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VOTE 38
Water Affairs

ESTIMATES OF NATIONAL EXPENDITURE **2011**



national treasury

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National Treasury

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The *Estimates of National Expenditure 2011* e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. More comprehensive coverage of goods and services, donor funding, transfers and subsidies, public entities and lower level institutional information, is provided in this publication where applicable.

The *Estimates of National Expenditure 2011* e-publications are available on www.treasury.gov.za

Foreword

When this publication was introduced in 2001, we stated that “The Estimates of National Expenditure represents a significant step forward in national budget transparency.” Since then, the national budget process has undergone continued reform. The Budget preparation for 2011 saw a shift from budgeting by department to budgeting by function of government, thus enabling a more strategic focus on a smaller number of key outcomes. Using the functional approach, there is better transparency and coordination in budgeting due to participation by stakeholders responsible for delivery across all spheres of government, including the various agencies. Ongoing efforts to reform non-financial performance information have led to a systematic improvement in the veracity of this information. These reforms will lead to greater accountability and control.

Budgets are the link between the outcomes targeted by government and the services that are ultimately delivered. Government’s adoption of the outcomes approach in 2009 started the process of closer cooperation and improved coordination across government departments and agencies towards the attainment of 12 clearly stated outcomes that are of considerable importance to the country’s development. This approach started with the re-organisation of national government departments and was further re-enforced by signed agreements concluded between the president and ministers of national departments.

Budgets proposed for each of the votes in this publication give consideration to the initiatives focused on the 12 outcomes. One of the outcomes warranting a special mention is that of job creation. 2011 has been declared the year of job creation. A key aim of the new growth path is to achieve job creation on a significant scale through economic transformation and inclusive growth.

There is a focus on the reprioritisation of existing budgets, in addition to the allocation of new money made available by the main Budget framework. This publication indicates details per vote of savings amounting to R30.6 billion over the period ahead. This year, specific detail has been included on: the outcomes which institutions contribute towards and the output and other performance measures supporting them; personnel budgets, employee numbers and spending trends; and the purpose and key activities of each sub-programme within a vote. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, public entities, lower level expenditure information and information on donor funding.

The independent Open Budget Index assessment of budget transparency began in 2006. It is conducted every two years to measure the availability and comprehensiveness of key budget documents. In 2010, South Africa achieved first place among all the 94 countries surveyed across the world, scoring 92 per cent. South Africa’s score on the index rose from 86 per cent in 2006 (when 59 countries were surveyed), and 87 per cent in 2008 (when 85 countries surveyed).

The detailed expenditure estimates of departments set out in this publication are the result of an arduous executive and administrative process. Executive approval of additional spending allocations and savings takes place under the political guidance of the ministers’ committee on the Budget and follows a wide ranging intergovernmental consultative process led by a committee of senior officials in central government departments.

A special word of thanks is due to all our colleagues from other departments for their contributions. I also wish to express my appreciation to the National Treasury team, which worked tirelessly to produce a document of which we are rightly proud.



Lesetja Kganyago
Director-General: National Treasury

Introduction

South Africa has once again achieved international recognition for meeting budget transparency and accountability standards. The International Budget Partnership ranks South Africa first among 94 countries in the 2010 Open Budget Survey. The quality and usability of budget documents such as the Estimates of National Expenditure have made a significant contribution to this achievement. Moreover, the Money Bills Amendment Procedure and Related Matters Act (2009) has increased Parliament's oversight over the Budget proposal as it sets out the procedure in terms of which the proposal must be considered for possible amendment. The parliamentary procedure involves canvassing the opinion of civil society groups and lends itself to more participatory budgeting. The increased transparency of budgets and the increased scrutiny make it possible for South African public servants to be held more accountable for their management of resources and performance over the period ahead.

The 2011 Estimates of National Expenditure is a comprehensive publication that provides details of the spending plans of all national departments and agencies for the next three financial years (2011/12 to 2013/14), expenditure outcomes for the past three years (2007/08 to 2009/10), and revised estimates for the current year (2010/11). Information is also provided on legislation, policies, outcomes and performance targets over the seven-year period. Any changes in these areas are explained in relation to trends in planned expenditure. The Estimates of National Expenditure e-publications per vote give more extensive coverage of transfers and subsidies, public entities, goods and services, donor funding and lower level institutional information than does the abridged version of the Estimates of National Expenditure. This more detailed information for each vote is available at www.treasury.gov.za.

In keeping with the ongoing budget reform improvements to the way that public finances are managed and reported, changes have also been made in the 2011 Estimates of National Expenditure. Information on the outcomes that departments and government agencies contribute to and the related outputs included in delivery agreements is briefly discussed in the strategic overview section. Departments will also provide more information on the key functions of each subprogramme on a vote, particularly regarding its transfers and subsidies, personnel complement, volume of work carried out and the composition of spending. A new section on personnel information has been introduced under the expenditure trends section, including a table that provides information on posts funded on budget, vacancies and the number of posts in the department by salary level, as well as by programme and unit cost.

Budgeting for outcomes

Over the past decade, strong growth in public spending has not always been matched with a concomitant improvement in service delivery. If government's development and economic objectives stipulated in the new growth path are to be met, it is stated in the new growth path framework that public service delivery must improve significantly. Better public services require a culture of efficiency, effectiveness and stewardship of public resources, obliging government to become more responsive to the needs of citizens.

This objective is supported by various reform initiatives which have been and continue to be undertaken. At the outset, in 2009 the national macro organisation of the state project effected the reorganisation of national government departments to enhance their efficiency and improve on service delivery. Following on from this, the outcomes approach was adopted and 12 outcome targets were agreed upon for government, and signed ministerial performance agreements and interdepartmental and interagency delivery agreements followed. The outcomes approach provides a platform for achieving greater efficiency in the public service as it is aimed at addressing the weaknesses identified in coordination and cooperation across government. The five major budget priorities over the medium term expenditure framework period are expressed in terms of the 12 government outcomes. Budget decisions are informed by an agreed set of outputs and activities to the extent that they are organised around the 12 government outcomes and elaborated upon in delivery agreements.

Government has taken a different approach in reviewing its spending baseline to realign expenditure with the government outcomes and to make existing resources work with greater efficiency. Government's consumption expenditure (including wages as well as goods and services) has to be managed more efficiently to obtain greater value for money. Over recent years, there have been significant increases in overall personnel costs,

although expenditure on frontline personnel has not increased markedly. Government is targeting the reduction of large administrative budgets in favour of increasing frontline personnel and infrastructure investment, to channel more resources towards the actual delivery of key services.

In developing the 2011 medium term expenditure framework there was a shift towards budgeting by function rather than by department. The functional approach focuses on the purpose (the function) for which funds are to be used, and groups together national, provincial and local government, and government agencies, in terms of the function of government they perform. In this way a consolidated functional expenditure amount can be calculated, and monies transferred from one sphere of government to another can be more easily offset against each other. In support of the reprioritisation of funds in line with outcomes, more effective comparison of allocations with service delivery trends, and assessment of spending proposals, including the trade-offs between different options, are carried out in a given function. This approach provides more transparency and better coordination in the budgeting process. The table below shows the functional classification and, for each function, the national department(s) involved and the outcomes each function supports.

Functional classification of national departments and related outcomes

Functional Classification	Department(s)	Outcome(s)
Economic affairs	Government Communication and Information System [9], Public Enterprises [11], Agriculture, Forestry and Fisheries [26], Economic Development [28], Energy [29], Environmental Affairs [30], Mineral Resources [32], Rural Development and Land Reform [33], Science and Technology [34], Tourism [35], Trade and Industry [36], Transport [37]	Outcome 4: Decent employment through inclusive economic growth Outcome 5: A skilled and capable workforce to support an inclusive growth path Outcome 6: An efficient, competitive and responsive economic infrastructure network Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced
Housing and community amenities	Human Settlements [31], Water Affairs [38]	Outcome 4: Decent employment through inclusive economic growth Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: A responsive, accountable, effective and efficient local government system
Education	Basic Education [15], Higher Education and Training [17]	Outcome 1: Improved quality of basic education Outcome 5: A skilled and capable workforce to support an inclusive growth path
Health	Health [16]	Outcome 2: A long and healthy life for all South Africans
Social protection	Women, Children and People with Disabilities [8], Labour [18], Social Development [19]	
Recreation, culture and sport	Arts and Culture [14], Sport and Recreation South Africa [20]	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship
Public order and safety	Correctional Services [21], Independent Complaints Directorate [23], Justice and Constitutional Development [24], Police [25]	Outcome 3: All people in South Africa are and feel safe Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship
Defence	Defence and Military Veterans [22]	Outcome 3: All people in South Africa are and feel safe Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World
General public service	Presidency [1], Parliament [2], Cooperative Governance and Traditional Affairs [3], Home Affairs [4], International Relations and Cooperation [5], Performance Monitoring and Evaluation [6], Public Works [7], National Treasury [10], Public Service and Administration [12], Statistics South Africa [13], Communications [27]	Outcome 9: A responsive, accountable, effective and efficient local government system Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship

The functional groups that have been used are derived from the Classification of the Functions of Government published by the United Nations, but are modified for the South African budgeting context. All decisions on savings and spending in relation to each function were reached as part of a broad consultative process between different stakeholders in the sector, including the medium term expenditure committee of senior officials in central government departments which leads this process, the provincial technical and executive forums, the ministers' committee on the budget, Cabinet and Parliament. These decisions comprise the Budget proposal tabled on Budget day for Parliament's consideration.

Savings and reprioritisation of budgets

While the global economy has been showing signs of recovery, international opinion on the economy is still cautious, on the grounds of perceived uncertainties. In addition to the macroeconomic situation, in line with achieving government's outcomes targets the composition of government expenditure needs to change to ensure that there is value for money. To sustain public expenditure in South African in the long run, a moderation in spending growth over the period ahead is necessary. This necessitates a rigorous review of budget baseline expenditure and an assessment of the:

- capacity of departments and public entities to spend and manage resources appropriately
- strength of the link between expenditure and the outcomes approach as well as with government departmental mandates
- expenditure trade-offs between the different budget options proposed
- non-performing/ underperforming projects/ programmes and entities
- sourcing of funds through savings and reprioritisation initiatives
- alternative revenue raising capacity, cost recovery efforts and donor funding availability.

This year's budget preparation focused extensively on finding savings within the departmental and agency budget baselines linked to a given functional grouping. Departments were able to decrease spending on non-core goods and services, restrict expenditure on low priority programmes, reschedule expenditure, effect savings on foreign exchange rate projections, reduce transfers to certain public entities, improve financial management and reduce expenditure on administration. Savings identified per function over the medium term in this exercise are presented in the table below.

Savings realised per function over the medium term

R thousand	2011/12	2012/13	2013/14	Total
Economic affairs	1 387 674	1 645 222	1 232 355	4 265 251
Housing and community amenities	1 970 233	2 618 510	2 314 474	6 903 217
Education	24 157	24 418	25 590	74 165
Health	44 000	44 000	544 000	632 000
Social protection	1 273 468	1 021 306	519 124	2 813 898
Recreation, culture and sport	28 222	25 571	56 858	110 652
Public order and safety	293 940	1 768 802	1 860 911	3 923 653
Defence	404 824	458 919	434 034	1 297 777
General public service	933 163	1 187 437	875 382	2 995 982
Total	6 359 682	8 794 185	7 862 728	23 016 595

Savings realised over the three years on national votes amounted to R23 billion, of which R6.4 billion is in 2011/12, R8.8 billion in 2012/13 and R7.9 billion in 2013/14. Of these savings, R21.6 billion is reprioritised within functional budget baselines towards meeting existing outcomes commitments. The remainder of R1.4 billion is added to the policy reserve for reallocation. The major savings and reprioritisation areas identified over the medium term are presented in the table below.

Major areas of savings and reprioritisation

Function	Savings identified	Savings redirected
Economic affairs	Non-core goods and services (R2 billion) Underperforming programmes (R1.3 billion)	Road maintenance (R950 million) Expansion of public transport infrastructure and system grant (R580 million) Rural development and land reform (R1.3 billion)
Housing and community amenities	Underperforming programmes (R600 million) Non-core goods and services (R478 million) Rescheduling of expenditure (R759 million) Expanded public works programme: Infrastructure (R688 million)	Completion of De Hoop Dam and a portion of bulk distribution system (R1 billion) Regional bulk infrastructure (R600 million) Expanded public works programme Social sector (R825 million)
Social protection	Non-essential items such as catering and consultation fees (R927 million)	Old age grants - means threshold increased (R280 million) Efficient and effective grant payment model (R535 million)
Public order and safety	Non-essential items (R555 million)	Anti-retroviral drugs for prisoners and additional police personnel (R465 million)
Defence	Non-core goods and services (R1.3 billion)	New remuneration dispensation (R1.3 billion)

In addition to the initial exercise, a further reduction of 0.3 per cent on the budgets of provincial and national departments was also effected; this yielded an additional R6 billion in savings.

Policy reserve

In line with the change to functional budgeting, the additional allocation made available through the national Budget framework was divided per function and a policy reserve was also retained. In the 2011 Budget process the policy reserve was created to fund key government priorities over the next three years. Including the initial identified savings of R1.4 billion that was not reprioritised and the R6 billion identified later, a policy reserve amounting to R33 billion was created. The table below shows how the policy reserve was allocated.

Allocation of the policy reserve

R thousand	2011/12	2012/13	2013/14	Total
For various functions				
Job creation and youth employment	2 000 000	3 000 000	4 000 000	9 000 000
Economic affairs				
Economic regulatory capacity	50 000	50 000	50 000	150 000
Green economy: allocated	200 000	–	–	200 000
: unallocated	–	300 000	500 000	800 000
Broadband information and communication technology: universal access	100 000	150 000	200 000	450 000
Rural development and farmer support	150 000	350 000	600 000	1 100 000
Public transport	200 000	400 000	600 000	1 200 000
Agro-Processing Competitiveness Fund	34 000	108 000	108 000	250 000
Khula Direct	55 000	–	–	55 000
Housing and community amenities				
Human settlement upgrading	200 000	400 000	600 000	1 200 000
Water infrastructure and quality	50 000	150 000	200 000	400 000
Education				
School infrastructure	700 000	1 500 000	2 300 000	4 500 000
Further education and training colleges expansion and National Students Financial Aid Scheme	1 949 990	2 714 188	3 075 595	7 739 773
Health				
Public health services	600 000	1 400 000	2 000 000	4 000 000
Public order and safety				
Police capacity and border control	100 000	400 000	900 000	1 400 000
Defence				
Border control	100 000	200 000	300 000	600 000
Total	6 488 990	11 122 188	15 433 595	33 044 773

The largest allocation from the policy reserve amounts to R9 billion and targets job creation and youth employment, which is allocated on the National Treasury vote. It will be allocated to line departments that provide proposals for projects that meet the objectives of the fund. Of the R1 billion allocation for the green economy, R800 million is currently unallocated to any specific vote but will be announced in the 2011 Budget

as available for appropriation over the medium term. Other major allocations in the policy reserve include R7.7 billion for further education and training colleges and the National Student Financial Aid Scheme, R4.5 billion for school infrastructure and R4 billion for public health services.

Additional allocations

Including policy reserve funding, a total addition of R94.1 billion is allocated to government institutions in terms of the revised national Budget framework to fund government's key priorities over the next three years. Of the R94.1 billion, national departments receive R48.8 billion (51.9 per cent): R9.9 billion in 2011/12, R14.7 billion in 2012/13 and R24.2 billion in 2012/13. Provinces and municipalities receive the remainder: R40.2 billion (42.7 percent) to provinces and R5.1 billion (5.4 percent) to municipalities over the medium term. Conditional grants to provinces and municipalities are reflected on both national budgets and the budgets of provinces or municipalities, and are included in the discussion below.

A summary of additional allocations in line with government's policy priorities is provided below by national vote. It is important to note that the discussion on increases in the budget excludes all direct charges against the National Revenue Fund and the amounts of the local and provincial equitable share. Details are only provided for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The amounts per vote in the discussion below correspond with those in table 2. They represent the gross additional allocations, before the baseline savings and reprioritisation have been effected. The total amounts may therefore be bigger than the overall net change in the budget of a specific vote. In the discussion below, these gross amounts will be referred to as the allocations received for the coming three year medium term expenditure framework period. In certain instances, the savings on a particular vote exceed the gross total allocation to that vote and the overall net change in the budget of that vote is actually negative.

Economic affairs

Taking into account the policy and practical budgeting considerations within this government function in the South African context, this function has been disaggregated broadly into four areas that are each discussed in turn.

Transport

For the **Department of Transport** for the medium term expenditure framework period, R2.7 billion is provided for the public transport infrastructure and systems conditional grant to municipalities to develop integrated public transport networks. The South African National Roads Agency is allocated R2.7 billion for the maintenance of roads and R1.4 billion is allocated to the Passenger Rail Agency South Africa to upgrade and replace Metrorail's signalling infrastructure.

Energy and environmental protection

Over the medium term, the **Department of Environmental Affairs** receives an additional R191 million to implement measures that will address wildlife trafficking, air quality, waste and coastline management, and oil spill disasters. For climate change mitigation and the establishment of a green fund for South Africa, R1 billion is provided. This will be announced in the 2011 Budget as an amount largely not appropriated to any specific vote, except for the R200 million in funding that is allocated to host the 2011 United Nations Conference on Climate Change in 2011/12.

Industrial development

An allocation to the **Economic Development Department** of R250 million is for the Competition Commission to group its work on anti-competitive practices in four priority sectors and to form a specialised cartel investigation unit.

Agriculture, forestry, fisheries and land affairs

An amount of R1.1 billion is the gross allocation to the **Department of Rural Development and Land Reform** for the comprehensive rural development programme.

The **Department of Agriculture, Forestry and Fisheries** receives R500 million for the comprehensive agriculture support programme grant and the land care programme grant.

Also, a gross allocation of R450 million is made available to the **Department of Communications** for broadband services information and communication technologies infrastructure, and universal access in underdeveloped or rural areas in the country.

Housing and community amenities

This function's budget is dominated by transfer payments. Over the MTEF period, an additional R2.1 billion is allocated to the **Department of Human Settlements** for informal settlements upgrading through the new urban settlements development grant. The Social Housing Regulatory Authority receives R972 million to increase the delivery of affordable rental housing.

The **Department of Water Affairs** is allocated a gross addition of R3.7 billion, of which R1 billion is for the completion of the De Hoop Dam and the provision of some bulk infrastructure pipelines, R952 million is for regional bulk infrastructure, R520 million for the completion of the Nandoni pipeline and R450 million for emergency drought relief in the Nelson Mandela Bay municipality.

Education

This function receives the biggest gross total allocation of R33.9 billion. The **Department of Basic Education** receives R8.2 billion, most of which is for transfers to provinces. The funds are mostly for school buildings for the eradication of inappropriate infrastructure structures and to ensure that more schools have water, sanitation and electricity. For bursaries for mathematics and science teachers, R596 million is allocated.

The **Department of Higher Education and Training** receives R3.6 billion for the National Student Financial Aid Scheme for funding higher education students, R300 million for establishing universities in Mpumalanga and Northern Cape, R3.9 billion for a state bursary scheme that will increase poor learners' access to further education and training colleges, and R1.4 billion to further education and training colleges to increase the number of students they enrol.

Health

The gross total allocation to the health function over the medium term is R18.5 billion. Most of this funding is allocated by means of the provincial equitable share. An amount of R1.4 billion is allocated to the national **Department of Health** towards increasing HIV counselling and circumcisions. To improve health facilities and medical equipment in preparation for national health insurance, the department receives a further R1.6 billion.

Social protection

The **Department of Social Development** is allocated R870 million for the South African Social Security Agency to implement a new grants application process that will reduce beneficiary waiting times and fraud.

Recreation, culture and sport

The **Department of Sport and Recreation South Africa** receives a gross allocation of R136 million to provide increased support to national sporting federations to enhance sports development and transformation, particularly in the participation of previously disadvantaged communities.

For the development of the local film industry R135 million is allocated to the National Film and Video Foundation under the **Department of Arts and Culture's** vote and R37 million is also allocated to capacitate the National Library of South Africa.

Public order and safety

Additional funding of R2.1 billion is made available to this function for the **Department of Police's** vote for the recruitment of additional policing personnel in the areas of visible policing, detective services and crime intelligence services. The number of police personnel will increase to 202 260 in 2013/14.

The **Department of Justice and Constitutional Development** receives additional funding of R490 million for the construction of two new high courts in Nelspruit and Polokwane, which will bring the total number of high courts to 16.

The **Department of Correctional Services** is allocated R460 million over the medium term for the upgrading of information technology that will enhance the functioning of the criminal justice system.

Defence

In this function, an amount of R600 million is allocated to the **Department of Defence** to deploy soldiers to the country's borders and upgrade and improve border facilities and equipment.

General public service

An amount of R500 million is added to the budget of **Statistics South Africa** for the 2011 Census, towards the costs of 120 000 field workers and to ensure greater coverage of the population than in the 2001 Census.

The **Department of Public Works** receives an additional R2.2 billion for municipal and accommodation charges payable.

To deal with the post recovery and reconstruction effects of the flooding disaster, R600 million has been allocated under the **National Treasury** vote. The National Treasury also receives R1.5 billion to fund increases in amounts payable to the Political Office Bearers' Pension Fund, as well as increases in costs related to post-retirement benefits and injury-on-duty benefits.

For the new conditional grants to deal with immediate disaster effects, R1.8 billion is allocated over the medium term under the **Cooperative Governance and Traditional Affairs** vote. Of this, R675 million is for the provinces and R1.2 billion is allocated to municipalities.

Overview of expenditure

The main Budget, including state debt costs, provides for total expenditure of R888.9 billion in 2011/12, R968.1 billion in 2012/13 and R1.1 trillion in 2013/14, reflecting a nominal growth rate of approximately 9.1 per cent on average over the medium term expenditure framework period. Non-interest expenditure comprises on average 89.3 per cent of total main Budget expenditure, growing at an average annual rate of 7.6 per cent over the period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R4.1 billion in 2011/12, R11.4 billion in 2012/13 and R23.4 billion in 2013/14.

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

Summary tables

Table 1: Main budget framework 2007/08 to 2013/14

Table 2: Additional allocation to national votes 2011/12 to 2013/14

Table 3: Expenditure by national vote 2007/08 to 2013/14

Table 4: Expenditure by economic classification 2007/08 to 2013/14

Table 5: Amounts to be appropriated from the National Revenue Fund for 2011/12

Table 6a: Conditional grants to provinces 2007/08 to 2013/14

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Table 7: Training expenditure per vote 2007/08 to 2013/14

Table 8: Infrastructure expenditure per vote 2007/08 to 2013/14

Table 9: Personnel expenditure per vote 2007/08 to 2013/14

Table 10: Departmental receipts per vote 2007/08 to 2013/14

Table 1 Main budget framework 2007/08 to 2013/14

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue (National Revenue Fund)							
Tax revenue (gross)	572 814.6	625 100.2	598 705.4	672 200.0	741 620.0	827 310.0	927 960.0
Departmental and other receipts, and repayments	12 693.0	12 616.0	8 889.0	12 254.0	10 000.9	11 540.0	12 351.1
Less: Southern Africa Customs Union payments	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-21 763.2	-32 431.8	-35 997.4
Other adjustment ¹	–	–	–	-2 900.0	–	–	–
Total revenue	560 795.1	608 795.5	579 679.0	666 562.7	729 857.6	806 418.2	904 313.7
<i>Percentage of GDP</i>	<i>27.0%</i>	<i>26.3%</i>	<i>23.7%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.2%</i>	<i>25.6%</i>
Expenditure							
State debt cost	52 877.1	54 393.7	57 129.2	66 570.4	76 578.7	90 807.7	104 036.2
<i>Percentage of GDP</i>	<i>2.5%</i>	<i>2.4%</i>	<i>2.3%</i>	<i>2.5%</i>	<i>2.6%</i>	<i>2.8%</i>	<i>2.9%</i>
Current payments ²	88 512.0	103 376.4	117 130.0	135 313.3	147 760.3	156 210.6	166 884.0
Transfers and subsidies	391 929.9	458 702.2	532 182.3	578 332.9	648 496.9	695 554.1	740 738.6
Payments for capital assets ²	7 018.5	8 508.4	9 202.2	8 817.0	11 206.9	13 823.7	17 464.5
Payments for financial assets	1 105.9	10 972.6	31 553.0	20 889.7	750.1	0.1	0.1
Unallocated	–	–	–	–	40.0	330.0	530.0
Contingency reserve	–	–	–	–	4 090.4	11 405.4	23 375.2
Total expenditure	541 443.4	635 953.3	747 196.8	809 923.3	888 923.3	968 131.7	1 053 028.6
<i>Percentage of GDP</i>	<i>26.0%</i>	<i>27.5%</i>	<i>30.6%</i>	<i>30.4%</i>	<i>30.5%</i>	<i>30.2%</i>	<i>29.8%</i>
Budget deficit³	19 351.6	-27 157.8	-167 517.7	-143 360.6	-159 065.7	-161 713.5	-148 714.9
<i>Percentage of GDP</i>	<i>0.9%</i>	<i>-1.2%</i>	<i>-6.9%</i>	<i>-5.4%</i>	<i>-5.5%</i>	<i>-5.1%</i>	<i>-4.2%</i>
GDP	2 078 822.0	2 312 965.0	2 442 593.0	2 666 893.9	2 914 861.7	3 201 299.3	3 536 001.5

1. Payment to SACU partners in respect of a previous error in calculation of the 1969 agreement.

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

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

Table 2 Additional allocation to national votes 2011/12 to 2013/14¹

R million	Medium-term expenditure estimates			Total
	2011/12	2012/13	2013/14	
Central Government Administration	1 948.2	2 277.4	2 923.5	7 149.1
1 The Presidency	90.5	131.3	126.4	348.3
2 Parliament	30.4	31.3	32.4	94.1
3 Cooperative Governance and Traditional Affairs	964.1	873.0	1 250.8	3 087.9
4 Home Affairs	176.9	444.8	600.2	1 221.9
5 International Relations and Cooperation	145.2	162.2	170.1	477.4
6 Performance Monitoring and Evaluation	37.4	97.5	114.5	249.3
7 Public Works	493.7	522.3	609.1	1 625.1
8 Women, Children and People with Disabilities	10.0	15.0	20.0	45.0
Financial and Administrative Services	4 067.9	4 190.0	5 261.1	13 519.0
9 Government Communication and Information System	10.1	10.6	9.9	30.6
10 National Treasury	3 442.3	4 048.0	5 097.8	12 588.1
11 Public Enterprises	44.8	4.6	4.6	53.9
12 Public Service and Administration	34.9	44.2	55.0	134.0
13 Statistics South Africa	535.8	82.7	93.8	712.3
Social Services	4 043.4	7 691.7	14 993.2	26 728.2
14 Arts and Culture	66.9	83.1	105.7	255.8
15 Basic Education	826.4	2 574.4	5 649.7	9 050.4
16 Health	442.0	692.0	2 236.0	3 370.0
17 Higher Education and Training	2 215.3	3 560.3	4 403.6	10 179.2
18 Labour	131.7	170.3	187.3	489.3
19 Social Development	312.1	543.3	2 322.5	3 177.9
20 Sport and Recreation South Africa	49.0	68.3	88.4	205.7
Justice, Crime Prevention and Security	3 740.6	5 760.1	7 583.9	17 084.7
21 Correctional Services	579.9	1 046.7	1 147.8	2 774.3
22 Defence and Military Veterans	1 180.2	1 552.8	1 863.6	4 596.6
23 Independent Complaints Directorate	7.9	9.1	10.1	27.1
24 Justice and Constitutional Development	477.0	1 098.6	1 196.9	2 772.4
25 Police	1 495.7	2 052.9	3 365.5	6 914.2
Economic Services and Infrastructure	6 550.4	8 755.2	10 874.5	26 180.1
26 Agriculture, Forestry and Fisheries	194.1	405.7	512.4	1 112.2
27 Communications	105.7	155.9	206.1	467.7
28 Economic Development	101.6	156.0	166.1	423.7
29 Energy	307.9	29.2	32.6	369.7
30 Environmental Affairs	297.9	146.0	186.4	630.3
31 Human Settlements	657.5	1 215.8	1 757.2	3 630.6
32 Mineral Resources	43.2	53.6	34.1	130.9
33 Rural Development and Land Reform	610.4	838.5	1 113.9	2 562.8
34 Science and Technology	14.6	139.9	404.1	558.6
35 Tourism	52.5	42.4	44.9	139.8
36 Trade and Industry	527.6	621.7	646.3	1 795.6
37 Transport	2 180.8	3 689.9	4 786.2	10 656.9
38 Water Affairs	1 456.6	1 260.4	984.2	3 701.2
Total	20 350.6	28 674.3	41 636.1	90 661.1

