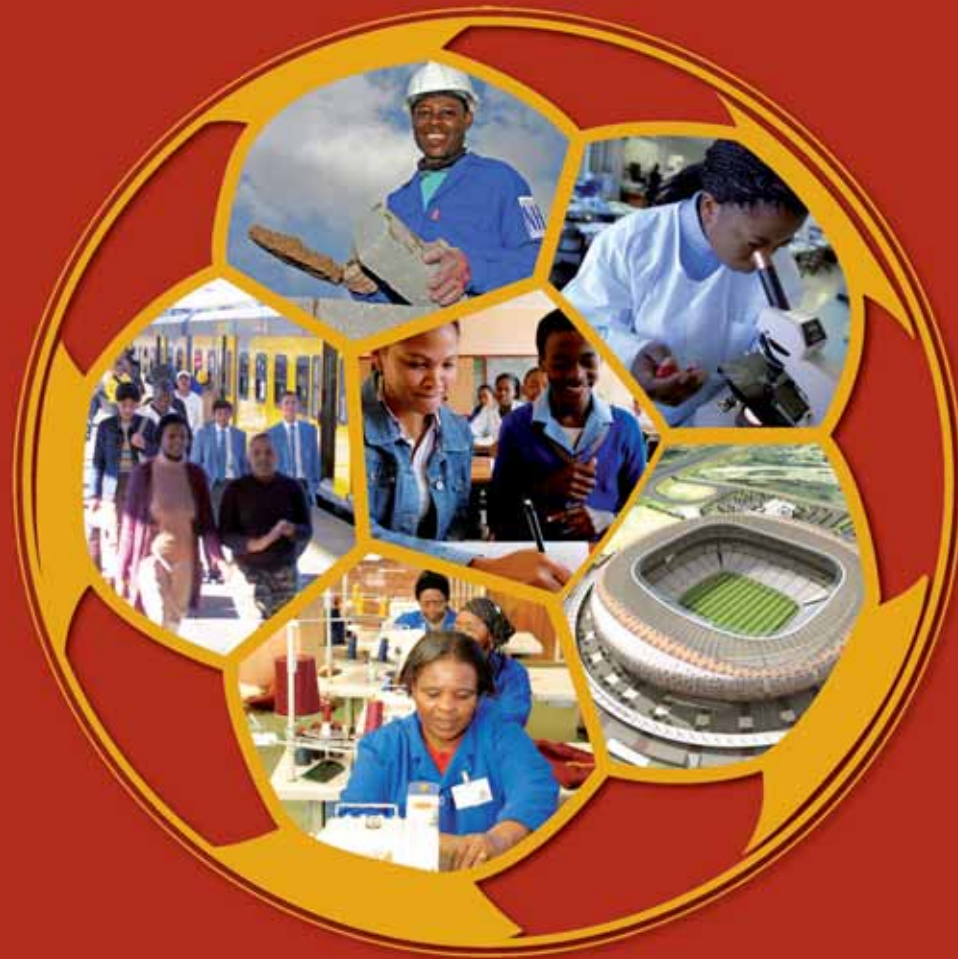


Vote 37

Water Affairs



Estimates of National Expenditure 2010



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Estimates of National Expenditure

2010

National Treasury

Republic of South Africa

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The *Estimates of National Expenditure 2010* booklet for each vote is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. In this booklet, more comprehensive coverage of goods and services, transfers, public entities and lower level institutional information is provided where applicable.

The *Estimates of National Expenditure 2010* as well as the *Estimates of National Expenditure 2010* booklets are also available on www.treasury.gov.za

Foreword

The Estimates of National Expenditure publication provides Parliament, departments and public entities, ministers, the media, civil society and the public with information about how tax payers' money is being spent: what it buys and for what purpose. Do not be concerned regarding the magnitude of this publication. Instead, let us use this unique reference tool to keep departments and agencies accountable and ensure that the expenditure of public funds achieves its intended policy outcomes, ultimately improving the welfare of our people.

Budgets link the policy choices that government makes with the services that are delivered to people – better budgeting plays an important role in improving service delivery. In line with the 2009 Medium Term Strategic Framework, government has adopted 12 desirable outcomes. At the output level, departments and agencies continue to set targets; for the first time these are in support of the attainment of officially stated outcomes. Budgeted spending on outputs and activities will increasingly reflect this.

Following the 2009 elections, a re-organisation of departments was proclaimed to give effect to the required government policy shifts and to accommodate the necessary changes in the programmes and activities of departments and entities. Several new national departments were created; some functions were transferred between departments. This also resulted in certain national departments being re-named to better capture the content of their new responsibilities. In terms of the new structure of government there are now 37 votes in the Estimates of National Expenditure publication, whereas in 2009 there were 34 votes.

This consolidated publication provides extensive vote level information on strategies and objectives. Legislation, policy developments and other factors affecting these are also noted. Information is presented in a format that aligns government's performance commitments with resource allocations. As with the 2009 Budget, we will publish booklets for individual votes that will provide full coverage of public entities and more detail on transfers and lower level institutional information.

Given the current economic climate, there are greater trade-offs in choosing between spending priorities or in the sequencing of programme implementation. Outputs and activities are constantly being re-evaluated to determine if more effective and cost efficient options are available. As a result, some programmes have to be delayed. Alongside the additions to spending, this publication also indicates details per national vote of savings amounting to R23 billion over the period ahead. These savings have been reallocated to other departments in order to augment funding for government's priorities.

All the figures, targets and outputs result from a wide ranging intergovernmental consultative process, leading to executive approval of additional spending allocations and savings. Many people have contributed to making this publication possible, especially my colleagues in national departments and agencies. Their collaboration and understanding during the allocation and publication processes has been invaluable. Thanks are also due to the dedicated National Treasury team for the publication of this useful resource.



Lesetja Kganyago

Director-General: National Treasury

Introduction

Transparent and accountable governance is strengthened when comprehensive budget documents are tabled for public scrutiny and legislative oversight. The Estimates of National Expenditure provides relevant public sector financial information in a timely and systematic manner, linking performance targets to budgeted expenditure. Specifically, it serves to:

- provide members of Parliament with detailed information on how departments and public entities plan to spend the money that is to be authorised by the legislature
- enable Parliament and society to keep departments and agencies accountable for service delivery commitments that are set out in each chapter
- provide parliamentary committees with a valuable source of information that can assist them in performing their oversight functions.

Although it contains a large volume of information, the 2010 Estimates of National Expenditure presents a summarised account of the spending plans of all national departments and agencies for the next three financial years (2010/11 to 2012/13), expenditure outcomes for the past three years (2006/07 to 2008/09) and revised estimates for the current year (2009/10). Newly formed departments are covered in the same way. Information is also provided on legislation and mandates, policy, strategies, objectives and performance targets over the seven-year period – as well as any changes in these, particularly as they relate to trends in planned expenditure. This provides a platform for review that could result in new policy options or operational alternatives in the achievement of government's objectives.

In keeping with ongoing improvements in the way that public finances are managed and reported, both the quality of information and presentation of the 2010 Estimates of National Expenditure have been enhanced. Information on new departments is mostly covered by way of a separate chapter, although in some cases departments are accommodated within a shared vote and discussed together in the same chapter. Information on savings and cost effective service delivery is included under a separate heading following the strategic overview section. Spending on selected key mega infrastructure projects is discussed in text boxes in the expenditure trends sections of relevant votes. For some votes a new personnel table has been included, showing personnel numbers in relation to the different salary levels and other information, such as the number and type of posts on funded establishment and posts filled. The 2010 Estimates of National Expenditure booklets, which are published separately for each vote, provide more extensive coverage on transfers, public entities, goods and services and lower level institutional information.

Value for money

Budget accountability has historically focused mainly on targeting the performance of government departments and agencies at the output level. Government has now adopted an approach which provides a new methodology that is focused on the attainment of 12 desirable outcomes, using measurable outputs and well defined activities to achieve better value, as well as better value for money. The medium term expenditure framework (MTEF) for the next three years targets spending on government's official outcomes and simultaneously seeks to change the culture in the public service towards greater prudence and efficiency in order to obtain better value for money.

The Ministry for the National Planning Commission and the Ministry for Performance Evaluation and Monitoring are to ensure that planning and implementation in government institutions are focused on the achievement of outcomes and the improvement of performance. In line with this service delivery orientation, new functions and a reconfiguration of existing functions have led to a new national government structure. Taking account of the creation of new departments, 37 votes are now contained in the 2010 Estimates of National Expenditure. The table below provides a list of the new votes and alongside each, the department/s from which functions have been shifted in order to form the basis of the new department.

Newly created vote	Department/s from which all or some functions have been shifted
Agriculture, Forestry and Fisheries	Agriculture Water Affairs and Forestry Environmental Affairs and Tourism
Water Affairs	Water Affairs and Forestry
Human Settlements	Housing Water Affairs and Forestry
Environmental Affairs	Environmental Affairs and Tourism
Tourism	Environmental Affairs and Tourism
Basic Education	Education
Higher Education and Training	Education Labour (still exists)
Cooperative Governance and Traditional Affairs	Provincial and Local Government
Defence and Military Veterans	Defence
Economic Development	Trade and Industry (still exists)
Energy	Minerals and Energy
Mineral Resources	Minerals and Energy
International Relations and Cooperation	Foreign Affairs
Police	Safety and Security
Rural Development and Land Reform	Land Affairs Provincial and Local Government
Women, Children and People with Disabilities	The Presidency (still exists) Justice and Constitutional Development (still exists)

Savings

Given the shortfall in government revenue collection and the pressure on the available resources of the fiscus, this year's budget preparation has focused extensively on finding savings within departmental and agency baselines and on redirecting expenditure towards key priorities within these institutions. Savings arise from effecting changes in public sector spending habits and instituting cost-cutting measures. Over the period ahead, government is to reform procurement systems, rationalise public entities and review a range of programmes – in order to accommodate increased spending on government's priorities in the attainment of its desired outcomes.

During the Budget process, judgements on value for money in achieving outcomes are made by examining funding requests in relation to the implementation plans and costings presented, among other considerations. There is extensive consultation with departments, agencies and intergovernmental forums before proposals are presented to the ministers' committee on the budget¹, approved by Cabinet and then tabled in Parliament.

National departments undertook a rigorous budget baseline savings exercise, and identified R23 billion in savings over the medium term: R6.5 billion in 2010/11, R8.6 billion in 2011/12 and R7.9 billion in 2012/13.

1. A committee of cabinet ministers tasked with considering budgetary issues before they are presented to Cabinet.

About R2.6 billion in savings has been identified over the three years at local government level. Every endeavour was made to decrease spending on non-core goods and services, reschedule expenditure over time in the case of delays, effect exchange rate savings in respect of payments to foreigners, reduce transfers to certain public entities, improve financial management, reduce expenditure on administration in favour of frontline services and find alternative sources of financing.

Major savings amounts over the medium term expenditure framework period are:

- Defence and Military Veterans: R4.5 billion (cancellation of the A400M military aircraft contract)
- Social Development: R1.2 billion (slower uptake of social grants than anticipated and rationalisation of the South African Social Security Agency payments system)
- International Relations and Cooperation: R1.5 billion (revision of foreign costs and deferral of the building of the Pan African Parliament)
- Correctional Services: R4.8 billion (rescheduling of prison building plans)
- Transport: R3.4 billion (deferral of public transport infrastructure projects where planning and design have been delayed).

Additional allocations

The revised national Budget framework provides for additional expenditure by departments of R20.7 billion in 2010/11, R26 billion in 2011/12 and R39.9 billion in 2012/13. Including the government savings of R25.6 billion identified across all spheres, in total an additional R112.2 billion is allocated to government institutions to fund government's key priorities over the next three years. Of the R112.2 billion, national departments receive R56.2 billion (50.1 per cent): R13.1 billion in 2010/11, R18.2 billion in 2011/12 and R24.8 billion in 2012/13. Provinces and municipalities receive the remainder. Conditional grants to provinces and municipalities are reflected in both national budgets and the budgets of provinces or municipalities.

A summary of additional funding by national vote is provided below. Information on direct charges against the National Revenue Fund and the amounts for the provincial and local equitable shares are excluded. Adjustments to provincial and local conditional grants have been included. Details are only noted for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The total amounts per vote in the discussion below represent the gross additional allocations, before the deduction of savings. This means that these total amounts are all bigger than the overall net change in the budget of a particular vote and therefore they do not balance to the amounts reflected in table 2. In the discussion that follows, these vote totals will be referred to as the *gross total allocation*, received over the MTEF period. In some instances, the savings on a specific vote exceed the *gross total allocation* to that vote and the overall net change in the budget is actually negative.

Central government and financial and administrative services

An amount of R448 million is the gross total allocation to **Parliament's** vote. This is mainly to enhance the capacity of the Office of the Speaker, including provision for the establishment of a budget office in terms of the Money Bills Amendment Procedure and Related Matters Act (2009). Also included is provision for increasing the capacity of the Parliamentary oversight committees.

National Treasury receives an addition of R1.1 billion for the neighbourhood development partnership grant for the regeneration of townships through the development of social and economic infrastructure. An amount of R1.5 billion is allocated in the first two years of the MTEF period for the recapitalisation of the Land Bank.

Social services

The gross total allocation to **Health** amounts to R8.8 billion, most of which is for transfers to the provinces. R8.4 billion is provided for the broadening of HIV and AIDS treatment programmes, in support of the rapid expansion of the antiretroviral treatment rollout. R50 million has been set aside for a mass immunisation campaign to combat measles and polio.

Social Development's gross total allocation is R12.5 billion, mainly this is for the extension of the child support grant up to 18 years of age, as a major intervention against child poverty.

Most of the gross total allocation of R3.1 billion to **Basic Education** is for transfers to provinces. An amount of R2.7 billion is allocated for the provision of workbooks in all official languages for grades R to 9, and R28 million is provided for national numeracy and literacy assessments for grades 3, 6 and 9. An additional R120 million is allocated for the national school nutrition programme.

A gross total allocation of R2.4 billion is set aside for **Higher Education and Training**, of which R1 billion is for subsidies for higher education institutions and R1.3 billion is a provincial conditional grant for further education and training colleges.

Justice, crime prevention and security

Police is allocated additional funding of R1.5 billion for an increase in police officers, the establishment of the Directorate for Priority Crime Investigation (the Hawks) and police station property management.

Gross total allocations to **Defence and Military Veterans** amount to R4.7 billion. R2.2 billion is for improving the South African National Defence Force remuneration system. R220 million is provided for expanding the military skills development system intake and R600 million for upgrading the *Landward Defence* programme.

Correctional Services is to receive gross total additional funding amounting to R2.8 billion. This covers the cost of the occupation specific salary dispensation for correctional officials and the impact of the general government employee wage increase.

Economic services and infrastructure

Human Settlements is to receive a R1 billion allocation for upgrading informal settlements and establishing community settlements. The rural household infrastructure grant is allocated R1.2 billion, specifically to support rural communities.

Funds for **Rural Development and Land Reform** are mostly for the rural development programme. An additional allocation of R860 million is for improving the quality of life within rural communities and broadening the base of agricultural production.

Energy receives a gross total allocation of R4.6 billion. R4.5 billion is to provide for part of the capital costs of building a pipeline for fuel from Durban to the Highveld. This allocation will be financed through the fuel levy imposed for this purpose.

Cooperative Governance and Traditional Affairs has a gross total allocation of R10.7 billion. The biggest vote allocation provides for an increase of R2.5 billion for the municipal infrastructure grant, to enable the further expansion of basic services infrastructure delivery aligned to government's 2014 universal access goals. R1.5 billion is allocated for the community work programme, within the expanded public works programme, which enables the non-governmental sector to assist government in providing guaranteed employment on a project basis.

A gross total allocation of R3.8 billion is set aside for **Trade and Industry**. Of this, R3.5 billion is shared equally by the clothing and textile sector and the automotive industry. A further R274 million is allocated for critical infrastructure and regulatory institutions such as the Competition Commission, the Companies and Intellectual Property Commission and other consumer orientated institutions.

Transport's R2.9 billion gross total addition includes funding for the secondary strategic road network, the Passenger Rail Agency of South Africa and the procurement of buses for the 2010 FIFA World Cup.

The main allocation of R500 million for the **Water Affairs** vote is for regional bulk infrastructure to roll out the basic services and water supply in support of human settlement development, in line with government's commitment to universal access by 2014. R498 million is also allocated for the working for water and working on fire programmes, within the expanded public works programme.

Overview of expenditure

The main Budget provides for total expenditure of R818.1 billion in 2010/11, increasing to R888.3 billion in 2011/12 and R964.3 billion in 2012/13. Non-interest expenditure comprises on average 90.1 per cent of total main Budget expenditure, and grows at an average annual rate of 7.6 per cent over the MTEF period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R6 billion in 2010/11, R12 billion in 2011/12 and R24 billion in 2012/13.

The allocations in the main Budget are detailed in the pages of this publication, with a consolidated account provided in the summary tables below.

Summary tables

Table 1: Main budget framework

Table 2: Additional allocation to national votes

Table 3: Expenditure by national vote

Table 4: Expenditure by economic classification

Table 5: Amounts to be appropriated from the National Revenue Fund

Table 6a: Conditional grants to provinces

Table 6b: Conditional grants to municipalities

Table 7: Training expenditure per vote

Table 8: Infrastructure expenditure per vote

Table 9: Personnel expenditure per vote

Table 10: Departmental receipts per vote

Table 1. Main budget framework 2006/07 to 2012/13

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue (National Revenue Fund)							
Tax revenue (gross)	495 548.6	572 814.6	625 100.2	590 425.0	647 850.0	721 477.0	818 298.0
Departmental and other receipts, and repayments	10 843.3	11 671.7	12 616.2	8 982.6	10 380.3	11 483.2	12 379.4
Less: Southern Africa Customs Union payments	-25 194.9	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-11 211.0	-22 781.0
Total revenue	481 197.0	559 773.8	608 795.7	571 492.1	643 239.0	721 749.2	807 896.4
<i>Percentage of GDP</i>	<i>26.2%</i>	<i>26.9%</i>	<i>26.2%</i>	<i>23.3%</i>	<i>23.8%</i>	<i>24.3%</i>	<i>24.5%</i>
Expenditure							
State debt cost	52 192.2	52 877.1	54 393.7	57 599.8	71 357.6	88 462.7	104 022.0
<i>Percentage of GDP</i>	<i>2.8%</i>	<i>2.5%</i>	<i>2.3%</i>	<i>2.4%</i>	<i>2.6%</i>	<i>3.0%</i>	<i>3.2%</i>
Current payments ¹	77 911.5	88 599.8	103 563.2	119 215.8	130 938.5	141 636.6	148 890.9
Transfers and subsidies	332 685.1	391 023.5	458 352.8	530 553.1	579 667.8	634 811.7	674 058.0
Payments for capital assets ¹	6 067.8	7 182.9	8 780.8	8 687.9	9 290.5	10 676.6	13 342.9
Payments for financial assets	1 335.8	1 812.5	10 972.9	32 760.0	20 888.6	750.0	-
Contingency reserve	-	-	-	-	6 000.0	12 000.0	24 000.0
Total expenditure	470 192.5	541 495.7	636 063.5	748 816.5	818 142.9	888 337.6	964 313.8
<i>Percentage of GDP</i>	<i>25.6%</i>	<i>26.0%</i>	<i>27.4%</i>	<i>30.6%</i>	<i>30.3%</i>	<i>29.9%</i>	<i>29.3%</i>
Budget deficit²	11 004.5	18 278.1	-27 267.7	-177 324.3	-174 904.0	-166 588.4	-156 417.4
<i>Percentage of GDP</i>	<i>0.6%</i>	<i>0.9%</i>	<i>-1.2%</i>	<i>-7.2%</i>	<i>-6.5%</i>	<i>-5.6%</i>	<i>-4.7%</i>
<i>GDP</i>	<i>1 833 191.0</i>	<i>2 081 626.0</i>	<i>2 320 117.0</i>	<i>2 449 857.9</i>	<i>2 699 888.0</i>	<i>2 967 560.3</i>	<i>3 295 748.7</i>

1. Excludes conditional grants to provinces and local government, which are included in transfers and subsidies.

2. A positive number reflects a surplus and a negative number a deficit.

Table 2. Additional allocation to national votes 2010/11 to 2012/13¹

R million	Medium term expenditure estimates			Total
	2010/11	2011/12	2012/13	
Central Government Administration	1 882.8	3 072.3	7 510.5	12 465.6
1 The Presidency	85.6	106.5	117.1	309.1
2 Parliament	145.9	150.0	152.5	448.4
3 Cooperative Governance and Traditional Affairs	1 206.7	2 557.8	6 958.5	10 723.1
4 Home Affairs	224.0	80.7	87.3	392.1
5 International Relations and Cooperation	92.6	105.6	115.4	313.5
6 Public Works	97.1	35.5	38.5	171.1
7 Women, Children and People with Disabilities	31.0	36.1	41.2	108.3
Financial and Administrative Services	1 826.9	1 837.5	1 381.0	5 045.4
8 Government Communication and Information System	24.5	25.3	25.7	75.4
9 National Treasury	1 721.7	1 660.0	1 298.6	4 680.3
10 Public Enterprises	38.7	3.2	3.5	45.4
11 Public Service and Administration	10.2	11.9	12.9	35.0
12 Statistics South Africa	31.9	137.2	40.3	209.4
Social Services	5 143.8	8 479.1	13 507.1	27 130.0
13 Arts and Culture	15.3	18.1	19.4	52.8
14 Basic Education	800.8	1 052.5	1 278.0	3 131.3
15 Health	1 930.7	2 896.1	3 998.8	8 825.6
16 Higher Education and Training	421.1	761.3	1 249.0	2 431.4
17 Labour	59.2	49.1	51.9	160.3
18 Social Development	1 910.3	3 694.0	6 900.6	12 505.0
19 Sport and Recreation South Africa	6.3	7.9	9.3	23.6
Justice, Crime Prevention and Security	3 899.4	4 730.2	6 437.0	15 066.6
20 Correctional Services	883.1	919.4	952.8	2 755.3
21 Defence and Military Veterans	1 092.7	1 400.3	2 190.1	4 683.2
22 Independent Complaints Directorate	2.2	4.6	5.8	12.7
23 Justice and Constitutional Development	358.9	529.2	686.1	1 574.1
24 Police	1 562.5	1 876.7	2 602.1	6 041.3
Economic Services and Infrastructure	4 296.7	5 684.4	8 184.8	18 166.0
25 Agriculture, Forestry and Fisheries	57.2	195.8	310.8	563.8
26 Communications	5.1	5.9	6.4	17.4
27 Economic Development	115.0	160.0	175.0	450.0
28 Energy	1 528.8	1 544.4	1 546.8	4 620.0
29 Environmental Affairs	88.8	111.3	216.6	416.7
30 Human Settlements	242.9	360.5	1 761.3	2 364.7
31 Mineral Resources	20.3	33.2	43.0	96.5
32 Rural Development and Land Reform	301.2	348.1	352.1	1 001.4
33 Science and Technology	34.7	40.8	93.7	169.2
34 Tourism	47.7	63.3	74.9	185.9
35 Trade and Industry	905.6	1 294.0	1 638.8	3 838.3
36 Transport	495.8	1 081.6	1 359.3	2 936.7
37 Water Affairs	453.7	445.6	606.1	1 505.4
Total	17 049.6	23 803.6	37 020.3	77 873.6

1. Excludes additional allocations on provincial equitable share and other direct charges against the National Revenue Fund.

