

BUDGET 2013



ESTIMATES OF NATIONAL EXPENDITURE

VOTE 38: Water Affairs



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure

2013

National Treasury

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The Estimates of National Expenditure 2013 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 2013 Budget is set within the context of a prolonged and slow economic recovery globally and domestically; arising as an overhang from the global financial crisis of 2008, domestic structural constraints and recent supply side disruptions emanating from the mining sector. The fiscal stance underpinning this year's Budget balances support for the economy in the short term with the objective of rebuilding fiscal space in the medium to long term. This approach is informed by a growing belief that some of the slowdown in growth and revenue is in fact structural. Accordingly, strong measures have been instituted to contain government's consumption expenditure.

The 2012 medium term budget policy statement (MTBPS) presented an expenditure framework that kept the budget baselines for the first two years of the 2013 medium term expenditure framework (MTEF) unchanged since their publication in February 2012. Spending agencies had been advised to reprioritise spending within their baseline allocations to accommodate new priorities or the expansion of existing programmes. However, in response to the cumulative effects of the slowdown in growth and revenue, government has appropriately decided to reduce aggregate spending by R10.4 billion relative to the 2013 MTEF announced in the 2012 MTBPS. In addition, R52.1 billion has been shifted from within institutional baselines for reprioritisation to key government priority programmes. All of this has been done in a manner that does not compromise the attainment of the priorities set out in the MTBPS.

In guiding departments on how to approach the 2013 Budget, the Ministers' Committee on the Budget stated: 'In response to difficult global economic circumstances, we have expanded government's contribution to the economy. ... Financing this expansion at the same time as declining government income has meant a significant increase in borrowing. Since 2008/09, our stock of debt has more than doubled, and with it, the cost of servicing our debt has also accelerated. Higher borrowing and interest costs have meant that fiscal space is being eroded and our economy will have to finance a relatively larger government interest bill for many years. This means less money will be available for other purposes.' (2012 Medium Term Expenditure Framework Guidelines)

Indeed, departments and spending agencies do have to learn to do more with less. In the period ahead, improvements in outcomes have to come from qualitative improvements in the use of available budgets and other inputs. All institutions need to increase their efficiency and effectiveness in terms of service delivery, particularly in relation to infrastructure development. The National Development Plan 2030 sets out the planning framework for improving delivery in the public sector. The National Development Plan is the first long term plan for South Africa. Future budgets will therefore facilitate stronger alignment of institutional planning with the National Development Plan.

With our well established budgeting processes and practices, we have a good basis for the changes we need to make into the future in order to continue to ensure fiscal sustainability, while simultaneously increasing government performance in line with the expectations of South Africans. In the 2012 Open Budget Index Survey, conducted independently by the International Budget Partnership, South Africa was rated second out of the 100 countries participating in this assessment of budget transparency. South Africans can be proud of the comprehensiveness of the budget information that is available and should strive to make good use of the information in discussions with government regarding its policies and practices.

The expenditure estimates on the votes are the product of extensive consultative processes of policy review at the technical and executive level, designed to ensure the efficient allocation of public funds. These took place under difficult economic circumstances. I am grateful to our colleagues in national departments and agencies for their partnership, contributions and advice, during both the budget process and the finalisation of this publication. Special appreciation goes out to the team at National Treasury, who worked tirelessly to produce a document, the substance and quality of which are a source of great pride.



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. In pursuit of an ever-improving representation of information, many changes have been introduced in the 2013 ENE publications. In terms of the non-financial information, it is noted in these publications how vote activities are envisaged to align with the National Development Plan 2030 over the long term, and how they are contributing to government's 12 outcomes and other key service delivery goals. Performance information has been further emphasised and in the 2013 ENE publications forms an integral part of the discussion of the financial information in the expenditure trends section of every programme within each of the votes. The personnel information has also been disaggregated and moved to the programme level. This allows for a more holistic discussion of budget plans at the programme level and gives greater effect to South Africa's Programme Budgeting by function approach.

Essentially, performance, personnel and finances are discussed together in respect of the impact they have on the programme plans. The analyses of the average growth of different categories of personnel and expenditure over time, as well as the magnitude this represents relative to the total, are now shown in the publication tables. This makes the narrative in the text less cluttered and more specifically focused on performance and related discussions. Expenditure information is in addition now shown for selected subprogrammes by economic classification, together with tables showing personnel numbers according to salary level for these subprogrammes. Progress made on the implementation of key existing and new infrastructure projects is discussed with all infrastructure projects shown in an additional table.

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; 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 million	2013/14				2014/15	2015/16
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	978.6	947.6	15.6	15.5	1 068.0	1 126.2
Water Sector Management	516.4	426.6	51.8	37.9	597.8	619.0
Water Infrastructure Management	2 565.2	–	2 565.2	–	2 945.4	3 812.8
Regional Implementation and Support	5 982.7	1 178.2	1 283.1	3 521.3	7 684.8	9 772.0
Water Sector Regulation	118.7	117.2	–	1.5	121.5	125.8
International Water Cooperation	25.4	24.8	0.6	–	31.5	32.6
Total expenditure estimates	10 187.0	2 694.4	3 916.4	3 576.2	12 449.0	15 488.4
Executive authority	Minister of Water Affairs					
Accounting officer	Director General of Water Affairs					
Website address	www.dwa.gov.za					

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

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.

Mandate

The Department of Water Affairs' legislative mandate seeks to ensure that the country's water resources are protected, managed, used, developed, conserved and controlled by regulating and supporting the delivery of effective water supply and sanitation. This entails adhering to the requirements of water related policies and legislation, including constitutional requirements, that are critical in delivering on the right of access to sufficient food and water, transforming the economy and eradicating poverty. The mandate is derived from the National Water Act (1998), the Water Services Act (1997) and the Water Research Act (1971).

Strategic goals

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

- be an efficient, effective and development oriented sector leader by increasing the skills pool through implementing commitments contained in the sector skills plan of capacity building
- improve water resources management by finalising the institutional framework and formalising regional entities to provide regional bulk water infrastructure and support municipalities
- improve the internal control environment, thus improving water resources and services information and implementing programmes that support job creation
- provide equitable and sustainable raw water by finalising and implementing strategies that guide future priorities for water management in the country
- implement programmes to improve the efficiency of water use and oversee water infrastructure programmes that would be of benefit to various other sectors

- ensure the provision of equitable and sustainable water services of acceptable quantity and quality by regulating the quality and quantity of water services, and ensuring interim water supply in the 23 priority district municipalities
- protect freshwater ecosystems by improving the protection of water resources through the implementation of various programmes in support of water resources quality management, and ensuring that various sectors across the water value chain comply with water legislation.

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 by developing and implementing effective policies and integrated planning strategies, and developing a knowledge base and procedures.

Programme 3: Water Infrastructure Management

Purpose: Ensure a reliable supply of water from bulk raw water resources infrastructure to meet sustainable demand objectives for South Africa within acceptable risk parameters. 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 the 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 in line with provisions of the National Water Act (1998). Pursue national interests at both African multilateral and global multilateral organisations and forums.

Selected performance indicators

Table 38.1 Water Affairs

Indicator	Programme	Outcome to which it contributes	Past			Current	Projections		
			2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of new reconciliation strategies developed to ensure water security per year	Water Sector Management	Outcome 6: An efficient, competitive and responsive economic infrastructure network	8	2	2	4	1	3	3
Total number of gauging sites monitored ¹	Water Sector Management	Outcome 10: Environmental assets and natural resources that a valued, protected and continually enhanced	- ¹	1 500	1 504	1 507	1 509	1 511	1 512

Table 38.1 Water Affairs (continued)

Indicator	Programme	Outcome to which it contributes	Past			Current	Projections		
			2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of additional people provided with access to water per year	Regional Implementation and Support	Outcome 9: A responsive, accountable, effective and efficient local government system	1.1 million	351 106	598 766	746 004	1 million	1 million	1 million
Number of new bulk infrastructure schemes completed per year ²	Regional Implementation and Support	Outcome 6: An efficient, competitive and responsive economic infrastructure network	38	55	62	64	12	12	18
Number of rainwater harvesting tanks installed for access to water and food production per year ³	Regional Implementation and Support	Outcome 9: A responsive, accountable, effective and efficient local government system	2 544	5 740	6 000	7 000	2 400	2 300	2 500
Number of additional resource poor farmers supported with access to water per year	Regional Implementation and Support	Outcome 7: Vibrant, equitable and sustainable rural communities and food security for all	5 725	666	1 000	750	880	850	800
Number of municipalities supported to implement water conservation and water demand management per year ⁴	Regional Implementation and Support	Outcome 9: A responsive, accountable, effective and efficient local government system	80	4	47	39	71	69	51
Percentage completed on construction of Inyaka water treatment works as stated in the original and approved project implementation plan ⁵	Regional Implementation and Support	Outcome 6: An efficient, competitive and responsive economic infrastructure network	56%	73%	98%	99%	100%	– ⁵	– ⁵
Percentage completed on construction of Nandoni water distribution network and water treatment works as stated in the original and approved project implementation plan ⁵	Regional Implementation and Support		60%	69%	79%	99%	100%	– ⁵	– ⁵
Percentage completed on construction of Nandoni distribution replacement of glass reinforced plastic pipeline as stated in the original and approved implementation plan ⁵	Regional Implementation and Support		– ⁵	– ⁵	27%	91%	100%	– ⁵	– ⁵
Percentage completed 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		0	0	0	8%	25%	55%	100%
Percentage completed on construction of Hluhluwe regional water scheme as stated in the original and approved project implementation plan ⁶	Regional Implementation and Support		61%	81%	92%	100%	– ⁵	– ⁵	– ⁵
Percentage of construction of the pipeline from Middle Letaba dam as stated in the original and approved project implementation plan ⁶	Regional Implementation and Support		– ⁵	76%	94%	100%	– ⁵	– ⁵	– ⁵
Total number of wastewater treatment collector systems assessed for compliance with effluent standards	Water Sector Regulation		Outcome 10: Environmental assets and natural resources that a valued, protected and continually enhanced	444	821	831	953	960	962
Total number of water treatment supply systems assessed for compliance with drinking water quality standards	Water Sector Regulation	402		787	914	931	950	950	950
Number of new catchment areas in which compulsory licensing processes have been completed per year ⁷	Water Sector Regulation		– ⁵	– ⁵	– ⁵	1	2	1	1
Number of strategic new partnerships established with countries in Africa ⁷	International Water Cooperation	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	– ⁵	– ⁵	2	2	2	3	4

1. This indicator began from 2010/11.

2. From 2013/14, the indicator will include completed schemes only. The indicator previously measured all the schemes implemented per year.

3. The significant decline over the medium term is as a result of a budget reduction.

4. In 2010/11, only 4 municipalities needed support based on the department's engagement with municipalities.

5. These indicators will only be measured up to 2013/14. The construction of Nandoni distribution replacement of glass reinforced plastic pipeline only started in 2011/12.

6. These projects will be completed in 2013/14. The construction of the pipeline from middle Letaba dam started in 2010/11.

7. Measurement of these indicators began between 2011/12 and 2012/13.

The national development plan

In its vision for 2030, the national development plan envisages that South Africa will have made the transition to an environmentally sustainable economy and that all South Africans will have affordable access to sufficient and safe water, and decent sanitation to live healthy and dignified lives. Urban and industrial centres will have a reliable supply of water to meet their needs, agricultural water use will support productive and inclusive rural communities, and the natural environment will be protected to prevent excessive abstraction and pollution. To this end, the plan advocates carefully regulated infrastructure and research and development to ensure the most efficient use of this resource. Regular reviews of water resources management and implementation are proposed in order to identify priority areas of intervention. The department is currently reviewing the first edition of the national water resource strategy and will continue to focus on the development and implementation of the strategy's proposals.

The plan proposes a target of 15 per cent reduction in the average water demand by 2030. In response to this, the department will continue to run various programmes supporting local government to refurbish existing infrastructure of prioritised schemes, and to implement water conservation and water demand management programmes. The plan also proposes the establishment of a national water resources infrastructure agency. In line with this and to address institutional, revenue and financial challenges and inefficiencies, the department will establish a national water resources infrastructure agency before 2015.

It is acknowledged that many municipalities do not have the requisite technical capacity to build and manage water and wastewater treatment works. One of the recommendations of the national development plan is that a regional approach to water and wastewater management be adopted in certain areas to address this shortcoming, which is supported by the department.

Expenditure estimates

Table 38.2 Water Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12					2012/13	2013/14	2014/15		
R million												
Administration	864.5	826.5	781.5	865.0	865.0	0.0%	10.9%	978.6	1 068.0	1 126.2	9.2%	8.6%
Water Sector Management	443.5	423.9	511.8	454.3	454.3	0.8%	6.0%	516.4	597.8	619.0	10.9%	4.7%
Water Infrastructure Management	2 108.1	2 132.4	2 384.0	2 251.5	2 137.5	0.5%	28.7%	2 565.2	2 945.4	3 812.8	21.3%	24.5%
Regional Implementation and Support	3 063.0	3 499.4	4 375.5	5 283.7	5 153.7	18.9%	52.8%	5 982.7	7 684.8	9 772.0	23.8%	61.0%
Water Sector Regulation	73.2	125.6	91.2	110.2	110.2	14.6%	1.3%	118.7	121.5	125.8	4.5%	1.0%
International Water Cooperation	11.4	15.9	20.9	28.5	28.5	35.5%	0.3%	25.4	31.5	32.6	4.6%	0.3%
Total	6 563.7	7 023.7	8 164.9	8 993.2	8 749.2	10.1%	100.0%	10 187.0	12 449.0	15 488.4	21.0%	100.0%
Change to 2012 Budget estimate				180.5	(63.5)			441.3	1 756.5	4 304.0		
Economic classification	2 372.6	2 267.3	2 281.4	2 471.2	2 471.2	1.4%	30.8%	2 694.4	2 921.9	3 046.9	7.2%	23.8%
Current payments												
Compensation of employees	820.0	906.0	922.8	1 058.3	1 058.3	8.9%	12.2%	1 227.2	1 317.7	1 383.7	9.3%	10.6%
Goods and services	1 545.8	1 358.4	1 354.7	1 410.5	1 410.5	-3.0%	18.6%	1 465.1	1 602.0	1 661.1	5.6%	13.1%
of which:												
Administration fees	6.6	8.7	8.9	11.1	11.1	18.8%	0.1%	13.4	14.4	15.5	11.8%	0.1%
Advertising	11.1	26.0	28.9	13.9	13.9	7.8%	0.3%	21.4	25.6	25.0	21.5%	0.2%
Assets less than the capitalisation threshold	5.1	7.2	8.8	25.1	25.1	70.6%	0.2%	16.4	17.4	18.2	-10.2%	0.2%
Audit cost: External	13.2	15.6	17.4	-	-	-100.0%	0.2%	-	-	-	-	-
Bursaries: Employees	5.2	3.2	2.7	3.6	3.6	-11.2%	0.0%	4.7	5.1	5.3	13.6%	0.0%
Catering: Departmental activities	5.4	4.3	8.5	10.9	10.9	26.2%	0.1%	13.1	14.3	14.7	10.4%	0.1%
Communication	60.8	55.4	43.7	27.3	27.3	-23.4%	0.6%	36.7	43.9	39.5	13.1%	0.3%
Computer services	206.2	180.2	129.4	93.8	93.8	-23.1%	2.0%	130.4	145.6	146.8	16.1%	1.1%
Consultants and professional services: Business and advisory services	375.2	204.3	166.0	199.2	199.2	-19.0%	3.1%	153.2	164.3	172.2	-4.7%	1.5%
Consultants and professional services: Infrastructure and planning	196.1	160.0	175.8	275.7	275.7	12.0%	2.6%	193.1	238.8	238.0	-4.8%	2.0%
Consultants and professional services: Laboratory services	7.3	4.0	3.5	7.4	7.4	0.3%	0.1%	6.7	7.4	8.5	4.7%	0.1%
Consultants and professional services: Legal costs	2.5	8.5	5.9	2.7	2.7	3.4%	0.1%	6.4	16.4	18.1	88.1%	0.1%
Contractors	57.5	66.7	102.4	52.9	52.9	-2.8%	0.9%	143.4	109.9	114.9	29.5%	0.9%
Agency and support / outsourced services	99.2	111.6	116.9	66.0	66.0	-12.7%	1.3%	53.1	65.9	69.6	1.8%	0.5%
Entertainment	0.4	0.1	0.1	0.8	0.8	28.7%	0.0%	1.3	0.9	0.9	5.1%	0.0%

Table 38.2 Water Affairs (continued)

Economic classification	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2009/10	2010/11	2011/12			2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16			2012/13 - 2015/16
	R million					2012/13	2012/13	2013/14	2014/15	2015/16			2012/13 - 2015/16
Fleet services (including government motor transport)	–	0.0	–	4.0	4.0	0.0%	0.0	0.0	0.0	-78.7%	0.0%		
Housing	–	–	–	1.0	1.0	0.0%	–	–	–	-100.0%	0.0%		
Inventory: Food and food supplies	2.8	2.2	2.4	0.3	0.3	-53.4%	1.9	4.2	3.7	136.3%	0.0%		
Inventory: Fuel, oil and gas	4.3	5.0	4.4	6.8	6.8	15.9%	5.2	5.9	6.2	-3.0%	0.1%		
Inventory: Learner and teacher support material	2.5	0.1	0.1	0.8	0.8	-32.2%	1.3	1.4	1.4	21.2%	0.0%		
Inventory: Materials and supplies	15.2	13.0	11.3	8.7	8.7	-17.2%	7.8	8.5	8.9	1.1%	0.1%		
Inventory: Medical supplies	0.3	0.1	0.1	0.5	0.5	12.9%	1.1	1.2	1.3	38.2%	0.0%		
Inventory: Military stores	–	1.8	0.0	–	–	0.0%	–	–	–	–	–		
Inventory: Other consumables	10.8	10.3	9.2	18.7	18.7	20.3%	12.2	13.1	13.2	-11.0%	0.1%		
Inventory: Stationery and printing	22.3	21.7	20.9	26.2	26.2	5.4%	25.1	25.5	27.4	1.6%	0.2%		
Operating leases	175.3	217.2	182.5	17.6	17.6	-53.6%	12.9	14.8	15.0	-5.2%	0.1%		
Property payments	21.6	14.3	47.1	336.2	336.2	149.7%	368.7	394.7	414.3	7.2%	3.2%		
Transport provided: Departmental activity	0.0	0.4	0.6	3.0	3.0	472.4%	2.0	2.2	2.3	-8.3%	0.0%		
Travel and subsistence	181.9	173.9	208.3	143.9	143.9	-7.5%	172.9	195.2	210.6	13.5%	1.5%		
Training and development	17.8	19.5	18.9	22.4	22.4	8.0%	30.3	31.7	33.8	14.6%	0.3%		
Operating payments	32.0	10.4	11.1	10.8	10.8	-30.3%	10.0	10.6	12.2	4.0%	0.1%		
Venues and facilities	7.1	12.9	16.8	20.7	20.7	42.5%	17.0	18.4	18.8	-3.1%	0.2%		
Rental and hiring	–	–	2.0	(1.6)	(1.6)	0.0%	3.5	4.7	4.8	-245.3%	0.0%		
Interest and rent on land	6.9	2.9	4.0	2.4	2.4	-29.1%	2.1	2.2	2.1	-4.9%	0.0%		
Transfers and subsidies	3 135.2	3 227.0	3 486.1	2 909.4	2 795.4	-3.8%	41.5%	3 916.4	4 884.7	7 686.3	40.1%	41.1%	
Provinces and municipalities	908.8	985.4	992.5	562.6	562.6	-14.8%	11.3%	1 024.0	1 508.7	3 142.3	77.4%	13.3%	
Departmental agencies and accounts	1 958.5	1 992.8	2 259.0	2 140.4	2 026.4	1.1%	27.0%	2 431.5	2 805.7	3 668.8	21.9%	23.3%	
Foreign governments and international organisations	177.1	180.3	179.7	180.6	180.6	0.7%	2.4%	188.6	197.9	204.9	4.3%	1.6%	
Public corporations and private enterprises	0.0	9.7	–	–	–	-100.0%	0.0%	250.0	350.0	650.0	–	2.7%	
Households	90.7	58.9	54.9	25.8	25.8	-34.2%	0.8%	22.2	22.4	20.3	-7.7%	0.2%	
Payments for capital assets	1 005.6	1 523.8	2 371.9	3 612.5	3 482.5	51.3%	27.5%	3 576.2	4 642.4	4 755.2	10.9%	35.1%	
Buildings and other fixed structures	974.1	1 290.7	2 285.2	3 512.7	3 382.7	51.4%	26.0%	3 475.6	4 558.3	4 663.6	11.3%	34.3%	
Machinery and equipment	30.8	225.6	66.6	84.7	84.7	40.1%	1.3%	93.2	76.0	83.7	-0.4%	0.7%	
Software and other intangible assets	0.7	7.4	20.1	15.2	15.2	176.1%	0.1%	7.3	8.0	7.9	-19.8%	0.1%	
Payments for financial assets	50.3	5.6	25.4	–	–	-100.0%	0.3%	–	–	–	–	–	
Total	6 563.7	7 023.7	8 164.9	8 993.2	8 749.2	10.1%	100.0%	10 187.0	12 449.0	15 488.4	21.0%	100.0%	

Personnel information

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

Water Affairs	Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	4 139	211	3 772	922.8	0.2	4 081	1 058.3	0.3	4 081	1 227.2	0.3	4 090	1 317.7	0.3	4 093	1 383.7	0.3	0.1%	100.0%
1 – 6	1 852	146	1 886	244.6	0.1	1 829	282.2	0.2	1 827	315.0	0.2	1 825	344.1	0.2	1 826	360.0	0.2	-0.1%	44.7%
7 – 10	1 610	46	1 373	339.5	0.2	1 580	410.3	0.3	1 580	473.8	0.3	1 591	498.0	0.3	1 592	533.0	0.3	0.3%	38.8%
11 – 12	519	12	402	240.2	0.6	508	245.6	0.5	510	284.8	0.6	510	311.8	0.6	510	320.7	0.6	0.1%	12.5%
13 – 16	158	7	111	98.6	0.9	164	120.1	0.7	164	153.6	0.9	164	163.9	1.0	165	170.0	1.0	0.2%	4.0%

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

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on funding water infrastructure management and regional implementation and support programmes for bulk water infrastructure. This aims to accelerate the delivery of water to households, agriculture and industry. In line with this, the bulk of the department's allocation over the medium term goes towards expenditure on transfers and subsidies to public entities and municipalities for the development of new water resources infrastructure; the maintenance, refurbishment and operations of existing water services infrastructure; the water trading entity; the operational budgets for the Breede-Overberg and

Inkomati catchment management agencies; and payments for capital assets for the development of bulk raw water schemes and wastewater treatment works.

Between 2009/10 and 2012/13, spending in the *Regional Implementation and Support* programme on payments for capital assets increased significantly, specifically buildings and other fixed structures, due to the implementation of the regional bulk water and wastewater infrastructure projects. Over the same period, spending in the *International Water Cooperation* programme on goods and services increased significantly due to initiatives to strengthen relations with neighbouring countries.

Over the medium term, spending in the *Regional Implementation and Support* programme is projected to increase significantly due to the projected increase in transfers and subsidies to the Pilanesberg and Ilembe bulk water schemes, the refurbishment of the regional raw water treatment works in the Amatole district municipality and allocations to local government. The projected increase in payments for capital assets over this period is for the implementation of a rapid intervention programme that focuses on community infrastructure, water conservation and demand management and the wastewater infrastructure refurbishment programme. Spending in the *Water Infrastructure Management* programme is also expected to increase significantly over the medium term due to additional allocations for water infrastructure.

The 2013 Budget sets out additional allocations of R1.5 billion in 2013/14, R2.9 billion in 2014/15 and R5.5 billion in 2015/16 to be used as follows:

- R91.3 million over the medium term for improved conditions of service
- R150 million in 2013/14 for acid mine drainage
- R4.3 billion over the medium term for the municipal water infrastructure grant to provide for interim water supply to rural households in the 23 district municipalities prioritised by Cabinet
- R3.7 billion over the medium term for the regional bulk infrastructure grant for the upgrades and refurbishment of 6 existing plants and bulk water infrastructure projects
- R1.5 billion for upgrading the pipeline from Steelpoort to Mooihoek (phase 2D) and the construction of the new pipeline from the Flag Boshielo dam to Mokopane (phase 2B) of the De Hoop dam's bulk distribution system.

Cabinet approved budget reductions of R38.4 million in 2013/14, R83.8 million in 2014/15 and R131.5 million in 2015/16 were effected across all programmes. The department made the reductions mainly in spending on compensation of employees and various goods and services items, such as communication, travel and subsistence, and consultants. These reductions are not expected to have a negative impact on service delivery. In addition, funds have been reprioritised within the department over the medium term, the details of which are discussed within each programme.

The department has an establishment of 4 139 funded posts and 211 posts additional to the establishment. As at 30 September 2012, 4 081 posts were filled. The vacancies were due to difficulties in attracting and retaining staff with the required engineering, technical, scientific and legal skills. The ratio of support staff to line function staff was 1:3.

In 2012/13, the department had a budget of R485 million for consultants, which is equivalent to 45.8 per cent of the budget allocated for spending on compensation of employees. Consultants are used to support critical skills, provide technical expertise, legal services, project management and oversight due to the difficulty in attracting and retaining the skills required.

Infrastructure spending

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. Following an independent review of the project, the project costs for the implementation of phases 2B and 2D, which entailed the construction of the new pipeline from the Flag Boshielo dam to Mokopane and the upgrading of the pipeline from Steelpoort to Mooihoek, were reduced to R2.2 billion over the MTEF period. The total allocation to the project over MTEF period is R1.5 billion and the balance will be raised as a contribution from the mines, either through a direct capital contribution or off take agreements. The department will also continue with the implementation of phase 2C, which entails the

Steelpoort weir and abstraction works, of the De Hoop bulk distribution system. The baseline allocation over the medium term is R200 million.

The construction of the dam began in 2007 and R2.9 billion had been spent up to 2012/13. The dam is set to be commissioned at the beginning of 2013, with site clearance taking place by the end of 2013. The construction of the distribution system began in 2011/12 and R1.2 billion has been spent up to 2012/13, with R2.4 billion allocated over the MTEF period. 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. Since the project benefits mostly poor, rural municipalities, the shortfall will be partially subsidised by the fiscus 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 the Mogalakwena municipality and surrounding mines. Having finalised the off take agreements in 2012/13, the department will, over the medium, revisit the socioeconomic impact assessment study to determine the financial impact of water from the dam on the municipalities to evaluate 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 in order to comply with dam safety regulations. The project has an estimated cost of R2.8 billion, R1.3 billion of which was spent up to 2012/13, with R1.2 billion allocated over the MTEF period.

The **raising of Clanwilliam dam** project will make the dam safer during floods, stabilise dam distortion caused by alkali aggregate reaction, provide an additional yield of 70 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 agricultural sector. During the construction phase, the project will create 650 temporary jobs. The total estimated budget for the project is R1.8 billion, R60.2 million of which was spent by 2012/13, with R1.3 billion to 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 2017. The start of the project has been pushed back due to delays in completing the feasibility studies.

Large infrastructure projects

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, and will also provide domestic water to the Lephalale local municipality in Limpopo. The total estimated cost of the first phase of the project is R2.1 billion, R478.3 million of which has been spent to date and R131.2 million is to be spent over the MTEF period. Off budget sources will be used to fund 75 per cent of phase 1. The Minister of Water Affairs 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.

The **raising of Tzaneen dam and the construction of the new Nwamitwa dams for the Groot Letaba River development project** aim 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 R1.3 billion, R845.9 million of which is allocated over the MTEF period. The commissioning of the Tzaneen dam is scheduled for April 2016, while the Nwamitwa dam is set to be commissioned in March 2018.

The **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, R276.7 million of which has been spent up to 2012/13 and R157.4 million will be spent over the MTEF period. The construction began in 2006/07 and commissioning is scheduled for 2013/14.

The **Nandoni Pipeline project** aims to convey water for domestic use to the Vhembe district municipality in Limpopo. The construction of the project began in 2006/07 and was scheduled for completion in 2013/14. 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. R317 million has been spent up to 2012/13 and R92.6 million is allocated over the MTEF period.