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

Table 3 Expenditure by national vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation
	2007/08	2008/09	2009/10	2010/11
Central Government Administration				
1 The Presidency	649.4	308.8	659.1	766.9
2 Parliament	849.8	1 071.5	1 009.0	1 201.6
3 Cooperative Governance and Traditional Affairs	28 359.9	33 386.0	33 661.6	41 748.5
4 Home Affairs	3 241.7	4 666.6	5 195.4	5 834.4
5 International Relations and Cooperation	4 069.7	5 472.3	5 417.4	4 715.8
6 Performance Monitoring and Evaluation	2.0	3.6	10.4	40.5
7 Public Works	3 402.3	4 197.0	5 533.6	7 364.8
8 Women, Children and People with Disabilities	52.5	61.9	77.5	106.2
Financial and Administrative Services				
9 Government Communication and Information System	380.9	427.5	495.4	550.2
10 National Treasury	12 569.3	23 762.8	53 240.6	38 704.9
11 Public Enterprises	4 604.0	3 265.1	3 983.3	555.5
12 Public Service and Administration	609.6	630.6	670.8	658.7
13 Statistics South Africa	1 054.3	1 323.1	1 555.8	2 101.4
Social Services				
14 Arts and Culture	1 585.8	2 114.5	2 224.9	2 441.2
15 Basic Education	4 799.5	6 384.0	7 854.3	10 924.3
16 Health	13 578.6	16 424.5	19 168.6	23 132.5
17 Higher Education and Training	15 999.1	18 767.8	20 684.4	23 776.2
18 Labour	1 431.5	1 507.2	1 698.7	1 835.8
19 Social Development	67 191.4	76 096.7	85 318.2	95 941.1
20 Sport and Recreation South Africa	5 048.0	4 871.4	2 866.4	1 255.5
Justice, Crime Prevention and Security				
21 Correctional Services	11 122.4	12 822.6	13 687.3	15 427.5
22 Defence and Military Veterans	25 180.1	27 801.3	31 324.2	30 442.6
23 Independent Complaints Directorate	80.9	99.3	106.2	131.4
24 Justice and Constitutional Development	7 194.0	8 244.4	9 653.5	10 787.3
25 Police	36 525.9	41 635.2	47 662.5	53 529.7
Economic Services and Infrastructure				
26 Agriculture, Forestry and Fisheries	3 957.2	3 564.9	3 961.8	4 003.9
27 Communications	1 911.8	2 328.6	2 301.9	2 138.0
28 Economic Development	245.1	220.4	314.6	449.8
29 Energy	2 229.8	2 961.7	3 690.9	5 648.7
30 Environmental Affairs	1 564.5	1 789.9	2 124.3	2 438.5
31 Human Settlements	10 503.0	13 269.5	16 407.4	19 305.9
32 Mineral Resources	717.5	768.3	853.8	995.8
33 Rural Development and Land Reform	5 896.6	6 669.8	5 863.8	7 293.4
34 Science and Technology	3 127.3	3 703.5	4 183.9	4 128.0
35 Tourism	1 056.0	1 202.2	1 145.6	1 183.8
36 Trade and Industry	5 050.2	4 836.7	5 923.3	6 194.2
37 Transport	19 155.9	28 161.7	28 664.0	30 380.8
38 Water Affairs	4 802.9	5 797.8	7 188.6	8 203.2
Total appropriation by vote	309 800.8	370 620.6	436 383.5	466 338.6
Plus:				
Direct charges against the National Revenue Fund				
President and Deputy President salary (The Presidency)	2.3	4.0	3.8	4.6
Members remuneration (Parliament)	240.7	304.2	398.8	392.7
State debt costs (National Treasury)	52 877.1	54 393.7	57 129.2	67 606.9
Provincial equitable share (National Treasury)	171 053.7	201 795.6	236 890.8	265 139.4
General fuel levy sharing with metros (National Treasury)	–	–	6 800.1	7 542.4
Skills levy and Setas (Higher Education and Training)	6 284.3	7 234.1	7 815.6	8 424.2
Judges and magistrates salaries (Justice and Constitutional Development)	1 184.5	1 601.1	1 774.9	1 929.9
Total direct charges against the National Revenue Fund	231 642.6	265 332.8	310 813.2	351 040.0
Unallocated	–	–	–	–
Contingency reserve	–	–	–	–
Projected underspending	–	–	–	-1 700.0
Total	541 443.4	635 953.3	747 196.8	815 678.6

Table 3 Expenditure by national vote 2007/08 to 2013/14

Revised estimate	Medium-term expenditure estimates			
2010/11	2011/12	2012/13	2013/14	R million
				Central Government Administration
766.9	815.0	887.5	924.2	The Presidency
1 201.6	1 265.3	1 315.9	1 387.6	Parliament
41 748.5	47 933.6	53 842.8	57 120.8	Cooperative Governance and Traditional Affairs
5 834.4	5 464.1	5 249.7	5 864.3	Home Affairs
4 715.8	4 796.8	5 154.9	5 569.3	International Relations and Cooperation
40.5	75.8	141.0	160.4	Performance Monitoring and Evaluation
7 138.7	7 819.3	8 061.2	8 900.1	Public Works
106.2	117.9	129.5	140.8	Women, Children and People with Disabilities
				Financial and Administrative Services
550.2	496.4	524.4	552.0	Government Communication and Information System
38 375.4	22 598.2	23 469.1	25 578.9	National Treasury
555.5	230.2	199.7	210.4	Public Enterprises
656.7	690.1	726.2	774.5	Public Service and Administration
1 741.7	3 240.9	1 698.3	1 717.7	Statistics South Africa
				Social Services
2 339.7	2 468.6	2 625.1	2 784.7	Arts and Culture
9 093.0	13 868.1	16 557.9	20 409.6	Basic Education
22 218.7	25 731.6	27 610.8	30 136.7	Health
23 757.2	28 228.6	31 318.5	33 688.2	Higher Education and Training
1 793.2	1 981.5	2 098.5	2 221.7	Labour
94 841.0	104 732.7	113 524.0	122 075.5	Social Development
1 249.6	802.7	852.3	915.5	Sport and Recreation South Africa
				Justice, Crime Prevention and Security
15 232.5	16 559.2	17 805.0	18 827.8	Correctional Services
30 442.6	34 605.0	37 371.2	39 702.2	Defence and Military Veterans
131.4	151.6	161.0	170.4	Independent Complaints Directorate
10 742.3	11 413.5	12 674.3	13 409.3	Justice and Constitutional Development
53 529.7	58 061.5	62 077.6	66 696.7	Police
				Economic Services and Infrastructure
4 003.9	4 719.7	5 312.0	5 503.2	Agriculture, Forestry and Fisheries
2 138.0	1 889.1	1 721.7	1 851.7	Communications
384.5	594.5	674.7	713.3	Economic Development
5 648.7	6 089.9	5 575.3	4 304.8	Energy
2 359.8	2 846.1	2 399.3	2 643.0	Environmental Affairs
19 305.9	22 578.5	24 875.1	26 674.7	Human Settlements
995.8	1 036.2	1 107.5	1 178.7	Mineral Resources
7 293.4	8 124.2	8 674.1	9 381.1	Rural Development and Land Reform
4 128.0	4 404.6	4 887.4	5 510.1	Science and Technology
1 183.8	1 242.9	1 273.9	1 345.3	Tourism
6 075.5	6 786.9	7 366.9	7 572.4	Trade and Industry
29 989.4	35 084.0	38 204.4	41 198.9	Transport
7 609.7	9 936.2	10 231.5	10 883.5	Water Affairs
459 919.7	499 480.9	538 380.2	578 700.1	Total appropriation by vote
				Plus:
				Direct charges against the National Revenue Fund
4.6	4.8	5.1	5.3	President and Deputy President salary (The Presidency)
392.7	409.6	430.1	453.8	Members remuneration (Parliament)
66 570.4	76 578.7	90 807.7	104 036.2	State debt costs (National Treasury)
265 139.4	288 492.8	305 725.4	323 604.4	Provincial equitable share (National Treasury)
7 542.4	8 573.1	9 039.7	9 613.4	General fuel levy sharing with metros (National Treasury)
8 424.2	9 148.7	9 606.1	10 134.5	Skills levy and Setas (Higher Education and Training)
1 929.9	2 104.2	2 401.9	2 575.7	Judges and magistrates salaries (Justice and Constitutional Development)
350 003.5	385 312.0	418 016.1	450 423.3	Total direct charges against the National Revenue Fund
–	40.0	330.0	530.0	Unallocated
–	4 090.4	11 405.4	23 375.2	Contingency reserve
–	–	–	–	Projected underspending
809 923.3	888 923.3	968 131.7	1 053 028.6	Total

Table 4 Expenditure by economic classification 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation
	2007/08	2008/09	2009/10	2010/11
Current payments				
Compensation of employees	56 221.9	64 819.2	75 276.3	88 740.8
Salaries and wages	46 758.3	53 869.3	62 806.6	74 671.9
Social contributions	9 463.6	10 949.9	12 469.7	14 068.9
Goods and services	32 272.1	38 522.2	41 695.1	47 989.9
Interest and rent on land	52 895.1	54 428.7	57 287.8	67 615.5
Interest (Incl. interest on finance leases)	52 893.9	54 428.5	57 280.1	67 614.7
Rent on land	1.2	0.2	7.7	0.8
Total current payments	141 389.1	157 770.1	174 259.2	204 346.3
Transfers and subsidies to:				
Provinces and municipalities	243 233.6	289 395.9	344 774.7	387 557.9
Provinces	204 668.3	243 851.9	293 163.8	326 000.2
Provincial revenue funds	204 668.3	243 851.9	293 163.8	326 000.2
Municipalities	38 565.4	45 544.0	51 610.8	61 557.8
Municipal bank accounts	38 565.4	45 544.0	51 610.8	61 557.8
Departmental agencies and accounts	44 609.0	53 708.8	57 458.8	56 035.9
Social security funds	8.5	2 508.7	9.7	11.6
Departmental agencies (non-business entities)	44 600.5	51 200.1	57 449.1	56 024.3
Universities and technikons	12 004.1	13 897.7	15 443.5	17 576.1
Foreign governments and international organisations	935.6	1 010.6	1 366.4	1 357.1
Public corporations and private enterprises	19 485.7	20 188.1	21 704.6	20 492.5
Public corporations	14 887.2	14 723.0	19 325.2	18 180.6
Subsidies on products or production	6 293.0	8 060.3	8 477.2	9 836.7
Other transfers to public corporations	8 594.1	6 662.6	10 848.0	8 343.9
Private enterprises	4 598.5	5 465.1	2 379.4	2 311.9
Subsidies on products or production	4 111.4	5 193.5	2 009.5	1 848.5
Other transfers to private enterprises	487.1	271.7	369.9	463.4
Non-profit institutions	1 006.7	1 222.2	1 220.3	1 470.9
Households	70 655.2	79 279.0	90 214.0	98 316.7
Social benefits	65 169.0	73 588.0	84 842.8	92 538.4
Other transfers to households	5 486.3	5 690.9	5 371.2	5 778.3
Total transfers and subsidies	391 929.9	458 702.2	532 182.3	582 807.0
Payments for capital assets				
Buildings and other fixed structures	3 631.3	5 331.6	5 712.2	5 975.7
Buildings	3 356.9	4 860.4	4 598.8	4 757.1
Other fixed structures	274.4	471.2	1 113.4	1 218.5
Machinery and equipment	3 161.5	2 926.7	3 127.6	3 298.6
Transport equipment	1 538.2	1 510.2	1 524.2	1 769.1
Other machinery and equipment	1 623.4	1 416.5	1 603.4	1 529.5
Heritage assets	-	0.1	0.2	-
Specialised military assets	-	-	83.1	19.0
Biological assets	10.6	2.7	2.1	2.0
Land and subsoil assets	27.4	49.0	83.9	0.1
Software and other intangible assets	187.7	198.3	193.2	40.8
Total payments for capital assets	7 018.5	8 508.4	9 202.2	9 336.2
Payments for financial assets	1 105.9	10 972.6	31 553.0	20 889.2
Total	541 443.4	635 953.3	747 196.8	817 378.6
Unallocated	-	-	-	-
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-1 700.0
Total	541 443.4	635 953.3	747 196.8	815 678.6

Table 4 Expenditure by economic classification 2007/08 to 2013/14

Revised estimate	Medium-term expenditure estimates			
2010/11	2011/12	2012/13	2013/14	R million
88 324.0	94 788.4	100 350.8	107 316.5	Current payments
				Compensation of employees
74 278.1	79 661.6	84 435.8	90 409.3	Salaries and wages
14 046.0	15 126.9	15 914.9	16 907.2	Social contributions
46 980.3	52 944.2	55 829.0	59 536.1	Goods and services
66 579.3	76 606.4	90 838.6	104 067.6	Interest and rent on land
66 578.5	76 605.4	90 837.4	104 066.4	Interest (Incl. interest on finance leases)
0.8	1.1	1.2	1.2	Rent on land
201 883.7	224 339.0	247 018.3	270 920.2	Total current payments
				Transfers and subsidies to:
384 334.3	428 131.5	457 512.2	486 602.9	Provinces and municipalities
323 080.3	357 928.6	380 449.6	404 251.4	Provinces
323 080.3	357 928.6	380 449.6	404 251.4	Provincial revenue funds
61 254.0	70 202.9	77 062.5	82 351.5	Municipalities
61 254.0	70 202.9	77 062.5	82 351.5	Municipal bank accounts
55 866.1	68 241.9	73 170.5	78 537.2	Departmental agencies and accounts
11.6	12.4	13.0	13.7	Social security funds
55 854.6	68 229.5	73 157.5	78 523.5	Departmental agencies (non-business entities)
17 571.1	19 365.4	20 766.7	21 953.2	Universities and technikons
1 358.2	1 463.4	1 723.6	1 830.5	Foreign governments and international organisations
20 459.5	23 642.9	25 011.7	25 561.1	Public corporations and private enterprises
18 180.6	20 434.1	21 742.4	22 063.1	Public corporations
9 836.7	9 879.4	9 997.1	8 896.9	Subsidies on products or production
8 343.9	10 554.7	11 745.4	13 166.3	Other transfers to public corporations
2 278.9	3 208.8	3 269.3	3 498.0	Private enterprises
1 813.5	2 718.2	2 663.9	2 856.4	Subsidies on products or production
465.4	490.6	605.4	641.6	Other transfers to private enterprises
1 461.7	1 500.4	1 874.8	2 099.0	Non-profit institutions
97 282.0	106 151.3	115 494.5	124 154.6	Households
91 514.5	101 279.1	110 239.7	118 596.5	Social benefits
5 767.5	4 872.3	5 254.9	5 558.1	Other transfers to households
578 332.9	648 496.9	695 554.1	740 738.6	Total transfers and subsidies
				Payments for capital assets
5 615.9	7 845.0	10 560.6	14 057.6	Buildings and other fixed structures
4 479.1	5 486.6	7 813.1	11 078.5	Buildings
1 136.8	2 358.3	2 747.6	2 979.1	Other fixed structures
3 144.0	3 302.7	3 202.5	3 344.4	Machinery and equipment
1 699.1	1 922.9	1 645.0	1 697.5	Transport equipment
1 444.9	1 379.8	1 557.5	1 646.9	Other machinery and equipment
0.0	-	-	-	Heritage assets
19.0	20.7	21.3	22.4	Specialised military assets
2.0	0.2	0.3	0.3	Biological assets
0.1	-	-	-	Land and subsoil assets
35.9	38.3	39.1	39.9	Software and other intangible assets
8 817.0	11 206.9	13 823.7	17 464.5	Total payments for capital assets
20 889.7	750.1	0.1	0.1	Payments for financial assets
809 923.3	884 792.9	956 396.3	1 029 123.4	Total
-	40.0	330.0	530.0	Unallocated
-	4 090.4	11 405.4	23 375.2	Contingency reserve
-	-	-	-	Projected underspending
809 923.3	888 923.3	968 131.7	1 053 028.6	Total

Table 5 Amounts to be appropriated from the National Revenue Fund for 2011/12

		Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease
R million		2010/11	2011/12					
Central Government Administration								
1	The Presidency	706.8	417.5	387.8	14.5	–	819.8	113.0
2	Parliament	1 571.9	1 383.1	287.9	3.9	–	1 674.9	103.0
3	Cooperative Governance and Traditional Affairs	41 096.9	691.3	47 222.4	19.8	0.1	47 933.6	6 836.7
4	Home Affairs	5 719.6	4 437.4	1 000.1	26.7	–	5 464.1	-255.5
5	International Relations and Cooperation	4 824.4	3 703.1	809.9	283.7	–	4 796.8	-27.7
6	Performance Monitoring and Evaluation	20.4	72.8	–	3.0	–	75.8	55.4
7	Public Works	6 446.3	2 265.4	4 010.3	1 543.6	–	7 819.3	1 372.9
8	Women, Children and People with Disabilities	97.8	60.5	55.2	2.3	–	117.9	20.2
Financial and Administrative Services								
9	Government Communication and Information System	546.2	334.8	159.2	2.4	–	496.4	-49.8
10	National Treasury	378 589.1	78 015.4	317 463.8	13.7	750.0	396 242.8	17 653.7
11	Public Enterprises	350.6	188.1	40.8	1.4	–	230.2	-120.4
12	Public Service and Administration	651.5	396.5	290.9	2.7	–	690.1	38.6
13	Statistics South Africa	1 973.4	3 188.8	10.5	41.7	–	3 240.9	1 267.5
Social Services								
14	Arts and Culture	2 406.7	392.9	2 069.3	6.4	–	2 468.6	61.9
15	Basic Education	10 918.5	2 136.9	11 025.3	706.0	–	13 868.1	2 949.7
16	Health	22 967.9	1 209.3	24 489.3	32.9	–	25 731.6	2 763.6
17	Higher Education and Training	32 144.9	455.8	36 913.4	8.1	–	37 377.3	5 232.4
18	Labour	1 783.9	1 349.9	599.4	32.1	–	1 981.5	197.6
19	Social Development	95 929.1	543.7	104 177.1	11.9	–	104 732.7	8 803.6
20	Sport and Recreation South Africa	1 245.6	222.5	574.1	6.0	–	802.7	-442.9
Justice, Crime Prevention and Security								
21	Correctional Services	15 129.0	15 342.1	31.3	1 185.8	–	16 559.2	1 430.2
22	Defence and Military Veterans	30 715.3	27 278.4	6 978.0	348.6	–	34 605.0	3 889.6
23	Independent Complaints Directorate	129.3	147.6	0.1	4.0	–	151.6	22.3
24	Justice and Constitutional Development	12 180.4	10 933.7	1 791.1	792.9	–	13 517.7	1 337.3
25	Police	52 556.4	54 596.4	464.6	3 000.5	–	58 061.5	5 505.1
Economic Services and Infrastructure								
26	Agriculture, Forestry and Fisheries	3 708.0	2 039.4	2 567.8	112.5	–	4 719.7	1 011.8
27	Communications	2 114.0	585.2	1 299.6	4.3	–	1 889.1	-224.9
28	Economic Development	418.6	123.2	464.8	6.5	–	594.5	175.9
29	Energy	5 535.4	297.2	5 784.9	7.8	–	6 089.9	554.5
30	Environmental Affairs	2 557.8	1 119.1	1 219.0	508.0	–	2 846.1	288.3
31	Human Settlements	19 215.6	642.2	21 700.6	235.7	–	22 578.5	3 362.9
32	Mineral Resources	1 030.0	587.6	438.4	10.1	–	1 036.2	6.2
33	Rural Development and Land Reform	6 769.6	2 524.1	5 564.7	35.4	–	8 124.2	1 354.7
34	Science and Technology	4 615.5	369.7	4 031.6	3.3	–	4 404.6	-210.9
35	Tourism	1 151.8	268.2	968.0	6.7	–	1 242.9	91.0
36	Trade and Industry	6 150.1	1 172.4	5 600.4	14.1	–	6 786.9	636.8
37	Transport	30 178.0	841.8	34 238.0	4.1	–	35 084.0	4 906.0
38	Water Affairs	7 996.6	4 005.2	3 767.2	2 163.9	–	9 936.2	1 939.6
Total		812 142.9	224 339.0	648 496.9	11 206.9	750.1	884 792.9	72 650.0

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

Table 6a Conditional grants to provinces 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government Administration								
3 Cooperative Governance and Traditional Affairs	–	29.7	–	214.4	214.4	305.0	180.0	190.0
7 Public Works	836.6	889.3	1 466.0	2 252.9	2 181.3	2 270.9	2 504.8	2 778.5
Financial and Administrative Services								
10 National Treasury	–	–	4 200.0	–	–	–	–	–
Social Services								
14 Arts and Culture	163.2	344.6	440.6	512.7	512.7	543.4	570.8	602.2
15 Basic Education	4 012.9	5 215.6	6 460.1	8 683.6	7 107.4	10 546.4	11 330.6	11 953.7
16 Health	12 368.6	14 988.7	17 523.8	21 363.7	20 483.0	23 947.7	25 746.5	28 175.2
17 Higher Education and Training	2 435.3	3 005.8	3 155.3	3 804.0	3 804.0	4 326.0	4 705.1	5 262.4
20 Sport and Recreation South Africa	194.0	293.7	402.3	426.4	426.4	452.0	474.6	500.7
Economic Services and Infrastructure								
26 Agriculture, Forestry and Fisheries	761.7	898.0	973.7	1 166.9	1 166.9	1 487.1	1 683.9	1 866.9
31 Human Settlements	6 988.5	8 727.6	10 819.3	13 032.1	13 032.1	14 941.5	15 599.4	16 457.4
37 Transport	5 853.7	7 663.3	10 832.1	9 404.1	9 012.8	10 615.9	11 928.5	12 860.0
Total	33 614.6	42 056.3	56 273.0	60 860.7	57 940.8	69 435.8	74 724.2	80 647.0

1. Detail provided in the Division of Revenue Act (2011).

Table 6b Conditional grants to municipalities 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government Administration								
3 Cooperative Governance and Traditional Affairs	7 167.2	7 186.4	8 988.3	9 726.7	9 726.7	12 132.9	14 474.2	15 272.1
7 Public Works	–	–	100.5	623.0	551.4	679.6	665.7	779.5
Financial and Administrative Services								
10 National Treasury	716.5	361.5	808.1	1 394.6	1 186.6	1 184.6	1 279.3	1 326.1
Social Services								
20 Sport and Recreation South Africa	4 605.0	4 295.0	2 168.7	512.6	512.6	–	–	–
Economic Services and Infrastructure								
29 Energy	462.5	589.1	1 074.6	1 240.1	1 240.1	1 376.6	1 151.4	1 214.8
31 Human Settlements	2 948.3	3 572.4	4 418.2	5 157.6	5 157.6	6 267.0	7 409.5	8 126.8
37 Transport	1 174.0	2 928.7	2 431.0	3 709.9	3 709.9	4 838.8	5 037.2	5 602.9
38 Water Affairs	732.9	994.6	902.4	990.5	966.3	1 010.8	399.0	420.9
Total	17 806.4	19 927.6	20 891.8	23 354.9	23 051.2	27 490.3	30 416.4	32 743.1

1. Detail provided in the Division of Revenue Act (2011).

Table 7 Training expenditure per vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Central Government Administration							
1 The Presidency	2.3	1.4	1.9	2.1	2.4	2.5	2.8
2 Parliament	10.6	11.9	10.1	10.4	14.2	15.0	16.8
3 Cooperative Governance and Traditional Affairs	2.3	1.7	1.8	2.4	5.0	5.2	5.5
4 Home Affairs	32.4	34.0	26.4	48.5	37.2	37.5	39.6
5 International Relations and Cooperation	13.1	8.1	12.4	19.6	16.6	17.8	20.0
7 Public Works	15.2	15.2	22.0	27.5	24.8	24.8	26.1
8 Women, Children and People with Disabilities	–	–	–	0.2	0.3	0.4	0.5
Financial and Administrative Services							
9 Government Communication and Information System	4.7	4.2	4.4	4.9	4.8	5.0	5.3
10 National Treasury	16.1	16.9	10.0	20.0	10.8	11.6	12.2
11 Public Enterprises	1.3	2.3	2.2	3.3	2.9	3.1	3.4
12 Public Service and Administration	2.2	3.7	2.6	3.4	3.2	3.4	3.7
13 Statistics South Africa	11.9	14.0	21.2	38.5	21.4	22.5	23.7
Social Services							
14 Arts and Culture	3.1	4.5	2.1	2.3	1.6	1.7	1.8
15 Basic Education	2.8	6.5	1.7	2.8	1.9	2.0	2.1
16 Health	9.5	1.8	4.5	5.5	4.0	4.5	4.9
17 Higher Education and Training	2.5	2.9	1.9	2.4	1.3	1.3	1.3
18 Labour	6.5	8.9	8.3	8.9	11.8	12.0	12.7
19 Social Development	1.7	1.8	2.3	2.5	2.7	2.9	3.0
20 Sport and Recreation South Africa	0.9	0.9	1.1	1.2	1.6	1.6	1.5
Justice, Crime Prevention and Security							
21 Correctional Services	125.6	76.0	89.5	64.0	100.5	105.6	111.0
22 Defence and Military Veterans	87.4	117.7	113.6	145.6	131.9	133.0	141.2
23 Independent Complaints Directorate	0.6	0.4	0.7	1.2	1.2	1.3	1.4
24 Justice and Constitutional Development	18.3	37.5	86.4	78.9	83.6	89.4	94.0
25 Police	966.0	1 124.0	1 253.4	1 386.6	1 449.0	1 514.2	1 590.0
Economic Services and Infrastructure							
26 Agriculture, Forestry and Fisheries	20.3	24.2	16.4	20.0	13.1	14.9	25.5
27 Communications	3.7	6.0	9.0	5.9	6.7	7.3	7.7
28 Economic Development	–	–	–	0.1	0.8	0.9	1.0
29 Energy	0.7	1.6	2.1	2.1	2.7	2.9	3.3
30 Environmental Affairs	2.1	2.2	2.3	2.5	4.1	4.2	4.3
31 Human Settlements	1.2	2.9	2.3	14.1	4.0	4.3	4.5
32 Mineral Resources	1.7	3.8	9.1	3.5	3.9	4.1	4.4
33 Rural Development and Land Reform	9.0	9.4	11.9	12.6	13.3	13.9	–
34 Science and Technology	1.7	2.0	3.2	5.1	5.4	5.6	5.9
35 Tourism	1.4	1.5	1.0	1.0	1.0	1.1	1.1
36 Trade and Industry	1.0	2.5	9.3	11.0	13.4	14.1	14.9
37 Transport	3.2	1.8	3.9	4.0	2.9	3.1	3.5
38 Water Affairs	38.9	40.8	50.6	56.7	62.4	68.6	75.5
Total	1 421.9	1 595.3	1 801.5	2 021.3	2 069.6	2 164.4	2 277.3

Table 8 Infrastructure expenditure per vote 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Central Government Administration							
3 Cooperative Governance and Traditional Affairs	6 967.2	6 969.0	8 727.5	9 514.7	11 500.2	13 983.1	14 752.2
4 Home Affairs	122.9	136.0	102.0	131.1	209.8	215.8	248.0
5 International Relations and Cooperation	649.9	926.7	165.3	267.9	250.9	318.2	319.2
7 Public Works	488.0	988.4	1 253.6	1 376.0	1 443.9	1 474.7	1 724.7
Financial and Administrative Services							
10 National Treasury	41.2	373.5	578.1	1 155.0	853.6	880.0	855.0
Social Services							
14 Arts and Culture	281.2	448.6	449.7	447.8	455.6	483.0	509.5
15 Basic Education	2 636.0	3 101.5	3 884.7	4 832.3	6 398.3	8 408.2	11 617.3
16 Health	5 507.8	3 361.4	3 720.5	5 403.0	5 838.1	6 156.9	5 989.0
18 Labour	64.4	37.6	26.9	28.5	44.2	10.5	7.6
20 Sport and Recreation South Africa	4 605.0	4 295.0	2 168.7	512.6	–	–	–
Justice, Crime Prevention and Security							
21 Correctional Services	1 005.3	948.5	833.6	950.9	968.3	1 016.8	1 072.7
22 Defence and Military Veterans	8.1	621.3	665.0	732.7	1 058.4	1 085.7	1 118.0
24 Justice and Constitutional Development	361.1	479.5	590.1	631.4	759.4	1 105.0	1 161.7
25 Police	732.5	991.2	1 070.1	1 118.2	1 235.3	1 544.6	1 629.5
Economic Services and Infrastructure							
26 Agriculture, Forestry and Fisheries	105.3	110.3	131.7	181.7	260.1	239.3	141.0
27 Communications	646.0	750.0	920.0	540.9	404.0	317.0	376.1
29 Energy	1 435.6	1 739.9	2 400.3	4 239.9	4 334.4	4 533.5	3 200.3
30 Environmental Affairs	603.7	405.4	477.5	637.7	647.8	149.7	187.5
31 Human Settlements	9 936.8	12 300.0	15 087.4	18 155.9	21 440.0	23 488.4	25 101.5
33 Rural Development and Land Reform	5.6	6.3	2.8	6.9	21.2	11.3	4.2
34 Science and Technology	272.0	408.0	699.3	236.9	254.2	473.1	595.2
36 Trade and Industry	911.0	967.5	1 407.3	1 224.4	827.4	839.6	629.9
37 Transport	10 889.1	13 915.3	16 955.1	19 747.4	23 128.1	25 592.1	27 901.4
38 Water Affairs	930.4	1 904.1	2 212.8	2 764.0	4 123.8	4 455.1	5 064.6
Total	49 206.1	56 185.0	64 530.2	74 837.7	86 457.1	96 781.5	104 206.1

