department. R24.3 million in 2012/13 has been identified as approved expenditure cuts and will be used to finance the higher cost of office rental in the Office Accommodation subprogramme.
- *Office Accommodation* deals solely with the payments of rental, municipal services, and rates and taxes on all accommodation leased by the department. This subprogramme had no staff complement and a budget of R200.9 million in 2011/12, all of which was spent on goods and services for the accommodation leased by the department. No expenditure cuts have been approved for this subprogramme.

Expenditure estimates

Table 38.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Ministry	10 238	14 902	32 622	25 673	26 074	27 494	29 144
Departmental Management	30 522	83 503	65 706	111 634	57 707	73 431	85 341
Internal Audit	21 423	10 577	18 429	17 080	17 560	18 528	19 640
Corporate Services	410 480	448 645	422 914	357 951	332 830	363 195	401 299
Financial Management	83 860	139 774	92 758	155 819	124 994	142 478	166 320
Office Accommodation	123 315	167 091	194 060	200 908	323 963	350 612	374 093
Total	679 838	864 492	826 489	869 065	883 128	975 738	1 075 837
Change to 2011 Budget estimate				6 943	(4 989)	44 755	88 994

Table 38.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	651 946	797 943	798 622	812 676	828 974	919 525	1 010 199
Compensation of employees	155 769	205 965	234 174	273 694	289 019	304 170	321 317
Goods and services	496 177	585 218	564 236	538 881	539 955	615 355	688 882
<i>of which:</i>							
<i>Administrative fees</i>	3 873	2 390	2 691	5 608	2 501	2 720	2 899
<i>Advertising</i>	16 683	8 087	16 166	21 613	10 034	14 548	17 225
<i>Assets less than the capitalisation threshold</i>	3 421	1 924	1 267	8 272	8 238	8 582	9 073
<i>Audit cost: External</i>	10 386	13 219	15 592	–	–	–	–
<i>Bursaries: Employees</i>	5 810	5 139	3 150	9 733	4 389	5 988	6 862
<i>Catering: Departmental activities</i>	2 975	2 176	1 859	1 764	1 617	1 663	1 755
<i>Communication</i>	18 337	31 450	27 632	6 180	5 510	6 784	7 155
<i>Computer services</i>	73 033	173 419	162 048	14 745	51 727	51 854	68 553
<i>Consultants and professional services: Business and advisory services</i>	59 544	23 761	22 642	82 862	23 956	33 734	41 780
<i>Consultants and professional services: Infrastructure and planning</i>	133	1 557	–	48 637	–	–	–
<i>Consultants and professional services: Laboratory services</i>	–	–	–	1 000	–	–	–
<i>Consultants and professional services: Legal costs</i>	123	2 457	649	6 659	6 674	7 019	7 372
<i>Contractors</i>	10 415	31 203	26 692	30 146	18 431	28 212	32 626
<i>Agency and support / outsourced services</i>	64 323	23 475	18 951	20 699	17 289	19 928	23 378
<i>Entertainment</i>	109	298	51	1 182	1 519	1 505	1 612
<i>Fleet services (including government motor transport)</i>	–	–	49	–	34	35	37
<i>Inventory: Food and food supplies</i>	2 835	1 440	1 038	7	7	6	6
<i>Inventory: Fuel, oil and gas</i>	23	13	21	–	–	–	–
<i>Inventory: Learner and teacher support material</i>	1 825	1 432	42	66	69	74	78
<i>Inventory: Materials and supplies</i>	2 385	249	178	17	358	375	397
<i>Inventory: Medical supplies</i>	20	318	4	112	18	20	21
<i>Inventory: Other consumables</i>	1 241	1 910	1 335	7 145	7 994	8 429	8 857
<i>Inventory: Stationery and printing</i>	15 294	9 416	7 640	8 810	7 526	8 259	8 715
<i>Lease payments</i>	3 601	147 309	196 553	725	1 932	2 018	2 138
<i>Property payments</i>	123 063	15 120	5 310	202 689	325 692	352 435	376 007
<i>Transport provided: Departmental activity</i>	42	–	–	130	665	731	774
<i>Travel and subsistence</i>	60 643	55 343	36 433	32 405	24 798	33 062	41 398
<i>Training and development</i>	14 148	12 060	10 426	16 917	11 687	17 506	19 821
<i>Operating expenditure</i>	1 871	19 216	2 902	2 254	2 577	2 697	2 837
<i>Venues and facilities</i>	21	837	2 915	8 504	4 713	7 171	7 506
Interest and rent on land	–	6 760	212	101	–	–	–
Transfers and subsidies	11 539	10 217	4 915	18 192	14 575	15 414	16 186
Provinces and municipalities	2	26	–	–	–	–	–
Departmental agencies and accounts	716	1 099	946	1 500	1 575	1 654	1 737
Households	10 821	9 092	3 969	16 692	13 000	13 760	14 449
Payments for capital assets	13 015	6 055	17 331	38 197	39 579	40 799	49 452
Buildings and other fixed structures	104	30	–	–	2 945	3 188	3 347
Machinery and equipment	12 665	6 002	13 902	26 734	16 042	15 985	23 398
Software and other intangible assets	246	23	3 429	11 463	20 592	21 626	22 707
Payments for financial assets	3 338	50 277	5 621	–	–	–	–
Total	679 838	864 492	826 489	869 065	883 128	975 738	1 075 837

Table 38.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	716	1 099	946	1 500	1 575	1 654	1 737
Energy Sector Education and Training Authority	716	1 099	946	1 500	1 575	1 654	1 737
Households							
Social benefits							
Current	10 821	215	3 633	4 292	1 000	1 100	1 156
Employee social benefits	10 821	215	3 633	4 292	1 000	1 100	1 156
Households							
Other transfers to households							
Current	-	8 877	336	12 400	12 000	12 660	13 293
Bursaries non-employees	-	8 693	-	11 900	12 000	12 660	13 293
Youth programmes	-	184	-	500	-	-	-
Other transfers to households	-	-	336	-	-	-	-
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2	26	-	-	-	-	-
Regional services council levies	2	-	-	-	-	-	-
Motor vehicle licences	-	26	-	-	-	-	-

Expenditure trends

Expenditure grew from R679.8 million in 2008/09 to R869.1 million in 2011/12, at an average annual rate of 8.5 per cent. The increase was mainly due to higher spending on compensation of employees and office accommodation. Expenditure on compensation of employees grew from R155.8 million to R273.7 million between 2008/09 and 2011/12, at an average annual rate of 20.7 per cent, due to the appointment of additional staff to strengthen the financial management and internal audit functions, and the integration of information services into the *Corporate Services* subprogramme.

Expenditure in the *Ministry* subprogramme increased from R10.2 million in 2008/09 to R25.7 million in 2011/12, at an average annual of 35.9 per cent, due to the consolidation in this subprogramme of the salaries of the minister, deputy minister and their support staff. Spending on *Office Accommodation* increased from R123.3 million in 2008/09 to R200.9 million in 2011/12, at an average annual rate of 35.9 per cent, as a result of rental escalations and the expansion of office accommodation needs due to a higher staff complement.

Expenditure is expected to increase from R869.1 million in 2011/12 to R1.1 billion in 2014/15, at an average annual rate of 7.4 per cent. Expenditure in the *Office Accommodation* subprogramme is expected to increase from R200.9 million in 2011/12 to R374.1 million, at an average annual rate of 23 per cent, to accommodate additional employees and to finance the increased costs in rental.

Expenditure on consultants was equivalent to 19.5 per cent of the total programme budget in 2011/12, and is expected to decrease from R169.3 million in 2011/12 to R49.2 million in 2014/15, at an average annual rate of 33.8 per cent. The reduction in expenditure on consultants is as a result of a skills transfer programme implemented to provide change management and ICT skills to departmental staff.

Programme 2: Water Sector Management

Objectives and measures

- Ensure that available water is used efficiently by implementing water conservation and demand management programmes, including sector awareness and mobilisation on an ongoing basis.
- Maintain a reliable and equitable supply of water by developing a reconciliation strategy for the Olifants water management area and 2 feasibility plans for the Groot Letaba water augmentation project and Western Cape water supply system augmentation project in 2012/13.
- Improve regional water resources management through ensuring that shared water resources are managed in collaboration with neighbouring states by establishing the Joint Water Commission and undertaking international water resource management plans for shared water resources with Mozambique, Botswana and Swaziland on an ongoing basis.
- Respond and adapt to the impact of climate change by improving the monitoring of water resources by refurbishing existing river flow gauging stations and constructing 4 new stations by 2013/14.
- Ensure that water resources are managed sustainably and that funding is raised for refurbishing existing water infrastructure by developing efficient pricing structures by March 2013.
- Support and ensure sustainable water services by revising and submitting the Water Services Amendment Bill to Parliament by 2013/14.
- Improve the efficiency and effectiveness in the delivery of water by strengthening the capacity of water institutions to discharge their obligations through the finalisation of an institutional realignment framework by 2012/13.
- Ensure the efficient use and protection of water resources by:
 - classifying the water resources in the Olifants and the Vaal River systems by 2012/13
 - setting the final resource quality objectives for the Olifants Doorn water management area by 2012/13
 - finalising the review of the second edition of the National Water Resource Strategy by 2012/13
 - completing phase 1 of the integrated water information system in 2012/13.

Subprogrammes

- *Policy and Planning Management and Support* oversees the overall management and oversight of the programme, by ensuring effective and efficient operation of the office of the deputy director general. The primary activities are business planning and overall monitoring of the subprogramme. This subprogramme had a staff complement of 9 and a total budget of R5.5 million in 2011/12, of which 74 per cent was used for the payment of the deputy director general and support staff. R1.5 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.
- *Integrated Planning* develops comprehensive plans that guide infrastructure development, systems and services management within the water sector. This subprogramme is responsible for preparing reconciliation strategies, drafting feasibility plans, compiling the integrated hydrological plan, undertaking options analyses and macro planning. This subprogramme had a staff complement of 128 and a total budget of R450.6 million in 2011/12, of which 83.6 per cent was spent on consultants to draft and design technical plans for a water treatment plant to purify polluted acid mine water into potable water. In 2011/12, 2 reconciliation strategies in the Bloemfontein area and in Mzimkulu were planned for completion. Over the medium term, the department will complete the acid mine drainage feasibility study at a cost of R17 million, and the reuse and desalination strategies and the second edition of the national water resource strategy. R31.2 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and consultants.
- *Policy and Strategy* develops, maintains, monitors and reviews the implementation of water sector policy to ensure reliable and equitable water supply and services. This subprogramme had a staff complement of 41 and a total budget of R57 million in 2011/12, of which 55.9 per cent was used for the appointment of consultants for business and advisory services, and outsourcing of agency support services to update and

revise the 2004 national water resources strategy. By the end of 2012/13, the department expects to finalise the review of the National Water Act (1998), the Water Services Act (1997) and the Water Research Act (1971). R6.8 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.

- *Water Ecosystem* develops and implements measures to protect water resources. This entails classifying systems, determining reserves, and conducting resource quality audits and resource directed measures of compliance. This subprogramme had a staff complement of 36 and a total budget of R39.6 million in 2011/12, of which 57.9 per cent was spent on consultants to assist in the protection and improvement of water quality. In 2010/11, the regulations to establish a water resources classifications system were promulgated and 288 ad hoc reserves were determined. R6.1 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.
- *Water Information Management* ensures the development and maintenance of systems and programmes for data and information acquisition and management, builds the knowledge base on all aspects of water, and coordinates and audits implementation by the department, catchment management agencies and other water management institutions or agencies. This entails providing resource quality information services, spatial and land information management, water information quality assurance and audits, information programmes, and surface and ground water information services. This subprogramme had a staff complement of 355 and a total budget of R188.5 million in 2011/12, of which 50.2 per cent was used for compensation of employees. This subprogramme publishes the annual State of Water report, which describes the availability, quality and governance of water, in line with the hydrological year. R48.5 million in 2012/13 has been identified as approved expenditure cuts, which will be used to finance the higher cost of office rental in the Administration programme.
- *Institutional Oversight* involves institutional governance and oversight of all water institutions, and facilitates their establishment and development. This entails providing institutional support, establishing catchment management agencies and rendering advisory services oversight. This subprogramme had a staff complement of 57 and a total budget of R140.9 million on in 2011/12, of which 52.6 per cent was used for the transfers to the Breede-Overberg Catchment Management Agency and the Inkomati Catchment Management Agency. In 2010/11, the department transferred R22 million to the Breede-Overberg Catchment Management Agency and R17.4 million to the Inkomati Catchment Management Agency. A further R22.1 million, which represents 15.6 per cent of the budget, was transferred the Inkomati Catchment Management Agency in 2011/12 to finance operations. In 2012/13, transfers to these catchment management agencies will increase to R49.4 million. In 2010/11, the delegation of functions to catchment management agencies was approved by the minister, while a second tranche of delegations were scheduled for transfer in 2011/12. R29.9 million in 2012/13 in expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants has been identified.

Expenditure estimates

Table 38.6 Water Sector Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Policy and Planning Management and Support	3 147	5 655	3 338	5 481	4 309	5 147	5 700
Integrated Planning	99 684	125 250	113 224	450 566	291 451	159 472	181 240
Policy and Strategy	42 511	17 114	32 646	57 159	30 010	32 119	55 945
Water Ecosystem	27 705	43 200	32 261	39 583	35 880	39 452	43 285
Water Information Management	161 453	174 268	144 360	188 447	163 443	175 681	202 108
Institutional Oversight	78 622	78 057	98 054	140 915	93 766	109 711	121 729
Total	413 122	443 544	423 883	882 151	618 859	521 582	610 007
Change to 2011 Budget estimate				163 425	(179 094)	(163 630)	(116 318)

Economic classification

	371 527	376 376	330 242	759 155	532 761	431 597	514 633
Current payments							
Compensation of employees	105 516	107 813	139 270	205 059	164 321	184 587	219 452
Goods and services	266 011	268 563	190 867	554 096	368 200	246 761	294 916
<i>of which:</i>							
Administrative fees	136	1 389	1 089	1 293	2 339	2 572	2 727
Advertising	80	167	86	914	390	410	434
Assets less than the capitalisation threshold	2 424	899	681	2 923	2 113	2 203	2 336
Audit cost: External	28	–	–	435	–	–	–
Bursaries: Employees	7	–	–	59	–	–	–
Catering: Departmental activities	109	228	178	386	642	675	715
Communication	8 886	3 585	1 556	1 733	2 278	2 367	2 509
Computer services	24 224	21 429	10 977	9 839	26 219	28 975	32 625
Consultants and professional services: Business and advisory services	74 411	36 475	12 409	18 948	9 945	16 333	17 436
Consultants and professional services: Infrastructure and planning	77 249	124 427	108 083	411 052	275 394	136 835	170 464
Consultants and professional services: Laboratory services	–	–	–	424	597	615	652
Consultants and professional services: Legal costs	–	–	7 094	–	–	–	–
Contractors	7 937	1 983	1 836	4 590	1 702	1 755	1 860
Agency and support / outsourced services	29 413	40 177	11 756	58 191	8 704	11 774	18 466
Entertainment	4	12	17	49	82	86	91
Fleet services (including government motor transport)	–	–	–	3	–	–	–
Inventory: Food and food supplies	91	2	–	5	18	18	20
Inventory: Fuel, oil and gas	294	210	256	210	288	296	314
Inventory: Learner and teacher support material	171	12	7	23	96	99	105
Inventory: Materials and supplies	135	72	103	46	85	88	93
Inventory: Medical supplies	–	2	–	3	5	5	5
Inventory: Other consumables	2 074	2 227	1 643	2 232	2 274	2 343	2 483
Inventory: Stationery and printing	3 222	3 217	3 775	4 907	3 506	3 666	3 887
Lease payments	3 299	3 153	517	2 631	1 367	1 411	1 496
Property payments	–	465	311	471	356	367	389
Transport provided: Departmental activity	–	–	–	–	42	44	47
Travel and subsistence	22 190	21 724	24 658	23 830	22 294	26 012	27 495
Training and development	2 473	3 022	1 980	5 874	4 594	4 702	4 982
Operating expenditure	6 938	3 218	1 355	1 508	788	819	868
Venues and facilities	216	468	500	1 517	2 082	2 291	2 417
Interest and rent on land	–	–	105	–	240	249	265
Transfers and subsidies	34 198	60 928	50 521	74 079	49 371	51 839	54 949
Provinces and municipalities	–	1 772	2	–	–	–	–
Departmental agencies and accounts	4 600	32 893	39 434	74 079	49 371	51 839	54 949
Public corporations and private enterprises	–	43	9 667	–	–	–	–
Households	29 598	26 220	1 418	–	–	–	–

Table 38.6 Water Sector Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Payments for capital assets	7 397	6 240	43 120	48 917	36 727	38 146	40 425
Buildings and other fixed structures	–	–	33 533	30 276	27 366	28 461	30 169
Machinery and equipment	6 866	5 636	5 667	15 429	6 786	7 006	7 416
Biological assets	–	4	–	–	–	–	–
Software and other intangible assets	531	600	3 920	3 212	2 575	2 679	2 840
Total	413 122	443 544	423 883	882 151	618 859	521 582	610 007

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 600	32 893	39 434	74 079	49 371	51 839	54 949
Bushbuckridge Water Board	–	–	–	18 000	–	–	–
Catchment management agencies	–	–	–	12 000	–	–	–
Breede Overberg catchment management agency	2 600	11 000	–	21 979	19 140	23 625	24 039
Inkomati catchment management agency	2 000	21 893	17 434	22 100	30 231	28 214	30 910
Breede Catchment catchment management agency	–	–	22 000	–	–	–	–
Households							
Social benefits							
Current	261	855	1 138	–	–	–	–
Leave gratuity	113	255	192	–	–	–	–
Employee social benefits	148	600	946	–	–	–	–
Households							
Other transfers to households							
Current	29 337	25 365	280	–	–	–	–
Financial assistance for small scale farmers	29 337	25 365	280	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	1 772	2	–	–	–	–
Motor vehicle licences	–	1 772	2	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	–	43	9 667	–	–	–	–
Environmental Education Association of South Africa	–	43	–	–	–	–	–
Namakwa Water Board	–	–	9 667	–	–	–	–

Expenditure trends

Expenditure grew from R413.1 million in 2008/09 to R882.2 million in 2011/12, at an average annual rate of 28.8 per cent. The greatest contributor to the growth is the *Integrated Planning* subprogramme, which grew from R99.7 million in 2008/09 to R450.6 million in 2011/12, at an average annual rate of 65.3 per cent, due to additional funding provided in 2011/12 for acid mine drainage and reconciliation strategies carried out by the department. Between 2008/09 and 2011/12, the department completed 17 reconciliation strategies, which contain comprehensive assessments of the demand and supply within catchment areas and recommend appropriate measures to manage any shortfall. Over the same period, spending on the *Institutional Oversight* subprogramme increased from R78.6 million to R140.9 million, at an average annual rate of 21.5 per cent, as a result of transfers to catchment management agencies.

Expenditure on transfers and subsidies increased from R34.2 million in 2008/09 to R74.1 million in 2011/12, at an average annual rate of 29.4 per cent, as a result of higher transfers to the Breede-Overberg and Inkomati catchment management agencies to subsidise operational expenditure in preparation for the delegation of functions. Included in this increase was R18 million in 2011/12 for the Bushbuckridge Water Board for the refurbishment of a pipeline.

Spending is expected to decrease from R882.2 million in 2011/12 to R610 million in 2014/15, at an average annual rate of 11.6 per cent, as a result of shifting an allocation of R57 million earmarked for prevention and mitigation of disaster risk to the *Sector Support and Intergovernmental Relations* subprogramme in the *Regional Implementation and Support* programme.

Expenditure on consultants was equivalent to 48.8 per cent of the total programme budget in 2011/12, and was expected to decrease from R430.4 million in 2011/12 to R188.6 million in 2014/15, at an average annual rate of 24.1 per cent. Expenditure on consultants over the medium term will be used mostly to provide specialised support on modelling reconciliation options and development of options for infrastructure projects to augment scarce departmental skills. Over the MTEF period, approximately 76 consultants will be employed to assist with various projects within this programme.

Programme 3: Water Infrastructure Management

Objectives and measures

- Ensure the effective and sustainable management of water resources by:
 - transferring sufficient funds on a regular basis to the water trading entity for the design, construction, commissioning and rehabilitation of bulk raw water resources infrastructure
 - managing and operating existing bulk raw water infrastructure.

Subprogrammes

- *Infrastructure Development and Rehabilitation* provides for the design, construction and commissioning of new water resource infrastructure; and the rehabilitation of existing infrastructure to ensure the safety and functionality of departmental dams and related infrastructure. This subprogramme is solely used to house transfers and had no staff complement. The subprogramme had a total budget of R2.2 billion in 2011/12. R2 billion was transferred to the water trading entity to construct, operate and maintain existing and new bulk raw water infrastructure such as dams, canals and reservoirs. The remaining R180 million was transferred to the Komati River Basin Water Authority in 2011/12 for the repayment of the loan to the Development Bank of Southern Africa for the construction of the Driekoppies and Maguga Dams. R30 million in 2012/13 has been identified as approved expenditure cuts to finance the costs of higher rental and office accommodation.
- *Operation of Water Resources* provides for the augmentation of the water trading entity to ensure the effective management of water resources and the sustainable operation and management of bulk raw water infrastructure. This subprogramme is solely used to house transfers and has no staff complement. Its total budget of R167.1 million in 2011/11 was transferred to the water trading entity to fund operational expenditure. R3.5 million in 2012/13 has been identified as approved expenditure cuts and will be used to finance higher office rental costs. In 2011/12, R167.2 million was transferred to the water trading entity to fund its operational expenditure.