Small infrastructure projects

Over the medium term, 123 projects will be implemented, of which 62 are in the construction phase. 28 are in the design and tender phases, and 33 projects are in the feasibility study phase. These projects aim to develop bulk water and wastewater infrastructure that will enable the connection of municipal reticulation infrastructure. The total value of these projects over the MTEF period is estimated at R1 1.9 billion.

Departmental receipts**Table 38.4 Receipts**

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2009/10	2010/11	2011/12					2012/13	2013/14	2014/15		
R thousand												
Departmental receipts	76 279	33 119	85 637	27 282	27 880	-28.5%	100.0%	29 358	30 855	32 367	5.1%	100.0%
Sales of goods and services produced by department	5 398	1 778	7 620	3 514	3 514	-13.3%	8.2%	1 936	2 058	2 108	-15.7%	8.0%
Sales by market establishments of which:	5 326	1 067	7 001	1 952	1 952	-28.4%	6.9%	1 105	1 150	1 175	-15.6%	4.5%
<i>Dwellings</i>	4 742	888	6 836	1 802	1 802	-27.6%	6.4%	950	990	1 000	-17.8%	3.9%
<i>Rental parking: Covered and open</i>	584	179	165	150	150	-36.4%	0.5%	155	160	175	5.3%	0.5%
Administration fees of which:	72	30	30	29	29	-26.1%	0.1%	26	33	40	11.3%	0.1%
<i>Transport fees</i>	2	1	1	2	2	-	-	-	-	-	-100.0%	-
<i>Camping fees</i>	(12)	-	-	-	-	-100.0%	-	-	-	-	-	-
<i>Replacement of security guards</i>	32	2	2	2	2	-60.3%	-	-	-	-	-100.0%	-
<i>Maps</i>	33	17	14	13	13	-26.7%	-	12	15	18	11.5%	-
<i>Sale: Water potable</i>	17	10	13	12	12	-11.0%	-	14	18	22	22.4%	0.1%
Other sales of which:	-	681	589	1 533	1 533	-	1.3%	805	875	893	-16.5%	3.4%
<i>Rental: Capital assets</i>	-	15	-	16	16	-	-	15	20	23	12.9%	0.1%
<i>Tender documents</i>	-	16	-	-	-	-	-	240	260	270	-	0.6%
<i>Commission insurance</i>	-	650	589	550	550	-	0.8%	550	595	600	2.9%	1.9%
<i>Other sales</i>	-	-	-	967	967	-	0.4%	-	-	-	-100.0%	0.8%
Sales of scrap, waste, arms and other used current goods	35	32	-	22	47	10.3%	0.1%	37	32	35	-9.4%	0.1%
of which:												
<i>Scrap</i>	30	29	-	20	45	14.5%	-	34	32	35	-8.0%	0.1%
<i>Waste paper</i>	5	3	-	2	2	-26.3%	-	3	-	-	-100.0%	-
Fines, penalties and forfeits	(12)	-	-	-	-	-100.0%	-	-	-	-	-	-
Interest, dividends and rent on land	34 873	3 420	4 176	3 396	3 396	-54.0%	20.6%	3 140	2 910	2 800	-6.2%	10.2%
Interest	34 873	3 420	4 176	3 396	3 396	-54.0%	20.6%	3 140	2 910	2 800	-6.2%	10.2%
Sales of capital assets	-	-	12	-	-	-	-	-	-	-	-	-
Transactions in financial assets and liabilities	35 985	27 889	73 829	20 350	20 923	-16.5%	71.2%	24 245	25 855	27 424	9.4%	81.7%
Total	76 279	33 119	85 637	27 282	27 880	-28.5%	100.0%	29 358	30 855	32 367	5.1%	100.0%

Programme 1: Administration

- *Ministry* provides support to the minister and deputy minister, and makes provision for their salaries. The support function entails advising the minister and deputy minister on policy matters, organising public participation programmes, dealing with appeals in terms of grievance procedures, attending to administrative and logistical needs, processing the department's submissions, and supporting the minister and deputy minister on Cabinet and parliamentary matters. Some of the primary activities conducted in 2012/13 were the finalisation of the Lesotho Highlands Water Project phase 2 agreement with the government of Lesotho, and presentation of the draft national water resources strategy and national water investment framework to Parliament. This subprogramme had a staff complement of 35 in 2012/13.
- *Departmental Management* provides administrative support to the director general and secretariat services to the department, and makes provisions for salaries and other costs associated with the office of the director general. This entails tracking submissions; facilitating governance structure meetings chaired by the minister, director general and chief operating officer; coordinating parliamentary responses; preparing for cluster meetings; business planning; reporting on performance; and implementing transformation projects. In 2012/13, 9 reports on governance were completed. This subprogramme had a staff complement of 54 in 2012/13.
- *Internal Audit* provides independent, objective assurance and advisory services designed to add value and improve the department's operations. This entails involvement in 84 various projects such as conducting

audits to evaluate the integrity of financial and operational information, verifying asset management procedures, special investigations, and assessing compliance with laws and regulations by means of providing support and advisory services to the department. In 2012/13, a three-year implementation plan was approved by the audit committee. This subprogramme had a staff complement of 35 in 2012/13.

- *Corporate Services* provides administrative support to the department and comprises the human resources, communications services, legal services, administration, and information services units. In 2012/13, transfers amounting to R12 million were made for student bursaries in science and engineering through the learning academy, and R1.6 million was transferred to the Energy Sector Education and Training Authority. Over the medium term, the focus will be on developing and recruiting specialised skills, especially engineers and scientists. This subprogramme had a staff complement of 679 in 2012/13.
- *Financial Management* ensures the efficient management of daily financial operations, processes and systems. In 2012/13, the process of establishing and improving systems of internal control within the department and regional offices was under way. This subprogramme had a staff complement of 453 in 2012/13.
- *Office Accommodation* makes payments for rental charges on all leased office space occupied by the department, as well as for municipal services such as electricity, water, and sewage and waste removal. This subprogramme has no staff complement.

Expenditure estimates

Table 38.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2009/10	2010/11	2011/12		2009/10 - 2012/13	Expenditure/total: Average (%)	2013/14	2014/15	2015/16	2012/13 - 2015/16	Expenditure/total: Average (%)
R thousand											
Ministry	14 902	32 622	48 482	24 382	17.8%	3.6%	42 194	49 493	50 636	27.6%	4.1%
Departmental Management	83 503	65 706	63 852	81 313	-0.9%	8.8%	65 099	75 176	68 661	-5.5%	7.2%
Internal Audit	10 577	18 429	19 496	26 747	36.2%	2.3%	24 673	26 439	28 073	1.6%	2.6%
Corporate Services	448 645	422 914	354 436	315 436	-11.1%	46.2%	362 145	392 170	410 669	9.2%	36.7%
Financial Management	139 774	92 758	90 053	100 705	-10.4%	12.7%	141 805	158 982	185 566	22.6%	14.5%
Office Accommodation	167 091	194 060	205 172	316 419	23.7%	26.4%	342 690	365 775	382 600	6.5%	34.9%
Total	864 492	826 489	781 491	865 002	-	100.0%	978 606	1 068 035	1 126 205	9.2%	100.0%
Change to 2012 Budget estimate				(18 126)			2 868	(7 802)	(27 031)		

Economic classification

Current payments	797 943	798 622	743 998	815 198	0.7%	94.6%	947 584	1 034 494	1 089 944	10.2%	96.3%
Compensation of employees	205 965	234 174	262 161	274 236	10.0%	29.3%	338 904	359 844	380 140	11.5%	33.5%
Goods and services	585 218	564 236	480 960	540 962	-2.6%	65.1%	608 590	674 555	709 705	9.5%	62.8%
of which:											
Administration fees	2 390	2 691	2 656	2 501	1.5%	0.3%	3 482	3 778	3 961	16.6%	0.3%
Advertising	8 087	16 166	14 879	7 428	-2.8%	1.4%	12 380	15 913	14 512	25.0%	1.2%
Assets less than the capitalisation threshold	1 924	1 267	1 845	8 238	62.4%	0.4%	2 432	2 740	2 863	-29.7%	0.4%
Audit cost: External	13 219	15 592	17 446	-	-100.0%	1.4%	-	-	-	-	-
Bursaries: Employees	5 139	3 150	2 726	3 389	-13.0%	0.4%	4 515	4 835	5 062	14.3%	0.4%
Catering: Departmental activities	2 176	1 859	1 148	1 215	-17.7%	0.2%	1 652	1 837	1 927	16.6%	0.2%
Communication	31 450	27 632	18 813	5 006	-45.8%	2.5%	9 560	15 299	9 658	24.5%	1.0%
Computer services	173 419	162 048	70 451	51 727	-33.2%	13.7%	76 926	86 844	90 573	20.5%	7.6%
Consultants and professional services: Business and advisory services	23 761	22 642	31 154	49 199	27.5%	3.8%	53 097	58 696	69 305	12.1%	5.7%
Consultants and professional services: Infrastructure and planning	1 557	-	309	-	-100.0%	0.1%	-	-	-	-	-
Consultants and professional services: Legal costs	2 457	649	5 843	2 720	3.4%	0.3%	6 162	16 142	17 804	87.1%	1.1%
Contractors	31 203	26 692	12 459	18 032	-16.7%	2.6%	11 155	3 770	7 475	-25.4%	1.0%
Agency and support / outsourced services	23 475	18 951	14 521	11 153	-22.0%	2.0%	4 505	4 625	4 776	-24.6%	0.6%
Entertainment	298	51	52	546	22.4%	-	706	270	288	-19.2%	-
Fleet services (including government motor transport)	-	49	-	34	-	-	35	37	39	4.7%	-
Inventory: Food and food supplies	1 440	1 038	2 188	7	-83.1%	0.1%	1 464	3 694	3 107	662.8%	0.2%
Inventory: Fuel, oil and gas	13	21	29	-	-100.0%	-	20	21	22	-	-
Inventory: Learner and teacher support material	1 432	42	-	69	-63.6%	-	24	25	26	-27.8%	-
Inventory: Materials and supplies	249	178	175	358	12.9%	-	486	513	539	14.6%	-
Inventory: Medical supplies	318	4	1	18	-61.6%	-	15	16	17	-1.9%	-
Inventory: Other consumables	1 910	1 335	1 389	7 994	61.2%	0.4%	1 619	1 711	1 791	-39.3%	0.3%
Inventory: Stationery and printing	9 416	7 640	7 693	7 526	-7.2%	1.0%	8 297	8 947	9 412	7.7%	0.8%

Table 38.5 Administration (continued)

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
R thousand											
Operating leases	147 309	196 553	181 243	1 932	-76.4%	15.8%	1 227	1 295	1 360	-11.0%	0.1%
Property payments	15 120	5 310	34 515	318 148	176.1%	11.2%	358 146	382 754	402 602	8.2%	36.2%
Transport provided: Departmental activity	–	–	–	665	–	–	646	686	720	2.7%	0.1%
Travel and subsistence	55 343	36 433	41 944	21 066	-27.5%	4.6%	34 055	42 725	43 759	27.6%	3.5%
Training and development	12 060	10 426	8 514	11 687	-1.0%	1.3%	10 290	10 835	11 241	-1.3%	1.1%
Operating payments	19 216	2 902	2 366	2 577	-48.8%	0.8%	1 290	1 565	1 645	-13.9%	0.2%
Venues and facilities	837	2 915	4 708	7 727	109.8%	0.5%	4 404	4 982	5 221	-12.2%	0.6%
Rental and hiring	–	–	1 893	–	–	0.1%	–	–	–	–	–
Interest and rent on land	6 760	212	877	–	-100.0%	0.2%	90	95	99	–	–
Transfers and subsidies	10 217	4 915	15 514	14 575	12.6%	1.4%	15 564	16 322	17 072	5.4%	1.6%
Provinces and municipalities	–	336	8	–	–	–	–	–	–	–	–
Departmental agencies and accounts	1 099	946	1 196	1 575	12.7%	0.1%	2 504	2 629	2 750	20.4%	0.2%
Households	9 118	3 633	14 310	13 000	12.6%	1.2%	13 060	13 693	14 322	3.3%	1.3%
Payments for capital assets	6 055	17 331	21 942	35 229	79.9%	2.4%	15 458	17 219	19 189	-18.3%	2.2%
Buildings and other fixed structures	30	–	1 617	2 929	360.5%	0.1%	–	–	–	-100.0%	0.1%
Machinery and equipment	6 002	13 902	8 794	19 388	47.8%	1.4%	12 105	13 364	14 790	-8.6%	1.5%
Software and other intangible assets	23	3 429	11 531	12 912	724.9%	0.8%	3 353	3 855	4 399	-30.2%	0.6%
Payments for financial assets	50 277	5 621	57	–	-100.0%	1.7%	–	–	–	–	–
Total	864 492	826 489	781 491	865 002	–	100.0%	978 606	1 068 035	1 126 205	9.2%	100.0%
Proportion of total programme expenditure to vote expenditure	13.2%	11.8%	9.6%	9.6%			9.6%	8.6%	7.3%		

Details of transfers and subsidies

Households											
Other transfers to households											
Current											
	8 903	–	1	12 000	10.5%	0.6%	12 660	13 293	13 904	5.0%	1.3%
Bursaries for non-employees	8 693	–	–	12 000	11.3%	0.6%	12 660	13 293	13 904	5.0%	1.3%
Youth programmes	184	–	–	–	-100.0%	–	–	–	–	–	–
Vehicle licences: Licences paid to municipalities	26	–	1	–	-100.0%	–	–	–	–	–	–
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current											
	1 099	946	1 196	1 575	12.7%	0.1%	2 504	2 629	2 750	20.4%	0.2%
Energy Sector Education and Training Authority	1 099	946	1 196	1 575	12.7%	0.1%	2 500	2 625	2 746	20.4%	0.2%
Communication: Radio and TV	–	–	–	–	–	–	4	4	4	–	–
Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current											
	–	336	8	–	–	–	–	–	–	–	–
Other transfers to households	–	336	8	–	–	–	–	–	–	–	–
Households											
Social benefits											
Current											
	215	3 633	14 309	1 000	66.9%	0.6%	400	400	418	-25.2%	0.1%
Employee social benefits	215	3 633	14 309	1 000	66.9%	0.6%	400	400	418	-25.2%	0.1%

Personnel information

Table 38.6 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012	Number and cost ² of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12	2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16											
Administration			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	1 265	50	1 125	262.2	0.2	1 167	274.2	0.2	1 167	338.9	0.3	1 165	359.8	0.3	1 165	380.1	0.3	-0.1%	100.0%
1 – 6	595	11	557	79.5	0.1	548	85.8	0.2	548	98.4	0.2	546	103.4	0.2	546	109.1	0.2	-0.1%	46.9%
7 – 10	495	24	432	96.6	0.2	462	108.7	0.2	462	134.4	0.3	462	142.7	0.3	462	150.2	0.3	–	39.6%
11 – 12	112	9	87	45.0	0.5	94	37.4	0.4	94	51.3	0.5	94	55.1	0.6	94	58.8	0.6	–	8.1%
13 – 16	63	6	49	41.1	0.8	63	42.3	0.7	63	54.9	0.9	63	58.7	0.9	63	62.1	1.0	–	5.4%

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

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on providing administrative and financial management support to the department to maximise organisational efficiencies and strengthen internal and financial controls.

Between 2009/10 and 2012/13, spending increased significantly in the *Ministry*, *Internal Audit*, and *Office Accommodation* subprogrammes. Spending in the *Ministry* subprogramme increased due to the appointment of the deputy minister and additional support staff, which was consistent with the increases in spending on compensation of employees and the related goods and services budgets. Spending in the *Internal Audit* subprogramme increased due to the restructuring of the unit to include three additional directorates that will focus on various disciplines of auditing, while the increase in spending in the *Office Accommodation* subprogramme was attributed to the hiring of additional office space for the support staff of the deputy minister, as well as escalations in rental costs.

Spending in the *Financial Management* subprogramme is expected to increase significantly over the medium term due to funding reallocated from vacant posts to provide for the creation of an internal control directorate within the finance branch. This was done to ensure efficient systems of control are in place and to strengthen financial management within the department. Additional staff will be appointed to establish this directorate, which accounts for the increase in spending on compensation of employees projected over the medium term. This also contributes to the projected increase in spending on goods and services, particularly rental costs and computer services. Spending in the *Ministry* subprogramme is expected to increase significantly over the medium term due to the expansion of the ministry and the special projects it spearheads. The significant increase in spending on legal costs over the medium term is attributed to pending legal cases regarding compliance with the Water Act (1998) and related legislation and regulations.

The department has reprioritised spending in this programme over the medium term as follows: R94.4 million to spending on goods and services and R55.1 million from payments of capital assets to fund compensation of employees; R28.3 million to fund the deficit for the bursary and office accommodation function shift to the Department of Agriculture, Forestry and Fisheries; and R9.2 million to the *International Cooperation* programme to fund the shortfall for South Africa to meet its international obligations with neighbouring countries.

As part of the Cabinet approved budget reductions, the department will reduce spending on consultants by R8.5 million in 2013/14, R19.2 million in 2014/15 and R30.1 million in 2015/16.

The programme has an establishment of 1 265 funded posts and 50 posts additional to the establishment. As at 30 September 2012, 1 167 posts were filled and vacancies were due to the length of time it takes to finalise the recruitment processes. Spending on consultants was equivalent to 18.9 per cent of spending on compensation of employees in 2012/13. Spending on consultants is projected to increase from R59.3 million in 2012/13 to R87.1 million in 2015/16 due to the business process review and specialised investigations conducted by the Special Investigating Unit.

Programme 2: Water Sector Management

Objectives

- Ensure that available water is used efficiently by implementing water conservation and demand management programmes, including sector awareness and mobilisation on an ongoing basis over the MTEF period.
- Maintain a reliable and equitable supply of water over the medium term by:
 - developing a reconciliation strategy for the Olifants water management area
 - completing 3 feasibility plans of the uMzimvubu, Newabeni and Western Cape water supply systems.
- Improving the monitoring of water resources in order to respond and adapt to the impact of climate change by refurbishing existing 1 500 river flow gauging stations by 2015/16.
- Improve regional water resources management through ensuring that shared water resources are managed in collaboration with neighbouring states by establishing a joint water commission and undertaking

international water resource management plans for shared water resources with Mozambique, Botswana and Swaziland on an ongoing basis.

- Ensure that water resources are managed sustainably and that funding is raised for refurbishing existing water infrastructure by finalising the revision of water pricing strategy in 2013/14.
- Strengthen the regulatory function through improved regulations for water services provision and water resource development by revising and submitting the Water Services Amendment Bill and National Water Bill to Parliament by 2013/14.
- Improve the efficiency and effectiveness of the delivery of water by strengthening the capacity of water institutions to discharge their obligations through the finalisation of an institutional realignment framework over the MTEF period.
- Ensure the efficient use and protection of water resources by:
 - setting the final resource quality objectives for the Upper Vaal and Lower Vaal by 2015/16
 - gazetting and developing the implementation plan for the second edition of the national water resource strategy by 2013/14
 - finalising a national integrated information system prototype in 2015/16.

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. This entails business planning and overall monitoring of the programme. This subprogramme had a staff complement of 9 in 2012/13
- *Integrated Planning* develops comprehensive plans that guide infrastructure development, systems and services management in the water sector. This entails preparing reconciliation strategies, drafting feasibility plans, compiling the integrated hydrological plan, undertaking options analyses and macro planning. In 2012/13, R24.5 million was spent on consultants to draft and design technical plans for a water treatment plant to neutralize polluted acid mine water. Over the medium term, focus will be placed on completing the acid mine drainage feasibility study and planning its implementation, completing reuse and desalination strategies, and completing the second edition of the national water resource strategy. This subprogramme had a staff complement of 128 in 2012/13.
- *Policy and Strategy* develops, maintains, monitors and reviews the implementation of water sector policy to ensure reliable and equitable water supply and services. By the end of 2012/13, the department will have finalised reviews of the National Water Act (1998), the Water Services Act (1997) and the Water Research Act (1971). This subprogramme had a staff complement of 41 in 2012/13.
- *Water Ecosystem* develops and implements measures to protect water resources. This entails classifying systems, determining reserves, conducting resource quality assessments and implementing resource directed measures. In 2012/13, R13.6 million was spent on consultants to assist in the protection and improvement of water quality. This subprogramme had a staff complement of 36 in 2012/13.
- *Water Information Management* is discussed in more detail below.
- *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. In 2012/13, the following transfers were made: R19.1 million to the Breede-Overberg Catchment Management Agency, R30.2 million to the Inkomati Catchment Management Agency and R18 million to Rand Water. This subprogramme had a staff complement of 33 in 2012/13.

Expenditure estimates

Table 38.7 Water Sector Management

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Policy and Planning Management and Support	5 655	3 338	3 445	4 143	-9.9%	0.9%	5 096	5 590	5 783	11.8%	0.9%
Integrated Planning	125 250	113 224	178 693	127 852	0.7%	29.7%	157 877	177 615	183 889	12.9%	29.6%
Policy and Strategy	17 114	32 646	23 915	27 971	17.8%	5.5%	31 798	54 825	56 763	26.6%	7.8%
Water Ecosystem	43 200	32 261	35 586	31 461	-10.0%	7.8%	39 057	42 419	43 963	11.8%	7.2%
Water Information Management	174 268	144 360	160 670	155 369	-3.8%	34.6%	173 924	198 065	205 063	9.7%	33.5%
Institutional Oversight	78 057	98 054	109 498	107 491	11.3%	21.4%	108 614	119 294	123 508	4.7%	21.0%
Total	443 544	423 883	511 807	454 287	0.8%	100.0%	516 366	597 808	618 969	10.9%	100.0%
Change to 2012 Budget estimate				(164 572)			(5 216)	(12 199)	-		
Economic classification											
Current payments	376 376	330 242	355 909	352 291	-2.2%	77.2%	426 633	503 178	521 654	14.0%	82.5%
Compensation of employees	107 813	139 270	149 148	161 967	14.5%	30.4%	203 223	228 901	236 555	13.5%	38.0%
Goods and services	268 563	190 867	206 577	190 084	-10.9%	46.7%	223 129	273 981	284 866	14.4%	44.4%
of which:											
Administration fees	1 389	1 089	1 432	2 339	19.0%	0.3%	1 604	1 675	1 879	-7.0%	0.3%
Advertising	167	86	8 061	250	14.4%	0.5%	400	418	669	38.8%	0.1%
Assets less than the capitalisation threshold	899	681	1 513	2 113	33.0%	0.3%	2 108	2 212	2 105	-0.1%	0.4%
Bursaries: Employees	-	-	-	-	-	-	92	95	102	-	-
Catering: Departmental activities	228	178	316	484	28.5%	0.1%	883	929	876	21.9%	0.1%
Communication	3 585	1 556	816	2 119	-16.1%	0.4%	2 356	2 473	2 434	4.7%	0.4%
Computer services	21 429	10 977	41 595	26 219	7.0%	5.5%	28 675	31 975	27 938	2.1%	5.2%
Consultants and professional services: Business and advisory services	36 475	12 409	3 543	9 945	-35.2%	3.4%	16 745	16 885	16 787	19.1%	2.8%
Consultants and professional services: Infrastructure and planning	124 427	108 083	93 002	104 875	-5.5%	23.5%	117 801	160 011	156 791	14.3%	24.7%
Consultants and professional services: Laboratory services	-	-	-	331	-	-	600	621	1 552	67.4%	0.1%
Consultants and professional services: Legal costs	-	7 094	12	-	-	0.4%	-	-	-	-	-
Contractors	1 983	1 836	2 686	1 664	-5.7%	0.4%	1 879	1 978	4 243	36.6%	0.4%
Agency and support / outsourced services	40 177	11 756	14 123	5 615	-48.1%	3.9%	11 643	18 097	21 609	56.7%	2.6%
Entertainment	12	17	17	30	35.7%	-	99	105	94	46.3%	-
Inventory: Food and food supplies	2	-	-	18	108.0%	-	19	20	18	-	-
Inventory: Fuel, oil and gas	210	256	287	288	11.1%	0.1%	293	308	309	2.4%	0.1%
Inventory: Learner and teacher support material	12	7	8	96	100.0%	-	99	104	28	-33.7%	-
Inventory: Materials and supplies	72	103	520	85	5.7%	-	86	91	84	-0.4%	-
Inventory: Medical supplies	2	-	17	5	35.7%	-	5	5	24	68.7%	-
Inventory: Other consumables	2 227	1 643	2 317	2 274	0.7%	0.5%	2 526	2 678	2 327	0.8%	0.4%
Inventory: Stationery and printing	3 217	3 775	4 392	3 506	2.9%	0.8%	3 944	4 179	4 919	11.9%	0.8%
Operating leases	3 153	517	531	1 367	-24.3%	0.3%	1 417	1 408	1 461	2.2%	0.3%
Property payments	465	311	391	356	-8.5%	0.1%	366	387	101	-34.3%	0.1%
Transport provided: Departmental activity	-	-	-	42	-	-	-	79	83	25.5%	-
Travel and subsistence	21 724	24 658	25 133	18 940	-4.5%	4.9%	21 396	18 760	28 071	14.0%	4.0%
Training and development	3 022	1 980	2 398	4 594	15.0%	0.7%	4 697	4 938	6 118	10.0%	0.9%
Operating payments	3 218	1 355	1 406	788	-37.4%	0.4%	1 385	1 443	2 492	46.8%	0.3%
Venues and facilities	468	500	2 061	1 741	54.9%	0.3%	2 011	2 107	1 752	0.2%	0.3%
Interest and rent on land	-	105	184	240	-	-	281	296	233	-1.0%	-
Transfers and subsidies	60 928	50 521	54 164	67 371	3.4%	12.7%	51 839	54 949	57 477	-5.2%	10.6%
Provinces and municipalities	1 772	2	2	-	-100.0%	0.1%	-	-	-	-	-
Departmental agencies and accounts	32 893	39 434	52 860	67 371	27.0%	10.5%	51 839	54 949	57 477	-5.2%	10.6%
Public corporations and private enterprises	43	9 667	-	-	-100.0%	0.5%	-	-	-	-	-
Households	26 220	1 418	1 302	-	-100.0%	1.6%	-	-	-	-	-
Payments for capital assets	6 240	43 120	76 325	34 625	77.0%	8.7%	37 894	39 681	39 838	4.8%	7.0%
Buildings and other fixed structures	-	33 533	64 871	27 219	-	6.9%	28 229	29 566	30 610	4.0%	5.3%
Machinery and equipment	5 636	5 667	7 906	5 931	1.7%	1.4%	7 005	7 315	7 191	6.6%	1.3%
Biological assets	4	-	-	-	-100.0%	-	-	-	-	-	-
Software and other intangible assets	600	3 920	3 548	1 475	35.0%	0.5%	2 660	2 800	2 037	11.4%	0.4%
Payments for financial assets	-	-	25 409	-	-	1.4%	-	-	-	-	-
Total	443 544	423 883	511 807	454 287	0.8%	100.0%	516 366	597 808	618 969	10.9%	100.0%
Proportion of total programme expenditure to vote expenditure	6.8%	6.0%	6.3%	5.1%			5.1%	4.8%	4.0%		

Table 38.7 Water Sector Management (continued)

R thousand	Audited outcome			Adjusted appropriation 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
Details of transfers and subsidies											
Households											
Other transfers to households											
Current	25 365	280	17	-	-100.0%	1.4%	-	-	-	-	-
Financial assistance for small scale farmers	25 365	280	17	-	-100.0%	1.4%	-	-	-	-	-
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	32 893	39 434	52 860	67 371	27.0%	10.5%	51 839	54 949	57 477	-5.2%	10.6%
Breede Overberg Catchment Management Agency	11 000	-	18 093	19 140	20.3%	2.6%	23 625	24 039	25 145	9.5%	4.2%
Inkomati Catchment Management Agency	21 893	17 434	34 767	30 231	11.4%	5.7%	28 214	30 910	32 332	2.3%	5.6%
Breede Catchment Management Agency	-	22 000	-	-	-	1.2%	-	-	-	-	-
Rand Water	-	-	-	18 000	-	1.0%	-	-	-	-100.0%	0.8%
Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current	1 772	2	2	-	-100.0%	0.1%	-	-	-	-	-
Vehicle licences: Licences paid to municipalities	1 772	2	2	-	-100.0%	0.1%	-	-	-	-	-
Households											
Social benefits											
Current	855	1 138	1 285	-	-100.0%	0.2%	-	-	-	-	-
Employee social benefits	600	946	374	-	-100.0%	0.1%	-	-	-	-	-
Leave gratuity	255	192	911	-	-100.0%	0.1%	-	-	-	-	-
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
Current	43	9 667	-	-	-100.0%	0.5%	-	-	-	-	-
Environmental Education Association of South Africa	43	-	-	-	-100.0%	-	-	-	-	-	-
Namakwa Water Board	-	9 667	-	-	-	0.5%	-	-	-	-	-

Personnel information

Table 38.8 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Water Sector Management		391	149.1	0.4	430	162.0	0.4	430	203.2	0.5	430	228.9	0.5	431	236.6	0.5	0.1%	100.0%	
Salary level	418	-																	
1 - 6	99	-	96	13.3	0.1	99	17.9	0.2	99	22.1	0.2	99	23.6	0.2	99	24.1	0.2	-	23.0%
7 - 10	130	-	136	37.6	0.3	138	43.7	0.3	137	51.7	0.4	137	61.1	0.4	137	62.4	0.5	-0.2%	31.9%
11 - 12	166	-	136	77.2	0.6	167	73.9	0.4	167	96.0	0.6	167	108.8	0.7	167	112.9	0.7	-	38.8%
13 - 16	23	-	23	21.1	0.9	26	26.5	1.0	27	33.4	1.2	27	35.4	1.3	28	37.1	1.3	2.5%	6.3%

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

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on ensuring the availability of and access to water for environmental and socioeconomic use. The bulk of expenditure in this programme will go towards activities in the *Water Information Management* subprogramme, which is discussed in more detail in the section that follows, and the *Integrated Planning* subprogramme, which develops comprehensive plans to guide the development of the water sector.