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 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government and Administration								
1 The Presidency	117.1	141.7	181.9	209.5	209.5	237.4	251.4	275.6
2 Parliament	517.3	651.0	784.6	868.1	868.1	936.1	990.2	1 046.8
3 Cooperative Governance and Traditional Affairs	128.1	153.8	165.7	232.1	232.1	232.9	245.9	258.1
4 Home Affairs	1 087.0	1 296.0	1 637.1	1 971.1	1 971.1	2 206.6	2 317.5	2 443.5
5 International Relations and Cooperation	1 293.2	1 683.4	1 833.3	1 858.6	1 858.6	1 704.5	1 811.9	2 034.5
6 Performance Monitoring and Evaluation	1.6	2.6	3.4	22.5	22.5	50.9	84.0	102.7
7 Public Works	721.5	801.0	976.1	1 200.9	1 200.9	1 242.1	1 241.2	1 305.1
8 Women, Children and People with Disabilities	4.8	5.9	9.8	24.1	24.1	34.6	39.9	46.3
Financial and Administrative Services								
9 Government Communication and Information System	116.2	114.0	138.7	150.7	150.7	165.4	173.4	183.2
10 National Treasury	272.7	321.0	402.1	552.6	511.2	605.9	637.7	672.2
11 Public Enterprises	56.0	70.4	75.2	90.3	90.3	96.5	101.0	106.2
12 Public Service and Administration	115.8	129.1	156.8	183.6	183.6	208.8	229.5	250.5
13 Statistics South Africa	472.0	700.7	879.2	978.7	931.6	1 531.0	1 165.0	1 185.0
Social Services								
14 Arts and Culture	107.2	126.8	146.3	152.9	152.9	164.8	174.3	183.7
15 Basic Education	150.4	186.3	225.2	271.1	271.1	325.6	349.3	371.7
16 Health	258.6	292.5	333.0	385.0	385.0	424.0	465.0	492.0
17 Higher Education and Training	146.2	174.8	201.8	251.6	249.6	301.5	334.1	359.7
18 Labour	497.9	491.3	576.5	744.8	701.9	786.3	865.8	915.2
19 Social Development	133.6	184.1	220.1	254.9	254.9	267.8	285.1	300.4
20 Sport and Recreation South Africa	43.4	54.5	61.3	75.8	74.3	79.9	84.0	88.4
Justice, Crime Prevention and Security								
21 Correctional Services	6 799.2	8 077.8	9 065.5	10 247.5	10 247.5	10 964.9	11 522.8	12 191.7
22 Defence and Military Veterans	9 735.9	10 620.0	12 705.6	16 219.0	16 219.0	16 770.7	17 700.5	18 787.8
23 Independent Complaints Directorate	45.7	58.0	65.1	75.8	75.8	86.6	91.8	97.2
24 Justice and Constitutional Development	4 250.9	5 326.2	6 028.1	7 262.9	7 224.1	7 631.2	8 382.2	8 850.6
25 Police	25 610.6	29 147.4	33 771.5	38 416.1	38 416.1	41 070.3	43 643.2	47 181.7
Economic Services and Infrastructure								
26 Agriculture, Forestry and Fisheries	811.1	931.3	1 082.2	1 199.6	1 199.6	1 273.0	1 395.3	1 474.5
27 Communications	97.7	108.0	129.6	164.6	164.6	171.7	179.3	188.0
28 Economic Development	–	–	7.9	57.7	33.7	79.2	91.8	96.5
29 Energy	85.5	103.0	133.3	147.9	147.9	181.7	192.4	218.3
30 Environmental Affairs	182.5	197.7	254.0	333.1	333.1	405.2	426.6	451.1
31 Human Settlements	103.5	134.2	166.9	289.0	289.0	319.0	331.9	346.8
32 Mineral Resources	210.1	231.0	275.1	343.7	343.7	377.6	401.0	421.8
33 Rural Development and Land Reform	476.4	614.2	760.9	1 196.8	1 196.8	1 395.7	1 523.3	1 608.9
34 Science and Technology	102.1	141.6	167.5	223.7	223.7	225.3	237.6	259.6
35 Tourism	130.8	106.4	89.6	101.1	101.1	141.9	158.4	169.4
36 Trade and Industry	327.5	383.1	437.7	569.8	533.3	602.2	644.2	676.4
37 Transport	131.3	182.6	228.1	266.2	266.2	294.4	309.9	326.5
38 Water Affairs	880.5	875.6	899.8	1 147.3	964.8	1 195.4	1 272.4	1 348.8
Total	56 221.9	64 819.2	75 276.3	88 740.8	88 324.0	94 788.4	100 350.8	107 316.5

Table 10 Departmental receipts per vote 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government Administration								
1 The Presidency	0.3	0.2	0.6	0.5	0.5	0.3	0.3	0.3
2 Parliament	43.4	45.9	38.5	15.5	15.5	11.9	11.5	11.2
3 Cooperative Governance and Traditional Affairs	0.7	0.8	0.5	0.6	0.6	0.6	0.6	0.6
4 Home Affairs	421.1	355.7	442.2	455.3	455.3	482.6	506.7	557.4
5 International Relations and Cooperation	65.1	43.6	23.2	22.0	31.2	22.9	24.0	25.3
6 Performance Monitoring and Evaluation	–	–	–	–	–	–	–	–
7 Public Works	95.8	28.5	39.6	30.9	30.9	38.7	40.6	42.6
8 Women, Children and People with Disabilities	–	–	–	–	–	–	–	–
Financial and Administrative Services								
9 Government Communication and Information System	3.1	3.3	2.9	3.0	2.7	2.5	2.6	2.6
10 National Treasury	5 095.8	5 270.4	2 543.6	3 204.2	2 842.2	1 233.2	2 391.4	2 746.0
11 Public Enterprises	0.1	0.8	1.2	1.2	1.2	0.1	0.1	0.1
12 Public Service and Administration	2.7	1.0	2.2	0.7	0.7	0.7	0.8	0.8
13 Statistics South Africa	17.7	2.8	8.5	2.2	2.2	2.4	2.5	2.7
Social Services								
14 Arts and Culture	0.4	3.6	1.1	0.8	0.8	0.8	0.9	1.1
15 Basic Education	1.9	1.5	0.7	1.2	1.5	1.0	1.1	1.2
16 Health	41.2	31.2	45.2	31.5	31.5	32.8	32.9	36.2
17 Higher Education and Training	6.9	6.7	6.7	7.9	7.9	7.9	8.0	8.0
18 Labour	8.4	28.9	12.9	16.1	16.1	22.4	24.3	25.5
19 Social Development	237.0	16.5	30.6	218.3	0.2	10.1	10.1	10.1
20 Sport and Recreation South Africa	0.0	0.3	0.2	0.3	0.3	0.4	0.4	0.4
Justice, Crime Prevention and Security								
21 Correctional Services	136.3	80.5	108.5	143.4	120.4	126.1	132.3	139.2
22 Defence and Military Veterans	551.9	629.4	699.9	902.5	902.5	803.5	843.7	885.9
23 Independent Complaints Directorate	0.4	0.1	0.2	0.2	0.1	0.1	0.2	0.2
24 Justice and Constitutional Development	317.0	356.8	382.9	377.6	377.6	399.8	422.5	443.7
25 Police	345.1	376.5	347.6	272.9	280.3	263.9	258.7	257.1
Economic Services and Infrastructure								
26 Agriculture, Forestry and Fisheries	121.1	254.0	250.5	119.3	119.3	121.5	118.2	123.6
27 Communications	3 007.4	3 520.1	1 344.8	1 398.7	898.9	913.4	928.0	943.4
28 Economic Development	229.3	244.4	456.0	230.0	366.3	243.8	250.0	263.8
29 Energy	1.2	3.3	4.4	3.7	3.7	3.9	4.1	4.2
30 Environmental Affairs	4.7	8.5	2.1	4.1	4.1	2.8	2.8	2.8
31 Human Settlements	0.7	2.4	0.7	1.2	1.2	0.5	0.6	0.6
32 Mineral Resources	267.1	261.3	212.7	99.0	99.0	27.6	28.0	28.3
33 Rural Development and Land Reform	176.4	64.2	44.0	41.7	41.7	69.0	64.5	68.3
34 Science and Technology	0.2	0.3	1.6	0.4	0.7	0.1	0.1	0.1
35 Tourism	–	–	0.7	1.5	1.5	–	–	–
36 Trade and Industry	94.2	64.9	52.6	108.3	90.3	115.0	120.3	121.5
37 Transport	362.5	215.8	106.1	266.7	266.7	137.4	144.3	151.5
38 Water Affairs	0.1	26.6	76.3	42.1	42.1	22.9	24.3	25.9
Total departmental receipts as per Estimates of National Expenditure	11 657.1	11 950.7	7 291.9	8 025.3	7 057.5	5 122.8	6 401.5	6 932.4
Less: Parliament (retained departmental receipts)	43.4	45.9	38.5	15.5	15.5	11.9	11.5	11.2
Plus: Direct receipts into the National Revenue Fund (National Treasury) ²	1 020.9	–	1 000.0	–	600.0	–	–	–
Plus: South African Revenue Service departmental receipts collection	58.0	711.4	635.1	4 255.0	4 612.0	4 890.0	5 150.0	5 430.0
Total departmental receipts as per Budget Review	12 692.6	12 616.2	8 888.5	12 264.8	12 254.0	10 000.9	11 540.0	12 351.1

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

2. Direct receipts into the National Revenue Fund in this instance refer to Levy accounts/exchange control forfeits collected by the South African Reserve Bank.

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 main divisions of the Appropriation Bill are divided into votes. A vote generally specifies the total amount appropriated per department, but more than one department may be contained within a single vote. 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. In the functional budgeting approach linked to the outcomes approach which has been adopted, these groupings are disaggregated further.

More detailed information for each vote is available on www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly about goods and services, transfers, donor funding, public entities and lower level institutional information is provided.

The chapter for each vote contains the following information:

Budget summary

This table shows the budgeted expenditure for the vote for the three-year MTEF period.

R million	2011/12					2012/13	2013/14
	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 **2011/12 total to be appropriated** shows the expenditure allocation per programme and the aggregated amount for 2011/12 and corresponds with the information in the 2011 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 a department for its operational requirements.

Transfers and subsidies are payments made by a 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 votes 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, **2012/13** and **2013/14**, are also shown. These estimates are not included in the 2011 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 2012 Budget.

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

Total expenditure estimates are the sum of the expenditure on programmes and direct charges, classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

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

Aim

The aim of the vote captures the department's mandate, strategic objectives or 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: 2007/08 – 2013/14

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments, legislative changes, a discussion on how the department will contribute towards the achievement of outcomes that are attributed to it and the related outputs listed in the service delivery agreements, as well as a table of selected quantitative and trendable performance indicators.

Savings and cost effectiveness measures

In this section, departments discuss details of the reprioritisation of budgets and savings and cost reduction measures to be effected over the MTEF period.

These 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		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14

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. It should, however, contain key performance indicators that form part of the service delivery agreements.

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 vote 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				Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
Audited outcome								
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
1. Programme name								
2. Programme name								
3. Programme name								
Subtotal								
Direct charge against the National Revenue Fund								
Item								
Item								
Total								
Change to 2010 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.

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 any changes made to the appropriation voted in the main 2010 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 were included in the Adjustments Appropriation Bill, which Parliament approved before expenditure could take place, and the details were published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2010/11 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 2010/11 adjusted appropriation; it is merely a more recent estimate of what the department is likely to spend in this financial year.

The **medium-term expenditure estimates** are shown for 2011/12, 2012/13 and 2013/14. The spending figures for 2011/12 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 2012/13 and 2013/14 are indicative allocations, and will form the basis for planning the 2012 Budget.

Direct charges against the National Revenue Fund are amounts spent in terms of statutes and do not require parliamentary approval and thus are not contained in the Appropriation Bill. 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 2007/08 to 2013/14 are described. Trends are generally represented over the MTEF period between 2010/11 and 2013/14, or over the entire period between 2007/08 and 2013/14.

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 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 after consideration of savings, cost reduction and reprioritisation opportunities.

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.

Personnel information

A brief summary of the personnel posts per programme by salary level is given.

Infrastructure spending

Expenditure on existing, new and mega infrastructure is discussed.

Departmental receipts

Departmental anticipated (non-tax) receipts for the MTEF period are described in relation to receipts for 2010/11.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
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 and activities of the subprogrammes that form that programme. Key functions, activities and transfers are highlighted by subprogramme. The work carried out by the subprogramme is explained in relation to the personnel responsible, the spending allocation of the funding, and outputs achieved.

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

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 the provision of specified services and products to eligible citizens and residents (strategic intent/objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2010/11 to 5 days in 2013/14 (progress measure).

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		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
Total							
Change to 2010 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 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

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 as well as the outcomes and related outputs as stated in service delivery agreements
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key achievements 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 that relate to the key activities being carried out
- reprioritisation, savings and cost effectiveness measures implemented
- personnel expenditure by salary level
- a list of other entities for which more detail appears on www.treasury.gov.za appears at the end of each chapter together with a short description of what the entity does and its total budget.

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 and the revised estimate for 2010/11 as well as the audited outcome for 2009/10.

Details of approved 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 personnel posts filled/planned for on funded establishment** in the department at different salary levels **per programme** as at 30 September 2010.

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 for 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 as a proportion of compensation of employees, 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.

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.

Unitary charge or fee refers to the total payment made to the private party for the provision of the various services.

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.

Project monitoring cost is associated with the ongoing evaluation and monitoring of public private partnerships in operation.

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.

Departmental infrastructure refers to direct spending by a department on infrastructure assets which the department will own.

Infrastructure transfers to other spheres, agencies and departments refers to transfers and grants to other government institutions 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 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 expenditure and revenue tables a dash (-) indicates that information is unavailable or zero.

Water Affairs

**National Treasury
Republic of South Africa**



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Vote 38

Water Affairs

Budget summary

R thousand	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	862 122	806 750	18 192	37 180	888 117	930 983
Water Sector Management	718 726	551 655	118 154	48 917	797 953	685 212
Water Infrastructure Management	2 607 963	–	2 607 963	–	2 658 070	3 039 102
Regional Implementation and Support	5 608 933	2 511 015	1 022 244	2 075 674	5 743 839	6 078 509
Water Sector Regulation	112 370	110 226	–	2 144	116 097	121 792
International Water Cooperation	26 111	25 511	600	–	27 411	27 878
Total expenditure estimates	9 936 225	4 005 157	3 767 153	2 163 915	10 231 487	10 883 476
Executive authority	Minister of Water and Environmental Affairs					
Accounting officer	Director General of Water Affairs					
Website address	www.dwa.gov.za					

Aim

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

Programme purposes

Programme 1: Administration

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

Programme 2: Water Sector Management

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

Programme 3: Water Infrastructure Management

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

Programme 4: Regional Implementation and Support

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

Programme 5: Water Sector Regulation

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

Programme 6: International Water Cooperation

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

Strategic overview: 2007/08 – 2013/14

The department's legislative mandate is to ensure that the country's water resources are protected, managed, used, developed, conserved, and controlled in accordance with the requirements of the policies of the Department of Water Affairs, the Water Services Act (1997) and the National Water Act (1997). The department's core functions are: policy formulation, water resource management, infrastructure development, capacity building, intergovernmental and intra-sectoral coordination, and water regulation.

Outcomes and outputs, and medium term priorities

In relation to government's 12 outcomes, the department contributes directly to: an efficient, competitive and responsive economic infrastructure network (outcome 6) through the maintenance and supply availability of the country's bulk water infrastructure (output 4); and environmental assets and natural resources that are well protected and continually enhanced (outcome 10) through enhanced quality and quantity of water resources (output 1). (The department also contributes indirectly to a number of other outcomes).

A departmental or sub-output relating to outcome 6 is to strengthen the regulation of the water sector, and for outcome 10 it is to promote equitable and sustainable water resources management.

Other key priorities over the medium term include: giving effective support to local government to deliver water services; realigning the institutional arrangement of the water sector, strengthening the oversight of the water boards and centralising the management of the whole water value chain; and strengthening internal technical capacity to address the massive backlog in the operations and maintenance of the national water infrastructure.

Strengthening the regulation of the water sector

As a water sector leader, the department needs to ensure compliance with minimum water quality norms and standards. To achieve this, the department started the annual blue drop and green drop assessments to ensure that water and wastewater systems are managed according to the set norms and standards. The department has set a target of 99 per cent compliance with the drinking water quality standards and 80 per cent compliance with the wastewater effluent standards. The department is also seeking to establish an independent economic regulator that will ensure efficient pricing in the water value chain and that inefficiencies in the water supply sector are not passed on to users. The current pricing strategy will also be reviewed over the medium term. Various models of independent regulators including multi-sector or bi-sector (such as, for example, water and energy) options will be investigated.

Promoting sustainable and equitable water resources management

In compliance with the National Water Act (1998), the department aims to ensure that South Africa's water resources are protected by: establishing a water resources classification system; developing and implementing water quality management strategies to ensure that raw water of acceptable quality is provided to users; facilitating the equitable allocation of water for sustainable growth and development; developing water reconciliation strategies; collecting and analysing information on water resources; improving water use efficiency through the implementation of water conservation and demand management; and implementing the Adopt-a-River programme in all water management areas to ensure the information required for water resource management including rehabilitation of priority river systems.

Support local government to deliver water services

In support of local government in its function to provide water services, the department will provide capacity through the deployment of engineers to municipalities to assist with infrastructure related programmes or projects, and oversee the training of staff required to ensure the optimal operation of wastewater treatment works and compliance with the green drop and blue drop assessments.

Institutional re-alignment/strengthening oversight of water boards and centralisation of management of the whole water-value-chain

The department will strengthen its oversight of all entities reporting to it (such as the water boards and the Trans-Caledon Tunnel Authority). In relation to the water boards, the department will ensure that sound, transparent and efficient financial management practices are in place and that the water boards comply with all relevant legislation. Outdated guidelines for the water boards will also be updated. As part of the institutional re-alignment strategy, the department will re-look at the mandate of the water boards to ensure that those with high technical capacity, such as Rand Water, are fully used. The institutional re-alignment process will ensure that all institutions involved in the function provide a seamless approach to managing water infrastructure. In the long term and in response to Parliament's request that there be further consultation on the draft bill, the department will revisit the idea of establishing the National Water Resource Infrastructure Agency, which would be responsible for managing the whole water value chain. It is envisaged that the agency will be established from the merger of the Trans-Caledon Tunnel Authority and the water trading entity to leverage off the assets owned by the entity.

Strengthening internal technical capacity to address the backlog in infrastructure maintenance

The department will also strengthen internal technical capacity to ensure the effective operation and maintenance of national water assets, which are valued at about R123 billion, and institute measures and controls to ensure efficiency and delivery in all capital infrastructure projects, including the seven new planned water augmentation projects over the medium term. The cost of addressing the current backlog related to operation and maintenance of national water infrastructure is estimated at about R13 billion. Financing this is hampered by the fact that the cost recovery rate for bulk raw water is very low. The department is aiming to develop a comprehensive recovery plan to reduce backlogs and enhance cost recovery, which will include a plan to strengthen the technical and management capacities of both the department and the water trading entity. The entity is responsible for the reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa.

Savings and cost effectiveness measures

The department has implemented cost saving measures in low priority spending and non-essential items. The measures include: procuring new information technologies; reducing excessive use of cell phones, 3G cards and catering; and reducing travel and spending on accommodation, as well as reducing the number of team building activities. The department has also resolved to re-examine the use of professional service providers and downscale where possible.

The department's baseline was reduced by efficiency savings of R619.6 million in 2011/12, R691.5 million in 2012/13 and R291.7 million in 2013/14, mostly in the *Water Infrastructure Management* programme and mostly from transfers to departmental agencies.

Selected performance indicators

Table 38.1 Water Affairs

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of new reconciliation strategies developed to ensure water security per year	Water Sector Management	3	5	8	2	2	4	3
Total number of water monitoring stations and number of priority catchments optimally monitored ¹	Water Sector Management	2	2	2	5	5	5	5
Number of additional people provided with access to water per year	Regional Implementation and Support	1.27 million	1.06 million	1.07 million	1.2m	1 million	1 million	1 million
Number of bulk infrastructure schemes implemented per year	Regional Implementation and Support	31	32	38	54	55	52	43
Number of additional rainwater harvesting tanks distributed for food production per year	Regional Implementation and Support	50	300	2 544	5 000	6 000	7 000	8 000
Number of additional resource poor farmers supported with subsidies per year	Regional Implementation and Support	300	30	5 725	666	1 000	1 500	2 000
Number of new water management areas in which compulsory licensing processes have been completed per year	Water Sector Regulation	–	2	5	2	2	3	1
Number of water licences issued per year	Water Sector Regulation	90	80	200	250	300	250	300
Number of water supply systems assessed to meet effluent standards per year	Water Sector Regulation	0	401	787	792	797	803	810
Number of existing bilateral instruments realigned or expanded per year	International Water Cooperation	–	–	–	1	1	1	1
Number of country strategies established per year	International Water Cooperation	–	–	–	2	2	2	2
Number of municipalities supported in water conservation and water demand management per year	Regional Implementation and Support	8	50	80	4	–	–	–
Percentage completion on construction of Inyaka water treatment works	Regional Implementation and Support	16%	36%	56%	73%	98%	100%	
Percentage completion on construction of Nandoni water distribution network and water treatment works	Regional Implementation and Support	38%	49%	60%	69%	79%	90%	100%
Percentage completion on construction of Nandoni pipeline	Regional Implementation and Support	12%	49% ²	70% ²	51% ²	27%	69%	100%
Percentage completion on construction of Groot Letaba water augmentation project water distribution network and water treatment works	Regional Implementation and Support	–	–	8%	11%	20%	32%	45%
Percentage completion on construction of Hluhluwe regional water scheme	Regional Implementation and Support	12%	35%	61%	81%	92%	100%	–
Percentage of construction of the pipeline from Middle Letaba dam	Regional Implementation and Support	–	–	–	76%	94%	100%	–

Table 38.1 Water Affairs (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Hectares of land cleared of alien plants and vegetation per year	Regional Implementation and Support	595 011ha	642 448ha	895 900ha	715 400ha	889 915ha	889 915ha	–
Hectares of land converted to woodlots per year	Regional Implementation and Support	–	670ha	990ha	1 655ha	2 050ha	2 050ha	–
Number of jobs created by Working for Water per year	Regional Implementation and Support	28 785	25 339	19 203	25 300	28 400	28 400	30 000
Number of jobs created by Working on Fire per year	Regional Implementation and Support	1 528	1 651	1 669	2 221	2 890	2 890	3 000

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

2. The Nandoni pipeline was not completed on time due to installed pipelines which failed pressure tests. The department will correct this and complete the project.

Expenditure estimates

Table 38.2 Water Affairs

Programme				Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
Audited outcome								
R thousand	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	595 591	679 838	864 492	939 739	776 316	862 122	888 117	930 983
Water Sector Management	390 316	413 122	443 544	446 906	369 058	718 726	797 953	685 212
Water Infrastructure Management	1 185 865	1 644 329	2 108 080	2 238 232	2 207 247	2 607 963	2 658 070	3 039 102
Regional Implementation and Support	2 541 179	2 961 007	3 687 917	4 364 396	4 065 821	5 608 933	5 743 839	6 078 509
Water Sector Regulation	80 296	80 553	73 170	203 139	180 457	112 370	116 097	121 792
International Water Cooperation	9 668	18 906	11 441	10 781	10 781	26 111	27 411	27 878
Total	4 802 915	5 797 755	7 188 644	8 203 193	7 609 680	9 936 225	10 231 487	10 883 476
Change to 2010 Budget estimate				206 601	(386 912)	846 018	603 255	725 691
Economic classification								
Current payments	2 377 921	2 597 778	2 954 944	3 727 598	3 303 294	4 005 157	4 586 023	4 619 305
Compensation of employees	880 457	875 591	899 789	1 147 277	964 762	1 195 422	1 272 415	1 348 769
Goods and services	1 497 019	1 722 016	2 048 237	2 580 321	2 338 532	2 809 735	3 313 608	3 270 536
of which:								
Administrative fees	4 045	6 447	7 736	15 649	15 649	10 722	11 488	12 112
Advertising	9 308	20 703	11 414	18 887	18 887	30 264	31 407	33 088
Assets less than the capitalisation threshold	11 234	11 438	5 920	37 381	37 381	27 159	28 698	30 236
Audit cost: External	13 853	10 414	13 282	15 192	15 192	515	545	575
Bursaries: Employees	7 107	5 901	5 169	10 461	8 461	10 459	10 494	11 206
Catering: Departmental activities	4 030	7 214	6 473	9 010	9 010	7 648	8 167	8 610
Communication	49 378	44 898	63 568	18 540	18 540	21 545	23 064	24 312
Computer services	120 057	107 469	211 182	121 881	107 943	57 801	63 386	67 705
Consultants and professional services: Business and advisory services	548 978	554 509	380 900	622 023	508 919	468 701	791 690	704 123
Consultants and professional services: Infrastructure and planning	40 494	83 074	424 452	768 043	705 761	280 080	288 984	218 610
Consultants and professional services: Laboratory services	–	3 821	7 348	1 877	1 877	3 543	3 745	3 950
Consultants and professional services: Legal costs	3 066	5 616	2 457	4 192	4 192	8 154	8 838	9 038
Contractors	28 560	86 314	64 863	112 007	96 007	44 175	46 549	48 954
Agency and support / outsourced services	170 985	255 619	282 389	270 480	255 280	1 229 432	1 355 152	1 421 970
Entertainment	239	535	379	1 617	1 617	1 910	1 992	2 091
Fleet services (including government motor transport)	–	–	–	50	50	3	4	3

Table 38.2 Water Affairs (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Current payments								
<i>Housing</i>	–	–	–	5	5	5	6	6
<i>Inventory: Food and food supplies</i>	2 959	4 056	2 798	448	448	396	419	441
<i>Inventory: Fuel, oil and gas</i>	–	923	11 894	14 543	14 543	2 806	2 976	3 137
<i>Inventory: Learner and teacher support material</i>	1 500	3 995	2 845	1 112	1 112	1 258	1 325	1 396
<i>Inventory: Materials and supplies</i>	1 543	4 241	15 435	3 484	3 484	2 909	3 085	3 252
<i>Inventory: Medical supplies</i>	6	38	375	536	536	516	547	575
<i>Inventory: Other consumables</i>	2 002	5 172	20 712	22 450	22 450	13 376	14 106	14 882
<i>Inventory: Stationery and printing</i>	76 964	68 820	23 424	27 384	26 384	79 570	82 705	87 308
<i>Lease payments</i>	17 964	23 117	178 672	28 616	28 616	54 080	57 137	60 237
<i>Property payments</i>	141 727	132 150	22 287	174 407	173 223	215 303	232 159	244 057
<i>Transport provided: Departmental activity</i>	168	2 055	26	2 638	2 638	9 334	9 819	10 357
<i>Travel and subsistence</i>	212 140	238 136	205 644	191 757	174 976	150 818	167 062	177 156
<i>Training and development</i>	14 282	20 263	35 860	44 987	44 987	31 545	33 521	35 116
<i>Operating expenditure</i>	10 584	11 394	33 318	25 848	25 848	26 557	19 258	19 920
<i>Venues and facilities</i>	3 846	3 684	7 415	14 816	14 516	19 151	15 280	16 113
<i>Interest and rent on land</i>	445	171	6 918	–	–	–	–	–
Transfers and subsidies	2 050 245	2 709 452	3 135 249	3 356 665	3 285 612	3 767 153	3 336 670	3 758 070
Provinces and municipalities	733 090	995 406	908 944	1 038 528	1 014 352	1 011 515	399 764	421 751
Departmental agencies and accounts	1 190 161	1 657 782	1 958 464	2 059 328	2 028 343	2 503 542	2 525 845	2 899 366
Foreign governments and international organisations	510	533	177 081	180 306	180 306	180 600	180 625	190 529
Public corporations and private enterprises	39 287	7	43	4 127	4 127	–	–	–
Non-profit institutions	350	378	450	476	10	–	–	–
Households	86 847	55 346	90 267	73 900	58 474	71 496	230 436	246 424
Payments for capital assets	371 051	487 187	1 048 174	1 118 930	1 020 774	2 163 915	2 308 794	2 506 101
Buildings and other fixed structures	225 854	441 632	1 014 013	1 033 834	952 088	2 088 564	2 229 377	2 422 506
Machinery and equipment	42 295	44 203	33 394	72 520	61 024	60 646	63 952	67 320
Biological assets	–	–	4	229	229	–	–	–
Land and sub-soil assets	–	–	–	56	56	–	–	–
Software and other intangible assets	102 902	1 352	763	12 291	7 377	14 705	15 465	16 275
Payments for financial assets	3 698	3 338	50 277	–	–	–	–	–
Total	4 802 915	5 797 755	7 188 644	8 203 193	7 609 680	9 936 225	10 231 487	10 883 476

Expenditure trends

The spending focus over the medium term will be on infrastructure and bulk distribution in order to provide a reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa. This focus is also expected to create jobs in line with the government's new growth path strategy.