Table 3. Expenditure by national vote 2006/07 to 2012/13

R million	Audited Outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
Central Government Administration				
1 The Presidency	224.4	651.4	312.4	694.8
2 Parliament	755.1	902.1	1 135.1	1 108.0
3 Cooperative Governance and Traditional Affairs	24 571.6	30 026.2	35 343.2	36 683.5
4 Home Affairs	2 546.9	3 241.7	4 666.6	5 263.8
5 International Relations and Cooperation	2 944.7	4 069.7	5 472.3	5 553.0
6 Public Works	3 025.8	3 402.3	4 197.0	5 890.1
7 Women, Children and People with Disabilities	49.6	52.5	61.9	68.2
Financial and Administrative Services				
8 Government Communication and Information System	293.1	380.9	427.5	496.8
9 National Treasury	16 171.0	18 966.2	31 312.1	62 845.6
10 Public Enterprises	2 589.8	4 604.0	3 265.1	3 991.2
11 Public Service and Administration	583.7	609.6	630.6	682.8
12 Statistics South Africa	1 096.6	1 054.3	1 323.1	1 715.2
Social Services				
13 Arts and Culture	1 329.9	1 585.8	2 114.5	2 632.1
14 Basic Education	1 571.6	2 165.3	3 284.4	4 474.4
15 Health	11 338.0	12 762.7	15 464.5	18 423.5
16 Higher Education and Training	14 292.2	15 997.3	18 765.9	20 696.6
17 Labour	1 343.3	1 431.5	1 507.2	1 709.2
18 Social Development	61 676.1	67 191.4	76 096.7	86 508.2
19 Sport and Recreation South Africa	886.5	5 048.0	4 871.4	2 883.9
Justice, Crime Prevention and Security				
20 Correctional Services	9 251.2	11 122.4	12 822.6	13 834.5
21 Defence and Military Veterans	23 817.6	25 180.1	27 801.3	31 325.3
22 Independent Complaints Directorate	65.3	80.9	99.3	116.5
23 Justice and Constitutional Development	5 853.8	7 194.0	8 244.4	9 721.0
24 Police	32 634.9	36 525.9	41 635.2	47 622.0
Economic Services and Infrastructure				
25 Agriculture, Forestry and Fisheries	2 711.0	3 858.6	3 465.0	3 874.5
26 Communications	1 319.6	1 911.8	2 328.6	2 470.5
27 Economic Development	238.7	245.1	220.4	316.2
28 Energy	1 930.8	2 189.1	2 918.4	3 756.9
29 Environmental Affairs	1 164.2	1 654.1	1 882.7	2 244.2
30 Human Settlements	7 178.2	8 716.1	11 147.4	14 036.2
31 Mineral Resources	676.8	758.2	811.6	925.1
32 Rural Development and Land Reform	3 724.6	5 896.6	6 663.7	6 401.4
33 Science and Technology	2 613.0	3 127.3	3 703.5	4 261.7
34 Tourism	853.5	1 065.1	1 211.8	1 155.7
35 Trade and Industry	3 566.1	5 050.2	4 836.6	6 085.9
36 Transport	13 360.4	16 331.6	24 838.6	24 238.5
37 Water Affairs	3 851.9	4 802.9	5 795.3	7 342.6
Total appropriation by vote	262 101.6	309 853.1	370 678.0	442 049.4
Plus:				
Direct charges against the National Revenue Fund				
President and Deputy President salary (The Presidency)	2.2	2.3	4.0	4.3
Members remuneration (Parliament)	223.3	240.7	356.9	376.7
State debt costs (National Treasury)	52 192.2	52 877.1	54 393.7	59 995.0
Provincial equitable share (National Treasury)	149 245.6	171 053.7	201 795.6	236 877.8
General fuel levy sharing with metros (National Treasury)	-	-	-	6 800.1
Skills levy and Setas (Higher Education and Training)	5 328.4	6 284.3	7 234.1	7 750.0
Judges and magistrates salaries (Justice and Constitutional Development)	1 099.3	1 184.5	1 601.1	1 669.7
Total direct charges against the National Revenue Fund	208 090.9	231 642.6	265 385.4	313 473.5
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
Total	470 192.5	541 495.7	636 063.5	752 522.9

Table 3. Expenditure by national vote 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
				Central Government Administration
691.8	722.6	772.2	810.5	The Presidency
1 108.0	1 179.2	1 238.6	1 288.4	Parliament
36 629.6	43 921.5	50 449.1	57 238.3	Cooperative Governance and Traditional Affairs
5 159.4	5 719.6	5 003.5	5 144.8	Home Affairs
5 508.0	4 824.4	5 087.0	5 393.0	International Relations and Cooperation
5 740.1	6 446.3	7 984.1	8 246.2	Public Works
68.2	97.8	108.3	114.9	Women, Children and People with Disabilities
				Financial and Administrative Services
496.8	546.2	507.1	515.4	Government Communication and Information System
62 512.7	50 219.9	33 127.9	34 265.6	National Treasury
3 991.2	350.6	186.8	196.2	Public Enterprises
681.0	651.5	657.1	684.1	Public Service and Administration
1 715.2	1 973.4	2 845.9	1 769.6	Statistics South Africa
				Social Services
2 440.1	2 406.7	2 417.4	2 562.7	Arts and Culture
4 197.9	6 166.2	7 549.8	8 099.3	Basic Education
18 025.5	21 497.0	23 707.9	25 844.7	Health
20 681.8	23 720.7	26 104.6	27 856.1	Higher Education and Training
1 674.4	1 783.9	1 866.6	1 942.5	Labour
86 108.2	95 929.1	105 715.4	114 023.7	Social Development
2 872.4	1 245.6	760.5	793.7	Sport and Recreation South Africa
				Justice, Crime Prevention and Security
13 834.5	15 129.0	16 027.4	18 277.2	Correctional Services
30 325.3	30 715.3	33 931.4	36 386.5	Defence and Military Veterans
116.5	129.3	144.1	152.4	Independent Complaints Directorate
9 673.3	10 250.5	11 083.7	11 730.6	Justice and Constitutional Development
47 622.0	52 556.4	56 916.6	60 390.8	Police
				Economic Services and Infrastructure
3 305.5	3 658.0	4 361.4	4 740.5	Agriculture, Forestry and Fisheries
2 354.5	2 114.0	1 814.1	1 630.4	Communications
316.2	418.6	494.4	520.3	Economic Development
3 740.2	5 535.4	5 739.6	5 538.7	Energy
2 244.2	2 607.8	2 817.5	3 058.7	Environmental Affairs
14 036.2	16 201.5	18 483.0	19 603.8	Human Settlements
924.0	1 030.0	1 112.1	1 168.0	Mineral Resources
6 401.4	6 769.6	7 972.9	8 360.1	Rural Development and Land Reform
4 261.7	4 615.5	4 968.8	4 560.2	Science and Technology
1 155.7	1 151.8	1 223.2	1 291.2	Tourism
5 988.8	6 150.1	6 757.4	7 264.0	Trade and Industry
24 164.1	25 086.3	27 960.1	29 169.5	Transport
6 969.8	7 996.6	9 090.2	9 628.2	Water Affairs
437 736.1	461 517.9	486 987.8	520 261.0	Total appropriation by vote
				Plus:
				Direct charges against the National Revenue Fund
4.3	4.6	4.8	5.1	President and Deputy President salary (The Presidency)
376.7	392.7	409.6	430.1	Members remuneration (Parliament)
57 599.8	71 357.6	88 462.7	104 022.0	State debt costs (National Treasury)
236 877.8	260 973.7	280 688.7	294 780.0	Provincial equitable share (National Treasury)
6 800.1	7 542.4	8 531.1	8 957.7	General fuel levy sharing with metros (National Treasury)
7 750.0	8 424.2	9 148.7	9 606.1	Skills levy and Setas (Higher Education and Training)
1 671.7	1 929.9	2 104.2	2 251.9	Judges and magistrates salaries (Justice and Constitutional Development)
311 080.3	350 625.0	389 349.8	420 052.9	Total direct charges against the National Revenue Fund
-	6 000.0	12 000.0	24 000.0	Contingency reserve
-	-	-	-	Projected underspending
748 816.5	818 142.9	888 337.6	964 313.8	Total

Table 4. Expenditure by economic classification 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
Current payments				
Compensation of employees	49 574.2	56 243.2	64 973.4	76 392.8
Salaries and wages	41 022.9	46 738.9	53 788.3	63 755.1
Social contributions	8 551.3	9 504.3	11 185.1	12 637.7
Goods and services	28 335.8	32 354.3	38 587.4	44 065.4
Interest and rent on land	52 193.7	52 879.3	54 396.1	59 995.8
Interest (including interest on finance leases)	52 193.0	52 878.6	54 395.9	59 995.0
Rent on land	0.7	0.7	0.2	0.8
Total current payments	130 103.7	141 476.8	157 956.9	180 454.0
Transfers and subsidies to:				
Provinces and municipalities	205 438.3	243 233.9	289 397.3	345 879.0
Provinces	178 867.2	205 829.6	245 302.3	295 353.2
Provincial revenue funds	178 867.2	205 829.6	245 302.3	295 353.2
Municipalities	26 571.1	37 404.3	44 095.1	50 525.8
Municipal bank accounts	26 571.1	37 404.3	44 095.1	50 525.8
Departmental agencies and accounts	38 102.1	44 531.2	53 572.4	58 512.9
Social security funds	7.0	8.5	2 508.7	12.7
Departmental agencies (non-business entities)	38 095.0	44 522.7	51 063.6	58 500.3
Universities and technikons	11 056.0	12 003.8	13 897.7	15 437.4
Foreign governments and international organisations	919.3	936.0	1 010.6	1 266.8
Public corporations and private enterprises	13 424.4	18 764.3	20 170.1	20 061.4
Public corporations	9 872.3	14 155.2	14 694.3	17 851.2
Subsidies on products or production	4 101.1	3 691.7	4 676.1	5 188.9
Other transfers to public corporations	5 771.2	10 463.5	10 018.2	12 662.3
Private enterprises	3 552.1	4 609.0	5 475.8	2 210.2
Subsidies on products or production	3 339.6	4 111.4	5 193.5	1 855.1
Other transfers to private enterprises	212.5	497.6	282.3	355.1
Non-profit institutions	882.1	1 002.8	1 220.2	1 225.3
Households	62 862.9	70 551.4	79 084.5	91 029.5
Social benefits	59 569.1	65 170.5	73 611.2	85 989.9
Other transfers to households	3 293.8	5 381.0	5 473.3	5 039.6
Total transfers and subsidies	332 685.1	391 023.5	458 352.8	533 412.3
Payments for capital assets				
Buildings and other fixed structures	2 481.5	3 838.2	5 566.8	5 961.3
Buildings	2 376.9	3 325.7	4 893.8	4 843.3
Other fixed structures	104.6	512.5	673.0	1 118.0
Machinery and equipment	3 322.8	3 210.7	2 965.0	2 741.0
Transport equipment	1 522.3	1 528.0	1 419.6	1 467.8
Other machinery and equipment	1 800.5	1 682.7	1 545.4	1 273.1
Specialised military assets	-	-	-	27.6
Biological assets	0.7	11.2	2.7	1.1
Land and subsoil assets	31.5	27.4	49.0	-
Software and other intangible assets	231.4	95.5	197.4	167.4
Total payments for capital assets	6 067.8	7 182.9	8 780.8	8 898.3
Payments for financial assets	1 335.8	1 812.5	10 972.9	32 758.3
Total	470 192.5	541 495.7	636 063.5	755 522.9
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
Total	470 192.5	541 495.7	636 063.5	752 522.9

Table 4. Expenditure by economic classification 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
76 008.7	84 093.2	90 167.3	95 232.5	Current payments
				Compensation of employees
63 383.4	69 171.6	74 337.1	78 539.2	Salaries and wages
12 625.3	14 921.6	15 830.2	16 693.2	Social contributions
43 205.8	46 843.3	51 466.9	53 656.0	Goods and services
57 601.0	71 359.6	88 465.0	104 024.5	Interest and rent on land
57 600.2	71 358.7	88 464.1	104 023.5	Interest (including interest on finance leases)
0.8	0.8	0.9	1.0	Rent on land
176 815.6	202 296.0	230 099.3	252 913.0	Total current payments
				Transfers and subsidies to:
				Provinces and municipalities
345 167.9	381 726.9	417 237.3	442 587.4	Provinces
294 968.2	322 858.2	350 547.1	369 348.4	Provincial revenue funds
294 968.2	322 858.2	350 547.1	369 348.4	
50 199.7	58 868.7	66 690.2	73 239.0	Municipalities
50 199.7	58 868.7	66 690.2	73 239.0	Municipal bank accounts
57 114.3	58 456.5	65 123.0	68 388.7	Departmental agencies and accounts
12.7	11.6	12.4	13.0	Social security funds
57 101.6	58 445.0	65 110.6	68 375.7	Departmental agencies (non-business entities)
15 437.4	17 532.0	19 318.5	20 669.2	Universities and technikons
1 260.9	1 313.9	1 288.8	1 380.3	Foreign governments and international organisations
19 725.2	20 129.1	20 700.1	21 489.8	Public corporations and private enterprises
17 555.0	16 988.4	17 034.7	17 355.7	Public corporations
5 198.9	5 180.8	5 262.0	5 499.9	Subsidies on products or production
12 356.1	11 807.6	11 772.7	11 855.7	Other transfers to public corporations
2 170.1	3 140.7	3 665.4	4 134.1	Private enterprises
1 795.1	2 778.8	3 255.0	3 629.1	Subsidies on products or production
375.1	362.0	410.3	505.0	Other transfers to private enterprises
1 225.1	2 275.2	2 339.0	1 894.0	Non-profit institutions
90 622.4	98 234.2	108 805.0	117 648.6	Households
85 620.3	92 792.8	102 213.6	110 636.4	Social benefits
5 002.1	5 441.4	6 591.5	7 012.1	Other transfers to households
530 553.1	579 667.8	634 811.7	674 058.0	Total transfers and subsidies
				Payments for capital assets
5 862.9	5 994.9	7 237.3	9 660.6	Buildings and other fixed structures
4 743.8	4 537.4	4 836.4	6 935.7	Buildings
1 119.2	1 457.5	2 400.9	2 725.0	Other fixed structures
2 735.2	3 236.9	3 381.4	3 525.6	Machinery and equipment
1 467.8	1 352.7	1 474.3	1 690.0	Transport equipment
1 267.4	1 884.2	1 907.2	1 835.6	Other machinery and equipment
27.6	19.6	24.5	122.0	Specialised military assets
1.1	1.6	0.7	0.7	Biological assets
–	–	–	–	Land and subsoil assets
61.0	37.5	32.7	33.8	Software and other intangible assets
8 687.9	9 290.5	10 676.6	13 342.9	Total payments for capital assets
32 760.0	20 888.6	750.0	0.0	Payments for financial assets
748 816.5	812 142.9	876 337.6	940 313.8	Total
–	6 000.0	12 000.0	24 000.0	Contingency reserve
–	–	–	–	Projected underspending
748 816.5	818 142.9	888 337.6	964 313.8	Total

Table 5. Amounts to be appropriated from the National Revenue Fund for 2010/11

	Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease ¹	
R million	2009/10	2010/11						
Central Government Administration								
1	The Presidency	609.6	343.0	371.9	12.2	-	727.2	117.6
2	Parliament	1 350.7	1 275.4	284.8	11.7	-	1 571.9	221.2
3	Cooperative Governance and Traditional Affairs	35 604.4	619.7	43 288.5	13.3	-	43 921.5	8 317.0
4	Home Affairs	5 050.6	3 992.4	1 587.8	139.3	-	5 719.6	669.0
5	International Relations and Cooperation	5 337.0	3 688.6	820.2	315.7	-	4 824.4	-512.6
6	Public Works	5 298.0	2 042.8	3 029.6	1 373.9	-	6 446.3	1 148.3
7	Women, Children and People with Disabilities	64.0	39.3	51.9	6.6	-	97.8	33.8
Financial and Administrative Services								
8	Government Communication and Information System	482.0	355.5	187.4	3.4	-	546.2	64.2
9	National Treasury	354 795.2	72 806.9	296 522.2	14.5	20 750.0	390 093.6	35 298.4
10	Public Enterprises	3 797.3	174.7	36.7	0.6	138.6	350.6	-3 446.8
11	Public Service and Administration	596.3	376.9	271.6	2.9	-	651.5	55.2
12	Statistics South Africa	1 608.6	1 871.5	3.8	98.1	-	1 973.4	364.8
Social Services								
13	Arts and Culture	2 623.5	311.1	2 089.1	6.6	-	2 406.7	-216.7
14	Basic Education	3 929.9	1 777.1	4 385.1	4.1	-	6 166.2	2 236.3
15	Health	17 058.1	1 063.0	20 403.3	30.7	-	21 497.0	4 438.9
16	Higher Education and Training	25 259.6	382.4	31 752.7	9.8	-	32 144.9	6 885.3
17	Labour	1 671.0	1 259.9	515.2	8.8	-	1 783.9	112.9
18	Social Development	86 408.3	543.0	95 376.0	10.1	-	95 929.1	9 520.7
19	Sport and Recreation South Africa	2 859.9	192.9	1 047.6	5.1	-	1 245.6	-1 614.3
Justice, Crime Prevention and Security								
20	Correctional Services	13 238.6	14 007.7	13.1	1 108.3	-	15 129.0	1 890.5
21	Defence and Military Veterans	32 024.4	23 099.0	6 830.1	786.2	-	30 715.3	-1 309.1
22	Independent Complaints Directorate	114.9	126.0	0.1	3.3	-	129.3	14.5
23	Justice and Constitutional Development	11 278.6	9 984.8	1 567.9	627.7	-	12 180.4	901.8
24	Police	46 409.7	49 336.4	438.4	2 781.7	-	52 556.4	6 146.7
Economic Services and Infrastructure								
25	Agriculture, Forestry and Fisheries	2 903.5	1 773.5	1 836.5	47.9	-	3 658.0	754.5
26	Communications	2 266.9	483.2	1 626.7	4.1	-	2 114.0	-152.9
27	Economic Development	292.5	95.2	318.6	4.8	-	418.6	126.1
28	Energy	3 742.3	202.1	5 328.7	4.6	-	5 535.4	1 793.1
29	Environmental Affairs	2 261.0	910.2	1 224.3	473.3	-	2 607.8	346.8
30	Human Settlements	14 020.0	599.5	15 442.8	159.3	-	16 201.5	2 181.5
31	Mineral Resources	904.9	607.3	408.7	14.1	-	1 030.0	125.1
32	Rural Development and Land Reform	6 109.4	1 878.1	4 871.6	19.8	-	6 769.6	660.2
33	Science and Technology	4 234.1	362.0	4 249.5	4.1	-	4 615.5	381.4
34	Tourism	1 109.1	196.1	953.3	2.4	-	1 151.8	42.8
35	Trade and Industry	6 051.7	1 142.9	4 992.6	14.7	-	6 150.1	98.4
36	Transport	23 734.8	743.4	24 301.3	41.6	-	25 086.3	1 351.4
37	Water Affairs	7 462.4	3 632.8	3 238.5	1 125.3	-	7 996.6	534.2
Total	732 562.8	202 296.0	579 667.8	9 290.5	20 888.6	812 142.9	79 580.2	

1. A positive number reflects an increase and a negative number a decrease.

Table 6a. Conditional grants to provinces 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
3	Cooperative Governance and Traditional Affairs	–	–	29.7	–	–	–	–	
6	Public Works	710.1	836.6	889.3	1 501.2	1 401.2	1 483.8	1 962.0	2 060.1
Financial and Administrative Services									
9	National Treasury	4 983.5	6 276.2	7 384.5	13 449.2	13 449.2	11 314.9	13 091.2	14 007.6
Social Services									
13	Arts and Culture	–	163.2	344.6	440.6	440.6	512.7	543.4	570.8
14	Basic Education	1 242.5	1 376.9	2 114.1	2 575.4	2 575.4	3 931.4	5 048.1	5 447.4
15	Health	10 206.5	11 552.7	14 028.7	16 702.5	16 417.5	19 852.8	21 971.8	24 030.4
16	Higher Education and Training	1 973.7	2 435.3	3 005.8	3 168.3	3 168.3	3 772.7	3 972.0	4 169.1
19	Sport and Recreation South Africa	119.0	194.0	293.7	402.3	402.3	426.4	452.0	474.6
Economic Services and Infrastructure									
25	Agriculture, Forestry and Fisheries	401.1	761.7	898.0	973.7	973.7	1 116.9	1 437.1	1 508.9
30	Human Settlements	6 677.8	8 149.9	10 177.9	12 592.3	12 592.3	15 160.6	17 222.4	17 938.7
32	Rural Development and Land Reform	8.0	–	–	–	–	–	–	–
35	Trade and Industry	58.2	–	–	–	–	–	–	–
36	Transport	3 241.0	3 029.4	4 340.3	6 669.9	6 669.9	4 312.4	4 158.5	4 360.9
Total		29 621.6	34 775.9	43 506.6	58 475.4	58 090.4	61 884.5	69 858.4	74 568.4

1. Detail provided in the Division of Revenue Act (2010).

Table 6b. Conditional grants to municipalities 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
3	Cooperative Governance and Traditional Affairs	6 138.4	8 954.1	9 308.4	11 633.5	11 633.5	12 740.9	15 293.3	18 557.9
6	Public Works	–	–	–	201.7	201.7	623.0	1 108.0	1 163.4
Financial and Administrative Services									
9	National Treasury	410.3	716.5	361.5	851.4	611.4	1 394.6	1 575.1	1 586.3
Social Services									
19	Sport and Recreation South Africa	600.0	4 605.0	4 295.0	2 168.7	2 168.7	512.6	–	–
Economic Services and Infrastructure									
28	Energy	390.7	462.5	589.1	1 108.0	1 092.2	1 240.1	1 376.6	1 151.4
36	Transport	518.0	1 174.0	2 928.7	2 428.0	2 428.0	3 709.9	4 436.1	4 136.7
37	Water Affairs	385.7	732.9	994.6	925.0	854.6	890.1	380.0	399.0
Total		8 443.1	16 645.0	18 477.3	19 316.2	18 990.1	21 111.1	24 169.1	26 994.8

1. Detail provided in the Division of Revenue Act (2010).

Table 7. Training expenditure per vote 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Central Government Administration								
1	The Presidency	1.5	2.3	1.4	1.9	2.2	2.4	2.6
2	Parliament	10.7	10.6	11.9	10.1	10.4	14.2	15.0
3	Cooperative Governance and Traditional Affairs	1.7	2.3	1.7	1.8	2.4	2.6	2.7
4	Home Affairs	35.6	32.4	34.0	35.1	30.9	28.2	28.5
5	International Relations and Cooperation	4.0	13.1	8.1	12.4	14.4	14.1	14.1
6	Public Works	12.8	15.2	22.0	26.1	27.5	28.5	29.9
Financial and Administrative Services								
8	Government Communication and Information System	2.4	4.7	4.2	3.7	4.4	4.2	4.4
9	National Treasury	9.3	16.1	16.9	33.6	19.8	20.4	21.2
10	Public Enterprises	0.8	1.6	1.7	2.2	1.9	2.0	2.0
11	Public Service and Administration	2.0	2.2	3.7	2.6	3.6	3.5	3.7
12	Statistics South Africa	7.7	11.9	14.0	21.2	45.1	42.1	40.0
Social Services								
13	Arts and Culture	2.4	3.1	4.5	2.1	2.3	2.4	2.5
14	Basic Education	1.6	2.8	6.5	1.7	2.5	2.4	2.5
15	Health	5.5	9.5	1.8	4.5	5.5	6.1	6.6
16	Higher Education and Training	1.8	2.5	2.9	1.9	2.6	2.8	2.9
17	Labour	8.9	6.5	8.9	8.3	8.9	9.3	9.8
18	Social Development	2.2	1.7	1.8	2.3	2.5	2.6	2.8
19	Sport and Recreation South Africa	0.5	0.9	0.9	1.1	1.1	1.1	1.1
Justice, Crime Prevention and Security								
20	Correctional Services	111.4	125.6	76.0	89.5	64.0	100.5	105.6
21	Defence and Military Veterans	85.6	87.4	117.7	113.6	145.6	151.0	167.0
22	Independent Complaints Directorate	0.5	0.6	0.6	0.7	0.7	0.8	0.8
23	Justice and Constitutional Development	12.4	18.3	37.5	86.4	78.9	83.6	89.4
24	Police	807.5	966.0	1 124.0	1 006.5	1 386.6	1 449.0	1 514.2
Economic Services and Infrastructure								
25	Agriculture, Forestry and Fisheries	27.3	20.3	24.2	16.4	20.0	21.8	23.3
26	Communications	3.1	3.7	6.0	9.0	9.4	9.9	10.4
27	Economic Development	-	-	-	-	0.1	0.2	0.2
28	Energy	0.6	0.7	1.6	2.1	3.5	3.9	4.1
29	Environmental Affairs	2.3	2.1	2.2	2.3	2.5	2.7	2.9
30	Human Settlements	2.0	1.2	2.9	12.9	14.1	15.2	16.1
31	Mineral Resources	1.5	1.7	3.8	9.1	3.5	3.9	4.1
32	Rural Development and Land Reform	11.6	9.0	9.4	11.9	12.6	13.3	13.9
33	Science and Technology	1.0	3.6	5.2	6.5	5.1	5.4	5.6
34	Tourism	1.5	1.4	1.5	1.0	1.0	1.0	1.1
35	Trade and Industry	3.2	1.0	2.5	9.3	11.0	11.5	12.0
36	Transport	3.0	3.2	1.8	3.9	4.0	4.0	4.1
37	Water Affairs	37.0	38.9	40.8	63.1	65.7	67.3	70.7
Total		1 223.1	1 424.2	1 604.9	1 616.8	2 016.3	2 133.7	2 237.8

Table 8. Infrastructure expenditure per vote 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Central Government Administration							
2 Parliament	–	5.1	40.5	–	–	–	–
3 Cooperative Governance and Traditional Affairs	6 138.4	8 754.1	9 138.1	11 433.5	12 528.9	15 068.6	18 322.0
4 Home Affairs	45.1	61.4	68.0	56.1	67.2	132.5	129.8
5 International Relations and Cooperation	119.4	649.9	926.7	423.2	231.5	249.8	317.0
6 Public Works	414.1	488.0	988.4	1 220.6	1 303.9	1 603.9	1 634.7
Financial and Administrative Services							
9 National Treasury	5 035.7	6 327.3	7 768.0	9 910.6	12 569.9	14 486.6	15 405.0
Social Services							
13 Arts and Culture	312.1	281.2	448.6	801.4	557.8	455.6	483.0
14 Basic Education	–	–	–	–	80.0	200.0	210.0
15 Health	1 498.7	2 118.5	1 884.8	3 495.2	3 939.6	3 789.7	3 805.0
16 Higher Education and Training	90.5	77.5	54.8	37.0	32.0	26.0	22.0
17 Labour	78.5	64.4	37.6	56.8	25.9	34.6	0.0
19 Sport and Recreation South Africa	600.0	4 605.0	4 295.0	1 661.1	302.3	–	–
Justice, Crime Prevention and Security							
20 Correctional Services	794.8	1 087.0	1 035.5	1 012.5	1 108.3	1 163.1	2 675.6
21 Defence and Military Veterans	49.2	93.4	476.5	452.0	1 120.7	841.1	1 218.3
23 Justice and Constitutional Development	323.7	361.1	479.5	515.5	631.5	759.4	865.0
24 Police	510.5	727.0	843.3	1 049.7	1 118.2	1 235.3	1 544.6
Economic Services and Infrastructure							
25 Agriculture, Forestry and Fisheries	120.0	112.0	108.6	115.0	172.9	270.8	253.5
26 Communications	100.0	646.0	950.0	810.0	420.9	279.0	167.0
28 Energy	1 328.9	1 525.6	1 888.8	2 400.3	4 271.9	4 366.4	4 565.5
29 Environmental Affairs	199.8	405.7	437.4	512.3	656.7	664.8	693.0
30 Human Settlements	–	3 829.9	1 885.1	1 674.3	2 014.8	2 248.4	2 341.9
32 Rural Development and Land Reform	14.4	5.6	6.3	11.8	17.4	18.3	44.7
33 Science and Technology	175.0	272.0	408.0	699.3	745.7	801.0	254.4
35 Trade and Industry	468.0	911.0	967.5	1 283.3	769.9	721.4	758.6
36 Transport	5 801.6	7 934.8	10 601.2	12 799.8	14 131.7	16 038.7	16 542.4
37 Water Affairs	85.9	644.4	1 467.1	1 976.8	2 279.9	3 358.1	3 805.1
Total	24 304.4	41 988.0	47 205.2	54 408.3	61 099.7	68 813.1	76 057.9

1. Amounts include mega infrastructure projects and programmes (over R300 million per year for a minimum of three years, or R900 million total project cost), large projects and programmes (between R300 million and R50 million per year within a given MTEF period), small projects and programmes (less than R50 million per year). Infrastructure transfers to other spheres, agencies and entities, fixed installations transferred to households and maintenance and repair projects are also included. Details are provided in the additional tables in each vote.