Between 2009/10 and 2012/13, spending increased significantly in the *Policy and Strategy* subprogramme due to the payment of higher salaries in compliance with occupation specific dispensation requirements for officials with scarce skills, such as engineers and scientists. Over the same period, expenditure in the *Institutional*

Oversight subprogramme increased as a result of transfers to Breede-Overberg and Inkomati catchment management agencies for the management of water resources at catchment level, the promotion of equitable access to water and the facilitation of social and economic development. Included in this increase was R18 million in 2011/12 for assistance to the Bushbuckridge Water Board for capacity building and the refurbishment of a pipeline to assist with water loss management. Spending on goods and services decreased substantially over this period because of decreased spending on consultants, agency and outsourced services.

The *Integrated Planning* subprogramme is expected to be the fastest growing subprogramme over the medium term due to additional funding provided for acid mine drainage and reconciliation strategies. This will go towards: developing 7 reconciliation strategies, which will contain comprehensive assessments of the supply and demand of water within catchment areas, recommending appropriate measures to manage any shortfalls, and the development of 2 feasibility plans. The allocations over the medium term also provide for the presidential infrastructure coordinating commission project to conduct a feasibility study for the construction of a new dam on the Umzimvubu River in Eastern Cape for the Umzimvubu catchment management area.

The department has reprioritised R30.5 million from goods and services and R50 000 from payments of capital assets to compensation of employees to provide R30.4 million to fund the compensation of employees and R50 000 to fund interest and rent on land.

As part of the Cabinet approved budget reductions, the department will reduce spending in this programme by R5.2 million in 2013/14, R12.2 million in 2014/15 and R19.1 million in 2015/16. These reductions will be effected in spending in compensation of employees, travel and subsistence, training and development, and are not expected to have a negative impact on service delivery.

As at 30 September 2012, the programme had a funded establishment of 418 posts. Personnel numbers are expected to remain relatively stable over the medium term. Spending on consultants is equivalent to 48.3 per cent of spending on compensation of employees in 2012/13 and is expected to increase to R175.1 million by 2015/16. Consultants are used mainly for feasibility studies, overall infrastructure planning, maintenance of monitoring and information systems, as the department does not have the required skills to undertake infrastructure planning.

Subprogramme: Water Information Management

This subprogramme ensures the development and maintenance of systems and programmes for data and information acquisition and management; builds a knowledge base for all aspects of water; and coordinates and audits policy implementation by the department, catchment management agencies and other water management institutions or agencies. This entails providing resources, quality information services, spatial and land information management, water information quality assurance and audits, information programmes, and surface and ground water information services. As part of the department's business process reengineering, outputs were increased to include the provision of national water use information. In 2012/13, the annual report on the state of water was published. The report describes the availability, quality and governance of both ground and surface water.

Expenditure estimates

Table 38.9 Water Information Management

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Current payments	169 725	136 599	119 052	123 457	-10.1%	86.5%	139 319	161 839	168 420	10.9%	81.0%
Compensation of employees	54 729	69 764	65 261	65 782	6.3%	40.3%	72 591	90 598	91 086	11.5%	43.7%
Goods and services	114 996	66 730	53 630	57 502	-20.6%	46.1%	66 551	71 055	77 189	10.3%	37.2%
of which:											
Administration fees	484	274	492	277	-17.0%	0.2%	277	285	741	38.8%	0.2%
Advertising	-	-	-	-	-	-	-	-	111	-	-
Assets less than the capitalisation threshold	366	237	1 078	817	30.7%	0.4%	832	872	1 075	9.6%	0.5%
Catering: Departmental activities	36	45	121	100	40.6%	-	135	140	241	34.1%	0.1%
Communication	2 509	1 198	766	1 140	-23.1%	0.9%	1 252	1 316	1 152	0.3%	0.7%
Computer services	21 299	10 915	32 895	25 237	5.8%	14.2%	27 692	30 950	26 961	2.2%	15.1%

Table 38.9 Water Information Management (continued)

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12		2009/10	2012/13	2013/14	2014/15	2015/16		
	2012/13 - 2015/16										
R thousand											
Consultants and professional services:	20 802	–	798	1 461	-58.7%	3.6%	1 502	1 588	342	-38.4%	0.7%
Business and advisory services											
Consultants and professional services:	33 479	35 585	1 205	14 706	-24.0%	13.4%	19 696	20 120	16 697	4.3%	9.7%
Infrastructure and planning											
Consultants and professional services:	–	–	–	331	–	0.1%	600	621	1 552	67.4%	0.4%
Laboratory services											
Consultants and professional services:	–	10	–	–	–	–	–	–	–	–	–
Legal costs											
Contractors	892	1 568	2 535	1 542	20.0%	1.0%	1 587	1 644	3 892	36.2%	1.2%
Agency and support / outsourced services	18 041	6 415	30	14	-90.8%	3.9%	22	23	–	-100.0%	–
Entertainment	4	2	3	5	7.7%	–	13	14	13	37.5%	–
Inventory: Fuel, oil and gas	210	256	287	288	11.1%	0.2%	293	308	309	2.4%	0.2%
Inventory: Learner and teacher support material	12	–	8	96	100.0%	–	99	104	28	-33.7%	–
Inventory: Materials and supplies	67	92	509	85	8.3%	0.1%	86	91	84	-0.4%	–
Inventory: Medical supplies	2	–	17	5	35.7%	–	5	5	24	68.7%	–
Inventory: Other consumables	2 098	1 564	2 279	2 253	2.4%	1.3%	2 301	2 417	2 166	-1.3%	1.2%
Inventory: Stationery and printing	857	734	982	873	0.6%	0.5%	883	919	1 722	25.4%	0.6%
Operating leases	2 564	335	336	1 194	-22.5%	0.7%	1 218	1 279	1 294	2.7%	0.7%
Property payments	451	308	391	356	-7.6%	0.2%	366	387	101	-34.3%	0.2%
Travel and subsistence	7 082	6 492	7 489	4 874	-11.7%	4.1%	5 775	5 983	14 241	43.0%	4.2%
Training and development	1 154	572	873	1 166	0.3%	0.6%	1 175	1 219	2 744	33.0%	0.9%
Operating payments	2 556	89	276	404	-45.9%	0.5%	403	414	1 356	49.7%	0.4%
Venues and facilities	31	39	260	278	107.8%	0.1%	339	356	343	7.3%	0.2%
Interest and rent on land	–	105	161	173	–	0.1%	177	186	145	-5.7%	0.1%
Transfers and subsidies	256	194	913	–	-100.0%	0.2%	–	–	–	–	–
Provinces and municipalities	1	2	2	–	-100.0%	–	–	–	–	–	–
Households	255	192	911	–	-100.0%	0.2%	–	–	–	–	–
Payments for capital assets	4 287	7 567	40 705	31 912	95.3%	13.3%	34 605	36 226	36 643	4.7%	19.0%
Buildings and other fixed structures	–	–	31 267	27 219	–	-100.0%	28 229	29 566	30 610	4.0%	15.8%
Machinery and equipment	3 708	3 658	5 890	3 218	-4.6%	2.6%	3 716	3 860	3 996	7.5%	2.0%
Software and other intangible assets	579	3 909	3 548	1 475	36.6%	1.5%	2 660	2 800	2 037	11.4%	1.2%
Total	174 268	144 360	160 670	155 369	-3.8%	100.0%	173 924	198 065	205 063	9.7%	100.0%
Proportion of total subprogramme expenditure to programme expenditure	39.3%	34.1%	31.4%	34.2%			33.7%	33.1%	33.1%		

Personnel information

Table 38.10 Details of approved establishment and personnel numbers according to salary level¹

Water Information Management	Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment												Number							
	Number of funded posts	Number of posts additional to the establishment	Actual						Revised estimate ³						Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)
			2011/12			2012/13			2013/14			2014/15			2015/16			2012/13 - 2015/16				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	225	–	204	65.3	0.3	225	65.8	0.3	225	72.6	0.3	225	90.6	0.4	225	91.1	0.4	–	100.0%			
1 – 6	70	–	68	9.0	0.1	70	13.1	0.2	70	15.1	0.2	70	16.1	0.2	70	16.3	0.2	–	31.1%			
7 – 10	73	–	61	13.9	0.2	73	19.3	0.3	73	21.8	0.3	73	29.3	0.4	73	29.6	0.4	–	32.4%			
11 – 12	77	–	70	36.5	0.5	77	28.6	0.4	77	29.9	0.4	77	39.0	0.5	77	39.1	0.5	–	34.2%			
13 – 16	5	–	5	5.9	1.2	5	4.8	1.0	5	5.7	1.1	5	6.1	1.2	5	6.1	1.2	–	2.2%			

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

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on the development and maintenance of monitoring and information systems, which accounts for the significant spending on compensation of employees, capital assets and computer services over this period.

Between 2009/10 and 2012/13, expenditure on compensation of employees increased due to the higher salaries for occupation specific dispensation requirements for scarce skills, while spending on goods and services decreased substantially because of the diminished reliance on consultants for the maintenance of monitoring and information systems. Spending on payments for capital assets and computer services increased over the seven-year period due to the continued rollout of the programme to upgrade monitoring networks, which commenced

in 2007/08. Over the MTEF period, spending on goods and services is driven mainly by spending on computer services for software licences and system developers required to maintain monitoring and information systems. The department does not have internal system developers to maintain these systems.

As part of the Cabinet approved budget reductions, the department will reduce spending by R1.8 million in 2013/14, R4 million in 2014/15 and R6.3 million in 2015/16. These reductions will be effected in spending on compensation of employees and various goods and services items, such as communication, consultants, inventory, travel and subsistence, and venues and facilities. These reductions are not expected to have a negative impact on service delivery.

The subprogramme has 225 funded posts, all of which were filled as at 30 September 2012. In 2012/13, spending on consultants was equivalent to 2.2 per cent of total spending on compensation of employees. Consultants are used mainly for software licence and system developments required to maintain monitoring and information systems.

Programme 3: Water Infrastructure Management

Objectives

- Ensure the effective and sustainable management of water resources over the medium term 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 on a continuous basis.

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. In 2012/13, R2.1 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. This subprogramme has no staff complement as personnel are housed under the water trading entity.
- *Operation of Water Resources* funds expenditure on water resource management activities conducted by the department or catchment management agencies within water management areas. This subprogramme has no staff complement as personnel are housed under the water trading entity.

Expenditure estimates

Table 38.11 Water Infrastructure Management

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Infrastructure Development and Rehabilitation	1 977 218	1 992 401	2 216 883	2 092 003	1.9%	93.3%	2 398 058	2 768 177	3 627 425	20.1%	94.0%
Operation of Water Resources	130 862	140 021	167 137	159 493	6.8%	6.7%	167 145	177 245	185 398	5.1%	6.0%
Total	2 108 080	2 132 422	2 384 020	2 251 496	2.2%	100.0%	2 565 203	2 945 422	3 812 823	19.2%	100.0%
Change to 2012 Budget estimate				(22 000)			(401 899)	(200 026)	(451 316)		
Economic classification											
Current payments	1 856	-	-	-	-100.0%	-	-	-	-	-	-
Compensation of employees	1 827	-	-	-	-100.0%	-	-	-	-	-	-
Goods and services	29	-	-	-	-100.0%	-	-	-	-	-	-
of which:											
Travel and subsistence	29	-	-	-	-100.0%	-	-	-	-	-	-
Transfers and subsidies	2 106 224	2 132 422	2 384 020	2 251 496	2.2%	100.0%	2 565 203	2 945 422	3 812 823	19.2%	100.0%
Departmental agencies and accounts	1 924 472	1 952 422	2 204 963	2 071 496	2.5%	91.9%	2 377 202	2 748 154	3 608 585	20.3%	93.4%
Foreign governments and international organisations	175 953	180 000	179 057	180 000	0.8%	8.1%	188 001	197 268	204 238	4.3%	6.6%
Households	5 799	-	-	-	-100.0%	0.1%	-	-	-	-	-
Total	2 108 080	2 132 422	2 384 020	2 251 496	2.2%	100.0%	2 565 203	2 945 422	3 812 823	19.2%	100.0%
Proportion of total programme expenditure to vote expenditure	32.1%	30.4%	29.2%	25.0%			25.2%	23.7%	24.6%		

Table 38.11 Water Infrastructure Management (continued)

R thousand	Audited outcome			Adjusted appropriation 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
Details of transfers and subsidies											
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	123 207	140 021	167 137	159 493	9.0%	6.6%	167 145	177 245	185 398	5.1%	6.0%
Water Trading Entity: Operations and maintenance	123 207	140 021	167 137	159 493	9.0%	6.6%	167 145	177 245	185 398	5.1%	6.0%
Capital	1 801 265	1 812 401	2 037 826	1 912 003	2.0%	85.2%	2 210 057	2 570 909	3 423 187	21.4%	87.4%
Water Trading Entity: Infrastructure development and rehabilitation	1 801 265	1 812 401	2 037 826	1 912 003	2.0%	85.2%	2 210 057	2 570 909	3 423 187	21.4%	87.4%
Foreign governments and international organisations											
Current	175 953	180 000	179 057	180 000	0.8%	8.1%	188 001	197 268	204 238	4.3%	6.6%
Komati River Basin Water Authority	175 953	180 000	179 057	180 000	0.8%	8.1%	188 001	197 268	204 238	4.3%	6.6%
Households											
Social benefits											
Capital	5 799	-	-	-	-100.0%	0.1%	-	-	-	-	-
Operation of water resource infrastructure	5 799	-	-	-	-100.0%	0.1%	-	-	-	-	-

Expenditure trends

The spending focus over the medium term will be on funding the water trading entity's implementation of existing and new water infrastructure projects, the bulk distribution system of the De Hoop dam, and the dam safety rehabilitation programme. These transfers to the water trading entity are expected to increase significantly due to additional allocations of R1.1 billion over the period.

As part of the Cabinet approved budget reductions, the department will reduce spending by R573 million in 2013/14, R535 million in 2014/15 and R451.3 million in 2015/16. These reductions will be effected in spending on transfers to the water trading entity and on payments for subscriptions and transfers to foreign governments and international organisations. These reductions are not expected to have a negative impact on service delivery.

Programme 4: Regional Implementation and Support

Objectives

- Ensure the availability of water supply for domestic and agricultural use over the medium term by:
 - completing 42 bulk infrastructure schemes
 - distributing 7 200 rainwater harvesting tanks to rural communities
 - supporting 2 530 farmers in the resource poor farmers scheme to access water by 2015/16.
- Ensure the provision of local government institutional support through the refurbishment of 100 prioritised refurbishment schemes for municipalities.
- Support the water sector in local government over the medium term by:
 - prioritising improvements in 33 water services authorities with blue drop scores below 50 per cent and 46 water services authorities with cumulative risk ratings above 70 per cent
 - selecting 51 municipalities to implement water conservation and demand management
 - prioritising 49 municipalities to implement community infrastructure water projects
 - completing 90 interventions within the 23 prioritised district municipalities.
- Improve the protection of water resources and ensure their sustainability by:
 - implementing the river health programme in 110 rivers by 2015/16
 - ensuring appropriate alignment of mine water management by 2015/16.
- Improve water use efficiency to previously disadvantaged communities by processing 100 per cent of water use licence applications received and by allocating 15 million cubic metres volume of water to historically disadvantaged individuals by 2015/16.

Subprogrammes

- *Regional Management and Support* provides strategic support for and oversees management of the programme. This entails managing documents, coordinating regional information and supporting the deputy director general's office. This subprogramme had a staff complement of 11 in 2012/13.
- *Water Sector Support* coordinates sector collaboration and intergovernmental relations at the national, provincial and local levels; and provides hands on support to local government through the rapid response unit and accelerated community infrastructure programme to ensure effective, efficient, economic and sustainable provision of water. In 2012/13, R249.1 million was spent on implementing the accelerated community infrastructure programme in selected municipalities. This subprogramme had a staff complement of 371 in 2012/13.
- *Water Use Regulation* provides integrated interventions for ensuring that water resources are protected, used, conserved and managed in an equitable and sustainable manner. In 2012/13, the river health programme was implemented. This subprogramme had a staff complement of 695 in 2012/13.
- *Institutional Establishment* contributes to the establishment of effective water management institutions. This entails transforming irrigation boards into water user associations, developing water user association business plans and building capacity within water user associations. This subprogramme had a staff complement of 52 in 2012/13.
- *Regional Bulk* is discussed in more detail below.
- *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. In 2012/13, R562.4 million was used for funding the refurbishment, operation and maintenance of transferred water and wastewater schemes, in accordance with signed transfer agreements between the department and municipalities. This subprogramme had a staff complement of 14 in 2012/13.
- *Support Services* provides human resources, financial management and general administration to the programme. This subprogramme had a staff complement of 810 in 2012/13.
- *Water Services Projects* provides for the construction of new water services infrastructure projects such as water treatment works and pipelines. In 2012/13, this subprogramme's total budget was used 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. This subprogramme has no staff complement.
- *Integrated Catchment Management* provides for the protection, development, use and management of resources at the 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 subprogramme. This sub programme has a total budget of R29.5 million in 2012/13. This subprogramme had a staff complement of 115 in 2012/13.
- *Mine Water Management* coordinates and oversees the management of mine water in South Africa with specific emphasis on acid mine management. Over the medium term, the focus will be on reviewing the implementation model and revenue plan to ensure long term infrastructure sustainability. The revenue plan and implementation mechanism will be done in partnership with both Rand Water and the Trans-Caledon Tunnel Authority. This subprogramme has no staff complement.

Expenditure estimates

Table 38.12 Regional Implementation and Support

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2009/10	2010/11	2011/12		2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16	Expenditure/total: Average (%)
R thousand											
Regional Management and Support	5 618	3 709	4 787	7 094	8.1%	0.1%	8 090	9 026	9 345	9.6%	0.1%
Water Sector Support	800 292	992 084	949 920	628 897	-7.7%	20.8%	1 072 037	1 541 052	3 169 972	71.5%	22.3%
Water Use and Regulation	190 464	261 284	282 630	270 411	12.4%	6.2%	295 151	319 887	331 516	7.0%	4.2%
Institutional Establishment	-	-	30 015	19 679	-	0.3%	34 019	39 294	36 494	22.9%	0.5%
Regional Bulk	623 208	869 550	1 738 608	2 589 320	60.8%	35.9%	3 288 338	4 572 012	4 964 765	24.2%	53.7%
Transfer of Water Schemes	1 120 022	869 120	671 944	710 926	-14.1%	20.8%	579 976	612 864	643 467	-3.3%	8.9%
Support Services	323 346	311 728	340 800	298 728	-2.6%	7.9%	341 900	363 557	382 023	8.5%	4.8%
Water Services Projects	-	191 942	338 445	619 054	-	7.1%	190 453	202 233	209 377	-30.3%	4.3%
Integrated Catchment Management	-	-	18 352	29 547	-	0.3%	22 720	24 860	25 039	-5.4%	0.4%
Mine Water Management	-	-	-	110 000	-	0.7%	150 000	-	-	-100.0%	0.9%
Total	3 062 950	3 499 417	4 375 501	5 283 656	19.9%	100.0%	5 982 684	7 684 785	9 771 998	22.7%	100.0%
Change to 2012 Budget estimate				386 974			846 987	1 975 059	(636 123)		

Economic classification

Current payments	1 114 353	998 136	1 071 342	1 168 186	1.6%	26.8%	1 178 207	1 233 492	1 279 345	3.1%	16.9%
Compensation of employees	464 846	470 752	450 632	542 674	5.3%	11.9%	611 700	652 107	687 463	8.2%	8.7%
Goods and services	649 412	524 819	617 846	623 461	-1.4%	14.9%	564 905	579 691	590 174	-1.8%	8.2%
of which:											
Administration fees	2 010	3 815	3 735	5 901	43.2%	0.1%	7 471	8 063	8 781	14.2%	0.1%
Advertising	2 301	6 933	5 512	6 221	39.3%	0.1%	8 591	9 289	9 772	16.2%	0.1%
Assets less than the capitalisation threshold	2 056	4 849	5 192	13 293	86.3%	0.2%	10 358	10 966	11 532	-4.6%	0.2%
Bursaries: Employees	27	30	-	100	54.7%	-	-	-	-	-100.0%	-
Catering: Departmental activities	2 737	2 048	6 832	8 829	47.8%	0.1%	10 238	11 105	11 408	8.9%	0.1%
Communication	23 440	25 981	22 277	17 961	-8.5%	0.6%	21 768	23 058	24 165	10.4%	0.3%
Computer services	9 754	6 738	16 440	14 038	12.9%	0.3%	22 959	24 904	26 307	23.3%	0.3%
Consultants and professional services: Business and advisory services	309 416	139 605	111 428	116 784	-27.7%	4.2%	58 449	62 897	59 415	-20.2%	1.0%
Consultants and professional services: Infrastructure and planning	64 874	39 904	81 744	165 364	36.6%	2.2%	64 031	68 263	70 401	-24.8%	1.3%
Consultants and professional services: Laboratory services	7 348	4 032	3 449	7 084	-1.2%	0.1%	6 077	6 779	6 960	-0.6%	0.1%
Consultants and professional services: Legal costs	-	722	-	-	-	-	258	271	285	-	-
Contractors	24 195	37 979	87 060	30 087	7.5%	1.1%	127 318	100 886	100 099	49.3%	1.2%
Agency and support / outsourced services	34 237	80 159	88 045	49 246	12.9%	1.6%	36 946	43 227	43 183	-4.3%	0.6%
Entertainment	61	26	27	144	33.2%	-	283	299	323	30.9%	-
Fleet services (including government motor transport)	-	-	-	4 000	-	-	-	-	-	-100.0%	-
Housing	-	-	-	1 002	-	-	-	-	-	-100.0%	-
Inventory: Food and food supplies	226	1 176	219	244	2.6%	-	389	439	455	23.1%	-
Inventory: Fuel, oil and gas	4 118	4 738	4 110	6 466	16.2%	0.1%	4 858	5 554	5 830	-3.4%	0.1%
Inventory: Learner and teacher support material	18	31	43	601	222.0%	-	1 141	1 229	1 309	29.6%	-
Inventory: Materials and supplies	14 900	12 657	10 637	8 209	-18.0%	0.3%	7 212	7 916	8 306	0.4%	0.1%
Inventory: Medical supplies	27	106	92	477	160.4%	-	1 126	1 220	1 279	38.9%	-
Inventory: Medicine	-	-	-	-	-	-	21	22	23	-	-
Inventory: Military stores	-	1 791	2	-	-	-	-	-	-	-	-
Inventory: Other consumables	6 564	7 210	5 311	8 402	8.6%	0.2%	7 953	8 679	9 089	2.7%	0.1%
Inventory: Stationery and printing	6 012	8 404	7 534	12 843	28.8%	0.2%	10 973	11 674	12 330	-1.3%	0.2%
Operating leases	24 617	20 065	659	13 135	-18.9%	0.4%	9 059	9 699	9 731	-9.5%	0.1%
Property payments	6 008	8 679	12 185	17 726	43.4%	0.3%	10 166	11 392	11 447	-13.6%	0.2%
Transport provided: Departmental activity	16	383	565	2 232	418.6%	-	1 305	1 367	1 442	-13.6%	-
Travel and subsistence	90 936	89 606	125 227	91 547	0.2%	2.4%	102 470	114 206	118 648	9.0%	1.5%
Training and development	1 942	6 321	6 737	5 231	39.1%	0.1%	13 432	14 001	14 411	40.2%	0.2%
Operating payments	9 063	5 982	6 732	7 397	-6.5%	0.2%	7 085	7 403	7 815	1.8%	0.1%
Venues and facilities	2 509	4 849	5 936	10 442	60.9%	0.1%	9 517	10 192	10 657	0.7%	0.1%
Rental and hiring	-	-	116	(1 545)	-	-	3 451	4 691	4 771	-245.6%	-
Interest and rent on land	95	2 565	2 864	2 051	178.5%	-	1 602	1 694	1 708	-5.9%	-
Transfers and subsidies	956 858	1 038 837	1 031 702	575 364	-15.6%	22.2%	1 283 139	1 867 372	3 798 250	87.6%	26.2%
Provinces and municipalities	907 077	985 042	992 465	562 556	-14.7%	21.3%	1 024 029	1 508 665	3 142 310	77.4%	21.7%
Foreign governments and international organisations	625	-	-	-	-100.0%	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	250 000	350 000	650 000	-	4.4%
Households	49 156	53 795	39 237	12 808	-36.1%	1.0%	9 110	8 707	5 940	-22.6%	0.1%

Table 38.12 Regional Implementation and Support (continued)

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Payments for capital assets	991 739	1 462 444	2 272 457	3 540 106	52.8%	51.0%	3 521 338	4 583 921	4 694 403	9.9%	56.9%
Buildings and other fixed structures	973 661	1 257 215	2 218 679	3 482 510	52.9%	48.9%	3 447 355	4 528 748	4 632 997	10.0%	56.0%
Machinery and equipment	17 981	205 189	48 724	56 792	46.7%	2.0%	72 656	53 821	59 989	1.8%	0.8%
Software and other intangible assets	97	40	5 054	804	102.4%	-	1 327	1 352	1 417	20.8%	-
Total	3 062 950	3 499 417	4 375 501	5 283 656	19.9%	100.0%	5 982 684	7 684 785	9 771 998	22.7%	100.0%
Proportion of total programme expenditure to vote expenditure	46.7%	49.8%	53.6%	58.8%			58.7%	61.7%	63.1%		
Details of transfers and subsidies											
Households											
Other transfers to households											
Current	1 297	36 237	17 347	6 388	70.1%	0.4%	-	-	-	-100.0%	-
Vehicle licences: Licences paid to municipalities	454	763	-	-	-100.0%	-	-	-	-	-	-
Leave gratuity	-	3 128	-	-	-	-	-	-	-	-	-
Resource poor farmers	843	32 346	17 347	6 388	96.4%	0.4%	-	-	-	-100.0%	-
Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current	2 608	412	120	122	-64.0%	-	603 084	1 059 107	2 672 071	2697.9%	15.1%
Vehicle licences: Licences paid to municipalities	270	88	120	112	-25.4%	-	109	120	125	3.7%	-
Municipalities	2 336	-	-	10	-83.8%	-	10	11	12	6.3%	-
Municipal rates	2	-	-	-	-100.0%	-	-	-	-	-	-
Municipal water infrastructure grant	-	-	-	-	-	-	602 965	1 058 976	2 671 934	-	15.1%
Regional services council levies	-	324	-	-	-	-	-	-	-	-	-
Capital	904 469	984 630	992 345	562 434	-14.6%	21.2%	420 945	449 558	470 239	-5.8%	6.6%
Vehicle licences: Licences paid to municipalities	2 033	-	-	-	-100.0%	-	-	-	-	-	-
Water services operating subsidy grant (Capital)	848 736	664 273	542 345	562 434	-12.8%	16.1%	420 945	449 558	470 239	-5.8%	6.6%
Municipal drought relief	53 700	320 357	-	-	-100.0%	2.3%	-	-	-	-	-
Drought relief grant	-	-	450 000	-	-	2.8%	-	-	-	-	-
Foreign governments and international organisations											
Current	625	-	-	-	-100.0%	-	-	-	-	-	-
International Centre for Water Economic and Governance	625	-	-	-	-100.0%	-	-	-	-	-	-
Households											
Social benefits											
Current	47 859	17 558	21 890	6 420	-48.8%	0.6%	9 110	8 707	5 940	-2.6%	0.1%
Leave gratuity	259	2 000	-	504	24.8%	-	-	-	-	-100.0%	-
Resources for poor farmers	-	3 220	-	-	-	-	5 510	5 707	5 940	-	0.1%
Water services operating subsidy: Indirect grant	47 600	12 338	21 890	5 916	-50.1%	0.5%	3 600	3 000	-	-100.0%	-
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	-	-	-	-	-	-	250 000	350 000	650 000	-	4.4%
Amatola Water Board	-	-	-	-	-	-	-	150 000	350 000	-	1.7%
Magalies Water Board	-	-	-	-	-	-	200 000	-	-	-	0.7%
Umgeni Water Board	-	-	-	-	-	-	50 000	200 000	300 000	-	1.9%

Personnel information

Table 38.13 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2011/12		2012/13		2013/14			2014/15			2015/16			2012/13 - 2015/16				
Regional Implementation and Support		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	2 275	161	2 081	450.6	0.2	2 289	542.7	0.2	2 289	611.7	0.3	2 300	652.1	0.3	2 302	687.5	0.3	0.2%	100.0%
1 – 6	1 109	135	1 184	142.9	0.1	1 132	173.1	0.2	1 132	188.1	0.2	1 132	210.4	0.2	1 133	219.9	0.2	0.0%	49.3%
7 – 10	897	22	716	180.6	0.3	885	227.6	0.3	885	258.1	0.3	896	263.4	0.3	897	288.5	0.3	0.4%	38.8%
11 – 12	209	3	153	101.6	0.7	211	110.0	0.5	211	112.3	0.5	211	121.4	0.6	211	121.7	0.6	–	9.2%
13 – 16	60	1	28	25.6	0.9	61	31.9	0.5	61	53.2	0.9	61	56.9	0.9	61	57.4	0.9	–	2.7%

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

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on coordinating sector collaboration and intergovernmental relations through the *Water Sector Support* subprogramme and developing regional bulk water infrastructure through *Regional Bulk* subprogramme, which is discussed in further detail in the following section. The *Water Sector Support* subprogramme is expected to grow significantly over the medium term due to transfer payments to the Amatola, Magalies and Umgeni water boards, as well as for the municipal water infrastructure grant. Over the same period, spending on payments for capital assets is expected to increase to R4.7 billion in 2015/16 because of investments in municipalities to build local government infrastructure.