Expenditure estimates

Table 38.7 Water Infrastructure Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Infrastructure Development and Rehabilitation	1 328 096	1 977 218	1 992 401	2 217 826	2 114 003	2 799 957	2 968 203
Operation of Water Resources	316 233	130 862	140 021	167 137	159 493	167 145	177 245
Total	1 644 329	2 108 080	2 132 422	2 384 963	2 273 496	2 967 102	3 145 448
Change to 2011 Budget estimate				(223 000)	(384 574)	(72 000)	(76 000)

Economic classification

Current payments	-	1 856	-	-	-	-	-
Compensation of employees	-	1 827	-	-	-	-	-
Goods and services	-	29	-	-	-	-	-
<i>of which:</i>							
<i>Travel and subsistence</i>	-	29	-	-	-	-	-
Transfers and subsidies	1 644 329	2 106 224	2 132 422	2 384 963	2 273 496	2 967 102	3 145 448
Departmental agencies and accounts	1 644 329	1 924 472	1 952 422	2 204 963	2 093 496	2 777 202	2 944 154
Foreign governments and international organisations	-	175 953	180 000	180 000	180 000	189 900	201 294
Households	-	5 799	-	-	-	-	-
Total	1 644 329	2 108 080	2 132 422	2 384 963	2 273 496	2 967 102	3 145 448

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	316 233	123 207	140 021	167 137	159 493	167 145	177 245
Water trading entity	316 233	123 207	140 021	167 137	159 493	167 145	177 245
Capital	1 328 096	1 801 265	1 812 401	2 037 826	1 934 003	2 610 057	2 766 909
Water trading entity	1 328 096	1 801 265	1 812 401	2 037 826	1 934 003	2 610 057	2 766 909
Foreign governments and international organisations							
Capital	-	175 953	180 000	180 000	180 000	189 900	201 294
Komati River Basin Water Authority	-	175 953	180 000	180 000	180 000	189 900	201 294
Households							
Social benefits							
Capital	-	5 799	-	-	-	-	-
Operation of Water Resource Infrastructure	-	5 799	-	-	-	-	-

Expenditure trends

Expenditure in this programme increased from R1.6 billion in 2008/09 to R2.4 billion in 2011/12, at an average annual rate of 13.2 per cent. Much of this growth was driven by additional allocations for the *Infrastructure, Development and Rehabilitation* subprogramme, which increased from R1.3 billion in 2008/09 to R2.2 billion in 2011/12, at an average annual rate of 18.6 per cent, as a result of additional allocations of R245 million for the completion of the De Hoop Dam and R458 million for the bulk distribution system of the Olifants River water resources development project in 2011/12. The construction of the De Hoop Dam, which started in 2007, has created approximately 700 employment opportunities each year. Eleven broad based black economic empowerment compliant contractors have been employed in compliance with the project's empowerment objectives.

R2.1 billion was transferred from the *Infrastructure, Development and Rehabilitation* subprogramme to the water trading entity in 2011/12. The balance of R180 million was earmarked for transfer in 2011/12 to the Komati Basin Water Authority, the water management institution responsible for the joint water project between the governments of South Africa and Swaziland. This transfer is intended for the repayment of the loans for the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland.

Expenditure is expected to grow from R2.2 billion in 2011/12 to R3.1 billion in 2014/15, at an average annual rate of 10.2 per cent. Expenditure in the *Operation of Water Resources* subprogramme is expected to increase from R167.1 million to R177.3 million over the same period, at an average annual rate of 2 per cent. The lower rate of growth in this subprogramme is due to better cost recovery approaches.

Programme 4: Regional Implementation and Support

Objectives and measures

- Ensure the availability of water supply for domestic use through the development of infrastructure by providing technical support to 57 municipalities to access potable water through the use of bulk infrastructure schemes by 2013/14.
- Improve access to water for rural development and productive use by:
 - providing 25 000 rainwater harvesting tanks to rural communities for food security and access to water by 2014
 - implementing water allocation reform for historically disadvantaged individuals through the issuing of 850 water use licences by 2014/15.
- Improve water use efficiency in a total of 179 municipalities by implementing water conservation and demand management initiatives (such as replacing old pipes, identifying and fixing illegal connections, and upgrading billing systems and consumer metre management) to save 382.3 million cubic metres of water by 2014.
- Ensure the provision of institutional support to a total of 179 municipalities in 2014/15 by:
 - providing targeted engineering advice and technical support to municipalities, where necessary
 - assisting municipalities to develop and implement the regulatory performance measurement system.

Subprogrammes

- *Regional Management and Support* provides strategic support and oversees the overall management and oversight of the programme. The main activities include document management, coordination of regional information and support to the deputy director general's office administration. This subprogramme had a staff complement of 11 and a total budget of R9.2 million in 2011/12, of which 55.2 per cent was used for the payment of salaries of the deputy director general and the support staff. R1.9 million in 2012/13 has been identified as approved expenditure cuts and will be used to finance improvements in conditions of service in the department.
- *Sector Support and Intergovernmental Relations* coordinates sector collaborations and intergovernmental relations, ensures that provincial water sector plans are aligned with provincial growth and development strategies, ensures water conservation through efficient infrastructure management and the water use efficiency programme, and implements an accelerated community infrastructure programme. This subprogramme had a staff complement of 1 026 and a total budget of R1.3 billion in 2011/12, of which 34.6 per cent was used for transfers to municipalities for the implementation of the accelerated community infrastructure programme. The infrastructure programme targets provinces where there are serious water related challenges, such as cholera, and general shortages of potable water. To date, all provinces have established provincial water committees or forums and have developed provincial water sector plans. Total transfers amount to R453.1 million in 2011/12, of which R450 million is provided to the Nelson Mandela municipality for drought interventions, which range from irrigation to infrastructure maintenance projects. R77.6 million in 2012/13 has been identified as approved expenditure cuts, and will be used to fund improvements in waste water bulk infrastructure in district municipalities over the medium term.
- *Institutional Establishment* contributes to the establishment of effective water management institutions. Some of the key activities include transformation of irrigation boards into water user associations, development of water user association business plans and capacity building within water user associations. This subprogramme had a staff complement of 22 and a total budget of R25.2 million in 2011/12, of which

40.1 per cent was spent on compensation of employees. R2.8 million in 2012/13 has been identified as approved expenditure cuts and will be used to finance improvements in conditions of service in the department. Transfers of R8.5 million were made in 2011/12 for financial assistance to irrigation boards benefiting resource poor farmers.

- *Regional Programme Coordination* implements and provides support to the department's regional programmes. This subprogramme had a total budget of R305 000 in 2011/12, of which 100 per cent was spent on goods and services to coordinate the activities and obligations of the department in the Southern African Development Community region. No expenditure cuts have been approved in this subprogramme.
- *Regional Bulk* develops regional bulk infrastructure for water supply and water treatment works, and supplements regional bulk sanitation collector systems as well as regional wastewater treatment works. This entails connecting water from sources to municipal reticulation systems. This subprogramme had a staff complement of 18 and a total budget of R1.8 billion in 2011/12, of which 94.5 per cent was used for the development of bulk infrastructure for water and waste water treatment works. 2 895 job opportunities were created through the programme in the first half of 2011/12. R56 million in 2012/13 has been identified as approved expenditure cuts, and will be used to fund improvements in waste water bulk infrastructure within district municipalities over the medium term.
- *Transfer of Water Schemes* guides the transfer of the operation and maintenance functions of water services schemes to water services institutions to ensure effective, efficient and sustainable service delivery by all water services authorities. This entails administering and managing water and wastewater owned by the department and those that have been transferred to municipalities and other water management institutions. This subprogramme had a staff complement of 13 and a total budget of R688.9 million in 2011/12, of which 82.6 per cent was used for funding the refurbishment costs of transferred water and waste water schemes, in accordance with signed transfer agreements between the department and municipalities. In 2011/12, R542.4 million was transferred to municipalities through the water services operating subsidy grant to fund the refurbishment, operations and maintenance of the water schemes that have been transferred by the department to municipalities in terms of transfer agreements. R26.9 million was allocated for employee social benefits for staff qualifying for retirement. R5.8 million in 2012/13 in expenditure cuts to finance improvements in conditions of service within the department has been identified. The transfer agreement for the The waterskloof Scheme in Western Cape was scheduled for approval by March 2012.
- *Support Services* provides human resources, financial management and general administration to the programme. This subprogramme had a staff complement of 836 and a total budget of R375.5 million in 2011/12, of which 48.7 per cent was used for the payment of salaries to staff providing support services in the areas of corporate and financial services at the regional offices of the department. Total transfers amounted to R3.8 million, of which the bulk of R3.1 million was for financial assistance to small scale farmers for interventions ranging from irrigation to infrastructure maintenance projects. The remaining R721 000 was transferred to municipalities to pay for motor vehicle licences. R15.7 million in 2011/12 has been identified as approved expenditure cuts to fund improvements in waste water bulk infrastructure within district municipalities over the medium term.
- *Water Services Projects* provides for the construction of new water services infrastructure projects such as water treatment works and pipelines. The total budget for the subprogramme in 2011/12 was R547.5 million and was used solely to finance transfers for: the construction of pipelines for the Nandoni water treatment works and distribution network; phase 2 of Inyaka water treatment works and distribution line; and phases 1, 2 and 3 of the Hluhluwe regional water scheme. There are no transfers in this subprogramme. R16.6 million in 2012/13 has been identified as approved expenditure cuts, and will be used to finance improvements in waste water infrastructure in district municipalities.
- *Integrated Catchment Management* provides for the protection, development, use and management of the resources at water management area level. Although the budget for this function has been transferred to the department's main account, a number of personnel remain in the water trading entity. Of the 115 staff members planned to be transferred from the water trading entity to the department, only 7 have already been moved. There are no transfers in this subprogramme. This subprogramme had a total budget of R20.2 million in 2011/12. R5.2 million in 2012/13 has been identified as approved cuts to expenditure and will be used to fund improvements in conditions of service in the department.

Expenditure estimates

Table 38.8 Regional Implementation and Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Regional Management and Support	5 515	5 618	3 709	9 204	7 751	8 172	9 210
Sector Support and Intergovernmental Relations	307 926	990 756	1 253 368	1 300 983	766 638	768 821	817 488
Institutional Establishment	–	–	–	25 168	18 375	22 206	24 990
Regional Programme Coordination	–	–	–	305	1 002	1 052	1 104
Regional Bulk	443 167	623 208	869 550	1 785 932	2 597 291	3 006 669	3 440 476
Transfer of Water Schemes	1 344 987	1 120 022	869 120	688 890	714 221	753 869	798 911
Support Services	209 263	323 346	311 728	375 460	304 898	333 731	359 618
Water Services Projects	–	–	191 942	547 519	445 655	192 377	206 360
Integrated Catchment Management	–	–	–	20 198	40 851	48 800	51 569
Total	2 310 858	3 062 950	3 499 417	4 753 659	4 896 682	5 135 697	5 709 726
Change to 2011 Budget estimate				(855 274)	(847 157)	(942 812)	(733 491)

Economic classification

	839 706	1 114 353	998 135	1 211 733	1 135 896	1 165 296	1 263 996
Current payments							
Compensation of employees	514 162	464 846	470 752	538 835	552 496	602 783	663 699
Goods and services	325 373	649 412	524 818	672 271	581 885	560 907	598 511
<i>of which:</i>							
Administrative fees	1 882	2 010	3 815	2 939	5 901	6 202	6 571
Advertising	1 070	2 301	6 933	5 697	6 936	7 291	7 677
Assets less than the capitalisation threshold	2 323	2 056	4 849	13 456	13 327	12 961	14 845
Audit cost: External	–	–	–	80	–	–	–
Bursaries: Employees	34	27	30	473	100	–	–
Catering: Departmental activities	2 409	2 737	2 047	5 838	9 879	9 760	10 616
Communication	14 185	23 440	25 981	11 409	22 595	24 102	26 629
Computer services	7 091	9 754	6 738	28 242	14 766	14 407	14 974
Consultants and professional services: Business and advisory services	107 307	309 416	139 605	272 703	124 090	87 130	93 370
Consultants and professional services: Infrastructure and planning	5 645	64 874	39 904	52 959	65 340	67 023	70 837
Consultants and professional services: Laboratory services	3 821	7 348	4 032	1 986	7 187	8 100	9 049
Consultants and professional services: Legal costs	5 412	–	722	–	–	–	–
Contractors	7 355	24 195	37 979	6 070	30 072	27 877	26 410
Agency and support / outsourced services	32 663	34 237	80 159	56 217	52 224	59 311	62 882
Entertainment	402	61	26	465	400	422	444
Fleet services (including government motor transport)	–	–	–	–	4 000	–	–
Housing	–	–	–	5	1 002	2	2
Inventory: Food and food supplies	26	226	1 176	369	244	257	269
Inventory: Fuel, oil and gas	367	4 118	4 738	2 561	6 466	7 312	7 020
Inventory: Learner and teacher support material	8	18	31	528	601	631	661
Inventory: Materials and supplies	1 459	14 900	12 657	2 991	8 209	8 620	9 086
Inventory: Medical supplies	8	27	106	401	477	502	529
Inventory: Military stores	–	–	1 791	–	–	–	–
Inventory: Other consumables	1 798	6 564	7 210	3 852	8 402	8 926	9 418
Inventory: Stationery and printing	13 890	6 012	8 404	9 967	12 843	13 583	14 321
Lease payments	11 123	24 617	20 065	46 854	24 639	26 710	28 937
Property payments	8 841	6 008	8 679	4 763	17 726	18 547	20 569
Transport provided: Departmental activity	1 932	16	383	988	2 332	2 464	2 623

Table 38.8 Regional Implementation and Support (continued)

R thousand	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Travel and subsistence	87 667	90 936	89 606	103 047	110 082	116 041	124 123
Training and development	1 824	1 942	6 321	7 070	14 042	14 244	16 184
Operating expenditure	1 889	9 063	5 982	22 079	7 397	7 539	8 827
Venues and facilities	2 942	2 509	4 849	8 262	10 606	10 943	11 638
Interest and rent on land	171	95	2 565	627	1 515	1 606	1 786
Transfers and subsidies	1 008 616	956 858	1 038 837	1 034 574	575 353	620 717	658 548
Provinces and municipalities	994 992	907 077	985 042	993 066	562 556	421 073	449 697
Foreign governments and international organisations	–	625	–	–	–	–	–
Public corporations and private enterprises	7	–	–	–	–	–	–
Households	13 617	49 156	53 795	41 508	12 797	199 644	208 851
Payments for capital assets	462 536	991 739	1 462 445	2 507 352	3 185 433	3 349 684	3 787 182
Buildings and other fixed structures	441 113	973 661	1 257 215	2 478 946	3 141 143	3 302 784	3 751 014
Machinery and equipment	20 880	17 981	205 189	28 406	44 258	46 867	36 133
Biological assets	–	–	1	–	–	–	–
Software and other intangible assets	543	97	40	–	32	33	35
Total	2 310 858	3 062 950	3 499 417	4 753 659	4 896 682	5 135 697	5 709 726

Details of transfers and subsidies

Foreign governments and international organisations							
Current	–	625	–	–	–	–	–
International Centre for Water Economic and Governance	–	625	–	–	–	–	–
Households							
Social benefits							
Current	13 035	47 859	14 338	26 908	5 916	193 107	202 708
Leave gratuity	13 035	47 859	14 338	26 908	5 916	193 107	202 708
Households							
Other transfers to households							
Current	582	1 297	39 457	14 600	6 881	6 537	6 143
Leave gratuity	161	–	3 891	–	–	–	–
Resources for Poor Farmers	421	1 297	35 566	14 600	6 881	6 537	6 143
Resource Poor Farmers	–	–	–	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	985 562	851 085	664 685	543 066	562 556	421 073	449 697
Vehicle licences	–	11	–	721	–	–	–
Motor vehicle licences	–	–	–	–	–	–	–
Water Services Operating Subsidy Grant	985 562	848 736	664 273	542 345	562 434	420 945	449 558
Regional services levy	–	–	412	–	–	–	–
Municipalities	–	2 336	–	–	10	11	12
Municipal rates	–	2	–	–	112	117	127
Capital	9 430	55 992	320 357	450 000	–	–	–
Motor vehicle licences	430	2 292	–	–	–	–	–
Implementation of regional bulk	–	–	–	–	–	–	–
Municipal drought relief	9 000	53 700	320 357	–	–	–	–
Drought relief grant	–	–	–	450 000	–	–	–

Table 38.8 Regional Implementation and Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	7	-	-	-	-	-	-
Regional services levy	7	-	-	-	-	-	-

Expenditure trends

Expenditure grew from R2.3 billion in 2008/09 to R4.8 billion 2011/12, at an average annual rate of 27.2 per cent. The strong growth is mainly due to additional transfers to local government through the *Transfers of Water Schemes* subprogramme, the construction of water supply through the *Sector Support and Intergovernmental Relations* subprogramme, and distribution infrastructure through the *Regional Bulk* subprogramme.

The *Transfers of Water Schemes* subprogramme decreased from R1.3 billion in 2008/09 to R688.9 million in 2011/12, at an average annual rate of 20 per cent. This was due to the completion of the transfer of the first 20 per cent of the water schemes to water services institutions in 2008/09. The *Regional Bulk* subprogramme has grown from R443.2 million in 2008/09 to R1.8 billion in 2011/12, at an average annual rate of 59.1 per cent. Since the inception of the *Regional Bulk* subprogramme in 2007/08, 22 projects have been completed and 9 907 job opportunities created.

Expenditure on transfers and subsidies remained stable at around R1 billion between 2008/09 and 2011/12. Over this period, the water services operating subsidy grant declined from R985.6 million to R542.3 million, due to shifting of funds from this grant to the local government equitable share to fund refurbishment, operations and maintenance. A once-off grant in the amount of R450 million for drought relief to the Nelson Mandela municipality was allocated in 2011/12.

Over the medium term, expenditure is expected to increase from R4.8 billion to R5.1 billion, at an average annual rate of 2.6 per cent. This growth is largely driven by increased spending on water and waste water infrastructure. Additional allocations over the medium term include: R888.9 million for Greater Sekhukhune district municipality water and wastewater bulk infrastructure, R400 million for the Sedibeng district municipality wastewater bulk infrastructure, and R595 million for the OR Tambo district municipality bulk water and wastewater infrastructure. As a result, expenditure in the *Regional Bulk* subprogramme is expected to increase from R1.8 billion in 2011/12 to R3.4 billion in 2014/15, at an average annual rate of 24.4 per cent.

Spending on consultants was equivalent to 6.9 per cent of the programme's total budget in 2011/12, and is expected to decrease from R327.7 million to R173.3 million over the medium term, at an average annual rate of 19.1 per cent. Over the MTEF period, approximately 30 consultants will be appointed to assist with various infrastructure projects. They will be expected to transfer specialised technical skills to departmental personnel.

Programme 5: Water Sector Regulation

Objectives and measures

- Ensure that the quality of water resources meets the needs of all consumers by implementing the water quality management programme and regulatory measures in the upper Vaal, upper Olifants, and Crocodile (West) water management areas in 2012/13.
- Ensure the equitable allocation of water resources to promote social and economic development through implementing water allocation reform and licensing by completing compulsory licensing processes in the Jan Dissels and Mhlathuze catchment management areas in 2012/13.
- Ensure that all South African citizens have access to safe drinking water by publishing the blue drop and green drop progress reports in 2012/13.

- Reduce pollution in water resources throughout South Africa by ensuring that 797 wastewater treatment plants are assessed for green drop status in 2012/13.
- Promote equity in the water abstraction allocation by processing all water use license applications from historically disadvantaged individuals by 31 December 2012.