Table 9. Personnel expenditure per vote 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
1	The Presidency	100.5	118.7	144.3	187.4	184.4	218.1	242.4	258.2
2	Parliament	446.6	521.0	708.6	780.1	780.1	856.1	905.7	951.2
3	Cooperative Governance and Traditional Affairs	116.2	128.1	153.8	172.3	164.8	241.9	255.3	268.1
4	Home Affairs	844.7	1 087.0	1 296.0	1 659.1	1 659.1	1 896.2	2 134.8	2 243.7
5	International Relations and Cooperation	1 136.5	1 293.2	1 683.4	2 062.6	2 062.6	2 017.1	2 101.4	2 203.1
6	Public Works	613.6	746.4	916.6	1 012.2	1 012.2	1 121.4	1 201.7	1 249.6
7	Women, Children and People with Disabilities	3.8	4.8	5.9	10.0	10.0	15.7	27.5	29.9
Financial and Administrative Services									
8	Government Communication and Information System	84.1	116.2	114.0	137.1	136.9	147.0	157.5	166.3
9	National Treasury	230.9	272.7	321.0	438.5	408.5	538.5	573.0	598.6
10	Public Enterprises	47.2	56.0	70.4	81.4	81.4	88.0	93.5	98.3
11	Public Service and Administration	92.5	115.8	129.1	153.4	153.4	174.4	183.4	193.4
12	Statistics South Africa	414.9	472.0	700.7	1 015.8	1 015.8	891.0	1 065.1	992.5
Social Services									
13	Arts and Culture	95.1	107.2	126.8	146.3	141.3	149.0	159.4	168.7
14	Basic Education	117.0	150.4	186.3	229.9	251.4	255.4	273.8	288.1
15	Health	231.7	258.6	292.5	329.1	329.1	369.7	403.4	442.4
16	Higher Education and Training	131.7	146.2	174.8	203.3	203.6	228.9	245.8	261.1
17	Labour	435.4	497.9	491.3	632.6	611.2	738.4	760.6	811.4
18	Social Development	111.1	133.6	184.1	225.4	225.4	245.1	260.6	277.7
19	Sport and Recreation South Africa	30.1	43.4	54.5	67.6	59.6	75.3	73.7	77.4
Justice, Crime Prevention and Security									
20	Correctional Services	5 606.6	6 799.2	8 077.8	9 313.0	9 313.0	10 483.8	11 058.5	11 611.2
21	Defence and Military Veterans	9 037.6	9 735.9	10 620.0	12 223.2	12 223.2	13 450.4	14 630.1	15 686.9
22	Independent Complaints Directorate	36.8	45.7	58.0	66.5	66.5	74.1	85.5	90.4
23	Justice and Constitutional Development	3 619.7	4 250.9	5 326.2	6 277.1	6 233.7	6 834.7	7 375.3	7 846.8
24	Police	22 730.2	25 610.6	29 147.4	33 770.2	33 770.2	37 148.8	39 660.3	41 777.4
Economic Services and Infrastructure									
25	Agriculture, Forestry and Fisheries	717.4	778.8	908.8	1 138.5	938.5	1 144.2	1 244.2	1 380.2
26	Communications	99.0	97.7	108.0	147.4	147.4	160.4	169.2	177.9
27	Economic Development	-	-	-	12.6	12.6	59.5	78.0	89.8
28	Energy	49.7	68.2	84.6	113.1	112.1	133.0	140.4	142.8
29	Environmental Affairs	156.7	196.3	212.3	260.3	260.3	324.9	351.5	368.9
30	Human Settlements	81.4	107.3	136.9	217.4	217.4	290.2	313.4	328.9
31	Mineral Resources	196.4	222.3	245.5	287.6	287.0	352.3	392.1	414.7
32	Rural Development and Land Reform	406.0	476.4	614.2	954.8	954.8	1 072.2	1 141.5	1 199.8
33	Science and Technology	83.7	104.1	144.9	200.2	200.2	215.0	227.3	239.1
34	Tourism	102.8	130.8	106.4	89.6	89.6	98.5	112.1	160.6
35	Trade and Industry	283.6	327.5	383.1	513.0	469.0	557.8	590.4	628.5
36	Transport	111.2	131.3	182.6	221.0	221.0	259.4	282.2	296.6
37	Water Affairs	972.0	890.7	862.5	1 043.1	1 001.4	1 166.5	1 196.7	1 212.4
Total		49 574.2	56 243.2	64 973.4	76 392.8	76 008.7	84 093.2	90 167.3	95 232.5

Table 10. Departmental receipts per vote 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
1	The Presidency	1.7	0.3	0.2	0.5	0.5	0.3	0.3	0.3
2	Parliament	41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
3	Cooperative Governance and Traditional Affairs	6.8	0.7	0.8	0.6	0.6	0.6	0.6	0.6
4	Home Affairs	468.2	421.1	355.7	429.5	429.5	455.3	482.6	506.7
5	International Relations and Cooperation	46.3	65.1	43.6	39.2	18.4	31.2	33.3	33.2
6	Public Works	79.9	95.8	28.5	25.6	31.5	26.6	27.7	29.4
Financial and Administrative Services									
8	Government Communication and Information System	3.1	3.1	3.3	2.9	2.9	3.0	3.0	3.0
9	National Treasury	4 355.1	6 116.7	5 270.4	4 148.5	3 839.0	2 354.2	2 544.8	2 602.9
10	Public Enterprises	0.1	0.1	0.8	0.1	0.1	0.1	0.1	0.1
11	Public Service and Administration	1.8	2.7	1.0	0.9	0.9	0.7	0.7	0.7
12	Statistics South Africa	1.5	17.7	2.8	6.9	6.9	2.2	2.5	2.6
Social Services									
13	Arts and Culture	3.2	0.4	3.6	1.0	1.0	0.6	0.6	0.7
14	Basic Education	0.6	1.9	1.5	0.9	0.9	1.1	1.2	1.2
15	Health	33.3	41.2	31.2	33.7	33.7	31.5	32.8	32.9
16	Higher Education and Training	6.2	6.9	6.7	6.5	6.6	6.9	7.0	7.0
17	Labour	6.1	8.4	28.9	12.9	12.9	16.1	22.4	24.3
18	Social Development	865.3	237.0	16.5	0.2	20.2	510.2	10.2	10.2
19	Sport and Recreation South Africa	5.6	0.0	0.3	0.6	5.7	0.3	0.4	0.4
Justice, Crime Prevention and Security									
20	Correctional Services	100.0	136.3	80.5	131.2	136.7	143.4	152.0	161.0
21	Defence and Military Veterans	492.8	551.9	629.4	676.7	676.7	702.5	729.2	756.9
22	Independent Complaints Directorate	0.0	0.4	0.1	0.1	0.1	0.1	0.1	0.1
23	Justice and Constitutional Development	319.5	317.0	356.8	358.9	358.9	377.6	399.8	422.5
24	Police	251.9	345.1	376.5	332.6	332.6	341.7	321.3	324.5
Economic Services and Infrastructure									
25	Agriculture, Forestry and Fisheries	141.1	121.1	254.0	219.7	216.7	119.3	121.5	118.2
26	Communications	2 613.8	3 007.4	3 520.1	933.0	1 160.8	925.0	959.4	993.4
27	Economic Development	177.5	229.3	244.4	484.8	420.0	230.0	243.8	250.0
28	Energy	0.1	1.2	3.3	3.5	3.5	3.7	3.9	4.1
29	Environmental Affairs	4.9	4.7	8.5	2.7	2.7	0.8	0.8	0.8
30	Human Settlements	1.9	0.7	2.4	0.5	2.8	0.5	0.5	0.6
31	Mineral Resources	191.0	267.1	261.3	161.8	161.8	205.6	211.8	213.9
32	Rural Development and Land Reform	158.8	176.4	64.2	231.2	61.1	68.4	69.0	64.5
33	Science and Technology	1.0	0.2	0.3	1.0	1.0	0.1	0.1	0.1
35	Trade and Industry	66.6	94.2	64.9	66.7	67.0	108.3	114.9	120.2
36	Transport	330.4	362.5	215.8	231.7	116.6	127.8	137.4	144.3
37	Water Affairs	137.2	0.1	26.6	72.6	39.8	41.2	44.0	44.0
Total departmental receipts as per Estimates of National Expenditure		10 915.2	12 686.3	11 960.0	8 635.5	8 188.0	6 852.2	6 691.4	6 887.0
Less: Parliament (retained departmental receipts)		41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
Plus: South African Revenue Service departmental receipts collection		-30.0	58.0	711.4	1 205.8	812.4	3 543.6	4 803.7	5 503.9
Total departmental receipts as per Budget Review		10 843.3	12 692.6	12 616.2	9 825.0	8 982.6	10 380.3	11 483.2	12 379.4

1. Departmental receipts exclude extraordinary receipts which are deposited into the National Revenue Fund. Extraordinary receipts are included in the Budget Review.

Information contained in each chapter

The Estimates of National Expenditure publication describes in detail the planned spending of all national government departments for three years going forward: that is, the years of the medium term expenditure framework (MTEF). The Estimates of National Expenditure is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the allocation of expenditure to all national departments set out in the appropriation bill, which is tabled on the same day.

The appropriation bill is divided into votes. A vote generally specifies the total amount appropriated per department. Each chapter in the Estimates of National Expenditure relates to a vote. By appropriating funds from the National Revenue Fund through the approval of the appropriation bill, Parliament authorises expenditure.

Votes are arranged into the following functional groupings to facilitate analysis of interdepartmental initiatives and service delivery.

- central government administration
- financial and administrative services
- social services
- justice, crime prevention and security
- economic services and infrastructure.

These functional groupings are informal and are not the same as either the government's cluster system groupings or the standard chart of accounts' more rigorous classification of government functions.

The Estimates of National Expenditure booklets for individual votes are available on www.treasury.gov.za. They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

The chapter for each vote contains the following information:

Budget summary

This table shows the budgeted expenditure for the vote for the MTEF period.

R million	2010/11					2011/12	2012/13
	Total to be Appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Programme name							
Programme name							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Item							
Total expenditure estimates							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

Due to rounding off, the figures do not necessarily add up to the total. Figures are mostly denoted in rand million unless otherwise indicated.

The **2010/11 total to be appropriated** shows the expenditure allocation for 2010/11 and corresponds with the information in the 2010 Appropriation Bill.

The totals to be appropriated by Parliament are categorised by economic classification into **current payments, transfers and subsidies, payments for capital assets** and **payments for financial assets**.

Current payments are payments made by the department for its operational requirements.

Transfers and subsidies are payments made by the department for which the department does not directly receive anything in return.

Payments for capital assets are payments made by a department for an asset that can be used for more than one year and from which future economic benefits or service potential are expected to flow.

Payments for financial assets mainly consist of payments made by departments as loans to public corporations or as equity investments in public corporations. The reason for expensing the payments rather than treating them as financing is that, unlike other financial transactions, the purpose of the transaction is not profit oriented. This column is only shown in departments where such payments have been budgeted for. Payments for theft and losses are included in this category; however, these payments are not budgeted for and will thus only appear in the historical information, which can be seen in the expenditure estimates table.

Estimates for the two outer years of the expenditure framework, **2011/12** and **2012/13**, are also shown. These estimates are not included in the 2010 Appropriation Bill as they are still only indicative of actual expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2011 Budget.

Direct charges against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The last lines of the table provide accountability information: the department's executive authority, accounting officer and website address.

Aim

The aim of the vote captures the department's mandate, strategic objectives or its administrative functions, and corresponds with the aim stated in the appropriation bill.

Programme purposes

Each vote is comprised of several programmes. The activities and functions performed by a department are typically divided into these programmes. Programme 1 is the *Administration* programme, which houses the administrative activities and functions required to keep the department operating. Each vote programme is listed individually with its purpose, as stated in the appropriation bill. The programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure, in terms of the Public Finance Management Act (1999).

Strategic overview: 2006/07 – 2012/13

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments and legislative changes as well as a table of selected quantitative and trendable performance indicators.

Savings and cost effective service delivery

In this section, departments discuss details of the cost savings measures and reprioritisation of budgets effected in the 2009/10 financial year and to be effected over the MTEF period ahead.

Savings typically emanate from reduced expenditure on non-core goods and services, the rescheduling of expenditure over time in the case of delays, reduced transfers to certain public entities, improved financial management, reduced expenditure on administration in favour of frontline services and through seeking alternative sources of financing.

Selected performance indicators

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13

The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance.

An **indicator** is a numerical measure that tracks a department's or entity's progress towards its goal. An indicator may measure inputs, activities, outputs, outcomes or in certain instances explanatory information relating to the internal or external environment.

The **programme** column links the indicator to the programme associated with it.

Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Programme name								
2. Programme name								
3. Programme name								
Subtotal								
Direct charge against the National Revenue Fund								
Item								
Item								
Total								
Change to 2009 Budget estimate								

Economic classification

Current payments			
Economic classification item			
Economic classification item			
Transfers and subsidies			
Economic classification item			
Economic classification item			
Payments for capital assets			
Economic classification item			
Economic classification item			
Payments for financial assets			
Total			

Expenditure is set out first by **programme** and then by **economic classification** over a seven-year period.

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all seven years. The president's appointment of ministers and deputy ministers after the 2009 general elections has necessitated a reorganisation of national departments, including renaming departments and establishing new departments. As a result, functions may have shifted between departments as a whole or in part, and new functions may have been defined.

Audited outcomes are presented as they appear in the department or entity's annual financial statements, with amounts reallocated for any subsequent approved budget programme structure changes.

Adjusted appropriation includes the changes made to the appropriation voted in the 2009 main Budget for the financial year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments budget. These adjustments can only be made in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999). Adjustments are included in the adjustments appropriation bill, which Parliament approves before expenditure can take place, and the details are published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2009/10 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amounts voted to departments in the 2009/10 adjusted appropriation; it is merely a more recent estimate of what the department will indeed spend.

The **medium-term expenditure estimates** are shown for 2010/11, 2011/12 and 2012/13. The spending figures for 2010/11 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main appropriation bill, which has to be considered by Parliament after it has been tabled. The medium-term expenditure estimates for 2011/12 and 2012/13 are indicative allocations, and will form the basis for planning the 2011 Budget.

Direct charges against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The **totals**, which are the sum of the expenditure on programmes and direct charges, are also classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

Expenditure trends

The main expenditure trends and vote programme structure changes from 2006/07 to 2012/13 are described. Trends are generally represented over the MTEF period between 2009/10 and 2012/13, or over the entire period between 2006/07 and 2012/13.

An explanation of the spending focus over the MTEF period in relation to the strategic objectives and the performance targets that will be achieved over the period is given. Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons are given for trends that are identified, and the significant increases or decreases in expenditure are explained in terms of the underlying policies and service delivery objectives that inform the trends. A summary of the new (additional) allocations to the vote programme's baseline budget is given. The baseline is derived from the previous year's forward estimates. Expenditure on existing and new infrastructure is discussed.

Generally, unless otherwise indicated, average annual growth rates are reflected in nominal, not real, terms. Where inflationary growth has been excluded from the calculation and real growth estimates are provided, the consumer price index has been used to deflate the growth rate.

Departmental receipts

Departmental (non-tax) receipts for 2009/10 are described, as well as the anticipated receipts for the MTEF period.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts								
Economic classification item								
Economic classification item								
Total								

Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes of the subprogrammes that form that programme. The details of functions performed within subprogrammes and the principle for distributing funds across spending areas within subprogrammes are also described.

Programme 1 is always *Administration*, which includes spending on the ministry, the director-general's office and central corporate services.

Objectives and measures

Objectives and measures are indicated for each programme. Objectives should include an explanation of strategic intent as well as specific interventions and progress measures. (Programme 1 (*Administration*) is generally exempt from providing objectives and measures.)

For example: Improve service to eligible citizens and residents (objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2008/09 to 5 days in 2011/12 (progress measure).

Service delivery focus

Information is provided on recent achievements for each programme, including service delivery and operational achievements for the previous year and for the current financial year to date. Reports are given relative to the targets that were presented in previous Estimates of National Expenditure and Adjusted Estimates of National Expenditure publications.

Expenditure estimates (per programme)

Tables for each programme set out expenditure by subprogramme and economic classification over a seven-year period.

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
Total							
Change to 2009 Budget estimate							

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments							
Economic classification item							
Economic classification item							
Transfers and subsidies							
Economic classification item							
Economic classification item							
Payments for capital assets							
Economic classification item							
Economic classification item							
Payments for financial assets							
Total							

Expenditure trends (per programme)

Important expenditure trends for each programme are explained. The scope of the information provided in this section is similar to what is provided for the entire vote.

Public entities and other agencies

Where appropriate, the discussion of an entity is linked to a specific vote programme and is shown directly after the discussion of that programme.

The scope of information contained in the write-up on public entities is similar to what is reported for the department.

Information on each of the public entities generally consists of the following:

- key legislative mandates in terms of which the entity was established and within which it operates
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key objectives achieved during the previous reporting periods
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and if applicable an analysis of some of the more important items on the entity's balance sheet
- reprioritisation and savings measures implemented.

Additional tables

Additional tables appear at the end of the vote. These include:

Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure as well as the audited outcome and revised estimate for 2008/09 and 2009/10 respectively.

Summary of personnel numbers and compensation of employees

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on different categories of employees.

The **unit cost** refers to the average cost per person employed by the department. It is calculated by dividing the compensation figure by the personnel numbers.

Personnel numbers refers to the physical number (head count) of people employed by the department.

Details of establishment and personnel numbers per salary level

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on the number of posts in the department at different salary levels **per programme** as at 30 September 2009.

Number of posts on approved establishment refers to the number of departmental employment positions approved by the Department of Public Service and Administration.

Number of funded posts refers to the number of departmental employment positions which are provided within the budget.

Number of posts additional to the establishment typically refers to additional employment positions that have been allocated on an ad hoc basis and that do not form part of the approved departmental establishment.

Summary of expenditure on training

Information is provided on the funds spent on training, and the number of people trained by the department.

Summary of conditional grants to provinces and municipalities

A conditional grant refers to an allocation made by the national government, from its nationally raised revenue, to a province, local government or municipality, on condition that certain requirements or services are met.

Summary of departmental public private partnerships projects

Disclosure notes with additional details are provided for the projects signed in terms of Treasury Regulation 16.

Public private partnerships refer to contractual arrangements in which a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria. A public private partnership may also be a project in which a private party uses state assets for its own commercial purposes, and government benefits from the profits generated by the enterprise.

Unitary fee refers to the total payment made to the private party for the provision of all types of services.

A **signed** project is a public private partnership project which has reached financial close and is being implemented.

Projects in preparation are in some stage of inception, feasibility or procurement, but have not yet reached financial close.

Project monitoring costs are associated with the ongoing evaluation and monitoring of public private partnerships in operation.

Advisory fees are costs related to the hiring of transaction advisors who assist government with feasibility studies and procurement in the public private partnership project process.

Revenue generated is shown in cases where public private partnership projects have revenue generating potential such as tourism projects or toll roads.

Summary of donor funding

Donor funding is funding received by departments over and above the allocations provided in the South African government's appropriation legislation.

Donor funding comprises official development assistance and other local and international donations.

Official development assistance is an official resource flow from the international donor community to the South African government in the form of grants, technical cooperation and financial cooperation.

The **programme** column links the donor funding to the vote programme that is associated with it.

The **spending focus** shows what the department aims to achieve by using the funding.

Summary of expenditure on infrastructure

The infrastructure table includes new and replacement assets, maintenance and repairs, upgrades and additions, and rehabilitation, renovation and refurbishment of assets.

Infrastructure transfers to other spheres, agencies and departments refers to transfers and grants to other government components for expenditure on infrastructure.

Fixed installations transferred to households shows the transfer of funds to individual South Africans to be used for the construction of fixed 'on-site' structures that enhance the welfare of households.

Maintenance on infrastructure refers to all maintenance, repairs and refurbishment expenditure on infrastructure that prolongs the life and retains the value of the infrastructure asset. This item does not include day-to-day maintenance.

In all tables a dash (-) indicates that information is unavailable or zero.

Water Affairs

**National Treasury
Republic of South Africa**



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Vote 37

Water Affairs

Budget summary

R thousand	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	884 205	833 564	11 702	38 939	902 119	947 829
Water Management	364 749	355 777	750	8 222	386 574	405 853
National Water Resources Infrastructure Programme	2 241 418	–	2 241 418	–	2 520 177	2 739 959
Regional Management	4 329 013	2 303 946	948 502	1 076 565	5 077 318	5 320 451
Water Sector Regulation	177 207	139 476	36 115	1 616	204 019	214 140
Total expenditure estimates	7 996 592	3 632 763	3 238 487	1 125 342	9 090 207	9 628 232
Executive authority	Minister of Water and Environmental Affairs					
Accounting officer	Director-General of Water Affairs					
Website address	www.dwa.gov.za					

The Estimates of National Expenditure booklets for individual votes are available on www.treasury.gov.za. They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

Aim

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

Programme purposes

Programme 1: Administration

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

Programme 2: Water Management

Purpose: Ensure that the country's water resources are used, developed, conserved and managed in a sustainable and equitable manner for the benefit of all people.

Programme 3: National Water Resources Infrastructure Programme

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

Programme 4: Regional Management

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

Programme 5: Water Sector Regulation

Purpose: Ensure that the country's drinking water is safe, accessible and affordable and that the water resources are protected and allocated in a sustainable and equitable manner for the benefit of all people and future generations.

Strategic overview: 2006/07 – 2012/13

In 2009/10, the Department of Water Affairs was restructured to focus its attention on its core functions of: policy formulation, water resource management, infrastructure development, capacity building, intergovernmental and intra-sectoral coordination, and water regulation. As a result of the restructuring, the forestry function was moved to the Department of Agriculture, Forestry and Fisheries, while the sanitation function was moved to the Department of Human Settlements.

Significant achievements

A number of achievements are worth noting for 2009/10.

As part of its efforts to ensure sustainable and equitable water resource management, the department published the water for growth and development framework and consulted broadly with various stakeholders. This policy provides the overarching framework that guides the main actions and decisions by key role players in the sector to ensure that as a resource, water contributes to economic growth and social development.

Regulating the quality of water

While substantial progress has been made in redressing the backlog in the provision of water and sanitation services, greater focus is now being placed on regulating the quality of water. Providing all South Africans with access to safe and clean drinking water is a constitutional obligation and helps to ensure that communities remain healthy. The department has introduced and implemented a programme called the drinking water assessment, which is aimed at assessing the quality of water within various municipalities and which is in line with international best practice. As at December 2009, blue drop status certificates had been awarded to 23 water supply systems managed by water services authorities. This award of excellence indicates that these institutions comply with the South African national drinking water standards, as well as with all other legal requirements and best practice requirements. The nine 2010 FIFA World Cup host cities fall under this group of municipalities. Similarly, over the same period, 32 waste water treatment works had achieved green drop status by complying with all regulatory and best practices requirements.

Contributing to poverty alleviation

In contributing to poverty alleviation, the department implemented various programmes such as the Water for Water and Working on Fire programmes, which resulted in the creation of job opportunities as part of the government's expanded public works programme. The department supplies rainwater tanks to rural schools, which aims to promote food security by assisting with the establishment of food gardens and the acquisition of basic agricultural skills. Support in the form basic water infrastructure was also given to 1200 resource poor farmers. During 2009/10, a total of 1019 schools were provided with water and sanitation.

Strengthening intergovernmental relations

The Water for Growth and Development framework has been rolled out to 7 provinces and provincial action plans were developed. These plans will inform the implementation of recommendations contained in the

framework, with a particular emphasis on promoting integrating planning and improving coordination within the water sector.

Priorities over the medium term

The department has re-examined its position and identified the following strategic priorities for the medium term. The priorities are directly aligned with the priorities set out in government's medium term strategic framework.

Contributing to economic growth and social development

Over the long term, the department plans to develop, maintain and rehabilitate water infrastructure to meet a basic social need and ensure economic growth. However, significant challenges remain in addressing the maintenance, rehabilitation and refurbishment backlogs that impact on the operational efficiency of national water resource infrastructure. In response to these problems, the department started a dam safety rehabilitation programme in 2005 to rehabilitate and refurbish 25 dams throughout the country. A similar programme has been started to rehabilitate the water conveyance infrastructure.

Implementing the appropriate pricing structures for bulk raw water supply will ensure that water resources are used and managed in a sustainable and effective manner. Under the current pricing strategy, annual water tariffs increases are capped and exclude certain categories of users from paying cost-recovering tariffs. A revision of the current water pricing strategy is underway and aims to ensure that tariffs are reflective of the costs of maintaining, rehabilitating and refurbishing water resource infrastructure.

Greater emphasis will be placed on eradicating the licence backlogs to ensure that water is equitably distributed and managed effectively. In particular, the department will fast track the approval of licence applications in the forestry, mining and agricultural sectors to promote economic growth within these priority areas.

Ensuring sustainable and equitable water resource management

Over the medium term, the department will focus on examining future water needs by: developing water reconciliation strategies; collecting and analysing information on water resources; and improving water use efficiency through the implementation of water conservation and demand management initiatives, particularly in the Vaal, Umgeni, Algoa Bay in the Nelson Mandela Bay Metro, and Berg River systems. The department will prioritise the development of tools and measures to curb inefficient water use.

Promoting rural development

The Working for Water programme works in partnership with local communities to ensure the integrity of South Africa's natural resources by eliminating invasive plants, protecting against fires and restoring woodlands. The programme also provides job opportunities for communities in rural areas. Over the medium term, the department will cooperate with the departments of environmental affairs, agriculture, forestry and fisheries, and public works, relevant provincial departments as well as environment and research foundations and private companies to extract the maximum benefit from the Working for Water, Working for Fire, and rain harvesting programmes. The construction of bulk raw water projects will continue to form a key tool for promoting rural development.

Promoting water security in the rest of Africa

Strengthening regional water institutions through strategic engagement within the Southern African Development Community (SADC) and Africa, and by chairing events such as the African Ministers Council on Water will remain a priority for the department. In mitigating the adverse effects of climate change, the department will lead and participate in initiatives to promote water security in Africa.

Supporting local government

In supporting the implementation of the local government turnaround strategy, the department will strengthen intergovernmental relations within the water sector, position water as a central component of local economic development, build consensus around rapid response strategies, facilitate the implementation of skills development measures and harmonise local government and water sector legislation.

Improve the department's capacity to deliver quality services

The department will continue with the improvement of its financial management capacity to ensure that it maintains the unqualified audits from the auditor-general. The management of organisational performance will be improved through the development of an automated monitoring and evaluation system to ensure the credibility of information provided to various authorities. The development of specific scarce skills is also critical for addressing the gaps that currently exist and plans will be implemented to improve systems and create a culture of high performance within the department. To ensure that the oversight function is performed effectively throughout the public entities reporting to the department, a governance and compliance framework will be implemented. The department also aims to build the internal capacity required to regulate the technical, economic, environmental and social aspects involved in providing water services.

Savings and cost effective service delivery

Over the MTEF period, the department's baseline has been reduced, with baseline efficiency savings of R478.9 million: R102 million in 2010/11, R157.7 million in 2011/12 and R219.2 million in 2012/13. The bulk of these savings comes from the *Regional Management* programme, which saves R354.4 million over the medium term for decreases in expenditure on consultants and professional service providers. This amounts to R14.5 million in 2010/11, R75.7 million in 2011/12 and R135.2 million in 2012/13.

Other efficiency savings are made in the *Administration* and *National Water Resources Infrastructure* programmes. Within the *Administration* programme, savings in 2010/11 are expected to amount to 1.9 per cent of the total programme budget and are largely the result of cuts in expenditure on outsourced services and consultants. Savings in the *National Water Resources Infrastructure* programme of R59.3 million over the MTEF period reflects the decreases in expenditure made by the department's trading entity.

In effecting these savings, the department will introduce efficient approaches to service delivery. These include refocusing its attention on its core functions, re-allocating its existing resources more efficiently and outsourcing contracts where practical. More attention will be paid to achieving value for money in contracting with service providers by negotiating for better rates with consultants. Given the widespread geographical footprint of the department across provinces, savings in the cost of travelling will be made through the adoption of smarter technologies such as video conferencing.