Spending increased between 2009/10 and 2011/12 because of the rollout of regional bulk water infrastructure projects and support to local government. Over the medium term, spending is projected to increase due to additional allocations of R150 million in 2013/14 for addressing acid mine water drainage challenges, R4.3 billion over the medium term for the municipal water infrastructure grant, which is a new infrastructure grant to address the backlog in respect of access to water by rural households in the 23 district municipalities, and R2.7 billion for the regional bulk infrastructure grant programme for the construction of new bulk infrastructure and the upgrading and refurbishment of existing bulk infrastructure.

The department has reprioritised R13.4 million from spending on compensation of employees for social benefits and R50.5 million from transfers and subsidies to provide R21.5 million to fund the shortfall in the allocation for spending on goods and services, and R35 million for payments of capital assets.

As part of the Cabinet approved budget reductions, the department has reduced spending by R374.7 million in 2013/14, R509.5 million in 2014/15 and R707.3 million in 2015/16. These reductions were effected in spending on payments of capital assets, compensation of employees and various goods and services items, such as communication, travel and subsistence, consultants and transfers and subsidies to households. These reductions are not expected to have a negative impact on service delivery.

The programme has a funded establishment of 2 275 and 161 posts were filled additional to the establishment. There were 147 vacancies as at 30 September 2012 due to the length of time it takes to finalise the recruitment processes, resignations, promotions and transfers of employees to other departments. Personnel numbers are expected to increase to 2 302 in 2015/16, as vacancies are being filled. Spending on consultants in 2012/13 was equivalent to 53.3 per cent of total spending on compensation of employees. Consultants are mainly used for project management, programme coordination, technical support and implementation oversight. Staff in the department do not have appropriate technical and management skills to do the work performed by consultants.

Subprogramme: Regional Bulk

This subprogramme 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. In 2012/13, R2.5 billion was used to

develop bulk infrastructure for water and wastewater treatment works. In the first half of 2012/13, 2 393 job opportunities were created through the subprogramme.

Expenditure estimates

Table 38.14 Regional Bulk

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14			2014/15
R thousand												
Current payments	41 640	18 933	91 752	66 219	16.7%	3.8%	84 941	89 116	93 111	12.0%	2.2%	
Compensation of employees	3 939	1 164	3 244	12 959	48.7%	0.4%	16 749	17 670	18 643	12.9%	0.4%	
Goods and services	37 701	17 769	88 508	53 260	12.2%	3.4%	68 192	71 446	74 468	11.8%	1.7%	
of which:												
Administration fees	10	2	59	–	-100.0%	–	167	180	191	–	–	
Advertising	–	–	–	29	–	–	–	–	–	-100.0%	–	
Assets less than the capitalisation threshold	–	–	32	40	–	–	–	–	–	-100.0%	–	
Catering: Departmental activities	28	1	73	41	13.6%	–	16	17	18	-24.0%	–	
Communication	–	–	–	591	–	–	–	100	–	-100.0%	–	
Consultants and professional services: Business and advisory services	11 003	10 004	19 404	–	-100.0%	0.7%	14 527	15 393	16 317	–	0.3%	
Consultants and professional services: Infrastructure and planning	23 755	7 625	67 174	45 790	24.5%	2.5%	51 610	53 769	55 838	6.8%	1.3%	
Contractors	–	–	8	–	–	–	8	9	10	–	–	
Agency and support / outsourced services	2 572	–	–	–	-100.0%	–	–	–	–	–	–	
Entertainment	–	–	1	–	–	–	2	3	2	–	–	
Inventory: Materials and supplies	–	–	–	–	–	–	4	4	5	–	–	
Inventory: Medical supplies	–	–	–	–	–	–	1	1	1	–	–	
Inventory: Other consumables	–	–	2	–	–	–	–	–	–	–	–	
Inventory: Stationery and printing	8	58	112	110	139.6%	–	130	138	147	10.1%	–	
Travel and subsistence	305	63	1 435	6 366	175.3%	0.1%	1 438	1 525	1 616	-36.7%	0.1%	
Training and development	7	6	15	–	-100.0%	–	21	22	24	–	–	
Operating payments	13	–	45	–	-100.0%	–	109	116	121	–	–	
Venues and facilities	–	10	148	293	–	–	159	169	178	-15.3%	–	
Transfers and subsidies	–	–	–	–	–	–	250 000	350 000	650 000	–	8.1%	
Public corporations and private enterprises	–	–	–	–	–	–	250 000	350 000	650 000	–	8.1%	
Payments for capital assets	581 568	850 617	1 646 856	2 523 101	63.1%	96.2%	2 953 397	4 132 896	4 221 654	18.7%	89.7%	
Buildings and other fixed structures	577 427	850 524	1 646 774	2 523 001	63.5%	96.2%	2 953 397	4 132 896	4 221 654	18.7%	89.7%	
Machinery and equipment	4 084	53	82	100	-71.0%	0.1%	–	–	–	-100.0%	–	
Software and other intangible assets	57	40	–	–	-100.0%	–	–	–	–	–	–	
Total	623 208	869 550	1 738 608	2 589 320	60.8%	100.0%	3 288 338	4 572 012	4 964 765	24.2%	100.0%	
Proportion of total subprogramme expenditure to programme expenditure	20.3%	24.8%	39.7%	49.0%			55.0%	59.5%	50.8%			

Personnel information

Table 38.15 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16							
Regional Bulk		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	26	–	8	3	0.4	26	13	0.5	26	17	0.6	26	18	0.7	26	19	0.7	–	100.0%
7 – 10	4	–	2	0.3	0.2	4	1.5	0.4	4	1.3	0.3	4	1.4	0.3	4	1.5	0.4	–	15.4%
11 – 12	10	–	5	2.0	0.4	10	4.1	0.4	10	5.3	0.5	10	5.6	0.6	10	5.9	0.6	–	38.5%
13 – 16	12	–	1	0.9	0.9	12	7.4	0.6	12	10.1	0.8	12	10.7	0.9	12	11.3	0.9	–	46.2%

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

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on providing regional bulk infrastructure for water and wastewater treatment works, which aims to provide bulk infrastructure that links water sources to local government infrastructure. Over the MTEF period, expenditure on payments for capital assets, which is where the bulk of the subprogramme's expenditure goes, is expected to increase significantly as a result of additional allocations of R440.1 million in 2013/14, R1.4 billion in 2014/15 and R1.8 billion in 2015/16. Funding over this period has been earmarked for critical projects, including the construction of the De Hoop dam's regional bulk distribution and the OR Tambo district municipality regional bulk water and wastewater infrastructure.

The following reprioritisations in this subprogramme will take effect over the medium term: R3.8 million from goods and services to compensation of employees, and R30.4 million to fund the shortfall on the compensation budget due to historical cuts.

As part of the Cabinet approved budget reductions, the department has reduced spending in this subprogramme by R187 million in 2013/14; R294 million in 2014/15 and R469 million in 2015/16.

The subprogramme has a funded establishment of 26 posts, all of which are filled. Personnel numbers are expected to remain at this level over the medium term. Spending on consultants in 2013/14 is projected to be equivalent to 86.7 per cent of spending on compensation of employees. Consultants are mainly used for project management, programme coordination, technical support and implementation oversight. Staff members in the department do not have appropriate technical and management skills to do the work performed by consultants.

Programme 5: Water Sector Regulation

Objectives

- Ensure the equitable allocation of water resources for social and economic development by implementing water allocation reform and completing compulsory licensing in the Jan Dissels and Mhlathuze catchment areas in 2013/14.
- Ensure the improved monitoring of drinking water quality over the MTEF period by using blue drop statuses as an annual performance indicator.
- Reduce pollution in water resources throughout South Africa by ensuring that 960 wastewater treatment plants are assessed for green drop status and publishing the full green drop report in 2015/16.
- Promote equity in the water abstraction allocation by processing all water use licence applications from historically disadvantaged individuals by 2015/16.
- Improve efficiency in water pricing and regulation by investigating institutional options for economic regulation by 2013/14.

Subprogrammes

- *Regulation Management and Support* provides for the overall management and oversight of the programme. This entails business planning, performance reporting, management support and project management. This subprogramme had a staff complement of 9 in 2012/13.
- *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. In 2012/13, this subprogramme's total budget was used for revising the pricing strategy and initialising the process for the establishment of an economic regulator. The total allocation is spent on consultants.
- *Water Use Authorisation* authorises all water use activities in South Africa by using regulatory instruments, such as licensing and water allocation reform. This entails issuing water licences and giving effect to water allocation reform by reallocating water to historically disadvantaged individuals. In 2012/13, 3 new water management areas where licensing processes are compulsory were designated, and all water use licence applications from historically disadvantaged individuals were finalised. This subprogramme had a staff complement of 52 in 2012/13.

- Drinking Water Quality and Waste Water 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 drinking water quality, setting drinking water standards, prescribing wastewater treatment and processes, and processing water information. In 2012/13, R14.6 million was spent on consultants who assisted in conducting assessments of drinking water quality and wastewater treatment works within municipalities, as part of the department's blue drop and green drop certification activities. This subprogramme had a staff complement of 13 in 2012/13.
- Resource Regulation regulates the use of resources by setting water licence conditions. This entails developing dam safety and water regulation, the latter of which includes abstraction, storage, in-stream water use, stream flow reduction, and water and wastewater use. In 2012/13, key dam safety and water regulations were finalised. This subprogramme had a staff complement of 63 in 2012/13.
- 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. Activities carried out in 2012/13 included the auditing of mines and industry against authorisations as part of providing environmental assets and natural resources that are valued, protected and continually enhanced (outcome 10). Approximately 50 mine audits were conducted in 2012/13, of which 60 per cent were partially compliant. 3 strategic industrial facilities were audited, all of which were partially compliant. This subprogramme had no staff complement in 2012/13 due to restructuring and activities were carried out by personnel in the *Enforcement* subprogramme.
- *Enforcement* ensures that appropriate legal action is taken against all unlawful water users. This entails monitoring, conducting investigations, and providing legal and enforcement support. In 2012/13, 32 pre-directives and 5 directives were issued, of which 7 are ongoing criminal cases. A plea and a settlement agreement were finalised. This subprogramme had a staff complement of 20 in 2012/13.

Expenditure estimates

Table 38.16 Water Sector Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Regulation Management and Support	-	-	308	2 935	-	0.8%	3 567	3 797	3 931	10.2%	3.0%
Economic and Social Regulation	9 052	-	-	3 700	-25.8%	3.2%	3 846	4 036	4 178	4.1%	3.3%
Water Use Authorisation	9 056	39 079	21 311	14 977	18.3%	21.1%	15 805	16 584	17 170	4.7%	13.6%
Drinking Water Quality and Waste Water Services	20 976	28 278	20 969	26 313	7.8%	24.1%	28 724	29 551	30 595	5.2%	24.2%
Resource Regulation	34 086	45 026	40 336	46 467	10.9%	41.5%	47 979	47 847	49 538	2.2%	40.3%
Compliance Monitoring	-	-	2	788	-	0.2%	1 080	1 134	1 174	14.2%	0.9%
Enforcement	-	13 178	8 227	15 063	-	9.1%	17 690	18 564	19 222	8.5%	14.8%
Total	73 170	125 561	91 153	110 243	14.6%	100.0%	118 691	121 513	125 808	4.5%	100.0%
Change to 2012 Budget estimate				(4 440)			(1 199)	(2 480)	-		

Economic classification

	71 234	124 999	90 449	108 966	15.2%	98.9%	117 214	119 976	124 042	4.4%	98.7%
Current payments											
Compensation of employees	36 722	51 271	47 779	62 878	19.6%	49.6%	59 789	62 345	64 232	0.7%	52.3%
Goods and services	34 512	73 728	42 651	46 003	10.1%	49.2%	57 365	57 570	59 765	9.1%	46.3%
of which:											
Administration fees	668	960	750	192	-34.0%	0.6%	636	666	689	53.1%	0.5%
Advertising	562	2 832	463	22	-66.0%	1.0%	21	22	23	1.5%	-
Assets less than the capitalisation threshold	120	95	69	696	79.7%	0.2%	663	696	732	1.7%	0.6%
Catering: Departmental activities	222	238	131	235	1.9%	0.2%	151	180	242	1.0%	0.2%
Communication	2 336	191	1 773	1 949	-5.9%	1.6%	2 669	2 747	2 880	13.9%	2.2%
Computer services	1 567	389	938	1 572	0.1%	1.1%	1 500	1 574	1 649	1.6%	1.3%
Consultants and professional services:	5 568	29 606	19 915	23 035	60.5%	19.5%	24 742	25 586	26 501	4.8%	21.0%
Business and advisory services:											
Consultants and professional services:	5 234	11 985	728	5 488	1.6%	5.9%	11 312	10 485	10 856	25.5%	8.0%
Infrastructure and planning											
Consultants and professional services:	-	-	28	-	-	-	-	-	-	-	-
Laboratory services											
Contractors	125	50	150	-	-100.0%	0.1%	21	22	23	-	-
Agency and support / outsourced services	58	720	-	-	-100.0%	0.2%	-	-	-	-	-
Entertainment	2	2	2	16	100.0%	-	31	31	33	27.3%	-
Inventory: Food and food supplies	1 104	-	-	11	-78.5%	0.3%	20	19	113	117.4%	-
Inventory: Learner and teacher support material	1 000	2	-	-	-100.0%	0.3%	-	-	-	-	-

Table 38.16 Water Sector Regulation(continued)

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15			2015/16
R thousand												
Inventory: Materials and supplies	15	-	8	-	-100.0%	-	1	1	1	-	-	-
Inventory: Medical supplies	-	-	3	-	-	-	-	-	-	-	-	-
Inventory: Other consumables	54	56	140	56	1.2%	0.1%	54	-	-	-100.0%	-	-
Inventory: Stationery and printing	3 663	1 699	855	2 193	-15.7%	2.1%	1 720	610	645	-33.5%	1.1%	-
Operating leases	8	61	24	264	220.8%	0.1%	346	1 466	1 465	77.0%	0.7%	-
Property payments	-	1	-	-	-	-	-	143	148	-	0.1%	-
Travel and subsistence	11 055	19 520	12 154	8 087	-9.9%	12.7%	10 518	10 276	10 541	9.2%	8.3%	-
Training and development	613	613	983	1 402	31.8%	0.9%	1 700	1 776	1 845	9.6%	1.4%	-
Operating payments	455	160	546	45	-53.8%	0.3%	189	199	205	65.8%	0.1%	-
Venues and facilities	83	4 548	2 991	746	107.9%	2.1%	1 071	1 071	1 174	16.3%	0.9%	-
Rental and hiring	-	-	-	(6)	-	-	-	-	-	-100.0%	-	-
Interest and rent on land	-	-	19	85	-	-	60	61	45	-19.1%	0.1%	-
Transfers and subsidies	450	-	3	-	-100.0%	0.1%	-	-	-	-	-	-
Households	450	-	3	-	-100.0%	0.1%	-	-	-	-	-	-
Payments for capital assets	1 486	562	701	1 277	-4.9%	1.0%	1 477	1 537	1 766	11.4%	1.3%	-
Buildings and other fixed structures	416	-	-	-	-100.0%	0.1%	-	-	-	-	-	-
Machinery and equipment	1 068	562	701	1 273	6.0%	0.9%	1 473	1 533	1 766	11.5%	1.3%	-
Software and other intangible assets	2	-	-	4	26.0%	-	4	4	-	-100.0%	-	-
Total	73 170	125 561	91 153	110 243	14.6%	100.0%	118 691	121 513	125 808	4.5%	100.0%	-
Proportion of total programme expenditure to vote expenditure	1.1%	1.8%	1.1%	1.2%			1.2%	1.0%	0.8%			
Details of transfers and subsidies												
Households												
Social benefits												
Current	450	-	3	-	-100.0%	0.1%	-	-	-	-	-	-
Swimming South Africa	450	-	3	-	-100.0%	0.1%	-	-	-	-	-	-

Personnel information

Table 38.17 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012	Number and cost ² of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12	2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16											
Water Sector Regulation			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	141	-	146	47.8	0.3	157	62.9	0.4	157	59.8	0.4	157	62.3	0.4	157	64.2	0.4	-	100.0%
1 - 6	48	-	48	8.7	0.2	48	5.1	0.1	48	6.4	0.1	48	6.7	0.1	48	6.8	0.1	-	30.6%
7 - 10	64	-	71	21.0	0.3	73	25.4	0.3	73	24.7	0.3	73	25.6	0.4	73	26.5	0.4	-	46.5%
11 - 12	24	-	23	14.7	0.6	30	20.5	0.7	30	21.8	0.7	30	22.9	0.8	30	23.6	0.8	-	19.1%
13 - 16	5	-	4	3.2	0.8	6	11.9	2.0	6	6.9	1.1	6	7.2	1.2	6	7.3	1.2	-	3.8%

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

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on strengthening the regulatory function of the department by revising the pricing strategy to attain full cost recovery on water schemes and initiating a process for establishing an independent economic regulator to contribute to ensuring compliance with water legislation.

Spending increased between 2009/10 and 2012/13 because of an increase in spending on consultants and training and development under goods and services, as well as on compensation of employees. Spending on assessments of drinking water quality and wastewater treatment works and other related compliance monitoring programmes also contributed to the increase in spending. No funds have been reprioritised to this programme.

Over the MTEF period, the bulk of spending increases go towards spending in the *Regulation Management and Support* and *Compliance Monitoring and Enforcement* subprogrammes due to increased spending on compliance and enforcement related activities as part of the department's policy position on protecting South Africa's natural water resources. The review of the compulsory water use licence process for the water

management areas in Mhlathuze in KwaZulu-Natal, Tosca in North West and Jan Dissels in Western Cape was completed in 2012/13. Over the medium term, the department will implement measures to ensure that 29 per cent of the water abstraction allocation is authorised to historically disadvantaged individuals.

The following reprioritisations in this programme will take effect over the medium term: R1.5 million from goods and services and R6 000 from interest and rent on land to the allocation for spending on compensation of employees to fund the shortfall caused by historical cuts.

As part of the Cabinet approved budget reductions, the department will reduce spending by R1.2 million in 2013/14, R2.5 million in 2014/15 and R3.9 million in 2015/16. These reductions will be effected in spending on compensation of employees and various goods and services items, such as communication, travel and subsistence, consultants, and payments of capital assets. These reductions are not expected to have a negative impact on service delivery.

As at 30 September 2012, the programme had a funded establishment of 141 posts. This establishment will have increased to 157 by the end of 2012/13. Expenditure on consultants was equivalent to 44.3 per cent of spending on compensation of employees in 2012/13. Consultants provide specialised engineering and scientific skills, which they will transfer to the department's personnel.

Programme 6: International Water Cooperation

Objectives

- Provide technical support and capacity development in the water sector in Africa by implementing 6 bilateral technical cooperation agreements with African countries over the medium term.
- Strengthen, implement and facilitate water governance, infrastructure and information management over the medium term by:
 - developing and implementing a strategic multilateral relations strategy for the department
 - developing partnerships with international multilateral forums including the World Water Forum, the United Nations (UN) Commission on Sustainable Development, the UN Framework Convention on Climate Change and the India-Brazil-South Africa dialogue forum by 2014/15.

Subprogrammes

- *International Relations Management and Support* ensures overall management and oversight of the programme. This entails business planning, performance reporting, management support and project management. This subprogramme had a staff complement of 6 in 2012/13.
- *Africa Cooperation* fulfils the department's responsibility of advancing the African agenda through promoting and facilitating 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 (AU), the African Ministers' Council on Water, the Southern African Development Community (SADC), as well as programmes related to the New Partnership for Africa's Development. Trans-boundary water management, a sub-function of this subprogramme, is responsible for advancing the national interest among the shared river basin organisations, where South Africa shares water with neighbouring countries and implements projects within the shared river basin. This includes the Orange-Senqu River Commission, the Limpopo Water Course Commission, the tripartite permanent technical committee of the Lesotho Highlands Water Project (phase 2) and joint water commissions. This subprogramme had a staff complement of 12 in 2012/13.
- *Global Cooperation* promotes and advances national interests at global governance institutions, strategically engages in bilateral arrangements with countries outside Africa and explores opportunities to leverage off resources from donor countries. This entails hosting bilateral engagements and participating in conferences. In 2012/13, strategic partnerships were established with countries such as Japan, Mexico and Vietnam. This subprogramme had a staff complement of 15 in 2012/13.

Expenditure Estimates

Table 38.18 International Water Cooperation

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
R thousand											
International Relation Management and Support	–	–	14 832	5 740	–	26.8%	4 538	5 052	5 230	-3.1%	17.4%
Africa Cooperation	11 441	15 922	4 788	11 991	1.6%	57.5%	10 899	15 936	16 545	11.3%	46.9%
Global Cooperation	–	–	1 314	10 747	–	15.7%	9 976	10 468	10 838	0.3%	35.6%
Total	11 441	15 922	20 934	28 478	35.5%	100.0%	25 413	31 456	32 613	4.6%	100.0%
Change to 2012 Budget estimate				2 665			(257)	3 950	–		

Economic classification

	10 867	15 273	19 748	26 568	34.7%	94.4%	24 788	30 800	31 932	6.3%	96.7%
Current payments											
Compensation of employees	2 849	10 509	13 112	16 509	79.6%	56.0%	13 593	14 550	15 310	-2.5%	50.8%
Goods and services	8 018	4 763	6 623	9 994	7.6%	38.3%	11 125	16 186	16 606	18.4%	45.7%
of which:											
Administration fees	155	129	277	164	1.9%	0.9%	169	178	188	4.7%	0.6%
Advertising	1	2	29	–	-100.0%	–	–	–	–	–	–
Assets less than the capitalisation threshold	56	310	194	776	140.2%	1.7%	792	823	933	6.3%	2.8%
Bursaries: Employees	–	–	–	125	–	0.2%	125	131	138	3.4%	0.4%
Catering: Departmental activities	66	22	42	153	32.3%	0.4%	204	215	226	13.9%	0.7%
Communication	8	44	55	276	225.5%	0.5%	306	320	336	6.8%	1.0%
Computer services	6	31	16	292	265.1%	0.4%	294	308	324	3.5%	1.0%
Consultants and professional services:	4	24	–	217	278.6%	0.3%	216	225	239	3.3%	0.8%
Business and advisory services	–	–	–	–	–	–	–	–	–	–	–
Contractors	–	103	65	3 079	–	4.2%	3 052	3 264	3 057	-0.2%	10.6%
Agency and support / outsourced services	1 290	–	224	–	-100.0%	2.0%	–	–	–	–	–
Entertainment	–	10	12	60	–	0.1%	168	177	187	46.1%	0.5%
Inventory: Food and food supplies	1	–	–	–	-100.0%	–	–	–	–	–	–
Inventory: Materials and supplies	–	21	1	–	–	–	–	–	–	–	–
Inventory: Other consumables	–	34	–	10	–	0.1%	10	11	11	3.2%	–
Inventory: Stationery and printing	32	140	420	121	55.8%	0.9%	214	126	134	3.5%	0.5%
Operating leases	199	11	19	864	63.1%	1.4%	861	895	944	3.0%	3.0%
Transport provided: Departmental activity	–	–	–	62	–	0.1%	78	66	70	4.1%	0.2%
Travel and subsistence	2 776	3 686	3 844	4 251	15.3%	19.0%	4 446	9 234	9 616	31.3%	23.4%
Training and development	173	135	254	(501)	-242.5%	0.1%	141	146	152	-167.2%	-0.1%
Operating payments	2	2	24	24	128.9%	0.1%	24	25	18	-9.1%	0.1%
Venues and facilities	3 249	59	1 147	25	-80.3%	5.8%	25	42	33	9.7%	0.1%
Rental and hiring	–	–	–	(4)	–	–	–	–	–	-100.0%	–
Interest and rent on land	–	1	13	65	–	0.1%	70	64	16	-37.3%	0.2%
Transfers and subsidies	503	345	682	625	7.5%	2.8%	625	656	681	2.9%	2.2%
Departmental agencies and accounts	–	–	–	–	–	–	2	2	2	–	–
Foreign governments and international organisations	503	275	681	625	7.5%	2.7%	623	654	679	2.8%	2.2%
Households	–	70	1	–	–	0.1%	–	–	–	–	–
Payments for capital assets	71	304	504	1 285	162.6%	2.8%	–	–	–	-100.0%	1.1%
Machinery and equipment	71	304	504	1 285	162.6%	2.8%	–	–	–	-100.0%	1.1%
Total	11 441	15 922	20 934	28 478	35.5%	100.0%	25 413	31 456	32 613	4.6%	100.0%
Proportion of total programme expenditure to vote expenditure	0.2%	0.2%	0.3%	0.3%			0.2%	0.3%	0.2%		

Details of transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	–	–	–	–	–	–	2	2	2	–	–
Communication: Radio and TV	–	–	–	–	–	–	2	2	2	–	–
Foreign governments and international organisations											
Current	503	275	681	625	7.5%	2.7%	623	654	679	2.8%	2.2%
Orange-Senqu River Basin Commission	503	275	500	525	1.4%	2.3%	524	556	582	3.5%	1.9%
African Ministers' Council on Water	–	–	181	100	–	0.4%	99	98	97	-1.0%	0.3%
Households											
Social benefits											
Current	–	70	1	–	–	0.1%	–	–	–	–	–
Leave gratuity	–	70	1	–	–	0.1%	–	–	–	–	–

Personnel information

Table 38.19 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2011/12			2012/13			2013/14		2014/15		2015/16				2012/13 - 2015/16			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost	Unit Cost
International Water Cooperation		29	13.1	0.5	38	16.5	0.4	38	13.6	0.4	38	14.6	0.4	38	15.3	0.4	-	100.0%	
Salary level	40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1-6	1	-	1	0.2	0.2	2	0.3	0.2	-	-	-	-	-	-	-	-	-100.0%	1.3%	
7-10	24	-	18	3.7	0.2	22	4.9	0.2	23	4.8	0.2	23	5.2	0.2	23	5.6	0.2	1.5%	59.9%
11-12	8	-	3	1.6	0.5	6	3.7	0.6	8	3.5	0.4	8	3.6	0.4	8	3.7	0.5	10.1%	19.7%
13-16	7	-	7	7.6	1.1	8	7.5	0.9	7	5.3	0.8	7	5.8	0.8	7	6.0	0.9	-4.4%	19.1%

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

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on forming and maintaining strategic relations with neighbouring countries and international organisations.