Spending grew from R4.8 billion in 2007/08 to R8.2 billion in 2010/11, at an average annual rate of 19.5 per cent. The increase was driven by spending on the development of bulk water infrastructure, including the construction of the De Hoop Dam and ancillary infrastructure, such as distribution pipelines, and the rehabilitation and repair of existing bulk infrastructure. Most of the increased spending on developing bulk water infrastructure is reflected in the *Water Infrastructure Management* programme, which grew from R1.2 billion to R2.2 billion between 2007/08 and 2010/11, mostly in transfer payments to water service authorities and water boards. Spending on compensation of employees increased from R880.5 million in 2007/08 to R1.2 billion in 2010/11, at an average annual rate of 9.2 per cent.

Expenditure on consultants increased from R549 million in 2007/08 to R622 million in 2010/11, at an average annual rate of 4.3 per cent. Over the medium term, expenditure on consultants is expected to increase to R704 billion, at an average annual rate of 4.2 per cent, mostly due to inflation related adjustments. The growth in both periods is due to insufficient capacity to design, execute and oversee most the capital infrastructure projects implemented throughout the country. Most of the feasibility studies conducted by the Department of Water Affairs are outsourced to external consultants.

Over the MTEF period, spending is expected to increase from R8.2 billion to R10.9 billion, at an average annual rate of 9.9 per cent. The rate of growth is slower than that between 2007/08 and 2010/11, mainly as a result of efficiency savings of R1.7 billion. This increase includes additional allocations of R1 billion in 2011/12, R1.3 billion in 2012/13 and R984.2 million in 2013/14 to be spent as follows over the medium term:

- R245 million for the completion of the construction of the De Hoop Dam
- R780.3 million for the bulk distribution system of the De Hoop Dam
- R520 million for the replacement of Nandoni pipeline.

Infrastructure spending

The Department of Water Affairs oversees and manages a total of 151 water and waste water infrastructure projects at various levels of government throughout South Africa. The total estimated cost of these projects is R70.9 billion. The projects are at different stages of completion and include those projects where new infrastructure is being built, or existing infrastructure is being refurbished, rehabilitated, upgraded or maintained. Infrastructure spending includes direct expenditure on national water resources infrastructure projects by the department through its public entities and indirect expenditure on regional bulk water and waste water infrastructure projects through transfers to water services authorities and water boards. Between 2007/08 and 2009/10, approximately R5.1 billion was spent on water and waste water infrastructure projects. Projected expenditure on water and waste water infrastructure projects in 2010/11 is approximately R2.7 billion. Over the MTEF period, expenditure is expected to increase to R13.6 billion.

Mega infrastructure projects

Olifants River water resources development project

The cost of the Olifants River water resources development project is R16.2 billion. This phase of the project involves the construction of the De Hoop Dam and the bulk raw water distribution systems. The estimated costs for completing the De Hoop Dam are approximately R3.1 billion. Of the estimated budget of R3.1 billion, R2.1 billion has been spent up to 2010/11 and R926.4 million will be spent over the MTEF period. Construction of the dam began in 2007 and is scheduled for commissioning by the end of 2012. Site clearance is expected by March 2013. Commissioning of the dam was delayed by a year due to poor foundation conditions and industrial actions. Construction of the distribution system is scheduled to begin in 2011/12. The project will deliver water for domestic and agricultural use in the Greater Sekhukhune, Waterberg and Capricorn district municipalities. The estimated number of beneficiaries in the domestic sector is more than 3 million people.

The estimated cost for the distribution systems is R13.1 billion. R391.8 million has been spent up to 2010/11. An additional allocation of R780 million has been made over the MTEF period. This additional allocation is subject to the Department of Water Affairs finalising the signing of off-take agreements in 2011/12. In addition to the baseline, the total budget available for the distribution systems over the MTEF period is R1.9 billion. With the assistance of the Trans-Caledon Tunnel Authority, the department expects to raise the shortfall from the market. In addition to finalising off-take agreements in 2011/12, the department will revisit the socioeconomic impact assessment study to determine the financial impact of water from the dam on the municipalities and also determine the shortfall between what the municipalities can afford and the actual cost of water from the dam. Other ways of addressing the shortfall will also be investigated. A communication strategy will be rolled out by the department and the Limpopo provincial government to manage expectations.

Raising of Clanwilliam Dam: The dam is located in the middle reaches of the Olifants River near the town of Clanwilliam. The raising of Clanwilliam Dam will: make it safer during floods and also stabilise dam distortion caused by alkali aggregate reaction; provide an additional yield of 10 million m³ of water per year; and help under-resourced, poor farmers promote food security and decent employment through inclusive economic growth. The total estimated budget for the project is R2.2 billion and it is scheduled for completion by 2015. R403 million has been allocated over the MTEF period.

Mokolo and Crocodile River (West) water augmentation project phase 1 and 2: The project aims to deliver water to Eskom's new Medupi power station and other industries in the area, and domestic water to the Lephalale local municipality. The total estimated project cost for the first phase is R2 billion, of which R603.2 million will be spent over the MTEF period. 75 per cent of the first phase will be funded by off-budget sources. The Minister of Water Affairs has issued a directive to Trans-Caledon Tunnel Authority to procure funding and implement the project. The project will begin in 2011/12 and is scheduled for commissioning in 2013/14.

Great Letaba River development project, raising of Tzaneen and Namitwa Dams: The project aims to: augment the supply to meet projected growing water requirements by 2025; improve water availability in the riverine ecosystem; and stabilise water availability to the irrigation sector, including the establishment of resource poor farmers. The estimated value of the project is about R2 billion, of which R386.1 million has been allocated over the MTEF period.

Nandoni water treatment works and distribution networks: The project aims at augmenting water supply to the Vhembe district municipality in the Limpopo. The total value of the project is R2 billion, of which R532.9 million has been allocated over the MTEF period. The project began in 2006/07 and is scheduled for commissioning in 2013/14.

Nandoni pipeline project: The project aims to convey water for domestic use in the Vhembe District Municipality, Limpopo Province. The project began in 2006/07 and is scheduled for completion in 2012/13. The commissioning of this project was delayed due to the quality of the pipes, which increased the project cost from R200 million to R720 million. R520 million has been allocated over the 2011 MTEF period.

Small infrastructure projects

The department is involved in over 60 small water and waste water infrastructure projects with a project value of less than R100 million each and a combined cost in excess of R3.2 billion. At least R904.8 million has been spent on these small infrastructure projects up to 2010/11 and at least R1.4 billion has been allocated over the MTEF period.

Personnel information

The department has an establishment of 5 869 posts, which are all funded and 383 are additional to the establishment. The department currently employs 4 286 individuals and there are 1 155 vacant posts as at September 2010. The number of staff is estimated to increase over the medium term as the vacant posts are filled. The department is experiencing problems filling vacancies at the technical, engineering and scientist levels due to the packages paid to the occupational classes. The department also experiences difficulty in retaining individuals with skills as the market is highly competitive. The ratio of support staff to line function staff is 1:0.9.

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. Receipts increased from R55 000 in 2007/08 to R42.1 million in 2010/11, at an average annual rate of 814.5 per cent. Revenue reflected in 2007/08 of R55 000 is due to the correction of a system error on the conversion of debt from previous financial years. In 2009/10, the department collected revenue of R76.3 million, of which R36 million was attributed to the write-off of two historical loans. Over the MTEF period, revenue is expected to decrease from R42.1 million in 2010/11 to R25.9 million in 2013/14, at an average annual rate of 14.9 per cent. The decrease is driven mainly by the collection of repayments of loans to water boards and water user associations.

Table 38.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	55	26 643	76 279	42 070	42 070	22 918	24 336	25 895
Sales of goods and services produced by department	3 172	2 210	5 398	3 525	3 525	1 889	1 927	1 970
Sales of scrap, waste, arms and other used current goods	64	105	35	45	45	35	34	30
Fines, penalties and forfeits	–	–	(12)	–	–	–	–	–
Interest, dividends and rent on land	6 022	9 379	34 873	10 240	10 240	2 014	2 025	2 040
Sales of capital assets	255	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	(9 458)	14 949	35 985	28 260	28 260	18 980	20 350	21 855
Total	55	26 643	76 279	42 070	42 070	22 918	24 336	25 895

Programme 1: Administration

- *Ministry* provides support to the minister and deputy minister. This entails handling priority enquiries and correspondence. This subprogramme has a staff complement of 26 and a 2011/12 budget of R25.7 million, of which 51.9 per cent is used for payment of salaries.
- *Departmental Management* provides administrative support to the director general and secretariat services to the department. This entails making provisions for salary payments to the director general and support staff in the office of the director general. This subprogramme has a staff complement of 44 and a 2011/12 budget of R92.2 million, of which 58.4 per cent is used for goods and services, travel and consultants.
- *Internal Audit* provides independent, objective assurance and advisory services designed to add value and improve the department's operations. This entails providing support and advisory services to the department. This subprogramme has a staff complement of 37 and a 2011/12 budget of R17.1 million, of which 71.1 per cent is used for the payment of salaries within the internal audit section of the department.
- *Corporate Services* provides administrative support to the department and comprises various sub-programmes, namely: human resources communication services; legal services; administration; and information services. The key activities within these are providing leadership in policy development and core support services through implementing various systems and processes. This subprogramme has a staff complement of 631 and a 2011/12 budget of R358.2 million, of which 38.8 per cent is used for compensation of employees.
- *Financial Management* provides efficient management of daily financial operations, processes and systems. This entails classification, recording and reporting on financial accounting activities. This subprogramme has a staff complement of 36 and a 2011/12 budget of R165.3 million, of which 41.3 per cent is used for compensation of employees.
- *Office Accommodation* deals with the payments of rental, municipal services, and rates and taxes on all accommodation leased by the department. The full budget is spent on goods and services for all the accommodation leased by the department.

Expenditure estimates

Table 38.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Ministry ¹	2 378	10 238	14 902	35 512	25 673	26 632	28 079
Departmental Management (DG's Office)	63 687	30 522	83 503	142 251	92 194	88 873	93 599
Internal Audit	20 215	21 423	10 577	26 113	17 080	17 932	18 918
Corporate Services	334 359	410 480	448 645	399 102	358 241	375 135	394 710
Financial Management	69 000	83 860	139 774	175 577	165 342	159 737	164 650
Office Accommodation	105 952	123 315	167 091	161 184	203 592	219 808	231 027
Total	595 591	679 838	864 492	939 739	862 122	888 117	930 983
Change to 2010 Budget estimate				66 315	(174 651)	(146 929)	(161 454)

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

Current payments	510 602	651 946	797 943	885 637	806 750	835 005	875 097
Compensation of employees	133 008	155 769	205 965	317 295	263 387	280 106	295 296
Goods and services	377 594	496 177	585 218	568 342	543 363	554 899	579 801
<i>of which:</i>							
Administrative fees	2 154	3 873	2 390	2 591	5 758	6 227	6 568
Advertising	4 407	16 683	8 087	11 034	21 613	22 216	23 390
Assets less than the capitalisation threshold	3 892	3 421	1 924	13 168	8 164	8 599	9 077
Audit cost: External	13 826	10 386	13 219	14 997	–	–	–
Bursaries: Employees	7 086	5 810	5 139	10 060	9 733	9 987	10 675
Catering: Departmental activities	1 344	2 975	2 176	1 681	1 624	1 719	1 815
Communication	15 910	18 337	31 450	3 158	6 180	6 715	7 079
Computer services	87 166	73 033	173 419	75 574	14 745	15 413	16 224
Consultants and professional services: Business and advisory services	33 037	59 544	23 761	109 578	82 432	69 934	69 802
Consultants and professional services: Infrastructure and planning	–	133	1 557	–	48 637	49 205	51 746
Consultants and professional services: Laboratory services	–	–	–	–	1 000	1 050	1 108
Consultants and professional services: Legal costs	3 066	123	2 457	4 125	6 659	7 265	7 378
Contractors	1 701	10 415	31 203	18 173	30 436	32 016	33 772
Agency and support / outsourced services	6 992	64 323	23 475	41 277	22 049	23 249	24 548
Entertainment	176	109	298	1 149	1 182	1 246	1 309
Inventory: Food and food supplies	2 016	2 835	1 440	38	7	7	6
Inventory: Fuel, oil and gas	–	23	13	–	–	–	–
Inventory: Learner and teacher support material	–	1 825	1 432	35	66	69	74
Inventory: Materials and supplies	1 477	2 385	249	57	17	19	19
Inventory: Medical supplies	6	20	318	103	112	118	124
Inventory: Other consumables	1 148	1 241	1 910	3 081	7 145	7 502	7 914
Inventory: Stationery and printing	14 311	15 294	9 416	10 285	9 258	9 810	10 414
Lease payments	2 628	3 601	147 309	1 614	1 081	1 141	1 203
Property payments	107 759	123 063	15 120	167 194	205 373	221 542	232 856
Transport provided: Departmental activity	39	42	–	650	130	146	155

Table 38.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Current payments	510 602	651 946	797 943	885 637	806 750	835 005	875 097
Travel and subsistence	55 228	60 643	55 343	47 228	32 287	35 317	37 058
Training and development	9 757	14 148	12 060	20 043	16 917	18 021	18 776
Operating expenditure	1 497	1 871	19 216	7 463	2 254	2 372	2 500
Venues and facilities	971	21	837	3 986	8 504	3 994	4 211
Interest and rent on land	–	–	6 760	–	–	–	–
Transfers and subsidies	57 531	11 539	10 217	14 096	18 192	14 175	14 920
Provinces and municipalities	–	2	26	–	–	–	–
Departmental agencies and accounts	646	716	1 099	1 096	1 500	1 575	1 654
Households	56 885	10 821	9 092	13 000	16 692	12 600	13 266
Payments for capital assets	27 458	13 015	6 055	40 006	37 180	38 937	40 966
Buildings and other fixed structures	13 464	104	30	3 866	2 805	2 945	3 188
Machinery and equipment	12 749	12 665	6 002	25 469	22 912	23 948	25 128
Software and other intangible assets	1 245	246	23	10 671	11 463	12 044	12 650
Payments for financial assets	–	3 338	50 277	–	–	–	–
Total	595 591	679 838	864 492	939 739	862 122	888 117	930 983
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	646	716	1 088	1 096	1 500	1 575	1 654
Energy Sector Education and Training Authority: Contribution to operations: Skills Levy payable to SETA	646	716	1 088	1 096	1 500	1 575	1 654
Households							
Households social benefits							
Current	56 885	10 821	399	13 000	4 292	100	106
Leave gratuity	56 885	10 821	399	13 000	4 292	100	106
Universities and technikons							
Current	–	–	8 693	–	11 900	12 000	12 660
Learning Academy: Bursaries	–	–	8 693	–	11 900	12 000	12 660
Provinces and municipalities							
Municipalities							
Municipal agencies and funds							
Current	–	–	26	–	–	–	–
Regional Services Council levies	–	–	–	–	–	–	–
Motor vehicle licences	–	–	26	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	2	–	–	–	–	–
Regional Services Council levies	–	2	–	–	–	–	–
Households							
Households other transfers							
Current	–	–	184	–	500	500	500
Youth Programme	–	–	184	–	500	500	500

Expenditure trends

Spending grew from R595.6 million in 2007/08 to R939.7 million in 2010/11, at an average annual rate of 16.4 per cent. The growth was mainly due to spending on compensation of employees, which grew from R133 million to R317.3 million between 2007/08 and 2010/11 at 33.6 per cent due to the appointment of additional staff to strengthen the financial management and internal audit functions, and the integration of information services into the *Corporate Services* subprogramme. Expenditure in the *Ministry* subprogramme increased from R2.4 million in 2007/08 to R35.5 in 2010/11, at an average annual of 146.3 per cent. This increase was as a result of the integration of the salaries of the minister, deputy minister and their support staff into this subprogramme.

Over the medium term, expenditure is expected to decrease to R931 million, at an average annual rate of 0.3 per cent. The decrease is due to the implementation of efficiency savings within the programme.

Programme 2: Water Sector Management

- *Policy and Planning Management and Support* oversees the overall management and oversight of the programme by ensuring effective and efficient operation of the office of the deputy director general. This subprogramme has a staff complement of 7 and a 2011/12 budget of R5.5 million, of which 72.4 per cent is used for compensation of employees.
- *Integrated Planning* develops comprehensive plans that guide all initiatives, infrastructure development, systems and services management within the water sector. This entails developing reconciliation strategies, developing feasibility plans, an integrated hydrological plan, options analysis, and macro planning. This subprogramme has a staff complement of 84 and a 2011/12 budget of R233.3 million, of which 71.2 per cent is used for consultants and planning. In 2010/11, 2 reconciliation strategies will be completed in Algoa and Mzimvubu in Eastern Cape.
- *Policy and Strategy* reviews, develops, maintains and monitors the implementation of water sector policy, and plans strategies to implement functions required to ensure reliable and equitable water supply and services. This subprogramme has a staff complement of 15 and a 2011/12 budget of R45.6 million, of which 41.6 per cent is used agency and support services. In 2010/11, themes have been drafted to be included in the second edition of the national water resource strategy, which has been gazetted for public consultation.
- *Water Ecosystem* develops and implements measures to protect water resources. This entails classifying systems, determining reserves, and conducting resource quality audits and resource directed measures of compliance. This subprogramme has a staff complement of 38 and a 2011/12 budget of R39.6 million, of which 57.8 per cent is used for consultants and infrastructure planning. In 2009/10, the Adopt-a-River programme was implemented in the Crocodile and the Vaal rivers.
- *Water Information Management* ensures the development and maintenance of systems and programmes for data and information acquisition and management, builds the knowledge base on all aspects of water, and coordinates and audits implementation by the department, catchment management agencies and other water management institutions or agencies. This entails providing resource quality information services, spatial and land information management, water information quality assurance and audits, information programmes, and surface and ground water information services. This subprogramme has a staff complement of 195 and a 2011/12 budget of R198.2 million, of which 50.2 per cent is used for compensation of employees. In 2010/11, 5 priority catchments were monitored.
- *Institutional Oversight* involves institutional governance of water management institutions; and facilitates the establishment and development, and support and oversight of water institutions and the sector. This entails providing institutional support, establishing catchment management agencies, and providing advisory services oversight. This subprogramme has a staff complement of 49 and the 2011/12 budget of R196.5 million, which is all used for transfers to sector institutions. In 2010/11, the department transferred R21 million to both the Inkomati Catchment Management Agency and Breede-Overberg Catchment Management Agency. Over the medium term, a total of R138.8 million will be transferred to these agencies (R69.5 million and R69.3 million respectively). In 2010/11, the department finalised the delegations of functions to catchment management agencies and these will be approved by the minister in 2011/12. The

delegations will enable the catchment management agencies to perform most of the water resource functions.

Objectives and measures

- Ensure that available water is used efficiently by implementing water conservation and demand management programmes, including sector awareness and mobilisation, and developing conservation methodologies and indicators by 2011/12.
- Maintain a reliable and equitable supply of water and provide reliable and equitable services through ensuring sustainable and effective management by developing 2 reconciliation strategies (Bloemfontein and Mzimkulu catchment development) and 1 feasibility plan (phase 2 of the Mokolo and Crocodile River (West) water augmentation project) in 2011/12.
- Improve regional water resources management by ensuring that shared water resources are managed in collaboration with neighbouring states by establishing the Joint Water Commission and undertaking international water resource management plans for shared 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 by March 2011 to raise funding for refurbishing existing infrastructure.
- Ensure the efficient use and protection of water resources by:
 - finalising the water resources classification system and determining the resource class in 1 priority area by 2011/12
 - setting strategic frameworks for water management nationally by 2011/12
 - finalising the second edition of the national water resource strategy by 2011/12
 - finalising the climate change strategy by 2011/12
 - developing institutional reforms and realignment proposals for water sector institutions by 2011/12.

Expenditure estimates

Table 38.5 Water Sector Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Policy and Planning Management and Support	2 902	3 147	5 655	3 738	5 481	5 810	6 130
Integrated Planning	94 781	99 684	125 250	160 491	233 292	315 137	177 951
Policy and Strategy	42 681	42 511	17 114	38 160	45 649	47 280	48 538
Water Ecosystem	20 969	27 705	43 200	29 805	39 583	42 007	44 010
Water Information Management	144 189	161 453	174 268	174 483	198 221	209 268	218 703
Institutional Oversight	84 794	78 622	78 057	40 229	196 500	178 451	189 880
Total	390 316	413 122	443 544	446 906	718 726	797 953	685 212
Change to 2010 Budget estimate				82 157	279 098	336 398	198 271
Economic classification							
Current payments	342 034	371 527	376 376	397 575	551 655	678 613	556 192
Compensation of employees	98 978	105 516	107 813	139 812	205 059	216 320	227 919
Goods and services	243 056	266 011	268 563	257 763	346 596	462 293	328 273
of which:							
Administrative fees	24	136	1 389	757	1 233	1 307	1 379
Advertising	74	80	167	388	814	864	911
Assets less than the capitalisation threshold	1 566	2 424	899	3 127	2 923	3 099	3 268
Audit cost: External	27	28	–	–	435	461	486
Bursaries: Employees	–	7	–	–	59	62	66
Catering: Departmental activities	39	109	228	349	386	409	432
Communication	8 098	8 886	3 585	1 371	1 665	1 765	1 861

Table 38.5 Water Sector Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Current payments							
Computer services	17 856	24 224	21 429	28 892	13 206	13 998	14 768
Consultants and professional services: Business and advisory services	128 572	74 411	36 475	13 667	5 576	118 906	52 596
Consultants and professional services: Infrastructure and planning	26 764	77 249	124 427	161 212	210 159	215 242	141 760
Consultants and professional services: Laboratory services	–	–	–	–	424	449	474
Contractors	6 892	7 937	1 983	5 184	4 590	4 865	5 133
Agency and support / outsourced services	12 831	29 413	40 177	8 521	63 255	54 868	56 611
Entertainment	8	4	12	30	47	49	53
Fleet services (including government motor transport)	–	–	–	–	3	4	3
Inventory: Food and food supplies	72	91	2	6	5	5	6
Inventory: Fuel, oil and gas	–	294	210	190	210	223	235
Inventory: Learner and teacher support material	–	171	12	15	23	24	26
Inventory: Materials and supplies	7	135	72	306	46	49	51
Inventory: Medical supplies	–	–	2	13	3	3	3
Inventory: Other consumables	69	2 074	2 227	1 957	2 232	2 366	2 497
Inventory: Stationery and printing	7 765	3 222	3 217	3 551	4 707	4 989	5 264
Lease payments	3 975	3 299	3 153	1 825	2 631	2 789	2 942
Property payments	–	–	465	605	471	499	527
Transport provided: Departmental activity	–	–	–	1 046	–	–	–
Travel and subsistence	20 949	22 190	21 724	19 371	22 694	25 670	27 081
Training and development	1 125	2 473	3 022	3 239	5 874	6 227	6 569
Operating expenditure	6 141	6 938	3 218	914	1 508	1 599	1 687
Venues and facilities	202	216	468	1 227	1 417	1 502	1 584
Transfers and subsidies	34 607	34 198	60 928	40 979	118 154	67 496	74 318
Provinces and municipalities	10	–	1 772	40 229	–	–	–
Departmental agencies and accounts	3 650	4 600	32 893	–	74 079	46 200	48 510
Public corporations and private enterprises	1 600	–	43	–	–	–	–
Households	29 347	29 598	26 220	750	44 075	21 296	25 808
Payments for capital assets	13 675	7 397	6 240	8 352	48 917	51 844	54 702
Buildings and other fixed structures	108	–	–	–	33 920	35 955	37 933
Machinery and equipment	11 423	6 866	5 636	7 076	11 785	12 500	13 178
Biological assets	–	–	4	–	–	–	–
Software and other intangible assets	2 144	531	600	1 276	3 212	3 389	3 591
Total	390 316	413 122	443 544	446 906	718 726	797 953	685 212
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3 650	4 600	38 290	–	74 079	46 200	48 510
Refurbishment of the Bushbuckridge Water Board	–	–	–	–	18 000	–	–
Catchment Management Agencies: Seed funding	3 650	4 600	38 290	–	56 079	46 200	48 510
Households							
Households social benefits							
Current	9	261	855	750	–	–	–
Leave gratuity	9	261	855	750	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							

Table 38.5 Water Sector Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Current	10	–	1 772	40 229	–	–	–
Motor vehicle licenses	–	–	1 771	–	–	–	–
Regional Services Council levy	10	–	1	–	–	–	–
Breede Catchment Management Agency	–	–	–	20 115	–	–	–
Inkomati Catchment Management Agency	–	–	–	20 114	–	–	–
Households							
Households other transfers							
Current	29 338	29 337	25 365	–	44 075	21 296	25 808
Financial assistance for small scale farmers	29 338	29 337	25 365	–	44 075	21 296	25 808
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	1 600	–	43	–	–	–	–
Environmental Education Association of South Africa	1 600	–	43	–	–	–	–

Expenditure trends

The spending focus over the medium term will be on designing and building the acid mine drainage treatment facilities, building the monitoring stations, developing reconciliation strategies and transferring funds to the water sector institutions.

Expenditure grew from R390.3 million in 2007/08 to R447 million in 2010/11, at an average annual rate of 4.6 per cent. Over the medium term, spending is expected to increase to R685.2 million, at an average annual rate of 15.3 per cent. The increase over the MTEF period is due to the additional allocation of R225 million in 2011/12 and 2012/13 to design and build an acid mine water treatment facility in the Vaal water management area. R5 million of the allocation is for developing a five-year national strategy to deal with acid mine drainage in South Africa.

Programme 3: Water Infrastructure Management

- *Infrastructure Development and Rehabilitation* provides for the design, construction and commissioning of new water resource infrastructure; and the rehabilitation of existing infrastructure to ensure the safety and functionality of departmental dams and related infrastructure. The subprogramme has a budget of R2.4 million in 2011/12 and R7.2 billion over the medium term, the bulk of which will be used for infrastructure development and related projects. In 2010/11, R1.9 billion was transferred to the water trading entity to continue developments of and refurbishments to existing infrastructure such as dams, pipelines, reservoirs and canals.
- *Operation of Water Resources* provides for the augmentation of the water trading entity to ensure the effective management of water resources and the sustainable operation and management of bulk raw water infrastructure. In 2009/10, R180 million was transferred to the Komati Basin Water Authority, the water management institution responsible for the joint water project between the governments of South Africa and Swaziland, for the repayment of loans for the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland. The construction of the De Hoop Dam started in 2007 and, to date, an average of 700 employment opportunities per year have been created, and 11 broad based black economic empowerment contractors and consultants have been employed in compliance with the De Hoop Dam charter. In 2010/11 and 2011/12, 250 job opportunities will be created in the first phase of the Mokolo and Crocodile River (West) augmentation project

Objectives and measures

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

Table 38.6 Water Infrastructure Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Infrastructure Development and Rehabilitation	902 312	1 328 096	1 977 218	2 098 211	2 440 826	2 482 577	2 853 957
Operation of Water Resources	283 553	316 233	130 862	140 021	167 137	175 493	185 145
Total	1 185 865	1 644 329	2 108 080	2 238 232	2 607 963	2 658 070	3 039 102
Change to 2010 Budget estimate				(3 186)	334 425	102 000	350 000
Economic classification							
Current payments	–	–	1 856	–	–	–	–
Compensation of employees	–	–	1 827	–	–	–	–
Goods and services	–	–	29	–	–	–	–
of which:							
Travel and subsistence	–	–	29	–	–	–	–
Transfers and subsidies	1 185 865	1 644 329	2 106 224	2 238 232	2 607 963	2 658 070	3 039 102
Departmental agencies and accounts	1 185 865	1 644 329	1 924 472	2 058 232	2 427 963	2 478 070	2 849 202
Foreign governments and international organisations	–	–	175 953	180 000	180 000	180 000	189 900
Households	–	–	5 799	–	–	–	–
Total	1 185 865	1 644 329	2 108 080	2 238 232	2 607 963	2 658 070	3 039 102
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Capital	1 185 865	1 644 329	1 918 902	2 058 232	2 427 963	2 478 070	2 849 202
Transfer to Water Trading Entity	902 312	1 328 096	1 801 265	1 918 211	2 260 826	2 302 577	2 664 057
Operation of Water Resource Infrastructure	283 553	316 233	117 637	140 021	167 137	175 493	185 145
Households							
Households social benefits							
Capital	–	–	5 799	–	–	–	–
Operation of Water Resource Infrastructure	–	–	5 799	–	–	–	–
Foreign governments and international organisations							
Capital	–	–	175 953	180 000	180 000	180 000	189 900
Komati River Basin Authority	–	–	175 953	180 000	180 000	180 000	189 900

Expenditure trends

The spending focus over the medium term will be on making transfer payments to the water trading entity, which manages the development, rehabilitation and operation of infrastructure on behalf of the department.

Expenditure increased significantly from R1.2 billion in 2007/08 to R2.2 billion in 2010/11, at an average annual rate of 23.6 per cent. The growth is as a result of additional allocations for the Olifants River water resources development project.