Subprogrammes

- *Regulation Management and Support* ensures the overall management and oversight of the programme. Main activities include business planning, performance reporting, management support and project management. This subprogramme had a staff complement of 9 and a total budget of R3.4 million in 2011/12, of which 65.3 per cent was used for the payment of salaries of the deputy director general and support staff. R302 000 in 2012/13 has been identified as approved expenditure cuts on the compensation of employees, travel and subsistence, and contractors and consultants.
- *Economic and Social Regulation* ensures that pricing is efficient and cost reflective, achieves value for money for consumers and, where appropriate, that trade-offs are made between the cost, quality and sustainability of services, focusing on developing finance and pricing strategies. This subprogramme had no staff complement or budget in 2011/12. R3.7 million in 2012/13 will be allocated for the revision of the pricing strategy and the establishment of the economic regulator.
- *Water Use Authorisation* authorises all water use activities in South Africa by using regulatory instruments such as licensing and water allocation reform. This subprogramme had a staff complement of 33 and a total budget of R14.4 million in 2011/12, of which 73.4 per cent was spent on compensation of employees. This subprogramme is responsible for the issuing of water licenses and gives effect to water allocation reform by reallocating water to historically disadvantaged individuals. In 2010/11, 3 new water management areas where licensing processes are compulsory were designated. All water use licence applications from historically disadvantaged individuals have been finalised and dealt with. R330 000 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants in 2012/13. There are no transfers in this subprogramme.
- *Drinking Water Quality and Wastewater Services* regulates the quality of drinking water and wastewater by using incentive and risk based regulation such as the blue drop and green drop certification programmes, and enforcement tools such as monitoring of drinking water quality, ensuring setting of drinking water standards, prescribing wastewater treatment and processes, and accurate processing of water information. This subprogramme had a staff complement of 17 and a total budget of R26.5 million in 2011/12, of which 60.2 per cent is spent on consultants who assist the department to conduct assessments of drinking water quality and wastewater treatment works within municipalities, as part of the department's blue drop and green drop certification activities. In the second green drop report, published in June 2011, 32 wastewater treatment works were awarded green drop status. In the second blue drop report, published in June 2011, 97 per cent of overall drinking water quality compliance was achieved and all municipal wastewater systems were assessed. R1.5 million has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants in 2012/13.
- *Resource Regulation* regulates the use of resources by setting water licence conditions. Key functions performed include dam safety regulation; and water use regulation including abstraction, storage, in-stream water use, stream flow reduction, water use and water uses relating to waste. This subprogramme had a staff complement of 105 and a total budget of R50.1 million in 2011/12, of which 69.6 per cent was used for the compensation of employees who perform the department's regulatory function. The review of the compulsory water use licence process for Mhlathuze in KwaZulu-Natal, Tosca in the North West and Jan Dissels in Western Cape water management areas is under way and will be completed in 2012/13. Over the medium term, the department will implement necessary measures to ensure that 29 per cent of the water abstraction allocation is authorised to historically disadvantaged individuals. R2.1 million in 2012/13 in expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants has been as approved.
- *Compliance Monitoring* coordinates and monitors compliance to standards, licence conditions and regulations across the full water value chain including water resources, dam safety, water hazards and water services. This subprogramme currently has no staff complement, due to restructuring, and had a total budget

of R1 million in 2011/12, of which 100 per cent was used for goods and services such as appointing consultants to assist with compliance monitoring activities. R26 000 in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.

- *Enforcement* ensures that appropriate legal action is taken against all unlawful water users. Functions performed in this subprogramme include monitoring and investigations, legal support and enforcement support. This subprogramme had a staff complement of 30 and a total budget of R16.9 million in 2011/12, of which 51.9 per cent was used for compensation of employees who undertake enforcement actions against illegal water users. In 2010/11, 142 pre-directives and 26 directives were issued against transgressors. In the first half of 2011/12, 106 cases were dealt with and 43 mines were audited. R1.4 million in 2012/13 has been identified as approved expenditure cuts on compensation of employees, travel and subsistence, and contractors and consultants.

Expenditure estimates

Table 38.9 Water Sector Regulation

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Regulation Management and Support	–	–	–	3 437	3 342	3 603	3 874
Economic and Social Regulation	13 349	9 052	–	–	3 700	3 885	4 118
Water Use Authorisation	12 771	9 056	39 079	14 432	15 135	15 965	16 923
Drinking Water Quality and Waste Water Services	22 472	20 976	28 278	26 446	26 936	29 014	30 154
Resource Regulation	31 961	34 086	45 026	50 123	48 591	48 463	48 824
Compliance Monitoring	–	–	–	1 000	1 035	1 091	1 157
Enforcement	–	–	13 178	16 932	15 944	17 869	18 943
Total	80 553	73 170	125 561	112 370	114 683	119 890	123 993
Change to 2011 Budget estimate				–	(1 414)	(1 902)	(5 109)

Economic classification

	77 771	71 234	124 999	110 226	113 208	118 317	122 337
Current payments							
Compensation of employees	38 424	36 722	51 271	63 322	64 116	68 066	71 470
Goods and services	39 347	34 512	73 728	46 904	49 007	50 160	50 771
<i>of which:</i>							
Administrative fees	231	668	960	631	192	202	214
Advertising	359	562	2 832	563	35	38	40
Assets less than the capitalisation threshold	1 997	120	95	552	696	731	774
Catering: Departmental activities	5	222	238	141	293	307	325
Communication	1 250	2 336	191	1 865	2 145	2 003	2 120
Computer services	1 294	1 567	389	1 328	1 572	1 651	1 750
Consultants and professional services: Business and advisory services	4 905	5 568	29 606	19 984	23 050	25 985	27 016
Consultants and professional services: Infrastructure and planning	–	5 234	11 985	7 172	6 391	4 559	4 549
Consultants and professional services: Laboratory services	–	–	–	133	–	–	–
Consultants and professional services: Legal costs	–	–	–	386	–	–	–
Contractors	8 747	125	50	229	–	–	–

Table 38.9 Water Sector Regulation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic Classification							
Agency and support / outsourced services	6 740	58	720	723	–	–	–
Entertainment	–	2	2	14	16	18	19
Inventory: Food and food supplies	1 102	1 104	–	15	21	22	23
Inventory: Learner and teacher support material	1 991	1 000	2	–	–	–	–
Inventory: Materials and supplies	–	15	–	–	–	–	–
Inventory: Other consumables	–	54	56	41	56	59	62
Inventory: Stationery and printing	3 826	3 663	1 699	1 581	2 193	2 919	3 073
Lease payments	–	8	61	523	264	241	255
Property payments	–	–	1	–	–	–	–
Travel and subsistence	6 678	11 055	19 520	8 316	9 743	8 967	7 959
Training and development	150	613	613	1 117	1 428	1 501	1 582
Operating expenditure	16	455	160	678	45	48	50
Venues and facilities	56	83	4 548	912	867	909	960
Interest and rent on land	–	–	–	–	85	91	96
Transfers and subsidies	956	450	–	–	–	–	–
Non-profit institutions	378	450	–	–	–	–	–
Households	578	–	–	–	–	–	–
Payments for capital assets	1 826	1 486	562	2 144	1 475	1 573	1 656
Buildings and other fixed structures	–	416	–	–	–	–	–
Machinery and equipment	1 810	1 068	562	2 114	1 471	1 569	1 652
Software and other intangible assets	16	2	–	30	4	4	4
Total	80 553	73 170	125 561	112 370	114 683	119 890	123 993

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Non-profit institutions							
Current		378	450	–	–	–	–
Swimming South Africa		378	450	–	–	–	–
Households							
Other transfers of households							
Current		578	–	–	–	–	–
Financial assistance for dam safety		578	–	–	–	–	–

Expenditure trends

Expenditure grew from R80.6 million in 2008/09 to R112.4 million in 2011/12, at an average annual rate of 11.7 per cent. This is mainly due to internal restructuring, which resulted in the *Water Management and Institutional Governance* subprogramme being moved from the *Regional Implementation and Support* programme to this programme. In addition, the department strengthened its regulatory function, resulting in expenditure in the *Resource Regulation* subprogramme increasing from R32 million to R50.1 million between 2008/09 and 2011/12, at an average annual rate of 16.2 per cent. The growth in this subprogramme accelerated the issuing of water use licences from 80 to 300 over the same period. Expenditure on the *Drinking Water Quality and Waste Water Services* subprogramme increased from R22.5 million in 2008/09 to R26.5 million in 2011/12, and enabled the assessment of 1 980 water supply systems against effluent standards.

Spending is expected to increase from R112.4 million in 2011/12 to R124 million in 2014/15, at an average annual rate of 3.3 per cent. The increase is due to additional allocations of R11.7 million for the establishment of the economic regulator and R55 million for resource regulation.

Expenditure on consultants constituted 24.6 per cent of the programme's total budget in 2011/12, and is expected to increase from R27.7 million in 2011/12 to R31.6 million in 2014/15, at an average annual rate of 4.5 per cent. Over the MTEF period, about 23 consultants will be employed to assist with various projects within the programme. The consultants will transfer specialised skills to the department's personnel.

Programme 6: International Water Cooperation

Objectives and measures

- Provide technical support and capacity development in the water sector in Africa by implementing 6 bilateral technical cooperation agreements with African countries by 2013/14.
- Strengthen, implement and facilitate water governance, infrastructure and information management by:
 - developing and implementing a strategic multilateral relations strategy for the department by 2013/14
 - sharing and exchanging information, ideas, best practices and technologies with individual countries (such as Swaziland, Namibia, Botswana, Mozambique, Zimbabwe and Lesotho) as dictated in the bilateral agreements with those countries
 - leading negotiations to enhance strategic relations to advance the developmental agenda of the Global South
 - developing partnerships with international multilateral forums, including World Water Forum, United Nations Commission on Sustainable Development, United Nations Framework Convention on Climate Change and India-Brazil-South Africa dialogue forum by 2014/15.

Subprogrammes

- *International Relations Management and Support* ensures overall management and oversight of the programme. This subprogramme had a staff complement of 6 and a total budget of R5.7 million, of which 62.2 per cent was used for the payment of salaries of the deputy director general and support staff. Main activities include business planning, performance reporting, management support and project management. R131 000 in 2012/13 has been approved in expenditure cuts and will be used to finance the higher costs of office rentals and accommodation. There are no transfers in this subprogramme.
- *Africa Cooperation* fulfils the department's responsibility of advancing the African agenda, through promotion and facilitation of collaborative activities in support of the water sector. This takes the form of bilateral relations and participation in multilateral institutions such as the African Union, African Ministers' Council on Water, the New Partnership for Africa's Development programmes and the Southern African Development Community. This subprogramme had a staff complement of 12 and a total budget of R10.6 million in 2011/12, of which 57 per cent was used for compensation of employees who administer and implement the water sector international relations functions in the Southern African Development Community region. R600 000 was transferred in 2011/12 as follows: R500 000 to the Orange-Senqu River Basin as South Africa's contribution to operations for sharing river basins with neighbouring countries. R245 000 in 2012/13 had been identified as approved expenditure cuts, and will be used to finance the higher costs of office rentals and accommodation.
- *Global Cooperation* promotes and advances national interest at global governance institutions, strategically engages bilateral countries outside Africa and explores opportunities to leverage resources from strategic donor countries. This entails hosting bilateral engagements and participating in conferences. This subprogramme had a staff complement of 18 and a total budget of R9.7 million in 2011/12, of which 55.6 per cent was used for compensation of employees. R221 000 in 2012/13 has been identified as approved expenditure cuts and will be used to finance the higher costs of office rentals and accommodation.

Expenditure estimates

Table 38.10 International Water Cooperation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
International Relations Management and Support	–	–	–	5 728	4 882	4 584	5 155
Africa Cooperation	18 906	11 441	15 922	10 643	10 925	11 009	11 669
Global Cooperation	–	–	–	9 740	10 006	10 077	10 682
Total	18 906	11 441	15 922	26 111	25 813	25 670	27 506
Change to 2011 Budget estimate				–	(1 598)	(2 208)	(2 044)

Economic classification

	18 032	10 867	15 273	25 511	25 188	25 041	26 839
Current payments							
Compensation of employees	2 101	2 849	10 509	14 705	14 231	13 731	14 846
Goods and services	15 931	8 018	4 763	10 806	10 892	11 239	11 911
<i>of which:</i>							
Administrative fees	33	155	129	160	164	171	181
Advertising	–	1	2	–	–	–	–
Assets less than the capitalisation threshold	16	56	310	835	776	800	840
Bursaries: Employees	–	–	–	120	125	127	134
Catering: Departmental activities	56	66	22	245	202	207	219
Communication	–	8	44	293	305	311	328
Computer services	20	6	31	280	292	297	314
Consultants and professional services: Business and advisory services	38	4	24	206	217	218	230
Consultants and professional services: Infrastructure and planning	47	–	–	71	–	–	–
Contractors	13 063	–	103	3 000	3 150	3 083	3 331
Agency and support / outsourced services	27	1 290	–	–	–	–	–
Entertainment	15	–	10	160	165	170	180
Inventory: Food and food supplies	2	1	–	–	–	–	–
Inventory: Fuel, oil and gas	–	–	–	35	–	–	–
Inventory: Learner and teacher support material	–	–	–	7	–	–	–
Inventory: Materials and supplies	–	–	21	–	–	–	–
Inventory: Other consumables	–	–	34	–	10	10	11
Inventory: Stationery and printing	238	32	140	292	121	216	130
Lease payments	–	199	11	820	864	869	913
Property payments	–	–	–	18	–	–	–
Transport provided: Departmental activity	–	–	–	73	62	78	67
Travel and subsistence	2 347	2 776	3 686	3 891	4 251	4 491	4 833
Training and development	15	173	135	222	139	142	149
Operating expenditure	14	2	2	38	24	24	25
Venues and facilities	–	3 249	59	40	25	25	26
Interest and rent on land	–	–	1	–	65	71	82

Table 38.10 International Water Cooperation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic Classification							
Transfers and subsidies	533	503	345	600	625	629	667
Foreign governments and international organisations	533	503	275	600	625	629	667
Households	–	–	70	–	–	–	–
Payments for capital assets	341	71	304	–	–	–	–
Buildings and other fixed structures	341	–	–	–	–	–	–
Machinery and equipment	–	71	304	–	–	–	–
Total	18 906	11 441	15 922	26 111	25 813	25 670	27 506

Details of transfers and subsidies

Foreign governments and international organisations							
Current	533	503	275	600	625	629	667
Orange-Senqu River Basin Commission	533	503	275	500	525	529	567
African Ministers' Council on Water	–	–	–	100	100	100	100
Households							
Social benefits							
Current	–	–	70	–	–	–	–
Leave gratuity	–	–	70	–	–	–	–

Expenditure trends

Spending increased from R18.9 million in 2008/09 to R26.1 million in 2011/12, at an average annual rate of 11.4 per cent. Expenditure in the *Africa Cooperation* subprogramme decreased from R18.9 million in 2008/09 to R10.6 million in 2011/12, at an average annual rate of 17.4 per cent. This decrease is due to the reallocation of resources towards the *Global Cooperation* subprogramme, which has a total budget of R9.7 million in 2011/12 in line with the department's increased emphasis on advancing national and African interests in a global arena. Between 2010/11 and 2011/12, 4 country strategies were established and 2 bilateral instruments finalised. R500 000 was transferred in 2011/12 to the Orange-Senqu River Basin Commission as part of South Africa's contributions to the operational costs associated with the commission overseeing the sharing river basins with neighbouring countries.

Spending on consultants increased from R38 000 to R206 000, at an average annual rate of 75.7 per cent between 2008/09 and 2011/12, and is expected to increase to R230 000 over the medium term. Consultants were commissioned to undertake trans-boundary water management studies.

Expenditure is expected to increase marginally from R26.1 million in 2011/12 to R27.5 million in 2014/15, at an average annual rate of 1.8 per cent, as the department forms and maintains strategic relations with neighbouring countries and international organisations.

Public entities and other agencies**Water trading entity****Overview: 2008/09 – 2014/15**

The water trading entity was established in 2006 to ensure South Africa has a reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand. The entity does this by recovering the costs of using the country's water resources and water infrastructures from users. The entity's predecessor, the water trading account, was initially established to ringfence revenues collected through the sale of bulk water and related services from the department's voted appropriations.

The water trading entity performs two functions: water resource management and infrastructure management. Water resource management deals with the management of water quality, conservation and allocation of water through the catchment management agencies or proto-catchment management agencies. Infrastructure management deals with the operation and maintenance of existing infrastructure as well as the development of new infrastructure. To fund the development of new infrastructure, the entity receives an allocation from the department. Funding for operation and maintenance comes from revenue generated from raw water charges. Water resource management charges cover the operational costs of catchment management agencies.

The current pricing strategy caps exclude certain categories of users from paying cost recovering tariffs when annual tariffs are revised. Such persistent under recovery of costs hinders the development of new and maintenance of existing infrastructure. To redress this situation, the department has initiated a review of the pricing strategy, due for completion by 2014/15. The revision of the pricing strategy is crucial for the financial sustainability of the entity and its ability to charge cost reflective tariffs.

Since its inception, the water trading entity has been unable to establish proper governance structures, strengthen financial management and build the organisational capacity required to ensure that it operates economically, and discharges its obligations in an efficient manner. These inefficiencies have caused a significant loss of revenue and have slowed the eradication of the national water infrastructure maintenance backlog, which is estimated at R13 billion. To address these problems, the water trading entity has developed a turnaround strategy that covers the redesign of the business operating model, the implementation of efficient business processes and systems, and the recruitment of skilled personnel.

The national water infrastructure is currently valued at R139 billion and needs to be managed effectively to ensure the sustainability of water resources. The Department of Water Affairs, in response to Parliament's request that there be further consultation on the draft bill on the establishment of the National Water Resource Infrastructure Agency, is investigating the possibility in the long term of merging the Trans-Caledon Tunnel Authority and the water trading entity to form the entity, which would manage the entire water value chain.

Over the medium term, the department and the water trading entity will formulate a recovery plan that will focus on reducing the backlog in the operation and maintenance of the national water infrastructure. This will be done through comprehensive programmes for dam safety, and the rehabilitation and refurbishment of all water related infrastructure, including reservoirs, canals, weirs, pipelines and wastewater treatment works.

Over the MTEF period, R6.5 billion will be spent on the construction of new water resource infrastructure. Larger projects include the rehabilitation of the Vlakfontein Canal at an estimated cost of R1.7 billion over the next seven years. The construction of the Orange-Riet Balancing Dam is currently being investigated. The dam will provide irrigation water for additional land worked by resource poor farmers at Oppermansgronde and promote water conservation and demand management. R25 million will be spent on the project between 2011/12 and 2012/13.

Performance

The revenue generated for funding refurbishment programme grew from R130 million in 2008/09 to R714.6 million in 2011/12. The number of refurbishment projects increased from 4 311 in 2008/09 to 6 431 in 2011/12 as a result.

Over the MTEF period, revenue generated for refurbishment programme is expected to drop from R914.6 million in 2012/13 to R898 million. This slight drop in revenue can be attributed to revenue collection challenges. Despite this reduction in revenue, the number of refurbishment projects is expected to increase from 7 438 in 2012/13 to 8 145 in 2014/15. The shortfall in revenue generated to fund refurbishment projects will be supplemented by funding from the fiscus.

Both phase 1 of the Mokolo-Crocodile water augmentation project, which constructs a pipeline from Mokolo Dam to Medupi power station, and the raising of the Hazelmere Dam are expected to be completed over the MTEF period. The De Hoop Dam and the raising of the Tzaneen Dam wall are scheduled for completion by the end of 2013.

Selected performance indicators

Table 38.11 Water trading entity

Indicator	Past			Current	Projections		
	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of dam safety projects							
- undertaken	43	52	58	64	75	78	81
- completed	11	21	25	31	38	43	45
Total number of water conveyance projects rehabilitated	–	1	11	20	25	28	31
Percentage completion on construction of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure) of the original and approved project implementation plan ¹	27%	50%	72%	90%	99%	100%	–
Percentage completion on construction of Olifants River water resources development project phase 2B-2I (bulk distribution system) of the original and approved project implementation plan ¹	–	1%	3%	6%	16%	40%	80%
Percentage completion on construction of Nwamitwa Dam of the original and approved project implementation plan ¹	–	–	–	3%	8%	21%	43%
Percentage completion on construction of raising Tzaneen Dam of the original and approved project implementation plan	–	–	–	–	30%	100%	–
Percentage completion on construction of raising Clanwilliam Dam wall of the original and approved project implementation plan ¹	–	–	–	1%	8%	30%	58%
Percentage completion on construction of raising Hazelmere Dam wall of the original and approved project implementation plan ¹	–	28%	28%	61%	62%	95%	100%
Percentage completion on construction of phase 1 of Mokolo River augmentation of the original and approved project implementation plan ¹	–	1%	10%	13%	45%	95%	100%
Value of revenue generated per year to fund the refurbishment programme	R130.9m	R525m	R563.9m	R714.6m	R914.6m	R848m	R898m

1. Infrastructure projects are reported according to predefined milestones within project plans. Dashes represent work not yet started. 100 % means that the construction works has been completed.

Programmes/activities/objectives

Table 38.12 Water Trading Entity

	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Implementation of water resources management activities	393 980	469 650	391 662	400 916	424 971	450 469	477 497
Operations, maintenance and refurbishment of national water resources schemes	1 103 074	981 646	1 039 189	1 164 160	1 282 516	1 345 913	1 386 533
Implementation of new water resources infrastructure	1 313 322	1 303 443	1 088 040	1 410 696	1 479 320	2 005 925	2 349 741
Bulk water supply to strategic users (for Eskom, Sasol)	415 076	583 942	1 016 607	461 644	489 342	518 702	549 826
Implementation of dam safety projects	250 000	261 494	268 494	572 484	622 851	222 377	50 196
Total expense	3 475 452	3 600 175	3 803 992	4 009 900	4 299 000	4 543 387	4 813 793

The water trading entity had a total budget of R4 billion in 2011/12, of which 35.2 per cent was used for the implementation of new water resources infrastructure.