In 2010/11, expenditure in the *Africa* subprogramme increased significantly due to shared water course bilateral agreements signed within the SADC, which cascaded into developmental initiative projects and capacity exchange programmes. In 2011/12, expenditure in this subprogramme decreased due to the negative impact of the global economic downturn, which resulted in fewer countries being willing to engage in water sectoral development initiatives.

Over the MTEF period, spending on goods and services is expected to increase significantly because of increased spending on travel and subsistence, which is due to the rollout of strategic initiatives in the rest of Africa. R4.5 million in 2014/15 and R4.7 million in 2015/16 has been reprioritised from the *Administration* programme to this programme to ensure that the department honours its international commitments, including participating in the activities of international organisations. These participations will ensure the facilitation of projects, such as the Lesotho Highlands Water Project and various other water infrastructure development programmes.

As part of the Cabinet approved budget reductions, the department will reduce spending by R257 000 in 2013/14, R550 000 in 2014/15 and R865 000 in 2015/16. These reductions will be effected in spending on compensation of employees and various goods and services items such as communication, travel and subsistence, consultants, and payments of capital assets. These reductions are not expected to have a negative impact on service delivery.

The programme has a funded establishment of 40 posts, of which 38 are filled. Personnel numbers are expected to remain on this level over the medium term. There were 2 vacant posts as at 30 September 2012 due to natural attrition. Between 2009/10 and 2012/13, spending on consultants grew significantly due to the need for the development of strategies to identify appropriate initiatives in Africa. Spending on consultants in 2012/13 was equivalent to 1.3 per cent of spending on compensation of employees.

Public entities and other agencies

Consolidated water boards

Mandate and goals

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 mandated to: provide management services, training and other support services to water services institutions to promote cooperation in the provision of water services; supply untreated or non-potable water to end users who do not use the water for household purposes; provide catchment management services to or on behalf of the responsible authorities; and, with the approval of the water services authorities in their areas,

supply water directly for industrial use, accept industrial effluent, act as a water services provider to consumers, provide water services in a joint venture with water services authorities, and perform water conservation functions.

The boards' strategic goals over the medium term are to:

- ensure that they continue to be viable and sustainable bulk water service providers
- ensure that all customers and stakeholders are satisfied
- improve business efficiencies and quality
- achieve transformation.

Selected performance indicators

Table 38.20 Consolidated Water Boards

Water board	Volume of water sold (kl)						
	Past			Current	Projections		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Albany Coast ¹	422 167	- ¹					
Amatola	39 036 000	37 137 000	39 003 000	39 127 000	39 052 000	40 224 000	41 824 000
Bloem	60 594 075	84 979 072	89 980 186	91 032 545	93 073 196	95 161 260	97 297 883
Botshelo	15 966 912	16 051 000	14 823 000	15 100 000	15 300 000	15 400 000	15 450 000
Bushbuckridge	25 597 186	27 054 848	28 840 389	36 755 500	38 507 500	40 405 500	42 595 500
Lepelle	91 275 000	95 254 000	94 565 000	93 934 000	95 738 000	96 124 000	98 792 000
Magalies	76 447 000	77 955 000	80 806 000	79 985 000	80 785 000	81 593 000	87 304 000
Mhlatuze	115 246 000	123 183 000	118 375 000	133 977 000	135 181 000	135 181 000	146 606 000
Overberg	4 033 905	4 205 036	4 252 998	4 727 000	4 773 000	4 820 000	4 866 000
Pelladrift	4 475 202	4 520 363	4 459 228	4 520 363	4 520 363	4 520 363	4 520 363
Rand	1 437 000 000	1 495 000 000	1 539 000 000	1 526 000 000	1 556 000 000	1 587 000 000	1 618 000 000
Sedibeng	80 835 000	86 224 000	90 215 000	95 773 000	96 712 000	97 680 000	98 706 000
Umgeni	425 848 000	415 427 000	417 782 000	416 550 000	419 881 000	424 780 000	431 151 000
TOTAL	2 376 776 447	2 466 990 319	2 522 101 801	2 537 481 408	2 579 523 059	2 622 889 123	2 687 112 746

1. Disestablished in 2009/10.

Expenditure estimates

Table 38.21 Consolidated Water Boards

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15			2015/16
	R thousand							2012/13 - 2015/16				
Revenue	9 009 220	10 252 842	12 019 767	12 869 017	12.6%	100.0%	14 011 416	15 444 642	16 976 862	9.7%	100.0%	
Non-tax revenue	9 009 220	10 252 842	12 019 767	12 869 017	12.6%	100.0%	14 011 416	15 444 642	16 976 862	9.7%	100.0%	
Sale of goods and services other than capital assets	8 248 124	9 440 030	10 841 673	12 122 873	13.7%	92.0%	13 177 876	14 470 685	15 968 812	9.6%	94.0%	
of which:												
Sale of bulk water	8 248 124	9 440 030	10 841 673	12 122 873	13.7%	92.0%	13 177 876	14 470 685	15 968 812	9.6%	94.0%	
Other non-tax revenue	761 097	812 812	1 178 094	746 144	-0.7%	8.0%	833 540	973 957	1 008 050	10.5%	6.0%	
Total revenue	9 009 220	10 252 842	12 019 767	12 869 017	12.6%	100.0%	14 011 416	15 444 642	16 976 862	9.7%	100.0%	
Expenses												
Current expenses	8 128 389	9 135 527	10 317 071	11 336 442	11.7%	100.0%	12 338 095	13 558 303	14 871 461	9.5%	100.0%	
Compensation of employees	1 786 704	1 938 419	2 201 226	2 220 952	7.5%	21.0%	2 435 509	2 638 297	2 847 249	8.6%	19.5%	
Goods and services	5 521 783	6 471 400	7 446 767	8 374 571	14.9%	71.2%	9 069 062	9 950 966	10 917 915	9.2%	73.5%	
Depreciation	400 372	465 084	522 289	570 982	12.6%	5.0%	652 665	724 990	819 507	12.8%	5.3%	
Interest, dividends and rent on land	419 530	260 624	146 789	169 937	-26.0%	2.7%	180 859	244 049	286 789	19.1%	1.7%	
Total expenses	8 128 389	9 135 527	10 317 071	11 336 442	11.7%	100.0%	12 338 095	13 558 303	14 871 461	9.5%	100.0%	
Surplus/(Deficit)	876 138	1 122 143	1 702 696	1 532 575	20.5%		1 673 321	1 886 340	2 105 401	11.2%		
Statement of financial position												
Carrying value of assets	12 403 410	13 514 549	15 061 984	18 106 855	13.4%	69.8%	21 094 473	24 683 590	27 663 656	15.2%	79.8%	
of which:												
Acquisition of assets	1 551 627	1 680 251	2 065 105	3 244 660	27.9%	9.9%	4 009 124	4 741 718	3 717 881	4.6%	13.9%	
Investments	2 237 751	2 288 853	2 571 584	2 323 091	1.3%	11.3%	1 675 787	852 793	914 558	-26.7%	5.4%	

Table 38.21 Consolidated Water Boards (continued)

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Inventory	93 643	104 052	227 807	115 739	7.3%	0.6%	121 288	128 490	136 727	5.7%	0.4%
Loans	7 906	6 943	5 919	–	-100.0%	0.0%	–	–	–	–	–
Accrued investment interest	12 314	13 992	25 205	14	-89.6%	0.1%	14	14	14	–	0.0%
Receivables and prepayments	1 855 560	1 791 352	2 264 798	2 003 799	2.6%	9.4%	2 053 386	2 153 864	2 376 141	5.8%	7.6%
Cash and cash equivalents	1 575 486	1 792 148	2 207 160	1 393 799	-4.0%	8.3%	1 677 098	2 001 686	2 333 653	18.7%	6.4%
Non-current assets held for sale	94 015	59 804	41 525	66 148	-11.1%	0.3%	69 476	72 673	76 059	4.8%	0.3%
Defined benefit plan assets	1 611	7 684	13 068	7 684	68.3%	0.0%	7 684	7 684	7 684	–	0.0%
Taxation	303	3 107	3 107	–	-100.0%	0.0%	–	–	–	–	–
Derivatives financial instruments	10 173	23 232	3 107	27 675	39.6%	0.1%	26 063	23 775	21 420	-8.2%	0.1%
Total assets	18 292 172	19 605 715	22 425 263	24 044 805	9.5%	100.0%	26 725 269	29 924 569	33 529 913	11.7%	100.0%
Accumulated surplus/(deficit)	9 669 269	10 953 808	12 678 031	13 976 114	13.1%	55.8%	15 620 937	17 354 756	19 315 659	11.4%	58.0%
Capital and reserves	2 353 998	2 204 621	2 269 957	2 422 012	1.0%	11.1%	2 610 217	2 849 008	3 147 785	9.1%	9.7%
Capital reserve fund	68 355	68 355	68 355	68 355	-0.0%	0.3%	268 355	264 355	260 355	56.2%	0.7%
Borrowings	2 918 877	2 654 991	2 780 643	3 880 685	10.0%	14.5%	4 489 249	5 639 727	6 890 124	21.1%	18.1%
Finance lease	4 297	–	–	–	-100.0%	0.0%	–	–	–	–	–
Accrued interest	–	36 562	34 660	34 020	–	0.1%	32 381	29 414	27 156	-7.2%	0.1%
Deferred income	209 741	206 229	222 696	189 797	-3.3%	1.0%	181 033	172 619	164 583	-4.6%	0.6%
Trade and other payables	2 417 763	2 533 795	3 336 496	2 799 115	5.0%	13.2%	2 916 682	3 012 068	3 135 644	3.9%	10.5%
Taxation	–	1 716	1 732	–	–	0.0%	–	–	–	–	–
Provisions	587 784	862 554	812 205	643 403	3.1%	3.5%	573 147	566 969	551 784	-5.0%	2.1%
Managed funds (e.g. poverty alleviation fund)	62 089	36 386	11 607	–	-100.0%	0.1%	–	–	–	–	–
Derivatives financial instruments	–	46 697	220 699	31 304	–	0.3%	33 268	35 653	36 823	5.6%	0.1%
Total equity and liabilities	18 292 173	19 605 715	22 437 080	24 044 805	9.5%	100.0%	26 725 269	29 924 569	33 529 913	11.7%	100.0%

Expenditure trends

Revenue collected by the water boards is derived mainly from the sale of bulk water to water service authorities in their areas. Between 2009/10 and 2012/13, total revenue from the consolidated sale of bulk water increased significantly, driven by increases in demand in the areas serviced by the six medium sized water boards. Over the medium term, revenue is expected to increase due to new tariffs in the water pricing strategy approved in 2007.

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

Expenditure increased between 2009/10 and 2012/13 due to increases in the price of electricity, and higher raw water and chemical costs. The water boards were projected to have made a consolidated net profit of R1.5 billion by the end of 2012/13, which represents a decrease of 11.1 per cent over the previous year, as a result of these higher input costs. Over the MTEF period, the expected increase in expenditure is due to the combined effect of adjustments for inflation as well as the construction, upgrading and rehabilitation of water infrastructure.

Rand Water

Mandate and goals

Rand Water was established in terms of section 28 of the Water Services Act (1997) and is mandated to provide management services, training and other support services to water services institutions to promote cooperation in the provision of water services; supply untreated or non-potable water to end users who do not use the water for household purposes; provide catchment management services to or on behalf of the responsible authorities; provide water services in a joint venture with water services authorities; and perform water conservation functions.

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

- ensure that it continues to be a viable, sustainable bulk water service provider
- position itself as the partner of choice in water services
- ensure that all customers and stakeholders are satisfied
- improve business efficiencies and quality
- achieve transformation and create a dynamic learning organisation.

Selected performance indicators

Table 38.22 Rand Water

Indicator	Programme/activity/objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Volume of water sold (thousand kl) per year	Potable water supply	1 357 800	1 494 675	1 410 036	1 475 285	1 467 001	1 516 880	1 537 897
Net debt/equity ratio per year	Potable water supply	0.16	0.14	0.30	0.20	0.40	0.50	0.30
Debt service ratio per year	Potable water supply	3.90	4.40	4.30	9.00	3.90	4.40	6.00
Debt/asset ratio per year	Potable water supply	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Costs per kilolitre (R/kl) per year	Potable water supply	3.16	3.71	4.30	4.60	5.40	6.00	5.80
Profit for the year (Rand thousands)	Potable water supply	R299 549	R536 068	R703 848	R892 208	R1 010 477	R1 214 844	R1 262 334
Test results: South African national standards 241 (for compliance with Class 1 and Class 2):	Potable water supply							
- Class 1 ¹ (percentage compliance) per year		95%	95%	95%	95%	95%	95%	95%
- Class 2 ¹ (percentage compliance) per year		99%	99%	99%	99%	99%	99%	99%
Cost of debt	Potable water supply	10%	10%	10%	11%	11%	11%	11%

1. Class 1: Suitable for human consumption. Class 2: Efforts required to ensure that water quality is improved.

Programmes/activities/objectives

Table 38.23 Rand Water

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Potable water supply	4 895 544	5 580 888	6 357 144	7 001 069	12.7%	100.0%	7 682 497	8 507 255	9 390 799	10.3%	100.0%
Total expense	4 895 544	5 580 888	6 357 144	7 001 069	12.7%	100.0%	7 682 497	8 507 255	9 390 799	10.3%	100.0%

Expenditure estimates

Table 38.24 Rand Water

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Revenue											
Non-tax revenue	5 195 093	6 112 128	7 135 628	7 893 277	15.0%	100.0%	8 732 320	9 643 654	10 653 133	10.5%	100.0%
Sale of goods and services other than capital assets	4 974 596	5 891 148	6 838 493	7 632 194	15.3%	96.1%	8 447 805	9 335 896	10 318 520	10.6%	96.8%
of which:											
Sale of bulk water	4 974 596	5 891 148	6 838 493	7 632 194	15.3%	96.1%	8 447 805	9 335 896	10 318 520	10.6%	96.8%
Other non-tax revenue	220 497	220 980	297 135	261 083	5.8%	3.8%	284 515	307 758	334 613	8.6%	3.2%
Total revenue	5 195 093	6 116 956	7 135 628	7 893 277	15.0%	100.0%	8 732 320	9 643 654	10 653 133	10.5%	100.0%
Expenses											
Current expenses	4 890 851	5 580 888	6 357 144	7 001 069	12.7%	100.0%	7 682 497	8 507 255	9 390 799	10.3%	100.0%
Compensation of employees	960 797	1 055 968	1 264 871	1 206 670	7.9%	18.9%	1 312 857	1 424 450	1 544 104	8.6%	16.9%
Goods and services	3 657 525	4 245 323	4 876 025	5 560 322	15.0%	76.7%	6 080 878	6 738 938	7 445 578	10.2%	79.3%
Depreciation	167 777	200 809	211 910	226 598	10.5%	3.4%	280 536	334 818	391 163	20.0%	3.7%
Interest, dividends and rent on land	104 752	78 788	4 338	7 479	-58.5%	0.9%	8 226	9 049	9 954	10.0%	0.1%
Total expenses	4 895 544	5 580 888	6 357 144	7 001 069	12.7%	100.0%	7 682 497	8 507 255	9 390 799	10.3%	100.0%
Surplus/(Deficit)	299 549	536 068	778 484	892 208	43.9%		1 049 823	1 136 399	1 262 334	12.3%	

Table 38.24 Rand Water (continued)

Statement of financial position	Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
	R thousand										
Carrying value of assets	6 540 121	7 340 761	8 597 753	10 307 202	16.4%	80.5%	12 059 090	13 760 237	15 503 527	14.6%	86.6%
<i>of which:</i>											
Acquisition of assets	910 029	1 017 156	1 360 495	1 653 000	22.0%	12.0%	2 108 000	1 966 000	1 820 000	3.3%	12.9%
Investments	82 953	40 425	-	-	-100.0%	0.4%	-	-	-	-	-
Inventory	46 848	51 282	176 360	57 403	7.0%	0.8%	60 962	64 437	68 045	5.8%	0.4%
Loans	7 906	6 922	5 888	-	-100.0%	0.1%	-	-	-	-	-
Receivables and prepayments	857 615	708 213	853 661	909 357	2.0%	8.3%	1 006 341	1 066 371	1 174 599	8.9%	7.0%
Cash and cash equivalents	924 858	930 604	1 327 472	770 877	-5.9%	9.9%	831 464	896 345	1 012 812	9.5%	5.9%
Non-current assets held for sale	-	1 970	1 335	-	-	0.0%	-	-	-	-	-
Taxation	303	3 107	3 107	-	-100.0%	0.0%	-	-	-	-	-
Derivatives financial instruments	-	-	3 107	-	-	0.0%	-	-	-	-	-
Total assets	8 460 604	9 083 284	10 968 683	12 044 839	12.5%	100.0%	13 957 857	15 787 390	17 758 983	13.8%	100.0%
Accumulated surplus/(deficit)	6 224 344	6 756 311	7 534 364	8 395 466	10.5%	71.6%	9 445 289	10 580 688	11 843 022	12.2%	67.8%
Borrowings	629 665	645 517	984 639	1 754 403	40.7%	9.5%	2 472 876	3 068 415	3 647 113	27.6%	18.1%
Finance lease	4 283	-	-	-	-100.0%	0.0%	-	-	-	-	-
Deferred income	64 517	78 597	102 365	78 597	6.8%	0.8%	78 597	78 597	78 597	-	0.5%
Trade and other payables	1 283 489	1 327 376	1 793 368	1 816 373	12.3%	15.3%	1 961 095	2 059 690	2 190 251	6.4%	13.6%
Taxation	-	1 716	1 732	-	-	0.0%	-	-	-	-	-
Provisions	254 306	273 767	340 880	-	-100.0%	2.3%	-	-	-	-	-
Derivatives financial instruments	-	-	208 228	-	-	0.5%	-	-	-	-	-
Total equity and liabilities	8 460 604	9 083 284	10 965 576	12 044 839	12.5%	100.0%	13 957 857	15 787 390	17 758 983	13.8%	100.0%

Personnel Information

Table 38.25 Rand Water

Post status estimated for 31 March 2013	Number and cost ¹ of personnel posts filled/planned for on funded establishment		Medium-term expenditure estimate									Number								
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			2013/14			2014/15			2015/16			2012/13 - 2015/16	Average growth rate (%)	Salary level/total: Average (%)
			2011/12		2012/13		2013/14		2014/15		2015/16									
			Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost								
Salary level 1-6	3 384	217	3 167	1 276.5	0.4	3 167	1 206.7	0.4	3 167	1 312.9	0.4	3 167	1 424.5	0.4	3 167	1 544.1	0.5	-	100.0%	
	3 366	213	3 153	1 264.9	0.4	3 153	1 195.0	0.4	3 153	1 301.2	0.4	3 153	1 412.8	0.4	3 153	1 532.5	0.5	-	99.6%	

1. Rand million.

Expenditure trends

Rand Water derives its income mainly from the sale of bulk water to 3 metropolitan municipalities, 15 local municipalities, 40 mines as well as approximately 1 079 industrial organisations, and direct consumers. Between 2009/10 and 2012/13, revenue increased due to annual water tariff increases. Over the medium term, revenue is expected to increase further as a result of an increase in sales volumes and annual tariff increases.

The spending focus over the medium term will be on internal efficiencies to reduce the impact of costs that the entity has very little control over, such as chemicals and energy.

The increase in expenditure between 2009/10 and 2012/13 was due to the 27 per cent and 31.4 per cent increase in the cost of electricity required to pump water in 2010/11 and 2011/12. Energy efficiency measures, such as the optimisation of the hydraulic system and the maximisation of off peak pumping have limited these spending increases. Expenditure on interest, dividends and rent on land decreased in 2012/13 due to the capitalisation of borrowing costs. The increase in compensation of employees in 2011/12 was due to an increase in employees to 3 153 as a result of the capital expansion programme.

Expenditure is expected to increase over the MTEF period due to the increase in the cost of sales of water due to the expected increase in electricity purchased. The entity expects to realise savings of more than R2 billion Over this period through various cost containment and internal efficiency measures, such as maximising off peak pumping, installation of energy efficient pumps and centralisation of common costs to minimise total cost.

The board has a funded establishment of 3 384 posts, all of which are filled. Personnel numbers are expected to remain at this level over the medium term. The entity will spend R56 million on consultants in 2012/13, who are used to provide specialised IT skills and address compliance issues, where the requirement is once-off in nature.

Trans-Caledon Tunnel Authority

Mandate and goals

The Trans-Caledon Tunnel Authority is a schedule 2 public entity, and was established in 1986 and promulgated in terms of the in terms of the Water Act (1956) and section 108 of the National Water Act (1998). As a specialised liability management entity, it finances and implements bulk raw water infrastructure within an acceptable risk framework in a cost effective manner to benefit water consumers.

The authority's strategic goal over the medium term is to reduce the cost of providing water. This entails efficiently financing the development of water resources infrastructure by managing and minimising risks throughout project cycles.

Selected performance indicators

Table 38.26 Trans-Caledon Tunnel Authority

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Total percentage of volume of acid mine water treated per year ¹	Acid main drainage	– ¹	– ¹	3%	14%	53%	97%	100%
Percentage completion of dam ²	Berg water project	99%	100%	100%	100%	100%	100%	– ²
Percentage of 58.6km pipeline completed ²	Komati water scheme augmentation project	4%	23%	59%	89%	100%	100%	– ²
Percentage of 40km pipeline completed ³	Olifants River water resource development project phases 2C and 2D	2%	4%	17%	42%	94%	– ³	– ³
Percentage of 120 km pipeline completed ³	Vaal River eastern subsystem augmentation project	95%	97%	102%	104%	100%	– ³	– ³
Percentage of 43km pipeline completed	Mokolo-Crocodile water augmentation project	3%	8%	26%	44%	81%	96%	100%
Percentage of 14.5km pipeline completed	Mooi-Mgeni transfer scheme	3%	9%	29%	54%	83%	98%	100%

1. This project started in 2011/12.

2. These projects will end in 2014/15.

3. These projects will end in 2013/14.

Programmes/activities/objectives

Table 38.27 Trans-Caledon Tunnel Authority

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12	2012/13				2009/10 - 2012/13	2013/14	2014/15		
R thousand												
Olifants River water resource development project phase 2	23 000	67 828	100 581	668 217	207.4%	4.0%	1 314 875	1 973 754	1 644 898	35.0%	19.0%	
Mokolo Crocodile water augmentation project	19 000	104 040	277 675	389 849	173.8%	3.8%	780 583	429 495	207 446	-19.0%	6.4%	
Vaal River eastern subsystem augmentation project	394 000	406 113	794 433	381 603	-1.1%	10.5%	234 606	344 557	347 253	-3.1%	4.7%	
Komati water scheme augmentation project	21 000	94 637	510 787	439 333	175.5%	5.2%	244 487	133 692	132 801	-32.9%	3.7%	
Mooi-Mgeni transfer scheme phase 2	17 000	98 501	313 488	497 089	208.1%	4.4%	576 678	369 363	178 792	-28.9%	5.9%	
Berg water project	129 000	128 091	253 877	91 169	-10.9%	3.2%	94 033	74 194	61 249	-12.4%	1.2%	
Lesotho highlands water project	3 155 000	3 533 121	2 717 682	2 844 868	-3.4%	67.0%	2 786 744	2 875 347	2 967 520	1.4%	41.0%	
Acid mine drainage	–	–	80 380	256 028	–	1.5%	898 786	1 010 508	73 146	-34.1%	7.3%	
Borehole project	–	–	29 390	1 307	–	0.2%	26	28	29	-71.8%	0.0%	
Other objectives	–	–	2 228	9 165	–	0.1%	447 709	1 542 186	1 383 743	432.5%	10.9%	
Total expense	3 758 000	4 432 330	5 080 521	5 578 626	14.1%	100.0%	7 378 527	8 753 124	6 996 878	7.8%	100.0%	

Expenditure estimates

Table 38.28 Trans-Caledon Tunnel Authority

Statement of financial performance				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome							2012/13				
R thousand	2009/10	2010/11	2011/12	2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16		
Revenue											
Non-tax revenue	3 590 000	4 148 416	4 676 882	5 599 829	16.0%	100.0%	6 665 380	8 014 868	6 261 657	3.8%	100.0%
Sale of goods and services other than capital assets	2 741 000	1 341 017	2 300 954	3 316 134	6.6%	54.3%	5 105 353	6 358 574	4 662 187	12.0%	72.4%
of which:											
Sale of bulk water	2 741 000	1 341 017	2 300 954	3 316 134	6.6%	54.3%	5 105 353	6 358 574	4 662 187	12.0%	72.4%
Other non-tax revenue	849 000	2 807 400	2 375 928	2 283 695	39.1%	45.7%	1 560 028	1 656 294	1 599 470	-11.2%	27.6%
Total revenue	3 590 000	4 148 416	4 676 882	5 599 829	16.0%	100.0%	6 665 380	8 014 868	6 261 657	3.8%	100.0%
Expenses											
Current expenses	3 758 000	4 432 330	5 080 521	5 578 626	14.1%	100.0%	7 378 527	8 753 124	6 996 878	7.8%	100.0%
Compensation of employees	101 000	119 100	123 540	126 115	7.7%	2.5%	169 962	181 010	192 776	15.2%	2.3%
Goods and services	501 000	1 217 952	2 172 079	3 184 178	85.2%	35.2%	4 926 147	6 167 720	4 458 927	11.9%	64.5%
Depreciation	130 000	4 224	5 101	5 841	-64.4%	0.9%	9 243	9 844	10 484	21.5%	0.1%
Interest, dividends and rent on land	3 026 000	3 091 053	2 779 800	2 262 493	-9.2%	61.4%	2 273 174	2 394 550	2 334 691	1.1%	33.0%
Total expenses	3 758 000	4 432 330	5 080 521	5 578 626	14.1%	100.0%	7 378 527	8 753 124	6 996 878	7.8%	100.0%
Surplus/(Deficit)	(168 000)	(283 914)	(403 639)	21 203	-150.2%		(713 147)	(738 256)	(735 221)	-426.1%	
Statement of financial position											
Carrying value of assets	6 000	7 707	8 147	23 734	58.2%	0.0%	36 588	34 083	42 738	21.7%	0.1%
of which:											
Acquisition of assets	339 000	6 000	6 000	35 034	-53.1%	0.3%	3 447	3 476	3 650	-52.9%	0.0%
Investments	4 198 000	3 144 279	1 419 748	2 563 099	-15.2%	8.4%	3 486 356	4 932 935	7 299 536	41.7%	12.7%
Receivables and prepayments	30 503 000	30 131 600	30 747 673	31 203 179	0.8%	91.5%	31 174 194	31 208 348	29 886 161	-1.4%	87.2%
Cash and cash equivalents	-	1 097	-	-	-	0.0%	-	-	-	-	-
Taxation	23 000	10 711	40 709	-	-100.0%	0.1%	-	-	-	-	-
Derivatives financial instruments	8 000	9 339	40 709	-	-100.0%	0.0%	-	-	-	-	-
Total assets	34 738 000	33 304 733	32 256 987	33 790 012	-0.9%	100.0%	34 697 139	36 175 366	37 228 435	3.3%	100.0%
Accumulated surplus/(deficit)	6 263 000	5 978 553	5 575 481	5 475 045	-4.4%	17.4%	4 761 898	4 023 642	3 288 421	-15.6%	12.5%
Borrowings	27 085 000	25 952 183	24 625 216	27 527 129	0.5%	78.4%	29 028 115	31 111 430	33 551 776	6.8%	85.3%
Trade and other payables	867 000	916 328	1 639 992	787 838	-3.1%	3.2%	907 126	1 040 294	388 238	-21.0%	2.2%
Taxation	66 000	74 566	81 682	-	-100.0%	0.2%	-	-	-	-	-
Provisions	37 000	41 163	40 225	-	-100.0%	0.1%	-	-	-	-	-
Derivatives financial instruments	420 000	341 940	258 003	-	-100.0%	0.8%	-	-	-	-	-
Total equity and liabilities	34 738 000	33 304 733	32 220 599	33 790 012	-0.9%	100.0%	34 697 139	36 175 366	37 228 435	3.3%	100.0%

Personnel Information

Table 38.29 Trans-Caledon Tunnel Authority

Salary level	Post status estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost ¹ of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16						
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	173	-	-	153	123.5	0.8	173	126.1	0.7	175	170.0	1.0	175	181.0	1.0	175	192.8	1.1	0.4%	100.0%
1 - 6	2	-	-	1	0.1	0.1	2	0.2	0.1	2	0.4	0.2	2	0.2	0.1	2	0.2	0.1	-	1.1%
7 - 10	34	-	-	38	9.4	0.2	34	8.7	0.3	34	13.7	0.4	32	17.0	0.5	27	16.7	0.6	-7.4%	18.2%
11 - 12	44	-	-	36	15.9	0.4	44	18.8	0.4	46	25.9	0.6	43	18.4	0.4	47	20.3	0.4	2.2%	25.8%
13 - 16	81	-	-	64	51.7	0.8	81	70.5	0.9	81	87.9	1.1	86	98.8	1.1	86	108.2	1.3	2.0%	47.8%
17 - 22	12	-	-	14	46.4	3.3	12	27.9	2.3	12	42.2	3.5	12	46.6	3.9	13	47.4	3.6	2.7%	7.0%

1. Rand million.

Expenditure trends

The Trans-Caledon Tunnel Authority derives its revenue from interest income from redemption investments, fees charged for construction services and payment for raw water. Revenue increased between 2009/10 and 2012/13 due to annual increases in tariffs implemented on the sale of water.