Over the MTEF period, expenditure in this programme is expected to grow to R3 billion, at an average annual rate of 10.7 per cent. The growth is mostly attributable to the *Infrastructure, Development and Rehabilitation* subprogramme, which is projected to increase by R755.8 million over the period as a result of the additional allocations of R245 million to complete the construction of the De Hoop Dam and R780.3 million for the bulk

distribution system of the De Hoop Dam. The transfer payments to the water trading entity are projected to grow from R2.1 billion in 2010/11 to R2.8 billion in 2013/14, to allow the water trading entity to undertake bulk infrastructure projects on behalf of the department.

Programme 4: Regional Implementation and Support

- *Regional Management and Support* provides strategic support and oversees the overall management and oversight of the programme. This subprogramme has a staff complement of 11 and a total 2011/12 of R9.2 million, of which 49.3 per cent is used for staff compensation and the salary of the deputy director general.
- *Sector Support and Intergovernmental Relations* coordinates sector collaborations and intergovernmental relations; ensures that provincial water sector plans are aligned with provincial growth and development strategies; ensures water conservation through efficient infrastructure management and the water use efficiency programme; and implements an accelerated community infrastructure programme. This subprogramme has a staff complement of 854 and a total 2011/12 of R1.2 billion, of which 26 per cent is used for consultants and agency support services and 22.9 per cent for salaries. To date, all provinces have established provincial water committees or forums and have developed provincial water sector plans.
- *Institutional Establishment* contributes to the establishment of effective water management institutions. This subprogramme's functions have moved to the *Water Sector Management* programme.
- *Regional Programme Coordination* ensures support and the implementation of departmental regional programmes, including all subprogrammes falling under regional implementation and support. The programme has a 2011/12 budget of R955 000, which is used to coordinate the Southern African Development Community (SADC) function of the department.
- *Natural Resource Management Programmes* administers the Working for Water, Working on Fire and Working for Wetlands programmes. This entails working in partnership with local communities, to which it provides jobs, and with national and provincial government departments, research foundations and private companies. This subprogramme has a staff complement of 62 and a 2011/12 budget of R1.3 billion, of which 76.1 per cent is used for Working for Water. In 2009/10, 25 791 and 725 job opportunities were created through the Working for Water and Working on Fire programmes. At the end of September 2010, 15 766 and 3 305 job opportunities had been created through the Working for Water and Working on Fire programmes respectively.
- *Regional Bulk* develops regional bulk infrastructure for water supply and water treatment works, and supplements regional bulk sanitation collector systems as well as regional wastewater treatment works. This entails connecting water from sources to municipal reticulation systems. This subprogramme has a staff complement of 18 and a 2011/12 budget of R1.8 billion, of which 96 per cent is used for developing bulk infrastructure for water supply and water treatment works. In 2009/10, 6 regional bulk projects were completed, 34 projects were under construction and 16 were at a design stage. At the end of September 2010, 4 regional bulk projects were completed, 6 feasibility studies were completed in Free State, KwaZulu-Natal, Limpopo, Northern Cape and North West, and 5 schemes were initiated in clusters 2, 4, 6 and 9 in the Chris Hani district municipality in Eastern Cape and Tokologo in Free State. An additional 4 regional bulk projects were completed: Mthatha bulk water supply in Eastern Cape, Greytown bulk water supply in KwaZulu-Natal, and Hoxani bulk water supply and Mbombela water and sanitation in Mpumalanga. Since the inception of the programme in 2007/08, a total of 15 projects have been completed and 6 342 job opportunities created.
- *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. This entails administering and managing water and wastewater schemes that are in the department's ownership and those that have been transferred to municipalities and other water management institutions. This subprogramme has a staff complement of 13 employees and a 2011/12 budget of R685.7 million, of which 81 per cent is transferred to water service institutions for operation and maintenance functions. In 2009/10, R848.8 million was transferred to 1 643 schemes (including 330 bulk schemes and 1 139 rudimentary schemes) with an asset value of R6.6 billion. The transfer agreement for the

Theewaterskloof Scheme in Western Cape, which was not included in the initial functional assessment, is being concluded. In total, 69 per cent of the transferred schemes have been refurbished. 4 879 personnel have been transferred to municipalities, with 797 being transferred in 2009/10 and 1 087 personnel are still to be seconded to municipalities.

- *Support Services* provides human resources, financial management and general administration to the programme. This subprogramme has a staff complement of 828 and an adjusted 2011/12 budget of R341.3 million, of which 55.7 per cent is used for salaries.
- *Water Services Projects* provides for the construction of new water services projects such as water treatment works and pipelines. This entails fulfilling the water services function for schemes that are included in white papers already approved by Parliament. This subprogramme does not have a staff complement under regional management. The 2011/12 budget is R344.5 million, of which the bulk will be used for the construction of pipelines for the Nandoni water treatment works and distribution network, phase 2 of Inyaka water treatment works and distribution line, and phases 1, 2 and 3 of the Hluhluwe regional water scheme.
- *Integrated Catchments Management* provides for the protection, development, use and management of the resources at water management area level. This function was previously performed in the water trading entity and will be shifted to the main account from 2011/12.

Objectives and measures

- Ensure the availability of water supply for domestic use through the development of infrastructure by providing technical support to municipalities to access potable water through the use of bulk infrastructure schemes by 2013/14.
- Improve access to water for rural development and productive use by:
 - providing 26 000 rainwater harvesting tanks to rural communities for food security by 2013
 - implementing water allocation reform for historically disadvantaged individuals.
- Improve water use efficiency by implementing water conservation and demand management initiatives (such as replacing old pipes, identifying and fixing illegal connections, and upgrading billing systems and consumer metre management) to reduce water losses from 30 per cent to 15 per cent by 2014.
- Ensure the provision of institutional support to local government by:
 - providing targeted engineering advice and technical support to municipalities, where necessary
 - assisting municipalities to develop and implement the regulatory performance measurement system.

Table 38.7 Regional Implementation and Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Regional Management and Support	3 105	5 515	5 618	10 054	9 204	9 756	10 293
Sector Support and Intergovernmental Relations	374 607	307 926	990 756	1 143 622	1 182 293	826 399	821 396
Regional Programme Coordination	–	–	–	919	955	1 003	1 059
Natural Resource Management Programmes	556 096	650 149	624 967	912 196	1 269 527	1 405 850	1 480 153
Regional Bulk	300 000	443 167	623 208	893 000	1 775 340	2 233 107	2 418 808
Transfer of Water Schemes	1 113 188	1 344 987	1 120 022	880 320	685 740	720 004	759 604
Support Services	194 183	209 263	323 346	332 343	341 255	363 731	385 541
Water Services Projects	–	–	–	191 942	344 519	183 889	201 555
Integrated Catchment Management	–	–	–	–	90	90	90
Total	2 541 179	2 961 007	3 687 917	4 364 396	5 608 933	5 743 839	6 078 509
Change to 2010 Budget estimate				35 383	547 030	459 640	496 104
Economic classification							
Current payments	1 440 164	1 478 502	1 696 668	2 245 126	2 511 015	2 931 797	3 041 373
Compensation of employees	609 602	573 781	544 613	624 863	648 949	694 769	740 382

Table 38.7 Regional Implementation and Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Current payments							
Goods and services	830 117	904 550	1 151 897	1 620 263	1 862 066	2 237 028	2 300 991
of which:							
Administrative fees	1 640	2 174	3 134	12 203	2 940	3 117	3 288
Advertising	4 440	3 581	2 597	7 380	7 274	7 731	8 158
Assets less than the capitalisation threshold	3 522	3 580	2 921	19 423	14 685	15 537	16 391
Audit cost: External	–	–	63	195	80	84	89
Bursaries: Employees	21	84	30	401	547	320	338
Catering: Departmental activities	2 599	4 069	3 781	6 780	5 252	5 687	5 999
Communication	16 229	16 425	26 189	13 735	11 542	12 301	12 976
Computer services	14 067	8 898	14 761	15 116	28 242	30 897	33 477
Consultants and professional services:	373 168	415 611	315 092	478 429	360 503	586 281	564 328
Business and advisory services							
onsultants and professional services:	12 744	5 645	293 234	540 550	14 041	14 870	15 688
Infrastructure and planning							
Consultants and professional	–	3 821	7 348	1 877	1 986	2 105	2 219
services: Laboratory services							
Consultants and professional	–	5 493	–	67	1 109	1 164	1 228
services: Legal costs							
Contractors	18 494	46 152	31 552	71 548	5 920	6 275	6 620
Agency and support / outsourced	151 162	155 116	217 389	218 884	1 143 405	1 276 269	1 340 002
services							
Entertainment	55	407	67	438	507	517	544
Housing	–	–	–	5	5	6	6
Inventory: Food and food supplies	871	26	251	403	369	391	412
Inventory: Fuel, oil and gas	–	606	11 671	14 353	2 561	2 716	2 865
Inventory: Learner and teacher	–	8	401	1 062	1 162	1 225	1 292
support material							
Inventory: Materials and supplies	59	1 721	15 099	3 121	2 846	3 017	3 182
Inventory: Medical supplies	–	18	55	420	401	426	448
Inventory: Other consumables	785	1 857	16 521	17 343	3 958	4 195	4 425
Inventory: Stationery and printing	51 914	46 240	7 096	10 019	63 732	65 925	69 552
Lease payments	11 361	16 217	28 003	25 177	49 025	51 791	54 639
Property payments	33 968	9 087	6 702	6 608	9 441	10 100	10 656
Transport provided: Departmental	129	2 013	26	942	9 131	9 597	10 124
activity							
Travel and subsistence	124 151	146 278	114 717	108 766	83 630	93 327	99 569
Training and development	3 283	3 477	19 992	19 674	7 415	7 854	8 286
Operating expenditure	2 838	2 555	10 427	16 904	22 079	14 528	14 934
Venues and facilities	2 617	3 391	2 778	8 440	8 278	8 775	9 256
Interest and rent on land	445	171	158	–	–	–	–
Transfers and subsidies	770 835	1 017 897	956 927	1 050 974	1 022 244	596 304	629 101
Provinces and municipalities	733 080	995 404	907 146	990 469	1 011 515	399 764	421 751
Departmental agencies and accounts	–	8 137	–	–	–	–	–
Foreign governments and	–	–	625	–	–	–	–
international organisations							
Public corporations and private	37 687	7	–	4 127	–	–	–
enterprises							
Households	68	14 349	49 156	56 378	10 729	196 540	207 350
Payments for capital assets	326 482	464 608	1 034 322	1 068 296	2 075 674	2 215 738	2 408 035
Buildings and other fixed structures	210 973	441 187	1 013 567	1 029 881	2 051 839	2 190 477	2 381 385
Machinery and equipment	16 010	22 862	20 617	38 305	23 835	25 261	26 650
Biological assets	–	–	–	(56)	–	–	–
Land and sub-soil assets	–	–	–	56	–	–	–
Software and other intangible assets	99 499	559	138	110	–	–	–
Payments for financial assets	3 698	–	–	–	–	–	–
Total	2 541 179	2 961 007	3 687 917	4 364 396	5 608 933	5 743 839	6 078 509

Table 38.7 Regional Implementation and Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	-	8 137	-	-	-	-	-
Catchment Management Agencies: Seed funding	-	-	-	-	-	-	-
Social Security Funds	-	8 137	-	-	-	-	-
Households							
Households social benefits							
Current	67	13 912	47 863	20 438	6 908	-	-
Leave gratuity	67	893	264	2 000	-	-	-
Water services operating subsidy grant	-	13 019	47 599	18 438	6 908	-	-
Foreign governments and international organisations							
Current	-	-	625	-	-	-	-
International Centre for Water Economic and Governance	-	-	625	-	-	-	-
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	641 868	986 420	848 570	670 112	561 515	592 253	624 827
Motor vehicle licenses	154	842	2 363	-	-	-	-
Water services operating subsidy grant	641 714	985 578	843 858	670 103	560 794	591 489	624 021
Municipal rates	-	-	13	9	721	764	806
Municipalities	-	-	2 336	-	-	-	-
Capital	90 908	450 095	964 113	320 357	-	-	-
Implementation of Regional Bulk	-	441 095	910 413	-	-	-	-
Municipal Drought Relief	90 908	9 000	53 700	320 357	-	-	-
Households							
Households other transfers							
Current	-	421	1 297	35 940	3 821	4 051	4 274
Resource poor farmers	-	421	1 297	35 940	3 821	4 051	4 274
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	37 687	7	-	-	-	-	-
Regional Services Council levy	16	7	-	-	-	-	-
Water services operating subsidy Indirect grant: Water boards	37 671	-	-	-	-	-	-
Provinces and municipalities							
Provinces							
Provincial agencies and funds							
Current	-	-	4 877	-	-	-	-
Water services operating subsidy grant	-	-	4 877	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	-	-	-	4 127	-	-	-
South African Forestry Company Limited	-	-	-	4 127	-	-	-

The spending focus over the medium term will be on financing regional infrastructure through transfers to provinces and municipalities.

Expenditure grew from R2.5 billion in 2007/08 to R4.4 billion in 2010/11, at an average annual rate of 19.8 per cent. The growth is mainly due to additional transfers to local government for the construction of water supply and distribution infrastructure. Between 2007/08 and 2010/11, transfers to municipalities increased from R733.1 million to R990.5 million, at an average annual rate of 10.6 per cent.

Over the medium term, expenditure is expected to increase to R6.1 billion, at an average annual rate of 11.7 per cent. The increase is mainly due to the continuation of the regional bulk infrastructure development project, which has been allocated an additional amount of R952 million. The expenditure for *Natural Resource Management Programmes* is expected to increase from R912.2 million in 2010/11 to R1.5 billion in 2013/14, at an average annual rate of 17.5 per cent over the medium term. Expenditure in this programme grows due to the shifting the Working for Water and Working on Fire programmes to this programme from the expanded public works programme.

Programme 5: Water Sector Regulation

- *Regulation Management and Support* ensures the overall management and oversight of the programme. This entails providing strategic support to all subprogrammes. This subprogramme has a projected staff complement of 9 and a 2011/12 budget of R3.4 million, of which 100 per cent will be used for compensation of employees.
- *Economic and Social Regulation* ensures that pricing is efficient and cost reflective, achieves value for money for consumers and, where appropriate, that tradeoffs are made between the cost quality of services and sustainability of services. This entails devising finance and pricing strategy. Since this is a newly created subprogramme. Staff will be transferred together with the budget from units doing a similar function and new staff will be recruited.
- *Water Use Authorisation* authorises all water use activities in South Africa by using regulatory instruments such as licensing and water allocation reform. This entails issuing water use licenses, compulsory licensing and water allocation reform. This subprogramme has a staff complement of 86 and a 2011/12 budget of R14.4 million, of which 73.8 per cent is used for compensation of employees. In 2010/11, 250 water use licences have been issued, 3 new water management areas in which compulsory licensing processes have been finalised have been designated, and 100 per cent of water use license applications from historically disadvantaged individuals have been dealt with.
- *Drinking Water Quality and Wastewater Services* regulates the quality of drinking water and wastewater by developing the blue drop and green drop certification programmes. This entails: monitoring drinking water quality; ensuring drinking water standards, wastewater treatment and processes; and accurate processing of water information. Since this is a newly created subprogramme, staff will have to be transferred from other units doing a similar function and new staff will be recruited. The subprogramme has a budget of R26.4 million in 2011/12. In 2009/10, the first green drop report was finalised and 32 wastewater treatment works attained green drop status. In 2010/11, 96 per cent of overall drinking water quality compliance was achieved and all municipal wastewater systems (792) were assessed.
- *Resource Regulation* regulates the use of resources through setting water licence conditions. This entails global dam safety control, abstraction storage and in stream water use. This subprogramme has a staff complement of 60 and a total budget of R50.1 million in 2011/12, of which 49 per cent is used for compensation of employees. The department aims to ensure that a water allocation of 29 per cent is given to historically disadvantaged individuals. The review of the compulsory water use licence process for Mhlathuze, Tosca and Jan Dissels is under way and will be completed in 2011/12.
- *Compliance Monitoring* coordinates and monitors compliance to standards, licence conditions and regulations across the full water value chain including water resources, dam safety, water hazards and water services. Currently, this subprogramme does not have staff due to restructuring, but in 2011/12, staff will be moved to the subprogramme. Funds have been allocated for goods and services only. This subprogramme will be formed when the current compliance, monitoring and enforcement directorate is split into two units (the compliance monitoring unit and the enforcement unit).
- *Enforcement* ensures that appropriate legal action is taken against all unlawful water users. This entails monitoring and investigations, legal support and enforcement support. This subprogramme has a staff

complement of 20 and a 2011/12 budget of R16.9 million, of which 69.6 per cent is used for compensation of employees. Part of this subprogramme's staff will move to the *Compliance Monitoring* subprogramme and additional staff will be recruited. In 2009/10, 20 criminal cases were opened against transgressors for unlawful activities; 7 for unauthorised abstraction, 12 for unauthorised storage, and 9 for unauthorised discharges and pollution incidents. In 2010/11, approximately 45 cases were dealt with. It is planned to regularly report on directives as issued, as well as improve current processes to resolve more cases in 2011/12.

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 2011/12 (upper Vaal, upper Olifants, and Crocodile (West)).
- 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 2 catchment management areas (Inkomati and Orange-Riet) in 2011/12.
- Ensure that all South African citizens have access to safe drinking water by implementing blue drop compliance monitoring and ensuring that 400 water systems will have been assessed by March 2011.
- Reduce pollution in water resources throughout South Africa by ensuring all 797 wastewater treatment plants comply with effluent standards and are assessed for green drop status in 2011/12.

Expenditure estimates

Table 38.8 Water Sector Regulation

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R thousand	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Regulation Management and Support	–	–	–	3 186	3 437	3 643	3 843
Economic and Social Regulation	11 917	13 349	9 052	81 613	–	–	–
Water Use Authorisation	11 374	12 771	9 056	44 838	14 432	15 465	16 311
Drinking Water Quality and Waste Water Services	21 810	22 472	20 976	–	26 446	28 471	30 029
Resource Regulation	35 195	31 961	34 086	49 547	50 123	50 133	52 222
Compliance Monitoring	–	–	–	–	1 000	1 060	1 118
Enforcement	–	–	–	23 955	16 932	17 325	18 269
Total	80 296	80 553	73 170	203 139	112 370	116 097	121 792
Change to 2010 Budget estimate				25 932	(139 984)	(147 954)	(157 330)
Economic classification							
Current payments	77 429	77 771	71 234	188 872	110 226	113 822	119 394
Compensation of employees	36 673	38 424	36 722	60 375	63 322	65 780	69 618
Goods and services	40 756	39 347	34 512	128 497	46 904	48 042	49 776
of which:							
Administrative fees	227	231	668	98	631	669	707
Advertising	343	359	562	85	563	596	629
Assets less than the capitalisation threshold	1 846	1 997	120	1 663	552	586	617
Catering: Departmental activities	5	5	222	177	141	150	157

Table 38.8 Water Sector Regulation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Current payments							
Communication	9 105	1 250	2 336	249	1 865	1 978	2 085
Computer services	968	1 294	1 567	2 299	1 328	2 786	2 939
Consultants and professional services: Business and advisory services	13 694	4 905	5 568	20 349	19 984	16 352	17 179
Consultants and professional services: Infrastructure and planning	986	–	5 234	66 281	7 172	9 592	9 341
Consultants and professional services: Laboratory services	–	–	–	–	133	141	149
Consultants and professional services: Legal costs	–	–	–	–	386	409	432
Contractors	1 473	8 747	125	14 907	229	243	256
Agency and support / outsourced services	–	6 740	58	1 798	723	766	809
Entertainment	–	–	2	–	14	15	15
Fleet services (including government motor transport)	–	–	–	50	–	–	–
Inventory: Food and food supplies	–	1 102	1 104	1	15	16	17
Inventory: Learner and teacher support material	1 500	1 991	1 000	–	–	–	–
Inventory: Materials and supplies	–	–	15	–	–	–	–
Inventory: Other consumables	–	–	54	69	41	43	46
Inventory: Stationery and printing	2 962	3 826	3 663	3 529	1 581	1 675	1 769
Lease payments	–	–	8	–	523	554	585
Travel and subsistence	7 470	6 678	11 055	13 499	8 316	8 598	9 016
Training and development	106	150	613	2 031	1 117	1 187	1 249
Operating expenditure	15	16	455	567	678	719	759
Venues and facilities	56	56	83	845	912	967	1 020
Transfers and subsidies	897	956	450	12 078	–	–	–
Provinces and municipalities	–	–	–	7 830	–	–	–
Non-profit institutions	350	378	450	476	–	–	–
Households	547	578	–	3 772	–	–	–
Payments for capital assets	1 970	1 826	1 486	2 189	2 144	2 275	2 398
Buildings and other fixed structures	89	–	416	–	–	–	–
Machinery and equipment	1 867	1 810	1 068	1 670	2 114	2 243	2 364
Biological assets	–	–	–	285	–	–	–
Software and other intangible assets	14	16	2	234	30	32	34
Total	80 296	80 553	73 170	203 139	112 370	116 097	121 792
Details of transfers and subsidies							
Households							
Households social benefits							
Current	2	–	–	750	–	–	–
Leave gratuity	2	–	–	–	–	–	–
Employee social benefits	–	–	–	750	–	–	–

Table 38.8 Water Sector Regulation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	-	-	-	7 830	-	-	-
Transfer to municipalities	-	-	-	7 830	-	-	-
Households							
Households other transfers							
Current	545	578	-	1 476	-	-	-
Other transfers to households	-	-	-	863	-	-	-
Financial assistance for dam safety	545	578	-	613	-	-	-
Capital	-	-	-	1 546	-	-	-
Other transfers to households	-	-	-	1 546	-	-	-
Non-profit institutions							
Current	350	378	450	476	-	-	-
Swimming South Africa	350	378	450	476	-	-	-

Expenditure trends

The spending focus over the medium term will be on implementing water allocation reform, completing compulsory licensing processes, and ensuring access to safe drinking water by implementing blue drop compliance monitoring and assessing green drop status.

Spending grew from R80.3 million in 2007/08 to R203.1 million in 2010/11, at an average annual rate of 36.3 per cent. The increase in 2010/11 was due to the water management and institutional governance function being moved from the *Regional Implementation and Support* programme to this programme. The function's subsequent shift from this programme to the *Water Sector Management* programme as a result of the new budget structure resulted in the decreased expenditure over the medium term.

Spending is expected to decrease from R203.1 million in 2010/11 to R121.8 million in 2013/14, at an average annual rate of 15.7 per cent. The decrease is due to the termination of the *Economic and Social Regulation* subprogramme. The decrease is offset marginally by additional allocations of R22.4 million for the development of a funding model, the review of the pricing strategy, and the appointing of staff for the economic regulations branch.

Programme 6: International Water Cooperation

- *International Relations Management and Support* ensures overall management and oversight of the programme. This subprogramme has a staff complement of 5 and a 2011/12 budget of R5.7 million, of which 62.2 per cent is used for the payment of the deputy director general's salary and compensation of employees.
- *Africa Cooperation* promotes and facilitates collaborative activities in support of the water sector through bilateral relations, participation in multilateral institutions such as the African Union, African Ministers' Council on Water, New Partnership for Africa's Development programmes and the SADC. This subprogramme has a staff complement of 1 and a 2011/12 budget of R10.8 million, of which 53.8 per cent is used for compensation of employees. The department's strategic objective is to contribute to the advancement of the African agenda and global engagement. The Minister of Water and Environmental Affairs was elected as chairperson of the African Ministers' Council on Water for a period of two years which started in November 2009.
- *Global Cooperation* promotes and advances national interest at global governance institutions, strategically engages bilateral countries outside Africa and looks at leveraging opportunities for international resources from strategic donor countries. This subprogramme has a staff complement of 13 and a 2011/12 budget of

R9.7 million, of which 55 per cent is used for compensation of employees. Over the medium term, efforts will be intensified in sourcing funds to be used for strengthening water resource management in South Africa.

Objectives and measures

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

Expenditure estimates

Table 38.9 International Water Cooperation

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
International Relation Management and Support	–	–	–	–	5 728	6 014	6 324
Africa Cooperation	9 668	18 906	11 441	10 781	10 643	11 170	11 252
Global Cooperation	–	–	–	–	9 740	10 227	10 302
Total	9 668	18 906	11 441	10 781	26 111	27 411	27 878
Change to 2010 Budget estimate				–	100	100	100
Economic classification							
Current payments	7 692	18 032	10 867	10 388	25 511	26 786	27 249
Compensation of employees	2 196	2 101	2 849	4 932	14 705	15 440	15 554
Goods and services	5 496	15 931	8 018	5 456	10 806	11 346	11 695
of which:							
Administrative fees	–	33	155	–	160	168	170
Advertising	44	–	1	–	–	–	–
Assets less than the capitalisation threshold	408	16	56	–	835	877	883
Bursaries: Employees	–	–	–	–	120	125	127
Catering: Departmental activities	43	56	66	23	245	202	207
Communication	36	–	8	27	293	305	311
Computer services	–	20	6	–	280	292	297
Consultants and professional services: Business and advisory services	507	38	4	–	206	217	218
Consultants and professional services: Infrastructure and planning	–	47	–	–	71	75	75
Contractors	–	13 063	–	2 195	3 000	3 150	3 173

Table 38.9 International Water Cooperation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Agency and support / outsourced services	–	27	1 290	–	–	–	–
Entertainment	–	15	–	–	160	165	170
Inventory: Food and food supplies	–	2	1	–	–	–	–
Inventory: Fuel, oil and gas	–	–	–	–	35	37	37
Inventory: Learner and teacher support material	–	–	–	–	7	7	4
Inventory: Stationery and printing	12	238	32	–	292	306	309
Lease payments	–	–	199	–	820	862	868
Property payments	–	–	–	–	18	18	18
Transport provided: Departmental activity	–	–	–	–	73	76	78
Travel and subsistence	4 342	2 347	2 776	2 893	3 891	4 150	4 432
Training and development	11	15	173	–	222	232	236
Operating expenditure	93	14	2	–	38	40	40
Venues and facilities	–	–	3 249	318	40	42	42
Transfers and subsidies	510	533	503	306	600	625	629
Foreign governments and international organisations	510	533	503	306	600	625	629
Payments for capital assets	1 466	341	71	87	–	–	–
Buildings and other fixed structures	1 220	341	–	87	–	–	–
Machinery and equipment	246	–	71	–	–	–	–
Total	9 668	18 906	11 441	10 781	26 111	27 411	27 878
Details of transfers and subsidies							
Foreign governments and international organisations							
Current	510	533	503	306	600	625	629
Orange-Senqu River Basin Commission	510	533	503	306	500	525	529
African Ministers Council on Water	–	–	–	–	100	100	100

Expenditure trends

The spending focus over the medium term will be on implementing bilateral technical cooperation agreements with African countries to provide technical support and capacity development in the water sector.

Spending increased from R9.7 million in 2007/08 to R10.8 million in 2010/11, at an average annual rate of 3.7 per cent. Over the medium term, spending is expected to increase to R27.9 million, at an average annual rate of 37.3 per cent. The growth over the medium term is mainly due the inception of the *International Relationships Management and Support* and *Global Cooperation* subprogrammes from 2011/12. Most of the increase over the medium term went to spending on goods and services, which increased from R5.5 million to R11.7 million, due to the payment of travel and accommodation expenditure on international engagements to execute the programme's function of pursuing African advancement, and the attendance of workshops and forums of which the department is a member. The *Africa Cooperation* subprogramme accounts for 40.7 per cent of the programme's expenditure in 2011/12, as it is responsible for strengthening bilateral technical cooperation agreements with African countries that are to provide technical support and capacity development in the water sector.

Public entities and other agencies

Water trading entity

Strategic overview: 2007/08 – 2013/14

The water trading account was established in 1995 to ringfence 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.

The water trading entity has two components: water resource management and infrastructure management. Water resource management deals with the management of water quality, conservation and allocation of water through the catchment management agencies, and, where catchment management agencies are not yet established, through the proto catchment management agencies located in regional offices. The infrastructure management component deals with the operation and maintenance of existing infrastructure as well as the development of new infrastructure.

The strategic aim of the entity is to ensure the reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa. Funding for operation and maintenance comes from revenue that is generated from raw water charges. Water resource management charges cover the operational costs of the two catchment management agencies or proto catchment management agencies in cases where catchment management agencies are not yet established.

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.

To fund the development of new infrastructure, the entity receives an allocation from the national Budget, as it is unable to generate enough revenue from its current pricing strategy. In addition to the challenges related to the pricing strategy, the entity has not put proper financial, management and quality controls in place, which would ensure that it operates efficiently, makes optimal use of resources and implements capital projects without incurring financial losses. The inability to do this has led to significant loss of revenue and failure to reduce the maintenance backlog of the national water infrastructure, which is currently at R13 billion (an increase from R10 billion between 2008/09 and 2009/10). To turn the situation around, in the short term, the department will put together a recovery plan that will focus on reducing the backlog in the operation and maintenance of the national water infrastructure. This will be done through comprehensive programmes for dam safety rehabilitation and refurbishment for all water related infrastructure, including reservoirs, canals, weirs, pipelines and wastewater treatment works.