Savings and cost effectiveness measures

No expenditure cuts have been identified for the water trading entity. Over the medium term, the entity will identify ways to improve the efficiency of operational expenditure.

Expenditure estimates

Table 38.13 Water trading Entity

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	1 637 143	2 305 699	2 275 326	2 614 810	2 918 927	3 086 763	3 271 969
Sale of goods and services other than capital assets	1 537 082	2 095 732	2 244 450	2 565 005	2 865 454	3 030 449	3 212 276
<i>of which:</i>							
Sale of bulk water	1 537 082	2 095 732	2 244 450	2 565 005	2 865 454	3 030 449	3 212 276
Other non-tax revenue	100 061	209 967	30 876	49 805	53 473	56 314	59 693
Transfers received	391 374	333 025	801 611	820 310	869 529	921 700	977 002
Total revenue	2 028 517	2 638 724	3 076 937	3 435 120	3 788 455	4 008 464	4 248 972
Expenses							
Current expenses	3 475 452	3 600 175	3 803 992	4 009 900	4 299 000	4 543 387	4 813 793
Compensation of employees	661 489	875 074	858 363	806 524	903 789	948 978	1 005 917
Goods and services	1 399 390	1 309 799	1 400 891	1 625 226	1 722 739	1 826 104	1 935 670
Depreciation	1 411 159	1 412 199	1 542 822	1 575 000	1 669 164	1 764 832	1 868 525
Interest, dividends and rent on land	3 414	3 103	1 916	3 150	3 308	3 473	3 681
Total expenses	3 475 452	3 600 175	3 803 992	4 009 900	4 299 000	4 543 387	4 813 793
Surplus / (Deficit)	(1 446 935)	(961 451)	(727 055)	(574 781)	(510 545)	(534 923)	(564 822)
Statement of financial position							
Carrying value of assets	65 613 748	65 006 640	64 805 041	65 291 187	65 806 836	66 357 909	66 944 243
<i>of which:</i>							
Acquisition of assets	1 379 887	1 744 098	1 351 253	2 061 147	2 184 814	2 315 905	2 454 859
Inventory	14 018	14 709	11 934	10 000	10 800	11 340	12 020
Receivables and prepayments	2 142 035	2 184 524	2 754 785	2 502 976	2 362 679	1 946 411	1 746 411
Cash and cash equivalents	9 910	430 670	1 189 303	946 656	1 385 607	1 856 275	1 938 442
Total assets	67 779 711	67 636 543	68 761 062	68 750 820	69 565 922	70 171 935	70 641 117
Accumulated surplus / (deficit)	1 343 553	1 570 689	2 156 052	1 581 271	1 070 726	535 803	(29 018)
Capital and reserves	63 356 428	61 548 946	60 134 497	60 056 379	60 055 134	60 053 733	60 053 516
Capital reserve fund	1 521 520	2 579 960	3 583 815	4 606 686	5 641 209	6 687 804	7 647 202
Finance lease	24 481	17 918	11 436	12 125	13 338	14 671	14 818
Trade and other payables	1 307 527	1 582 415	2 392 334	1 978 043	2 243 384	2 310 686	2 356 900
Provisions	226 202	336 615	482 927	516 315	542 131	569 237	597 699
Total equity and liabilities	67 779 711	67 636 543	68 761 061	68 750 820	69 565 922	70 171 935	70 641 116

Expenditure trends

The spending focus over the medium term will be on the development of bulk water infrastructure to accelerate delivery of water services to households, agriculture and industry.

Revenue is received mainly from raw water charges, water resource management charges and transfers from the department. Total revenue increased from R2 billion in 2008/09 to R3.4 billion in 2011/12, at an average annual rate of 19.2 per cent, due to a general increase in tariffs over the period. Revenue is expected to increase to R4.2 billion over the medium term, at an average annual rate of 7.6 per cent, due to increases in water resource management and water resource infrastructure charges. Revenue from these sources is projected to grow from R2.6 billion in 2011/12 to R3.2 billion in 2014/15, at an average annual rate of 7.8 per cent.

The entity does not generate enough revenue to cover the cost of its operations, due to the price caps set by the water pricing strategy. This has resulted in it incurring a deficit of R727.1 million in 2010/11, which is expected to decrease over the medium term to R564.8 million.

Expenditure is expected to increase from R3.5 billion in 2008/09 to R4.8 billion in 2014/15, at an average annual rate of 5.6 per cent. The largest expenditure items are compensation of employees, project management fees, and repairs and maintenance. Spending on compensation of employees is expected to increase between 2011/12 and 2014/15 as the entity implements its turnaround strategy and fills vacancies. The projected increase of 38.2 per cent in spending on goods and services between 2010/11 to 2014/15 is due to R534.8 million in costs for planning projects that will not be capitalised. This will be expensed as it is in relation to the projects that are currently being executed by Trans-Caledon Trading Authority.

Personnel information

Table 38.14 Water trading entity

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	1	1	–	1	1	1	1	1	1	1
Senior management	31	31	6	35	36	19	18	31	31	31
Middle management	363	363	80	216	258	261	278	363	363	363
Professionals	292	292	67	128	137	194	195	292	292	292
Semi-skilled	2 563	2 563	477	2 276	2 422	2 511	2 541	2 563	2 563	2 563
Very low skilled	860	860	80	705	667	698	677	860	860	860
Total	4 110	4 110	710	3 361	3 521	3 684	3 710	4 110	4 110	4 110
Compensation (R thousand)				661 489	875 074	858 363	806 524	903 789	948 978	1 005 917
Unit cost (R thousand)				197	249	233	217	220	231	245

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 4 110 posts. The establishment increased from 3 361 in 2008/09 to 3 710 in 2011/12, and is expected to increase to 4 110 by 2014 as the entity implements its turnaround strategy. There were 710 vacancies as at 30 September, which is equivalent to a vacancy rate of 13 per cent. Delays in filling the positions were caused by difficulties in recruiting specialised technical expertise in the engineering field. The ratio of support staff to line staff was 3:7.

Trans-Caledon Tunnel Authority

Overview: 2008/09–2014/15

The Trans-Caledon Tunnel Authority was established in 1986, and promulgated in terms of the National Water Act (1998). The authority is a multidisciplinary organisation engaged in project financing and implementation, and is a specialised liability management entity. It raises finance, manages design and construction of the infrastructure and the subsequent liability, until the full debt is repaid. The authority provides expert financial and treasury management services together with tariff setting and debt management services to designated water boards and water management institutions. Over the medium term, the authority intends to leverage its technical skills and experience in planning and implementing complex infrastructure projects and managing liability to deliver innovative solutions to the water sector.

In 2010/11, the authority managed mega infrastructure projects including: the Lesotho Highlands water project, the Berg water project, the Vaal River eastern subsystem augmentation project, the Mooi-Mgeni transfer scheme phase 2, the Olifants River water resource development project phase 2, the Komati Water scheme augmentation project and the Mokolo Crocodile water augmentation project phase 1. As directed by the department, the authority has started implementing the Metsi Bophelo borehole project. This project seeks to improve rural access to drinking water in Eastern Cape, Free State, North West, Limpopo, Mpumalanga and KwaZulu-Natal. The total budget is R36 million, funded directly by the fiscus. On behalf of the department, the authority outsources and manages geo-hydrologists to conduct geo-hydrological exploration, and to site, sink, test and equip new boreholes.

Acid mine drainage is one of the more pressing challenges faced by the water sector. The Witwatersrand western basin is already experiencing the decanting of acid mine water, with similar problems expected to arise in the central basin in early 2012. Following the adoption of a report on acid mine drainage commissioned by the interministerial committee, remedial measures were identified for all affected basins on the Witwatersrand. A total of R225 million has been allocated to the department to cover the costs of implementing the first phase of a two-year project to address the acid mine challenge. The authority was appointed to implement short term measures needed to address the high acidity and salt content, and presence of heavy metals in water originating from mining areas in the Gauteng region, to avoid immediate environmental impacts and health implications.

Performance

The authority implements large scale infrastructure projects based on directives from the minister. In 2009, the Vaal river eastern subsystem augmentation scheme was completed and started to deliver water to meet the needs of both Sasol and Eskom. In 2007, the authority received a directive from the department to implement phase 2 of the Mooi-Mgeni transfer scheme phase 2 project. Construction work started in February 2011. The scheme is designed to augment water supply to the eThekweni metropolitan municipality and the surrounding areas. In 2009, the authority received an instruction from the department to proceed with the engineering designs on Mokolo-Crocodile water augmentation project. The project entails construction of a pipeline from Mokolo Dam to Medupi power station. Construction started in September 2011 and is scheduled for completion in 2014. In 2008, the authority received a further directive to fund and implement the Komati water scheme augmentation project, which entails constructing a pipeline to Duvha and Matla power stations. Construction work began in January 2011 and the pipeline is expected to come into operation by the end of 2012.

Selected performance indicators

Table 38.15 Trans-Caledon Tunnel Authority

Project name ¹	Past			Current	Projections		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Lesotho Highlands water project ²	10.61%	10.23%	9.80%	9.80%	9.80%	9.80%	9.50%
Berg River water project ³	9.53%	7.75%	8.10%	8.50%	8.50%	8.50%	8.50%
Vaal River eastern subsystem ³	9.76%	8.01%	8.78%	8.80%	8.80%	8.80%	8.80%
Komati water augmentation project ⁴	–	–	5.90%	8.50%	8.50%	9.00%	9.50%
Mooi-Mgeni transfer system phase 2 ⁴	–	–	6.87%	8.50%	8.50%	9.00%	9.50%
Mokolo-Crocodile water augmentation project ⁴	–	–	5.90%	8.50%	8.50%	9.00%	9.50%
Olifants River water resource development project ^{4,5}	–	–	5.90%	8.00%	8.00%	9.00%	9.50%
Acid mine drainage ^{5,6}	–	–	–	0.00%	8.50%	9.00%	9.00%
Metsi Bophelo borehole project ⁵	–	–	–	0.00%	0.00%	–	–

1. Expressed in weighted average cost of capital per project. All calculations are weighted and cumulative since inception.

2. The weighted rate includes CPI adjustments.

3. Berg Water Projects and Vaal River Eastern Sub-system have at least 80% of the debt converted to a fixed rate.

4. All the projects have little or no drawdowns as at the reporting period. It is expected that the rates will be higher when drawdowns are made. Where possible, the Trans-Caledon Tunnel Authority will prefund these projects at fixed rates to take into account the strength of the curve.

5. These projects are either partly or fully funded by the department. The only interest rate applicable is as a result of bridging finance.

6. This project is expected to be completed in 2013.

Programmes/activities/objectives

Table 38.16 Trans-Caledon Tunnel Authority

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Olifants River Water Resource Development Phase 2	15 000	23 000	28 000	85 199	45 930	49 443	51 915
Mokolo-Crocodile Water Augmentation Project	14 000	19 000	30 000	85 040	47 225	50 792	53 332
Vaal River Eastern Subsystem Augmentation Project	24 000	394 000	416 147	410 352	93 336	94 912	99 658
Komati Water Scheme Augmentation Project	6 454	21 000	19 000	140 155	45 474	48 928	51 374
Mooi-Mgeni Transfer Scheme Phase 2	18 000	17 000	19 000	76 636	46 815	50 355	52 873
Berg Water Project	183 000	129 000	123 000	120 130	17 626	18 279	19 193
Lesotho Highlands Water Project	2 957 000	3 155 000	3 124 000	2 597 950	3 477 570	3 542 083	3 736 482
Total expense	3 217 454	3 758 000	3 759 147	3 515 462	3 773 976	3 854 792	4 064 827

The Trans-Caledon Tunnel Authority had a total budget of R3.5 billion in 2011/12, of which 73.9 per cent was used for the repayment of loans.

Savings and cost effectiveness measures

The authority's activity in the capital markets has focused on restructuring the Lesotho Highlands water project bond portfolio to smooth its debt repayment profile. The authority has reduced the size of the initial bond issuance to around R5 billion by switching to two other bonds maturing in 2017 and 2021, effectively lengthening their liability profile. In addition, the authority implemented a buy-back programme to retire several of its initial bond offerings before their redemption dates. In 2011/12, the authority bought back R610 million of its own bond offerings.

The authority has taken advantage of the record low interest rates to convert its floating rate loans into fixed rate loans. R550 million of loans were converted into fixed rate debt instruments in 2011/12. R200 million of these loans relate to the Komati water scheme augmentation project, in which a further R82 million was drawn down at a fixed interest rate (base rate of 7.17 per cent). Loans of R350 million, which relate to Vaal River eastern subsystem augmentation project, were fixed at a weighted average base rate of 7.67 per cent. Negotiations with a major lender have led to a 27 basis point reduction in the margin on R100 million of debt in 2011/12.

Expenditure estimates

Table 38.17 Trans-Caledon Tunnel Authority

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	3 008 000	3 590 000	3 784 000	3 446 474	3 671 666	3 909 774	4 105 263
Sale of goods and services other than capital assets	2 369 000	2 741 000	3 101 000	3 446 474	3 671 666	3 909 774	4 105 263
<i>of which:</i>							
<i>Sale of bulk water</i>	2 369 000	2 741 000	3 101 000	3 446 474	3 671 666	3 909 774	4 105 263
<i>Other non-tax revenue</i>	639 000	849 000	683 000	–	–	–	–
Total revenue	3 008 000	3 590 000	3 784 000	3 446 474	3 671 666	3 909 774	4 105 263
Expenses							
Current expenses	3 217 454	3 758 000	3 759 147	3 515 462	3 773 976	3 854 792	4 064 827
Compensation of employees	101 000	101 000	119 000	146 317	158 624	171 969	183 147
Goods and services	472 454	501 000	562 779	745 047	793 814	845 485	900 440
Depreciation	40 000	130 000	110 368	132 844	133 991	135 698	144 518
Interest, dividends and rent on land	2 604 000	3 026 000	2 967 000	2 491 254	2 687 547	2 701 640	2 836 722
Total expenses	3 217 454	3 758 000	3 759 147	3 515 462	3 773 976	3 854 792	4 064 827
Surplus / (Deficit)	(209 454)	(168 000)	24 853	(68 988)	(102 310)	54 982	40 436
Statement of financial position							
Carrying value of assets	19 147 000	19 356 000	19 595 026	22 030 242	23 555 406	23 899 087	25 605 052
<i>of which:</i>							
<i>Acquisition of assets</i>	599 000	339 000	392 649	2 568 060	1 659 155	479 379	1 850 483
Investments	3 836 000	4 198 000	3 143 593	3 640 345	3 117 265	3 669 114	4 248 556
Receivables and prepayments	841 000	1 085 000	945 924	1 234 124	930 650	1 250 816	914 642
Cash and cash equivalents	21 000	–	1 203	1 261	1 328	1 401	29 868
Non-current assets held for sale	15 000	33 000	18 400	19 283	20 305	21 422	22 493
Total assets	23 860 000	24 672 000	23 704 146	26 925 255	27 624 954	28 841 839	30 820 610
Accumulated surplus/ (deficit)	(3 881 000)	(4 049 000)	(4 025 147)	(4 094 135)	(4 196 445)	(4 251 427)	(4 291 863)
Capital and reserves	122 950	119 000	119 337	125 065	131 694	138 937	145 884
Borrowings	23 312 000	22 649 000	23 955 542	26 821 702	27 770 117	28 550 185	30 712 555
Finance lease	3 131 000	4 924 000	2 415 743	2 661 031	2 613 135	2 986 770	2 981 524
Trade and other payables	1 175 000	992 000	1 197 064	1 369 984	1 264 846	1 375 767	1 230 903
Provisions	50	37 000	41 607	41 607	41 607	41 607	41 608
Total equity and liabilities	23 860 000	24 672 000	23 704 146	26 925 254	27 624 953	28 841 840	30 820 610

Expenditure trends

Over the medium term, the spending focus will be on bulk water infrastructure projects to augment the delivery of water to households, the agriculture sector and the energy industry.

The authority derives its revenue from the sale of bulk water and the provision of advisory services to the water sector. Revenue increased from R3 billion in 2008/09 to R3.4 billion 2011/12, at an average annual rate of 4.6 per cent, because of inflationary adjustments on raw bulk water tariffs. Over the medium term, revenue is expected to increase to R4.1 billion, at an average annual rate of 6 per cent, due mainly to an increase in the sale of raw water. Income from bulk water sales is projected to grow due to the impact of tariff increases in the Lesotho Highlands water project, Vaal River eastern subsystem augmentation project and the Berg water project.

Expenditure increased from R3.2 billion in 2008/09 to R3.5 billion in 2011/12, at an average annual rate of 3 per cent. Expenditure on goods and services increased by 32.4 per cent, from R562.8 million in 2010/11 to R745 million in 2011/12, because of higher royalty fees paid to the government of Lesotho for water delivered to South Africa. The royalty payment is linked to the producer price index and the Eskom sustainability index.

Over the medium term, expenditure is expected to increase from R3.5 billion to R4.1 billion, at an average annual rate of 5 per cent. This increase is driven largely by higher spending on compensation of employees and goods and services to expand the authority's capacity to implement four additional projects from 2010/11 onwards. These projects are the second phase of the Mooi-Mgeni transfer scheme, the second phase of the Olifants River water resource development project, the Komati water scheme augmentation project, and the first phase of the Mokolo-Crocodile water augmentation project. In addition, expenditure over the medium term will repay loans and finance costs, with 72 per cent of expenditure earmarked for interest payments and finance charges. The increase in the royalty payment over the medium term is directly linked to the forthcoming electricity price increases approved by the National Energy Regulator of South Africa.

Personnel information

Table 38.18 Trans-Caledon Tunnel Authority

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	10	–	10	10	10	10	10	10	10
Executive management	10	10	–	8	9	10	10	10	10	10
Senior management	7	7	–	15	15	7	7	7	7	7
Middle management	–	–	–	1	–	–	–	–	–	–
Professionals	64	60	5	36	47	58	60	64	64	64
Skilled	60	61	–	37	43	61	61	60	60	60
Semi-skilled	21	20	1	22	18	18	20	21	21	21
Total	172	168	6	129	142	164	168	172	172	172
Compensation (R thousand)				101 000	101 000	119 000	146 317	158 624	171 969	183 147
Unit cost (R thousand)				783	711	726	871	922	1 000	1 065

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 172 posts, all of which were funded.

Rand Water

Overview: 2008/09-2014/15

Rand Water provides bulk water services to water services authorities and bulk water users (municipalities). Its operations are governed by the Water Services Act (1997) and the National Water Act (1998). The entity's main activities include the abstraction and purification of raw water and the delivery of potable water to its bulk customers. To discharge this responsibility, Rand Water develops, constructs and maintains bulk water capital infrastructure to ensure that current and future demand is met.

Over the medium term, Rand Water will focus its efforts on improving efficiencies in the water sector, taking advantage of network economies of scale, addressing acid mine drainage, expanding its service coverage to the rest of the country, providing bulk sanitation and giving greater assistance to municipalities. Rand Water will also undertake large scale infrastructure projects to increase its supply capacity at the Zuikerbosch River station, the Palmiet booster pumping station system and the Vlakfontein Reservoir to Mamelodi pipeline augmentation.

The entity will access the debt capital markets to raise R5 billion over the next five years. A detailed funding strategy will be developed to guide its borrowing plans to facilitate the execution of its capital expenditure programme.

Performance

Rand Water is the largest bulk water utility in Africa and is one of the largest in the world, providing bulk potable water to more than 11 million people in Gauteng, parts of Mpumalanga, Free State and North West. Total average daily demand for the Rand Water network is projected to increase from 3 800 million litres of water per day to 5 200 million litres of water per day in 2025. Rand Water has embarked on a capital expenditure programme to ensure that it meets future growth demands, which are estimated to increase at an average 2.1 per cent per year over this period. Water demand from the three metropolitan municipalities supplied by Rand Water (Johannesburg, Ekurhuleni and Tshwane) is projected to grow at similar rates.

Rand Water produced better financial results in 2010/11. Profits rose by 77.5 percent to R536 million, despite sharp increases in the cost of electricity, chemicals and raw water costs. The entity continued to monitor water quality standards to ensure alignment with World Health Organisation water quality standards. In 2010/11, Rand Water consistently met South African National Drinking Water Standard 241 water quality standards. The entity's compliance with this standard was maintained at 99.3 per cent in respect of class 1, and 99.3 per cent compliance for class 2. Rand Water maintained conservative debt to equity levels at 14 per cent, due to an increase in accumulated reserves and stable long term debt levels. The debt equity is below the target range of 50 per cent, reflecting the significant capacity available to fund future capital expenditure.