The spending focus over the medium term will be on the implementation of capital projects, servicing current debts and consultant services. Servicing of current debt will be on the following projects: the Mokolo-Crocodile water augmentation project, the Vaal River eastern subsystem augmentation project, the Komati water scheme augmentation project, the Berg River water project, and phase 2 of the Mooi-Mgeni transfer scheme.

The entity has an establishment of 173 approved funded posts, of which 10 were vacant as at 30 September 2012, resulting in a vacancy rate of 6 per cent. The entity spent R3.8 million on consultants in 2012/13, who were used mainly for project management, engineering design, legal services, auditing of financial statements and debt management.

Umgeni Water

Mandate and goals

Umgeni Water was established in 1974 to provide water services to six municipalities in its operational area in KwaZulu-Natal. The organisation operates in accordance with the Water Services Act (1997).

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

- embark on a water services growth strategy through the consolidation and expansion of its business beyond its area of operation
- develop an asset management strategy and infrastructure growth plan to address obsolete and aging infrastructure and bottlenecks its regional growth strategy while using its experience and commitment to improve skills transfer and people development in the region
- pursue the sustainable use of environmental resources, including alternative energy, technological and process enhancements, and catchment water quality management.

Selected performance indicators

Table 38.30 Umgeni Water

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Volume of water sold per year (kl)	Water management	425 848 000	415 427 000	417 782 000	416 550 000	419 881 000	424 780 000	431 151 000
Debt service ratio per year	Water management	2.7	3.9	5.0	4.0	3.0	4.0	4.0
Costs per kilolitre per year	Water management	R2	R3.9	R2	R4	R4	R4	R4
Value of profit for the year	Water management	R540.7m	R428m	R591m	R477m	R392m	R448m	R467m
Debt collection period (days)	Water management	52	41	36	39	40	39	39
Total capital infrastructure expenditure	Infrastructure stability	R334m	R379m	R486m	R829m	R949m	R872m	R853m
Total revenue	Financial sustainability	R1.63bn	R1.66bn	R1.84bn	R1.97bn	R1.96bn	R2.01bn	R2.4bn
Net surplus	Financial sustainability	R540.7m	R428m	R591m	R477m	R392m	R448m	R467m
Liquidity	Financial sustainability	R847m	R1bn	R683m	R667m	R638m	R654m	R708m

Programmes/activities/objectives

Table 38.31 Umgeni Water

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Water management	1 030 746	1 092 323	1 076 659	1 364 646	9.8%	81.9%	1 535 896	1 588 420	1 684 309	7.3%	92.5%
Waste water	40 567	41 288	49 978	59 860	13.8%	3.4%	64 618	69 715	89 627	14.4%	4.2%
Other expenditure	183 099	198 107	283 957	143 660	-7.8%	14.7%	26 112	27 852	13 456	-54.6%	3.3%
Total expense	1 254 413	1 331 718	1 410 594	1 568 166	7.7%	100.0%	1 626 626	1 685 987	1 787 392	4.5%	100.0%

Expenditure estimates

Table 38.32 Umgeni Water

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Revenue											
Non-tax revenue	1 795 125	1 760 159	2 001 926	2 044 759	4.4%	100.0%	2 018 286	2 133 592	2 254 294	3.3%	100.0%
Sale of goods and services other than capital assets of which:	1 633 043	1 660 912	1 847 151	1 967 960	6.4%	93.5%	1 958 879	2 094 612	2 244 756	4.5%	97.8%
Sale of bulk water	1 633 043	1 660 912	1 847 151	1 967 960	6.4%	93.5%	1 958 879	2 094 612	2 244 756	4.5%	97.8%
Other non-tax revenue	162 082	99 247	154 775	76 799	-22.0%	6.5%	59 407	38 980	9 538	-50.1%	2.2%
Total revenue	1 795 125	1 760 159	2 001 926	2 044 759	4.4%	100.0%	2 018 286	2 133 592	2 254 294	3.3%	100.0%
Expenses											
Current expenses	1 254 413	1 331 718	1 410 594	1 568 166	7.7%	100.0%	1 626 626	1 685 987	1 787 392	4.5%	100.0%
Compensation of employees	290 854	289 127	320 656	325 223	3.8%	22.1%	355 815	392 396	422 083	9.1%	22.4%
Goods and services	650 772	839 013	909 133	1 040 615	16.9%	61.4%	1 047 315	1 074 445	1 099 092	1.8%	64.0%
Depreciation	82 446	89 388	96 216	114 844	11.7%	6.9%	128 403	135 644	149 088	9.1%	7.9%
Interest, dividends and rent on land	230 341	114 190	84 589	87 484	-27.6%	9.6%	95 093	83 502	117 129	10.2%	5.7%
Total expenses	1 254 413	1 331 718	1 410 594	1 568 166	7.7%	100.0%	1 626 626	1 685 987	1 787 392	4.5%	100.0%
Surplus/(Deficit)	540 712	428 441	591 332	476 593	-4.1%		391 660	447 605	466 902	-0.7%	
Statement of financial position											
Carrying value of assets	2 697 168	2 883 826	3 112 264	3 874 823	12.8%	62.4%	4 730 735	5 492 106	6 433 678	18.4%	79.4%
of which:											
Acquisition of assets	334 596	379 283	485 615	945 212	41.4%	10.3%	1 163 648	1 176 970	1 250 505	9.8%	17.7%
Investments	1 306 556	1 530 200	1 796 440	1 646 425	8.0%	31.3%	988 242	348 242	333 242	-41.3%	13.6%
Inventory	8 642	8 857	9 002	9 212	2.2%	0.2%	9 426	9 652	9 890	2.4%	0.1%
Accrued investment interest	12 314	13 866	25 205	14	-89.6%	0.3%	14	14	14	-	0.0%
Receivables and prepayments	264 913	214 825	205 734	257 116	-1.0%	4.8%	261 396	272 243	286 234	3.6%	4.2%
Cash and cash equivalents	1 690	102 091	11 578	1 427	-5.5%	0.6%	51 510	201 248	302 077	496.0%	2.0%
Non-current assets held for sale	17 039	14 481	13 500	14 481	-5.3%	0.3%	14 481	14 481	14 481	-	0.2%
Derivatives financial instruments	-	16 574	-	27 675	-	0.2%	26 063	23 775	21 420	-8.2%	0.4%
Total assets	4 308 322	4 784 720	5 173 723	5 831 173	10.6%	100.0%	6 081 867	6 361 761	7 401 036	8.3%	100.0%
Accumulated surplus/(deficit)	1 645 157	2 073 598	2 664 930	3 074 367	23.2%	46.4%	3 466 028	3 913 634	4 380 535	12.5%	57.6%
Capital and reserves	442 847	442 847	442 847	442 847	-	8.9%	442 847	442 847	442 847	-	7.0%
Borrowings	1 534 869	1 372 793	1 257 137	1 474 141	-1.3%	28.5%	1 383 296	1 254 298	1 861 700	8.1%	23.2%
Accrued interest	-	36 562	34 660	34 020	-	0.5%	32 381	29 414	27 156	-7.2%	0.5%
Deferred income	16 965	-	-	-	-100.0%	0.1%	-	-	-	-	-
Trade and other payables	415 078	558 414	399 121	455 964	3.2%	9.2%	418 745	385 414	355 022	-8.0%	6.4%
Provisions	253 406	284 857	377 481	349 834	11.3%	6.3%	338 570	336 154	333 776	-1.6%	5.3%
Derivatives financial instruments	-	15 649	12 471	-	-	0.1%	-	-	-	-	-
Total equity and liabilities	4 308 322	4 784 720	5 188 647	5 831 173	10.6%	100.0%	6 081 867	6 361 761	7 401 036	8.3%	100.0%

Personnel information

Table 38.33 Umgeni Water

Post status estimated for 31 March 2013		Number and cost ¹ of personnel posts filled/planned for on funded establishment															Number		
Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/ total: Average (%)	
		2011/12			2012/13			2013/14			2014/15			2015/16					2012/13 - 2015/16
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	1 076	141	923	320.6	0.3	935	325.2	0.3	945	355.8	0.4	945	392.4	0.4	954	421.8	0.4	0.7%	100.0%
1 – 6	17	–	244	11.5	0.0	17	1.0	0.1	17	1.5	0.1	17	1.7	0.1	10	1.0	0.1	-16.2%	1.6%
7 – 10	454	107	299	85.2	0.3	347	76.9	0.2	347	73.4	0.2	347	80.9	0.2	270	62.3	0.2	-8.0%	34.7%
11 – 12	410	18	303	154.8	0.5	392	165.7	0.4	402	154.6	0.4	402	170.5	0.4	384	144.1	0.4	-0.7%	41.8%
13 – 16	190	16	75	65.1	0.9	174	79.2	0.5	174	115.0	0.7	174	126.8	0.7	285	201.1	0.7	17.9%	21.3%
17 – 22	5	–	2	4.1	2.0	5	2.3	0.5	5	11.2	2.2	5	12.4	2.5	5	13.3	2.7	–	0.5%

1. Rand million.

Expenditure trends

Umgeni Water's main source of revenue is the sale of potable water. Between 2009/10 and 2012/13, total revenue increased due to increased volumes of potable water sold. Over the medium term, revenue is expected to increase as a result of annual tariff increases.

The spending focus over the medium term will be on the capital infrastructure programme, maintenance and services.

Between 2009/10 and 2012/13, spending on goods and services increased due to rising raw water costs. In 2013/14, raw water costs are expected to increase by 108 per cent due to: the capital unit charge for the Spring Grove dam falling due, the cost of chemicals used to treat water increasing by 14 per cent in 2012/13, and energy costs increasing by 18 per cent due to a combination of a tariff increase and the additional pumping that will be required as demand for water increases.

Spending on interest, dividends and rent on land declined sharply between 2009/10 and 2012/13 due to repayments on interest bearing loans leading to lower outstanding balances and a reduction in interest expenditure. In the outer two years of the MTEF period, expenditure on interest, dividends and rent on land is projected to grow significantly due to a projected increase in interest bearing loans taken on by the entity due to the additional funding requirements for both capital and operating expenditure.

Maintenance costs increased by 20 per cent in 2011/12 due to major renewals undertaken in the entity's north coast systems. Other projected increases in costs over the medium term are the impairment costs arising from the social component of infrastructure projects. Projected expenditure over this period will be on bulk infrastructure development, which comprises water and wastewater management.

The entity expects to achieve strong operating cash flows in excess of R600 million per year over the medium term. Over the same period, the entity's debt to equity ratio is forecast to remain below 0.7 times. This will result in lower levels of interest paid and minimise net finance charges. The financial plan will ensure that Umgeni Water contributes to an affordable tariff, maintains optimal debt levels, and improves its return on assets by investing appropriately to enhance its shareholder value. Other initiatives include: enhancing procurement processes; assessing the effectiveness of maintenance spending; enhancing cost allocation and cost reporting systems, which will examine in greater detail the various business units' cost effectiveness and efficiencies; improving metering and billing systems by reviewing the metering process; and enhancing business controls to reduce fraud risk.

The entity has a funded establishment of 1 076 posts, of which 935 were filled at the end of September 2012. Vacancies are as a result of difficulties experienced in recruiting specialised technical expertise in the field of engineering. The ratio of support staff to line function staff was 1:17. The entity will spend R4.4 million on consultants in 2012/13, used for on-site support, analysis of chemicals, benchmarking exercises and training.

Water trading entity

Mandate and Goals

A water trading account was established in 1983 to ringfence departmental revenue collected through the sale of bulk water and related services from appropriated funds. The trading account was amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. The rationale was to create an entity that would manage the recovery of usage costs to ensure the long term sustainability of South Africa's water resources.

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

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

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

Selected performance indicators

Table 38.34 Water Trading Entity

Indicator	Past			Current	Projections		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of dam safety rehabilitation projects completed per year	21	25	30	35	41	45	49
Number of water conveyance projects rehabilitated per year	1	11	8	13	20	28	36
Percentage completion on the construction of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure) as outlined in the original and approved project implementation plan ¹	50%	72%	86%	95%	100%	– ¹	– ¹
Percentage completion on the construction of Olifants River water resources development project phase 2C (bulk distribution system) as outlined in the original and approved project implementation plan	1%	3%	5%	30%	50%	80%	95%
Percentage completion on construction of Nwamitwa dam as outlined in the original and approved project implementation plan ²	– ²	– ²	0%	8%	12%	25%	52%
Percentage completion on construction of raising Tzaneen dam as outlined in the original and approved project implementation plan ²	– ²	– ²	– ²	8%	25%	55%	100%
Percentage completion on construction of raising Clanwilliam dam wall as outlined in the original and approved project implementation plan ²	– ²	– ²	1%	8%	30%	58%	80%
Percentage completion on construction of raising Hazelmere dam wall as outlined in the original and approved project implementation plan ³	6%	28%	28%	42%	85%	100%	– ³
Percentage completion on construction of phase 1 of Mokolo River augmentation as outlined in the original and approved project implementation plan ³	1%	10%	12%	45%	95%	100%	– ³
Value of revenue generated per year to fund the refurbishment programme	R525m	R563.9m	R714.6m	R914.6mn	R848m	R898m	R1 bn

1. Project is expected to be completed by 2013/14.

2. Projects construction commenced in 2012/13.

3. These projects are expected to be completed by 2014/15.

Programmes/activities/objectives

Table 38.35 Water Trading Entity

R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
Implementation of water resources management activities	469 650	391 662	348 574	458 357	-0.8%	7.8%	477 823	496 174	513 702	3.9%	6.7%
Operations, maintenance and refurbishment of national water resources schemes	981 646	1 039 189	924 865	1 048 412	2.2%	18.2%	1 092 938	1 134 911	1 175 004	3.9%	15.2%
Implementation of new water resources infrastructure	1 303 443	4 125 582	3 671 715	4 275 353	48.6%	54.7%	4 456 927	4 628 091	4 791 586	3.9%	62.1%
Bulk water supply to strategic users	583 942	1 016 607	904 767	754 087	8.9%	14.2%	786 114	816 303	845 141	3.9%	11.0%
Implementation of dam safety projects	261 494	268 494	238 956	349 820	10.2%	5.0%	364 677	378 682	392 059	3.9%	5.1%
Total expense	3 600 175	6 841 534	6 088 877	6 886 029	24.1%	100.0%	7 178 479	7 454 162	7 717 491	3.9%	100.0%

Expenditure estimates

Table 38.36 Water Trading Entity

Statement of financial performance		Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand		2009/10	2010/11	2011/12	2012/13	2009/10 - 2012/13		2013/14	2014/15	2015/16	2012/13 - 2015/16	
Revenue												
Non-tax revenue		2 305 699	4 739 965	6 177 613	6 847 893	43.7%	79.0%	7 618 888	8 231 615	8 624 055	8.0%	79.9%
Sale of goods and services other than capital assets		2 095 732	4 661 567	6 133 127	6 794 420	48.0%	76.4%	7 562 574	8 171 922	8 561 378	8.0%	79.4%
of which:												
Sale of bulk water		2 095 732	4 661 567	6 133 127	6 794 420	48.0%	76.4%	7 562 574	8 171 922	8 561 378	8.0%	79.4%
Other non-tax revenue		209 967	78 398	44 486	53 473	-36.6%	2.6%	56 314	59 693	62 678	5.4%	0.6%
Transfers received		333 025	1 805 628	1 934 449	1 696 494	72.1%	21.0%	1 865 142	2 051 591	2 256 390	10.0%	20.1%
Total revenue		2 638 724	6 545 593	8 112 062	8 544 387	47.9%	100.0%	9 484 030	10 283 206	10 880 446	8.4%	100.0%
Expenses												
Current expenses		3 600 175	6 841 534	6 088 877	6 886 029	24.1%	100.0%	7 178 479	7 454 161	7 717 491	3.9%	100.0%
Compensation of employees		875 074	579 282	619 538	872 376	-0.1%	13.9%	909 426	944 351	977 712	3.9%	12.7%
Goods and services		1 309 799	2 786 845	2 054 566	2 428 141	22.8%	36.5%	2 531 265	2 628 475	2 721 330	3.9%	35.3%
Depreciation		1 412 199	1 898 318	2 167 035	2 275 387	17.2%	33.9%	2 372 022	2 463 118	2 550 131	3.9%	33.0%
Interest, dividends and rent on land		3 103	1 577 089	1 247 738	1 310 125	650.2%	15.7%	1 365 766	1 418 217	1 468 318	3.9%	19.0%
Total expenses		3 600 175	6 841 534	6 088 877	6 886 029	24.1%	100.0%	7 178 479	7 454 161	7 717 491	3.9%	100.0%
Surplus/(Deficit)		(961 451)	(295 941)	2 023 185	1 658 358	-219.9%		2 305 551	2 829 044	3 162 955	24.0%	
Statement of financial position												
Carrying value of assets		65 006 640	89 061 096	90 026 125	94 440 615	13.3%	95.6%	98 783 580	103 681 893	107 554 907	4.4%	95.8%
of which:												
Acquisition of assets		1 744 098	1 790 118	2 983 538	3 552 716	26.8%	2.8%	4 219 678	4 746 468	5 088 381	12.7%	4.2%
Inventory		14 709	163 363	168 377	176 627	129.0%	0.1%	185 282	194 361	203 885	4.9%	0.2%
Receivables and prepayments		2 184 524	2 758 524	3 581 057	2 362 679	2.6%	3.1%	2 478 450	2 599 894	2 727 289	4.9%	2.4%
Cash and cash equivalents		430 670	1 021 986	1 488 681	1 563 115	53.7%	1.2%	1 639 708	1 720 053	1 804 336	4.9%	1.6%
Total assets		67 636 543	93 004 969	95 264 240	98 543 037	13.4%	100.0%	103 087 021	108 196 202	112 290 417	4.4%	100.0%
Accumulated surplus/(deficit)		1 570 689	60 818 229	62 855 451	64 513 809	245.0%	49.8%	67 390 360	70 750 404	74 358 359	4.8%	65.6%
Capital and reserves		61 548 946	286 557	272 519	286 145	-83.3%	23.0%	300 166	314 874	330 303	4.9%	0.3%
Capital reserve fund		2 579 960	-	-	-	-100.0%	1.0%	-	-	-	-	-
Borrowings		-	29 780 887	29 927 670	31 424 054	-	23.8%	32 963 832	34 579 060	34 924 850	3.6%	31.7%
Finance lease		17 918	9 318	14 011	14 712	-6.4%	0.0%	15 432	16 189	16 982	4.9%	0.0%
Trade and other payables		1 582 415	661 585	578 636	607 568	27.3%	1.1%	637 339	668 568	701 328	4.9%	0.6%
Provisions		336 615	475 658	805 533	845 810	36.0%	0.7%	887 254	930 730	976 336	4.9%	0.9%
Derivatives financial instruments		-	972 735	810 420	850 941	-	0.7%	892 637	936 376	982 259	4.9%	0.9%
Total equity and liabilities		67 636 543	93 004 969	95 264 240	98 543 037	13.4%	100.0%	103 087 020	108 196 201	112 290 417	4.4%	100.0%

Personnel information

Table 38.37 Water Trading Entity

Salary level	Post status estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost ¹ of personnel posts filled/planned for on funded establishment												Number			
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)		
				2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16					
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost	Number	Cost	Unit Cost
1 - 6	4 459	-	3 710	619.5	0.2	4 459	872.4	0.2	4 459	909.4	0.2	4 459	944.4	0.2	4 459	977.7	0.2	-	100.0%
7 - 10	2 828	-	2 507	178.7	0.1	2 828	251.6	0.1	2 828	262.2	0.1	2 828	272.3	0.1	2 828	281.9	0.1	-	63.4%
11 - 12	1 326	-	987	325.3	0.3	1 326	458.1	0.3	1 326	477.6	0.4	1 326	495.9	0.4	1 326	513.4	0.4	-	29.7%
13 - 16	278	-	196	99.6	0.5	278	140.2	0.5	278	146.2	0.5	278	151.8	0.5	278	157.2	0.6	-	6.2%
	27	-	20	16.0	0.8	27	22.5	0.8	27	23.4	0.9	27	24.3	0.9	27	25.2	0.9	-	0.6%

1. Rand million.

Expenditure trends

Revenue for the water trading entity is generated from raw water charges and transfers from the department. The increase in revenue between 2009/10 and 2012/13 relates to the annual tariff adjustment, the increase in the sale of raw water and related services, and the significant increase in transfers the entity has received from the department, starting in 2010/11. Over the medium term, total revenue is expected to increase due to the completion of dams and bulk distribution systems, increasing the availability of water and, as a result, the amount of water sold.

The spending focus over the MTEF period is on the development of new water infrastructure and the operation, the maintenance and refurbishment of existing water resources infrastructure. This focus is reflected in the implementation of the De Hoop dam's bulk distribution (phases 2B, 2C and 2D), which also accounts for the increased projected expenditure on Nwamitwa, Clanwilliam and Hazelmere dams over the medium term.

The growth in spending on goods and services between 2009/10 and 2012/13 was mainly due to expenditure on contractors, repairs and maintenance relating to the provision and the operation of water infrastructure. Expenditure on new water infrastructure is expected to fast track the completion of the De Hoop dam; the raising of the Tzaneen, Clanwilliam and Hazelmere dam walls and phase 1 of the Mokolo augmentation project. This will take the value of assets on the entity's balance sheet to R112.3 billion in 2015/16.

The decline in expenditure in compensation of employees in 2010/11 relates to business engineering review processes, as positions could not be filled until the process was completed. Expenditure on compensation of employees increased by 40.8 per cent in 2012/13 due to the filling of vacant technical positions.

Over the medium term, the department and the water trading entity will implement a recovery plan to improve the management of the entity's assets 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.

The entity has an approved establishment of 4 459 posts, all of which are filled. Personnel numbers are expected to remain at this level over the medium term. The ratio of support staff to line function staff is 1:2.3. Consultants are mainly used for project and contract management, engineering design and services, and construction monitoring.

The increased expenditure on goods and services between 2009/10 and 2012/13 is as a result of the growth in the construction of water infrastructure projects. Over the medium term, expenditure on interest, dividends and rent on land is expected to increase due to: higher royalty fees to be paid to the government of Lesotho for water delivered to South Africa, and the payment of interest on debt not capitalised during construction projects.

Breede-Overberg Catchment Management Agency

Mandate and goals

The Breede-Overberg Catchment Management Agency was established in terms of the National Water Act (1998) and is a schedule 3A public entity. It manages water resources through continuous engagement with all stakeholders and devolves decision making to the lowest level for the benefit of all water users in the Breede-Overberg water management area, and ensures that water is used to support equitable and sustainable socioeconomic transformation and development.

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

- provide water resource planning and water use management
- facilitate institutional engagement; ensure water allocation reform and resource protection
- provide information systems and strategic support including finance, human resources, public relations, communications and administration.

Selected performance indicators

Table 38.38 Breede-Overberg Catchment Management Agency

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of completed water use registration forms per year ¹	Water resource planning	- ¹	20	48	60	60	60	60
Number of audit reports of effluent complying with minimum standards per year ¹	Water use management	- ¹	100	140	140	140	140	140
Number of water use licences processed per year	Water use management	10	10	10	16	16	16	16
Number of water resources monitoring and licences processed with relevant water use conditions per year	Water use management	16	16	16	16	16	16	16

1. The indicator only started being measured from 2010/11.

Programmes/activities/objectives

Table 38.39 Breede-Overberg Catchment Management Agency

R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
Institutions and participation	-	1 850	1 611	2 828	-	9.6%	2 945	3 279	3 809	10.4%	13.9%
Water use management	998	1 744	2 512	4 307	62.8%	16.0%	6 269	6 151	6 421	14.2%	24.9%
Water resource planning	1 430	3 000	4 501	4 229	43.5%	22.7%	6 683	6 520	6 806	17.2%	26.0%
Other objectives	5 186	6 940	7 596	7 776	10.0%	51.7%	8 028	8 330	8 109	11.5%	32.7%
Total expense	7 614	13 534	16 220	19 140	36.0%	100.0%	23 925	24 280	25 145	9.5%	100.0%

Expenditure estimates

Table 38.40 Breede-Overberg Catchment Management Agency

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
Revenue											
Non-tax revenue	328	427	507	-	-100.0%	2.0%	300	241	-	-	0.6%
<i>Other non-tax revenue</i>	328	427	507	-	-100.0%	2.0%	300	241	-	-	0.6%
Transfers received	11 000	17 435	18 093	19 140	20.3%	98.0%	23 625	24 039	25 145	9.5%	99.4%
Total revenue	11 328	17 862	18 600	19 140	19.1%	100.0%	23 925	24 280	25 145	9.5%	100.0%
Expenses											
Current expenses	7 614	13 472	15 309	17 927	33.0%	96.9%	22 516	22 780	23 645	9.7%	93.9%
Compensation of employees	3 482	6 000	8 010	11 597	49.3%	50.0%	11 883	12 513	14 903	8.7%	55.3%
Goods and services	3 412	6 404	5 916	5 028	13.8%	38.7%	8 644	8 356	8 028	16.9%	32.2%
Depreciation	214	530	877	781	54.0%	4.1%	1 391	1 287	714	-2.9%	4.5%
Interest, dividends and rent on land	506	538	506	521	1.0%	4.1%	598	624	-	-100.0%	1.9%
Transfers and subsidies	-	62	911	1 213	-	3.1%	1 409	1 500	1 500	7.3%	6.1%
Total expenses	7 614	13 534	16 220	19 140	36.0%	100.0%	23 925	24 280	25 145	9.5%	100.0%
Surplus/(Deficit)	3 714	4 328	2 380	-	-100.0%		-	-	-	-	
Statement of financial position											
Carrying value of assets	1 691	2 090	1 729	2 629	15.8%	21.9%	2 443	2 865	2 987	4.3%	20.6%
<i>of which:</i>											
<i>Acquisition of assets</i>	1 463	937	542	1 384	-1.8%	13.1%	1 397	1 453	1 350	-0.8%	10.5%
Receivables and prepayments	35	35	35	35	-	0.4%	35	35	35	-	0.3%
Cash and cash equivalents	3 528	7 953	10 698	9 974	41.4%	77.7%	10 236	10 885	10 885	3.0%	79.2%
Total assets	5 254	10 078	12 462	12 638	34.0%	100.0%	12 714	13 785	13 907	3.2%	100.0%
Accumulated surplus/(deficit)	4 640	8 968	11 348	11 348	34.7%	89.5%	11 348	11 348	11 348	-	85.7%
Trade and other payables	568	881	1 087	1 255	30.2%	9.6%	1 329	1 837	1 837	13.5%	11.7%
Provisions	46	229	27	35	-8.7%	0.9%	37	600	722	174.2%	2.5%
Total equity and liabilities	5 254	10 078	12 462	12 638	34.0%	100.0%	12 714	13 785	13 907	3.2%	100.0%

Personnel Information

Table 38.41 Breede-Overberg Catchment Management Agency

Salary level	Post status estimated for 31 March 2013		Number and cost ¹ of personnel posts filled/planned for on funded establishment													Number			
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12			2012/13			2013/14		2014/15		2015/16						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
	41	13	24	8.0	0.3	28	11.6	0.4	34	11.9	0.3	34	12.5	0.4	40	14.9	0.4	12.6%	100.0%
1 – 6	7	4	2	0.3	0.1	3	0.6	0.2	5	0.8	0.2	5	0.8	0.2	7	1.3	0.2	32.6%	14.4%
7 – 10	22	5	16	4.0	0.2	17	5.3	0.3	20	6.0	0.3	20	6.3	0.3	22	7.4	0.3	9.0%	58.3%
11 – 12	3	–	3	1.8	0.6	3	2.1	0.7	3	2.2	0.7	3	2.3	0.8	3	2.5	0.8	–	9.0%
13 – 16	3	–	3	1.9	0.6	3	3.2	1.1	2	2.1	1.0	2	2.2	1.1	2	2.3	1.2	-12.6%	6.9%
17 – 22	6	4	–	–	–	2	0.4	0.2	4	0.8	0.2	4	0.9	0.2	6	1.4	0.2	44.2%	11.4%

1. Rand million.

Expenditure trends

The Breede-Overberg Catchment Management Agency's only source of funding is a direct grant from the department. The agency is currently working on a plan to enhance revenue collection so that it can reduce reliance on the grant.