The national water infrastructure is currently valued at R123 billion. In the long term and in response to Parliament's request that there be further consultation on the draft bill, the department will revisit the idea of establishing the National Water Resource Infrastructure Agency, which would be responsible for managing the whole water value chain. It is envisaged that the agency will be established from the merger of the Trans-Caledon Tunnel Authority and the water trading entity to leverage off the assets owned by the entity.

Selected performance indicators

Table 38.10 Water trading entity

Indicator	Past			Current	Projections		
	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14
Total number of dam safety projects							
- undertaken	36	43	52	58	64	75	78
- completed	–	11	21	27	43	52	60
Total number of water conveyance projects							
- rehabilitated	–	–	1	11	20	25	28
- completed	–	–	–	6	12	15	16
Percentage completion on construction of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure)	8%	27%	50%	72%	90%	100%	–
Percentage completion on construction of Olifants River water resources development project phase 2B-2I (bulk distribution system)	–	–	1%	3%	7%	10%	18%
Percentage completion on construction of Nwamitwa Dam and of raising Tzaneen Dam	–	–	–	–	3%	6%	19%
Percentage completion on construction of raising Clanwilliam Dam wall	–	–	–	7%	24% ¹	–	53%
Percentage completion on construction of raising Hazelmere Dam wall	–	–	28%	39%	72%	100%	–
Percentage completion on construction of phase 1 of Mokolo River augmentation	–	–	1%	10%	30%	60%	100%
Value of revenue generated per year to fund the refurbishment programme	R357.4m	R130.9m	R525m	R563.9m	R714.6m	R914.6m	R848m

¹Construction to raise the Clanwilliam Dam wall will be suspended in 2011/12 due to certain requirements outstanding. The project will continue in 2013/14 until completion.

Details of programmes/objectives/activities

Table 38.11 Water trading entity

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Implementation of water resources management activities	387 087	393 980	469 650	391 662	422 906	457 813	480 704
Operations, maintenance and refurbishment of national water resources schemes	1 083 776	1 103 074	981 646	1 039 189	1 127 213	1 220 304	1 281 319
Implementation of new water resources infrastructure	1 290 346	1 313 322	1 285 792	1 305 248	1 409 746	1 526 109	1 602 414
Bulk water supply to strategic users e.g. ESKOM, SASOL	571 314	415 076	789 136	577 912	624 180	675 701	709 486
Implementation of dam safety projects	245 626	250 000	261 494	268 066	291 753	315 074	330 828
Total expense	3 578 150	3 475 452	3 787 718	3 582 077	3 875 798	4 195 002	4 404 752

The entity operates as an integral part of the department with very limited segregation of functions. The entity's activities are funded by the department in the form of a transfer payment and through revenue collection from the various water schemes operated throughout the country. The water trading entity ensures that water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner through the construction of new infrastructure, operation and maintenance of existing infrastructure. It supplies water to different water user groups, of which agricultural sector is the largest user. Depreciation and amortisation on bulk water infrastructure make up 50 per cent (R1.8 billion in 2010/11) of the water trading entity's total expenses. 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 per year spent on the project in 2009/10 and 2010/11. Another large project is the rehabilitation of the Vlakfontein Canal, at an estimated cost of R1.7 billion over the next 7 to 8 years. It is projected that for the first phase of the Mokolo and Crocodile River (West) augmentation project

250 jobs per year will be created over the next two years. A similar amount will be created if the second phase is implemented.

Expenditure estimates

Table 38.12 Water trading entity

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	1 790 162	1 637 143	2 253 336	2 348 179	2 679 884	2 902 174	3 069 005
Sale of goods and services other than capital assets of which:	1 760 538	1 537 082	2 057 585	2 316 179	2 645 884	2 865 454	3 030 449
<i>Sale of bulk water</i>	1 760 538	1 537 082	2 057 585	2 316 179	2 645 884	2 865 454	3 030 449
<i>Other non-tax revenue</i>	29 624	100 061	195 751	32 000	34 000	36 720	38 556
Transfers received	332 834	391 374	318 804	364 128	403 533	418 442	450 673
Total revenue	2 122 996	2 028 517	2 572 140	2 712 307	3 083 417	3 320 616	3 519 679
Expenses							
Current expense	3 396 318	3 475 452	3 787 718	3 582 077	3 875 798	4 195 002	4 404 752
Compensation of employees	528 053	661 489	857 460	774 854	836 842	903 789	948 978
Goods and services	1 436 909	1 399 390	1 514 970	1 013 984	1 077 443	1 141 856	1 198 948
Depreciation	1 387 131	1 411 159	1 412 312	1 790 239	1 958 363	2 146 049	2 253 352
Interest, dividends and rent on land	44 225	3 414	2 976	3 000	3 150	3 308	3 473
Transfers and subsidies	181 832	–	–	–	–	–	–
Total expenses	3 578 150	3 475 452	3 787 718	3 582 077	3 875 798	4 195 002	4 404 752
Surplus / (Deficit)	(1 455 154)	(1 446 935)	(1 215 578)	(869 771)	(792 381)	(874 386)	(885 073)
Statement of financial position							
Carrying value of assets	87 297 583	65 613 748	64 971 931	65 625 237	66 435 253	67 637 537	69 478 769
<i>of which: Acquisition of assets</i>	565 989	1 379 887	1 268 170	2 444 345	2 768 379	3 348 334	4 094 584
Inventory	18 946	14 018	14 709	12 000	10 000	10 800	11 340
Receivables and prepayments	1 535 398	2 142 035	1 912 706	1 722 913	1 777 929	1 608 807	1 528 387
Cash and cash equivalents	120 456	9 910	430 670	176 357	22 988	99 048	167 912
Total assets	88 972 383	67 779 711	67 330 016	67 536 507	68 246 170	69 356 192	71 186 408
Accumulated surplus/deficit	1 458 224	1 343 553	1 456 688	586 917	(205 464)	(1 079 850)	(1 964 922)
Capital and reserves	86 309 495	63 356 428	61 538 692	61 014 130	61 014 131	61 011 171	61 009 172
Trade and other payables	572 666	1 307 527	1 319 577	1 441 239	963 121	1 059 433	1 380 577
Provisions	78 893	226 202	394 534	103 476	101 430	107 516	112 892
Liabilities not classified elsewhere	553 105	1 546 001	2 620 525	4 390 744	6 372 951	8 257 922	10 648 689
Total equity and liabilities	88 972 383	67 779 711	67 330 016	67 536 507	68 246 170	69 356 193	71 186 408

Expenditure trends

Revenue grew from R2.1 billion in 2007/08 to R2.7 billion in 2010/11, at an average annual rate of 8.5 per cent. Over the medium term, revenue is expected to grow to R3.5 billion, at an average annual rate of 9.1 per cent. The growth over the medium term is due to increases in water resource management and water resource infrastructure charges, which are projected to increase from R2.3 billion in 2010/11 to R3 billion in 2013/14. The water trading entity administers billings for the Trans-Caledon Tunnel Authority and expects revenue of R2.6 billion in 2011/12 as a result. This amount is to be paid to the authority whether the water trading entity has collected from its customers or not.

Expenditure increased from R3.6 billion in 2007/08 to R4.4 billion in 2013/14, at an average annual rate of 3.5 per cent. The year-on-year increases over this period are due to inflation related adjustments to salaries and filling vacant positions. Spending on compensation of employees decreased by 9.6 per cent in 2010/11 as a result of improving the internal process for the capitalisation of new infrastructure projects and measures taken to improve the cash flow.

The entity is currently not generating enough revenue due to the water pricing cap in the agricultural sector set by the water pricing strategy and has incurred a deficit of R1.2 billion in 2009/10. The Department of Water Affairs is currently reviewing the water pricing strategy to address identified shortcomings.

Personnel information

The water trading entity has an establishment of 6 903 posts, of which 3 536 were filled as at September 2010. There are 348 vacancies due to the fact that the water trading entity requires expertise from engineers, who are scarce and also difficult to recruit and retain. The ratio of support staff to line function staff is 1:2.3.

Trans-Caledon Tunnel Authority

Strategic overview: 2007/08 – 2013/14

The Trans-Caledon Tunnel Authority was 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. It is categorised as a schedule 2 major public entity and is subject to the Public Finance Management Act (1999).

The authority is a multidisciplinary organisation specialising in project financing and implementation, and is a specialised liability management entity. Its mandate is to raise off-budget finance to develop bulk raw water infrastructure that delivers water for industries and consumers in a cost effective manner. It also provides financial and treasury management services and tariff setting and debt management services to designated water boards, water management institutions and the Department of Water Affairs.

In light of the current challenges in the operating macroeconomic environment and the authority's new multi-project arrangements, the authority has achieved satisfactory results between 1996/97 and 2010/11 by meeting the majority of its contracted deliverables.

Over the medium term, in view of its successful track record with its mandates of implementing and financing phase 1 of the Lesotho Highlands Water Project, the Berg Water project and the Vaal River eastern subsystem augmentation project, four additional mandates were granted to the authority. The new mandates are to manage, finance and implement the Mokolo-Crocodile water augmentation project, the Komati water scheme augmentation project, components of the Olifants River water resource development project, and phase 2 of the Mooi-Mgeni transfer scheme.

Savings and cost effectiveness measures

The authority has implemented a debt management strategy to repay debt in a specific timeframe and thus minimise future finance costs. Each project maintains adequate cash for immediate maturities to increase efficiency both in terms of the cost of funding and the cost of cash management.

Finance cost forms the biggest part of the authority's expenditure. Financing costs are managed by an investment philosophy guided by the authority's investment policy, which focuses on maximising the tenure of the loans and interest rates cycle, maximising draw-downs, and maintaining appropriate capital structure without increasing the costs.

In 2010/11, the authority changed over R1.5 billion in loans to fixed rate from floating rates, taking advantage of the lower rate cycle. Over R1.2 billion worth of these loans were fixed at a base rate that was better than 7.7 per cent. The remaining R300 million was hedged at the rate that was lower than the rate that would have been achieved when the draw-downs were made. The authority further increased the nominal auction of bonds during the financial year to take advantage of the strengthening curve.

The Berg water project showed further savings as a result of reduced finance costs as more than 60 per cent of its long term funding was based on a floating rate in a low rate cycle before being fixed. For the Vaal River

eastern subsystem augmentation project, the savings were mainly as a result of some of the capital being pre-paid.

In an effort to reduce operational expenditure and maximise buying power, the authority has embarked on an exercise with other state owned entities to source items in bulk. The supply chain management function has been optimised to ensure cost savings and constantly negotiate with suppliers for better rates. Over the medium term and with the rollout of major projects, it is expected that the competitive tendering processes will provide infrastructure costs effectively, without compromising service delivery.

Selected performance indicators

Table 38.13 Trans-Caledon Tunnel Authority

Indicator		Programme	Past			Current	Projections		
			2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Average interest rate	Benchmark	Lesotho Highlands water project	9.55%	10.48%	10.39%	8.20%	7.93%	9.29%	9.29%
	Actual		9.11%	10.30%	10.11%				
	Benchmark	Berg River water project	10.45%	11.56%	8.11%	6.20%	6.42%	8.71%	8.71%
	Actual		10.17%	9.53%	7.03%				
	Benchmark	Vaal River eastern subsystem	10.33%	11.80%	7.49%	6.26%	6.42%	8.71%	8.71%
	Actual		10.21%	9.76%	7.16%				
Credit rating	Long term	Berg River 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	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+

Details of programmes/objectives/activities

Table 38.14 Trans-Caledon Tunnel Authority

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Lesotho Highlands Water Project	2 656 000	2 957 000	3 155 000	2 476 030	2 417 877	2 415 427	2 548 275
Berg Water Project	21 000	182 000	129 000	126 090	228 480	116 279	122 674
Vaal River Eastern Subsystem Augmentation Project	24 000	24 000	395 000	377 830	347 078	384 627	405 781
Mokolo Crocodile Water Augmentation Project	1 000	14 000	20 000	153 210	339 921	658 665	694 892
Mooi-Mgeni Transfer Scheme	–	18 000	17 000	73 340	98 195	154 000	162 470
Other Objectives	–	22 454	44 000	223 370	543 559	799 882	843 876
Total expense	2 702 000	3 217 454	3 760 000	3 429 870	3 975 110	4 528 880	4 777 968

The Trans-Caledon Tunnel Authority is responsible for the development of bulk raw water infrastructure and also provides an integrated treasury management and financial advisory service to water boards.

Some of the mega projects that the authority is responsible for are: the Lesotho Highlands water project; the Berg water project and the Vaal River eastern subsystem augmentation project. The Department of Water Affairs has delegated its project execution role to the authority and the Treasury has granted the authority approval to borrow on the financial markets to fund projects. The bulk of the authority's budget goes for the repayment of the interest on loans, which makes up 75.3 per cent of total expenses in 2010/11.

The Berg water project, which is a flagship project for the authority, was officially inaugurated in March 2009. The project is based in Franschhoek and augments the supply of water to the City of Cape Town. The project was funded on an off-budget basis at a cost of R1.6 billion and the repayment of the long term loan will be made from the revenue generated from the sale of water by the City of Cape Town.

The Vaal River eastern subsystem augmentation project, which is one of South Africa's largest water supply projects, is nearing completion. The project was declared operational in June 2009, when water delivery from the project began. Water will flow through the new 125 km pipeline to two of South Africa's most important industries, Eskom and Sasol. It will augment the earlier supply by 160 million m³ per annum. The project cost at completion is expected to be within the revised approved budget of R2.7 billion and is funded on an off-budget basis without an explicit government guarantee. Project costs will be recovered by 31 March 2028 from revenue generated by the sale of water to Eskom, Sasol and the Vaal River eastern Subsystem users.

Table 38.15 Trans-Caledon Tunnel Authority

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	2 540 000	3 008 000	3 609 000	3 113 700	3 304 600	3 517 700	3 711 174
Sale of goods and services other than capital assets of which:	2 089 000	2 369 000	2 760 000	3 098 430	3 287 680	3 489 240	3 681 148
<i>Sale of bulk water</i>	2 089 000	2 369 000	2 760 000	3 098 430	3 287 680	3 489 240	3 681 148
<i>Other non-tax revenue</i>	451 000	639 000	849 000	15 270	16 920	28 460	30 025
Total revenue	2 540 000	3 008 000	3 609 000	3 113 700	3 304 600	3 517 700	3 711 174
Expenses							
Current expense	2 702 000	3 217 454	3 760 000	3 429 870	3 975 110	4 528 880	4 777 968
Compensation of employees	57 000	101 000	102 000	141 140	151 380	161 740	170 636
Goods and services	399 087	472 454	502 000	615 107	655 450	689 670	727 602
Depreciation	35 913	40 000	130 000	90 003	51 100	54 420	57 413
Interest, dividends and rent on land	2 210 000	2 604 000	3 026 000	2 583 620	3 117 180	3 623 050	3 822 318
Total expenses	2 702 000	3 217 454	3 760 000	3 429 870	3 975 110	4 528 880	4 777 968
Surplus / (Deficit)	(162 000)	(209 454)	(151 000)	(316 170)	(670 510)	(1 011 180)	(1 066 795)
Statement of financial position							
Carrying value of assets	18 549 000	19 147 000	19 358 000	23 256 108	30 116 141	33 612 901	36 929 861
<i>of which: Acquisition of assets</i>	13 048	599 000	341 000	3 988 111	6 911 133	3 551 180	3 374 373
Investments	1 908 000	3 836 000	4 203 000	4 476 195	4 762 671	5 053 194	6 238 328
Receivables and prepayments	467 000	841 000	1 028 000	961 180	1 032 276	1 107 710	1 187 292
Cash and cash equivalents	–	21 000	5 000	(325)	(1 139 515)	544 527	(897 727)
Assets not classified elsewhere	29 000	15 000	32 000	34 080	36 261	38 473	40 589
Total assets	20 953 000	23 860 000	24 626 000	28 727 238	34 807 835	40 356 806	43 498 343
Accumulated surplus/deficit	(3 550 813)	(3 881 000)	(4 031 000)	(4 347 170)	(5 017 680)	(6 028 860)	(7 095 655)
Capital and reserves	–	122 950	123 950	104 610	140 455	149 023	157 219
Borrowings	23 735 000	23 312 000	22 307 000	26 945 884	33 209 538	39 297 493	43 310 966
Trade and other payables	766 162	1 175 000	1 366 000	1 252 893	1 373 239	1 500 927	1 366 216
Provisions	2 651	50	50	53	57	60	63
Liabilities not classified elsewhere	–	3 131 000	4 860 000	4 770 968	5 102 226	5 438 163	5 759 533
Total equity and liabilities	20 953 000	23 860 000	24 626 000	28 727 238	34 807 834	40 356 806	43 498 344

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 seven-year period. Revenue increased from R2.5 billion to R3.1 billion between 2007/08 and 2010/11, at an average annual rate of 7 per cent. The increase is 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. Over the MTEF period, revenue is expected to increase to R3.7 billion, at an average annual rate of 6 per cent. The growth is due to the income earned in the Vaal River eastern subsystem augmentation project, which has become operational from July 2009, as well as the impact of tariff increases in the Lesotho Highlands water project. The spike in income from 2010 onwards is due to revised tariffs and is based on income agreements. Revenue received from advisory services is expected to decrease over the MTEF period as these bulk infrastructure projects move into the construction phase.

Expenditure increased from R2.7 billion in 2007/08 to R3.4 billion in 2010/11, at an average annual rate of 8.3 per cent. This is due to an increase in expenditure on compensation of employees and on goods and services to expand the authority's capacity to implement the additional four projects from 2008/09 onwards. The substantial increase in total expenses between 2007/08 and 2009/10 is due to the implementation of two new projects: the Berg Water project and Vaal River eastern system augmentation project. The subsequent increase from 2010/11 onwards is due to the implementation of the four new mandates, including the second phase of the Mooi-Mgeni transfer scheme and the Olifants River water resources development project. Interest, dividends, rent and financing charges accounted for 80.5 per cent of all expenditure incurred by the authority in 2009/10.

Expenditure is expected to increase from R3.4 billion to R4.8 billion over the medium term, at an average annual rate of 11.7 per cent. This is due to an increase in operational expenditure over the medium term as the number of the projects the authority is mandated to implement increases from three to four. Capital expenditure is projected to increase to R486.5 million in 2012/13, as the additional projects are implemented.

Personnel information

The authority has an establishment of 203 posts, all of which are funded. It is expected that the establishment will increase to 240 posts as a result of the new mandates described above. Support staff make up approximately 50 per cent of the establishment.

Water Research Commission

Strategic overview: 2007/08 – 2013/14

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

Over the medium term, the commission will focus on the following areas:

Water resource management: The commission's research in the field of water resource management ensures that water resources are allocated in a manner that promotes social and economic development, maintains the reliable availability of water to meet the needs of all consumers, meets international water sharing agreements, and ensures that water resources are developed and protected to ensure their sustainability. The commission will support and improve policy reforms for promoting equitable, efficient and sustainable conservation, and the allocation of water resources among competing needs.

Water linked ecosystems: Research on water linked ecosystems enables good environmental governance and ensures that water is managed in a sustainable manner that protects ecosystems from the adverse impacts of demographic and climate change. This research creates an understanding of the ecological processes underlying the delivery of goods and services; and provides knowledge and expertise to sustainably manage, protect and utilise aquatic ecosystems. In this regard, the commission will develop knowledge to sustainably manage, protect and utilise aquatic ecosystems.

Water use and waste management: The commission's research develops a body of knowledge to help improve the delivery of basic water services and bulk infrastructure by local government and delegated water services institutions. The commission also supports access to water and sanitation services through policy development, planning, and regulating and monitoring the sector. In addition, the commission provides institutional and implementation support to local government. In this regard, the commission will continue providing knowledge that ensures reliable, affordable and efficient water use and waste management services, and contribute to economic growth and improved public health.

Water use in agriculture: This research provides insight into the use of water by farming communities, especially emerging farmers, and develops innovative ways of ensuring that water is used efficiently and effectively in the agriculture sector. This research also creates the knowledge and expertise to ensure that forests, woodlands and plantations are managed sustainably while enhancing the sector contribution to social and economic development. In this regard, the commission endeavours to increase household food security and improve the livelihoods of people on the farming, community and regional levels through efficient and sustainable use and development of water resources in agriculture.

Savings and cost effectiveness measures

The commission strives to decrease operating expenses and save where possible, while providing high quality service to the research community and the water sector. Savings on research project funding is not possible because funding is committed by means of a legal contract with the various service providers over a period of time. 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.

74 per cent of the commission's total expenditure comprises of research costs, 19 per cent human resource costs and 7 per cent other running costs. Research costs are linked to the department's priorities, human resource costs are unavoidable fixed costs, and running costs are related to the research activity and are largely unavoidable. The nature of the commission's research activity does allow for cost reduction or saving opportunities, but it does incur rollovers due to project delays.

Selected performance indicators

Table 38.16 Water Research Commission

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/010	2010/11	2011/12	2012/13	2013/14
Research ratio (research funding and support as a percentage of total income) - achieved	Research programmes	76%	76%	74%	73%	73%	74%	74%
- total value of research funding and support		R98.7m	R116.1m	R117.4m	R120.6m	R126.5m	R133.5m	R140.9m
- total income		R129.8m	R152.7m	R158.6m	R164.1m	R172.2m	R181.4m	R191.3m
Income growth (measured as meeting the leveraged income target)	Research programmes	R13.3m	R16.1m	R18.3m	R17.3m	R18.1m	R19.1m	R20.0m
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% of whom are historically disadvantaged) per year	Research programmes	664 ¹	663 ¹	562 ¹	400	400	400	400

1. 66 per cent were historically disadvantaged.

Details of programmes/activities/objectives

Table 38.17 Water Research Commission

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Human resources and administration	5 112	7 693	7 218	8 783	9 162	9 413	9 887
Financial management	4 043	10 099	11 693	7 942	8 475	8 980	9 400
Water resources management research	32 603	39 999	38 043	40 262	42 268	44 328	46 491
Water use and waste management research	36 000	42 105	41 828	42 110	44 160	47 963	49 789
Water linked ecosystems research	16 547	22 921	25 094	21 040	20 637	21 780	22 986
Other Objectives	31 723	32 695	35 998	44 099	47 786	49 303	53 092
Total expense	126 028	155 512	159 874	164 236	172 488	181 767	191 645

The commission provides support to the water sector and all its relevant institutions and partners. This entails providing knowledge aimed at informing decision making processes, improving monitoring and assessment tools, and making available a range of new and improved technologies related to water resource management and the provision of water and sanitation services. The bulk of the entity's budget is spent on research (R164.1 million in 2010/11). In 2010/11, the commission focused on four areas: water resource management, water linked ecosystems, water use and waste management, and water utilisation in agriculture. With regards to water resource management, a research project was initiated, aimed at defining suitable pathways for engaging local management institutions, in the context of internationally shared rivers and their role in regional cooperation and stability. With regards to water linked ecosystems, three main research areas were addressed: ecosystem processes, form and function of ecosystems; ecosystem management and utilisation, including issues such as the ecological reserve; and ecosystem health and rehabilitation. With regards to water use and waste management, support studies were conducted on appropriate technologies for improving the quality and quantity of South African water supplies for domestic use, with a focus on water supply and treatment technology serving the urban, rural, large and small systems. With regards to water utilisation in agriculture, emphasis was placed on new projects on the water use of trees or crops and areas which are suitable for biofuel production.

Expenditure estimates

Table 38.18 Water Research Commission

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	141 483	151 985	158 379	164 068	172 159	181 351	191 250
Sale of goods and services other than capital assets	132 307	143 132	151 743	158 268	166 185	175 198	184 912
<i>of which:</i>							
<i>Water research levies</i>	132 307	143 132	151 743	158 268	166 185	175 198	184 912
<i>Other non-tax revenue</i>	9 176	8 853	6 636	5 800	5 974	6 153	6 338
Total revenue	141 483	151 985	158 379	164 068	172 159	181 351	191 250
Expenses							
Current expense	126 028	155 512	159 874	164 236	172 488	181 767	191 645
Compensation of employees	24 662	30 188	33 405	29 968	31 648	33 385	35 217
Goods and services	99 619	122 970	124 204	133 106	139 592	147 225	155 261
Depreciation	(268)	862	1 100	992	1 070	970	970
Interest, dividends and rent on land	2 015	1 492	1 165	170	178	187	197
Total expenses	126 028	155 512	159 874	164 236	172 488	181 767	191 645
Surplus / (Deficit)	15 455	(3 527)	(1 495)	(168)	(329)	(416)	(395)

Table 38.18 Water Research Commission (continued)

Statement of financial position				Revised	Medium-term estimate		
	Audited outcome			estimate			
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Carrying value of assets	12 592	13 449	14 523	14 354	15 023	14 609	14 213
of which: Acquisition of assets	479	1 718	2 224	823	1 739	556	574
Investments	47 584	47 923	48 743	16 173	16 178	18 178	20 178
Receivables and prepayments	16 270	31 934	37 784	34 685	36 300	37 300	39 300
Cash and cash equivalents	88 536	63 581	68 944	68 270	65 615	63 600	61 411
Total assets	164 982	156 887	169 994	133 482	133 116	133 687	135 102
Accumulated surplus/deficit	75 852	77 907	76 413	76 244	75 913	75 499	75 102
Capital and reserves	20 667	21 237	22 349	24 213	26 546	28 546	31 000
Post-retirement benefits	24 253	28 470	32 794	–	–	–	–
Trade and other payables	41 401	25 667	34 592	30 025	27 657	26 642	26 000
Provisions	2 244	2 523	2 610	2 400	2 400	2 400	2 400
Liabilities not classified elsewhere	565	1 083	1 236	600	600	600	600
Total equity and liabilities	164 982	156 887	169 994	133 482	133 116	133 687	135 102

Expenditure trends

The spending over the medium term will be focused in spending on goods and services and compensation of employees to conduct research, which is the primary function of the commission.

The commission has two primary sources of income: the water research levy, receivable in terms of the Water Research Act (1971); and leverage income, which is income from research commissioned by clients. The water research levy accounts for approximately 95.8 per cent of total revenue in 2009/10. Revenue increased from R141.5 million in 2007/08 to R164.1 million in 2010/11, at an average annual rate of 5.1 per cent. Revenue is expected to increase to R191.3 million over the medium term, at an average annual rate of 5.2 per cent. The growth in revenue in both periods is driven by increases to the water research levy and providing services to other departments.

Between 2007/08 and 2010/11, expenditure increased from R126 million to R164.2 million, at an average rate of 9.2 per cent. Expenditure is expected to increase to R191.6 million over the medium term, at an average annual rate of 5.4 per cent. This may be impacted on by the multi-year nature of the research projects. Between 2007/08 and 2010/11, salary costs increased from R24.7 million to R33.4 million, mainly due to the higher than inflation salary increases negotiated in the public sector as well as higher than inflation increases in the post retirement medical aid liability. Apart from the cost of living increase there was also a review of senior management salaries which added to the increase in salary costs.

Rand Water

Strategic overview: 2007/08 – 2013/14

Rand Water is mandated in accordance with the Water Services Act (1997) as a bulk water services provider. For the past 107 years, it has supplied bulk potable water to Gauteng and its surrounding areas from its primary source, the Vaal River. Rand Water is the largest water utility in Africa, providing bulk potable water to an estimated 11 million people in Gauteng and parts of Mpumalanga, Free State and North West. Its customer base includes metropolitan municipalities, local municipalities, mines and industries. The utility's mandate was expanded in September 2009 to include the Victor Khanye (formerly Delmas) local municipality in Mpumalanga. A ministerial directive was also received in April 2009 for Rand Water to support the management of the Bushbuckridge water board.

Gauteng is currently experiencing one of the highest rates of urbanisation as people migrate in search of economic opportunities. Rand Water is preparing to meet the growing demand for bulk water that will result from this growing urbanisation. The utility's current infrastructure capacity is able to meet its customer demands until 2012. In 1965, Rand Water supplied 1 000 Ml/d and by 2010 this will have increased four-fold to 4 000 Ml/d by 2012.

In keeping with the utility's strategy to pursue growth, it will, over the next five years, provide bulk water services in its Rand Water board programme of R10 billion, of which R3.3 billion will be funded through cash generated from operations, and the balance through a combination of funding sources including the new Rand Water domestic medium term note programme. Over the same period, R8.1 billion will be used to refurbish the utility's ageing infrastructure and to focus on providing bulk sanitation services to municipalities. An additional R1.9 billion will be used to address the utility's growth in investments.

Savings and cost effectiveness measures

It is anticipated that over the medium term, these cost will be contained within budget. The refurbishment of infrastructure will result in efficient utilisation of resources, which will also have a positive impact on cost containment.