Selected performance indicators

Table 38.19 Rand Water

Indicator	Programme/ Activity	Past			Current 2011/12	Projected		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Volume of water sold (kl) per year	Bulk water	1 377 875 000	1 357 800 000	1 494 675 000	1 410 036 078	1 438 236 736	1 467 001 471	1 516 879 521
Net debt/Equity ratio per year	Financial management	0.18	0.16	0.14	0.3	0.4	0.4	0.5
Debt service ratio per year	Financial management	7.1	3.9	4.4	4.3	3.9	3.9	4.4
Debt/asset ratio per year	Financial management	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Costs per kilolitre (Rc/kl) per year	Raw water	3.17	3.16	3.71	4.3	4.82	5.36	5.96
Profit for the year (Rands)	Financial management	R582 013	R299 549	R536 068	R703 848	R846 150	R1 010 477	R1 214 844

Table 38.19 Rand Water (continued)

Indicator	Programme/ Activity	Past			Current 2011/12	Projected		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Test results, South African National Standards 241	Water quality compliance							
- Class 1 (percentage compliance) per year		0.95	0.95	0.95	0.99	0.95	0.95	0.95
- Class 2 (percentage compliance) per year		0.99	0.99	0.99	0.99	0.99	0.99	0.99

Programmes/activities/objectives**Table 38.20 Rand Water**

R thousand	Audited outcome			Revised estimate 2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Potable water supply	4 373 099	4 895 544	5 580 898	6 118 121	7 003 815	7 948 767	9 023 163
Total expense	4 373 099	4 895 544	5 580 898	6 118 121	7 003 815	7 948 767	9 023 163

The Rand Water had a total budget of R6.1 billion in 2011/12, of which 78.7 per cent was used for goods and services.

Savings and cost effectiveness measures

No expenditure cuts have been identified by the entity over the MTEF period. Rand Water has set a target of 5 per cent variances between budgeted and actual expenditure by implementing various initiatives to ensure sustainability and water affordability. This target is achieved by implementing initiatives to improve operational efficiency and minimise expenditure. Water pumping capacity is maximised in off-peak periods when electricity tariffs are lower to reduce electricity consumption and, concomitantly, operational expenditure. The water loss project aims to reduce distribution losses incurred by Rand Water. The entity is investigating alternate water treatment regimes to maintain quality while managing chemical costs. The revised borrowing plan by Rand Water ensures optimal funding by maximising returns on investments and minimises borrowing costs by securing the lowest possible interest rates.

Expenditure estimates**Table 38.21 Rand Water**

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R thousand	Audited outcome				2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	4 955 112	5 195 093	6 112 138	6 821 969	7 849 965	8 959 244	10 238 007
Sale of goods and services other than capital assets	4 648 121	4 974 596	5 888 122	6 699 309	7 710 582	8 809 801	10 076 532
<i>of which:</i>							
<i>Sale of bulk water</i>	4 648 121	4 974 596	5 888 122	6 699 309	7 710 582	8 809 801	10 076 532
<i>Other non-tax revenue</i>	306 991	220 497	224 016	122 660	139 383	149 443	161 475
Total revenue	4 955 112	5 195 093	6 116 966	6 821 969	7 849 965	8 959 244	10 238 007
Expenses							
Current expenses	4 367 701	4 890 851	5 580 898	6 118 121	7 003 815	7 948 767	9 023 163
Compensation of employees	848 318	960 797	1 064 500	1 067 098	1 156 063	1 253 924	1 347 968
Goods and services	3 243 616	3 657 525	4 236 801	4 817 959	5 616 938	6 424 876	7 361 228
Depreciation	179 902	167 777	200 809	191 967	228 507	269 967	313 967
Interest, dividends and rent on land	95 865	104 752	78 788	41 097	2 307	-	-
Total expenses	4 373 099	4 895 544	5 580 898	6 118 121	7 003 815	7 948 767	9 023 163
Surplus / (Deficit)	582 013	299 549	536 068	703 848	846 150	1 010 477	1 214 844

Table 38.21 Rand Water (continued)

Statement of financial position	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Carrying value of assets	5 803 351	6 540 121	7 340 761	8 539 719	10 177 894	11 918 300	13 722 931
<i>of which:</i>							
Acquisition of assets	967 380	910 029	1 017 156	1 390 925	1 866 682	2 010 373	2 118 598
Investments	127 557	82 953	40 425	-	-	-	-
Inventory	46 124	46 848	51 282	52 764	55 614	58 728	61 958
Loans	10 573	7 906	6 922	-	-	-	-
Receivables and prepayments	581 714	857 615	708 213	883 057	1 015 204	1 158 850	1 324 396
Cash and cash equivalents	1 351 203	924 858	930 604	772 612	872 496	977 744	1 094 086
Non-current assets held for sale	-	-	1 970	-	-	-	-
Taxation	-	303	3 107	-	-	-	-
Total assets	7 920 522	8 460 604	9 083 284	10 248 152	12 121 208	14 113 622	16 203 371
Accumulated surplus / (deficit)	5 924 795	6 224 344	6 760 412	7 464 260	8 310 410	9 320 887	10 535 731
Borrowings	728 252	629 665	645 517	1 254 256	2 208 028	3 110 028	3 902 028
Finance lease	136	4 283	-	-	-	-	-
Deferred income	2 750	64 517	78 597	64 517	64 517	64 517	64 517
Trade and other payables	1 035 866	1 283 489	1 323 275	1 465 119	1 538 253	1 618 190	1 701 095
Taxation	-	-	1 716	-	-	-	-
Provisions	228 723	254 306	273 767	-	-	-	-
Total equity and liabilities	7 920 522	8 460 604	9 083 284	10 248 152	12 121 208	14 113 622	16 203 371

Expenditure trends

Spending over the medium term will focus on building infrastructure capacity to meet projected increases in water demand and on expanding coverage of services within Gauteng.

Rand Water derives its income mainly from the sale of bulk water to municipalities, mines and industries. Between 2008/09 and 2011/12, water sales increased from R4.6 billion to R6.7 billion, at an average annual rate of 13 per cent, due to tariff increases of 8.3 per cent in 2009/10 and 14.1 per cent in 2010/11. These tariffs are expected to increase further over the MTEF period, and will cover operating costs, and infrastructure maintenance and refurbishments. Additionally, the volumes of water sales are projected to increase by 2 per cent per year. As a result, total revenue is expected to increase from R5 billion in 2008/09 to R10.2 billion in 2014/15, at an average annual rate of 12.9 per cent.

Expenditure grew from R4.4 billion in 2008/09 to R6.1 billion in 2011/12, at an annual average of 11.8 per cent, due mainly to labour costs increasing by 13.8 per cent in 2009/10. Over the medium term, expenditure is projected to increase to R9 billion, at an average annual rate of 13.8 per cent. This increase will provide for growth in labour costs of approximately 10 per cent per annum over the MTEF period.

Surpluses grew from R582 million in 2008/09 to R703.8 million in 2011/12, as a result of higher volumes of sales and tariff increases. Accumulated surpluses will be used to strengthen the entity's financial position and credit rating as it prepares to access the debt capital markets to raise finance for its capital programme. Depreciation is expected to grow from R179.9 million in 2008/09 to R314 million in 2014/15, at an average annual rate of 9.7 per cent, as a result of higher spending on infrastructure. The decline in depreciation expenditure in 2009/10 was caused mainly by the revision of the useful lives of assets.

Personnel information

Table 38.22 Rand Water

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	16	16	–	24	21	19	16	16	16	16
Executive management	14	14	1	12	13	14	14	14	14	14
Senior management	229	229	24	179	192	202	229	229	229	229
Middle management	588	588	68	548	557	572	588	588	588	588
Professionals	619	619	43	611	614	612	619	619	619	619
Skilled	1 387	1 387	59	1 376	1 391	1 385	1 387	1 387	1 387	1 387
Semi-skilled	235	235	15	146	245	235	235	235	235	235
Total	3 088	3 088	210	2 896	3 033	3 039	3 088	3 088	3 088	3 088
Compensation (R thousand)				848 318	960 797	1 064 500	1 067 098	1 156 063	1 253 924	1 347 968
Unit cost (R thousand)				293	317	350	346	374	406	437

1. As at 30 September 2011.

As at 30 September 2011, Rand Water had an establishment of 3 088 posts, all of which were filled. There were 233 vacancies, 36 of which were in the executive and senior management category, 75 in middle management, 45 at the professional level and 61 at the skilled level. The number of filled posts is expected to increase from 2 896 in 2011/12 to 3 088 by 2014/15 as the entity builds to full capacity.

Filling key positions has been a challenge due to a shortage of technical skills in the market. The entity has introduced internships and learnerships as a longer term solution to the skills shortages.

Umgeni Water

Overview: 2008/09 – 2014/15

Umgeni Water was established in 1974 and is governed by the Water Services Act (1997), the Public Finance Management Act (1999) and other relevant legislation. The Minister of Water Affairs is its executive authority. The entity supplies water to six KwaZulu-Natal municipalities, including eThekweni metropolitan municipality, the iLembe, Sisonke, uMgungundlovu and Ugu district municipalities and Msunduzi local municipality. Its water network infrastructure includes pipelines, tunnels, dams, water treatment works, wastewater treatment works, off-site reservoirs, boreholes and a water supply scheme.

Umgeni Water has budgeted R1 billion for capital investment over the medium term. This includes expenditure of R1.5 billion on regional bulk water infrastructure expansion and augmentation, and R528 million on water infrastructure upgrading and rehabilitation. Typical examples of projects are the Maphumulo bulk water supply scheme, the Mhlabatshane regional bulk water supply and Ndwedwe reservoir. R92 million will be spent on ICT and R128 million on equipment and vehicles to build institutional capacity to deliver on higher demand.

Performance

Umgeni Water supplied 413 million cubic metres of bulk treated water in 2011/12, down from 425 million cubic metres in 2010/11. The decline is attributable to lower demand from the entity's largest customer, the eThekweni metropolitan municipality, which has implemented a water conservation and demand management programme.

Despite a 6.2 per cent increase in the bulk water tariff, gross profit margins decreased from 62 per cent to 60 per cent due to lower bulk water sales and increased input costs. The cost increases were primarily driven by increases in the price of electricity, and higher raw water and chemical costs. The higher input costs resulted in an increase in the cost of bulk raw water, which rose by 18 per cent between 2009/10 and 2010/11, from

R2.04 per kilolitre to R2.41 per kilolitre. Umgeni Water has nonetheless maintained an overall profit for 2011/12 of R426 million, which is marginally lower than the previous year.

Selected performance indicators

Table 38.23 Umgeni Water

Indicator	Activity/Objective/ Programme/Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Volume of water sold (kl) per year	Water Management	415 956 000	425 848 000	425 978 000	413 909 000	414 273 000	419 037 000	425 322 000
Net debt to equity ratio per year	Water Management	0.48	0.15	0	-0.124	-0.071	0.05	0.172
Debt service ratio per year	Water Management	2.4	2.7	3.9	4.2	3.6	3.6	4.5
Debt to asset ratio per year	Water Management	0.48	0.35	0.29	0.26	0.26	0.23	0.2
Costs per kilolitre (Rc/kl) per year	Water Management	R1.9	R2.03	R2.4	R2.6	R4	R3.7	R3.8
Value of Profit for the year per year	Water Management	R527m	R540.7m	R428m	R426m	R362m	R335m	R386m
Debtors collection period (days)	Water management	39	52	41	38	38	38	38

Programmes/activities/objectives

Table 38.24 Umgeni Water

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Water management	949 621	1 030 746	1 092 323	1 130 511	1 442 802	1 566 770	1 618 767
Waste water	40 356	40 567	41 288	49 877	54 405	58 253	62 178
Other (S30) expenditure	159 861	183 099	198 107	243 678	164 979	61 470	68 412
Total expense	1 149 838	1 254 413	1 331 718	1 424 066	1 662 186	1 686 493	1 749 357

Umgeni Water had a total budget of R1.4 billion in 2011/12, of which 79.4 per cent was used for water management.

Savings and cost effectiveness measures

No expenditure cuts have been identified for the water board. Over the medium term, the board will identify ways to improve the efficiency of operational expenditure.

Expenditure estimates

Table 38.25 Umgeni Water

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Revenue							
Non-tax revenue	1 676 852	1 795 125	1 760 159	1 840 431	2 023 771	2 021 359	2 135 838
Sale of goods and services other than capital assets	1 492 688	1 633 043	1 660 912	1 787 765	1 958 256	1 965 346	2 104 072
<i>of which:</i>							
Sale of bulk water	1 492 688	1 633 043	1 660 912	1 787 765	1 958 256	1 965 346	2 104 072
Other non-tax revenue	184 164	162 082	99 247	52 666	65 515	56 013	31 765
Total revenue	1 676 852	1 795 125	1 760 159	1 840 431	2 023 771	2 021 359	2 135 838
Expenses							
Current expenses	1 149 838	1 254 413	1 331 718	1 424 066	1 662 186	1 686 493	1 749 357
Compensation of employees	293 606	290 854	289 127	276 355	304 480	331 274	359 432
Goods and services	514 664	650 772	839 013	947 412	1 135 680	1 121 788	1 152 983
Depreciation	74 079	82 446	89 388	106 039	124 047	127 791	135 343
Interest, dividends and rent on land	267 489	230 341	114 190	94 261	97 980	105 640	101 599
Total expenses	1 149 838	1 254 413	1 331 718	1 424 066	1 662 186	1 686 493	1 749 357
Surplus / (Deficit)	527 014	540 712	428 441	416 365	361 586	334 865	386 481

Table 38.25 Umgeni Water (continued)

Statement of financial position	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Carrying value of assets	2 476 260	2 697 168	2 883 826	3 203 737	3 723 705	4 454 598	5 330 977
<i>of which:</i>							
<i>Acquisition of assets</i>	236 977	334 596	379 284	555 950	784 015	983 040	1 081 899
Investments	1 392 931	1 306 556	1 546 774	1 702 148	1 711 333	1 208 150	570 150
Inventory	9 145	8 642	8 857	8 969	9 166	9 374	9 594
Accrued investment interest	3 282	12 314	13 866	14	14	14	14
Receivables and prepayments	183 794	264 913	214 825	230 813	226 802	241 024	256 744
Cash and cash equivalents	7 699	1 690	102 091	860	813	272	286
Non-current assets held for sale	10 853	17 039	14 481	14 481	14 481	14 481	14 481
Total assets	4 083 964	4 308 322	4 784 720	5 161 022	5 686 314	5 927 912	6 182 245
Accumulated surplus/ (deficit)	1 104 445	1 645 157	2 073 598	2 489 963	2 851 548	3 186 414	3 572 894
Capital and reserves	442 847	442 847	442 847	442 847	442 847	442 847	442 847
Borrowings	1 978 903	1 534 869	1 372 793	1 319 560	1 461 670	1 372 738	1 245 908
Finance lease	33 166	–	–	–	–	–	–
Deferred income	18 125	16 965	15 649	14 159	12 471	10 558	8 390
Trade and other payables	276 562	415 078	594 976	564 164	579 581	578 990	578 008
Provisions	229 916	253 406	284 857	330 328	338 197	336 365	334 198
Total equity and liabilities	4 083 964	4 308 322	4 784 720	5 161 021	5 686 314	5 927 912	6 182 245

Expenditure trends

The spending focus over the medium term will be on building infrastructure capacity to meet projected increases in water demand

Umgeni Water generates revenue mainly from the sale of potable bulk water to six municipalities in KwaZulu-Natal. Between 2008/09 and 2011/12, revenue grew from R1.7 billion to R1.8 billion, at an average annual rate of 3.2 per cent. This growth was mainly driven by an increase in revenue from bulk water sales, and as a result of the entity acting as implementing agent for government. Over the medium term, revenue is expected to grow to R2.1 billion, at an average annual rate of 5.1 per cent. The increase is attributable to higher demand from the entity's largest customer, eThekweni metropolitan municipality.

Expenditure increased from R1.1 billion in 2008/09 to R1.4 billion in 2011/12, at an average annual rate of 7.2 per cent, due to rising costs of energy and chemicals and the expansion of water services to smaller communities in urban and peri-urban areas. The largest expenditure item in goods and services is repairs and maintenance, which represents 27 per cent of total expenditure in 2012/13. Over the medium term, expenditure is expected to increase to R1.7 billion, at an average annual rate of 7.1 per cent, driven primarily by increases in electricity costs.

Surpluses declined from R527 million in 2008/09 to R416 million in 2011/12, as the volume of water sold declined due to lower demand from eThekweni metropolitan municipality. Accumulated surpluses will be used to strengthen the Umgeni Water's financial position and credit rating, as it prepares to access the debt capital markets to raise finance for its capital programme.

Personnel information

Table 38.26 Umgeni Water

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	14	14	–	10	14	14	14	14	14	14
Executive management	5	5	–	5	5	4	4	5	5	5
Senior management	25	25	–	24	25	22	22	25	25	25
Middle management	29	29	–	20	25	25	23	29	29	29
Professionals	180	180	–	179	190	165	163	180	180	180
Skilled	443	443	–	374	373	394	411	443	443	443
Semi-skilled	121	121	–	104	146	125	132	121	121	121
Very low skilled	117	117	–	119	117	96	97	117	117	117
Total	934	934	–	835	895	845	866	934	934	934
Compensation (R thousand)				293 606	290 854	289 127	276 355	304 480	331 274	359 432
Unit cost (R thousand)				352	325	342	319	326	355	385

1. As at 30 September 2011.

As at 30 September 2011, Umgeni Water had an approved establishment of 934 posts. The number of filled posts increased from 835 in 2008/09 to 866. There were 68 vacancies as at the same date, which represented a vacancy rate of 7.3 per cent. The entity started filling these vacant posts, however, it experiences difficulties in recruiting specialised technical expertise in the engineering fields.

Consolidated water boards

Overview: 2008/09 – 2014/15

Water boards derive their mandate from the Water Services Act (1997) and are categorised as national government business enterprises in terms of schedule 3B of the Public Finance Management Act (1999). Water boards are separate legal entities that have their own governance structures and assets and are required to be self funding. The Minister of Water Affairs appoints board members and chairpersons.

The 12 water boards provide bulk potable water services to the municipalities in which they operate, and to other water service institutions and major customers within designated service areas. Water boards vary considerably in size, activities, customer mix, revenue base and capacity.

Most of the older and more established water boards are located in areas where there are significant urban development nodes (such as Rand Water, Umgeni Water and Magalies Water), while other boards operate in more demographically diversified areas, where there is an urban and rural mix in the customer base. While providing bulk treated water to municipalities, in some cases the boards also provide retail water and sanitation services on behalf of municipalities.

In 2009/10, the Albany Coast Water Board was disestablished and its service area and assets were taken over by Amatola Water, to benefit from economies of scale. Namakwa Water was trading at a loss and it was disestablished in 2010/11. Sedibeng Water's geographical coverage was extended to include the area serviced by the former Namakwa Water.

The Department of Water Affairs has started to implement a national institutional realignment project to restructure and merge water boards to ensure economies of scale. The department is also establishing an economic regulator to set appropriate tariffs. The regulator will review the current pricing strategy and develop an infrastructure funding model to achieve efficient, effective and economic service delivery.

Performance

Rand Water and Umgeni Water are largest suppliers of bulk potable water. In 2010/11, Rand Water's total sales volume increased by 4 per cent due to an average demand of 3 857 million litres per day. Since Gauteng is the

economic hub of the country, Rand Water has met daily peak demand without any disruption. It achieved the maximum volume pumped per day of 4 519 million litres.

In 2010/11, the water boards collectively supplied a total bulk potable volume of approximately 2.5 billion cubic metres, which is a 6.7 per cent increase in volumes sold in 2009/10. All water boards met minimum water quality standards in 2010/11 and experienced negligible disruption of supply. Botshelo Water, which was in financial difficulty in past years, has successfully implemented a turnaround strategy and now has a positive cash flow despite receiving a disclaimer audit opinion.

The water boards

Albany Coast Water (disestablished in Feb 2010)	Ikangala Water (disestablished in Jan 2009)	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 (disestablished in April 2011)	Umgeni Water

Selected performance indicators

Table 38.27 Consolidated water boards

Water board	Volume of water sold (kl)						
	Past			Current	Projections		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Albany Coast ¹	572 135	422 167					
Amatola	38 969 992	39 036 000	37 137 379	38 503 000	40 430 000	40 243 000	40 444 000
Bloem	86 328 454	87 010 183	85 061 556	92 792 000	94 627 000	96 499 000	98 408 000
Botshelo	14 761 337	15 966 912	16 051 000	15 000 000	15 000 000	15 000 000	15 000 000
Bushbuckridge	24 149 817	25 694 187	27 045 868	35 374 000	36 537 000	39 585 000	41 099 000
Lepelle	87 376 000	91 275 000	95 254 000	101 841 000	112 723 000	116 918 000	120 872 000
Magalies	74 983 000	76 447 000	77 821 000	88 771 000	104 733 000	118 263 000	133 822 996
Mhlathuze	95 647 000	92 328 000	93 699 000	95 794 000	97 459 000	99 341 000	125 341 000
Namakwa	2 619 520						
Overberg	6 284 023	6 248 513	6 439 158	6 946 000	7 089 000	7 239 000	7 485 000
Pelladrift	4 230 606	4 280 903	4 370 000	4 520 363	4 520 363	4 520 363	4 520 363
Rand	1 377 875 000	1 357 800 000	1 494 675 000	1 410 036 078	1 438 236 736	1 467 001 471	1 516 879 521
Sedibeng	79 476 416	77 745 904	89 377 000	84 572 000	85 448 000	86 339 000	88 182 000
Umgeni	415 956 000	425 848 000	425 978 000	413 909 000	414 273 000	419 037 000	425 322 000
TOTAL	2 309 229 300	2 300 102 769	2 452 908 961	2 388 058 441	2 451 076 099	2 509 985 834	2 617 375 880

1. Disestablished in 2009/10.

Programmes/activities/objectives

The consolidated water boards had a total budget of R10.3 billion in 2011/12, of which 73.3 per cent was used for goods and services.