Selected performance indicators

Table 37.1 Water Affairs

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of additional people provided with access to water resources	Regional Management	1.25m	1.27m	1.06m	703 000	1.2m	1.2m	-
Number of new water management areas in which compulsory licensing processes have been completed	Water Sector Regulation	-	-	2	5	2	2	3
Number of bulk infrastructure schemes implemented per year	Regional Management	-	31	32	45	54	38	31
Number of new reconciliation strategies developed to ensure water security per year	Water Management	-	3	5	8	2	2	4
Total number of water monitoring stations and number of priority catchments optimally monitored	Water Management	1 600	1 600	2 000	2 050	5 priority catchments	5 priority catchments	5 priority catchments
Number of water licences issued per year	Water Sector Regulation	185	90	80	200	250	300	250
Number of additional rainwater harvesting tanks distributed for food production	Regional Management	54	50	300	500	500	500	500
Number of additional resource poor farmers supported through subsidies	Regional Management	-	300	30	360	200	220	240

Table 37.1 Water Affairs (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of municipalities supported in implementing water conservation/water demand management	Regional Management	-	8	50	80	4	-	-
Percentage completion on construction of Inyaka water treatment works	Regional Management	9%	16%	36%	59%	84%	100%	-
Percentage completion on construction of Nandoni water distribution network and water treatment works	Regional Management	16%	38%	65%	96%	100%	-	-
Percentage completion on construction of Hluhluwe regional water scheme	Regional Management	-	12%	35%	61%	90%	100%	-
Hectares of land cleared per year	Regional Management	722 023	595 011	642 448	684 777	715 400	889 915	889 915
Hectares of land converted woodlots per year	Regional Management	-	-	670	990	1 655	2 050	2 050
Number of jobs created by Working for Water per year	Regional Management	21 561	28 785	25 339	23 700	25 300	28 400	28 400
Number of jobs created by Working on Fire per year	Regional Management	1 416	1 528	1 651	1 669	2 221	2 890	2 890

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

Expenditure estimates

Table 37.2 Water Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand								
1. Administration	546 917	609 267	698 824	822 283	787 970	884 205	902 119	947 829
2. Water Management	257 467	300 521	331 795	345 077	338 441	364 749	386 574	405 853
3. National Water Resources Infrastructure Programme	852 516	1 185 865	1 644 329	2 519 409	2 280 698	2 241 418	2 520 177	2 739 959
4. Regional Management	2 079 648	2 558 445	2 977 423	3 497 783	3 427 397	4 329 013	5 077 318	5 320 451
5. Water Sector Regulation	115 356	148 817	142 893	158 057	135 322	177 207	204 019	214 140
Total	3 851 904	4 802 915	5 795 264	7 342 609	6 969 828	7 996 592	9 090 207	9 628 232
Change to 2009 Budget estimate				381 920	9 139	351 675	287 905	386 872

Economic classification

	2 383 794	2 382 695	2 592 065	3 054 176	2 990 492	3 632 763	4 152 625	4 385 641
Current payments								
Compensation of employees	972 020	890 732	862 453	1 043 081	1 001 397	1 166 543	1 196 710	1 212 429
Goods and services	1 411 582	1 491 341	1 729 431	2 011 095	1 989 095	2 466 220	2 955 915	3 173 212
<i>of which:</i>								
Administrative fees	3 546	4 237	6 196	3 000	3 000	5 377	6 184	6 642
Advertising	13 240	11 173	23 758	15 088	15 088	20 366	21 445	22 185
Assets less than the capitalisation threshold	9 469	10 687	10 336	14 074	14 074	13 795	13 347	14 074
Audit cost: External	13 822	15 611	12 265	1 973	1 973	2 060	2 208	2 318
Bursaries: Employees	14 083	8 707	7 523	14 681	14 681	10 320	10 639	8 457
Catering: Departmental activities	3 919	5 383	7 243	6 185	6 185	8 495	7 179	7 527
Communication	39 411	38 643	43 060	33 756	33 756	17 007	16 156	17 130
Computer services	113 571	123 174	106 283	21 109	16 109	56 045	56 096	59 117
Consultants and professional services: Business and advisory services	576 308	562 769	522 391	631 153	631 153	713 115	808 232	949 526
Consultants and professional services: Infrastructure and planning	10 033	10 506	88 405	167 122	167 122	56 163	58 342	60 733
Consultants and professional services: Laboratory services	4 463	6 761	3 890	4 086	4 086	4 331	4 520	4 746
Consultants and professional services: Legal costs	72	77	204	3 590	3 590	5 251	5 562	5 840
Contractors	35 061	50 339	87 424	328 857	328 857	162 001	154 129	168 123
Agency and support / outsourced services	154 764	181 363	294 267	262 477	262 477	830 823	1 179 402	1 296 496
Entertainment	876	500	502	1 187	1 187	1 774	1 879	1 972

Table 37.2 Water Affairs (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments								
<i>Fleet services (including government motor transport)</i>	–	–	–	–	–	514	521	491
<i>Housing</i>	–	–	–	–	–	20	20	21
<i>Inventory: Food and food supplies</i>	1 503	2 154	2 999	3 011	3 011	3 595	3 730	3 915
<i>Inventory: Fuel, oil and gas</i>	617	616	965	755	755	1 142	1 034	1 085
<i>Inventory: Learner and teacher support material</i>	16	17	2 014	19	19	2 631	2 754	2 872
<i>Inventory: Materials and supplies</i>	1 824	3 219	4 347	2 504	2 504	2 124	2 265	2 391
<i>Inventory: Medical supplies</i>	16	23	38	22	22	147	23	24
<i>Inventory: Other consumables</i>	2 638	3 054	5 003	3 345	3 345	11 598	9 308	9 774
<i>Inventory: Stationery and printing</i>	59 944	85 035	66 845	92 710	92 710	94 320	87 544	92 174
<i>Lease payments</i>	11 616	13 258	22 954	11 500	11 500	22 168	13 624	14 305
<i>Property payments</i>	107 152	142 017	132 179	155 732	155 732	166 663	179 170	194 814
<i>Transport provided: Departmental activity</i>	2 876	3 094	3 263	6 204	6 204	12 259	12 891	13 530
<i>Travel and subsistence</i>	210 921	178 192	239 025	166 064	149 064	145 887	155 081	149 986
<i>Training and development</i>	5 294	14 161	19 222	49 591	49 591	29 075	28 043	29 536
<i>Operating expenditure</i>	10 691	11 594	12 460	5 522	5 522	57 768	104 325	23 953
<i>Venues and facilities</i>	3 836	4 977	4 370	5 778	5 778	9 386	10 262	9 455
Interest and rent on land	192	622	181	–	–	–	–	–
Transfers and subsidies	1 369 264	2 049 986	2 705 306	3 539 380	3 230 283	3 238 487	3 076 768	3 455 007
Provinces and municipalities	385 888	732 937	994 667	924 978	854 592	890 746	380 723	399 760
Departmental agencies and accounts	852 872	1 190 162	1 649 645	2 362 495	2 123 784	2 102 743	2 400 653	2 623 459
Foreign governments and international organisations	3 500	510	572	180 725	180 725	180 106	180 111	180 117
Public corporations and private enterprises	83 899	39 180	4	–	–	–	–	–
Non-profit institutions	150	350	387	440	440	466	494	519
Households	42 955	86 847	60 031	70 742	70 742	64 426	114 787	251 152
Payments for capital assets	88 402	366 536	494 555	749 053	749 053	1 125 342	1 860 814	1 787 584
Buildings and other fixed structures	15 870	320 663	450 310	675 497	675 497	1 038 326	1 769 218	1 691 779
Machinery and equipment	61 217	40 562	41 179	66 585	66 585	74 196	77 931	81 560
Biological assets	–	–	–	–	–	341	360	378
Software and other intangible assets	11 315	5 311	3 066	6 971	6 971	12 479	13 305	13 867
Payments for financial assets	10 444	3 698	3 338	–	–	–	–	–
Total	3 851 904	4 802 915	5 795 264	7 342 609	6 969 828	7 996 592	9 090 207	9 628 232

Expenditure trends

The Department of Water Affairs' mandate has been revised to reflect its greater focus on the core functions of infrastructure development, water resource management and water regulation. In line with this strategic realignment, the forestry functions were shifted to the Department of Agriculture, Forestry and Fisheries, and sanitation function was moved to the Department of Human Settlements. This shift impacts on the department's audited outcomes by reducing the vote's audited figures by R453.8 million in 2006/07, R582.5 million in 2007/08 and R736.3 million in 2008/09.

Based on these revised figures, total expenditure increased from R3.9 billion in 2006/07 to R7.3 billion in 2009/10, at an average annual rate of 24 per cent. This significant increase is driven by expenditure on the development of bulk water infrastructure. This includes funds allocated for the construction of new dams and

ancillary infrastructure such as water treatment works and distribution pipelines, and the rehabilitation and repair of existing bulk infrastructure. Between 2006/07 and 2009/10, expenditure in the *National Water Resources Infrastructure* programme increased at an average annual rate of 43.5 per cent, from R852.5 million to R2.5 billion. This made it the fastest growing programme within the department. Under the new budget structure, this programme consolidates expenditure on raw bulk water infrastructure, which was previously accounted for in the *Water Resources Management* programme.

Similarly, expenditure on the *Regional Management* programme includes all expenditure within the department related to its regional activities. These activities include the establishment of regional water management institutions; the development of community water infrastructure and the transfer of water schemes, and support to the water sector and the Department of Water Affairs regional offices. These activities were previously classified as subprogrammes and incorporated in both the *Water Resources Management* and *Water Services* programmes. As a result of this consolidation of subprogrammes, the *Regional Management* programme now accounts for 47.6 per cent of the department's total budget in 2009/10.

The Department of Water Affairs is primarily responsible for infrastructure development. However, much of the financing, construction, implementation and commissioning of the raw bulk water infrastructure is done by the water trading entity. In contrast, regional bulk infrastructure is mainly developed by water service authorities and water boards. Transfers and subsidies made by the department rose from R1.4 billion in 2006/07 to R3.5 billion in 2009/10, at an average annual rate of 27.4 per cent as a result of this sectoral division of roles and responsibilities.

Over the medium term, expenditure is expected to grow from R7.3 billion to R9.6 billion, at an average annual rate of 3.2 per cent. This increase includes additional allocations of R70.1 million 2010/11, R275.5 million in 2011/12 and R 380.6 million in 2012/13. These additional allocations are for the expansion of the regional bulk infrastructure programme and are for: meeting the universal access to water and sanitation in line with the housing provision target of 2014; creating additional employment opportunities; addressing the threat of an ageing workforce in the critical areas of the engineering, scientific and technical disciplines; and implementing monitoring, oversight and enforcement of water quality and water security.

The shift of the forestry and sanitation functions of the department impacts on the department's audited outcomes for previous years by reducing the vote's audited figures for compensation of employees by R254 million in 2006/07, R272 million in 2007/08 and R322 million in 2008/09.

Based on these revised figures, total expenditure on personnel increased from R972 million in 2006/07 to R1 billion in 2009/10, at an average annual rate of 2.4 per cent. This marginal growth can be partly attributed to the transfer of personnel from the department to water service authorities within local government as part of the transfer of water schemes.

Infrastructure spending

Infrastructure spending includes direct expenditure on national water resources infrastructure by the department through its public entities and indirect expenditure on infrastructure through transfers from the department to water service authorities and water boards for regional bulk infrastructure. Infrastructure spending for national bulk water is accounted for in the *National Water Resources Infrastructure* programme while infrastructure spending for regional bulk is reported in the *Regional Management* programme.

Mega projects (Over 300 million per year)

Infrastructure expenditure on mega projects owned by the Department of Water Affairs is expected to increase from R 1.7 billion in 2009/10 to R2.1 billion in 2012/13. Most of this expenditure will be allocated to the second phase of the Olifants River water resource development project, which includes: the building of the De Hoop Dam to store water in the Steelpoort River and the construction of a bulk raw water distribution system to distribute water for domestic and mining use in the greater Sekhukhune district.

The Department of Water Affairs owns approximately 350 dams across South Africa and is responsible for their maintenance. The department is implementing a dam safety rehabilitation programme to ensure the continued structural and operational safety of dams. Between 2005 and 2009, R890 million has been spent on

rehabilitating dams throughout the country. Over the MTEF period, additional expenditure of R962.7 million will be allocated to the dam safety rehabilitation project.

Infrastructure transfers by the department to provinces and municipalities for mega projects include R21.3 million in 2009/10. This was used for feasibility studies for the Sedibeng bulk regional sewerage scheme, and the Matoks and Magalies Water to Waterberg projects.

The Olifants River Water Resources Development Project

The second phase of the Olifants River water resource development project involved two distinct but interrelated infrastructure development components: the construction of the De Hoop Dam on the Steelpoort River and the development of a bulk distribution system in the middle Olifants River catchment. The overall objectives of the project are to supply water for domestic and commercial use in Limpopo.

Construction of the dam started in 2007 and is scheduled for completion in 2012. To date, the foundations for the dam have been laid. By December 2009, a volume of 180 000 cubic metres out of an expected 940 000 cubic metres of concrete had already been placed. The partial impoundment of water behind the dam is scheduled to begin by October 2010 and the first delivery of water from the dam is expected by April 2011.

The related infrastructure includes a road diversion of 20km, housing and offices. The project has also supported government objectives through the promotion of broad based black economic empowerment. The number of jobs created by the construction of the dam and related infrastructure peaked at 1 200 in 2009.

The construction of the bulk distribution system to deliver water from the dam to users has not yet started. The Trans-Caledon Tunnel Authority has been contracted to finance and implement this system. The full share of the cost to meet the needs of the commercial users will be recovered through valid off-take agreements with commercial water users, including the mines and Eskom. The construction will be funded from both off-budget sources in the form of debt capital as well as the fiscus. Construction on the bulk distribution system will begin in 2011.

The total cost of the Olifants River water resource development project is expected to amount to R13.7 billion over the project lifecycle, of which R8.3 billion will be funded from the fiscus and R5.4 billion from off budget funding. The De Hoop Dam is expected to be complete by 2012/13 and the bulk distribution system by 2016/17.

Large infrastructure projects and programmes (between R50 million and R300 million)

Infrastructure expenditure on large projects owned by the department is expected to increase from R494 million in 2010/11 to R1.1 billion in 2012/13. These large infrastructure projects undertaken by the department include:

- Nandoni water treatment works and distribution scheme, which is a regional bulk infrastructure project, will supply water to the Vhembe district municipality. Various aspects of the project have been completed. The water treatment works have been commissioned. Over the medium term, material quality problems, which have arisen on the distribution lines, will be resolved with the help of an independent panel of experts.
- Nwamitwa Dam will provide additional storage to meet the growing water supply requirements of the population. This project is in the inception phase, with geotechnical and hydrological investigations, the development of the civil engineering plan for bulk infrastructure, and the scoping phase of the environmental impact assessment still under way.
- Mokolo River augmentation will supply water to the new Medupi Power station, coal mines and Lephalale municipality. The project creates opportunities for the development of any future power stations and new petrochemical industries in Limpopo. The first phase of the project comprises a new pipeline from the Mokolo dam to the end-users. The environmental impact assessment for the first phase is under way. Discussions were held with the departments of environmental affairs and public enterprises in order to fast

track the procurement of the relevant environmental authorisations. The contribution from the fiscus for this project is expected to reach R0.9 billion.

- The raising of Clan William dam will provide an additional yield of 10 million m³ per year for irrigation by resource poor farmers. The feasibility study for this project has been completed. The environmental impact assessment has been finalised and two appeals were received.
- The lower Sundays River government water scheme extension will expand irrigation, with an emphasis on establishing and supporting resource poor farmers in identified areas. The department is responsible for connecting the new extension to the existing infrastructure. The pre-feasibility study for this project has been completed.
- Inyaka pump, station and water treatment, which is a regional bulk infrastructure project, will provide a reliable water supply of 100ML per day to the Bushbuckridge local municipality. The second phase of the water treatment works has been commissioned to supply 50ML of water per day. The construction of the second and fourth phases has begun and 25 per cent of this phase has been completed.

Small infrastructure projects (below R50 million)

The following small infrastructure projects are under way:

- The Hluhluwe regional water supply scheme will supply water to the rural areas in the Umkanykude district municipality. The main pipeline to Hluhluwe town has been completed and design work on the fourth phase has started.
- The raising of the Hazelmere dam will augment the water supply to Umgeni Water. The environmental impact assessment has been finalised.

Departmental receipts

Receipts accounted for as departmental revenue include the repayment of loans granted to water boards, water user associations, local government, and interest on these loans. Income from water related sales is paid into the water trading entity and does not form part of departmental receipts. With the shift of the forestry function to the Department of Agriculture, Forestry and Fisheries, all revenue from the sale of wood and related products is now excluded from the departmental revenue and audited figures for the historical years have been revised.

Departmental receipts decreased from R137.2 million in 2006/07 to R39.8 million in 2009/10. The decrease is attributed to abnormal receipts of R104.3 million recorded in 2006/07 due to a once-off loan repayment effected by the Bloemfontein Water Board. In 2009/10, the department collected revenue of R39.8 million, of which R17.8 million was from interest accruing on long term investments. Interest decreased from R27.5 million in 2006/07 to R17.8 million in 2009/10 as a result of state loans that were issued to water and irrigation boards and a few municipalities nearing maturity. Whereas in the earlier years of the loan repayment interest formed a bigger component of the installment as the loan tends towards maturity, the capital repayments form the bigger portion of the installment. The transferring of some staff debts from the department to the Department of Agriculture, Forestry and Fisheries will also result in a decrease in interest collected. Over the MTEF period, revenue is expected to increase from R39.8 million in 2009/10 to R44 million in 2012/13, driven by the collection of interest on loans to water boards and water user associations.

Table 37.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	137 152	55	26 643	72 567	39 826	41 173	43 952	44 037
Sales of goods and services produced by department	4 948	3 172	2 210	38 066	5 325	5 578	5 983	6 202
Sales of scrap, waste, arms and other used current goods	14	64	105	53	53	53	53	53
Fines, penalties and forfeits	1	-	-	12	12	-	-	-
Interest, dividends and rent on land	27 452	6 022	9 379	17 829	17 829	15 282	15 936	15 432
Sales of capital assets	473	255	-	-	-	-	-	-
Transactions in financial assets and liabilities	104 264	(9 458)	14 949	16 607	16 607	20 260	21 980	22 350
Total	137 152	55	26 643	72 567	39 826	41 173	43 952	44 037

Programme 1: Administration

Table 37.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R thousand							
Minister ¹	1 078	1 612	1 978	1 725	1 816	1 916	2 012
Deputy Minister ¹	–	–	–	3 000	1 496	1 578	1 657
Management	91 649	142 578	112 276	137 650	216 851	215 294	224 559
Corporate Services	304 669	298 828	406 189	425 733	364 002	382 215	401 636
Office Accommodation	91 021	105 952	123 315	138 331	156 000	170 592	185 808
Financial Management	58 500	60 297	55 066	115 844	144 040	130 524	132 157
Total	546 917	609 267	698 824	822 283	884 205	902 119	947 829
Change to 2009 Budget estimate				21 122	30 966	11 753	12 633

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Economic classification

	466 888	522 163	666 676	780 471	833 564	846 502	889 254
Current payments							
Compensation of employees	116 290	148 542	157 476	278 341	316 968	302 350	317 638
Goods and services	350 598	373 621	509 200	502 130	516 596	544 152	571 616
<i>of which:</i>							
<i>Administrative fees</i>	1 587	2 154	3 898	140	1 916	2 031	2 132
<i>Advertising</i>	6 872	4 451	16 683	7 654	10 508	11 139	11 695
<i>Assets less than the capitalisation threshold</i>	3 369	4 274	3 594	6 582	7 231	7 047	7 399
<i>Audit cost: External</i>	12 144	13 826	10 387	–	–	–	–
<i>Bursaries: Employees</i>	12 559	7 086	5 810	12 889	7 889	8 062	8 215
<i>Catering: Departmental activities</i>	339	1 566	3 194	1 967	1 749	1 864	1 959
<i>Communication</i>	11 349	15 600	18 879	15 010	6 413	6 795	7 276
<i>Computer services</i>	99 932	87 167	73 017	9 627	8 737	9 261	9 723
<i>Consultants and professional services: Business and advisory services</i>	43 225	52 032	52 527	78 926	144 478	145 580	150 103
<i>Consultants and professional services: Infrastructure and planning</i>	157	–	180	65 774	–	–	–
<i>Consultants and professional services: Laboratory services</i>	989	3 066	–	–	–	–	–
<i>Consultants and professional services: Legal costs</i>	–	–	123	3 505	4 111	4 358	4 576
<i>Contractors</i>	1 814	2 215	23 082	3 546	19 960	21 137	22 194
<i>Agency and support / outsourced services</i>	16 696	12 651	65 962	38 503	56 587	58 366	60 956
<i>Entertainment</i>	536	138	119	771	1 251	1 326	1 392
<i>Inventory: Food and food supplies</i>	1 373	2 016	2 838	2 842	2 310	2 475	2 600
<i>Inventory: Fuel, oil and gas</i>	38	–	23	74	255	271	284
<i>Inventory: Learner and teacher support material</i>	–	–	1 825	–	20	21	22
<i>Inventory: Materials and supplies</i>	186	1 477	2 385	546	60	64	67
<i>Inventory: Medical supplies</i>	–	6	20	2	2	2	2
<i>Inventory: Other consumables</i>	864	1 168	1 016	1 074	4 286	4 543	4 771
<i>Inventory: Stationery and printing</i>	15 578	14 131	14 510	15 787	17 203	18 044	18 963
<i>Lease payments</i>	2 887	2 628	3 601	3 757	646	685	719
<i>Property payments</i>	91 399	107 755	123 092	150 464	162 369	177 344	192 897
<i>Transport provided: Departmental activity</i>	–	34	42	2 821	900	954	1 002
<i>Travel and subsistence</i>	23 822	25 999	65 734	32 645	29 355	31 029	32 637
<i>Training and development</i>	1 553	9 547	14 370	44 520	17 039	18 060	19 188
<i>Operating expenditure</i>	1 175	1 570	2 038	1 838	7 558	9 107	7 275
<i>Venues and facilities</i>	155	1 064	251	866	3 763	4 587	3 569

Table 37.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Transfers and subsidies	32 326	58 039	14 933	6 627	11 702	11 363	12 107
Provinces and municipalities	98	1	2	-	-	-	-
Departmental agencies and accounts	356	647	716	1 027	1 096	1 162	1 220
Foreign governments and international organisations	3 500	510	572	100	106	111	117
Households	28 372	56 881	13 643	5 500	10 500	10 090	10 770
Payments for capital assets	37 259	29 065	13 877	35 185	38 939	44 254	46 468
Buildings and other fixed structures	5 459	14 361	104	3 521	3 953	5 310	5 579
Machinery and equipment	25 563	13 459	13 527	30 241	24 315	27 621	29 000
Software and other intangible assets	6 237	1 245	246	1 423	10 671	11 323	11 889
Payments for financial assets	10 444	-	3 338	-	-	-	-
Total	546 917	609 267	698 824	822 283	884 205	902 119	947 829

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	98	1	2	-	-	-	-
Regional Services Council levies	98	1	2	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	356	647	716	1 027	1 096	1 162	1 220
Energy Sector Education Training Authority	356	647	716	1 027	1 096	1 162	1 220
Foreign governments and international organisations							
Current	3 500	510	572	100	106	111	117
Orange-Senqu River Basin Commission	3 500	510	572	100	106	111	117
Households							
Social benefits							
Current	28 372	56 881	13 643	2 000	7 000	6 590	7 170
Social benefits	28 372	56 881	13 643	-	-	-	-
Leave Gratuities	-	-	-	2 000	7 000	6 590	7 170
Households							
Other transfers to households							
Current	-	-	-	3 500	3 500	3 500	3 600
Disbursements : Poverty Campaign	-	-	-	1 000	1 000	1 000	1 000
Disbursements: Youth Programmes	-	-	-	500	500	500	500
Learning Academy: Bursaries	-	-	-	2 000	2 000	2 000	2 100

Expenditure trends

Expenditure in the programme increased from R546.9 million in 2006/07 to R822.3 million in 2009/10, at an average annual rate of 14.6 per cent. Expenditure in compensation of employees grew by 33.8 per cent between 2006/07 and 2009/10 due to the appointment of additional staff to strengthen the financial management and internal audit functions, and the integration of the *Information Services* subprogramme into the *Corporate Services* subprogramme, thus increasing expenditure in the programme.

Over the MTEF period, expenditure is expected to increase at an average annual rate of 4.9 per cent, from R822.3 million in 2009/10 to R947.8 million in 2012/13. This is due to inflation related adjustments.

Programme 2: Water Management

- *Integrated Planning* develops a comprehensive plan that guides all initiatives and infrastructure development within the water sector; taking into account the water needs of all users and identifying the appropriate mix of interventions, that will ensure a reliable supply of water in the most efficient, sustainable and socially beneficial manner.
- *Policy and Strategy* covers the development of policy, plans and strategies to implement functions required to ensure the reliable and equitable supply of water. This includes developing reconciliation strategies to enable water supply to meet demand.
- *Water Ecosystem* develops the policy and plans required to ensure the protection of water resources, such as developing a system for classifying water resources as required by the National Water Act (1998).
- *Water Information Management* is responsible for the development of new monitoring stations and the refurbishment of existing stations to ensure adequate information and knowledge to sustainably manage water resources, including information on the impact of global changes on water resources.

Objectives and measures

- Ensure that available water is used efficiently by implementing education and awareness campaigns on conservation and demand management and by developing regulations by 2011/12.
- Maintain a reliable and equitable supply of water by:
 - completing the revision of the national water resource strategy in 2010/11
 - developing 2 strategies and feasibility plans to reconcile water requirements and available resources by 2010/11.
- Improve regional water resources management by ensuring that shared water resources are managed collaboratively with neighbouring states by establishing the secretariat and undertaking international water resource management plans for shared watercourses with Mozambique, Botswana and Swaziland by 2010/11.
- Respond and adapt to the impact of climate change through improving water resources monitoring by refurbishing existing river flow gauging stations and developing 4 new stations by 2010/11.
- Ensure that water resources are managed sustainably by developing efficient pricing structures to raise funding for refurbishing existing infrastructure by March 2011.
- Ensure the efficient use and protection of water resources by finalising the water resources classification system and determining the resource class in 2 priority areas by 2010/11.

Service delivery focus

In 2009, the water for development and growth framework was approved by Cabinet and various stakeholders from all sectors were consulted. Water reconciliation strategies were developed for major economic centres including Gauteng, Cape Town, eThekwin and Nelson Mandela Bay in 2008/09. Cabinet has since approved implementing the second phase of the Lesotho Highlands water project and the augmentation of water supply for the City of Cape Town through the Berg River project, which was inaugurated in March 2009.

Water conservation and demand management projects were implemented in Johannesburg, eThekwin, Nelson Mandela Bay and City of Cape Town in 2009/10. In November 2009, the department hosted the 7th session of the African Ministers Council on Water and the 2nd Africa Water Week in November 2009, which resulted in the minister assuming the chairmanship of the African Ministers Council on Water for the next 2 years.