Selected performance indicators

Table 38.19 Rand Water

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Net debt/equity ratio	Financial Management	0.18	0.16	0.14	0.27	0.40	0.39	0.45
Debt service ratio	Financial Management	-4.83	-14.36	3.88	4.37	9.32	20.88	-
Debt/asset ratio	Financial Management	0.24	0.25	0.10	0.19	0.26	0.26	0.28
Costs per kiloliter	Raw Water	R1.38	R1.55	R1.70	R1.92	R2.11	R2.32	R2.68
Value of profit for the year	Financial Management	R839.5m	R595.6m	R302m	R567m	R696m	R837m	R917m

Details of programmes/activities/objectives

Table 38.20 Rand Water

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Raw water	1 952 929	2 251 167	2 435 412	2 701 525	3 030 063	3 418 632	4 035 380
Energy	350 340	493 130	687 543	900 307	1 125 384	1 406 730	1 592 418
Chemicals	97 652	138 811	170 747	244 930	263 697	283 474	305 018
Depreciation	175 825	163 722	167 836	178 999	242 778	319 864	399 955
Labour	726 059	827 684	965 648	955 802	1 038 957	1 127 268	1 224 213
Other Objectives	401 287	498 585	475 135	562 466	595 315	619 653	645 217
Total expense	3 704 092	4 373 099	4 902 321	5 544 029	6 296 194	7 175 621	8 202 201

Rand Water Board provides potable water to municipalities, mines and industries in the Gauteng. As a bulk water services provider, Rand Water provides sufficient quantity of water to its customers in its operational area. This is evidenced by the blue drop certification that was awarded to the board by the Department of Water Affairs as almost all the municipalities that it supplies water were also awarded the blue drop certification in 2009/10. In 2009/10, Rand Water's actual capital expenditure in the augmentation and rehabilitation of infrastructure and assets was R934.7 million, which equates to 93 per cent of total expenditure. Of the amount spent on capital expenditure, R887.6 million was for infrastructure under independent capital projects, R46.3 million for moveable assets and R800 000 for land and rights.

Rand Water plans to spend R8 billion over the next five years on the upgrading and refurbishing of its water supply infrastructure. Of this, 70 per cent is allocated for augmentation of schemes, with the remaining being allocated for renovations and the upgrades of its existing infrastructure. Less than 10 per cent of Rand Water's 3 500km pipeline network is constructed from concrete, the balance is manufactured from steel. Over the next five years, Rand Water will renovate or replace all its concrete pipelines (about 200km) with steel pipes as concrete is more susceptible to rupturing and thus potentially causing damage to both people and property.

Expenditure estimates

Table 38.21 Rand Water

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	4 543 587	4 955 112	5 203 955	6 111 118	6 992 573	8 013 114	9 119 374
Sale of goods and services other than capital assets	4 274 363	4 648 121	4 997 701	5 916 062	6 812 308	7 846 837	8 943 137
<i>of which:</i>							
<i>Sale of bulk water</i>	4 274 363	4 648 121	4 997 701	5 916 062	6 812 308	7 846 837	8 943 137
<i>Other non-tax revenue</i>	269 224	306 991	206 254	195 056	180 265	166 277	176 237
Total revenue	4 543 587	4 955 112	5 203 955	6 111 118	6 992 573	8 013 114	9 119 374
Expenses							
Current expense	3 702 399	4 367 701	4 897 011	5 544 029	6 296 194	7 175 621	8 202 201
Compensation of employees	694 823	848 318	965 648	955 802	1 038 957	1 127 268	1 224 213
Goods and services	2 733 251	3 243 616	3 658 617	4 240 721	4 930 798	5 686 351	6 578 033
Depreciation	175 824	179 902	167 836	178 999	242 778	319 864	399 955
Interest, dividends and rent on land	98 501	95 865	104 910	168 507	83 661	42 138	–
Total expenses	3 704 092	4 373 099	4 902 321	5 544 029	6 296 194	7 175 621	8 202 201
Surplus / (Deficit)	839 495	582 013	301 634	567 089	696 379	837 493	917 173
Statement of financial position							
Carrying value of assets	5 020 763	5 803 351	6 540 121	7 641 312	9 304 550	10 930 224	12 589 293
<i>of which: Acquisition of assets</i>	640 155	967 380	910 029	1 280 190	1 906 016	1 945 538	2 059 024
Investments	124 193	127 557	82 953	42 519	–	–	–
Inventory	41 005	46 124	46 848	47 876	50 605	53 388	56 378
Receivables and prepayments	469 176	581 714	857 615	902 764	917 281	1 050 527	1 192 140
Cash and cash equivalents	1 349 587	1 351 203	924 858	1 026 845	1 207 050	644 518	716 464
Assets not classified elsewhere	13 871	10 573	8 209	24 143	21 591	18 813	15 790
Total assets	7 018 595	7 920 522	8 460 604	9 685 459	11 501 077	12 697 470	14 570 065
Accumulated surplus/deficit	5 338 773	5 924 795	6 222 184	6 789 273	7 485 651	8 323 144	9 240 318
Borrowings	728 490	728 252	629 665	1 651 732	2 958 472	3 259 240	4 152 216
Post-retirement benefits	215 165	228 723	254 306	181 498	–	–	–
Trade and other payables	733 417	1 035 866	1 285 649	998 439	992 437	1 050 569	1 113 014
Liabilities not classified elsewhere	2 750	2 886	68 800	64 517	64 517	64 517	64 517
Total equity and liabilities	7 018 595	7 920 522	8 460 604	9 685 459	11 501 077	12 697 470	14 570 065

Expenditure trends

Rand Water income is mainly from the sale of bulk water to municipalities, mines and industries. Water sales increased from R4.3 billion to R5.9 billion between 2007/08 and 2010/11, at an average annual rate of 11.4 per cent, although volumes are expected to grow due to water demand management and the use of grey water by mines.

Expenditure increased from R4.4 billion in 2008/09 to R4.9 billion in 2009/10, at an average annual rate of 12.1 per cent. This increase is due to higher energy costs and chemical costs used in the purification and pumping of water and also the higher than anticipated increase in raw water cost. Over the medium term, expenditure is expected to increase to R8.2 billion, at an average annual rate of 13.9 per cent. The increase is mainly due to the refurbishment of water infrastructure owned by Rand Water. The refurbishment project is anticipated to cost approximately R3.2 billion over the MTEF period as some of the infrastructure is old.

A comprehensive capital expenditure programme has been developed and has to be funded to ensure that Rand Water is able to meet its mandate of supplying water.

Umgeni Water

Strategic overview: 2007/08 – 2013/14

Umgeni Water was established in June 1974 and mandated in accordance with the Water Services Act (1997), the Public Finance Management Act (1999) and other relevant legislation. The Minister of Water Affairs is the executive authority of the board.

The board manages to supply bulk treated water amounting to 426 million cubic metres per year to six KwaZulu-Natal municipalities: eThekweni metropolitan municipality, iLembe district municipality, Sisonke district municipality, uMgungundlovu district municipality, Ugu district municipality, and Msunduzi local municipality. This is done through pipelines, tunnels, dams, water treatment works, wastewater treatment works, off-site reservoirs, boreholes and a water supply scheme all owned by the board.

Over the next five years, Umgeni Water will undertake capital projects (comprising 30 major projects) amounting to R5 billion. This includes rural development (R1 billion), infrastructure expansion and augmentation (R 734 million), infrastructure upgrading and rehabilitation (R 480 million), and spending on information and communication technology (R66 million). In the same period, the board will deepen its penetration into rural areas through its rural development project by increasing its bulk supply coverage from 228 wards to 259, a 13.6 per cent supply to the total wards in its supply area.

Savings and cost effectiveness measures

Over the MTEF period, Umgeni Water will reduce total interest bearing debt to minimise the cost of finance and interest. The financial plan will ensure that Umgeni Water contributes to an affordable tariff, maintains optimal debt levels, improves return on assets by investing appropriately in order to enhance its shareholder value. Other initiatives include: enhancing the procurement processes; assessing the effectiveness of maintenance spend; enhancing cost allocation and cost reporting systems, which will examine in greater detail, improving metering and billing systems by review of the metering process; and enhancing business controls to reduce fraud risk.

Selected performance indicators

Table 38.22 Umgeni Water

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2007/08	2008/09	2009/1		2011/12	2012/13	2013/14
Net debt/equity ratio	Water Management	1.12	0.48	0.15	0.17	0.19	0.19	0.16
Debt service ratio	Water Management	3.36	5.51	7.74	6.25	6.37	5.26	5.78
Debt /asset ratio	Water Management	0.57	0.49	0.35	0.33	0.32	0.28	0.25
Costs per kilolitre	Water Management	R2.24	R2.16	R2.03	R2.48	R3.05	R3.43	R3.61
Value of profit for the year	Water Management	R392.9m	R527m	R540.7m	R427.4m	R475.7m	R403.3m	R428.2m
Debtors collection period	Water Management	37 days	39 days	52 days	38 days	38 days	39 days	39 days
Asset turnover ratio	Water Management	0.47	0.52	0.52	0.49	0.53	0.44	0.44
Value of capital investment in PPE ¹ and intangible assets	Water Management	R110.3m	R237m	R334.5m	R672.5m	R724.7m	R701.6m	R634.1m
Return on assets ratio	Water Management	20.49	22.54	19.85	14.60	13.92	11.12	10.64
Current ratio	Water Management	1.38	0.99	2.42	2.48	2.53	2.16	2.10

1. PPE is a reference number for a bond issued by the Umgeni Water Board.

Details of programmes/activities/objectives

Table 38.23 Umgeni Water

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Bulk Water	922 567	941 458	1 016 716	1 094 174	1 339 368	1 512 514	1 600 984
Waste Water	32 429	40 359	40 568	43 278	46 955	46 326	54 344
Other (S30) Expenditure	57 744	168 021	197 129	185 858	303 297	58 577	59 749
Total expense	1 012 740	1 149 838	1 254 413	1 323 310	1 689 620	1 617 417	1 715 076

Umgeni Water provides potable water to six municipalities in KwaZulu-Natal and has a supply area of 21.2 km². As a bulk water service provider, the entity requires sustainable and cost effective water resources to meet its customer's demands. In 2010/11, 75.6 per cent of the entity's budget was used for the payment of current expenses, comprising of the salaries of staff, operational expenditure and direct costs of production. To assist with meeting the long term water requirements of the region, the board is investigating alternative sources of water, which include: the completion of a pre-feasibility investigation of a large scale desalination plant for eThekweni; continuation of the reuse investigation at the Darvill wastewater works; and involvement in the eThekweni Metro's water reuse investigation.

In 2009/10, Umgeni Water Board invested R1 billion in infrastructure, of which R35 million was spent for the construction of a reservoir and a raw water pipeline of 18.5 km to provide potable water 16 656 people in the rural areas of Maphumulo in iLembe district municipality. This development will assist to reduce the water infrastructure backlog in the Maphumulo local municipality. In the same year, the entity also invested in the Richmond bulk water supply pipeline, comprising of a 30 km pipeline to convey 27 000 m³ of potable water per day with a 5 000 m³ storage reservoir. This pipeline will serve 98 000 people and reduce the water backlogs in the Richmond local municipality. It is expected to cost R121 million at completion.

Expenditure estimates

Table 38.24 Umgeni Water

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	1 405 606	1 676 852	1 795 125	1 750 706	2 165 369	2 020 724	2 143 309
Sale of goods and services other than capital assets	1 289 035	1 492 688	1 633 043	1 706 882	2 128 549	1 985 694	2 114 313
of which:							
Sale of bulk water	1 289 035	1 492 688	1 633 043	1 706 882	2 128 549	1 985 694	2 114 313
Other non-tax revenue	116 571	184 164	162 082	43 824	36 820	35 029	28 996
Total revenue	1 405 606	1 676 852	1 795 125	1 750 706	2 165 369	2 020 724	2 143 309
Expenses							
Current expense	1 012 740	1 149 838	1 254 413	1 323 310	1 689 620	1 617 417	1 715 076
Compensation of employees	268 825	293 606	323 490	304 268	338 489	363 537	391 166
Goods and services	407 934	514 664	618 136	809 613	1 120 010	1 011 831	1 079 156
Depreciation	65 230	74 079	82 446	91 556	112 961	119 872	133 882
Interest, dividends and rent on land	270 751	267 489	230 341	117 873	118 160	122 177	110 872
Total expenses	1 012 740	1 149 838	1 254 413	1 323 310	1 689 620	1 617 417	1 715 076
Surplus / (Deficit)	392 866	527 014	540 712	427 396	475 749	403 306	428 233
Statement of financial position							
Carrying value of assets	2 308 079	2 476 260	2 690 987	3 218 578	3 738 477	4 177 739	4 553 619
of which: Acquisition of assets	110 319	236 977	334 596	672 499	672 499	706 015	631 441

Table 38.24 Umgeni Water (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Investments	1 165 774	1 392 931	1 300 853	1 060 764	1 058 295	825 480	760 297
Inventory	10 283	9 145	8 642	8 607	8 607	8 607	8 607
Receivables and prepayments	150 195	183 794	264 913	211 545	261 775	245 951	261 335
Cash and cash equivalents	13 637	7 699	1 690	388	826	338	478
Assets not classified elsewhere	12 891	14 135	41 237	46 988	45 428	43 736	41 900
Total assets	3 660 859	4 083 964	4 308 322	4 546 871	5 113 408	5 301 851	5 626 236
Accumulated surplus/deficit	577 431	1 104 445	1 645 157	2 509 540	2 985 288	3 388 596	3 816 830
Capital and reserves	445 103	442 847	442 847	–	–	–	–
Borrowings	2 078 336	1 978 903	1 517 448	1 476 099	1 613 881	1 470 903	1 377 978
Post-retirement benefits	164 369	169 472	189 742	169 797	129 881	65 923	64 010
Trade and other payables	235 552	276 562	391 622	329 458	322 380	314 451	305 440
Provisions	119 788	60 444	63 664	61 978	61 978	61 978	61 978
Liabilities not classified elsewhere	40 280	51 291	57 842	–	–	–	–
Total equity and liabilities	3 660 859	4 083 964	4 308 322	4 546 871	5 113 408	5 301 851	5 626 236

Expenditure trends

Umgeni Water generates revenue mainly from the sale of bulk potable water to six municipalities in KwaZulu-Natal. Revenue grew from R1.4 billion in 2007/08 to R1.8 billion in 2010/11, at an average annual rate of 7.6 per cent. The growth 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 R1.8 billion to R2.1 billion over the medium term, at an average annual rate of 7 per cent. This was due to inflation related increases in the bulk water tariffs.

Expenditure increased from R1 billion in 2007/08 to R1.3 billion in 2010/11, at an average annual rate of 9.3 per cent. This is due to the rising costs of energy and chemicals over the medium term, as a result of Umgeni Water expanding its services to smaller communities in urban and peri-urban areas, which were not previously supplied with water.

Consolidated water boards

Strategic overview: 2007/08 – 2013/14

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

The boards are key strategic organisations that primarily provide bulk potable water services to municipalities, other water service institutions and major customers within designated service areas. Water boards vary considerably in size, activities, customer mix, revenue base and capacity.

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

In 2010/11, the Albany Coast Water Board was disestablished and its service area and assets were taken over by Amatola Water to benefit from economies of scale. Namakwa Water is also trading at a loss and plans are under way to disestablish this board and merge its operations to that of Sedibeng Water.

The water boards

Albany Coast Water (disestablished March 2010)	Ikangala Water (Disestablished)	Overberg Water
Amatola Water	Lepelle Northern Water	Pelladri Water
Bloem Water	Magalies Water	Rand Water
Botshelo Water	Mhlathuze Water	Sedibeng Water
Bushbuckridge Water	Namakwa Water	Umgeni Water

Selected performance indicators

Table 38.25 Consolidated water boards

Water board	Volume of water sold (kl)						
	Past			Current	Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Albany Coast ¹	563 192	572 135	422 197	–	–	–	–
Amatola	36 759 000	38 969 992	39 036 000	39 168 000	39 363 000	39 560 000	39 758 000
Bloem	80 903 744	86 328 454	87 010 183	89 123 000	91 490 000	93 167 000	93 567 000
Botshelo	17 032 828	14 761 337	15 500 000	16 051 000	16 372 000	16 699 000	17 033 000
Bushbuckridge	21 903 108	24 149 817	25 694 187	33 713 000	35 374 000	36 537 000	39 858 000
Lepelle	85 661 000	87 376 000	91 275 000	91 474 000	94 973 000	97 627 000	98 869 000
Magalies	67 200 172	74 725 911	78 462 000	79 088 000	88 771 000	104 733 000	118 263 000
Mhlathuze	91 295 000	95 647 000	92 328 000	93 699 000	95 794 000	97 459 000	99 341 000
Namakwa ¹	2 924 056	2 619 520	2 900 000	2 000 000	–	–	–
Overberg	6 338 702	6 284 023	6 248 513	6 821 000	6 946 000	7 089 000	7 238 000
Pelladri	4 160 614	4 230 606	4 280 903	4 047 000	3 724 000	3 330 000	2 898 000
Rand	1 333 345 000	1 377 875 000	1 357 800 000	1 382 389 000	1 410 036 078	1 438 236 736	1 467 001 471
Sedibeng	76 250 336	79 476 416	77 745 904	89 377 000	95 855 000	100 852 000	107 019 000
Umgeni	403 754 000	415 956 000	426 495 000	425 978 000	434 491 000	443 175 000	452 039 000

1. Disestablished.

Details of programmes/activities/objectives

The 13 water boards supply potable water to the municipalities in which they operate. In 2009/10, the water boards collectively supplied a total bulk potable volume of approximately 2.3 billion m³, which represents a 0.1 per cent increase in volumes sold. All water boards met minimum water quality standards in 2009/10 and experienced negligible disruption of supply. Botshelo Water, which was in financial difficulty for a number of years, successfully implemented a turnaround strategy and is now trading above breakeven levels. Over the medium term, the department will undertake an institutional realignment project with a view to restructure and merge water boards to ensure economies of scale. The department will also establish an economic regulator to facilitate tariff stability and efficient service delivery.

Expenditure estimates

Table 38.26 Consolidated water boards

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2010/11			
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	7 688 381	8 695 982	9 158 113	10 441 663	12 095 788	13 239 267	14 736 777
Sale of goods and services other than capital assets	6 887 634	7 671 097	8 458 852	9 801 133	11 444 828	12 538 869	13 973 886
of which:							
Admin fees	8 165	9 432	508	6 436	6 993	7 692	8 388
Sale of bulk water	6 879 469	7 661 665	8 458 344	9 794 697	11 437 835	12 531 177	13 965 498
Other non-tax revenue	800 747	1 024 885	699 261	640 531	650 960	700 398	762 891
Transfers received	22 495	4 268	–	–	–	–	–
Total revenue	7 710 876	8 700 250	9 158 113	10 441 663	12 095 788	13 239 267	14 736 777
Expenses							

Table 38.26 Consolidated water boards (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Current expense	6 274 647	7 388 519	8 267 622	9 323 155	10 729 932	11 734 585	13 063 516
Compensation of employees	1 382 316	1 636 403	1 857 686	1 934 678	2 104 518	2 284 947	2 484 186
Goods and services	4 038 026	4 873 570	5 572 488	6 534 542	7 753 735	8 507 545	9 595 191
Depreciation	380 331	408 356	416 387	454 212	573 625	668 271	768 194
Interest, dividends and rent on land	473 974	470 190	421 061	399 723	298 055	273 823	215 945
Total expenses	6 276 340	7 393 917	8 272 932	9 323 155	10 729 932	11 734 585	13 063 516
Surplus / (Deficit)	1 434 536	1 306 333	885 181	1 118 508	1 365 856	1 504 682	1 673 261
Statement of financial position							
Carrying value of assets	10 109 723	11 067 815	12 416 998	14 394 856	16 961 302	19 290 514	21 474 262
of which: Acquisition of assets	890 814	1 357 534	1 550 565	2 485 468	3 189 788	3 144 424	3 073 696
Investments	1 950 364	2 245 204	1 969 963	1 628 084	1 713 957	1 527 095	1 533 565
Inventory	77 302	92 640	92 679	99 201	101 214	106 437	113 357
Receivables and prepayments	1 103 863	1 455 185	1 887 589	1 811 224	1 824 662	1 977 480	2 168 988
Cash and cash equivalents	2 101 474	2 171 402	1 702 498	1 758 932	1 904 405	1 377 938	1 502 403
Assets not classified elsewhere	34 290	30 373	199 716	71 446	196 160	185 704	179 481
Total assets	15 377 016	17 062 619	18 269 443	19 763 744	22 701 700	24 465 167	26 972 056
Accumulated surplus/deficit	8 615 856	9 722 072	10 548 989	12 073 118	13 672 281	15 177 161	16 923 612
Capital and reserves	1 006 098	1 211 340	1 565 219	1 238 051	1 251 004	1 265 179	1 281 077
Borrowings	3 487 551	3 410 971	2 724 088	3 933 017	5 386 331	5 624 949	6 276 057
Post-retirement benefits	402 007	425 863	495 494	380 135	159 916	97 207	97 288
Trade and other payables	1 570 249	2 035 692	2 403 901	1 833 220	1 942 894	2 016 706	2 114 232
Provisions	158 894	95 817	276 850	114 042	102 365	105 113	108 695
Liabilities not classified elsewhere	136 361	160 864	254 902	192 162	186 909	178 852	171 095
Total equity and liabilities	15 377 016	17 062 619	18 269 443	19 763 744	22 701 700	24 465 167	26 972 057

Expenditure trends

Revenue collected by waters boards comes mainly from the sales of bulk water to water service authorities in their areas. Revenue from the consolidated sale of bulk water increased from R7.7 billion in 2007/08 to R10.4 billion in 2010/11, at an average annual rate of 10.6 per cent. Revenue is expected to increase to R14.8 billion in 2013/14, at an average annual rate of 12.2 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 from R9.3 billion in 2010/11 to R13.1 billion in 2013/14 over the medium term, at an average annual rate of 11.9 per cent. The increase is due to the combined effect of adjustments for inflation, and the construction, upgrading and rehabilitation of water infrastructure. The water boards made a consolidated net profit of R903 million, which represents a decline of 29 per cent from the previous year profit. This decline in net profit can be attributed mainly to cost escalations in the raw water cost increase of 9 per cent, the direct labour cost increase of 17.8 per cent, the chemical and purification cost increase of 20.5 per cent, and the energy cost increase of 34.4 per cent.

Komati Basin Water Authority

Strategic overview: 2007/08 – 2013/14

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 the 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.

Other public entities and agencies

- The **Breede-Overberg Catchment Management Agency** manages water resources through continuous engagement with all stakeholders and devolves decision making to the lowest level for the benefit of all water users in the Breede-Overberg catchment. Its total budget for 2011/12 is R20.5 million.
- The **Inkomati Catchment Management Agency** ensures that water is used to support equitable and sustainable social and economic transformation and development. Its total budget for 2011/12 is R20.1 million.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2009/10		2009/10	2010/11			2010/11
Administration	789 720	810 842	864 665	856 646	83 093	939 739	776 316
Water Sector Management	345 077	345 077	448 941	368 487	78 419	446 906	369 058
Water Infrastructure Management	2 277 036	2 519 409	2 102 510	2 241 418	(3 186)	2 238 232	2 207 247
Regional Implementation and Support	3 357 317	3 497 783	3 687 917	4 339 067	25 329	4 364 396	4 065 821
Water Sector Regulation	162 657	158 057	73 170	180 393	22 746	203 139	180 457
International Water Cooperation	11 441	11 441	11 441	10 581	200	10 781	10 781
Total	6 943 248	7 342 609	7 188 644	7 996 592	206 601	8 203 193	7 609 680
Economic classification							
Current payments	2 874 383	3 054 176	2 954 944	3 629 538	98 060	3 727 598	3 303 294
Compensation of employees	988 307	1 043 081	899 789	1 147 639	(362)	1 147 277	964 762
Goods and services	1 886 076	2 011 095	2 048 237	2 481 899	98 422	2 580 321	2 338 532
Interest and rent on land	–	–	6 918	–	–	–	–
Transfers and subsidies	3 325 560	3 539 380	3 135 249	3 241 610	115 055	3 356 665	3 285 612
Provinces and municipalities	978 579	924 978	908 944	890 746	147 782	1 038 528	1 014 352
Departmental agencies and accounts	2 120 122	2 362 495	1 958 464	2 102 743	(43 415)	2 059 328	2 028 343
Foreign governments and international organisations	180 100	180 725	177 081	180 106	200	180 306	180 306
Public corporations and private enterprises	–	–	43	–	4 127	4 127	4 127
Non-profit institutions	440	440	450	476	–	476	10
Households	46 319	70 742	90 267	67 539	6 361	73 900	58 474
Payments for capital assets	743 305	749 053	1 048 174	1 125 444	(6 514)	1 118 930	1 020 774
Buildings and other fixed structures	670 244	675 497	1 014 013	1 038 328	(4 494)	1 033 834	952 088
Machinery and equipment	66 090	66 585	33 394	74 296	(1 776)	72 520	61 024
Biological assets	–	–	4	285	(56)	229	229
Land and sub-soil assets	–	–	–	56	–	56	56
Software and other intangible assets	6 971	6 971	763	12 479	(188)	12 291	7 377
Payments for financial assets	–	–	50 277	–	–	–	–
Total	6 943 248	7 342 609	7 188 644	7 996 592	206 601	8 203 193	7 609 680

Table 38.B Detail of approved establishment and personnel numbers according to salary level¹

Department	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	5 869	5 869	383	3 697	3 938	4 173	4 714	4 847	4 906	4 957
Salary level 1 – 6	3 322	3 322	361	2 144	2 271	2 322	2 600	2 667	2 691	2 706
Salary level 7 – 10	1 918	1 918	15	1 151	1 233	1 365	1 524	1 581	1 604	1 633
Salary level 11 – 12	481	481	6	309	333	379	465	474	486	493
Salary level 13 – 16	148	148	1	93	101	107	125	125	125	125
Administration	1 750	1 750	47	670	767	816	969	985	997	1 000
Salary level 1 – 6	958	958	38	278	339	342	448	448	448	448
Salary level 7 – 10	641	641	4	298	318	351	384	397	405	406
Salary level 11 – 12	94	94	4	60	73	81	88	91	95	97
Salary level 13 – 16	57	57	1	34	37	42	49	49	49	49

Table 38.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Water Sector Management	517	517	–	267	277	316	338	361	379	379
Salary level 1 – 6	171	171	–	67	73	87	89	100	107	107
Salary level 7 – 10	166	166	–	84	86	95	102	112	120	120
Salary level 11 – 12	156	156	–	98	100	116	127	129	132	132
Salary level 13 – 16	24	24	–	18	18	18	20	20	20	20
Regional Implementation and Support	3 243	3 243	296	2 597	2 718	2 836	3 195	3 288	3 310	3 358
Salary level 1 – 6	2 048	2 048	283	1 753	1 805	1 833	1 999	2 055	2 065	2 080
Salary level 7 – 10	957	957	11	693	750	821	944	977	984	1 012
Salary level 11 – 12	190	190	2	124	132	151	212	216	221	226
Salary level 13 – 16	48	48	–	27	31	31	40	40	40	40
Water Sector Regulation	321	321	40	137	150	179	186	187	194	194
Salary level 1 – 6	143	143	40	45	53	59	63	63	70	70
Salary level 7 – 10	133	133	–	64	67	86	82	83	83	83
Salary level 11 – 12	34	34	–	21	22	25	32	32	32	32
Salary level 13 – 16	11	11	–	7	8	9	9	9	9	9
International Water Cooperation	38	38	–	26	26	26	26	26	26	26
Salary level 1 – 6	2	2	–	1	1	1	1	1	1	1
Salary level 7 – 10	21	21	–	12	12	12	12	12	12	12
Salary level 11 – 12	7	7	–	6	6	6	6	6	6	6
Salary level 13 – 16	8	8	–	7	7	7	7	7	7	7

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

2. As at 30 September 2010.

Table 38.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R thousand)	880 457	875 591	910 233	1 119 177	1 195 422	1 272 415	1 348 769
Training expenditure (R thousand)	38 863	40 806	50 597	56 730	62 403	68 643	75 507
Training as percentage of compensation of employees	4.4%	4.7%	5.6%	5.1%	5.2%	5.4%	5.6%
Total number trained in department (head count)	2 220	2 923	2 927	194			
<i>of which:</i>							
Employees receiving bursaries (head count)	384	364	276	100			
Learnerships trained (head count)	189	189	–	62			
Internships trained (head count)	40	96	32	33			
Households receiving bursaries (R thousand)	630 000	16 156	14 819	2 000	11 900	10 877	11 198
Households receiving bursaries (head count)	42	120	195	145			

Table 38.D Summary of conditional grants to provinces and municipalities ¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Conditional grants to provinces							
Regional Management							
Water Services Operating Subsidy Grant	641 714	985 562	848 736	670 103	560 794	399 000	420 945
Municipal Drought Relief Grant	91 212	9 000	53 700	320 357	450 000	–	–
Total	732 926	994 562	902 436	990 460	1 010 794	399 000	420 945

1. Detail provided in the Division of Revenue Act (2011.)

Table 38.E Summary of departmental public private partnership (PPP) projects

Project description: Fleet Management Service		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R thousand			2010/11	2011/12	2012/13	2013/14
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	–