The spending focus over the medium term will be on activities related to water use management and water resources planning to contribute towards improved catchment management.

The agency has a funded establishment of 41 posts, of which 13 were vacant as at 30 September 2012. The vacant posts will only be filled once the Department of Water Affairs has delegated all functions in line with the National Water Act (1998) for the establishment of the agency. Personnel numbers are expected to increase to 40 in 2015/16 as the agency fills vacancies. The total spent on consultants in 2012/13 was R2.7 million. Consultants are used mainly for verification and validation of water use in the agency's area of jurisdiction.

Inkomati Catchment Management Agency

Mandate and goals

The Inkomati Catchment Management Agency was established in terms of the National Water Act (1998) and is a schedule 3A public entity. It manages water resources through continuous engagement with all stakeholders and devolves decision making to the lowest level for the benefit of all water users in the Inkomati water management area, and ensures that water is used to support equitable and sustainable socioeconomic transformation and development.

The agency's strategic goals over the medium term are to: provide water resource planning and water use management; facilitate institutional engagement; ensure water allocation reform and resource protection; and provide information systems and strategic support including finance, human resources, public relations, communications and administration.

Selected performance indicators

Table 38.42 Inkomati Catchment Management Agency

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of licence applications processed and recommended to the Department of Water Affairs per year	Ensure effective and efficient management of water resources	–	12	12	12	12	13	13

Programmes/activities/objectives

Table 38.43 Inkomati Catchment Management Agency

	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12		2009/10	2012/13	2013/14	2014/15	2015/16		
R thousand				2012/13	2009/10	2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16	
Ensure effective and efficient management of water resources	830	978	2 703	10 539	133.3%	10.8%	11 166	11 403	11 465	2.8%	22.1%
Ensure integrated planning and operation of systems	1 503	1 792	5 937	8 792	80.2%	15.4%	9 321	9 816	10 380	5.7%	18.9%
Promote and pursue an international development agenda	1 470	1 753	861	1 568	2.2%	7.0%	1 662	1 757	1 860	5.9%	3.4%
Promote knowledge generation and distribution	3 433	4 105	4 921	6 535	23.9%	20.5%	6 941	7 329	7 760	5.9%	14.1%
Ensure effective and efficient management of the agency's resources	6 290	7 500	13 129	22 040	51.9%	46.3%	19 512	20 558	21 734	-0.5%	41.5%
Total expense	13 526	16 128	27 551	49 474	54.1%	100.0%	48 602	50 863	53 199	2.4%	100.0%

Expenditure estimates

Table 38.44 Inkomati Catchment Management Agency

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12		2009/10	2012/13	2013/14	2014/15	2015/16		
R thousand				2012/13	2009/10	2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16	
Revenue											
Non-tax revenue	-	-	588	-	-	0.4%	20 388	19 953	20 867	-	30.1%
Sale of goods and services other than capital assets	-	-	-	-	-	-	20 388	19 953	20 867	-	30.1%
of which:											
Administrative fees	-	-	-	-	-	-	20 388	19 953	20 867	-	30.1%
Other non-tax revenue	-	-	588	-	-	0.4%	-	-	-	-	-
Transfers received	20 958	28 193	34 767	49 474	33.2%	99.6%	28 214	30 910	32 332	- 13.2%	69.9%
Total revenue	20 958	28 193	35 355	49 474	33.2%	100.0%	48 602	50 863	53 199	2.4%	100.0%
Expenses											
Current expenses	13 526	16 128	27 551	49 474	54.1%	100.0%	48 602	50 863	53 199	2.4%	100.0%
Compensation of employees	8 256	10 339	13 637	28 417	51.0%	58.0%	26 580	28 131	29 819	1.6%	55.9%
Goods and services	4 851	5 305	13 230	20 992	63.0%	39.8%	21 953	22 660	23 304	3.5%	44.0%
Depreciation	363	456	648	-	- 100.0%	2.0%	-	-	-	-	-
Interest, dividends and rent on land	56	28	36	65	5.1%	0.2%	69	72	76	5.3%	0.1%
Total expenses	13 526	16 128	27 551	49 474	54.1%	100.0%	48 602	50 863	53 199	2.4%	100.0%
Surplus/(Deficit)	7 432	12 065	7 804	-	- 100.0%		-	-	-	-	
Statement of financial position											
Carrying value of assets	594	1 487	2 538	4 362	94.4%	9.4%	5 643	6 876	8 177	23.3%	20.8%
of which:											
Acquisition of assets	48	1 349	1 696	1 824	236.2%	4.8%	1 281	1 233	1 301	- 10.7%	4.7%
Investments	32	-	196	196	83.0%	0.4%	196	196	196	-	0.7%
Receivables and prepayments	3 428	73	125	132	- 66.2%	10.6%	139	146	154	5.3%	0.5%
Cash and cash equivalents	4 232	18 119	27 224	25 619	82.3%	79.5%	24 164	22 628	21 578	- 5.6%	78.0%
Total assets	8 286	19 679	30 083	30 309	54.1%	100.0%	30 142	29 846	30 105	- 0.2%	100.0%
Accumulated surplus/(deficit)	6 105	18 171	25 975	25 975	62.0%	84.5%	25 975	25 975	25 975	-	86.3%
Capital and reserves	-	-	-	25	-	0.0%	50	75	101	59.3%	0.2%
Borrowings	34	118	109	100	43.3%	0.4%	91	82	73	- 10.0%	0.3%
Trade and other payables	1 909	1 014	3 604	3 795	25.7%	13.2%	3 593	3 262	3 485	- 2.8%	11.7%
Provisions	238	376	395	414	20.3%	1.9%	433	452	471	4.4%	1.5%
Total equity and liabilities	8 286	19 679	30 083	30 309	54.1%	100.0%	30 142	29 846	30 105	- 0.2%	100.0%

Personnel information

Table 38.45 Inkomati Catchment Management Agency

Salary level	Post status estimated for 31 March 2013		Number and cost ¹ of personnel posts filled/planned for on funded establishment															Number	
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2011/12			2012/13			2013/14			2014/15			2015/16				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	58	22	39	13.0	0.3	36	28.4	0.8	58	26.5	0.5	58	28.1	0.5	58	29.8	0.5	17.2%	100.0%
1 – 6	2	–	3	0.8	0.3	2	0.6	0.3	2	0.6	0.3	2	0.7	0.3	2	0.7	0.3	–	4.0%
7 – 10	30	11	20	3.5	0.2	19	9.1	0.5	30	9.6	0.3	30	10.2	0.3	30	10.8	0.4	16.4%	52.0%
11 – 12	16	8	11	4.0	0.4	8	9.8	1.2	16	6.8	0.4	16	7.2	0.4	16	7.6	0.5	26.0%	26.2%
13 – 16	10	3	5	4.7	0.9	7	8.9	1.3	10	9.5	0.9	10	10.0	1.0	10	10.6	1.1	12.6%	17.8%

1. Rand million.

Expenditure trends

The Inkomati Catchment Management Agency's only source of revenue is a direct grant from the department. The agency is currently working on a plan to enhance revenue collection so that it can reduce reliance on the grant.

The spending focus over the medium term will be on activities related to water use management and water resource planning to contribute towards improved catchment management.

The agency has a funded establishment of 58 posts, of which 22 were vacant as 30 September 2012. These vacancies are expected to be filled in 2013/14 and personnel numbers will remain at this level in 2014/15 and 2015/16. The total spent on consultants in 2012/13 was R1.9 million. Consultants are used to carry out verification and validation projects, short and long term decision support projects, the river health programme, bio-monitoring support and the installation of water meters.

Water Research Commission

Mandate and Goals

The Water Research Commission was established in terms of the Water Research Act (1971). The commission is mandated to conduct water research by means of establishing needs and priorities for research, stimulating and funding water research, promoting the 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.

The commission's strategic goals over the medium term are to focus on research projects in the following four areas: water resources management, which pays particular attention to research projects on water resources assessments and development, impacts on water resources, the protection of water resources, and policy and institutional arrangements; water linked ecosystems, which focuses 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, wood and timber production, poverty reduction and wealth creation, and resource protection and reclamation.

Selected performance indicators

Table 38.46 Water Research Commission

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of research projects managed per year	Knowledge management	284	328	330	338	345	350	355
Research ratio (measured as research funding and support as a percentage of total income):	Financial management							
- Actual ¹		74%	73%	74%	- ¹	- ¹	- ¹	- ¹
- Target		74%	73%	75%	75%	75%	75%	75%
Number of students financially supported (including historically disadvantaged students):	Knowledge management							
- Actual ¹		562	400	506	- ¹	- ¹	- ¹	- ¹
- Target		400	400	400	400	400	400	400
High quality budget planning and reporting (measured as the percentage of deviation between actual and budget at year-end, excellent target = 10%):	Financial management							
- Actual ¹		10%	7%	6%	- ¹	- ¹	- ¹	- ¹
- Target		10%	10%	10%	10%	10%	10%	10%
Number of Historically disadvantaged students financially supported:	Knowledge management							
- Actual ¹		348	240	240	- ¹	- ¹	- ¹	- ¹
- Target		240	240	240	240	240	240	240

1. Actual numbers are only available a year later.

Programmes/Activities/Objectives

Table 38.47 Water Research Commission

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
R thousand											
Human resources and administration	8 986	27 364	7 690	15 474	19.9%	8.6%	16 134	16 928	17 724	4.6%	8.2%
Financial management	9 366	7 536	6 960	8 333	-3.8%	4.7%	7 434	7 801	8 233	-0.4%	4.0%
Water resources management research	38 043	42 261	47 828	42 573	3.8%	24.5%	44 771	47 018	49 345	5.0%	22.8%
Water use and waste management research	41 795	34 564	49 937	47 306	4.2%	24.8%	50 968	56 330	57 731	6.9%	26.4%
Water linked ecosystems	25 686	22 120	26 675	23 468	-3.0%	14.1%	24 633	26 042	27 517	5.4%	12.6%
Water use in agriculture research	24 389	22 670	31 230	32 511	10.1%	15.8%	34 791	36 396	38 367	5.7%	17.7%
Knowledge management	11 609	11 135	14 202	16 197	11.7%	7.6%	15 939	16 705	17 474	2.6%	8.3%
Total expense	159 874	167 650	184 522	185 862	5.1%	100.0%	194 670	207 220	216 391	5.2%	100.0%

Expenditure estimates

Table 38.48 Water Research Commission

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
R thousand											
Revenue											
Non-tax revenue	158 400	161 417	180 727	185 862	5.5%	100.0%	194 670	207 220	216 391	5.2%	100.0%
Sale of goods and services other than capital assets	151 700	157 570	176 497	180 362	5.9%	97.0%	189 060	201 498	210 554	5.3%	97.2%
of which:											
Water research levies	151 700	157 570	176 497	180 362	5.9%	97.0%	189 060	201 498	210 554	5.3%	97.2%
Other non-tax revenue	6 700	3 847	4 230	5 500	-6.4%	3.0%	5 610	5 722	5 837	2.0%	2.8%
Total revenue	158 400	161 417	180 727	185 862	5.5%	100.0%	194 670	207 220	216 391	5.2%	100.0%

Table 38.48 Water Research Commission (continued)

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)			
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14			2014/15	2015/16	2012/13 - 2015/16
	R thousand													
Expenses														
Current expenses	159 874	167 650	184 522	185 862	5.1%	100.0%	194 670	207 220	216 391	5.2%	100.0%			
Compensation of employees	33 405	32 472	33 235	35 119	1.7%	19.3%	37 486	39 916	42 304	6.4%	19.2%			
Goods and services	124 204	133 862	150 004	149 616	6.4%	79.8%	156 047	166 177	172 906	4.9%	80.2%			
Depreciation	1 100	1 070	1 084	940	-5.1%	0.6%	940	920	964	0.8%	0.5%			
Interest, dividends and rent on land	1 165	246	199	187	-45.7%	0.3%	197	207	217	5.1%	0.1%			
Total expenses	159 874	167 650	184 522	185 862	5.1%	100.0%	194 670	207 220	216 391	5.2%	100.0%			
Surplus/(Deficit)	(1 474)	(6 233)	(3 795)	-	-100.0%		-	-	-	-				
Statement of financial position														
Carrying value of assets	14 523	14 274	13 584	13 200	-3.1%	9.5%	12 834	12 506	12 154	-2.7%	9.9%			
<i>of which:</i>														
Acquisition of assets	2 224	821	440	1 829	-6.3%	0.9%	574	592	612	-30.6%	0.7%			
Investments	48 743	6 594	7 522	6 800	-48.1%	10.9%	6 900	6 900	7 000	1.0%	5.4%			
Receivables and prepayments	37 804	23 473	32 277	33 300	-4.1%	21.7%	34 300	35 300	36 300	2.9%	27.3%			
Cash and cash equivalents	68 944	96 774	93 040	76 209	3.4%	57.9%	73 734	72 016	70 424	-2.6%	57.3%			
Derivatives financial instruments	-	32	-	-	-	0.0%	-	-	-	-	-			
Total assets	170 014	141 147	146 423	129 509	-8.7%	100.0%	127 768	126 722	125 878	-0.9%	100.0%			
Accumulated surplus/(deficit)	76 433	70 132	66 337	66 337	-4.6%	47.8%	66 337	66 337	66 337	-	52.0%			
Capital and reserves	22 349	24 404	25 347	24 830	3.6%	16.7%	24 831	24 285	24 785	-0.1%	19.4%			
Finance lease	1 236	1 316	747	1 000	-6.8%	0.7%	800	1 200	1 000	-	0.8%			
Trade and other payables	34 592	38 399	47 191	34 642	0.0%	26.6%	33 000	32 000	30 856	-3.8%	25.6%			
Provisions	35 404	6 896	6 992	2 700	-57.6%	8.1%	2 800	2 900	2 900	2.4%	2.2%			
Total equity and liabilities	170 014	141 147	146 614	129 509	-8.7%	100.0%	127 768	126 722	125 878	-0.9%	100.0%			

Personnel information**Table 38.49 Water Research Commission**

Salary level	Post status estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost ¹ of personnel posts filled/planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2011/12		Unit Cost	2012/13		Unit Cost	2013/14		2014/15		2015/16						
				Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost	Number	Cost			
	58	-		58	33.2	0.6	58	35.1	0.6	59	37.5	0.6	59	39.9	0.7	59	42.3	0.7	0.6%	100.0%
1-6	5	-		5	0.6	0.1	5	0.7	0.1	5	0.8	0.2	5	0.8	0.2	5	0.9	0.2	-	8.5%
7-10	13	-		13	3.4	0.3	13	3.5	0.3	13	3.7	0.3	13	3.9	0.3	13	4.1	0.3	-	22.1%
11-12	21	-		21	9.4	0.4	21	9.6	0.5	21	10.2	0.5	21	10.7	0.5	21	11.3	0.5	-	35.7%
13-16	18	-		18	18.1	1.0	18	19.5	1.1	19	21.0	1.1	19	22.5	1.2	19	23.9	1.3	1.8%	31.9%
17-22	1	-		1	1.7	1.7	1	1.8	1.8	1	1.9	1.9	1	2.0	2.0	1	2.1	2.1	-	1.7%

1. R million.

Expenditure trends

The Water Research Commission has two primary sources of income: the water research levy, receivable in terms of the Water Research Act (1971); and income received from research projects conducted on behalf of government departments. The water research levy accounted for 84.1 per cent of total revenue in 2011/12.

The commission's primary function is to fund and review research into water and water related issues. Its spending focus over the medium term will be on funding this research and compensating personnel to review the research, which accounts for the expected increase in expenditure on compensation of employees.

The increase in spending between 2009/10 and 2012/13 was due to the increase in the number of research projects undertaken. Total expenditure is expected to continue to increase in 2013/14 due to a further increase in the number of research projects undertaken and the size of the projects. This may be impacted on by the multi-year nature of the research projects, of which several projects take up to three years to complete.

The commission has a funded establishment of 58 posts, all of which were filled as at 30 September 2012. Personnel numbers are expected to remain at this level over the medium term. The spent R900 000 on consultants in 2012/13, who were used to effect actuarial valuations of retirement funds, provide internet and network support, and review annual financial statements for compliance with generally recognised accounting practice.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2011/12		2011/12	2012/13			2012/13
Administration	862 122	869 065	781 491	883 128	(18 126)	865 002	865 002
Water Sector Management	718 726	599 151	511 807	508 859	(54 572)	454 287	454 287
Water Infrastructure Management	2 607 963	2 384 963	2 384 020	2 273 496	(22 000)	2 251 496	2 137 496
Regional Implementation and Support	5 608 933	5 036 659	4 375 501	5 006 682	276 974	5 283 656	5 153 656
Water Sector Regulation	112 370	112 370	91 153	114 683	(4 440)	110 243	110 243
International Water Cooperation	26 111	26 111	20 934	25 813	2 665	28 478	28 478
Total	9 936 225	9 028 319	8 164 906	8 812 661	180 501	8 993 162	8 749 162
Economic classification							
Current payments	4 005 157	2 919 301	2 281 446	2 636 027	(164 818)	2 471 209	2 471 209
Compensation of employees	1 195 422	1 095 615	922 832	1 084 183	(25 919)	1 058 264	1 058 264
Goods and services	2 809 735	1 822 958	1 354 657	1 549 939	(139 435)	1 410 504	1 410 504
Interest and rent on land	–	728	3 957	1 905	536	2 441	2 441
Transfers and subsidies	3 767 153	3 512 408	3 486 085	2 913 420	(3 989)	2 909 431	2 795 431
Provinces and municipalities	1 011 515	993 066	992 475	562 556	–	562 556	562 556
Departmental agencies and accounts	2 503 542	2 280 542	2 259 019	2 144 442	(4 000)	2 140 442	2 026 442
Foreign governments and international organisations	180 600	180 600	179 738	180 625	–	180 625	180 625
Households	71 496	58 200	54 853	25 797	11	25 808	25 808
Payments for capital assets	2 163 915	2 596 610	2 371 929	3 263 214	349 308	3 612 522	3 482 522
Buildings and other fixed structures	2 088 564	2 509 222	2 285 167	3 171 454	341 204	3 512 658	3 382 658
Machinery and equipment	60 646	72 683	66 629	68 513	16 156	84 669	84 669
Software and other intangible assets	14 705	14 705	20 133	23 247	(8 052)	15 195	15 195
Payments for financial assets	–	–	25 446	–	–	–	–
Total	9 936 225	9 028 319	8 164 906	8 812 661	180 501	8 993 162	8 749 162

Table 38.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Compensation of employees (R thousand)	820 022	905 976	922 832	1 058 264	1 227 209	1 317 747	1 383 700
Training expenditure (R thousand)	50 597	56 730	31 200	31 844	30 260	31 832	33 767
Training spend as percentage of compensation	6.2%	6.3%	3.4%	3.0%	2.5%	2.4%	2.4%
Total number trained (headcount)	2 927	194	5 088	–			
<i>of which:</i>							
Employees receiving bursaries (headcount)	276	100	100	192			
Learnerships (headcount)	–	62	–	–			
Internships (headcount)	32	33	–	–			
Households receiving bursaries (R thousand)	14 819	2 000	11 900	1 200	12 660	13 293	13 904
Households receiving bursaries (headcount)	195	145	–	–			

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

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Conditional grants to municipalities							
Regional Implementation and Support							
Water services operating subsidy grant (Capital)	848 736	664 273	542 345	562 434	420 945	449 558	470 239
Municipal drought relief	53 700	320 357	–	–	–	–	–
Drought relief grant	–	–	450 000	–	–	–	–
Municipal water infrastructure grant	–	–	–	–	602 965	1 058 976	2 671 934
Total	902 436	984 630	992 345	562 434	1 023 910	1 508 534	3 142 173

1. Detail provided in the Division of Revenue Act (2013).

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 2012/13	Medium-term expenditure estimate		
			2013/14	2014/15	2015/16
R thousand					
Projects signed in terms of Treasury Regulation 16	535 060	100 689	94 400	-	-
Public private partnership unitary charge ¹	535 060	100 689	94 400	-	-
Total	535 060	100 689	94 400	-	-

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	Provisioning of fleet management services to the Department of Transport
Brief description	Monthly hiring of long term and short term vehicles
Date public private partnership agreement was signed	14 November 2006 with Department of Transport
Duration of public private partnership agreement	5 years starting on 14 November 2006
Escalation index for unitary fee	Based on annual consumer price index revised every year on 14 November

Table 38.E Summary of donor funding

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
							2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
R thousand													
Foreign In cash													
European Union	Water and sanitation services (Masimbambane)	Regional Implementation and Support	3 years	1 079 754	Goods and services	Close collaboration with the Department of Cooperative Governance and Traditional Affairs to support delivery. Increased effort by sector partners to fast track procurement, service delivery and build capacity for sustainable services	264 363	86 807	256 072	59 880	-	-	-
European Union	South African Development Community hydrological cycle observing systems (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	1 838	-	-	-	-	-	-
Finland	Working for Water programme	Regional Implementation and Support	3 years	21 589	Goods and services	Non-profit organisation work on Vulindela skills projects	169	-	-	-	-	-	-
Ireland	Water and sanitation services	Regional Implementation and Support	5 years	237 593	Goods and services	Interactive video to induct new councillors	45 410	6 329	-	-	-	-	-
Ireland	Specific projects identified by Irish Aid to ensure that sustainable water and sanitation to all citizens is realized	Regional Implementation and Support	5 years	4 832	Goods and services	As decided between Water Research Commission and Irish Aid	-	-	2 832	2 000	-	-	-
Denmark	Community water supply and sanitation	Regional Implementation and Support	6 yaers	52 205	Goods and services	Create awareness and enable communities to implement projects that protect, use, develop, conserve, manage and control water resources	13 547	-	-	-	-	-	-
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	200	-	-	-	-	-	-
In kind													
Japan International Co-operation agency	Assist municipalities in monitoring drinking water by donating instruments and providing training in Tokyo	International Water Cooperation	2 year	385	Goods and services	Assist municipalities in monitoring drinking water by donating instruments and providing training in Tokyo	-	-	385	-	-	-	-
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 Kimilolo due to increase in size of pumps, change pumps and motors, and general aid	-	5 000	35 000	20 000	-	-	-
African Renaissance	Support to the Katanga province in the Democratic Republic of the Congo in post-conflict reconstruction of the urban water sector	International Water Cooperation	6 years	35 000	Departmental agencies and accounts	Construction of roads and storm water 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	6 600	-	-	-
Total				1 590 155			325 527	98 136	316 289	88 480	-	-	-

Table 38.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand										
Departmental infrastructure										
Sedibeng bulk regional sewerage scheme: Sebokeng and Meyerton wastewater treatment works	Extension of wastewater treatment works	Tender	1 456 000	–	–	31 298	48 000	140 000	200 000	280 000
Sedibeng bulk regional sewerage scheme: Sebokeng and Meyerton wastewater treatment works	New Sedibeng regional sanitation scheme proposed	Design	2 400 000	20 154	18 800	5 244	–	–	20 000	15 000
Bulk water supply: Various projects	Abstraction points: Abstraction works, pump stations and rising mains. Water treatment works: treatment facility, raw water reservoirs and clear water reservoirs. King Sabata Dalindyebo district: pump station; command reservoirs and bulk pipelines. Naledi local municipality: pump stations, command reservoirs and bulk pipelines	Construction	2 705 000	1 687	–	614	40 405	200 000	300 000	350 000
De Hoop: Greater Sekhukhune district municipality regional bulk water and wastewater infrastructure Vaal Gamagara scheme	Reservoirs, booster pump station, rising mains of different sizes, gravity mains of different sizes	Feasibility	2 088 000	–	–	–	66 000	266 311	396 084	400 000
	Upgrade of existing pipeline, water treatment works, reservoirs and pump stations	Construction	2 000 000	1 800	–	9 415	20 000	30 500	40 000	53 800
Nandoni: Water treatment works and distribution	Supply of water to Vhembe district municipality	Construction	2 012 000	–	151 620	–	125 027	142 394	15 000	–
Mogalakwena bulk water supply	Refurbishment of 19 boreholes at Planknek well field. Equipping of two new boreholes at Planknek well field. Construction of bulk pipeline from Fothane to Sekuruwe. Construction of bulk pipeline to link the well field with raw water pipeline.	Construction	1 530 000	27 572	64 298	80 000	90 000	60 000	84 000	141 500
Nebo bulk water supply	Construction of steel pipe, pump stations, reservoir and water treatment works to supply water to several communities around GaMasha, Ngwaritsi, Vergelegen, Mid Ngwaritsi, Lepellane, Nkadimeng, Schoonoord, Eerstegeluk, Spitskop, Mahlangu, Sephaku, Zaaiplaats, Kalkfontein, Piet Gouws West and Piet Gouws East	Construction	1 350 000	28 000	19 432	20 982	30 000	40 000	40 000	80 000
Magalies Water to Waterberg	Regional water scheme: New water treatment works at the Klipvoor dam in North West and additional pipelines. This project must also serve the Moretele West area	Feasibility	1 891 000	787	–	–	–	–	–	–
Ndlambe bulk water supply	Construction of bulk pipeline from Grahamstown to Port Alfred and all coastal towns and reservoirs in each coastal town. Upgrading of the water treatment works in Grahamstown to meet the requirements of the Ndlambe municipality. Drawing water from Glen Melville dam	Construction	879 000	–	–	31 926	40 531	58 006	143 464	128 000
Mbizana regional bulk water supply	Phase 1: raw water supply system including the proposed Ludeke dam, raw water pump station and raw water rising main pipeline; 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	34 331	35 864	85 674	50 000	59 300	60 000	49 688
Westonaria/Randfontein regional bulk wastewater treatment works	Upgrading and extension of the Hannes van Niekerk wastewater treatment plant	Construction	266 000	7 759	24 125	44 918	150 000	71 000	–	–