Expenditure estimates

Table 37.5 Water Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Integrated Planning	74 568	84 044	96 578	90 000	128 491	136 185	142 982
Policy and Strategy	61 772	64 667	62 025	72 758	36 960	39 163	41 108
Water Eco-Systems	15 147	20 969	27 705	23 000	61 905	65 604	68 872
Water Information Management	105 980	130 841	145 487	159 319	137 393	145 622	152 891
Total	257 467	300 521	331 795	345 077	364 749	386 574	405 853
Change to 2009 Budget estimate				-	(1 033)	(1 155)	(1 262)
Economic classification							
Current payments	240 361	289 615	324 727	331 044	355 777	377 219	396 437
Compensation of employees	82 028	89 086	94 948	118 038	133 075	146 782	156 202
Goods and services	158 333	200 529	229 779	213 006	222 702	230 437	240 235
<i>of which:</i>							
<i>Administrative fees</i>	-	-	106	556	983	663	845
<i>Advertising</i>	47	-	-	-	528	632	345
<i>Assets less than the capitalisation threshold</i>	1 021	1 030	1 079	1 526	870	535	634
<i>Bursaries: Employees</i>	-	-	7	-	120	135	140
<i>Catering: Departmental activities</i>	15	25	57	25	160	189	176
<i>Communication</i>	6 290	6 605	7 175	7 581	1 113	1 212	1 226
<i>Computer services</i>	7 357	20 105	23 818	6 037	26 444	25 189	26 735
<i>Consultants and professional services: Business and advisory services</i>	115 135	126 484	59 647	43 061	93 470	97 542	103 108
<i>Consultants and professional services: Infrastructure and planning</i>	-	-	77 166	89 731	42 549	44 199	45 882
<i>Contractors</i>	-	2	6 504	6 832	3 160	3 204	3 381
<i>Agency and support / outsourced services</i>	-	12 831	19 075	20 155	16 195	16 843	16 189
<i>Entertainment</i>	-	-	2	16	33	36	37
<i>Fleet services (including government motor transport)</i>	-	-	-	-	514	521	491
<i>Housing</i>	-	-	-	-	20	20	21
<i>Inventory: Food and food supplies</i>	-	-	16	16	-	-	-
<i>Inventory: Fuel, oil and gas</i>	-	-	294	-	-	-	-
<i>Inventory: Learner and teacher support material</i>	-	-	171	-	-	-	-
<i>Inventory: Materials and supplies</i>	-	-	127	31	30	45	60
<i>Inventory: Medical supplies</i>	-	-	-	1	-	-	-
<i>Inventory: Other consumables</i>	-	-	2 001	185	2 215	2 400	2 521
<i>Inventory: Stationery and printing</i>	4 875	5 363	3 198	6 760	6 407	6 784	7 121
<i>Lease payments</i>	243	2 926	3 066	1 124	1 771	1 878	1 972
<i>Property payments</i>	-	-	-	-	388	411	432
<i>Transport provided: Departmental activity</i>	-	-	-	-	62	7	2
<i>Travel and subsistence</i>	15 763	16 551	17 345	27 475	22 071	23 809	24 753
<i>Training and development</i>	447	1 110	1 163	1 196	3 137	3 625	3 671
<i>Operating expenditure</i>	7 140	7 497	7 762	115	76	79	72
<i>Venues and facilities</i>	-	-	-	583	386	479	421
Transfers and subsidies	78	1 520	276	1 539	750	750	750
Provinces and municipalities	72	10	15	-	-	-	-
Public corporations and private enterprises	-	1 500	-	-	-	-	-
Households	6	10	261	1 539	750	750	750
Payments for capital assets	17 028	9 386	6 792	12 494	8 222	8 605	8 666
Buildings and other fixed structures	2	108	583	-	-	-	-
Machinery and equipment	15 624	7 134	3 963	8 820	6 946	7 184	7 277
Software and other intangible assets	1 402	2 144	2 246	3 674	1 276	1 421	1 389
Total	257 467	300 521	331 795	345 077	364 749	386 574	405 853

Table 37.5 Water Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	72	10	15	-	-	-	-
Regional Services Council levies	72	10	15	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	1 500	-	-	-	-	-
Environmental Education Association of South Africa	-	1 500	-	-	-	-	-
Households							
Social benefits							
Current	6	10	261	1 539	750	750	750
Leave Gratuities	6	10	261	1 539	750	750	750

Expenditure trends

Expenditure increased from R257.5 million in 2006/07 to R345.1 million in 2009/10, at an average annual rate of 10.3 per cent. Spending is expected to increase to R405.8 million over the medium term, at an average annual rate of 5.6 per cent. The slower growth rate in this programme reflects the extensive changes to the department's programme structure, which now comprises 4 subprogrammes. Due to the restructuring, the programme's functions were shifted to other programmes within the department. Expenditure in the *Water Information Management* subprogramme increased from R106 million in 2006/07 to R159.3 million in 2009/10, due to the funds spent on monitoring systems. The equipment acquired for the monitoring stations and systems resulted in an increase in payments for capital assets at an average annual rate of 84 per cent between 2006/07 and 2009/10. Expenditure in the *Water Ecosystems* subprogramme is expected to increase at an average annual rate of 36 per cent over the MTEF period.

Public entities and other agencies

Water Research Commission

Strategic overview: 2006/07 – 2012/13

The Water Research Commission was established in terms of the Water Research Act (1971). The commission plays an important role in water research by establishing research needs and priorities, stimulating and funding research, promoting the transfer of information and technology, and enhancing knowledge and capacity building in the water sector.

In 2008/09, the Water Research Commission strengthened its role as a knowledge hub in order to consolidate the growing body of existing research, promote additional research on topical issues and build capacity in the water sector. This new strategic direction was necessitated by developments in the water sector including the prevalence of water borne diseases, the influence of climate change on water resources, failing water infrastructure and the growing demand for water. In 2009/10, the water research commission focused on developing the appropriate tools and mechanisms to create, share and disseminate water centred knowledge.

The Water Research Commission continues to focus on the following areas over the medium term:

Water resource management

In 2008/09, the commission invested in research projects in four areas: water resource assessment and planning, managing natural and human induced impacts on water resources, water resource protection and water resource institutional arrangements. Over the medium term, the commission will continue to invest in projects that contribute to more effective water resource management.

Water linked ecosystems

Research on water linked ecosystems enables good environmental governance and ensures that water is managed sustainably. In 2008/09, the Water Research Commission invested in research projects in three areas: ecosystem processes, ecosystem management and utilisation, and ecosystem rehabilitation. Over the medium term, the focus is on developing the knowledge to sustainably manage, protect and use aquatic ecosystems.

Water use and waste management

The commission's research and support activities contribute to water and sanitation service delivery by local government and delegated water services institutions. In 2008/09, research focused on appropriate technologies for improving the quality and quantity of water supplies for domestic and commercial use. Over the medium term, the Water Research Commission will assist the department in reviewing and developing standards and mechanisms for monitoring water quality.

Water utilisation in agriculture

This research not only contributes to efficient and effective water use for agriculture at all levels, but also creates the knowledge and expertise to ensure that forests, woodlands and plantations are sustainably managed and contribute to development. In 2008/09, research was carried out in five main areas: water use for food and fibre production; the fitness-for-use of water; water use for fuel wood and timber production; water for poverty reduction and wealth creation in agriculture; and the reclaiming and protection of water resources in agriculture. The research specifically addressed the needs and requirements of homestead food gardens and smallholder crop production in rural communities in order to promote food security in these areas. Over the medium term, the commission will continue to focus on these five areas.

Savings and cost effective service delivery

The Water Research Commission aims to decrease operating expenses and save where possible while providing high quality service to the research community and the water sector. All research funding is subject to a due and transparent procurement process. Project selection is based on a number of criteria including value for money and the previous experience of consultants.

Selected performance indicators

Table 37.6 Water Research Commission

Indicator	Programme / Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Research ratio (research funding and support as a percentage of total income) - Achieved - Total value of research funding and support - Total income	Research programmes	75% R85.5m R113.7m	76% R98.7m R129.8m	76% R116.1m R152.7m	74% R117m R158.6m	74% R122m R165.4m	74% R128.4m R173.5m	74% R134.5m R181.7m
Income growth (measured as meeting the leveraged income target)	Research programmes	R14.7m	R13.3m	R16.1m	R18.3m	R18.6m	R19m	R19.2m
Percentage deviation between actual budget and budget at year end	Financial management	10%	10%	10%	10%	10%	10%	10%
Number of students financially supported and mentored (60 per cent of whom are historically disadvantaged) per year	Research programmes	580*	664*	663*	400	400	400	400

* 66 per cent were historically disadvantaged

Service delivery focus

To link the water and knowledge cycles and support the creation of a water centred knowledge base, the commission established a knowledge hub where knowledge and information from producing scientific and popular journals, conferences, workshops, policy and technology briefs is delivered.

In 2008/09, the commission finalised 64 research projects and published 108 research reports and 35 research briefs that were distributed within the water sector. In 2008/09, the commission conducted research on new ways to manage and enhance hygiene and sanitation practices, and on institutional and management issues with special emphasis on the efficient functioning of water service institutions and their viability. Waste and effluent, and reuse technologies to support and improve management in the municipal, mining and industrial sectors were also investigated. 3 innovative, integrated solutions for water and waste management in the industrial and mining sectors were studied and developed in 2009/10.

In 2009/10, the commission completed 44 research projects and supported a total of 450 students through its water research portfolio. Of these students, 310 were from historically disadvantaged backgrounds.

The commission aims to provide South Africa with future researchers and skilled human capital. 663 students were supported by the commission's research portfolio by March 2009. In 2008/09, the commission emphasised building research capacity in South Africa and supported 5 capacity building initiatives in Africa.

Expenditure estimates

Table 37.7 Water Research Commission: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Human resources and administration	–	5 112	7 693	8 902	9 507	9 744	10 034
Financial management	–	4 043	10 099	6 307	7 016	7 442	8 007
Water resources management research	–	32 603	39 999	37 251	39 439	41 346	43 347
Water use and waste management research	–	36 000	42 656	43 983	43 463	45 619	48 399
Water linked ecosystems research	–	16 547	22 921	23 189	24 433	25 659	27 055
Other programmes	–	31 723	32 695	38 522	41 373	43 559	44 924
Total expense	–	126 028	156 063	158 154	165 231	173 369	181 766

Table 37.8 Water Research Commission: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	129 404	141 483	152 692	158 309	165 062	173 138	181 352
Sale of goods and services other than capital assets	121 092	132 307	144 099	152 206	159 262	167 164	175 199
<i>of which:</i>							
<i>Water research levies</i>	121 092	132 307	144 099	152 206	159 262	167 164	175 199
<i>Other non-tax revenue</i>	8 312	9 176	8 593	6 103	5 800	5 974	6 153
Total revenue	129 404	141 483	152 692	158 309	165 062	173 138	181 352
Expenses							
Current expense	118 724	126 028	156 063	158 154	165 231	173 369	181 766
Compensation of employees	21 353	24 662	30 188	27 480	29 303	30 908	32 606
Goods and services	95 060	99 619	123 521	129 562	134 766	141 313	148 003
Depreciation	959	(268)	862	952	992	970	970
Interest, dividends and rent on land	1 352	2 015	1 492	160	170	178	187
Total expenses	118 724	126 028	156 063	158 154	165 231	173 369	181 766
Surplus / (Deficit)	10 680	15 455	(3 371)	155	(169)	(231)	(414)

Table 37.8 Water Research Commission: Financial information (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Statement of financial position							
Carrying value of assets	11 845	12 592	13 449	13 604	13 435	14 204	13 790
<i>of which: Acquisition of assets</i>	404	479	1 718	1 107	823	1 739	556
Investments	41 834	47 584	47 923	50 812	54 028	58 028	62 028
Receivables and prepayments	29 761	16 270	27 854	27 800	26 385	28 000	27 000
Cash and cash equivalents	47 196	88 536	63 581	50 194	48 912	49 615	50 600
Total assets	130 636	164 982	152 807	142 410	142 760	149 847	153 418
Accumulated surplus/deficit	60 396	75 852	72 481	72 636	72 467	72 236	71 822
Capital and reserves	14 631	20 667	21 237	22 546	24 713	26 546	28 546
Post-retirement benefits	21 538	24 253	28 470	30 416	32 855	34 850	36 850
Trade and other payables	31 977	41 401	27 013	14 112	10 025	13 515	13 500
Provisions	2 094	2 244	2 523	2 100	2 100	2 100	2 100
Liabilities not classified elsewhere	–	565	1 083	600	600	600	600
Total equity and liabilities	130 636	164 982	152 807	142 410	142 760	149 847	153 418

Expenditure trends

The Water Research Commission has two primary sources of income: the water research levy and leverage income, which is income from research commissioned by clients. The water research levy accounts for approximately 94.4 per cent of total revenue in 2008/09. Total revenue increased from R129.4 million in 2006/07 to R158 million in 2009/10, at an average annual rate of 7 per cent. Over the medium term, revenue is expected to increase to R181.4 million, at an average annual rate of 4.6 per cent, due to inflation adjustments.

Between 2006/07 and 2009/10, total expenditure increased from R118.7 million to R158.2 million, at an average annual rate of 10 per cent. This was due to the retention of the surpluses from 2007/08 to 2008/09, which were the result of delays in receiving work commissioned from researchers. Expenditure is expected to grow at an average annual rate of 4.6 per cent over the MTEF period, from R158.2 million in 2009/10 to R181.8 million in 2012/13 as a result of inflation related adjustments.

Rand Water

Strategic overview: 2006/07 – 2012/13

Rand Water has supplied bulk potable water to Gauteng and its surrounding areas for 106 years. Rand Water extracts water from the Vaal dam, purifies and disinfects it, pumps it to 3 satellite booster pumping stations, and from there to 58 reservoirs and on to Rand Water's customers. Rand Water is the largest water utility in Africa, currently providing bulk potable water to an estimated 10.5 million people in Gauteng and in parts of Mpumalanga, Free State and North West. Its turnover is more than R4.7 billion, and its asset base of R7.9 billion includes pumping stations, purification plants and reservoirs.

Rand Water is also an implementing agent in various community projects. In response to the institutional reform under way in the water sector, over the medium term Rand Water will expand its water sales, improve operational efficiency and ensure that the best fit technology is used for it to deliver on its mandate. In order to achieve these objectives, the organisation will focus on developing a high performance culture, positively engaging the stakeholder base, and maintaining sound financial management practices.

Savings and cost effective service delivery

Rand Water's cost containment initiatives involve: cost control and improved operational efficiencies in all operational areas; improving the utilisation of existing assets to benchmarked performance (asset turnover); increasing focus on cash management to ensure liquidity to fund operations and investment; achieving a return on investment that exceeds the weighted average cost of capital; using optimal funding structures to raise debt cost effectively and reduce weighted average cost of debt; integrating capital, operational and customer

management; and managing the balance sheet on issues such as post-retirement funding and strategic asset and liability management.

Selected performance indicators

Table 37.9 Rand Water

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Net debt to equity ratio	Financial management	0.21	0.18	0.16	0.15	0.29	0.46	0.61
Debt service ratio	Financial management	-0.01	-4.83	-14.36	2.72	41.22	69.57	61.28
Debt to asset ratio	Financial management	0.28	0.24	0.25	0.23	0.30	0.37	0.43
Costs per kilolitre	Raw Water	R1.34	R1.38	R1.55	R1.70	R1.83	R1.97	R2.12
Profit for the year	Financial management	R743m	R839.5m	R595.6m	R303.7m	R201.1m	R141.2m	R299.5m

Service delivery focus

Rand Water met all peak daily demands in 2008/09, thus complying with the bulk water supply contract. In that year, the maximum daily rate achieved was 4373 ML/d; with the maximum for the year 4284 ML/d. Rand Water continues to monitor water quality standards to ensure alignment with World Health Organisation standards. In 2008/09, Rand Water maintained the quality of water delivered to customers at the level required by the South African SANS 241 water quality standard, which sets out the specifications for water quality.

Expenditure estimates

Table 37.10 Rand Water: Activity information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Raw water	1 899 081	1 952 929	2 251 167	2 464 512	2 771 818	3 067 568	3 401 568
Energy	318 446	350 340	493 130	697 257	874 360	1 063 222	1 238 654
Chemicals	168 934	97 652	138 811	198 111	217 922	239 714	263 686
Depreciation	160 104	175 825	163 722	180 017	204 417	234 217	266 317
Labour	642 144	726 059	827 684	893 720	969 908	1 051 790	1 142 064
Other activities	384 166	401 287	514 801	546 258	557 189	761 167	937 193
Total expense	3 572 875	3 704 092	4 389 315	4 979 875	5 595 614	6 417 678	7 249 482

Table 37.11 Rand Water: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	4 315 870	4 543 587	4 984 947	5 283 580	5 796 690	6 558 848	7 548 987
Sale of goods and services other than capital assets	4 118 601	4 274 363	4 676 938	5 055 469	5 689 840	6 446 121	7 430 060
<i>of which:</i>							
<i>Sales by market establishments</i>	4 118 601	4 274 363	4 676 938	5 055 469	5 689 840	6 446 121	7 430 060
<i>Other non-tax revenue</i>	197 269	269 224	308 009	228 111	106 850	112 727	118 927
Total revenue	4 315 870	4 543 587	4 984 947	5 283 580	5 796 690	6 558 848	7 548 987
Expenses							
Current expense	3 572 875	3 704 092	4 389 315	4 979 875	5 595 614	6 417 678	7 249 482
Compensation of employees	642 144	694 823	848 318	893 720	969 908	1 051 790	1 142 064
Goods and services	2 694 270	2 733 251	3 269 610	3 817 865	4 280 306	4 808 938	5 367 157
Depreciation	160 104	175 824	179 902	180 516	204 417	234 217	266 317
Interest, dividends and rent on land	74 925	98 501	96 883	87 774	140 983	322 733	473 944
Total expenses	3 572 875	3 704 092	4 389 315	4 979 875	5 595 614	6 417 678	7 249 482
Surplus / (Deficit)	742 995	839 495	595 632	303 705	201 076	141 170	299 505

Table 37.11 Rand Water: Financial information (continued)

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Statement of financial position							
Carrying value of assets	4 572 654	5 020 763	5 816 970	6 636 454	7 872 037	9 177 820	10 581 503
<i>of which: Acquisition of assets</i>	456 016	640 154	980 999	1 000 000	1 440 000	1 540 000	1 670 000
Investments	132 569	124 193	127 557	105 400	42 519	-	-
Inventory	37 172	41 005	46 124	46 073	51 814	54 923	58 218
Receivables and prepayments	520 245	469 176	581 714	559 002	707 841	801 017	922 263
Cash and cash equivalents	994 697	1 349 587	1 351 203	782 232	500 000	500 000	500 000
Assets not classified elsewhere	-	13 871	10 573	-	-	-	-
Total assets	6 257 337	7 018 595	7 934 141	8 129 161	9 174 211	10 533 760	12 061 984
Accumulated surplus/deficit	4 509 008	5 338 773	5 938 414	6 242 119	6 443 195	6 584 365	6 883 870
Borrowings	725 736	728 490	728 252	629 962	1 808 731	3 030 759	4 171 708
Post-retirement benefits	236 696	215 165	228 723	306 323	86 899	-	-
Trade and other payables	705 917	733 417	1 035 866	950 757	835 386	918 636	1 006 406
Provisions	79 980	-	-	-	-	-	-
Liabilities not classified elsewhere	-	2 750	2 886	-	-	-	-
Total equity and liabilities	6 257 337	7 018 595	7 934 141	8 129 161	9 174 211	10 533 760	12 061 984

Expenditure trends

Rand Water generates revenue from the sale of bulk water. Revenue increased from R4.3 billion in 2006/07 to R5.3 billion in 2009/10, at an average annual rate of 7 per cent. Over the medium term, revenue is expected to grow to R7.5 billion in 2012/13, at an average annual rate of 13.3 per cent. These increases are due to increases in bulk water tariffs over the MTEF period and rising bulk water sale volumes.

Expenditure increased from R3.6 billion in 2006/07 to R5 billion in 2009/10, at an average annual rate of 11.7 per cent. This increase is due to higher energy costs and chemical costs used in the purification and pumping of water. Increases in expenditure are due to compensation of employees as Rand Water expands its operations to cater for the rising water demand. Over the medium term, expenditure is expected to reach R7.2 billion, at an average annual rate of 13.3 per cent. This increase is due to the refurbishment of water infrastructure owned by Rand Water. It is expected that this project will cost R2.9 billion over the MTEF period.

Infrastructure development for Rand Water will be financed by a combination of internal sources and debt finance. Over the MTEF period, borrowings are expected to grow significantly from R630 million in 2009/10 to R4.2 billion in 2012/13, at an average annual rate of 87.8 per cent, driven by major infrastructure development and renovations. A portion of this increase is also attributable to the rising costs of construction.

Umgeni Water

Strategic overview: 2006/07 – 2012/13

Umgeni Water provides affordable bulk potable water to the eThekweni and Msunduzi metropolitan municipalities, and the Ugu, iLembe, Sisonke and uMgungundlovu district municipalities. Umgeni Water thus contributes to socioeconomic development within KwaZulu-Natal by ensuring that water infrastructure is functioning efficiently and that water quality meets the prescribed standards. In 2002, Umgeni Water adopted a 10-year corporate strategy to improve its financial sustainability by adopting sound financial management systems, improving operational efficiency and promoting economically viable expansion into other regions. As a result of this turnaround strategy, the organisation has managed to weather the negative impacts of the recession. Umgeni Water ended 2008/09 with a surplus of R527 million, and maintained its surpluses over the MTEF period. Over the medium term, the utility will continue to focus on achieving the targets set out in the 2000-2012 corporate plan, with a particular emphasis on charging affordable tariffs, investing in new infrastructure, reducing debt levels and implementing its asset management programme.

Savings and cost effective service delivery

Over the MTEF period, Umgeni Water will reduce total interest bearing debt to minimise the cost of finance and interest. Between 2007/08 and 2008/09, net finance costs decreased from R165 million to R116 million. Over the same period, interest cover improved from 3.3 to 5.5 times.

Selected performance indicators

Table 37.12 Umgeni Water

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Net debt/equity ratio	Water management	2.6	1.12	0.48	0.54	0.46	0.33	0.22
Debt service ratio	Water management	2.14	3.36	5.51	7.91	5.03	5.36	7.38
Debt to asset ratio	Water management	0.67	0.57	0.49	0.46	0.31	0.25	0.191
Costs per kilolitre	Water management	R2.53	R2.24	R2.16	R2.421	R2.62	R2.43	R2.76
Profit for the year	Water management	R250.5m	R392.9m	R527m	R470.2m	R528.2m	R572.9m	R711.4m

Service delivery focus

Umgeni Water's bulk potable water sales volume grew by 3 per cent in 2008/09 from 2007/08 with an overall surplus of R527 million, resulting in capital and reserves increasing to R1.5 million.

As at June 2009, R237 million was spent on capital expenditure, of which R219 million was spent on 5 projects currently in the construction phase. In 2009/10, Umgeni Water undertook refurbishments and upgrades on water works aligned with its asset management plans. Maintenance expenditure amounted to R100.8 million in 2008/09, compared to R77.2 million in 2007/08 in line with Umgeni Water's emphasis on the efficient management of existing infrastructure.

Umgeni Water entered into long term agreements of approximately 5 years with the 6 water services authorities. A memorandum of understanding was concluded with Sisonke district municipality on signing a bulk water supply agreement in 2009/10.

Expenditure estimates

Table 37.13 Umgeni Water: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Revenue							
Non-tax revenue	1 286 364	1 405 606	1 691 277	1 711 014	1 648 742	1 864 256	2 079 226
Sale of goods and services other than capital assets	1 188 029	1 289 035	1 492 688	1 617 089	1 633 677	1 855 875	2 070 705
<i>of which:</i>							
<i>Sales by market establishments</i>	1 188 029	1 289 035	1 492 688	1 617 089	1 633 677	1 855 875	2 070 705
<i>Other non-tax revenue</i>	98 335	116 571	198 589	93 925	15 065	8 381	8 521
Total revenue	1 286 364	1 405 606	1 691 277	1 711 014	1 648 742	1 864 256	2 079 226
Expenses							
Current expense	1 035 848	1 012 740	1 164 263	1 240 836	1 120 522	1 291 483	1 367 786
Compensation of employees	226 078	268 825	293 606	265 661	285 061	305 870	329 116
Goods and services	338 031	316 307	435 585	553 670	519 005	759 720	824 973
Depreciation	162 306	156 857	167 583	172 412	176 429	92 340	99 912
Interest, dividends and rent on land	309 433	270 751	267 489	249 093	140 028	133 553	113 784
Total expenses	1 035 848	1 012 740	1 164 263	1 240 836	1 120 522	1 291 483	1 367 786
Surplus / (Deficit)	250 516	392 866	527 014	470 178	528 220	572 772	711 440

Table 37.13 Umgeni Water: Financial information (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Statement of financial position							
Carrying value of assets	2 538 202	2 528 304	2 633 294	3 119 902	3 729 115	4 141 562	4 642 898
<i>of which: Acquisition of assets</i>	232 262	110 319	236 977	655 215	694 634	504 787	601 249
Investments	528 870	945 549	1 239 996	126 862	126 862	126 862	126 862
Inventory	7 506	10 283	9 145	10 251	10 251	10 251	10 251
Receivables and prepayments	137 787	150 195	183 794	173 516	187 778	209 566	231 146
Cash and cash equivalents	21 159	13 637	7 699	985	386	638	443
Assets not classified elsewhere	3 057	12 891	10 036	93 011	8 819	8 819	8 819
Total assets	3 236 581	3 660 859	4 083 964	3 524 527	4 063 210	4 497 697	5 020 419
Accumulated surplus/deficit	184 565	577 431	1 104 445	1 510 696	2 038 915	2 611 687	3 323 125
Capital and reserves	451 243	445 103	442 847	442 847	442 847	442 847	442 847
Borrowings	2 180 591	2 078 336	1 978 903	1 302 785	1 261 167	1 131 109	947 160
Post-retirement benefits	119 488	164 369	187 597	-	55 138	50 140	48 452
Trade and other payables	171 850	235 552	276 562	232 840	247 803	244 573	241 495
Provisions	86 214	119 788	60 444	17 340	17 340	17 340	17 340
Liabilities not classified elsewhere	42 630	40 280	33 166	18 018	-	-	-
Total equity and liabilities	3 236 581	3 660 859	4 083 964	3 524 527	4 063 210	4 497 697	5 020 419

Expenditure trends

Umgeni Water generates revenue mainly from the sale of bulk potable water to 6 municipalities in KwaZulu-Natal. Revenue grew from R1.3 billion in 2006/7 to R1.7 billion in 2009/10, at an average annual rate of 10 per cent. This strong growth rate is mainly driven by an increase in revenue from bulk water sales as well as an increase in the number of implementation activities undertaken by Umgeni Water on behalf of the department and municipalities. Revenue is expected to grow from R1.7 billion to R2.1 billion over the medium term, at an average annual rate of 6.7 per cent. This was due to inflation related increases in the bulk water tariffs.

Expenditure increased from R1 billion in 2006/07 to R1.2 billion in 2009/10, at an average annual rate of 6.2 per cent. This is due to the rising costs of energy and chemicals over the medium term. Expenditure is expected to increase to R1.4 billion, at an average annual rate of 3.3 per cent. This is as a result of Umgeni Water expanding its services to smaller communities in urban and peri-urban areas which were not previously served. Capital expenditure over the MTEF period is therefore expected to amount to R1.6 billion.

Infrastructure developments for Umgeni Water will be financed by a combination of internal reserves and debt finance. Over the MTEF period, borrowings decrease at an average annual rate of 10.1 per cent as the organisation repays existing debt and capital projects currently under construction near completion.

Consolidated Water Boards

Strategic overview: 2006/07 – 2012/13

Water boards are established in terms of 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 pool water in a given geographical area, purify it, and distribute it to other water services institutions. In this way, water boards play an important intermediate role between the bulk infrastructure provider and water reticulators and other end users. Water boards have been set up to be financially independent institutions. This means that in terms of Water Services Act (1997), water boards should be able to repay and service their debt, recover their capital, operational and maintenance costs, make reasonable provision for the depreciation of assets, and recover costs associated with water distribution from revenues and budget for future infrastructure development. In December 2009, National Treasury approved the transfer of a water scheme to Amatola Water.