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 38.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand												
Foreign In cash												
European Union	Water and sanitation services	Regional Implementation and Support	2 170 132	Goods and services	Close collaboration with the Department of Provincial and Local Government to support delivery. Increased effort by sector partners to fast track procurement, service delivery and build capacity for sustainable services	278 263	366 501	264 363	215 927	–	–	–
European Union	South African Development Community (SADC) Hydrological Cycle Observing Systems (hycos phase 2)	Regional Implementation and Support	–	Goods and services	Missions to rehabilitate Phase I stations. Phase II equipment procured. Phase II installations dependent on completion of civil works by Member States. New Hydrological Information Management System procured for Member States, introductory training completed and initial implementation activities	2 802	2 716	1 838	–	–	–	–
Finland	Working for Water programme	Regional Implementation and Support	–	Goods and services	Non-profit organisation work on Vulindela skills projects	23	39	169	–	–	–	–
Ireland	Water and sanitation services	Regional Implementation and Support	279 500	Goods and services	Interactive video to induct new councillors	43 290	32 716	45 410	6 329	–	–	–
People's Republic of China	Community project	Regional Implementation and Support	21 703	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	–	194	–	–	–	–	–
Denmark	Community water supply and sanitation	Regional Implementation and Support	21 703	Goods and services	Create awareness and enable communities to implement projects that protect, use, develop, conserve, manage and control water resources	2 281	6 363	13 547	11 509	–	–	–
Switzerland	Local government capacity building	Regional Implementation and Support	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	3 500	–	200	–	–	–	–
Total			2 502 838			330 159	408 529	325 527	233 765	–	–	–

Table 38.G Summary of expenditure on infrastructure

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Departmental infrastructure										
Sedibeng: bulk regional sewerage scheme	New sanitation scheme to replace high maintenance, unreliable, old infrastructure, inadequate for planned future development	Tender	3 500 000	1 106	3 781	20 154	18 800	30 000	57 000	70 000
OR Tambo Mthatha: bulk water supply	Abstraction works, water treatment works, reservoirs, pump stations, command reservoirs, bulk pipeline	Feasibility	2 705 000	500	876	1 687	600	2 000	6 000	10 000
Matoks: bulk water supply	Water supply to 87 200 people in 15 villages	Feasibility	1 083 000	–	835	595	–	600	10 000	20 000
Magalies Water to Waterberg: bulk water supply	New water treatment and additional pipeline	Feasibility	1 891 000	482	919	787	–	600	–	–
Chris Hani district municipality cluster 6	Dams, weirs, boreholes, reservoirs, pump stations, bulk pipeline and surge tanks	Construction	324 000	–	–	3 176	8 990	20 000	57 000	70 000
Chris Hani district municipality clusters	Dams, weirs, boreholes, reservoirs, pump stations and bulk pipeline	Feasibility	1 500 000	–	11 000	23 451	–	–	–	–
Mbizana: regional bulk water supply, phase 1	Raw water supply system, water treatment plant upgraded and extended and bulk treated water supply system developed	Construction	900 000	7 400	1 945	34 331	15 550	77 300	90 800	95 000
Alfred Nzo (Mount Ayliff): bulk water supply	Dam constructed, water treatment works, pump station, pipeline and reservoir	Feasibility	358 500	–	–	–	–	–	19 000	50 000
Great Kei River Basin: water supply scheme	Water treatment works, pumps, pipeline, command reservoir, sub-reservoirs and break pressure tanks	Feasibility	523 000	900	500	–	–	–	–	–
Oaukeni: bulk water supply scheme (Mkambati regional water supply/Flagstaff rural water supply)	Bulk storage facility, water treatment works, command reservoir, primary and secondary bulk pipeline	Feasibility	954 000	1 200	–	–	–	–	–	–
Ndlambe Dam/Albany Coast: bulk water supply (Grahamstown and Port Alfred augmentation)	New bulk pipeline and reservoirs, and water treatment works upgraded	Feasibility	820 000	600	–	–	–	7 000	17 000	31 000

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

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Sterkfontein Dam scheme: phase 1 and 2	Phase 1: water treatment works, storage reservoir and pipeline. Phase 2: pipeline	Construction	211 000	7 825	14 571	36 041	50 050	72 200	30 400	–
Dihlabeng: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	470 000	–	–	–	–	3 000	10 000	25 000
Westonaria: regional bulk waste water treatment works	Waste water treatment works upgraded and extended	Design	621 520	–	3 393	7 759	24 100	30 000	42 500	60 000
Western Highveld: regional bulk water supply	Water treatment works and additional water supply	Feasibility	486 000	–	–	1 000	13 100	20 000	49 000	61 000
Greater Mthonjaneni: phase 1 bulk water supply	Water treatment works, reservoir, pump stations, booster pump stations, pipeline	Handed over	107 500	11 000	27 787	1 213	–	–	–	–
Greater Mthonjaneni: phase 2 bulk water supply	Phase 2A and 2B: 10 concrete reservoirs and bulk pipeline	Tender	88 000	–	–	–	12 922	30 000	40 000	25 500
Mhlabatshane: bulk water supply	Weir, water treatment plant and bulk pipeline	Tender	250 000	–	–	–	19 300	40 000	50 000	60 000
Pongolapoort: bulk water scheme	Package treatment plant, bulk mains, pump stations and 6 reservoirs	Tender	282 700	–	–	–	–	26 000	37 000	50 000
Nebo: bulk water supply	Steel pipeline, pump station, reservoir and water treatment works	Construction	1 379 000	6 500	19 435	28 000	28 000	60 000	77 000	75 000
Mooihoek/Tubatse: bulk water supply	Steel pipeline, reservoirs, gravity mains and treatment plants	Construction	807 000	5 000	23 443	22 514	13 000	48 000	70 000	70 000
Olifantspoort water treatment works	Water treatment works upgraded: main civil works, mechanical works, electrical works, building and auxiliary works and staff housing	Construction	304 000	9 988	20 000	98 371	50 000	39 000	–	–
Mogalakwena: bulk water supply	Phase 1, part 1: pipeline, 19 boreholes refurbished, 2 new boreholes. Phase 1, part 2: bulk pipeline and new command reservoir	Construction	1 530 000	19 000	20 000	27 572	53 000	40 000	76 700	80 000
Moutse: bulk water supply	Pipeline, pump station, reservoir, and water treatment works extended	Design	382 000	–	–	–	20 000	9 000	40 000	70 000
Lebalelo central and north: regional water supply	Water treatment works, bulk pipeline and pump stations	Feasibility	600 000	–	1 398	428	–	600	10 000	10 000

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

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand										
Nwamitwa: regional water supply scheme (Great Letaba)	Water treatment works upgraded, command reservoirs, pipeline, borehole and dam	Feasibility	644 000	1 500	342	720	–	500	–	–
Nzhelele Valley: bulk water supply	Dam wall raised, pump station, pipeline, existing main pump station upgraded, main pipeline upgraded and 14 new concrete reservoirs	Feasibility	600 000	750	234	50	–	500	1 000	15 000
Makhado West and extension to Nondomi Dam	Pump stations, boreholes and pipeline	Feasibility	841 000	905	300	1 849	–	500	–	–
Lephalale: bulk water augmentation (Eskom)	Water treatment works, reservoirs, pump stations and pipeline	Feasibility	330 000	1 000	200	1 844	–	800	–	20 000
Glen Alpine: bulk water supply	Raw water pump station, pipeline, water treatment works, gravity mains, clear water pump main and command reservoir	Feasibility	345 000	1 000	398	284	–	600	–	–
Western Highveld: regional bulk water supply	Pipeline	Feasibility	210 000	380	1 394	–	–	–	15 000	40 000
Ehlanzeni: bulk water supply	Water treatment works, reservoir and pipeline	Feasibility	380 000	–	–	2 572	–	9 500	22 000	50 000
Nkangala: bulk water scheme	Reservoir and pipeline	Feasibility	250 000	–	–	–	–	–	–	–
Gert Sibande: bulk water supply	Water treatment plant, reservoirs and pipeline	Feasibility	300 000	–	–	–	1 500	9 132	22 000	40 000
Kalahari East: pipeline extension	Pipeline extended, and associated infrastructure, such as pump stations, constructed	Feasibility	188 765	–	–	–	–	–	–	–
Vaal Gamagara: scheme upgrade	Existing pipeline upgraded, water treatment works, reservoirs and pump stations	Feasibility	1 600 000	–	–	1 800	–	–	–	25 000
Namakwa: bulk water supply refurbishment	Water infrastructure	Feasibility	500 712	–	–	–	4 000	15 000	47 000	103 000
Madibeng: bulk water supply	Water treatment plant upgraded	Design	421 071	500	–	2 997	10 128	44 000	52 900	60 000
Taung/ Naledi: bulk water supply	Water treatment works refurbished, 2 pump stations constructed, pipeline and pump stations	Construction	292 360	–	–	5 882	33 000	61 000	72 000	70 000
Ratlou local municipality: bulk water supply	Water treatment works upgraded, pipeline, reservoirs and boreholes	Feasibility	218 090	800	–	–	2 072	–	14 000	15 000

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

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Greater Mamusa: bulk water supply	Pump station upgraded, new pump station constructed, and new pipeline, including 2 booster pump stations	Feasibility	410 000	–	–	827	–	–	8 000	10 000
Moretele: bulk water supply	Water treatment works, pipeline and reservoir	Feasibility	340 000	500	973	443	–	–	–	–
Bojanala: regional water supply	Feasibility study	Feasibility	380 000	–	–	–	1 000	9 000	18 000	25 000
Ngaka Modire: district municipality regional water supply	Reservoirs, pipeline, pump stations and boreholes	Feasibility	250 000	–	–	–	–	–	–	10 000
Pilanesberg: bulk water supply	Water treatment works, reservoirs, pipeline and pump stations	Identification	1 000 000	–	–	–	–	–	–	–
West Coast: regional water supply	Phase 1: purchase water from willing seller. Phase 2: pump mains	Feasibility	250 000	–	350	–	–	10 000	23 000	50 000
Sundays River-Paterson: bulk water supply	Reservoirs, water treatment works upgraded, reservoir, pipeline and pump stations	Construction	73 800	18 000	–	–	16 500	12 000	16 300	11 000
Ibika: water supply	Water sourced, bulk supply constructed, concrete reservoirs and pipeline	Construction	49 000	600	3 200	3 082	11 000	20 000	11 200	–
Mncwasa: bulk water supply	Dam constructed, water treatment works, bulk pipeline and reservoirs	Construction	71 300	3 100	4 300	6 393	21 100	24 000	12 000	–
Xhora east: bulk water supply	Weir, off-channel storage, pump stations, water treatment works, pipelines and command reservoirs	Construction	31 400	3 000	3 400	194	4 404	11 700	–	–
Tsomo RDP2: northern bulk water supply	Bulk pipeline and concrete reservoirs	Construction	22 250	–	–	6 575	3 130	2 600	–	–
Chris Hani district municipality cluster 4: bulk water supply	Northern scheme: water treatment works, clear water reservoir, pipeline and 4 command reservoirs. North Eastern scheme: borehole development, 1 command reservoir, pipeline and electricity supply. Ncora scheme: raw water reservoir, water treatment works, clear water reservoir, pipeline, 4 pump stations and 3 command reservoirs	Construction	248 400	–	–	3 113	9 626	8 500	23 250	40 000
Chris Hani district municipality cluster 9: bulk water supply	Bulk pipeline, concrete reservoirs, clear water storage, pump stations and water treatment works upgraded	Construction	114 500	–	–	3 212	9 245	21 500	35 500	45 000

Table 38.G 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		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand										
Xonxa Dam: water supply to Lukhanji	Bulk pipeline, reservoirs, water treatment plant upgraded and pump stations	Design	208 381	1 000	650	–	8 600	38 000	45 100	55 000
Hofmeyer/Middelburg: water supply	Exploration and production drilling, boreholes developed, and pipeline	Construction	52 000	1 000	–	–	8 570	24 000	18 500	–
OR Tambo Mthatha: bulk water intervention	Water treatment works upgraded	Handed over	36 925	4 380	22 096	3 249	7 200	–	–	–
OR Tambo: regional extensions (Coffee Bay)	Pump station, pipeline, reservoirs, break pressure tanks, valve chambers and power line to pump station	Construction	80 000	1 051	18 270	25 334	32 780	19 000	–	–
Alfred Nzo (Matatiele): bulk water supply	Boreholes and pipeline	Feasibility	54 200	1 000	2 700	–	4 605	30 400	16 000	–
Idutywa east: water supply	Water infrastructure, pipeline, chambers and reservoirs	Feasibility	83 000	600	–	–	–	–	5 000	5 000
Sudwana: water supply	Dam constructed, water treatment works, clear water reservoir, bulk pipeline, pump station, command reservoir and access road to dam	Feasibility	107 000	600	–	–	–	–	5 000	5 000
Ngqamakhwe: water supply	Water infrastructure	Feasibility	100 000	500	600	–	–	–	–	–
Klipplaat: rainwater harvesting	435 Rainwater Harvesting tanks with all related accessories	Various	–	–	–	–	2 700	–	–	–
Jagersfontein/Fauresmith: bulk water supply phases 1-3	Phase 1: water treatment works, raw water storage dam, pipeline, 2 pump stations and storage dam reservoir upgraded	Construction	167 000	16 000	18 700	10 872	19 500	30 000	72 300	–
Ngwathe: bulk water supply	Boreholes drilled, pipeline, reservoir and borehole pumping plant	Construction	18 000	4 800	–	646	7 351	–	–	–
Tokologo: regional water supply phase 1	Water treatment works, pump station, pipeline and reservoir	Construction	81 300	707	729	–	7 000	48 700	20 300	4 000
Mohokare: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	141 000	500	700	160	–	3 000	13 000	25 000
Moghaka: regional water scheme	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	230 000	600	700	800	800	–	–	20 000
Naledi: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	120 000	–	–	–	–	800	–	10 000

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

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand										
Masilonyana: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	155 000	–	–	–	650	–	–	20 000
Mantsopa: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	110 000	–	–	–	–	800	–	10 000
Letsemeng-Petrusburg-Koffiefontein: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	90 000	–	–	–	–	800	–	–
Xhariep: regional water scheme	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	240 000	–	–	–	–	–	–	–
Ngwathe: bulk water supply phase 2	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	55 000	–	–	–	649	–	–	10 000
Phumelela: bulk water supply	Existing dam rehabilitated, storage reservoir and water treatment plant	Feasibility	28 700	–	–	–	–	–	9 000	15 000
Nketoana: bulk water supply	Water treatment works upgraded, pipeline, pump stations and storage reservoirs	Feasibility	304 000	–	–	–	–	3 000	12 000	25 000
Themba: regional water scheme	Water treatment works, pipeline and reservoirs	Feasibility	189 920	–	–	–	–	–	–	–
Mathulini: bulk water supply	Reservoirs, pipeline and waterworks extended	Handed over	21 600	13 316	8 284	–	–	–	–	–
Malangeni: waterborne sanitation	Waste water treatment works	Handed over	10 500	–	–	10 500	–	–	–	–
Driefontein complex: bulk water supply	Pump stations, bulk water pipeline, reservoirs, bulk water distribution network, linkages and reticulation infrastructure	Tender	126 101	–	–	2 757	15 500	21 430	44 000	46 000
Greytown: regional bulk scheme	Raw water pipeline refurbished, pressure management, existing water treatment works refurbished and pipeline replaced	Construction	118 000	–	12 500	–	10 600	10 437	37 000	50 500
Emadlangeni: bulk regional scheme	Pipeline, reservoirs, 2 balancing tanks and 2 pump stations.	Construction	50 000	–	9 588	9 541	9 000	22 870	–	–
Nongoma: bulk water supply	Water treatment works and pump stations augmented, bulk pipeline	Construction	27 927	20 227	2 600	–	5 100	–	–	–
Mandlakazi: bulk water supply	Water treatment works, pump stations, bulk pipeline and bulk reservoirs	Construction	163 100	18 820	10 170	37 517	25 700	45 000	36 927	–
Hlabisa: regional bulk water supply	Bulk pipeline, 3 booster pump stations and 2 main reservoirs	Construction	126 700	6 554	8 996	23 972	23 300	40 000	35 878	–

Table 38.G 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		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand										
Ngcebo: regional bulk: water supply	Raw water abstraction facility, water treatment works, pipeline, concrete reservoir and distribution pipeline	Design	182 638	–	5 435	–	7 775	15 663	39 578	40 000
Greater Eston: water scheme	Bulk distribution pipeline, river abstraction, pump stations and reservoirs	Feasibility	124 000	–	1 440	–	13 652	30 000	39 000	40 000
Dukuduku resettlement: bulk water supply	Pipeline, pump stations, treatment works and boreholes	Feasibility	56 000	–	–	1 000	5 726	30 000	21 000	–
Greater Bulwer Donnybrook: water scheme	Pipeline, pump stations and treatment works	Feasibility	103 638	–	–	–	13 200	26 000	27 000	37 400
Vukwana Dam: desilting	Feasibility study	Feasibility	25 000	–	–	–	–	5 000	5 000	–
Olifantskop Dam: desilting	Feasibility study	Feasibility	25 000	–	–	–	–	5 000	5 000	–
Qudeni: phase 2 bulk water supply	Pipeline, pump stations and treatment works	Feasibility	36 000	–	–	–	–	–	10 000	25 000
Buffalo Flats: phase 2	Pipeline, pump stations and treatment works	Feasibility	40 000	–	–	–	–	–	10 000	20 000
uMkhanyakude: bulk water supply	Water infrastructure	Identification	72 000	–	–	–	–	–	10 000	22 000
uThukela: bulk water supply	Water infrastructure	Identification	65 000	–	–	–	–	–	–	20 000
Amajuba: bulk water supply	Water infrastructure	Identification	70 000	–	–	–	–	–	–	20 000
Groblersdal Lukau: bulk water supply	Reservoir and pipeline	Construction	30 509	9 300	8 209	13 000	–	–	–	–
Sinthumule Kutama: bulk water augmentation	Bulk pipeline	Construction	146 500	5 000	15 000	14 315	25 000	42 000	45 200	–
Specon: bulk water supply	Pipeline and reservoirs	Construction	74 317	8 500	13 000	18 000	19 000	–	–	–
Mametya Sekororo: bulk water supply	Water treatment works, pipeline, 1 command reservoir and 2 storage reservoirs	Design	214 000	–	10 000	–	–	40 000	51 789	50 000
Giyani: bulk water supply drought relief	Feasibility study	Feasibility	150 000	–	–	–	–	37 000	17 000	–
Ohrigstad: bulk water supply	Regional water supply scheme	Feasibility	50 000	–	660	211	–	500	–	–
Bloemendal: bulk water supply	Pipeline	Design	141 000	–	–	–	10 000	12 000	25 000	30 000

Table 38.G 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		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand										
Mbombela 2010: water and sanitation	To support 2010 FIFA World Cup activities: bulk water supply pipeline, reservoir, water and sewerage works and outfall sewer	Handed over	44 923	6 000	6 000	19 923	13 000	–	–	–
Hoxane (Inyaka Marite): bulk water supply	Water treatment facility, co-funded by Mbombela and Bushbuckridge municipalities	Handed over	8 680	5 680	3 000	–	–	–	–	–
Mjejana Trust: regional bulk water	Pump, storage, purification plant, reservoir and pipelines	Handed over	17 500	7 500	10 000	–	–	–	–	–
Acornhoek: bulk water supply	Pipeline recommissioned and reconstructed	Tender	162 000	–	–	–	15 100	105 900	41 000	–
Van der Kloof/Petrusville: bulk water supply	New water treatment works, pipeline and 35 boreholes and associated infrastructure	Construction	77 620	1 700	23 300	8 200	–	17 000	18 000	5 000
Oranje River-Colesberg-Noupoort: bulk water supply	Phase 1: pipeline. Phase 2: water treatment works upgraded and extended and pipeline	Construction	169 832	–	–	12 830	10 000	33 000	34 000	20 000
Tsantsabane: bulk water supply	Existing water and sewerage bulk infrastructure upgraded for new development	Construction	44 900	–	–	439	–	44 500	–	–
Riemvasmaak: water supply	Pipeline, intake works with pumps, water treatment package plant, pump station and balancing reservoir	Construction	4 000	–	–	–	–	4 000	–	–
Kenhart: bulk water supply	Pipeline, raw water pump station, small booster pumps, water treatment plant, storage reservoir and sectional steel tank	Construction	67 225	–	–	14 000	50 000	3 225	–	–
Heuningvlei/Moshaweng: bulk water supply	Boreholes developed and rehabilitated, reservoirs, chlorination injection plant, water pipes, booster pump stations, cattle drinking troughs, stand tank and stand pipes	Tender	104 263	420	990	1 539	–	35 000	68 500	–
Port Nolloth: bulk water supply	Desalination plant, reservoirs and pump stations	Feasibility	22 775	–	–	–	–	–	12 000	22 775
Windsorton to Holpan: bulk water supply	New raw water storage dam, new module, new wash water recovery ponds, new pipeline, elevated reservoir and related electrical and mechanical works	Feasibility	14 000	–	–	–	–	–	–	14 000

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

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
ichtersveld: bulk water supply	Water infrastructure	Feasibility	17 875	338	–	140	1 450	–	–	–
Niekerkshoop: bulk water supply	Pipeline, water treatment works and 2 pump stations	Feasibility	22 260	–	–	–	–	–	–	–
Salt Lake: bulk water supply	Water infrastructure	Feasibility	20 000	–	–	–	–	–	–	10 000
Homevale: waste water treatment works upgrade	Water treatment plant extended	Tender	89 352	–	–	–	–	–	–	–
Thembelihle: bulk water supply	Phase 2.1: Exploit groundwater in Strydenburg. Phase 2.2: If groundwater should still be supplemented with surface water, construction of pipeline	Construction	37 266	1 371	1 567	1 982	1 000	12 000	20 000	5 000
Maqwassi Hills: regional water supply	Pipeline, reservoir and pump station and 2 elevated steel tanks	Handed over	66 000	20 000	43 200	2 800	–	–	–	–
Ventersdorp: bulk water supply	Water treatment works upgraded, bulk pipeline, pump stations and reservoir	Feasibility	62 000	–	–	564	100	–	10 000	10 000
North West: master plan and management	Provincial master plan	Feasibility	250 000	1 200	628	1 355	2 000	–	–	–
Clanwilliam/Lambertsbaai: regional water supply	Desalination plant and bulk supply system upgraded	Design	23 000	2 052	350	2 543	8 557	11 900	–	–
Tulbagh: bulk water supply	Diversion works and pipeline, reservoir	Construction	58 000	600	400	5 000	11 000	10 000	32 000	–
Drakenstein: waste water treatment plant	Waste water treatment plant	Construction	29 000	–	–	1 000	6 000	15 000	7 000	–
George: bulk water supply augmentation	Pumping scheme, dams and pipeline	Construction	59 000	1 200	400	7 000	8 000	22 300	21 700	–
Knysna: bulk water supply	Pumping scheme and pipeline, water re-use	Feasibility	52 000	–	–	500	–	–	10 000	10 000
Worcester: bulk water supply	Steel pipeline, additional pump set at booster pump station, UPVC pipeline and concrete reservoir	Feasibility	83 000	–	200	600	–	–	10 000	30 000
Eden: regional water supply	Pumping schemes, pipeline and desalination plant	Feasibility	200 000	–	–	500	–	9 000	25 000	40 000
Drakenstein: water supply	Dam and pipeline	Feasibility	55 000	–	600	500	–	–	10 000	30 000
Kannaland: water supply	Bulk supply and water purification	Identification	14 000	–	–	–	–	–	–	–
Overstrand: water supply	Bulk supply and water purification	Identification	19 000	–	–	–	–	–	–	–

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

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Central Karoo: water supply	Bulk supply and water purification	Identification	16 000	–	–	–	–	–	–	–
Head office: management, systems and planning	Strategy, policy, master plan terms of reference, South Africa overview and management support	Various	–	3 973	2 799	16 085	28 718	54 983	55 785	55 633
Infrastructure transfers to other spheres, agencies and departments										
Olifants river water resources development project: phase 2a, De Hoop Dam	Water supply to new mining developments, water supplies to Polokwane supplemented, and water supply for primary use to various communities	Construction	3 075 000	178 807	597 626	645 023	670 376	562 260	296 148	68 400
Olifants river water resources development project: bulk distribution system	Bulk distribution works and supply	Design	13 114 000	374	2 000	74 319	315 064	458 325	428 000	1 034 000
Dam safety rehabilitation programme	Dams rehabilitated, and dam safety work	Construction	2 650 000	198 251	435 272	370 123	376 358	498 038	498 794	206 391
Olifants Doorn River water resources project: raising of Clanwilliam Dam	Existing dam rehabilitated and water supply augmented	Design	2 152 000	–	–	–	114	11 000	50 848	317 956
Mokolo and Crocodile River (West) water augmentation project: phase 1 and 2	Augmented water supply to new power stations, extended mining activities and growing population	Design	1 989 000	–	–	30 128	132 942	94 400	232 800	276 000
Great Letaba River development project: raising of Tzaneen Dam (phase 2) and Nwamitwa Dam (phase 3)	Projected growing primary supply requirements met, water availability for the riverine ecosystem improved, and water availability for irrigation stabilised, including resource poor farmers	Feasibility	1 966 000	–	–	–	–	52 164	67 819	266 157
Nandoni: water treatment works and distribution	Water Supply to Vhembe district municipality	Construction	2 012 000	200 979	240 152	236 638	151 620	183 004	178 900	171 000
Nandoni: pipeline	Water Supply to Vhembe district municipality	Construction	750 000	–	–	–	–	203 000	317 000	230 000
Mzimkulu: off-channel storage	Reliable water supply to northern part of lower KwaZulu-Natal south coast during dry periods	Feasibility	262 000	–	–	–	–	–	–	–

Table 38.G 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		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand										
Sunday River: government water scheme, Lower Sundays	Canal system extended, particularly to provide irrigation water to resource poor farmers	Feasibility	445 000	–	–	–	–	–	–	–
Mvoti River-iSithundu Dam	Water supply to domestic and industrial users in lower Mvoti basin area secured	Feasibility	693 000	–	–	–	–	–	–	–
Vioolsdrift Dam	Yield of Orange River increased to cater for increasing demand	Feasibility	798 000	–	–	–	–	–	–	–
Inyaka: waste treatment works phases 1 - 4	Water supplied to Bohlabela district municipality	Construction	704 000	38 594	98 546	121 328	92 684	136 800	10 455	–
Great Letaba River development project: phases 1 and 4	Water supplied to Mopani district municipality	Construction	560 000	–	6 202	40 996	17 100	51 877	67 831	75 843
Mdloti River development project: raising of Hazelmere Dam	Water supply to Umgeni Water for treatment augmented, for KwaZulu-Natal north coast	Design	110 000	–	–	50	17 100	49 100	43 100	–
Hluhluwe: regional water supply phases 1 - 4	Reservoirs and pipelines constructed	Construction	296 000	30 038	56 626	61 298	76 333	41 616	30 289	–
Middle Letaba to Magoro: pipeline	Water supply augmented	Construction	110 000	13 329	38 201	14 609	21 318	6 840	–	–
Total			70 936 295	930 397	1 904 060	2 212 802	2 764 009	4 123 764	4 455 091	5 064 555

Table 34.H Detail split of direct and indirect grants to municipalities

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Water Services Operating Subsidy Grant							
Direct Grants							
Transfers and Subsidies	641 766	985 650	843 858	666 688	560 794	591 489	624 021
Provinces and municipalities	641 766	985 650	843 858	666 688	560 794	591 489	624 021
Indirect Grants							
Current Payments	426 915	324 595	209 537	174 889	99 935	109 341	115 338
Compensation of employees	328 209	276 859	173 623	132 787	74 624	82 326	90 888
Goods and Services	98 706	47 736	35 914	42 102	25 311	27 015	24 450
Transfers and Subsidies	37 671	5 834	39 826	–	6 908	–	–
Public corporations and private enterprises	37 671	–	–	–	–	–	–
Households	–	5 834	39 826	–	6 908	–	–
Payments for capital assets	–	9	1 384	–	–	–	–
Buildings and other fixed structures	–	9	1 384	–	–	–	–
Machinery and equipment	–	–	–	–	–	–	–
Total grants	1 106 352	1 316 079	1 093 221	841 577	667 637	700 830	739 359
VAT adjustment on trading account	–	–	–	–	–	–	–
Total	1 106 352	1 316 079	1 093 221	841 577	667 637	700 830	739 359
Bulk infrastructure							
Indirect grants							
Transfers and Subsidies	–	–	910 413	–	–	–	–
Provinces and municipalities	–	–	910 413	–	–	–	–
Current Payments	–	–	41 640	59 350	67 700	225 890	238 034
Compensation of employees	–	–	3 939	17 500	15 000	15 500	16 073
Goods and Services	–	–	37 701	41 850	52 700	210 390	221 961
Payments for capital assets	300 000	443 167	12 015	833 650	1 651 701	1 953 070	2 121 687
Buildings and other fixed structures	300 000	443 167	11 958	833 650	1 651 701	1 953 070	2 121 687
Software and other intangible	–	–	57	–	–	–	–
Total	300 000	443 167	964 068	893 000	1 719 401	2 178 960	2 359 721



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