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

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
R thousand										
Departmental infrastructure										
Westonaria/Randfontein regional bulk wastewater treatment works	Provide additional sewage treatment capacity by 2020. Preferred alternative comprises the upgrade and extension of the Hannes van Niekerk wastewater treatment plant to cater for the western areas of the Westonaria local municipality	Design	621 520	-	-	-	-	-	67 700	60 000
Western Highveld regional bulk water supply	Refurbishment of the Bronkhorstspuit water treatment works to ensure more supply into the western Highveld scheme	Construction	486 000	1 000	12 425	30 000	20 000	30 000	50 000	-
Pongolapoort bulk water scheme	Supply water from Jozini in the south to the boundaries of the Shemula water supply scheme to the north, supplying Ingvavuma and its surrounds in the north: Package treatment plant, bulk mains, pump stations and reservoirs	Construction	674 004	-	-	5 404	43 200	179 017	350 000	90 000
Greater Mthonjaneni phases 1 to 3 bulk water supply	Water treatment works, reservoir, pump stations, booster pump stations and rising main	Construction	668 849	1 213	4 743	22 977	35 000	35 000	150 000	330 000
Ngcebo regional bulk water supply	Ilembe district municipality's Ngcebo 3 bulk water supply scheme, provide potable water to the rapidly developing north coast area of KwaZulu-Natal	Construction	682 610	-	12 730	37 300	100 000	80 000	90 000	81 166
Umgeni Water Board: Lower Thukela bulk water supply scheme	Abstraction works with a weir in the lower Thukela River near the town of Mandini, with an adjacent low lift pump station, transfer to treatment works located above the banks of the river, pumped via a high lift pump station and a rising main pipeline to a command reservoir a short distance away, feed a gravity main pipeline which discharges this water into the Mvoti reservoir at KwaDukuza in addition to a number of off take points along the way	Construction	965 000	-	-	-	38 565	50 000	200 000	300 000
Umshwathi bulk water supply scheme	Phase 1: steel pipeline from Claridge to Wartburg, booster pump station and reservoir. Phase 2: steel pipeline from Wartburg to Dalton, pump station and reservoir. Phase 3: pipeline from Dalton to Efaye take off, steel pipeline from Efaye take off to Ozwathini, steel pipeline from Efate take off to Nadi reservoir, booster pump stations	Tender	747 840	-	-	-	-	-	-	-
Mooihoek/Tubatse bulk water supply	Augmentation of surface water from the Steelpoort River to villages and towns in the Greater Tubatse municipality: Steel pipe, reservoirs, gravity mains, treatment plants	Construction	807 000	22 514	13 000	48 000	40 000	35 000	43 000	80 000
Lebalelo central and north regional water supply	Supply water to 22 200 people: Raw water obtained from the Lebalelo pipeline, purified at Mooihoek and distributed to Lebalelo south, central and north including 6 villages and Mafolo Park residential and commercial development, comprising 5 719 units	Feasibility	600 000	428	-	-	-	-	-	-
Makhado West regional bulk water supply	Augmentation of bulk water supply to the Makhado West area	Feasibility	841 000	1 849	-	-	-	-	-	-
Matoks bulk water supply	Supply water 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	595	-	-	-	-	-	-
Nwamitwa bulk water supply	Supply water to 244 500 people in 47 941 households: Regional water supply scheme covers the rural area between the Groot Letaba and Molototsi rivers, proposed that the Nkambaku water treatment works be upgraded and extended, and pipelines be constructed to 4 major command reservoirs	Feasibility	644 000	720	-	-	-	-	-	-

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

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
R thousand										
Departmental infrastructure										
Nzhelele Valley bulk water supply	Supply water to 167 723 people in 32 504 households: Regional water scheme covers the area located in the upper Nzhelele Valley, on the slopes of the Soutpansberg northwest of Makhodo by converting water logged irrigation to primary water, raising Musetzi dam, and purchasing water rights of commercial farmers downstream of Nzhelele dam	Feasibility	600 000	50	–	–	–	–	–	–
Replacement Namakwa bulk water supply	Upgrading and replacement of the current bulk water infrastructure	Construction	530 000	–	3 373	27 888	36 000	72 200	72 360	120 000
Madibeng bulk water supply	Upgrading of the existing water treatment works in Brits. Phase 1: Additional module; phase 2: design and construction for certain sections of the bulk supply pipeline to Lethabile, and improved abstraction works and the raw water supply pipeline to the Brits water treatment works as well as additional storage reservoirs that will supply the surrounding villages in the municipality	Construction	500 000	2 997	12 806	14 913	5 000	18 000	42 400	50 000
Taung/Naledi bulk water supply	Phase 1: Refurbishment/upgrading of the existing water treatment works of 6MI at Pudumong. Phase 2A: design and construction of a new 8MI module. Phase 2B: construction of rising main and gravity main from Pudimoe water treatment works to Vryburg, including the construction of reservoirs and pump stations. Phase 2C: construction of a gravity main from the Taung dam to the Taung water treatment works. Phase 2D: construction of the Taung water treatment works, a purified water pump station and improved pipe work to the current supply system in Taung. Phase 2E: construction of a new pipeline to a new command reservoir for supply to the south eastern villages of the Greater Taung local municipality	Construction	733 754	5 882	27 813	136 912	250 000	110 000	98 000	–
Greater Mamusa bulk water supply	Develop groundwater resources, supplemented by surface water abstracted from the Bloemhof dam. This will include the upgrading of the abstraction works at the Bloemhof dam, upgrading of the water treatment works at the Bloemhof dam, the bulk rising main from the Bloemhof dam to Schweizer-Reneke, including pump stations as required	Design	403 000	827	–	6 751	3 000	25 000	49 000	70 000
Pilanesberg north and south bulk water supply	Joint venture between Magalies Water, as the bulk water supplier in the region, mines in the area and municipalities: Upgrade water treatment works at Vaalkop, various bulk water pipelines, pump stations and storage facilities for both the north and south schemes; extend capacity of the Vaalkop treatment works and a new pump station; new bulk water pipelines in the north from Vaalkop treatment works to Tussenkomst; new reservoirs at La Patrie and at Tussenkomst; new pipeline in the south from Evergreen along the Elands River past Sun City to Ledig, Wesizwe and western bushveld joint venture; and pipeline from there to provide water to Boshhoek in the Rustenburg local municipality as well as to Xstrata	Design	1 176 000	–	–	–	–	200 000	70 000	94 000
Inyaka: Waste treatment works phases 3 and 4	Water supplied to Bohlabela district municipality	Construction	704 000	121 328	92 684	–	62 413	10 366	–	–
Great Letaba River development project: Phases 1 and 4	Water supplied to Mopani district municipality	Construction	560 000	40 996	17 100	–	3 628	–	–	–
Nandoni pipeline	Water supply to Vhembe district municipality	Construction	750 000	–	–	–	317 000	92 603	–	–
Chris Hani District municipality: Bulk Water Supply, Ncora	Abstraction from Doringrivier Dam, Ncora Dam and borehole development to supply water 24 320 households, 155 schools and 18 clinics in the Sakhisizwe and Intsika local Municipalities.	Construction	353 914	5 113	6 162	16 420	20 754	20 000	54 300	60 000
Chris Hani district municipality: Ngcobob	Supply water to 38 214 people in 6 369 households in 125 villages: Abstraction points	Construction	324 000	11 176	8 308	9 155	30 000	30 000	35 000	10 268

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

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
R thousand										
Departmental infrastructure										
Xonxa dam water supply to Lukhanji	Supply water to 172 500 people: Augmentation of bulk water supply to Queenstown by pumping the full available surplus of from Xonxa dam to Berry reservoir in a single stage	Construction	443 998	–	16 304	11 747	95 000	60 000	68 672	78 235
Alfred Nzo bulk water supply	Amatola Water Board: Upgrade/refurbishment of 6 existing plants and downstream infrastructure	Feasibility	500 000	–	–	–	–	–	150 000	350 000
Nketoana bulk water supply	Supply water to 62 363 people in 14 905 households in Petrus Steyn and Mamafubedu: Construction of rising main from Reitz water treatment works to Petrus Steyn, upgrade Reitz water treatment works and build a new pump station and reservoir. Lindley and Ntha: boreholes, supply lines, pump stations and reservoir. Arlington and Leratswana: boreholes, supply lines, pump stations and reservoir	Tender	304 000	–	–	376	4 000	14 000	16 000	21 000
Sterkfontein dam scheme	Bulk water supply to the rural Qwaqwa areas divided into 2 phases. Phase 1: water treatment works, storage reservoir and pumping mains. Phase 2: 45km long pipeline and reservoirs. Phase 2 will also include the mechanical and electrical equipping of the water treatment plant	Construction	330 000	36 041	40 202	62 379	63 620	32 600	35 896	32 600
Mhlabatshane bulk water supply	Ugu district municipality to provide 101 062 people in the Umzumbe and Hibiscus Coast local municipalities with an assured supply of potable water	Construction	483 482	–	14 014	126 450	41 000	35 000	35 000	18 834
Greytown regional bulk scheme	Supply water to 50 707 people in 8 450 households	Construction	950 000	–	28 572	5 579	13 400	31 813	200 000	320 000
Middledrift/ regional bulk scheme	New waterworks will be adjacent to the existing package plant about 100m west of the Mkhazazi pump station	Construction	431 232	–	–	26 044	3 956	–	30 000	30 000
Sinthumule Kutama bulk water augmentation	Bulk water supply connector lines for Makhado; Sinthumule/Kutama; the Louis Trichardt Air Force Base and its residential area; Braambos; the Sinthumule/Kutama rural villages to the west of Makhado, Tshikota and the Kutama Sinthumule Maximum Security Prison: Groundwater will be pumped from Nooitgedacht pumping facility to Mowkop reservoir to supply town of Makhado and extensions with additional water. The proposed pumping station and balancing tank at Nooitgedacht will be designed to ultimately supply water from Nandoni water treatment works to zones A, B, and C and the Louis Trichardt Air Force base. The pumps designed for the ultimate scheme at Nooitgedacht will be used to pump to Mowkop reservoir from the Nooitgedacht boreholes for the interim solution. The Nooitgedacht boreholes will only be used as standby supply to Sinthumule/Kutama and the air force base for the ultimate scheme	Construction	455 000	14 315	16 000	39 264	15 000	60 000	25 000	–
Moutse bulk water supply	Contract 1: Upgrading of Groblersdal water treatment works. Contract 2: Construction of pipeline from Groblersdal water treatment works to the existing reservoir outside Groblersdal town. Contract 3: Construction of pipeline from Groblersdal reservoir. Contract 4: Construction of long branch pipeline. Contract 5: Construction of long gravity main. Contract 6: Construction of Lusaka reservoir. Contract 7: Construction of Groblersdal West pump station	Construction	560 000	–	14 850	23 000	70 019	40 000	42 500	–
Glen Alpine bulk water supply	Supply water to 137 000 people in 24 400 households: Abstraction of unused irrigation raw water from existing outlet, raw water pumping to the water purification works above the dam, clear water pump main to a system command reservoir, gravity main	Feasibility	345 000	284	–	–	–	–	–	–
Lephalale/Eskom: Bulk water augmentation	Supply water to 104 144 people in 25 401 households: Upgrading of components	Feasibility	330 000	1 844	–	–	–	–	–	–
Ohrigstad bulk water supply	Supply water to 26 400 people in 29 rural villages and one formal village: boreholes	Feasibility	450 000	211	–	–	–	–	–	–
Tsantsabane bulk water supply and sanitation	Upgrade existing water and sewerage bulk infrastructure in the Postmasburg area	Hand over	313 960	439	15 333	29 667	–	–	–	–

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

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
R thousand										
Departmental infrastructure										
Moretele bulk water supply	Construction of abstraction works at the Klipvoor dam which straddles the boundary of the Moretele and Madibeng local municipalities: Water treatment works, purified water pump station, bulk water supply line and new storage reservoirs that	Feasibility	340 000	443	-	-	-	-	-	-
Bojanala regional water supply	Phase 1: Consolidate all feasibility studies in the Bojanala Platinum district municipality area. Phase 2: Abstract water from Hartbeespoort dam, purify and make it available to the mines in the Rustenburg Madibeng Corridor that currently use potable water. Phase 2A: Ensure that the mines shed some of their potable water demand in exchange for the industrial standard water, making it available for primary domestic use in Rustenburg and Madibeng. Phase 2B: Implemented when Rustenburg has absorbed all the released potable water from Rand Water and the Magalies Water systems. New water treatment works will be built at Rustenburg and at Madibeng, where only the additional potable water demand can be met by purifying the industrial grade water to potable standards. The main components of the project will consist of an abstraction works from the Crocodile River, an industrial water treatment works and a high lift pump station and pipeline	Feasibility	400 000	-	-	614	-	-	-	-
West Coast desalination plant	8.5 Ml/day desalination plant approved	Design	563 213	-	-	3 957	6 000	10 000	16 000	30 000
Stellenbosch wastewater treatment works	Refurbishment and significant increase in capacity of the treatment works	Tender	304 256	-	-	2 000	-	30 000	14 228	25 772
Graaf-Reinet emergency water supply scheme	Supply water to 7 105 households with an estimated population of 35 525 people	Design	29 400	-	-	-	2 500	10 000	14 400	-
Sundays River: Paterson bulk water supply	Upgrade water treatment works at Ceaser's dam in Addo and raise main pipeline from the water treatment works at Ceaser's Dam to the proposed clear water reservoir in Paterson	Construction	80 210	-	16 334	13 311	17 000	6 466	-	-
Steytlerville water supply scheme	Augmentation bulk water supply to Steytterville by conveying surface water from Erasmus Kloof	Construction	70 000	-	-	-	7 000	10 000	20 000	23 808
Mncwasa bulk water supply	Construction of the Mndwaka dam, a pump station and a 1 km long raw water pumping main from the Mndwaka dam to the proposed water treatment works; new 2.5Ml water treatment works, including a 5.5Ml balancing dam and high lift pump station; 12.5km long rising main from the water treatment works to the main storage reservoir; 5 Ml reinforced concrete bulk storage reservoir	Construction	264 188	6 393	17 602	16 552	25 000	26 504	34 400	60 000
Xhora east bulk water supply	Project area northeast of the Mbashe River in the former Transkei region. Supply water to 66 931 people in 11 115 households	Construction	258 541	194	4 360	9 621	20 000	25 000	30 000	30 000
Ibika water supply	Make potable water services available to the residents of the Mquma local municipality area by means of providing bulk water services. The project will serve 48 172 people in 9 167 households.	Construction	49 000	3 082	11 590	18 530	7 000	5 000	-	-
Tsomo	Bulk pipelines, concrete reservoirs, clear water storage, pump stations, upgrading of Tsomo town water treatment works	Complete	22 250	6 575	3 126	-	-	-	-	-
Chris Hani district municipality: Bulk water supply, Quthubeni	Provide bulk water to settlements in the Intsika Yethu, Amathali and Mquma local municipalities to 30 821 people in 5 137 households	Construction	196 000	6 212	3 140	23 436	25 600	35 000	49 099	-

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

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand										
Departmental infrastructure										
Hofmeyr groundwater supply	Augmentation of bulk water supply to Hofmeyr to benefit 12 279 people in 3 013 households	Construction	64 000	–	4 942	–	5 000	30 024	4 665	–
Middelburg groundwater Supply	Augmentation of bulk water supply to Middelburg to benefit 46 200 people	Construction	22 000	–	4 943	3 408	11 200	–	–	–
Bulk water intervention	Abstraction works, water treatment works, raw water reservoirs. King Sabata Dalindyebo: Pump station, command reservoirs and bulk pipelines. Naledi local municipality: Pump stations, command reservoirs and bulk pipelines	Complete	10 393	3 249	7 144	–	–	–	–	–
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	Complete	94 000	25 334	34 156	15 140	–	–	–	–
Matatiele bulk water supply	Develop 4 well fields north and northwest of Kinira Valley to benefit 36 644 people	Design	182 000	–	400	3 978	2 500	20 000	25 000	–
Mount Ayliff bulk water supply	Construction of water treatment works, pump station and reservoir for the Mount Ayliff area	Construction	183 000	–	–	3 157	28 000	20 000	25 000	–
Jagersfontein / Fauresmith bulk water supply Phases 1 to 3	Provide bulk water to the Jagersfontein and Fauresmith from Kalkfontein dam. Phase 1: Construction of water treatment works at Jagersfontein, a raw water storage dam pipe line and pump stations; and upgrading of the storage dam reservoir. Phase 2: Reduce water demand from the Kalkfontein dam by providing water from the Vanderkloof dam	Construction	250 000	10 872	13 280	16 923	4 000	24 900	25 000	42 000
Mohokare bulk water supply	Supply water to 39 556 people in 7 607 households. Phase 1: Supply water to Rouxville. Phase 2: Supply bulk water to Smithfield and Zastron	Construction	161 000	160	276	8 094	9 750	23 000	25 000	33 000
Masilonyana bulk water supply	Water supply to 23 443 people in Theunissen, 14 852 in Winburg, 14 269 in Brandfort, 2 751 in Soutpan and 2 210 in Verkeerdevlei	Design	150 000	–	–	494	6 000	17 000	20 000	25 000
Tokologo regional water supply phase 1	Supply water to Hertzogville from Christiana, comprising of abstraction works, raising main, pump stations, water treatment works, clear water storage reservoirs and 1 raw water storage	Construction	250 000	–	6 883	45 997	37 000	32 820	45 000	45 000
Setsoto bulk water supply	Supply water to 130 313 people in 32 746 households by repairing and refurbishing 2 water treatment plants for Senekal, installing additional storage reservoir capacity, upgrading an old Senekal water treatment plant, increasing Sandspruit weir height, upgrading pumping mains, construction of Rosendal dam to feed into the Meulspruit dam for the augmentation of raw water supply for Ficksburg, Clocolan, and Marquard; construction of raw water storage dam in Ficksburg and link the Caledon river with the Meulspruit dam for water resource planning; and exploring and developing groundwater resources for all 4 towns	Design	160 000	–	–	13 650	10 000	20 000	25 000	20 000
Dihlabeng bulk water supply	Supply water to 9 296 people in 2 315 households. This entails maximising groundwater development after which water will be supplied from the Morelig reservoir to Paul Roux	Construction	150 000	–	1 318	15 275	33 850	20 580	35 000	21 054
Phumelela bulk water supply	Supply water to 12 739 people in 2 690 households by implementing a sustainable regional bulk water supply scheme in the Phumelela municipal area, specifically for Warden as Phase 1	Construction	125 000	–	–	10 692	32 400	20 000	30 000	30 000
Moqhaka regional water scheme	Implement a sustainable regional bulk water supply scheme in the Moqhaka local municipal area, specifically for Steynsrus, Kroonstad and Viljoenskroon. Proposed scope of works includes Vals river intake works, and pump stations and storage facilities. Proposed scheme includes rising main from the Vaal to Rhenoster river then to Viljoenskroon, and a pump station	Design	230 000	800	684	618	8 000	15 000	15 000	20 000
Ngwathe bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Hand over	11 300	646	3 789	5 475	–	–	–	–
Ngwathe bulk water supply phase 2	Supply water in Edenville to 6 974 people in 1 797 households. The water demand is 1,35MI/day which is projected to increase to 2,14MI/day in 2030. The project will comprise rising mains, pump stations and increasing storage capacity in Edenville.	Feasibility	160 000	–	–	–	–	5 000	14 000	14 000

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

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand										
Departmental infrastructure										
Letsemeng-Petrusburg-Koffiefontein bulk water supply	Letsemeng: Supply water to 11 714 people in 3 472 households by upgrading raw water intake, the water treatment plant, rising mains and storage reservoirs. Petrusburg: Supply water to 72 351 people in 2 029 households by increasing groundwater development, equipping boreholes, upgrading rising mains water treatment, and storage reservoirs	Feasibility	90 000	–	–	50	–	–	–	–
Tswelopele bulk water supply	Upgrade bulk water supply infrastructure for Builtfontein and Hoopstad	Feasibility	85 000	–	–	50	–	–	–	–
Malangeni waterborne sanitation	Construction of wastewater treatment works	Hand over	7 187	10 500	–	–	–	–	–	–
Greater Eston water scheme	Supply water to the Greater Eston area	Construction	296 261	–	9 854	28 079	76 811	38 000	31 800	35 000
Driefontein Complex bulk water supply	Regional project to cater for the extended bulk water supply to neighbouring areas including possible supplementary supply to the existing Olifantskop regional water scheme	Construction	176 101	2 757	11 470	22 302	25 000	35 000	30 000	40 000
Emadlangeni bulk regional scheme	Provide bulk supply pipeline between Newcastle and Utrecht by developing 2 reservoirs, 2 balancing tanks and 2 pump stations	Construction	50 301	9 541	8 173	10 308	15 600	–	–	–
Mandlakazi bulk water supply	Provide bulk water supply to the Mandlakazi tribal area except for a small portion in the south, which is to be served via the Usuthu regional scheme	Construction	206 110	37 517	26 868	28 360	35 000	6 928	–	–
Nongoma bulk water supply	Supply water to the Vukwane dam that supplies the town of Nongoma and surrounding communities	Construction	215 000	–	12 910	23 116	29 600	48 413	–	–
Dukuduku resettlement bulk water supply	Supply water to meet needs for 3 communities within the Dukuduku onsite resettlement project. Develop bulk pipeline from Mtubatuba to St. Lucia to feed the three identified areas	Construction	266 382	1 000	4 070	30 521	41 000	30 000	17 000	15 000
Hlabisa regional bulk water supply	Bulk water supply to the tribal authority areas of Mdlatshe's western portion, Hlabisa Abasempbeni and Hlabisa Abakwahlabisa	Construction	155 855	23 972	24 549	51 785	20 000	20 000	–	–
Greater Bulwer Donnybrook water scheme	Supply water to Gala, Gqumeni, Isigodi Esikhulu, Jokweni, Okhetheni, Hlabeni, Qulashe and Mngundekeni	Construction	133 638	–	–	8 552	15 000	15 429	33 200	30 000
Groblerdsdal Lukau 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	Hand over	168 015	–	14 850	23 000	40 000	50 000	55 000	70 000
Giyani bulk water supply drought relief	Address water shortages in areas relying on water supply from the Middle Letaba and Nsami dams. The raw water will be extracted from the Nandoni dam to Nsami dam	Construction	252 000	–	–	42 072	10 000	35 000	42 000	–
Olifantspoort water treatment works	Upgrade existing water treatment works and related water infrastructure	Hand over	218 000	98 371	50 000	–	–	–	–	–
Specon bulk water supply	Pipeline and reservoirs	Hand over	73 000	18 000	19 000	–	–	–	–	–
Mametya Sekororo bulk water supply	Water treatment works at the Oaks/ Willows, rising main pipeline to connect to the Oaks, rising main pipeline to connect to the Willows, a command reservoir and 2 substantial storage reservoirs	Construction	214 000	–	–	–	15 894	45 689	44 915	83 168
Infrastructure transfers to other spheres, agencies and departments										
De Hoop dam phase 2A	Supply water to new mining developments, augmentation of domestic water supplies to urban and rural users in the middle Olifants river catchment area and to various communities on the Nebo Plateau and Sekhukhune	Construction	3 074 000	688 776	604 199	562 600	324 339	48 973	–	–
Bulk distribution phase 2	Bulk distribution works from Flag Boshielo to Mokopane, De Hoop to Steelpoort, Steelpoort to Mooihoek, Mooihoek to Olifantspoort and Nebo Plateau to Roossenekal	Construction	3 400 000	74 319	267 148	468 683	566 977	773 457	790 335	786 695
Groot Letaba river water development project: Nwamitwa dam	Meet projected growing primary supply requirements to the year 2025, improve water availability for the riverine ecosystem, building Nwamitwa dam	Feasibility	1 325 000	–	–	–	67 820	263 642	238 031	344 179
Dam safety rehabilitation programme	Rehabilitation of assets and dam safety work	Construction	2 800 000	353 814	327 714	300 494	341 798	392 703	454 697	393 347
Water resources project: Raising of Clanwilliam dam	Upgrade existing dam to stabilise the distortion and the augmentation of agricultural water supply to meet increasing demands	Design	1 830 000	–	–	9 340	50 850	359 045	583 871	368 763

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

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
R thousand										
Departmental infrastructure										
Mokolo river and west Crocodile river water augmentation project: Phase 1	Augmentation of domestic and industrial water supply to the new Eskom/Independent Power Producer power stations to extend associated mining activities and accommodate the fast growing population in the area	Construction	2 138 000	30 128	155 151	293 032	-	41 603	63 029	26 551
Mokolo river and west crocodile river water augmentation project: Phases 2A and 3	Augmentation of domestic and industrial water supply to the new Eskom/Independent Power Producer power stations to extend associated mining activities and accommodate the fast growing population in the area	Feasibility	13 950 000	-	-	-	-	75 113	851 063	2 714 098
Groot Letaba River water development project: Tzaneen dam raising	Meet the projected growing primary supply requirements to the year 2025, improve water availability for the riverine ecosystem and raise Tzaneen dam	Design	125 000	-	-	-	15 808	69 340	33 664	4 925
Mdloti river development project: Raising of Hazelmere dam	Augmentation of the water supply to Umgeni Water for treatment, for Kwazulu-Natal north coast	Design	360 000	-	10 778	4 467	49 134	193 774	98 483	-
Mopani district municipality emergency works	Refurbish dilapidated infrastructure	Construction	80 000	-	-	-	39 900	-	-	-
Enterprise Resource Programme system upgrade	Upgrade the current version of SAP to the new version.	Construction	205 000	-	-	53 786	80 000	99 055	-	-
National water resources infrastructure support/project management	Fund national office costs including construction, engineering, operations and new development		-	-	-	-	222 704	244 661	265 804	274 452
Financial management/project support	Fund financial management and SAP maintenance and support		-	-	-	-	174 673	175 121	213 836	220 794
Mdloti river development project: Raising of Hazelmere dam	Supply water to Umgeni Water for treatment for KwaZulu-Natal north coast	Hand over	110 000	50	17 100	-	43 100	-	-	-
Total			77 289 764	1 804 617	2 368 359	3 181 816	4 569 326	5 795 350	7 586 896	9 520 697

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

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Water Services Operating Subsidy Grant							
Direct Grants							
Transfers and Subsidies	848 736	664 273	542 345	562 434	420 945	449 558	470 238
Provinces and municipalities	848 736	664 273	542 345	562 434	420 945	449 558	470 238
Indirect Grants							
Current Payments	201 120	175 054	83 477	125 339	131 144	139 013	147 522
Compensation of employees	155 262	114 249	70 877	85 155	77 517	82 168	87 266
Goods and Services	45 858	60 805	12 600	40 184	53 627	56 845	60 256
Transfers and Subsidies	47 600	12 338	21 890	5 916	3 600	3 000	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Households	47 600	12 338	21 890	5 916	3 600	3 000	-
Payments for capital assets	1 574	4 867	-	-	4 150	-	3 663
Buildings and other fixed structures	1 384	-	-	-	4 150	-	3 663
Machinery and equipment	190	4 867	-	-	-	-	-
Total	1 099 030	856 532	647 712	693 689	559 839	591 571	621 423
Bulk infrastructure							
Indirect grants							
Current Payments	41 640	18 933	91 752	66 219	84 941	89 116	93 111
Compensation of employees	3 939	1 164	3 244	12 959	16 749	17 670	18 643
Goods and Services	37 701	17 769	88 508	53 260	68 192	71 446	74 468
Transfers and Subsidies	-	-	-	-	250 000	350 000	650 000
Provinces and municipalities	-	-	-	-	250 000	350 000	650 000
Payments for capital assets	581 568	850 657	1 646 856	2 523 101	2 953 397	4 132 896	4 221 654
Buildings and other fixed structures	581 511	850 617	1 646 856	2 523 101	2 953 397	4 132 896	4 221 654
Software and other intangible	57	40	-	-	-	-	-
Total	623 208	869 590	1 738 608	2 589 320	3 288 338	4 572 012	4 964 765

BUDGET 2013
ESTIMATES OF NATIONAL EXPENDITURE

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