The water boards

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

Selected performance indicators

Table 37.14 Consolidated water boards

Water board	Volume of water sold (kl)						
	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Albany Coast	511 753	516 870	522 039	527 259	532 532	535 769	546 387
Amatola	29 12 000	31 063 000	31 219 000	31 375 000	31 532 000	31 873 000	32 167 000
Bloem	78 364 391	78 948 034	79 537 514	80 132 889	80 734 217	81 216 000	81 573 000
Botshelo	18 600 000	19 100 000	19 200 000	19 400 000	19 600 000	19 800 000	20 100 000
Bushbuckridge	22 571	22 594	30 084	33 947	38 712	40 351	42 855
Ikangala	33 870 003	34 208 703	Disestablished				
Lepelle	86 459 000	79 716 000	79 716 000	79 716 000	79 716 000	79 716 000	79 716 000
Magalies	67 200 172	69 904 930	73 501 101	75 913 994	78 980 471	81 383 000	84 374 000
Mhlathuze	122 240	117 925	130 999	156 184	159 907	165 870	171 251
Namakwa	2 924 056	2 953 296	2 982 829	3 012 657	3 042 784	3 088 000	3 100 000
Overberg	4 259 546	4 285 000	4 340 000	4 394 000	4 450 000	4 500 000	4 980 000
Pelladrift	4 437 682	4 482 058	4 526 879	4 572 147	4 617 869	4 652 000	4 693 000
Rand	1 295 750 000	1 308 890	1 320 570	1 333 710	1 348 310	1 367 000	1 395 000
Sedibeng	69 792 798	67 275 000	70 872 000	71 829 000	72 859 000	73 693 000	74 388 000
Umgeni	373 857 000	381 881 000	386 036 000	391 640 000	397 344 000	402 632 000	456 849 000

Service delivery focus

In 2008/09, the water boards collectively supplied a total bulk potable volume of approximately 2.3 billion cubic meters. The boards depend on revenue from selling bulk water to water service authorities to meet their revenue requirements. The actual expenditure of water boards exceeded the budget by 5.9 per cent, and profits exceeded projections by 3.2 per cent due mainly to volumes sold exceeding projections by 7.3 per cent. A directive was issued by the previous minister to decrease the tariff by 5 per cent in March 2009. Tariff changes were implemented by all water boards in 2009/10 in line with the Municipal Finance Management Act (2003).

Expenditure estimates

Table 37.15 Consolidated Water Boards: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Revenue							
Non-tax revenue	7 143 082	7 655 943	8 721 723	9 036 115	9 765 523	10 942 327	12 425 187
Sale of goods and services other than capital assets	6 754 430	7 226 343	8 155 599	8 735 753	9 647 787	10 829 663	12 304 038
of which:							
Admin fees	154	8 165	9 432	14 425	15 818	17 349	19 034
Sale of Bulk Water	6 498 252	6 846 865	7 680 114	8 317 264	9 194 131	10 368 439	11 812 947
Other non-tax revenue	388 652	429 600	566 124	300 362	117 736	112 663	121 148
Transfers received	33 887	35 752	17 999	14 900	96 850	42 010	10
Total revenue	7 176 969	7 691 695	8 739 722	9 051 015	9 862 373	10 984 337	12 425 197
Expenses							
Current expense	5 979 715	6 278 145	7 428 018	8 128 412	8 855 967	10 028 400	11 178 843
Compensation of employees	1 228 146	1 382 990	1 636 006	1 737 174	1 879 672	2 032 122	2 202 154
Goods and services	3 771 133	3 948 161	4 817 550	5 459 336	6 001 067	6 889 934	7 690 473
Depreciation	450 073	472 961	503 253	513 101	571 546	536 975	590 585
Interest, dividends and rent on land	530 363	474 033	471 209	418 801	403 682	569 370	695 631
Transfers and subsidies	-	-	-	991	1 054	1 130	1 210
Total expenses	5 981 147	6 279 838	7 422 620	8 129 403	8 857 021	10 029 530	11 180 053
Surplus / (Deficit)	1 195 822	1 411 857	1 317 102	921 612	1 005 352	954 806	1 245 143

Table 37.15 Consolidated Water Boards: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Statement of financial position							
Carrying value of assets	9 908 986	10 337 850	11 245 852	13 911 166	16 129 359	18 265 249	20 250 564
of which: Acquisition of assets	1 047 935	891 278	1 377 768	3 171 816	2 777 796	2 857 030	2 883 160
Investments	1 254 934	1 730 139	2 077 618	984 794	717 777	693 577	756 533
Inventory	70 198	77 988	91 509	87 830	97 394	103 528	108 928
Receivables and prepayments	1 111 657	1 104 163	1 469 735	1 177 557	1 327 128	1 441 099	1 621 559
Cash and cash equivalents	1 553 340	2 101 764	2 189 618	1 432 400	1 206 869	1 248 211	1 345 980
Assets not classified elsewhere	4 167	34 290	26 265	93 536	9 370	9 397	9 427
Total assets	13 903 282	15 386 194	17 100 597	17 687 282	19 487 896	21 761 061	24 092 992
Accumulated surplus/deficit	7 153 385	7 622 173	8 737 557	9 536 470	10 493 714	11 446 181	12 723 792
Capital and reserves	1 047 658	2 009 207	2 238 162	2 885 289	2 968 889	3 117 035	3 194 875
Borrowings	3 701 232	3 487 550	3 416 228	2 993 603	4 036 065	5 194 592	6 052 786
Post-retirement benefits	366 772	402 007	443 988	333 281	171 125	81 511	81 160
Trade and other payables	1 395 820	1 569 763	2 013 441	1 731 740	1 642 399	1 757 561	1 886 220
Provisions	195 116	159 133	106 760	49 284	45 140	42 647	41 658
Liabilities not classified elsewhere	43 299	136 361	144 461	157 615	130 564	121 533	112 501
Total equity and liabilities	13 903 282	15 386 194	17 100 597	17 687 282	19 487 896	21 761 061	24 092 992

Expenditure trends

Revenue collected by waters boards comes mainly from the sales of bulk water to water services authorities in their areas. Revenue from the consolidated sale of bulk water increased from R6.8 billion in 2006/07 to R8.3 billion in 2009/10, at an average annual rate of 9 per cent. Revenue is expected to reach R12.4 billion in 2012/13, at an average annual rate of 12.5 per cent. This increase over the MTEF period is mainly due to the new tariffs in the water pricing strategy that were approved by the Minister of Water Affairs.

Expenditure is expected to increase over the medium term at an average annual rate of 11.2 per cent, from R8.1 billion in 2009/10 to R11.2 billion in 2011/12 due to the combined effect of adjustments for inflation and the construction, upgrading and rehabilitation of water infrastructure.

Other entities

Komati Basin Water Authority

Strategic overview: 2006/07 – 2013

The Komati Basin Water Authority was established in terms of a treaty between South Africa and Swaziland. The aim of the authority is to manage the water resources of the Komati River basin sustainably. The authority is responsible for financing, developing, operating and maintaining the water resources infrastructure in the basin, comprising the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland.

Total capital development costs for the two dams, including capitalised interest on debt capital, are R3 billion. With the construction of both dams complete, the authority's focus is on operations, including finance and loan administration, and maintenance of this vital bulk water supply infrastructure. Water from the Driekoppies Dam is allocated exclusively to South Africa. 60 per cent of the water from the Maguga Dam is for South Africa and 40 per cent for Swaziland.

Programme 3: National Water Resources Infrastructure Programme

- *Infrastructure Development and Rehabilitation* provides for the design, construction and commissioning of raw water resources infrastructure as well as the rehabilitation and refurbishment of existing infrastructure to ensure the safety and functionality of departmental dams and related structures.

- *Operations of Water Resources* ensures the effective management of water resources and the sustainable operation and management of bulk raw water infrastructure, through the augmentation of the water trading entity.

Funds in this programme are transferred to the water trading entity.

Objectives and measures

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

Expenditure estimates

Table 37.16 National Water Resources Infrastructure Programme

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
Infrastructure Development and Rehabilitation	541 528	902 312	1 328 096	2 231 574	2 101 397	2 353 040	2 564 466
Operation of Water Resources	310 988	283 553	316 233	287 835	140 021	167 137	175 493
Total	852 516	1 185 865	1 644 329	2 519 409	2 241 418	2 520 177	2 739 959
Change to 2009 Budget estimate				242 373	(191 942)	(97 880)	-

Economic classification

Transfers and subsidies	852 516	1 185 865	1 644 329	2 519 409	2 241 418	2 520 177	2 739 959
Departmental agencies and accounts	852 516	1 185 865	1 644 329	2 339 409	2 061 418	2 340 177	2 559 959
Foreign governments and international organisations	-	-	-	180 000	180 000	180 000	180 000
Total	852 516	1 185 865	1 644 329	2 519 409	2 241 418	2 520 177	2 739 959

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Capital	852 516	1 185 865	1 644 329	2 339 409	2 061 418	2 340 177	2 559 959
Water Trading Entity: Augmentation	310 988	283 553	316 233	107 835	140 021	167 137	175 493
Water Trading Entity: Infrastructure	541 528	902 312	1 328 096	2 231 574	1 921 397	2 173 040	2 384 466
Foreign governments and international organisations							
Capital	-	-	-	180 000	180 000	180 000	180 000
Komati River Basin Water Authority	-	-	-	180 000	180 000	180 000	180 000

Expenditure trends

The *National Water Resources Infrastructure* programme's sole responsibility is to provide transfer payments to the water trading entity. The entity manages the development and rehabilitation of infrastructure as well as the operation of infrastructure on behalf of the department.

Expenditure in this programme increased from R852.5 million in 2006/07 to R2.5 billion in 2009/10, at an average annual rate of 43.5 per cent. The significant growth in the programme is as a result of additional allocations for the Olifants River water resources development project and the dam safety rehabilitation programme. Expenditure in the *Infrastructure, Development and Rehabilitation* subprogramme increased by 68 per cent, from R1.3 billion in 2008/09 to R2.2 billion in 2009/10. This was the result of a rollover of R227 million and the additional allocation of R600 million for the social component of De Hoop Dam. The

decrease in expenditure in 2010/11 is the result of reprioritising R500 million to fund water loss efficiency, asset management, waste water works and water infrastructure. These allocations within the subprogramme are disbursed as transfers to the water trading entity. The transfer payments to the water trading entity grew from R852.5 million in 2006/07 to R2.7 billion in 2012/13, at an average annual rate of 20.1 per cent.

Over the MTEF period, expenditure in this programme is expected to grow marginally at an average annual rate of 2.8 per cent, from R2.5 billion in 2009/10 to R 2.7 billion in 2012/13.

Expenditure in the *Operation of Water Resources* subprogramme is expected to decrease over the medium term at an average annual rate of 15.2 per cent due to better cost recovery approaches, which are reducing the need for augmentations from the department.

Public entities

Water trading entity

Strategic overview: 2006/07 – 2012/13

The water trading account was established in 1995 to ring fence departmental revenues collected through the sale of bulk water and related services from voted appropriations. The trading account was subsequently amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. The rationale was to create an entity which would manage the recovery of usage costs to ensure the long term sustainability of South Africa's water resources.

Since its inception, the water trading entity has faced numerous challenges, including reviewing and resolving accounting issues, setting up organisational processes, and verifying the extensive network of national water resource infrastructure. From 2007/08, the entity had a R12 billion backlog on the maintenance and refurbishment of infrastructure assets. Much of this backlog was caused by water tariffs that did not reflect cost reflective tariffs.

Over the medium term, the water trading entity will focus on developing new raw water supply infrastructure through a comprehensive dam safety rehabilitation programme. The operation and maintenance of water resources infrastructure will be prioritised to ensure the supply of water in accordance with agreements with water users. The entity will also review the water pricing strategy. Particular emphasis will be put on developing a pricing and cost recovery framework that promotes social equity, fosters ecological sustainability, improves financial management, and ensures economic efficiency. The rollout of a water trading enterprise wide risk management system will be completed by March 2011.

Savings and cost effective service delivery

The water trading entity is expected to save R59.3 million over the MTEF period (R17.5 million in 2010/11, R20.2 million in 2011/12 and R21 million in 2012/13). Savings are mainly derived from cuts in expenditure on infrastructure support functions and decreases in spending on consultants and travelling.

In effecting these savings, the entity will introduce efficient approaches to service delivery, including refocusing on core functions, reallocating existing resources, and outsourcing contracts where practical. Better rates will be negotiated with consultants, and the entity will save on travelling by using communications technologies such as video conferencing.

Selected performance indicators

Table 37.17 Water Trading Entity

Indicator	Past			Current 2009/10	Projections		
	2006/7	2007/8	2008/9		2010/11	2011/12	2012/13
Total number of dam safety projects undertaken (completed in brackets)	35	36	43(11)	52(21)	58(27)	64(43)	75(52)
Percentage completion on construction of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure)	2%	8%	27%	51%	76%	93%	100%
Percentage completion on construction of Nwamitwa Dam	-	-	-	6%	17%	38%	61%
Percentage completion on construction of raising Clanwilliam Dam wall	-	-	-	-	7%	24%	53%
Percentage completion on construction of Mokolo River augmentation	-	-	-	1%	31%	71%	99%
Revenue generated per year to fund the refurbishment programme	R346m	R357.4m	R130.9m	R525m	R563.9m	R714.6m	R914.6m

Service delivery focus

New bulk raw water infrastructure will be constructed for the storage and conveying of water over the MTEF period. A key focus over the medium term is to eradicate the backlog on maintaining rehabilitating existing national water resources infrastructure.

The auditor-general's disclaimers and qualifications were dealt with through the business process reengineering project (Siyanoqoba) and the enterprise wide asset management project (Sakhile), which were completed in 2008/09. These projects ensure that the water trading entity complied with the accrual accounting requirements of the Public Finance Management Act (1999). The entity has embarked on the next phase of the business efficiency drive, aiming to complete the adoption of best practices and systems by March 2010.

Refurbishment and rehabilitation projects were undertaken to ensure the integrity of key infrastructure delivering water users. Larger projects include the rehabilitation of the ongoing Gamtoos government water scheme, which delivers water to the Nelson Mandela Bay metropolitan municipality and irrigation farmers in Eastern Cape, with about R40 million spent on the project in 2009/10. Another large project is the rehabilitation of the Vlaktefontein canal at an estimated cost of R1.7 billion over the next 7 to 8 years. This canal is part of the conveyance system delivering water to Sasol Synfuels and Eskom's power stations. Refurbishment is currently taking place on mechanical and electrical components in the conveyance and pump systems to ensure reliable water delivery to water users, including Eskom and Sasol.

The entity will participate in a review of its funding model and pricing strategy due to a R10 billion backlog on maintaining and refurbishing infrastructure assets. The development of the funding model and pricing strategy is expected to be formally adopted by the government forum and other sector stakeholders in February 2010 and will be simultaneously launched by the Minister of Water Affairs. The project is expected to be completed by March 2011.

Expenditure estimates

Table 37.18 Water Trading Entity: Programme information

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Implementation of water resources management activities	410 896	387 087	393 980	363 561	391 558	422 906	457 813
Operations, maintenance and refurbishment of national water resources schemes	1 150 436	1 083 776	1 103 074	1 017 907	1 096 293	1 184 062	1 281 796
Implementation of new water resources infrastructure	1 369 711	1 290 346	1 313 322	1 211 922	1 305 248	1 409 746	1 526 109
Bulk water supply to strategic users e.g. ESKOM, SASOL	606 454	571 314	581 487	536 591	577 912	624 180	675 701
Implementation of dam safety projects	260 734	245 626	250 000	230 698	268 066	291 754	315 074
Total expense	3 798 230	3 578 150	3 641 863	3 360 679	3 639 077	3 932 648	4 256 494

Table 37. Water Trading Entity: Financial information (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
Revenue							
Non-tax revenue	1 915 886	1 790 162	1 746 958	1 885 667	2 096 334	2 398 566	2 588 179
Sale of goods and services other than capital assets of which:	1 620 186	1 777 785	1 732 750	1 879 667	2 088 334	2 388 566	2 577 379
<i>Sale of Bulk Water</i>	1 620 186	1 754 817	1 712 795	1 849 667	2 056 334	2 354 566	2 540 659
<i>Other sales</i>	–	22 968	19 955	30 000	32 000	34 000	36 720
<i>Other non-tax revenue</i>	295 700	12 377	14 208	6 000	8 000	10 000	10 800
Transfers received	487 702	332 834	391 374	219 835	258 741	292 577	307 653
Total revenue	2 403 588	2 122 996	2 138 332	2 105 502	2 355 075	2 691 143	2 895 832
Expenses							
Current expense	3 619 980	3 396 318	3 456 863	3 360 679	3 639 077	3 932 648	4 256 494
Compensation of employees	453 269	528 053	661 489	717 457	774 854	836 842	903 789
Goods and services	960 483	1 436 909	1 235 935	938 095	1 013 984	1 077 443	1 141 855
Depreciation	2 205 238	1 387 131	1 490 543	1 635 127	1 790 239	1 958 363	2 146 049
Interest, dividends and rent on land	990	44 225	68 896	70 000	60 000	60 000	64 800
Transfers and subsidies	178 250	181 832	185 000	–	–	–	–
Total expenses	3 798 230	3 578 150	3 641 863	3 360 679	3 639 077	3 932 648	4 256 494
Surplus / (Deficit)	(1 394 642)	(1 455 154)	(1 503 531)	(1 255 177)	(1 284 001)	(1 241 505)	(1 360 662)
Statement of financial position							
Carrying value of assets	93 939 166	87 297 583	87 174 294	87 770 379	88 462 740	89 605 789	90 059 057
of which: <i>Acquisition of assets</i>	173 654	565 990	1 376 727	2 234 911	2 483 401	3 101 412	2 599 317
Inventory	19 885	18 946	14 020	14 020	12 000	10 000	10 800
Receivables and prepayments	1 481 117	1 535 398	2 166 553	1 716 553	1 500 000	1 300 000	1 404 000
Cash and cash equivalents	370 248	120 456	249	–	–	–	–
Total assets	95 810 416	88 972 383	89 355 116	89 500 952	89 974 740	90 915 789	91 473 857
Accumulated surplus/deficit	(432 364)	1 458 224	1 353 913	98 736	(1 185 265)	(2 426 770)	(3 787 432)
Capital and reserves	95 099 573	86 309 495	84 910 275	84 688 777	84 795 873	85 396 361	85 947 575
Borrowings	10 554	36 297	37 006	37 006	37 006	37 006	39 966
Trade and other payables	825 310	572 666	1 388 681	1 879 546	2 160 526	2 297 516	2 137 488
Provisions	70 048	78 893	85 163	90 273	95 689	101 430	107 516
Liabilities not classified elsewhere	237 295	516 808	1 580 078	2 706 613	4 070 911	5 510 245	7 028 743
Total equity and liabilities	95 810 416	88 972 383	89 355 116	89 500 951	89 974 740	90 915 789	91 473 857

Expenditure trends

The water trading entity generates revenue from water resource management and water resource infrastructure charges, and transfers from the department. Total revenue decreased from R2.4 billion in 2006/07 to R2.1 billion in 2009/10, at an average annual rate of 4.3 per cent. This is due to the inclusion of revenue from 2005/06 in the 2006/07 financials to meet the revenue recognition standards under accrual accounting. Over the medium term, revenue is expected to increase to R2.9 billion, at an average annual rate of 11.2 per cent. The increase over the medium term is due to increases in water resource management and water resource infrastructure charges, which are projected to increase from R1.8 billion in 2009/10 to R2.5 billion in 2012/13.

The entity is currently not generating enough revenue due to the price caps set by the water pricing strategy, and has incurred a deficit of R1.3 billion in 2009/10 as a result of this. The entity is therefore not able to generate enough revenue to fund the refurbishment and improvement of infrastructure assets. Non-payment of accounts also impacts negatively on the entity's financial position. Accounts receivable and prepayments showed an initial increase between 2006/7 and 2008/09 due to non-payment by municipalities, irrigators and water board

accounts. The amounts accrued under accounts receivable and prepayments are expected to stabilise over the MTEF period.

Expenditure decreased from R3.8 billion in 2006/07 to R3.4 billion in 2009/10, at an average annual rate of 4 per cent, due to an abnormal adjustment for depreciation in 2006/07 driven by increases in expenditure in compensation of employees and goods and services. Over the MTEF period, expenditure is expected to increase to R4.3 billion, at an average annual rate of 8.2 per cent. Expenditure in compensation of employees increased at an average annual rate of 16.5 per cent between 2006/07 and 2009/10. The annual increases are due to inflation related adjustments and the filling of vacant positions. The decrease of 24.1 per cent in goods and services between 2008/09 and 2009/10 was a result of improving the internal process for the capitalisation of refurbishment of infrastructure assets, and measures taken to save operating costs.

Trans-Caledon Tunnel Authority

Strategic overview: 2006/07 – 2012/13

The Trans-Caledon Tunnel Authority was initially established in 1986 in terms of the Water Act (1956). The authority now functions in terms of the National Water Act (1998) and a number of ancillary acts. This legislative framework allows the authority to implement projects in terms of specific directives from the Minister of Water Affairs.

The Trans-Caledon Tunnel Authority is a specialised liability management entity. Its mandate is to finance, develop and implement bulk raw water infrastructure within an acceptable risk framework and in the most cost effective manner to benefit water consumers. The authority's liability management activities cover the entire project cycle (from raising the finance to overseeing the engineering, construction and commissioning activities). The authority also plays an important role as an expert advisor to the Department of Water Affairs and other water management institutions on project initiation, restructuring treasury activities and reviewing water tariff methodologies.

In 2009/10, the Trans-Caledon Tunnel Authority fulfilled its mandate of designing, financing, implementing and commissioning bulk water projects. The authority successfully completed the construction and commissioning of two flagship projects: the Berg Water project and the Vaal River eastern subsystem augmentation project. The Berg Water project increases Cape Town's water supply to 523 million m³ per year and is expected to alleviate the water shortages in the region. Similarly, the Vaal River eastern subsystem augmentation project now delivers water to meet Eskom's and Sasol's water needs in Secunda. This was necessitated by Eskom's re-commissioning of mothballed power stations and Sasol's increased fuel production.

Given the organisation's good implementation record and its strong credit rating, the Minister of Water Affairs issued a number of additional directives in 2008/09 to the authority to raise funding for and implement the bulk water infrastructure projects, including phase two of the Mooi-Mgeni transfer scheme, the Komati Water scheme augmentation project and phase two of the Olifants River water resource development. Over the medium term, the organisation is expected to focus on the implementation of these ministerial directives. Moreover, the organisation will strengthen its internal capacity to provide advisory and treasury management services to the water sector.

Selected performance indicators

Table 37.19 Trans-Caledon Tunnel Authority

Indicator		Programme	Past			Current	Projections		
			2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Average interest rate	Benchmark	Lesotho Highlands water project	8.16%	9.55%	10.48%	8.93%	9.29%	9.29%	9.29%
	Actual		7.95%	9.11%	10.30%				
	Benchmark	Berg water project	8.39%	10.45%	11.56%	9.55%	7.97%	8.69%	8.71%
	Actual		8%	10.17%	9.53%				
	Benchmark	Vaal River eastern subsystem augmentation project	8.31%	10.33%	11.80%	9.92%	7.97%	8.69%	8.71%
	Actual		8.29%	10.21%	9.76%				
Credit rating	Long term	Berg water project	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+
	Short term		maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+
	Long term	Vaal River eastern subsystem augmentation project	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+
	Short term		maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+	maintained AA+

Service delivery focus

Since completing the first phase of the Lesotho Highlands Water Project in 2001, emphasis has been placed on debt management to ensure that optimal capital structure is adopted and that revenue collected is sufficient to repay debts. In 2008/09, the organisation remained a preferred borrower in domestic and international money markets and both the Vaal River eastern sub-system augmentation and Berg Water projects maintained their Fitch credit rating of AA+. Over the medium term, debt and liability management services will also be extended to these projects. In 2009/10, the organisation worked closely with the departments of water affairs and the public enterprises to begin acquiring an engineering service provider to implement and fund the Mokolo Crocodile water augmentation project.

The second phase of the R1.7 billion Mooi-Mgeni transfer scheme in the KwaZulu-Natal midlands augments the existing transfer scheme into the Mgeni River catchment, increasing the yield by 60 million m³ to 394 million m³ per year. With an approved R3.1 billion borrowing limit from National Treasury, this phase involves constructing the new Spring Grove Dam on the Mooi River, a new pump station and a new pipeline from the dam to the Mpofana River, with construction set to begin in July 2010 for delivery by mid-2013. In the second phase of the Olifants River water resource development project, bulk water infrastructure will be constructed to meet the water requirements of new mines and a power station in Limpopo, with construction expected to begin in late 2011 for delivery in 2013. Construction on the Komati Water scheme augmentation project, which supplies water to Eskom's Duvha and Matla power stations in Mpumalanga, is set to begin in October 2010 for delivery in the third quarter of 2011 on an estimated budget of R1.7 billion.

To maintain a sustainable financial position, the organisation's operating surplus totalled R1.8 billion in 2008/09 compared to R1.6 billion in 2007/08. Revenue generated from the sale of raw water amounted to R2.5 billion in 2009 compared to R2.1 billion in 2008. An unqualified audit report was obtained for 2008/09.

The organisation handed over houses worth around R30 million that were initially constructed in the La Motte village for contractors on the Berg Water project, to the Stellenbosch municipality. Revenue from this sale will be used to fund housing developments in the area.

Expenditure estimates

Table 37.20 Trans-Caledon Tunnel Authority: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	2 407 000	2 539 521	3 132 975	2 861 612	3 004 736	3 156 528	3 315 987
Sale of goods and services other than capital assets <i>of which:</i>	1 952 000	2 088 801	2 493 339	2 837 962	2 981 269	3 131 887	3 290 114
<i>Sale of Bulk Water</i>	1 952 000	2 088 801	2 493 339	2 837 962	2 981 269	3 131 887	3 290 114
<i>Other non-tax revenue</i>	455 000	450 720	639 636	23 650	23 468	24 641	25 873
Total revenue	2 407 000	2 539 521	3 132 975	2 861 612	3 004 736	3 156 528	3 315 987
Expenses							
Current expense	2 520 613	2 725 521	3 210 975	2 979 822	3 128 813	3 285 254	3 449 516
Compensation of employees	36 000	57 242	101 000	113 730	119 417	125 387	131 657
Goods and services	547 466	398 545	464 966	548 262	575 675	604 459	634 682
Depreciation	96 147	35 913	40 320	37 180	39 039	40 991	43 040
Interest, dividends and rent on land	1 841 000	2 209 821	2 603 689	2 280 650	2 394 683	2 514 417	2 640 137
Total expenses	2 520 613	2 725 521	3 210 975	2 979 822	3 128 813	3 285 254	3 449 516
Surplus / (Deficit)	(113 613)	(186 000)	(78 000)	(118 210)	(124 077)	(128 726)	(133 530)
Statement of financial position							
Carrying value of assets	17 536 017	18 549 000	22 107 608	19 545 064	19 948 836	20 371 412	20 814 839
<i>of which: Acquisition of assets</i>	1 806	13 048	399 602	430 690	442 811	463 567	486 468
Investments	1 018 093	1 908 000	864 392	3 603 987	3 270 547	3 615 189	3 977 061
Receivables and prepayments	547 812	467 000	956 000	1 478 000	1 543 923	1 619 735	1 700 444
Cash and cash equivalents	78	–	10 000	31 890	41 461	44 919	47 442
Assets not classified elsewhere	–	29 000	27 000	28 305	27 656	29 251	30 386
Total assets	19 102 000	20 953 000	23 965 000	24 687 246	24 832 424	25 680 506	26 570 172
Accumulated surplus/deficit	(3 510 000)	(3 550 813)	(3 628 813)	(3 747 023)	(3 871 100)	(3 999 825)	(4 133 355)
Capital and reserves	141 000	–	–	–	–	–	–
Borrowings	21 786 521	23 735 000	26 683 000	27 597 306	27 824 712	28 757 579	29 734 638
Trade and other payables	681 866	766 162	908 161	834 140	875 847	919 639	965 621
Provisions	2 613	2 651	2 652	2 823	2 964	3 112	3 268
Total equity and liabilities	19 102 000	20 953 000	23 965 000	24 687 246	24 832 424	25 680 505	26 570 172

Expenditure trends

The Trans-Caledon Tunnel Authority derives its revenue from the sale of bulk water and the provision of advisory services to the water sector. Sales of bulk water from the Lesotho Highlands water project, the Berg Water project and the Vaal River eastern subsystem augmentation project account for 91.4 per cent of total revenue over the 7-year period. Revenue increased from R2.4 billion to R2.9 billion between 2006/07 and 2009/10, at an average annual rate of 5.9 per cent. This marginal increase masks some important developments in the work of the authority. Revenue increased rapidly between 2007/08 and 2008/09 from R2.5 billion to R3.1 billion due to additional consultancy fees paid by the department to the authority for the provision of advisory services on the Komati Water scheme augmentation, Mokolo Crocodile water augmentation and Olifants River water resource development projects. Revenue received from advisory services is expected to decrease over the MTEF period as these bulk infrastructure projects move into the construction phase. Over the MTEF period, revenue is expected to grow at an average annual rate of 5 per cent.