Savings and cost effectiveness measures

No expenditure cuts have been identified for the water boards. Over the medium term, the boards will identify ways to improve the efficiency of operational expenditure and effect expenditure cuts.

Expenditure estimates

Table 38.28 Consolidated water boards

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	8 684 541	9 009 220	10 212 005	11 503 563	13 216 562	14 721 482	16 570 627
Sale of goods and services other than capital assets	7 659 497	8 248 124	9 470 071	10 961 765	12 545 493	13 971 542	15 813 721
<i>of which:</i>							
Administration fees	8 522	–	–	150	–	–	–
Sale of bulk water	7 650 975	8 248 124	9 470 071	10 961 615	12 545 493	13 971 542	15 813 721
Other non-tax revenue	1 025 044	761 097	741 935	541 798	671 069	749 940	756 905
Total revenue	8 684 541	9 009 220	10 216 833	11 503 563	13 216 562	14 721 482	16 570 627
Expenses							
Current expenses	7 369 633	8 128 389	9 064 213	10 260 388	11 717 641	13 002 468	14 507 597
Compensation of employees	1 632 035	1 786 704	1 967 636	2 006 953	2 198 326	2 391 046	2 582 618
Goods and services	4 871 964	5 521 783	6 372 486	7 523 846	8 700 444	9 684 148	10 896 906
Depreciation	396 730	400 372	463 798	499 283	594 041	675 772	754 049
Interest, dividends and rent on land	468 904	419 530	260 294	230 307	224 830	251 503	274 023
Total expenses	7 375 031	8 133 082	9 064 213	10 260 388	11 717 641	13 002 468	14 507 597
Surplus / (Deficit)	1 309 510	876 138	1 152 620	1 243 175	1 498 921	1 719 014	2 063 030
Statement of financial position							
Carrying value of assets	10 994 270	12 403 496	13 504 092	15 825 621	18 601 881	21 678 357	24 979 437
<i>of which:</i>							
Acquisition of assets	1 355 265	1 551 627	1 680 228	2 950 811	3 510 301	3 876 604	4 125 307
Investments	2 266 858	2 246 473	2 317 996	2 216 777	2 133 875	1 621 102	1 023 692
Inventory	91 852	93 643	101 361	104 417	111 732	120 089	130 496
Loans	10 573	7 906	6 922	–	–	–	–
Accrued investment interest	3 282	12 314	13 992	9 264	9 265	9 265	9 265
Receivables and prepayments	1 453 471	1 855 558	1 725 212	1 857 833	2 031 036	2 202 172	2 417 153
Cash and cash equivalents	2 171 599	1 565 020	1 798 576	1 291 844	1 385 404	1 588 960	1 899 095
Non-current assets held for sale	16 509	95 626	67 488	184 773	192 409	200 692	251 895
Defined benefit plan assets	–	–	–	331	347	365	383
Taxation	–	303	3 107	–	–	–	–
Total assets	17 008 414	18 280 339	19 538 745	21 490 860	24 465 948	27 421 001	30 711 416
Accumulated surplus/ (deficit)	9 735 847	9 669 004	10 974 861	12 218 863	13 717 785	15 436 798	17 499 828
Capital and reserves	1 135 030	2 353 999	2 204 621	2 305 981	2 366 275	2 454 043	2 446 772
Capital reserve fund	–	68 355	68 355	75 791	99 791	99 791	99 791
Borrowings	3 404 565	2 906 762	2 657 892	3 517 975	4 752 403	5 673 877	6 580 863
Finance lease	33 317	4 297	–	2 810	–	–	–
Deferred income	127 547	209 741	221 878	230 410	219 980	209 617	199 096
Trade and other payables	2 034 107	2 418 308	2 724 891	2 735 325	2 897 300	3 135 288	3 473 705
Taxation	–	–	1 716	–	–	–	–
Provisions	538 001	587 783	648 145	403 704	412 414	411 587	411 361
Managed funds (e.g. Poverty alleviation fund)	–	62 089	36 386	–	–	–	–
Total equity and liabilities	17 008 414	18 280 339	19 538 745	21 490 860	24 465 948	27 421 001	30 711 416

Expenditure trends

Spending over the medium term will focus on building infrastructure capacity to meet projected increases in water demand.

Revenue collected by waters boards is derived mainly from the sales of bulk water to water service authorities in their areas. Between 2008/09 and 2011/12, total revenue from the consolidated sale of bulk water increased from R8.7 billion to R11.5 billion, at an average annual rate of 9.8 per cent, driven by increases in demand in the areas serviced by water boards. Over the medium term, revenue is expected to increase to R16.6 billion, at an average annual rate of 12.9 per cent, due mainly to the new tariffs in the water pricing strategy approved by the minister in 2007.

Expenditure increased from R7.4 billion to R10.3 billion between 2008/09 and 2011/12, at an average annual rate of 11.7 per cent, due to increases in the price of electricity, and higher raw water and chemical costs. The water boards made a consolidated net profit of R1.6 billion in 2011/12, which represents a decrease of 5.3 per cent over the previous year, due to higher costs associated with energy, raw bulk water and chemical costs. Expenditure is expected to increase from R10.3 billion in 2011/12 to R14.5 billion in 2014/15, at an average annual rate of 12.2 per cent. The increase is due to the combined effect of adjustments for inflation, the construction, upgrading and rehabilitation of water infrastructure, and sharp increases in the cost of electricity.

Water Research Commission

Overview: 2008/09 – 2014/15

The Water Research Commission was established in terms of the Water Research Act (1971). The commission plays an important role in water research by establishing needs and priorities for research, stimulating and funding water research, promoting effective transfer of information and technology, and enhancing knowledge and capacity building in the water sector. Research is informed by government policies, needs, and international trends. Through its research, the commission contributes to a number of outcomes of government's performance management system: an efficient, competitive and responsive economic infrastructure network (outcome 6); development of vibrant, equitable and sustainable rural communities and food security for all (outcome 7); creation of a responsive, accountable, effective and efficient local government system (outcome 9); and protection of environmental assets and natural resources (outcome 10).

Over the medium term, the commission will support government's performance management framework through the following four research areas: water resource management, which pays particular attention to research projects on water resource assessment and development, impacts on water resources, water resource protection as well as policy and institutional arrangements; water linked ecosystems, focused on ecosystem processes, ecosystem management and use, and ecosystem rehabilitation; water use and waste management, which investigates water services, water supply and treatment technology, sustainable municipal wastewater management and sanitation, industrial and mine water management and sanitation, and health and hygiene; and water utilisation in agriculture, which pays particular attention to fostering water efficient production methods, fuel wood and timber production, poverty reduction and wealth creation and resource protection and reclamation.

The commission strives to disseminate knowledge more effectively by maximising the impact of its research products and scientific knowledge in the sector, increasing the level of awareness and understanding of water related knowledge among relevant stakeholders, supporting innovation and building a strong research capacity in the sector. In 2011/12, the commission made available approximately R120.4 million in research funding to higher education institutions.

Performance

The commission continued to leverage revenue other than the levy income. It raised R14.8 million from alternative local and international sources to support water research. Funding support was received from various government departments for specific research projects and other knowledge sharing projects. Revenue from other sources other than the levy in 2010/11 made up about 13 per cent of total income. In 2010/11, the commission funded 520 students. Of these, 311 or 60 per cent were from historically disadvantaged backgrounds. Among the 311, 261 were black and the remaining 50 were Indian or coloured.

Selected performance indicators

Table 38.29 Water Research Commission

Indicator	Programme/ Activity	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of research projects managed per year		294	284	328	330	338	345	350
Research Ratio (measured as research funding and support as a % of total income)	Financial management							
Actual		75%	74%	73%				
Target		75%	74%	73%	73%	73%	73%	73%
Number of students financially supported (excluding historically disadvantaged students)	Knowledge management							
Actual		663	562	400	400			
Target		400	400	400	400	400	400	400
Number of Historically disadvantaged students financially supported	Knowledge management							
Actual		404	348	240	240			
Target		240	240	240	240	240	240	240

Programmes/activities/objectives

Table 38.30 Water Research Commission

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Human resources and administration	8 099	8 986	27 364	8 486	8 754	9 224	9 701
Financial management	9 144	9 366	7 536	9 146	9 473	9 923	10 380
Water resources management research	39 999	38 043	42 261	42 896	45 454	47 647	49 948
Water use and waste management research	42 656	41 795	34 564	43 604	47 972	50 595	52 666
Water linked ecosystems	22 919	25 686	22 120	23 823	23 642	24 956	26 344
Water use in agriculture research	23 040	24 389	22 670	30 831	32 710	34 452	36 289
Knowledge management	9 655	11 609	11 135	16 127	15 866	16 556	17 275
Total expense	155 512	159 874	167 650	174 913	183 871	193 353	202 603

The Water Research Commission had a total budget of R174.9 million in 2011/12, of which 80.9 per cent was used for goods and services.

Savings and cost effectiveness measures

The commission strives to decrease operating expenses and save where possible while providing a high quality service to the research community and the water sector. Savings on research project funding is not possible because funding is contractually committed to the service providers over a period of time. All research funding is subject to a due diligence and transparent procurement process. Project selection is based on a number of criteria, including value for money and the previous experience of consultants.

Research costs make up 73 per cent of the commission's expenditure, with the balance allocated for administrative and operational costs. Research costs are linked to the department's priorities and the nature of the commission's research activity does not allow for cost reduction or saving opportunities.

Expenditure estimates

Table 29.31 Water Research Commission

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	151 985	158 400	158 031	174 724	183 488	192 987	202 277
Sale of goods and services other than capital assets	143 132	151 700	152 270	169 750	178 365	187 710	196 842
<i>of which:</i>							
Water research levies	143 132	151 700	152 270	169 750	178 365	187 710	196 842
Other non-tax revenue	8 853	6 700	5 761	4 974	5 123	5 277	5 435
Total revenue	151 985	158 400	158 031	174 724	183 488	192 987	202 277
Expenses							
Current expenses	155 512	159 874	167 650	174 913	183 871	193 353	202 603
Compensation of employees	30 188	33 405	44 926	32 161	34 239	36 137	38 124
Goods and services	122 970	124 204	121 408	141 534	148 505	156 079	163 352
Depreciation	862	1 100	1 070	1 040	940	940	920
Interest, dividends and rent on land	1 492	1 165	246	178	187	197	207
Total expenses	155 512	159 874	167 650	174 913	183 871	193 353	202 603
Surplus / (Deficit)	(3 527)	(1 474)	(9 619)	(189)	(383)	(366)	(326)
Statement of financial position							
Carrying value of assets	13 449	14 523	14 274	15 083	14 699	14 333	14 005
<i>of which:</i>							
Acquisition of assets	1 718	2 224	821	1 849	556	574	592
Investments	47 923	48 743	6 594	6 700	6 800	6 900	6 900
Receivables and prepayments	31 934	37 804	20 132	34 300	33 300	34 300	35 300
Cash and cash equivalents	63 581	68 944	96 758	75 615	74 327	71 486	69 442
Total assets	156 887	170 014	137 758	131 698	129 126	127 019	125 647
Accumulated surplus/ (deficit)	77 907	76 433	66 813	66 624	66 238	65 873	65 547
Capital and reserves	21 237	22 349	24 404	24 546	24 546	24 546	24 000
Finance lease	1 083	1 236	1 315	600	1 000	800	1 200
Trade and other payables	25 667	34 592	38 329	37 328	34 642	33 000	32 000
Provisions	30 993	35 404	6 897	2 600	2 700	2 800	2 900
Total equity and liabilities	156 887	170 014	137 758	131 698	129 126	127 019	125 647

Expenditure trends

Over the medium term, spending will focus on developing research and building capacity amongst historically disadvantaged individuals in the areas of water resource management, water linked ecosystems, water use and waste management, water supply and treatment technology and water use in agriculture.

The commission generates income from the water research levy receivable in terms of the Water Research Act (1971) and income from research commissioned by clients. The water research levy accounted for approximately 97.2 per cent of total revenue in 2011/12. Total revenue increased from R152 million in 2008/09 to R174.7 million in 2011/12, at an average annual rate of 4.8 per cent, and is expected to increase to R202.3 million over the medium term, at an average annual rate of 5 per cent. The increase in both periods is due to inflationary adjustments.

Between 2008/09 and 2011/12, total expenditure increased from R155.5 million to R174.9 million, at an average annual rate of 4 per cent, and is expected to increase to R202.6 million in 2014/15, at an average annual rate of 5 per cent. Between 2008/09 and 2011/12, salary costs increased from R30.2 million to R32.2 million, at an average annual rate of 2.2 per cent, mainly due to adjustments for improved conditions of service. This was offset by the buy-out of the post-retirement medical aid liability in 2010/11. Salary costs are expected to increase to R38.1 million over the medium term, at an average annual rate of 5.8 per cent. The largest expenditure item in goods and services is research and development, which provides grant funding to researchers to undertake research projects. Over the medium term, grant funding to researchers is expected to

increase to R141.7 million, at an average annual rate of 4.9 per cent. This expenditure may fluctuate from year-to-year due to delays encountered by researchers in submitting research outputs.

Personnel information

Table 38.32 Water Research Commission

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive Board Members	11	9	2	11	11	9	9	11	11	11
Executive management	8	8	–	8	8	8	8	8	8	8
Senior management	11	10	1	10	10	10	11	11	11	11
Middle management	17	16	1	16	16	16	17	17	17	17
Professionals	13	13	–	13	13	13	13	13	13	13
Skilled	3	3	–	3	3	3	3	3	3	3
Semi-skilled	4	4	–	4	4	4	4	4	4	4
Total	67	63	4	65	65	63	65	67	67	67
Compensation (R thousand)				30 188	33 405	44 926	32 161	34 239	36 137	38 124
Unit cost (R thousand)				464	514	713	495	511	539	569

1. As at 30 September 2011.

As at 30 September 2011, the commission had an approved establishment of 67 posts, of which 63 were filled. There were 4 vacancies. The commission planned to appoint two additional researchers in 2011/12. Two of the vacancies were the result of the resignation of researchers in December 2010 and January 2011. In 2011/12, the commission appointed a research manager and a compliance officer. The ratio of support staff to line function staff is 1:0.4.

Additional tables

Table 38.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Main	Appropriation		Revised estimate
	Main	Adjusted			Additional	Adjusted	
R thousand	2010/11		2010/11		2011/12		2011/12
Administration	856 646	939 739	831 332	862 122	6 943	869 065	770 488
Water Sector Management	368 487	446 906	340 828	718 726	163 425	882 151	702 900
Water Infrastructure Management	2 241 418	2 238 232	2 132 422	2 607 963	(223 000)	2 384 963	1 919 963
Regional Implementation and Support	4 339 067	4 364 396	3 499 417	5 608 933	(855 274)	4 753 659	4 160 835
Water Sector Regulation	180 393	203 139	208 914	112 370	–	112 370	88 606
International Water Cooperation	10 581	10 781	10 781	26 111	–	26 111	22 755
Total	7 996 592	8 203 193	7 023 694	9 936 225	(907 906)	9 028 319	7 665 547
Economic classification							
Current payments	3 629 538	3 727 598	2 267 271	4 005 157	(1 085 856)	2 919 301	2 445 529
Compensation of employees	1 147 639	1 147 277	905 976	1 195 422	(99 807)	1 095 615	969 501
Goods and services	2 481 899	2 580 321	1 358 412	2 809 735	(986 777)	1 822 958	1 475 300
Interest and rent on land	–	–	2 883	–	728	728	728
Transfers and subsidies	3 241 610	3 356 665	3 227 040	3 767 153	(254 745)	3 512 408	3 029 408
Provinces and municipalities	890 746	1 038 528	985 044	1 011 515	(18 449)	993 066	993 066
Departmental agencies and accounts	2 102 743	2 059 328	1 992 802	2 503 542	(223 000)	2 280 542	1 797 542
Foreign governments and international organisations	180 106	180 306	180 275	180 600	–	180 600	180 600
Public corporations and private enterprises	–	4 127	9 667	–	–	–	–
Non-profit institutions	476	476	–	–	–	–	–
Households	67 539	73 900	59 252	71 496	(13 296)	58 200	58 200
Payments for capital assets	1 125 444	1 118 930	1 523 762	2 163 915	432 695	2 596 610	2 190 610
Buildings and other fixed structures	1 038 328	1 033 834	1 290 748	2 088 564	420 658	2 509 222	2 103 222
Machinery and equipment	74 296	72 520	225 624	60 646	12 037	72 683	72 683
Biological assets	285	229	1	–	–	–	–
Land and sub-soil assets	56	56	–	–	–	–	–
Software and other intangible assets	12 479	12 291	7 389	14 705	–	14 705	14 705
Payments for financial assets	–	–	5 621	–	–	–	–
Total	7 996 592	8 203 193	7 023 694	9 936 225	(907 906)	9 028 319	7 665 547

Table 38.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Compensation of employees (R thousand)	875 591	910 233	1 119 177	1 095 615	1 067 432	1 167 722	1 291 412
Training expenditure (R thousand)	40 806	50 597	56 730	31 503	34 653	38 109	41 930
Training as percentage of compensation	4.7%	5.6%	5.1%	2.9%	3.2%	3.3%	3.2%
Total number trained in department (headcount)	2 923	2 927	194	–			
<i>of which:</i>							
Employees receiving bursaries (headcount)	364	276	100	100			
Learnerships (headcount)	189	–	62	–			
Internships (headcount)	96	32	33	–			
Households receiving bursaries (R thousand)	16 156	14 819	2 000	–	–	–	–
Households receiving bursaries (headcount)	120	195	145	–			

Table 38.C Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Conditional grants to municipalities							
Regional Implementation and Support							
Water services operating subsidy grant	985 562	848 736	664 273	542 345	562 434	420 945	449 558
Municipal drought relief	9 000	53 700	320 357	–	–	–	–
Drought relief grant	–	–	–	450 000	–	–	–
Total	994 562	902 436	984 630	992 345	562 434	420 945	449 558

1. Detail provided in the Division of Revenue Act (2012).

Table 38.D Summary of departmental public private partnership projects

Project description: Fleet Management Service	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2011/12	2012/13	2013/14	2014/15
R thousand					
Projects signed in terms of Treasury Regulation 16					
Public Private Partnership unitary charge ¹	535 060	125 586	100 689	–	–
Total	535 060	125 586	100 689	–	–

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport's chapter.