Interest, dividends, rent and financing charges accounted for 76.5 per cent of all expenditure incurred by the authority in 2009/10. Expenditure increased from R2.5 billion in 2006/07 to R3 billion in 2009/10, at an average annual rate of 5.7 per cent. This is due to an increase in expenditure on compensation of employees and goods and services to expand the authority's capacity to implement the additional 4 projects from 2008/09 onwards.

Expenditure is expected to increase to R3.5 billion over the medium term, at an average annual rate of 5 per cent. This is due to an increase in operational expenditure over the medium term as the number of projects the authority is mandated to implement increases from 3 to 7. Capital expenditure for 2007/08 is relatively low, amounting to R13 million, and is projected to increase to R486.5 million in 2012/13 as the additional projects are implemented.

Programme 4: Regional Management

- *Stakeholder Management / Sector Support* monitors sector performance, coordinates sector collaborations and intergovernmental relations and ensures that the provincial water sector plans are aligned with provincial growth and development strategies.
- *Institutional Establishment* contributes to the establishment of effective water management institutions.
- *Regional Programme Coordination* ensures the implementation of departmental regional programmes.
- *Water Conservation and Demand Management* ensures the conservation of water through efficient infrastructure management and the water use efficiency programme.
- *Accelerate Access to Community Infrastructure* implements an accelerated community infrastructure programme to achieve the target for universal access to water supply.
- *Natural Resource Management Programmes* administers the Working for Water, Working on Fire and Working for Wetlands programmes. The programme works in partnership with local communities, to whom it provides jobs, and also with government departments including the departments of environmental affairs, agriculture, forestry and fisheries, and trade and industry, provincial departments and environment and research foundations and private companies.
- *Poverty Interventions* manages and facilitates poverty intervention programmes, which includes the extended public works programme and other labour intensive projects such as the erection of rain water tanks.
- *Regional Bulk* develops regional bulk infrastructure for water supply and water treatment works and supplements regional bulk sanitation collector systems as well as regional waste water treatment works.
- *Transfer of Water Schemes* guides the transfer of the operation and maintenance functions of water services schemes to water services institutions to ensure effective local operation and management.
- *Support Services* provides support services to the programme in the regions, namely human resources, financial management and general administration.

Objectives and measures

- Improve the management of water resources in South Africa by:
 - overseeing the functioning of the Inkomati and Breede-Overberg catchment management authorities by ensuring that their annual and quarterly reports are tabled in Parliament on time
 - creating and supporting 4 water users associations in 2010/11.
- Promote intergovernmental cooperation in the water sector by:
 - reviewing and ensuring the alignment of 9 provincial water sector plans with provincial growth and development strategies by March 2011.
- Facilitate good governance in the water sector by supporting the implementation of the water sector plans in the 9 provinces in the context of the water for growth and development framework by March 2011.
- Build institutional capacity in local government to provide water services by:
 - developing national policy, norms and standards, guidelines and tools to assist municipalities

- providing targeted engineering advice and technical support to municipalities, where necessary, in line with the department's regulatory function
- assisting municipalities to develop and implement the regulatory performance measurement system.
- Foster better donor relations in the water sector by completing the donor funded water sector support programme (Masibambane III) funded by the European Union in March 2011.
- Promote regional cooperation and water security in Africa by participating in strategic SADC and African water engagements, and by strengthening partnerships with New Partnership for Africa's Development structures and regional structures.

Service delivery focus

In 2009, regional collaboration was enhanced through the implementation of a capacity building programme in 7 SADC countries (Lesotho, Swaziland, Namibia, Botswana, the Democratic Republic of the Congo, Mozambique and South Africa). In 2009/10, proposals on training process controllers in 8 provinces were approved by the Local Government Sector Education and Training Authority to address the severe shortage of qualified technical staff in water service authorities.

The second edition of the water service authority checklist, which was published in 2008/09, was replaced by the regulatory performance measurement system, which became operational in 68 municipalities in 2009/10. In June 2009, all regional offices submitted their 7-point plans, which are strategies to eradicate the backlog in licensing and reduce turnaround time.

In 2008/09, 257 890 additional households were served with water and 326 477 households were served with sanitation. From April to December 2009, 188 311 households were served with water and 177 178 with sanitation. 601 496ha of invasive vegetation were cleared in 2008/09 against a target of 218 000ha. Between April and September 2009, 447 603ha of alien plants were cleared through the Working for Water programme. In 2009/10, an estimated 30 270 people and 1 442 small, medium and micro enterprises benefited from the Working for Water programme. 9 regional bulk projects have been completed to date and 25 initiated between April and December 2009. 58 of 60 transfer agreements were signed and 4 592 staff members were transferred to water service authorities in 2008/09. Water service authorities have shown 85 per cent compliance with the Division of Revenue Act. 40 per cent of transferred schemes were refurbished and 70 per cent were transferred in 2009/10.

Expenditure estimates

Table 37.21 Regional Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Stakeholder Management / Sector Support	147 492	140 706	149 927	239 674	425 989	196 943	207 931
Institutional Establishment	156 609	254 265	179 930	242 198	697 619	591 378	465 861
Regional Programme Coordination	–	–	–	919	919	970	1 019
Water Conservation and Demand Management	–	–	–	167 000	41 340	29 280	29 497
Accelerate Access to Community Infrastructure	–	–	–	50 000	6 940	60 000	65 000
Natural Resource Management Programmes	468 195	556 050	650 153	627 148	908 069	1 260 484	1 371 486
Poverty Interventions	–	–	–	173 146	167 554	161 376	169 445
Regional Bulk	–	300 000	443 167	616 753	893 000	1 675 340	1 849 107
Transfers of Water Schemes	1 145 248	1 113 242	1 344 987	1 129 768	865 560	685 740	720 004
Support Services	162 104	194 182	209 259	251 177	322 023	415 807	441 101
Total	2 079 648	2 558 445	2 977 423	3 497 783	4 329 013	5 077 318	5 320 451
Change to 2009 Budget estimate				145 084	550 295	412 356	414 608

Table 37.21 Regional Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	1 574 519	1 457 485	1 489 637	1 813 775	2 303 946	2 766 515	2 929 446
Compensation of employees	740 119	615 332	572 569	597 656	664 511	692 470	680 726
Goods and services	834 208	841 531	916 887	1 216 119	1 639 435	2 074 045	2 248 720
<i>of which:</i>							
<i>Administrative fees</i>	<i>1 844</i>	<i>1 962</i>	<i>2 065</i>	<i>2 169</i>	<i>2 428</i>	<i>3 436</i>	<i>3 608</i>
<i>Advertising</i>	<i>6 058</i>	<i>6 445</i>	<i>6 784</i>	<i>7 126</i>	<i>9 310</i>	<i>9 652</i>	<i>10 122</i>
<i>Assets less than the capitalisation threshold</i>	<i>3 380</i>	<i>3 595</i>	<i>3 785</i>	<i>3 975</i>	<i>5 664</i>	<i>5 733</i>	<i>6 007</i>
<i>Audit cost: External</i>	<i>1 652</i>	<i>1 758</i>	<i>1 850</i>	<i>1 943</i>	<i>2 060</i>	<i>2 175</i>	<i>2 284</i>
<i>Bursaries: Employees</i>	<i>1 524</i>	<i>1 621</i>	<i>1 706</i>	<i>1 792</i>	<i>2 311</i>	<i>2 442</i>	<i>102</i>
<i>Catering: Departmental activities</i>	<i>3 552</i>	<i>3 779</i>	<i>3 978</i>	<i>4 178</i>	<i>6 576</i>	<i>5 116</i>	<i>5 380</i>
<i>Communication</i>	<i>21 336</i>	<i>16 186</i>	<i>16 937</i>	<i>9 042</i>	<i>8 243</i>	<i>6 836</i>	<i>7 250</i>
<i>Computer services</i>	<i>6 279</i>	<i>14 941</i>	<i>8 912</i>	<i>4 203</i>	<i>20 147</i>	<i>20 886</i>	<i>21 862</i>
<i>Consultants and professional services: Business and advisory services</i>	<i>373 732</i>	<i>339 123</i>	<i>380 275</i>	<i>473 869</i>	<i>416 587</i>	<i>488 683</i>	<i>616 071</i>
<i>Consultants and professional services: Infrastructure and planning</i>	<i>9 876</i>	<i>10 506</i>	<i>11 059</i>	<i>11 617</i>	<i>13 614</i>	<i>14 143</i>	<i>14 851</i>
<i>Consultants and professional services: Laboratory services</i>	<i>3 474</i>	<i>3 695</i>	<i>3 890</i>	<i>4 086</i>	<i>4 331</i>	<i>4 520</i>	<i>4 746</i>
<i>Consultants and professional services: Legal costs</i>	<i>72</i>	<i>77</i>	<i>81</i>	<i>85</i>	<i>1 140</i>	<i>1 204</i>	<i>1 264</i>
<i>Contractors</i>	<i>20 136</i>	<i>36 232</i>	<i>55 232</i>	<i>311 576</i>	<i>131 591</i>	<i>122 061</i>	<i>134 435</i>
<i>Agency and support / outsourced services</i>	<i>138 068</i>	<i>155 881</i>	<i>186 370</i>	<i>187 448</i>	<i>758 041</i>	<i>1 104 193</i>	<i>1 219 351</i>
<i>Entertainment</i>	<i>339</i>	<i>361</i>	<i>380</i>	<i>399</i>	<i>490</i>	<i>517</i>	<i>543</i>
<i>Inventory: Food and food supplies</i>	<i>63</i>	<i>67</i>	<i>70</i>	<i>74</i>	<i>183</i>	<i>86</i>	<i>88</i>
<i>Inventory: Fuel, oil and gas</i>	<i>579</i>	<i>616</i>	<i>648</i>	<i>681</i>	<i>887</i>	<i>763</i>	<i>801</i>
<i>Inventory: Learner and teacher support material</i>	<i>16</i>	<i>17</i>	<i>18</i>	<i>19</i>	<i>620</i>	<i>655</i>	<i>687</i>
<i>Inventory: Materials and supplies</i>	<i>1 631</i>	<i>1 735</i>	<i>1 827</i>	<i>1 919</i>	<i>2 034</i>	<i>2 156</i>	<i>2 264</i>
<i>Inventory: Medical supplies</i>	<i>16</i>	<i>17</i>	<i>18</i>	<i>19</i>	<i>145</i>	<i>21</i>	<i>22</i>
<i>Inventory: Other consumables</i>	<i>1 708</i>	<i>1 817</i>	<i>1 913</i>	<i>2 009</i>	<i>5 097</i>	<i>2 365</i>	<i>2 482</i>
<i>Inventory: Stationery and printing</i>	<i>38 545</i>	<i>62 072</i>	<i>47 301</i>	<i>67 641</i>	<i>67 100</i>	<i>58 803</i>	<i>61 997</i>
<i>Lease payments</i>	<i>8 486</i>	<i>7 704</i>	<i>16 287</i>	<i>6 619</i>	<i>19 751</i>	<i>11 061</i>	<i>11 614</i>
<i>Property payments</i>	<i>15 753</i>	<i>34 262</i>	<i>9 087</i>	<i>5 268</i>	<i>3 906</i>	<i>1 415</i>	<i>1 485</i>
<i>Transport provided: Departmental activity</i>	<i>2 876</i>	<i>3 060</i>	<i>3 221</i>	<i>3 383</i>	<i>11 297</i>	<i>11 930</i>	<i>12 526</i>
<i>Travel and subsistence</i>	<i>164 069</i>	<i>124 275</i>	<i>142 953</i>	<i>93 448</i>	<i>82 124</i>	<i>87 051</i>	<i>78 734</i>
<i>Training and development</i>	<i>3 294</i>	<i>3 504</i>	<i>3 689</i>	<i>3 875</i>	<i>8 599</i>	<i>6 044</i>	<i>6 347</i>
<i>Operating expenditure</i>	<i>2 361</i>	<i>2 512</i>	<i>2 644</i>	<i>3 552</i>	<i>50 134</i>	<i>95 139</i>	<i>16 586</i>
<i>Venues and facilities</i>	<i>3 489</i>	<i>3 711</i>	<i>3 907</i>	<i>4 104</i>	<i>5 025</i>	<i>4 959</i>	<i>5 211</i>
Interest and rent on land	192	622	181	-	-	-	-
Transfers and subsidies	472 034	774 327	1 015 006	984 415	948 502	504 561	660 354
Provinces and municipalities	385 695	732 926	994 650	924 978	890 746	380 723	399 760
Departmental agencies and accounts	-	3 650	4 600	22 059	40 229	59 314	62 280
Foreign governments and international organisations	-	-	-	625	-	-	-
Public corporations and private enterprises	83 899	37 680	4	-	-	-	-
Households	2 440	71	15 752	36 753	17 527	64 524	198 314
Payments for capital assets	33 095	322 935	472 780	699 593	1 076 565	1 806 242	1 730 651
Buildings and other fixed structures	10 352	306 160	449 623	671 976	1 034 373	1 763 908	1 686 200
Machinery and equipment	19 067	14 862	22 593	25 743	41 319	41 413	43 484
Biological assets	-	-	-	-	341	360	378
Software and other intangible assets	3 676	1 913	564	1 874	532	561	589
Payments for financial assets	-	3 698	-	-	-	-	-
Total	2 079 648	2 558 445	2 977 423	3 497 783	4 329 013	5 077 318	5 320 451

Table 37.21 Regional Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	385 695	641 714	985 650	871 278	662 389	380 723	399 760
Water Services Operating Subsidy Grant	385 695	641 714	985 650	871 278	661 704	380 000	399 000
Motor Vehicle Licences	-	-	-	-	685	723	760
Capital	-	91 212	9 000	53 700	228 357	-	-
Municipal Drought Relief Grant	-	91 212	9 000	53 700	228 357	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	-	3 650	4 600	22 059	40 229	59 314	62 280
Catchment Management Agencies: Seed Funding	-	3 650	4 600	22 059	40 229	59 314	62 280
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	83 898	37 671	-	-	-	-	-
Water Services Operating Subsidy Indirect Grant: Water Boards	83 898	37 671	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	1	9	4	-	-	-	-
Motor Vehicle Licences	1	9	4	-	-	-	-
Foreign governments and international organisations							
Current	-	-	-	625	-	-	-
International Centre for Water Economics and Governance	-	-	-	625	-	-	-
Households							
Social benefits							
Current	2 440	71	15 752	33 173	2 000	2 000	2 000
Leave Gratuities	2 440	71	15 752	33 173	2 000	2 000	2 000
Households							
Other transfers to households							
Current	-	-	-	3 580	15 527	62 524	196 314
Resource for poor farmers	-	-	-	3 580	3 450	3 643	3 826
Water Services Operating Subsidy Grant	-	-	-	-	12 077	58 881	192 488

Expenditure trends

The *Regional Management* programme accounts for the largest proportion of expenditure in the department. This programme finances regional infrastructure through transfers from the department to provinces and municipalities. The programme also houses the Working for Water and Working on Fire initiatives. Expenditure in the programme grew at an average annual rate of 18.9 per cent, from R2.1 billion in 2006/07 to R3.5 billion in 2009/10. This strong growth is mainly due to additional transfers to local government for the construction of water supply and distribution infrastructure. Between 2006/07 and 2009/10, transfers to provinces and municipalities increased from R385.7 million to R925 million, at an average annual rate of 33.9 per cent.

The increase in expenditure for the *Stakeholder Management / Sector Support* subprogramme increased significantly from R149.9 million in 2008/09 to R239.6 million in 2009/10 at an average annual rate of 59.9 per cent due to the drought relief in Western Cape municipalities and the cholera outbreak in Limpopo and Mpumalanga. Over the medium term, funds amounting to R3.8 million are allocated for the *Regional Programme Coordination* subprogramme to implement and support the implementation of regional bulk water

infrastructure in local government. Transfers to departmental agencies are expected to grow significantly over the medium term, from R22.1 million in 2009/10 to R 62.3 million in 2012/13, at an average annual rate of 41.3 per cent. This is due to additional funding for the establishment of new catchment management agencies and for building organisational capacity in the 2 existing agencies. This translates into an increase of 188 per cent in the *Institutional Establishment* subprogramme.

Over the MTEF period, the programme's budget is expected to grow at an average annual rate of 15 per cent, from R3.5 billion to R5.3 billion. This increase is due to the continuation of the regional bulk infrastructure development, through an additional allocation of R554 million, of which R54 million is allocated for drought relief in Limpopo in 2010/11. This translates to an increase in expenditure in the *Regional Bulk* subprogramme, which grows at an average annual rate of 44.2 per cent. Expenditure in the *Support Services* subprogramme is expected to increase significantly over the MTEF period, at an average annual rate of 20.6 per cent, to reach R441.1 million as the department expands its capacity to support regions with the implementation of regional bulk infrastructure projects.

Over the MTEF period, the expenditure in the *National Resource Management* subprogramme is expected to increase at an average annual rate of 29.8 per cent due to a shift of components of the expanded public works programme from the Department of Public Works to the Department of Water Affairs. Over the medium term, additional funds are appropriated for expanded public works programme incentive grants amounting to R386.4 million for the Working for Water programme and R111.6 million for Working on Fire programmes.

Programme 5: Water Sector Regulation

- *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 of service and sustainability of service.
- *Water Use* authorises all water use activities in South Africa through the use of regulatory instruments such as licensing and water allocation reform.
- *Enforcement* ensures that water usage complies with norms and standards as per licence authorisation and that drinking water quality complies with South African national standard 241, regulates illegal water use and curbs pollution.
- *Resource Regulation* promotes compliance and the monitoring of policies and strategies, including dam safety.

Objectives and measures

- Ensure that the quality of water resources meets the needs of all consumers by implementing the water quality management programme and regulating it in 3 water management areas in 2010/11 (upper Vaal, upper Olifants, and Crocodile (west) and Marico).
- Ensure the equitable allocation of water resources to promote social and economic development through implementing water allocation reform and licensing by completing compulsory licensing processes in 3 catchment management areas (Umhlathuze, Jan Dissels and Inkomati) by March 2011.
- Ensure that all South African citizens have access to safe drinking water by implementing blue drop compliance monitoring and ensuring that 400 water systems are assessed by March 2011.
- Reduce pollution in water resources throughout South Africa by ensuring all 500 waste water treatment plants comply with effluent standards and are assessed for green drop status by March 2011.

Service delivery focus

In 2008, the department officially launched the blue drop/green drop certification programme during the municipal indaba. The objective of this regulation programme is to award water supply systems, waste water treatment works and water services authorities with statuses of excellence based on effective drinking water quality and waste water management practices. A secondary objective is to adequately inform the general public

on the regulator's confidence levels in the respective management practices of each service system and waste water treatment works. In 2008/09, 22 municipalities met the blue drop certification requirements.

The first assessments in all 9 provinces began in 2009, while the completed audits formed the basis of the inaugural blue drop report, published in May 2009 and presented at the second drinking water quality conference in Port Elizabeth. The minister awarded 23 water supply systems with blue drop status and 32 waste water treatment facilities with green drop status at the conference in 2009/10. The inaugural green drop report will be published in early 2010. Second round assessments for blue drop status in 2010 began in December 2009 while the department completed audits for all the 2010 FIFA World Cup host cities. The second blue drop report is scheduled to be released in March 2010. Over the medium term, the department will implement comprehensive monitoring and evaluation systems to support municipalities in achieving compliance with water regulation.

Targets over the medium term for awarding blue drop certificates are 100 in 2010/11, 170 in 2011/12 and 220 in 2012/13. For green drop certificates, the targets are 60 in 2010/11, 100 in 2010/11 and 150 in 2012/13.

Expenditure estimates

Table 37.22 Water Sector Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Economic and Social Regulation	52 227	78 163	79 089	76 351	75 593	81 798	85 860
Resource Regulation	41 106	35 195	31 961	53 365	50 897	53 935	56 592
Water Use	22 023	35 459	31 843	28 341	50 717	68 286	71 688
Total	115 356	148 817	142 893	158 057	177 207	204 019	214 140
Change to 2009 Budget estimate				(26 659)	(36 611)	(37 169)	(39 107)
Economic classification							
Current payments	102 026	113 432	111 025	128 886	139 476	162 389	170 504
Compensation of employees	33 583	37 772	37 460	49 046	51 989	55 108	57 863
Goods and services	68 443	75 660	73 565	79 840	87 487	107 281	112 641
<i>of which:</i>							
<i>Administrative fees</i>	115	121	127	135	50	54	57
<i>Advertising</i>	263	277	291	308	20	22	23
<i>Assets less than the capitalisation threshold</i>	1 699	1 788	1 878	1 991	30	32	34
<i>Audit cost: External</i>	26	27	28	30	-	33	34
<i>Catering: Departmental activities</i>	13	13	14	15	10	10	12
<i>Communication</i>	436	252	69	2 123	1 238	1 313	1 378
<i>Computer services</i>	3	961	536	1 242	717	760	797
<i>Consultants and professional services: Business and advisory services</i>	44 216	45 130	29 942	35 297	58 580	76 427	80 244
<i>Contractors</i>	13 111	11 890	2 606	6 903	7 290	7 727	8 113
<i>Agency and support / outsourced services</i>	-	-	22 860	16 371	-	-	-
<i>Entertainment</i>	1	1	1	1	-	-	-
<i>Inventory: Food and food supplies</i>	67	71	75	79	1 102	1 169	1 227
<i>Inventory: Learner and teacher support material</i>	-	-	-	-	1 991	2 078	2 163
<i>Inventory: Materials and supplies</i>	7	7	8	8	-	-	-
<i>Inventory: Other consumables</i>	66	69	73	77	-	-	-
<i>Inventory: Stationery and printing</i>	946	3 469	1 836	2 522	3 610	3 913	4 093
<i>Travel and subsistence</i>	7 267	11 367	12 993	12 496	12 337	13 192	13 862
<i>Training and development</i>	-	-	-	-	300	314	330
<i>Operating expenditure</i>	15	15	16	17	-	-	20
<i>Venues and facilities</i>	192	202	212	225	212	237	254
Transfers and subsidies	12 310	30 235	30 762	27 390	36 115	39 917	41 837
Provinces and municipalities	23	-	-	-	-	-	-
Non-profit institutions	150	350	387	440	466	494	519
Households	12 137	29 885	30 375	26 950	35 649	39 423	41 318
Payments for capital assets	1 020	5 150	1 106	1 781	1 616	1 713	1 799
Buildings and other fixed structures	57	34	-	-	-	-	-
Machinery and equipment	963	5 107	1 096	1 781	1 616	1 713	1 799
Total	115 356	148 817	142 893	158 057	177 207	204 019	214 140

Table 37.22 Water Sector Regulation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	23	-	-	-	-	-	-
Regional Services Council levies	23	-	-	-	-	-	-
Non-profit institutions							
Current	150	350	387	440	466	494	519
Swimming South Africa: Public Benefit Organisation	150	350	387	440	466	494	519
Households							
Social benefits							
Current	-	-	-	-	1 000	1 000	1 000
Leave Gratuities	-	-	-	-	1 000	1 000	1 000
Households							
Other transfers to households							
Current	12 137	29 885	30 375	26 950	34 649	38 423	40 318
Financial assistance to small scale farmers	12 137	29 885	29 830	26 372	34 036	37 774	39 663
Financial assistance for dam safety	-	-	545	578	613	649	655

Expenditure trends

Overall spending on the *Water Sector Regulation* programme increased from R115.4 million in 2006/07 to R158.1 million in 2009/10, at an average annual rate of 11.1 per cent. Spending in this programme is expected to increase further, from R158.1 million in 2009/10 to R214.1 million in 2012/13, at an average annual rate of 10.7 per cent. This is mainly due to adjustments for inflation. Transfers and subsidies to households increase from R27 million to R41.3 million over the medium term, at an average annual rate of 15.3 per cent. Over the medium term, expenditure in this programme will be driven by the increasing number of water licences issued in terms of the allocation framework. This results in an increase in expenditure in the *Water Use* subprogramme of 36.3 per cent over the MTEF period.