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	The Provisioning of Fleet Management Services to the National department of Transport
Brief description	The monthly hiring of long term and short term vehicles
Date Public Private Partnership agreement was signed	14 November 2006 with the National Department of Transport
Duration of PPP agreement	Period of 5Years starting on 14 November 2006
Escalation index for unitary fee	Based on annual CPIX revised every year on 14 November

Table 38.E Summary of donor funding

Donor	Project	Departmental programme name	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2011/12	Medium-term expenditure estimate			
							2008/09	2009/10	2010/11		2012/13	2013/14	2014/15	
R thousand														
Foreign In cash														
European Union	Water and sanitation services	Regional Implementation and Support	3 years	1 579 679	Goods and services	Close collaboration with the Department of Provincial and Local Government to support delivery. Increased effort by sector partners to fast track procurement, service delivery and build capacity for sustainable services	366 501	264 363	86 807	46 512	81 523	-	-	-
European Union	South African Development Community (SADC) Hydrological Cycle Observing Systems (hycos phase 2)	Regional Implementation and Support	5 years	1 899	Goods and services	Missions to rehabilitate Phase I stations. Phase II equipment procured. Phase II installations dependent on completion of civil works by Member States. New Hydrological Information Management System procured for Member States, introductory training complete. Project ended	2 716	1 838	-	-	-	-	-	-
Finland	Working for Water programme	Regional Implementation and Support		21 589	Goods and services	Non-profit organisation work on Vujindela skills projects. Project ended	39	169	-	-	-	-	-	-
Ireland	Water and sanitation services	Regional Implementation and Support	5 years	237 593	Goods and services	Interactive video to induct new councillors. Project ended	32 716	45 410	6 329	-	-	-	-	-
Republic of China	Community project	Regional Implementation and Support	OCT 1996-5 years	4 497	Goods and services	A win compass computer system, 3 vertex hypsometers and 2 global positioning systems procured and project planning and mapping which was done at Injaka state forest. Project ended	194	-	-	-	-	-	-	-
Denmark	Community water supply and sanitation	Regional Implementation and Support	5 years 10 months	52 205	Goods and services	Create awareness and enable communities to implement projects that protect, use, develop, conserve, manage and control water resources. Project ended	6 363	13 547	-	-	-	-	-	-

Table 38.E Summary of donor funding (continued)

Donor	Project	Departmental programme name	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome		Estimate	Medium-term expenditure estimate		
							2008/09	2009/10		2010/11	2012/13	2013/14
R thousand												
Switzerland	Local government capacity building	Regional Implementation and Support	3 years	96 898	Goods and services	Collaboration with water information network South Africa and 3 resource centres in India, Pakistan and the Netherlands. Launched the learning journal annual workshop Project ended	-	200	-	-	-	-
Local In cash												
African Renaissance	Building of the Metolong Dam in Lesotho	Water Infrastructure Management	3 years	60 000	Foreign governments and international organisations	Increased supply of water from Kimilob due to increase size of pumps, change pumps and motors and aid general maintenance of the plan by overhead cranes, reduce risks of contaminated water by reliable dosing of chlorine cost savings by manual closing to automatic dosing to supply reliable water to community	-	-	35 000	20 000	-	-
African Renaissance	Support to the Katanga province (DRC) of post conflict reconstruction of the urban water sector	International Water Cooperation	6 years	22 000	Foreign governments and international organisations	Construction of roads and stormwater drainage, water distribution, sewer reticulation and wastewater treatment plant, pedestrian bridge, earthworks and associated works for Metolong Dam and Water Supply Programme Operational Facility	-	-	22 000	-	-	-
African Renaissance	Hydrometric Networking in Lesotho	Water Sector Management	3 years	5 302	Goods and services	Upgrading of Hydrometric Networking in Lesotho	207	-	-	-	-	-
Total				2 081 662			408 736	325 527	103 512	101 523	-	-

Table 38.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2008/09	2009/10		2010/11	2012/13	2013/14	2014/15
R thousand										
Departmental infrastructure										
Sediberg bulk regional sewerage scheme. Divided into Sebokeng and Meyerton waste water treatment works	Sanitation infrastructure within the Sediberg regional municipality is old, resulting in high maintenance costs and frequent failures. Most of the existing wastewater treatment works in the system are also at capacity and will not be able to handle the planned future development. For this reason, a new Sediberg regional sanitation scheme was proposed	Tender	3 500 000	3 781	20 154	18 800	30 000	60 000	120 000	170 000
OR Tambo Mthatha bulk water supply	Abstraction point: Abstraction works, 2 pump stations and 2km of 1 700mm diameter rising mains. Water treatment works: 175 Ml/d treatment facility, upgradeable in 25Ml/d modules as demand grows; 25Ml raw water reservoirs (2), 25Ml clear water reservoirs (2). King Sabata Dalindyebo district: 1 pump station, 18 command reservoirs with a total capacity of 50MI, 208km bulk pipelines. Naledi local municipality: 2 pump stations, 8 command reservoirs with a total capacity of 39MI; and 552km of bulk pipelines	Feasibility	2 705 000	876	1 687	-	-	95 000	140 000	200 000
Greater Sekhukhune district municipality regional bulk water and wastewater infrastructure in De Hoop	Reservoirs, booster pump station, rising mains different sizes, gravity mains different sizes	Feasibility	3 000 000	-	-	-	-	226 534	219 311	306 084
Mogalakwena bulk water supply	Part 1 of phase 1: Construction of 25.83km from Fothane to Seema, refurbishment of 19 boreholes at Planknek Wellfield. Part 2 phase 1 of equipping 2 new boreholes at Planknek Wellfield. Construction of bulk pipeline from Fothane to Sekuruwe. Construction of bulk pipeline to link Wellfield with raw water pipeline. Construction of new command reservoir	Construction	1 530 000	20 000	27 572	64 298	67 000	55 700	60 000	69 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
R thousand										
Nebo bulk water supply	30,12km 450mm steel pipe, pump station (2), 10ml reservoir and water treatment works. 10Ml/day and 12Ml/day during summer peak demand)	Construction	1 350 000	19 435	28 000	19 432	60 000	50 000	65 000	65 000
Upgrade of Vaal Gaemagara scheme	Upgrade existing pipeline, water treatment works, reservoirs and pump stations	Construction	2 000 000	-	1 800	-	9 321	15 000	60 000	95 000
Nandoni: Water treatment works and distribution	Water Supply to Vhembe district municipality	Construction	2 012 000	-	-	151 620	183 004	125 027	142 893	44 480
Nandoni: Pipeline	Water Supply to Vhembe district municipality	Construction	750 000	-	-	-	203 000	317 000	27 930	13 680
Mbizana regional bulk water supply	Phase 1: raw water supply system including the proposed Ludeke Dam, raw water pump station and 500mm diameter raw water rising main pipeline. 10 Ml/day upgrade and extension of the Nomlacu water treatment plant near Bizana, and initial development of the bulk treated water supply system including bulk pipelines, bulk reservoirs and a pump station	Construction	780 000	1 945	34 331	35 864	85 638	80 000	80 000	80 000
Ndlambe Dam coast bulk water supply	Construction of bulk pipeline from Grahamstown to Port Alfred and all coastal towns, and reservoirs at each coastal town. Upgrade the water treatment works in Grahamstown to meet the requirements of Ndlambe Municipality. Draw water from Glen Melville Dam	Feasibility	550 000	-	-	-	23 094	30 000	55 000	75 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand										
Departmental infrastructure										
Westonaria regional bulk wastewater treatment works	Wastewater treatment works comprises the upgrade and extension of the Hannes van Niekerk wastewater treatment plant to cater for the western areas of the Westonaria local municipality. This option allows for the installation of a new wastewater treatment plant, referred to as the Zuurbekom wastewater treatment plant, on the eastern side of the Westonaria local municipality to address the needs for the eastern areas. It is planned to extend the Hannes van Niekerk wastewater treatment plant with 15Ml/d, this by constructing 10Ml/d and 5Ml/d by 2015 and 2020. The new Zuurbekom plant, with a final capacity of 60Ml/d, will be constructed in 20Ml/d modules. The first phase will consist of two 20Ml/d modules. The completion target dates for Zuurbekom is 2015 and 2020. Actual flow generated will determine future phases beyond 2020	Tender	621 520	3 393	7 759	24 125	46 000	81 800	85 000	60 000
Western Highveld regional bulk water supply	Water treatment works: Refurbishment of the Bronkhorstspuit water treatment works to ensure more supply into the Western Highveld scheme. An additional 30Ml/d to be supplied into the system by Rand Water via the Mamelodi pipeline	Construction	486 000	-	1 000	12 425	30 000	40 000	51 000	60 000
Mhlabatshane bulk water supply	Weir water treatment plant: Bulk pipelines	Construction	259 000	-	-	14 014	50 000	40 373	53 000	62 000

Table 38.F. Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate			
				2008/09	2009/10		2012/13	2013/14	2014/15	
R thousand										
Departmental infrastructure										
Greater Mthonjaneni bulk phase 1 to 3: Bulk water supply	20ml water treatment works, 2.5ml Zimele reservoir, pump stations and booster pump stations, and rising main	Construction	589 638	27 787	1 213	4 743	34 000	40 045	54 000	60 000
Pongolepoort bulk water scheme	1.2ml per day package treatment plant, bulk mains, pump stations and 6 reservoirs	Construction	397 700	-	-	-	26 000	32 000	47 000	67 400
Ngebo regional bulk water supply	Raw water abstraction facility, 50ml conventional water treatment works, 300mm and 900mm diameter rising main, 10ml concrete reservoir and distribution pipelines	Construction	682 610	5 435	-	12 730	23 000	56 576	87 000	130 000
Mooihoek/Tubatse bulk water supply	13km of 660mm steel pipe, reservoirs, gravity mains, treatment plants	Construction	807 000	23 443	22 514	13 000	48 000	45 000	50 000	60 000
Moutse bulk water supply	Pipelines including links with existing steel tanks and reservoirs, Groblersdal west pump station, Lusaka reservoir and extensions to the Groblersdal water treatment works	Tender	382 376	-	-	14 850	23 000	40 000	50 000	55 000
Lebalelo central and north regional water supply	Water treatment works 12ml/d, bulk pipelines, pump stations	Feasibility	600 000	1 398	428	-	-	-	-	-
Nzhelele Valley bulk water supply	Raise Mutshedzi Dam wall, pump station, rising main, upgrade existing main pump station, upgrade 31km main pipelines, 14 new concrete reservoirs	Feasibility	600 000	234	50	-	-	-	-	-
Refurbishment of Namakwa bulk water supply	Water infrastructure	Feasibility	500 712	-	-	3 373	27 400	51 000	75 000	130 000
Taung/Naledi bulk water supply	Refurbishment of existing water treatment plant at Pudimoe and constructing of 2 pump stations and the laying of 500mm pump lines and 400mm gravity lines between Pudimoe and Vryburg. Pipelines and pump stations to supply Pudimoe water treatment plant with raw water for the Greater Taung area	Construction	548 000	-	5 882	27 813	97 709	200 000	123 000	34 904

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
Departmental infrastructure									
R thousand									
Greater Mamusa bulk water supply	Upgrade of pump station at Weir, water treatment works at Bloemhof, construct new pump station at Bloemhof water treatment works and new 58.5km rising main from Bloemhof to Schweizer-Reneke which includes 2 booster pump stations. Connect to Amalia, Glaufina and Migdol with rising mains from Schweizer-Reneke	Feasibility	410 000	-	827	-	15 000	50 000	70 000
Inyaka: Waste treatment works phases 1 - 4	Water supplied to Bohlabela district municipality	Construction	704 000	-	-	10 455	-	-	-
Great Letaba River development project: phases 1 and 4	Water supplied to Mopani district municipality	Construction	560 000	-	-	29 867	3 628	21 554	148 200
Sundays River and Paterson bulk water supply	Reservoirs at Caesars Dam in Addo, where the water is sourced; upgrading of the water treatment works at Caesar's Dam in Addo; additional clear water storage reservoir in Paterson; rising main pipeline from the water treatment works at Caesar's Dam to the proposed clear water reservoir in Paterson; and 2 proposed clear water pump stations will also be constructed	Construction	73 800	-	-	16 334	17 000	6 466	-
lobika water supply	Water will be sourced from the existing Butterworth reservoirs and bulk supply will be constructed to the various command reservoirs in the supply area. Concrete reservoirs: 1ml (1) and 200kl (3). 150kl Pipelines: 250 (15); 200mmø over 20km, 160mmø over 26km and 110mmø over 18km	Construction	49 000	3 200	3 082	11 590	11 929	-	-
Mncwasa bulk water supply	Dam construction, water treatment works. Bulk pipelines, both pumping main and gravity mains, and reservoirs	Construction	136 300	4 300	6 393	17 602	20 000	26 504	34 400

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome				Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental infrastructure											
R thousand											
Xhosa East bulk water supply	Weir in the Xhosa River: off channel storage; pump stations; water treatment works; rising main; command reservoirs; and bulk gravity mains	Construction	162 814	3 400	194	4 360	8 440	20 000	25 000	30 000	
Chris Hani district municipality cluster 4 bulk water supply in Ncora Zone B	Northern scheme: Supply from Doringrivier Dam, water treatment works, clear water reservoir, 93km of mains varying between 350mmØ and 160mmØ, 5 pump stations and four command reservoirs. North eastern scheme: Supply from groundwater, borehole development, one command reservoir; pumping mains and electricity supply. Ncora Scheme: Supply from Ncora Dam, raw water reservoir, water treatment works, clear water reservoir; 50.7km of mains varying between 250mmØ and 160mmØ, 4 pump stations and 3 command reservoirs	Construction	353 914	–	3 113	6 162	13 085	20 000	25 000	42 000	
Chris Hani district municipality cluster 6	Dams, weirs, boreholes, reservoirs, pump stations, and bulk pipelines and surge tanks	Construction	290 746	–	3 176	8 308	9 290	30 000	35 000	40 000	
Chris Hani district municipality cluster 9 bulk water supply: Quthubeni bulk water supply	Bulk pipelines, concrete reservoirs, clear water storage, pump stations, upgrading of Tsomo town water treatment works	Construction	232 356	–	3 212	3 140	26 821	35 200	35 000	45 000	
Xonxa Dam water supply to Lukhanji	Bulk pipelines, reservoirs, upgrade water treatment plant and pump stations	Tender	343 585	650	–	16 304	56 638	65 740	65 000	68 672	

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
R thousand Departmental infrastructure Hofmeyr groundwater supply	Exploration and production drilling including all related actions such as testing, licensing, water balance, geophysical survey, water analysis, legal and environmental. Borehole development such as installation of equipment. 26km pipeline to connect the source to the current municipal network in Hofmeyr	Tender	60 443	-	-	5 443	9 665	35 024	-
Middelburg groundwater supply	Further groundwater investigations and drilling has revealed additional sources for development. The following work has is covered: production drilling, including all the related actions such as testing, licensing, water balance, geophysical survey, water analysis, legal and environmental; borehole development such as the installation of equipment; 10km pipeline to connect the source to the current municipal network in Middelburg	Tender	20 442	-	-	5 442	8 800	-	-
Coffee Bay bulk water supply	Pump station, rising main, regional water storage reservoir, gravity mains to village reservoirs, village reservoirs, break pressure tanks, valve chambers, power line to pump station	Construction	85 000	18 270	25 334	34 156	-	-	-
Matatiele bulk water supply	Boreholes and pipelines	Feasibility	182 000	2 700	-	400	8 000	20 000	25 000
Mount Ayliff bulk water supply	Dam construction, water treatment works, pump station, gravity mains and reservoir	Feasibility	183 000	-	-	-	11 750	20 000	25 000
Steylerville water supply scheme	Construction of sub-surface collector pipe in Groot River; gauging structure at Hadley Road drift, submersible pump station 1 at Hadley Road Groot River; rising mains, 2nd pump station, water treatment works, telemetry system and electricity	Feasibility	70 000	-	-	-	5 000	20 000	30 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
Graaff-Reinet Emergency Water Supply Scheme	Augmentation of bulk water supply to Graaff-Reinet through the further development of ground water. Drilling of further boreholes, develop boreholes and rising main to current network	Feasibility	29 400	-	-	-	-	5 000	10 000	14 400
Sudwana water supply	Dam construction in Nqabara River, water treatment works of 126kl/hour, 2ml clear water reservoir, bulk mains (rising and gravity), pump station, 3.5ml command reservoir, access road to dam	Feasibility	43 350	-	-	-	-	-	-	-
Ingquza Hill regional bulk water supply scheme	Development of a storage facility on the Mzimlavana River to provide the yield required to satisfy the water demand for the local municipality and also provide the most suitable configuration for a regional bulk scheme. Bulk Storage at an elevation of 1 150m will allow the entire local municipality to be supplied under gravity. Water treatment works will form part of the scheme from where the clear water will be pumped to a command reservoir gravitating potable water to the supply area. Approximately 290km of Primary and Secondary bulk pipelines will be required to supply the area by linking into existing reticulation supply schemes	Feasibility	954 000	-	-	-	-	-	-	-
<u>Nqgamakhwe water supply</u>	<u>Water infrastructure</u>	<u>Feasibility</u>	<u>489 000</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Table 38.F Summary of expenditure on infrastructure (continued)

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
Kirkwood water treatment works	The Kirkwood area has experienced a substantial growth of population recently in terms of housing developments. Significant pressure on the existing bulk water infrastructure due to the provision of bulk infrastructure services to the new communities. These settlements have recently been converted from VIP latrines to full waterborne sanitation	Feasibility	20 500	-	-	-	-	-	-	-
Nahoon Dam / East Coast bulk water supply	Nahoon Dam East Coast bulk water supply system has been identified as a key project and reflects on its revised water services development plan. The project has the potential to catalyse the development of up to 45 000 new low cost housing opportunities and address the backlog of housing in the urban core of the metropolitan area. The first phase has the capacity to deliver 20Ml of water per day, and raw water yield will be available from a combination of the Nahoon Dam and the Wiggleswade Dam. This project also has the ability for rapid rollout	Feasibility	150 000	-	-	-	-	-	-	-
Ntbankulu bulk water supply	Regional bulk water supply master planning assignment completed for the Ntbankulu municipality in 2010. There is now a need to continue with a feasibility study for the projects identified, progressing towards implementation readiness	Feasibility	245 000	-	-	-	-	-	-	-

Table 38.F Summary of expenditure on infrastructure (continued)

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
James Kleynhans bulk water supply	The existing James Kleynhans and Waainek water treatment works are currently operating at their capacity and due to future growth rates require augmentation. The James Kleynhans water treatment works has a capacity of 10Ml/d to be increased by 10Ml/d to 20Ml/d. Further options should be considered before continuing with the project	Feasibility	57 000	–	–	–	–	–	–	–
Jagersfontein / Fauresmith bulk water supply phases 1 to 3	Water treatment works, storage reservoir, pumping mains, bulk pipelines	Construction	189 172	18 700	10 872	13 280	18 000	27 000	30 000	30 000
Mohokare bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Design	48 000	700	160	276	8 094	13 000	20 000	–
Tokologo regional water supply phase 1	The project comprises a 2Ml/d water treatment works, a pump station, a 42km pipeline and a clean water 2Ml/d storage reservoir	Construction	223 000	729	–	6 883	34 860	37 000	40 000	45 000
Sterkfontein Dam Scheme	First phase of the project scope comprises 3Ml/d water treatment works, 3Ml storage reservoir and a pumping mains (6.6 km). Phase 2 of the project entails the construction of a 45km pipeline to the rural areas of Qwaqwa	Construction	280 600	14 571	36 041	40 202	73 320	44 620	32 600	31 400
Seisoto bulk water supply	Raise Meulspuit Dam by 2m, upgrade Senekal and Marquard water treatment works and storage capacity. Upgrade of storage capacities in Senekal and Marquard	Design	120 650	700	160	–	13 650	10 000	20 000	30 000
Phumelela bulk water supply	Rehabilitation of existing dam, 3Ml storage reservoir, 2Ml/d water treatment plant	Design	86 700	–	–	–	11 700	18 000	25 000	30 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
Departmental infrastructure									
Dihlabeng bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs		96 990	-	-	10 200	20 000	25 580	35 000
Mogalakga regional water scheme	Bulk water supply for the settlements of Kroonstad, Vijoenskrone and Steynrus these towns are experiencing acute water shortages during winter, and challenges of unreliable groundwater supply. Water treatment works, pumping mains, pump stations and storage reservoirs	Design	130 000	700	800	649	8 000	15 000	20 000
Masilomyana bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	95 000	-	-	600	8 000	15 000	20 000
Nikeboana bulk water supply	Upgrading of water treatment works, pumping mains, pipelines, pump stations and storage reservoirs	Feasibility	304 000	-	-	700	8 000	15 000	20 000
Naledi bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	140 000	-	-	500	-	-	-
Mantsopa bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	250 000	-	-	500	-	-	-
Letsemeng, Pefrusburg and Koffiefontein bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	90 000	-	-	500	-	-	-
Tswelopele bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	85 000	-	-	500	-	-	-
Ngwathe bulk water supply: Phase 2	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	160 000	-	-	200	-	5 000	10 000
Greater Eston water scheme	Bulk distribution pipeline, river abstraction, pump stations and reservoirs	Construction	224 000	1 440	-	25 000	41 000	38 000	17 000
Driefontein complex bulk water supply	Pump stations, bulk water mains, reservoirs, bulk water distribution network, linkage to the 5 existing schemes and reticulation infrastructure	Construction	146 101	-	2 757	18 000	25 000	46 910	37 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
R thousand										
Greytown regional bulk scheme	Refurbishment of raw water pipeline, pressure management, refurbishment of existing water treatment works and a mains replacement programme	Construction	247 750	12 500	–	28 572	5 000	20 000	31 813	45 000
Emadlangeni bulk regional scheme	Gravity main, reservoirs, 2 balancing tanks and 2 pump stations	Construction	50 301	9 588	9 541	8 173	6 000	17 000	–	–
Nongoma bulk water supply	Augmentation of water treatment works and augmentation of raw water, clear water and booster pump stations. Bulk Pipelines	Construction	137 151	2 600	–	12 910	25 000	28 000	48 413	–
Mandlakazi bulk water supply	Water treatment works, pump stations, Bulk pipelines and bulk reservoirs	Construction	170 100	10 170	37 517	26 868	30 000	41 928	–	–
Hlabisa regional bulk water supply	Bulk pipelines, 3 booster pump stations and 2 main reservoirs	Construction	140 998	8 996	23 972	24 549	46 000	30 878	–	–
Dukuduku resettlement bulk water supply	Bulk pipeline, pumping mains, pump stations, treatment works, groundwater (boreholes)	Construction	123 000	–	1 000	4 070	30 400	31 000	37 000	10 000
Middledrift (Nkandla) regional bulk scheme	New water treatment works of 25.5Ml/day. Reservoirs: 24 concrete reservoirs and 31 galvanised steel reservoirs. Bulk Pipelines: 270km of new bulk pipelines will be required ranging from 50mm to 600mm diameter. Pump Stations: 10 pump stations with capacities ranging from 0.5l/s to 310l/s	Construction	140 000	–	–	–	20 000	3 956	–	50 000
Greater Bulwer Donnybrook water scheme	Dam, bulk pipeline, pumping mains, pump stations and treatment works	Feasibility	103 600	–	–	–	4 000	15 000	20 429	46 200
Sinthumule Kutama bulk water augmentation	Construction of 16km bulk pipeline, 5.5km for B4, 5.5km for B5 and 5km for B6	Construction	455 000	15 000	14 315	16 000	33 822	35 200	40 000	45 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2008/09	2009/10		2010/11	2012/13	2013/14	2014/15
Departmental infrastructure										
Mameya Sekororo bulk water supply	Construction of a 15ML/day water treatment works at the Oaks/Willows. Construction of a 1.6km rising main pipeline to connect to the Oaks. Construction of 1.2km rising main pipeline to the Willows. Construction of 1 command reservoir with the capacity of 15ML and two substantial storage reservoirs of 400kl and 200kl. Solution to be finalised	Design	214 000	10 000	-	-	35 350	31 789	40 000	47 000
Giyani bulk water supply drought relief	Solution to be finalised	Design	54 000	-	-	-	51 253	7 000	-	-
Mutash hub	Feasibility study to support the required water services for the high growth catalytic flagship projects ranging from mining, industrial, human settlement and agricultural development	Feasibility	200 000	-	-	-	1 000	-	-	-
Matoks bulk water supply	Water supply to 87 200 people. Regional bulk transfer scheme from Nandoni Dam with off take at Vuvani to supply 15 villages located approximately halfway between Polokwane and Makhado	Feasibility	880 000	835	595	-	-	-	-	-
Lephalale bulk water augmentation: Eskom	Water treatment works, reservoirs, pump stations, pipelines	Feasibility	330 000	200	1 844	-	-	-	-	-
Bloemendal bulk water supply	32km pipeline and 500mm in diameter and will consist of continuous welding laid in backfilled trench. Starts at the existing Rand Water Bloemendal pump station and ends at the existing Deimas reservoir. Project to be funded by Rand Water, grants and Delmas local municipality	Construction	141 000	-	10 000	-	12 000	33 200	-	-