Additional tables

Table 37.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	2008/09		2008/09	2009/10			2009/10
1. Administration	606 393	611 383	698 824	801 161	21 122	822 283	787 970
2. Water Management	352 938	356 371	331 795	345 077	–	345 077	338 441
3. National Water Resources Infrastructure Programme	1 931 855	2 191 855	1 644 329	2 277 036	242 373	2 519 409	2 280 698
4. Regional Management	2 991 885	3 014 010	2 977 423	3 357 317	140 466	3 497 783	3 427 397
5. Water Sector Regulation	144 256	144 256	142 893	162 657	(4 600)	158 057	135 322
Total	6 027 327	6 317 875	5 795 264	6 943 248	399 361	7 342 609	6 969 828
Economic classification							
Current payments	3 130 178	2 536 622	2 592 065	2 874 383	179 793	3 054 176	2 990 492
Compensation of employees	944 843	1 012 544	862 453	988 307	54 774	1 043 081	1 001 397
Goods and services	2 185 325	1 524 078	1 729 431	1 886 076	125 019	2 011 095	1 989 095
Interest and rent on land	10	–	181	–	–	–	–
Transfers and subsidies	2 832 049	3 265 298	2 705 306	3 325 560	213 820	3 539 380	3 230 283
Provinces and municipalities	861 467	994 716	994 667	978 579	(53 601)	924 978	854 592
Departmental agencies and accounts	1 936 898	2 196 898	1 649 645	2 120 122	242 373	2 362 495	2 123 784
Foreign governments and international organisations	572	572	572	180 100	625	180 725	180 725
Public corporations and private enterprises	–	–	4	–	–	–	–
Non-profit institutions	387	387	387	440	–	440	440
Households	32 725	72 725	60 031	46 319	24 423	70 742	70 742
Payments for capital assets	65 100	515 955	494 555	743 305	5 748	749 053	749 053
Buildings and other fixed structures	5 559	418 559	450 310	670 244	5 253	675 497	675 497
Machinery and equipment	47 903	50 664	41 179	66 090	495	66 585	66 585
Software and other intangible assets	11 638	46 732	3 066	6 971	–	6 971	6 971
Payments for financial assets	–	–	3 338	–	–	–	–
Total	6 027 327	6 317 875	5 795 264	6 943 248	399 361	7 342 609	6 969 828

Table 37.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R thousand)	947 468	864 953	768 888	945 104	1 068 566	1 098 733	1 114 452
Part time and temporary contract employees							
Compensation (R thousand)	22 410	23 530	91 205	95 497	95 497	95 497	95 497
Unit cost (R thousand)	77	81	85	89	89	89	89
Personnel numbers (head count)	290	290	1 073	1 073	1 073	1 073	1 073
Total for department							
Compensation (R thousand)	972 020	890 732	862 453	1 043 081	1 166 543	1 196 710	1 212 429
Unit cost (R thousand)	2 946	2 699	775	937	1 048	1 075	1 089
Personnel numbers (head count)	330	330	1 113	1 113	1 113	1 113	1 113

Table 37.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R thousand)	972 020	890 732	862 453	1 055 251	1 136 413	1 198 156	1 262 972
Training expenditure (R thousand)	37 012	38 863	40 806	63 115	65 701	67 335	70 702
Training as percentage of compensation	3.8%	4.4%	4.7%	6.0%	5.8%	5.6%	5.6%
Total number trained in department (head count)	2 181	2 220	2 923	848			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	<i>392</i>	<i>384</i>	<i>364</i>	<i>349</i>			
<i>Learnerships trained (head count)</i>	<i>189</i>	<i>189</i>	<i>189</i>	<i>-</i>			
<i>Internships trained (head count)</i>	<i>40</i>	<i>40</i>	<i>96</i>	<i>37</i>			
Households receiving bursaries (R thousand)	630 000	630 000	16 156	15 000	15 900	16 854	17 697
Households receiving bursaries (head count)	42	42	120	187			

Table 37.D Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Conditional grants to municipalities							
4. Regional Management							
Water Services Operating Subsidy Grant	385 695	641 714	985 562	871 278	661 704	380 000	399 000
Municipal Drought Relief Grant	-	91 212	9 000	53 700	228 357	-	-
Total	385 695	732 926	994 562	924 978	890 061	380 000	399 000

1. Detail provided in the Division of Revenue Act (2010)

Table 37.E Summary of departmental public private partnership (PPP) projects

Project description:	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
			2009/10	2010/11	2011/12	2012/13
R thousand						
Projects signed in terms of Treasury Regulation 16	535 060	112 096	125 586	100 689	-	
PPP unitary charge	535 060	112 096	125 586	100 689	-	
Total	535 060	112 096	125 586	100 689	-	

1. Only projects that have received Treasury Approval: 1

Disclosure notes for projects signed in terms of Treasury Regulation 16

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

Table 37.F Detail of split between direct grant and indirect grants to municipalities

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Water Services Operating Subsidy Grant							
Direct Grants							
Transfers and Subsidies	385 695	641 767	985 650	871 278	661 704	380 000	399 000
Provinces and municipalities	385 695	641 767	985 650	871 278	661 704	380 000	399 000
Indirect Grants							
Current Payments	490 837	426 915	324 595	212 716	174 886	228 911	109 693
Compensation of employees	443 573	328 209	276 859	172 251	132 784	139 198	98 548
Goods and Services	47 264	98 706	47 736	40 465	42 102	89 713	11 145
Transfers and Subsidies	83 898	37 671	5 834	29 784	12 077	58 881	192 488
Public corporations and private enterprises	83 898	37 671	–	–	–	–	–
Households	–	–	5 834	29 784	12 077	58 881	192 488
Payments for capital assets	7 634	–	561	–	–	–	–
Buildings and other fixed structures	3 604	–	9	–	–	–	–
Machinery and equipment	4 030	–	552	–	–	–	–
Total grants	968 064	1 106 353	1 316 640	1 113 778	848 667	667 792	701 181
VAT adjustment on trading account	141 625	–	–	–	–	–	–
Total	1 109 689	1 106 353	1 316 640	1 113 778	848 667	667 792	701 181
Bulk infrastructure							
Indirect grants							
Transfers and Subsidies	–	–	–	–	–	–	–
Provinces and municipalities	–	–	–	–	–	–	–
Current Payments	–	–	–	55 053	59 350	71 200	229 890
Compensation of employees	–	–	–	5 600	17 500	18 500	19 500
Goods and Services	–	–	–	49 453	41 850	52 700	210 390
Payments for capital assets	–	300 000	443 167	561 800	833 650	1 604 140	1 619 217
Buildings and other fixed structures	–	300 000	443 167	561 800	833 650	1 604 140	1 619 217
Software and other intangible	–	–	–	–	–	–	–
Total	–	300 000	443 167	616 853	893 000	1 675 340	1 849 107

Table 37.G Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand												
Foreign												
In cash												
European Union	Water and sanitation services	Regional Management	2 170 132	Goods and services	Increased effort by sector partners to fast track procurement, service delivery and build capacity for sustainable services	236 030	278 263	366 502	456 545	-	-	-
European Union	Southern African Development Community hycos phase 2	Regional Management	-	Compensation of employees		1 380	2 802	2 715	-	-	-	-
Finland	Working for Water programme	Regional Management	-	Goods and services	Non-profit organisation work on Vulindela skills projects	-	23	-	-	-	-	-
Ireland	Water and sanitation services	Regional Management	279 500	Goods and services	Interactive video to induct new councilors	35 625	43 290	52 319	52 460	52 460	52 460	-
Taiwan	Community project	Regional Management	-	Goods and services	A win compass computer system, 3 vertex hypsometers and 2 global positioning systems procured and project planning and mapping which was done at Injaka state forest	1	-	194	-	-	-	-
United Kingdom	Water services in the Masibambane project	Regional Management	5 440	Goods and services	Capacity building in Limpopo and Mpumalanga	2 058	-	-	-	-	-	-
Denmark	Community water supply and sanitation	Regional Management	21 703	Goods and services	Create awareness and enable communities to implement projects that protect, use, develop, conserve, manage and control water resources	3 447	2 281	4 972	12	7	-	-
Switzerland	Local government capacity building	Regional Management	9 800	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	3 000	3 500	800	-	-	-	-
African Renaissance Fund	Upgrading of Hydrometric equipment in Lesotho	Water Management	-	Goods and services	3 gauging stations in Lesotho equipped with electronic data capturing equipment	-	11 151	1 500	1 470	-	-	-
Total			2 486 575			281 541	341 310	429 002	510 487	52 467	52 460	-

Table 37.H Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Departmental infrastructure										
Olifants River water stabilise development project phase 2A at De Hoop dam	Water supply to new mining developments, supplementation of water supplies to Polokwane and to various communities on the Nebo Plateau and Steelpoort valley	Construction	2 831 241	58 162	178 807	597 626	655 532	649 548	468 513	223 053
Olifants River water resources development project	Bulk distribution works	Tender	2 810 000	6 954	342	2 000	111 720	208 000	285 000	342 000
Dam safety rehabilitation programme	Rehabilitation of dams and dam safety improvements	Construction	2 116 322	20 821	198 251	435 272	484 387	319 822	362 870	273 063
Raising of Clanwilliam dam	Upgrading of the existing dam to stabilise the distortion and the augmentation of water supply to meet increasing demands	Design	1 343 586	-	-	-	-	78 090	125 400	336 484
Mvoti river-iSithundu dam	Secure water supply to domestic and industrial users	Feasibility	689 700	-	-	-	-	-	-	-
Mokolo River augmentation	Augmentation of water supply to the new power stations, extension of mining activities and for the fast growing population in the area	Tender	936 096	-	-	-	12 198	82 824	269 934	285 000
Nwamitwa dam	Meet the projected growing primary supply requirements to the year 2025, to improve the water availability for the riverine ecosystem and to stabilize water availability to the irrigation sector	Feasibility	1 206 659	-	-	6 202	62 058	57 000	171 000	292 980
Mzimkulu channel storage	Ensure a reliable water supply during dry periods	Feasibility	262 200	-	-	-	-	-	-	-
Sunday River government water scheme	Extension of the water scheme canal system to provide irrigation water to resource poor farmers	Feasibility	444 600	-	-	-	-	-	-	42 649
Vioolsdrift dam	Water supply to the Vioolsdrift area	Feasibility	798 000	-	-	-	-	-	-	160 740
Raising of Hazelmere dam	Augmentation of water supply to Umgeni Water	Design	79 800	-	-	-	34 200	45 600	-	-
Infrastructure transfers to other spheres, agencies and departments										
Sedibeng bulk regional sewerage scheme	Waste water treatment works	Feasibility	1 200 000	-	1 106	3 781	20 000	34 000	30 000	57 000
Matoks	Regional water supply scheme	Feasibility	1 000 000	-	-	835	600	-	-	-

Table 37.H Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Magalies water to Waterberg	Regional water supply scheme	Feasibility	1 000 000	-	482	919	700	-	-	-
Chris Hani district municipality cluster 6	Dams, weirs, boreholes, reservoirs, pump stations, bulk pipelines and surge tanks	Design	324 000	-	-	5 000	6 500	7 600	41 000	57 000
Mbizana regional bulk water supply and bulk water scheme	The raw water supply system including the proposed Ludeke dam, raw water pump station: extension of the Nomlacu water treatment plant near the town of Bizana; and the initial development of the bulk treated water supply system	Design	338 100	-	7 400	1 945	34 500	26 750	77 300	90 800
Great Kei River basin	Water supply scheme	Feasibility	120 000	-	900	500	-	-	-	-
Oaukeni bulk water supply scheme, Mkambati regional water supply and flagstaff regional water scheme	Dam construction, water treatment works, pump station, bulk pipelines	Feasibility	540 000	-	1 200	-	-	-	-	-
Ndlambe dam, Albany coast bulk water supply	Water treatment works, pump stations, pipelines and reservoirs	Feasibility	400 000	-	600	-	-	-	-	-
Jagersfontein and Fauresmith bulk water supply phases 1 - 3	Water treatment works, storage reservoir and pumping mains	Construction	167 000	-	16 000	18 700	13 600	15 000	30 000	73 700
Sterkfontein dam scheme	Water treatment works, storage reservoir, pumping mains and a 45km pipeline	Construction	196 000	-	7 825	14 571	30 000	55 000	76 300	14 000
Mohokare bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	272 000	-	-	-	160	-	-	-
Thabo Mofutsanyane Bulk Water Supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	470 000	-	-	-	-	-	-	-
Moqhaka regional water scheme	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	230 000	-	-	-	800	-	-	-
Xhariep regional water scheme	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	240 000	-	-	-	-	-	-	-
Motheo regional water scheme	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	410 000	-	-	-	-	-	-	-

Table 37.H Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Greater Mthonjaneni Bulk Phase	Water treatment works, reservoir, pump stations and booster pump stations and rising main pipeline	Handed over	199 638	-	11 000	27 787	1 213	19 807	40 659	99 233
Ngebo regional bulk water supply	Raw water abstraction facility, conventional water treatment works, pipeline rising main, concrete reservoir and distribution pipelines	Design	182 638	-	-	5 435	1 665	30 111	55 510	90 278
Mhlabatshane bulk water supply	Water infrastructure	Feasibility	138 000	-	-	-	-	-	-	-
Greater Eston water scheme	Bulk pipeline, pumping mains, pump stations, treatment works	Feasibility	124 000	-	-	1 440	-	-	-	-
Pongolapoort bulk water scheme	Bulk pipeline, pumping mains, pump stations, treatment works	Feasibility	150 000	-	-	-	-	-	-	-
Nebo bulk water supply	2 pump stations, reservoir and water treatment works	Construction	254 571	-	6 500	19 435	31 913	30 000	60 000	75 000
Mooihoek and Tubatse bulk water supply	13 km of steel pipe	Construction	240 000	-	5 000	23 443	25 000	13 000	45 000	70 000
Mametya Sekororo	Construction of a water treatment works at the Oaks/ Willows. Construction of a rising main pipelines. Construction of one command reservoir and 2 substantial storage reservoirs	Design	132 000	-	-	10 000	-	7 000	48 000	51 789
Mogalakwena bulk water supply	Refurbishment of 19 boreholes, equipping of 2 new boreholes. Construction of bulk pipeline from Fothane to Sekuruwe. Construction of bulk pipeline to link Wellfield with raw water pipeline, construction of new command reservoir	Construction	800 000	-	19 000	20 000	28 500	28 000	60 000	80 000
Lebalelo central and north regional water supply	Regional water supply scheme	Feasibility	600 000	-	-	1 398	500	-	-	-
Nwamitwa regional water supply scheme	Regional water supply scheme	Feasibility	644 000	-	1 500	342	620	-	-	-
Glen Alpine	Regional water supply scheme	Feasibility	345 000	-	1 000	398	900	-	-	-
Acornhoek bulk water supply	Re-commission and reconstruction of a pipeline	Feasibility	160 000	-	-	-	21 727	13 273	84 000	41 000
Moutse raw water supply	Pipeline	Feasibility	210 000	-	-	-	1 500	-	-	-
Ehlanzeni bulk water supply	Water treatment plant, reservoir and pipeline	Feasibility	380 000	-	-	-	-	-	-	-

Table 37.H Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Nkangala bulk water scheme	Reservoir and pipeline		200 000	-	-	-	-	-	-	-
Heuningvlei and Moshaweng bulk water supply	Water to both rural communities and stock farmers	Tender	104 263	-	420	990	1 610	-	35 000	68 500
Van der Kloof and Petrusville	The project entails the identification of a sustainable source, the rehabilitation of the existing infrastructure, the construction of new boreholes, reservoirs and the extension of the bulk and reticulation lines	Construction	248 000	-	1 700	23 300	7 000	-	17 000	18 000
Extention of Kalahari east pipeline	Construction of pipelines from the Orange River to the development of a new water treatment works and pumpstations	Feasibility	168 000	-	-	-	-	-	-	-
Upgrade of Vaal Gamagara scheme	The extension of the Kalahari east pipeline to supply water to Kgalagadi region. The project entails the construction of a pipeline and associated infrastructure such as pump stations	Feasibility	180 000	-	-	-	1 800	-	-	-
Madibeng bulk water scheme	Bulk water supply	Feasibility	270 000	-	500	-	3 000	20 000	40 000	45 900
Taung and Naledi bulk water scheme	Taung Bulk water supply	Tender	292 360	-	-	-	10 000	33 500	65 000	70 000
Ratlou bulk water scheme	Bulk water supply	Feasibility	400 000	-	800	-	-	-	-	-
Greater Mamusa bulk water scheme	Bulk water supply	Feasibility	410 000	-	-	-	1 000	-	-	-
Ngaka Modire district municipality	Water supply	Feasibility	240 000	-	-	-	-	-	-	-
Pilanesberg bulk water project	Moses Kotane local municipality water supply	Identification	150 000	-	-	-	-	-	-	-
West coast	Water supply	Feasibility	158 000	-	-	350	-	-	-	-
Eden regional water supply	Pumping schemes and pipelines, desalination plant	Feasibility	125 000	-	-	-	500	-	-	-
Western highveld regional bulk water supply	Water treatment works	Feasibility	200 000	-	-	-	2 100	-	-	-

Table 37.H Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Themba regional scheme	Water treatment works	Feasibility	199 920	-	-	-	-	-	-	-
Sundays River Paterson bulk water supply	Pump station, reservoirs and pipeline	Construction	73 800	-	18 000	-	12 500	10 500	14 000	18 800
Ibika water supply	The bulk supply will be constructed to the various command reservoirs in the supply area	Construction	49 000	-	600	3 200	5 000	11 000	20 000	8 200
Mncwasa bulk water supply	Dam construction, water treatment works, bulk pipelines and reservoirs	Tender	71 300	-	3 100	4 300	5 000	27 000	24 000	8 000
Xhora east water scheme	Dam construction, water treatment works, bulk pipelines, and reservoirs	Construction	31 400	-	3 000	3 400	5 600	9 400	8 700	-
Tsomo water supply	Bulk pipelines and reservoirs	Construction	22 250	-	-	-	20 000	2 250	-	-
Chris Hani district municipality cluster 5	Dams, weirs, boreholes, reservoirs, pump stations, bulk pipelines and surge tanks	Design	43 000	-	-	2 000	4 500	6 000	8 500	13 250
Chris Hani district municipality cluster 9	Dams, weirs, boreholes, reservoirs, pump stations, bulk pipelines and surge tanks	Design	125 700	-	-	4 000	8 000	18 000	21 500	35 000
Xonxa dam water supply to Lukhanji	Bulk pipelines, reservoirs, upgrade water treatment plant and pump stations	Design	84 600	-	1 000	650	2 800	5 900	12 000	45 100
Hofmeyer and Middelburg	Boreholes and pipelines	Design	49 500	-	1 000	-	5 000	7 000	24 000	12 500
OR Tambo Mthatha bulk water	Upgrading of water treatment works	Construction	34 000	-	4 380	22 096	3 250	-	-	-
Extensions at Coffee Bay	Water treatment works, pump station, bulk pipelines	Construction	80 000	-	1 051	18 270	17 750	21 000	22 000	-
Alfred Nzo bulk water supply scheme	Dam construction, water treatment works, bulk pipelines and reservoirs	Feasibility	66 100	-	1 000	2 700	400	7 000	25 000	30 000
Idutywa east scheme	Water supply	Feasibility	60 000	-	600	-	-	-	-	-
Sudwana water scheme	Water supply	Feasibility	40 000	-	600	-	-	-	-	-
Ngqamakhwe water scheme	Water supply	Feasibility	30 000	-	500	600	-	-	-	-
Mgwali south water supply	Bulk supply will be constructed to the various command reservoirs in the supply area	Feasibility	44 000	-	-	-	-	-	-	-
OR Tambo Mthatha	Water supply	Feasibility	70 000	-	500	876	1 700	-	-	-
Mt Frere bulk water supply	Bulk pumping main and pump station	Feasibility	20 000	-	-	-	-	-	-	-
Burgsdorp bulk water supply	Dam, pump stations, bulk pipeline and surge tanks	Identification	70 000	-	-	-	-	-	-	-

Table 37.H Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Lady Gray bulk water supply	Water treatment works	Identification	10 000	-	-	-	-	-	-	-
Barkly East raw water abstraction and water treatment works upgrade	Pump station and pipelines	Identification	16 000	-	-	-	-	-	-	-
Maclear water supply bulk scheme	Dam	Identification	50 000	-	-	-	-	-	-	-
Bulk water supply to Ikwezi municipality	Borehole, pipeline and reservoirs	Identification	5 000	-	-	-	-	-	-	-
Ngwathe bulk water supply	Borehole drilling, pumping mains, reservoir construction, borehole pumping plant	Construction	9 300	-	4 800	-	2 500	2 000	-	-
Tokologo regional water supply phase 1	Water treatment works, pumping mains, pump stations and storage reservoirs	Design	83 900	-	707	729	200	15 000	47 000	20 300
Westonaria regional bulk water supply	Waste water treatment works	Design	103 600	-	-	3 393	6 700	20 000	33 000	40 500
Mathulini	Construction of reservoirs, rising main pipelines and extensions to the waterworks	Handed over	21 600	-	13 316	8 284	-	-	-	-
Malangeni waterborne sanitation	Sanitation improvements	Construction	10 500	-	-	-	8 870	1 106	525	-
Driefontein complex bulk water supply	Package plant for waste water	Construction	126 101	-	-	-	2 757	24 295	38 187	61 386
Greytown regional bulk scheme	Pump stations, bulk water mains, reservoirs, bulk water distribution network, linkage to the 5 existing schemes and reticulation infrastructure	Construction	118 000	-	-	12 500	10 250	12 450	40 787	42 014
Emadlangeni Bulk regional water scheme	Refurbishment of raw water pipeline, pressure management, refurbishment of existing water treatment works and a mains replacement programme	Construction	50 000	-	-	9 588	9 541	5 871	15 187	9 814
Nongoma water supply	Gravity main, reservoirs, 2 balancing tanks and 2 pump stations	Construction	27 900	-	20 227	2 601	5 072	-	-	-
Mandlakazi water supply	Augmentation of water treatment works and augmentation of water and booster pumpstations, and bulk pipelines	Construction	163 100	-	18 820	10 170	25 110	27 000	49 477	32 623
Hlabisa water supply	Water treatment works, pump stations, bulk pipelines and bulk reservoirs	Construction	126 700	-	6 554	8 996	23 972	22 135	36 568	28 513
Dukuduku resettlement	Bulk pipelines, 3 booster pump stations and 2 main reservoirs	Feasibility	56 000	-	-	-	1 000	19 500	25 000	11 000

Table 37.H Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Greater Bulwer Donnybrook Water Scheme	Bulk pipeline, pumping mains, pump stations, water treatment works and boreholes	Feasibility	103 638	-	-	-	-	-	-	-
Oudeni phase 2	Bulk pipeline, pumping mains, pump stations and water treatment works	Feasibility	36 000	-	-	-	-	-	-	-
Buffalo flats phase 2	Bulk pipeline, pumping mains, pump stations and water treatment works	Feasibility	36 000	-	-	-	-	-	-	-
uMkhanyakude bulk water supply	Bulk pipeline, pumping mains, pump stations and water treatment works	Identification	72 000	-	-	-	-	-	-	-
uThukela bulk water supply	Water infrastructure	Identification	65 000	-	-	-	-	-	-	-
Amajuba bulk water supply	Water infrastructure	Identification	70 000	-	-	-	-	-	-	-
Grobblersdal Lukau bulk water supply	Construction of Pump main pipelines and pump stations	Construction	32 154	-	9 300	8 209	13 000	-	-	-
Sinthumule Kutama bulk water augmentation	Construction of bulk pipeline	Construction	146 500	-	5 000	15 000	15 000	16 000	51 000	44 500
Olifantspoort water treatment works	Upgrading of the water treatment works	Construction	280 000	-	9 988	20 000	43 640	1 700	20 000	-
Spec on bulk water supply	Construction of 43.1 km of pipeline. Construction of 11 reservoirs ranging from 160kl to 750kl	Construction	73 000	-	8 500	13 000	18 000	19 000	-	-
Hoisted	Regional water supply scheme	Feasibility	50 000	-	-	660	190	-	-	-
Unshelled Valley bulk water supply	Regional water supply scheme	Feasibility	100 000	-	750	234	500	-	-	-
Makhado west and extension to Nongoma dam	Regional water supply scheme	Feasibility	120 000	-	905	300	1 900	-	-	-
Lephalale bulk water augmentation for Eskom	Regional water supply scheme	Feasibility	200 000	-	1 000	200	1 900	-	-	-
Delmas phase 3 at Bloemendal	32km pipeline and 500mm in diameter and will consist of continuously welded laid in backfilled trench. It starts at the existing Rand Water Bloemendal pump station and ends at the existing Delmas reservoir. The project will be funded by Rand Water, grant	Design	25 000	-	-	-	-	10 000	9 000	6 000
Mbombela 2010 water and sanitation	Support to 2010 FIFA World Cup activities comprise a central bulk water supply pipeline and the Mattaffin Reservoir	Construction	61 923	-	6 000	6 000	19 923	30 000	-	-

Table 37.H Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Hoxane bulk water supply	A water treatment facility, which is co-funded by the Mbombela and Bushbuckridge municipalities	Construction	19 407	-	5 680	3 000	-	10 727	-	-
Mjejane trust regional bulk water supply	Water will be pumped out of the Crocodile River	Construction	17 500	-	7 500	10 000	-	-	-	-
Orange River, Colesberg, Noupoort bulk water supply	A pipeline from the Orange River	Construction	89 575	-	-	-	12 681	10 000	33 000	34 000
Siyanda regional bulk schemes in Tsantsabane	Upgrade the existing water and sewerage bulk infrastructure in the Postmasburg area	Construction	44 900	-	-	-	439	-	44 500	-
Siyanda Regional bulk schemes in Riemvasmaak	Water supply	Tender	4 000	-	-	-	-	-	4 000	-
Kenhart bulk water supply	Construction of a pipeline from the Orange River to Kenhardt to supplement the current groundwater supply	Construction	63 059	-	-	-	13 000	39 225	15 000	-
Windsorton bulk water supply	The provision of bulk water supply to the community of Holpan	Feasibility	14 000	-	-	-	-	-	-	-
Richtersveld bulk water scheme	Water supply	Feasibility	17 875	-	-	-	200	-	-	-
Niekerkshoop bulk water supply	Supplementation of the current available groundwater with surface water from the Orange River	Feasibility	18 560	-	-	-	-	-	-	-
Upgrade of the Homevale water treatment works	Extension of the Homevale water treatment plant	Feasibility	89 352	-	-	-	-	-	-	-
Thembelihle bulk water supply	Thembelihle Municipality consists of Supply of water from the Orange River	Tender	28 113	-	1 371	1 567	2 000	-	-	-
Maqwassi Hills regional water supply	Construction of a pipeline of reservoir and pump station, 2 elevated steel tanks	Construction	66 000	-	20 000	43 200	2 800	-	-	-
Ventersdorp bulk water supply	Water treatment plant pipelines, pumpstations and reservoirs	Feasibility	45 000	-	-	-	1 000	-	-	-
Moretele bulk water supply	Reservoirs pipelines, pump stations and boreholes	Feasibility	40 000	-	500	973	-	-	-	-
Management and master plans	Provincial master plan	Identification	-	-	-	-	2 500	-	-	-
Clanwilliam and Lambertsbaai regional water supply	Construction of a pipeline, reservoir and pump station, 2 elevated steel tanks	Feasibility	23 000	-	2 052	350	3 100	9 900	10 000	-
Tulbagh bulk water supply	Water treatment plant pipelines, pump stations and reservoirs	Feasibility	58 000	-	600	400	5 000	11 000	10 000	32 000

Table 37.H Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Drakenstein waste water treatment plant	Reservoirs, pipelines, pump stations and boreholes	Feasibility	29 000	-	-	600	1 000	6 000	15 000	7 000
George bulk water supply and augmentation	Provincial master plan	Feasibility	59 000	-	1 200	400	7 000	8 000	22 300	21 700
Knysna local municipality	Desalination of sea water and upgrading of bulk supply system from Clanwilliam	Feasibility	52 000	-	-	-	500	-	-	-
Worcester water treatment plant	Diversion works, pipeline and reservoir	Feasibility	83 000	-	-	200	600	-	-	-
Drakenstein water supply	Waste water treatment plant	Identification	55 000	-	-	-	500	-	-	-
Kannaland water supply	Pumping scheme, dams and pipelines	Identification	14 000	-	-	-	-	-	-	-
Overstrand water supply	Pumping scheme and pipelines for water re-use	Identification	19 000	-	-	-	-	-	-	-
Central Karoo water supply	Waste water treatment plant	Identification	16 000	-	-	-	-	-	-	-
Head office management, systems and planning	Dam and pipelines	Various	-	-	3 973	2 799	15 500	60 000	171 340	284 707
Total			32 809 601	85 937	644 407	1 467 114	1 976 848	2 279 884	3 358 057	3 805 076