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2008/09	2009/10		2010/11	2012/13	2013/14	2014/15
Departmental infrastructure										
R thousand										
Emalahleni water treatment works upgrade	Upgrading of the existing water treatment works and related water infrastructure for the Emalahleni local municipality to provide water to communities within the Witbank area and surrounding villages	Construction	120 000	–	–	–	34 642	25 000	36 000	20 000
Acornhoek bulk water supply	Re-commission and reconstruction of 24.5km of a pipeline	Construction	148 600	–	–	5 100	70 142	73 368	–	–
Thaba Chweu groundwater development	Borehole development in Lydenburg	Construction	8 500	–	–	–	4 500	–	–	–
Hoxane bulk water supply: Inyaka Marite)	Water treatment facility to enable the provision of potable water to communities in Bushbuckridge and Mbombela-Nsikaze. The project has co-funding from the Mbombela and Bushbuckridge municipalities.	Tender	14 180	3 000	–	–	–	5 500	–	–
Lowveld bulk water scheme	Carry out an assessment of bulk water infrastructure in the province in the Nkangala, Gert Sibande and Ehlanzeni districts, with specific focus on new or consolidated regional bulk infrastructure that could extend across municipal borders to cover large areas. Inyaka Dam to supply Whiteriver and Ntsikazi west, and bulk supply to Emakhazeni	Feasibility	250 000	–	2 572	1 500	–	–	–	–
Direkoppies water treatment works upgrading	Upgrading of the existing water treatment works in Nkomazi local municipality to provide water to Direkoppies area and surrounding villages. The upgrading is from 20Ml/day to 25Ml/day for 200 000 people. Extending bulk to Langeloop	Feasibility	93 000	–	–	–	3 000	6 000	10 000	20 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Departmental infrastructure										
R thousand										
Northern Nzikazi water treatment works	Construction of new water treatment works in Mbombela to provide clean drinking water to communities within the north Nzikazi area. There is also a possibility of extending Hoxani treatment works in Bushbuckridge to accommodate the need for water in the Northern Nzikazi area. Construction of bulk treatment works	Feasibility	45 000	-	-	-	-	3 000	10 000	25 000
Sibange water treatment works	Construction of a new water treatment works in Mbombela to provide clean drinking water to communities within the Sibange area. Bulk 10Ml/day to supply Mgobodzi, Madadeni, Magudu and Sibange	Feasibility	80 000	-	-	-	3 000	6 000	10 000	20 000
Eerstehoek water treatment works	Regional water scheme will comprise upgrading of Eerstehoek water treatment works from a capacity of 13.4Ml/day to 30Ml/day. This will also include the construction of bulk infrastructure to convey water from Eerstehoek to Ekuindeni, which will also service the areas that require water supply for Tjakastad, Mooiplaas and Elukwatini areas	Feasibility	65 000	-	-	-	2 000	5 000	12 000	20 000
Metulal Empuluzi water treatment works	Feasibility of implementation readiness study on upgrading various Water treatment works, bulk water pipelines and the upgrading of storage facilities in Gert Sibande district municipality. It is planned that the project will supply water to satisfy the 2030 planning horizon for Albert Luthuli, Mkhondo and Msukaligwa local municipalities	Feasibility	39 500	-	-	-	2 045	5 000	12 000	30 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
Departmental infrastructure									
Ermelo North water treatment works	Feasibility study to assess the suitable option for the provision of water to a population of between 170 000 and 205 602 by 2030 based on a consumption of 200l/c/d. It is planned that water will be pumped to Waberton, Chissiesmeer and Breyton	Feasibility	89 000	-	-	2 045	6 000	15 000	17 000
Greylingstad water treatment works	High demand for water in Balfour, Siyathemba, Greylingstad/Willemdal and Nithowane. The current supply is presumably sufficient to cater for the Groot/lei power station and surrounding households. The study aims to investigate the appropriate solution to provide water to the study area and also determine the relationship with the waste water treatment works	Feasibility	103 000	-	-	2 042	6 000	15 000	20 000
Western Highveld regional bulk	Pipelines	Feasibility	350 000	1 394	-	1 000	5 000	15 000	20 000
Thembisile/Mloto bulk pipeline	Regional water scheme to supply water to Nokeng Tsa Tsa local municipality and develop 500 houses	Feasibility	40 000	-	-	2 000	3 000	15 000	13 000
De Aar bulk water supply	Development of 15 undeveloped production boreholes to the north of De Aar in the Blaauwkrans borehole field. Equipping boreholes with pumps and installing collecting pipelines, a booster pump station and a rising mains to De Aar (26.75km). No conventional treatment will take place, only disinfection at the boreholes	Design	42 640	-	-	-	15 000	24 000	-

Table 38.F Summary of expenditure on infrastructure (continued)

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation			
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Departmental infrastructure										
Oranje River, Colesberg, Noupoort bulk water supply	Umsobomvu bulk supply scheme. Phase 1: Pipeline from Orange River to Colesberg water treatment works. Phase 2: Upgrading and extension of Colesberg water treatment works. Phase 3: Pipeline from Colesberg to Noupoort. Phase 4: Upgrade of wastewater treatment works	Construction	184 800	-	12 830	12 000	47 500	44 000	30 000	38 000
Bulk water supply to Hopetown, Thembelihle	Pipelines, upgrading of water treatment works, boreholes, storage and pump stations.	Tender	32 500	-	-	-	7 200	20 000	5 000	-
Tsantsabane bulk water supply	Upgrade of the existing water and sewerage bulk infrastructure in the Postmasburg area. With the development of the new Sishen South mine from Khumba, Postmasburg has been identified as an area for residential development and has become one of the growth points in Northern Cape. The current bulk infrastructure cannot accommodate these developments	Construction	44 900	-	439	15 333	29 200	-	-	-
Riemvasmaak water supply	Pipeline, intake works at the river with pumps, water treatment package plant, pump station and a balancing reservoir	Construction	3 000	-	-	-	3 000	-	-	-
Bulk water supply to Kenhardt	Raw water pump station capacity of 45ℓ/s; Raw water rising main of 3.02km; Small booster pump for Lennertsville: 10ℓ/s @ 15m, Water treatment plant 120m ³ /h. Storage Reservoir: 944kℓ. Booster pump station: 22ℓ/s. Rising main: 28.1km 300kℓ sectional steel tank elevated to 6m. Gravity main: 42.4km	Handed over	69 220	-	14 000	51 000	4 220	-	-	-

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2008/09	2009/10		2010/11	2012/13	2013/14	2014/15
R thousand										
Heuningvei / Moshaweng Bulk Water Supply	Additional borehole resource development, redrill and rehabilitate existing boreholes, develop new boreholes. Reservoirs: 500M ³ (3) and 1.3 (1). Chlorination injection plant, water pipes, booster pump stations, cattle drinking troughs, stand tank, drinking troughs and stand pipes	Construction	113 980	990	1 539	–	23 000	48 500	20 000	9 000
Kammiesberg / Namakwa pipeline ext	Pump stations, pipelines and reservoirs	Feasibility	48 000	–	–	–	500	–	–	5 000
Hantam desalination plant	Installation of a new desalination plant in Brandvlei and associated infrastructure	Feasibility	28 000	–	–	–	800	–	8 775	19 000
Bulk water supply to Port Nolloth	Desalination plant, reservoirs, pump stations	Feasibility	27 000	–	–	–	–	8 000	17 000	–
Pixley ka Seme bulk water supply in Free State	Feasibility study for district municipal area	Feasibility	–	1 567	1 982	938	3 255	–	–	–
Windsorton to Holpan bulk water supply	The provision of bulk water supply to the community of Holpan. Project consists of the construction of new raw water storage dam, new 47Kℓ/hour module, new wash water recovery ponds, new 160mmØ rising main to Holpan and an elevated reservoir and related electrical and mechanical works	Feasibility	20 000	–	–	–	–	–	14 000	6 000
Madibeng bulk water supply	Upgrade water treatment plant	Design	270 000	–	2 997	12 806	15 400	5 000	25 000	45 000
Ventersdorp bulk water supply	Upgrade water treatment works, bulk pipelines, pump stations and 5MI reservoir	Design	24 000	–	564	133	5 000	15 000	3 303	–
Bojanala regional water supply	Feasibility study for Bojanala area	Feasibility	380 000	–	–	–	625	–	15 000	30 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand Ratlou local municipality bulk water supply	Upgrade water treatment works at Setumo Dam, pipelines, reservoirs, boreholes as an alternative to the construction of the Setlagole Dam and pump stations	Feasibility	240 000	-	-	-	3 000	4 000	11 000	30 000
Provincial Water Provisioning and management plan	Provincial master plan	Feasibility	1 244	-	-	600	44	-	-	-
Ngaka Modire district municipality regional water supply	Reservoirs, pipelines, pump stations and boreholes	Feasibility	250 000	-	-	-	3 000	-	-	-
Pilanesberg North bulk water supply	Extend capacity of Vaalkop water treatment works, new pump station. North: New bulk water pipelines from Vaalkop water treatment works to Tussenkomst. Infrastructure includes new reservoirs at La Patrie and at Tuschenkomst. South: New pipeline from Evergreen along the Elands river past Sun City to Ledig and Wesizwe and a pipeline from there to provide water to Boshoeck in the Rustenburg local municipality and Xsitrata	Feasibility	270 000	-	-	-	-	-	15 000	40 000
Wolmaransstad wastewater treatment works	Upgrade existing 4.5Ml/day treatment works to 9.5Ml/day to meet the current and projected future effluent treatment requirements to avert environmental pollution as a result of overflowing of high volume of untreated effluent. A sewer pump station will also be upgraded in Lebaleng and the rising main from Lebaleng to the wastewater treatment works	Feasibility	69 500	-	-	-	-	-	-	-

Table 38.F Summary of expenditure on infrastructure (continued)

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation			Medium-term expenditure estimate	
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	
Pietermaritzburg South bulk water supply	Extend capacity of Vaalkop water treatment works and a new pump station. North: New bulk water pipelines from Vaalkop water treatment works to Tussenkomst. Infrastructure includes new reservoirs at La Patrie and at Tussenkomst. South: New pipeline from Evergreen along the Elands river past Sun City to Ledig and Wesizwe, and a pipeline from there to provide water to Boshoeck in the Rustenburg local municipality and Xstrata	Feasibility	200 000	-	-	-	-	-	-	5 000	20 000
Mafikeng South bulk water supply	Approximately 30% of the population have no access to basic acceptable water supply. Major housing developments required to address acute housing shortages cannot proceed due to lack of bulk water supply infrastructure. Upgrading water treatment works, pipelines, reservoirs and pump stations to augment bulk water supply to Mafikeng	Feasibility	300 000	-	-	-	-	-	-	5 000	40 000
Leeudoringstad waste water treatment works	Existing sewage treatment works and the bulk transportation infrastructure incapable of handling the current hydraulic or the organic sewage loads from the Leeudoringstad and Kgakala communities. Project will provide a new sewage treatment works and bulk transportation infrastructure to not only handle and treat the sewage, but to efficiently discharge and utilise the final effluent	Feasibility	50 000	-	-	-	-	-	-	-	-

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand Clanwilliam/Lambertsbaai regional water supply	Desalination of sea water and upgrading of bulk supply system from Clanwilliam	Construction	67 500	350	2 543	6 276	25 000	-	-	-
Tulbagh bulk water supply	Diversion works and pipeline, reservoir	Construction	58 000	400	5 000	11 081	12 000	30 000	-	-
Drakenstein wastewater treatment plant	Wastewater treatment plant	Construction	29 000	-	1 000	6 000	12 000	6 000	-	-
Hermanus wastewater treatment works	Hermanus wastewater treatment works needs an urgent upgrade, housing development has been suspended due to lack of capacity. The municipality has secured a partial loan and is about to start the project	Design	11 000	-	-	-	3 150	3 000	5 000	-
George bulk water supply augmentation	Pumping scheme, dams and pipelines	Construction	129 000	400	7 000	17 163	5 500	3 000	-	-
West coast desalination plant	A 8.5Ml/day desalination plant and associated work	Design	112 800	350	-	-	3 957	9 000	53 000	-
Grabouw wastewater treatment works	The Grabouw wastewater treatment plant needs urgent upgrade, housing development has been suspended due to lack of capacity	Feasibility	17 100	-	-	-	400	5 500	8 500	-
Hermanus bulk water supply	Bulk pipelines	Feasibility	21 263	-	-	-	150	-	-	-
Swellendam wastewater treatment works	An upgrade of 6 Ml/day of the existing plant is required	Feasibility	23 200	-	-	-	300	11 600	11 600	-
Siruisbaai wastewater treatment works	Present sewage system of septic and conservancy tanks has become a logistical emptying problem for tanker services over peak seasons and the risk of ground water and surface pollution is increasing. Upgrade of wastewater treatment works	Feasibility	11 117	-	-	-	250	5 558	5 558	-
Calitzdorp and Ladismith wastewater treatment works	Upgrade of wastewater treatment works urgently required. The plant was refurbished 3 years ago but needs to be urgently increased in sewage treatment capacity, which was not increased since 360 new homes were developed	Feasibility	18 400	-	-	-	400	-	-	-
Kannaland Dam relocation	Existing dam is leaking significantly and has been declared unsafe. A new dam is required to replace the old dam	Feasibility	20 000	-	-	-	750	-	5 000	6 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand										
Bitou cross-border bulk supply	Pumping schemes and pipelines, reservoirs alternative water resources	Feasibility	120 000	-	-	-	-	-	3 500	10 000
Outdishoorn groundwater supply	Borehole wells and connecting pipelines	Feasibility	67 000	-	-	-	1 000	8 000	13 180	10 000
Vanrhynsdorp raw water	Storage reservoir of 7Ml	Feasibility	17 020	-	-	-	200	8 100	8 900	-
Klawer bulk water supply	Need additional filters capacity for treatment work for phase 2 of housing development. Upgrade the treated water for both phases of housing. Treated water reservoir of 2Ml and rising main to supply Vanrhynsdorp	Feasibility	12 000	-	-	-	200	2 000	4 000	-
Citrusdal wastewater treatment works	Present demand is 1.5Ml/day, the plant was designed for 0.9 Ml/day. The existing works will be scrapped because they are also in the flood area. An urgent new wastewater treatment works with higher capacity of 4 Ml/day is urgently required	Feasibility	26 324	-	-	-	300	13 163	13 162	-
Glanwilliam water treatment works	Abstraction works and new water treatment works	Feasibility	16 000	-	-	-	500	1 529	8 000	-
Paarl bulk sewer	Bulk effluent pipeline 1070mm in diameter	Feasibility	56 000	-	-	-	300	-	10 000	16 000
Worcester bulk water supply	Extend 711mm steel pipe from dam to Dwaarsberg by 2.5km, provide 813mm steel pipe from Dwaarsberg to Pokkraal for 9km, additional pump set at booster pump station, supply and install 315mm pipe to Rawsonville and construct 2Ml concrete reservoir	Feasibility	62 700	200	600	-	300	18 000	18 700	30 000
Stellenbosch wastewater treatment works	The project involves the refurbishment and significant increase in capacity of the wastewater treatment works	Feasibility	100 000	-	-	-	2 000	5 000	10 000	20 000

Table 38.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand										
Beaufort West bulk water supply	Ground water exploration, development of boreholes and connection pipelines	Feasibility	5 000	-	-	-	800	1 900	2 500	-
Infrastructure transfers to other spheres, agencies and departments										
Olifants River water resources development project: Phase 2a, De Hoop Dam	Water supply to new mining developments, water supply to Polokwane supplemented and water supply for primary use to various communities	Construction	3 075 000	597 626	645 023	670 376	587 383	324 360	49 440	-
Olifants River water resources development project: Bulk distribution system	Bulk distribution works and supply	Design	13 114 000	2 000	74 319	315 064	95 000	705 426	780 834	802 508
Dam safety rehabilitation programme	Dams rehabilitated and dam safety work done	Construction	2 650 000	435 272	370 123	376 358	365 882	478 794	396 449	461 700
Olifants Doorn River water resources project: Raising of Clanwilliam Dam	Existing dam rehabilitated and water supply augmented	Design	2 152 000	-	-	114	12 540	57 967	362 470	592 864
Mokolo and Crocodile River West water augmentation project: Phase 1 and 2	Augmented water supply to new power stations, extended mining activities and growing population	Design	1 989 000	-	30 128	132 942	272 327	100 092	117 829	106 929
Great Letaba River development project: Raising of Tzaneen Dam (Phase 2) and Nwamitwa Dam (Phase 3)	Projected growing primary supply requirements met, water availability for the riverine ecosystem improved and water availability for irrigation stabilised including resource poor farmers	Feasibility	1 966 000	-	-	-	13 794	83 636	336 157	275 880
Mzimkulu off-channel storage	Reliable water supply to northern part of lower KwaZulu-Natal south coast during dry periods	Feasibility	262 000	-	-	-	-	-	-	89 068
Sunday River government water scheme in the Lower Sundays	Canal system extended, particularly to provide irrigation water to resource poor farmers	Feasibility	445 000	-	-	-	-	-	-	42 649
Mvoti River: Isthundu Dam	Water supply to domestic and industrial users in lower Mvoti basin area secured	Feasibility	693 000	-	-	-	-	-	-	125 400
Voolsoff Dam	Yield of Orange River increased to cater for increasing demand	Feasibility	798 000	-	-	-	-	-	-	160 740
Mloti River development project: Raising of Hazelmere Dam	Water supply to Umgeni Water for treatment augmented for KwaZulu-Natal north coast	Design	110 000	-	50	17 100	49 100	43 100	-	-
Total			68 982 307	1 291 825	1 510 004	2 453 643	3 536 158	4 755 671	5 157 284	6 215 558

Table 38.H Detail split of direct grants and indirect grants to municipalities

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Water Services Operating Subsidy Grant							
Direct Grants							
Transfers and Subsidies	985 562	848 736	664 273	542 345	562 434	420 945	449 558
Provinces and municipalities	985 562	848 736	664 273	542 345	562 434	420 945	449 558
Indirect Grants							
Current Payments	317 329	201 120	175 054	101 534	126 682	119 477	124 917
Compensation of employees	241 984	155 262	114 249	65 374	86 498	88 408	88 335
Goods and Services	75 345	45 858	60 805	36 160	40 184	31 069	36 582
Transfers and Subsidies	13 035	47 600	12 338	26 908	5 916	193 107	202 708
Public corporations and private enterprises	–	–	–	–	–	–	–
Households	13 035	47 600	12 338	26 908	5 916	193 107	202 708
Payments for capital assets	712	1 574	4 867	–	–	–	–
Buildings and other fixed structures	9	1 384	–	–	–	–	–
Machinery and equipment	703	190	4 867	–	–	–	–
Total	1 316 638	1 099 030	856 532	670 787	695 032	733 529	777 183
Bulk infrastructure							
Indirect grants							
Transfers and Subsidies	–	–	–	–	–	–	–
Provinces and municipalities	–	–	–	–	–	–	–
Current Payments	–	41 640	18 933	83 030	80 650	84 941	89 016
Compensation of employees	–	3 939	1 164	4 045	13 147	15 397	16 514
Goods and Services	–	37 701	17 769	78 985	67 503	69 544	72 502
Payments for capital assets	443 167	581 568	850 617	1 686 102	2 516 641	2 921 728	3 351 460
Buildings and other fixed structures	443 167	581 511	850 577	1 686 102	2 516 641	2 921 728	3 351 460
Software and other intangible	–	57	40	–	–	–	–
Total	443 167	623 208	869 550	1 769 132	2 597 291	3 006 669	3 440 476

National Treasury
BUDGET 2012
ESTIMATES OF NATIONAL EXPENDITURE

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