



DEPARTMENT OF WATER AND SANITATION

ANNUAL REPORT

2017 | 18

WATER IS LIFE - SANITATION IS DIGNITY

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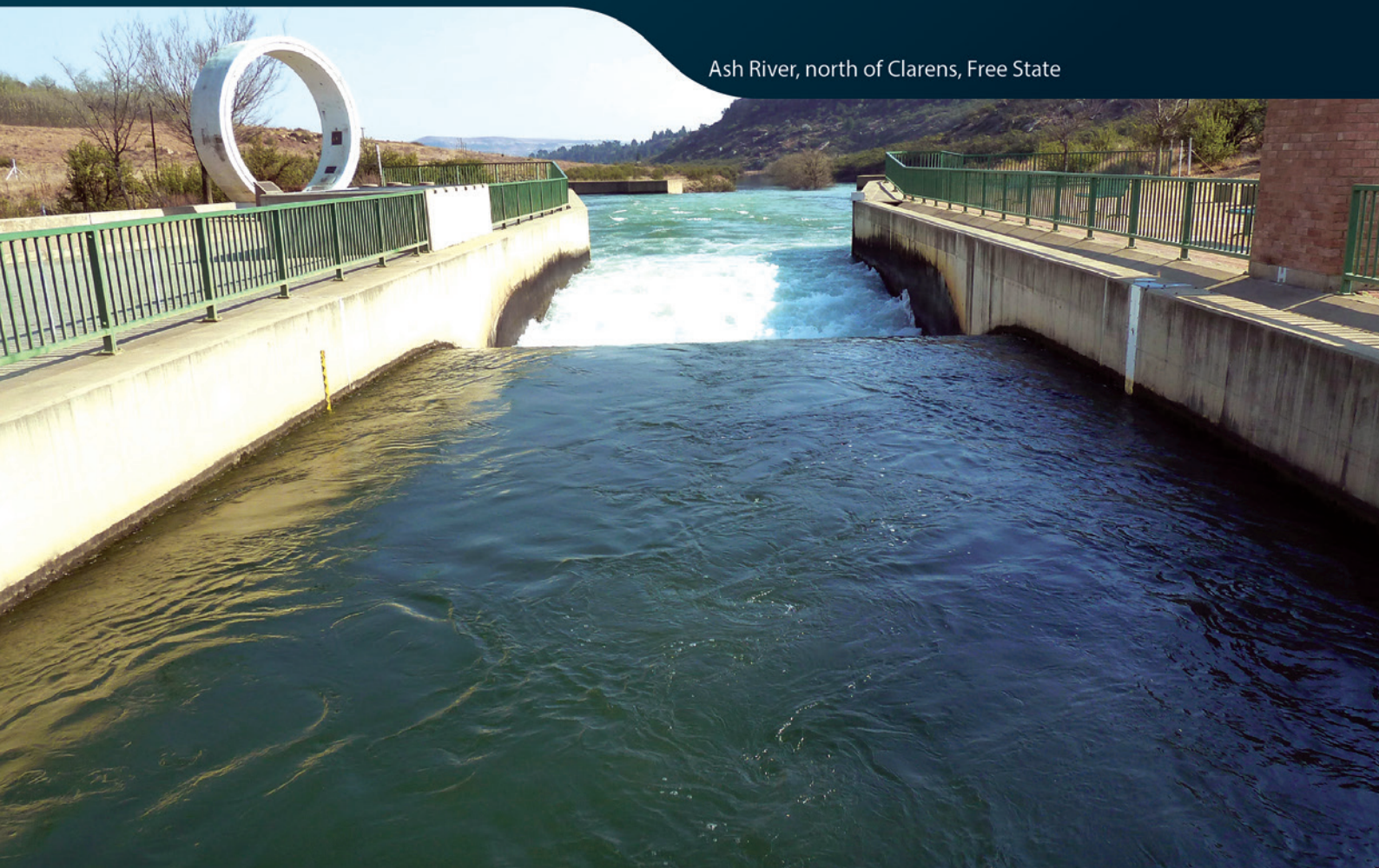
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PART A GENERAL INFORMATION

Ash River, north of Clarens, Free State



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DEPARTMENT GENERAL INFORMATION

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LIST OF ABBREVIATIONS/ACRONYMS

Abbreviation/Acronym	Description
ACIP	Accelerated Community Infrastructure Programme
AGSA	Auditor General of South Africa
AMD	Acid Mine Drainage
AMP	Asset Management Plan
AO	Accounting Officer
APP	Approved Professional Person
BBBEE	Broad Based Black Economic Empowerment
BDS	Bulk Distribution System
BEC	Bid Evaluation Committee
BEE	Black Economic Empowerment
BRVAS	Berg River – Voëlvllei Augmentation Scheme
BWS	Bulk Water Supply
CAPEX	Capital Expenditure
CE	Chief Executive
CFO	Chief Financial Officer
CHDM	Chris Hani District Municipality
CMA	Catchment Management Agency
CRC	Community Representative Committee
DBAC	Departmental Bid Adjudication Committee

Abbreviation/Acronym	Description
DBC	Departmental Bargaining Chamber
DDG	Deputy Director-General
DEA	Department of Environmental Affairs
DG	Director-General
DIRCO	Department of International Relations and Cooperation
DM	District Municipality
DMR	Department of Mineral Resources
DoRA	Division of Revenue Act
DPME	Department of Planning Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DWS	Department of Water and Sanitation
EC	Eastern Cape
ECL	Environmental Critical Level
EIA	Environmental Impact Assessment
ELU	Existing Lawful Use
EME	Exempted Micro Enterprise
ERC	Executive Risk Committee
ETL	Extract Transform Load
EU	European Union
EWSETA	Energy and Water Sector Education and Training Authority
eWULAAS	Electronic Water Use Licence Application System
FBSan	Free Basic Sanitation
FDI	Foreign Direct Investment
FIDIC	International Federation of Consulting Engineers
FOSAD	Forum for South African Directors-General
FS	Free State
FY	Financial Year
GA	General Authorisation
GCC	Government Certificate of Competency
GCIS	Government Communication and Information System
GIS	Geographic Information System
GLeWAP	Greater Letaba Water Augmentation Project
GP	Gauteng
GRAP	Generally Recognised Accounting Practice
GWS	Government Water Scheme

PART A | GENERAL INFORMATION

Abbreviation/Acronym	Description
HEPP	Hydro-Electric Power Plant
HOD	Head of Department
HR	Human Resources
IA	Implementing Agent
IESBA	International Ethics Standards Board for Accountants
IRS	Implementation Readiness Study
ISA	International Standards on Auditing
JSE	Johannesburg Stock Exchange
KSD	King Sabata Dalindyebo
KZN	KwaZulu-Natal
l/c/d	Litre per capita per day
LGSETA	Local Government Sector Education and Training Authority
LM	Local Municipality
LP	Limpopo
m ²	Metre squared
m ³	Cubic metre
MCS	Modified Cash Standard
MEC	Member of Executive Council
MIIF	Municipal Infrastructure Investment Framework
MI	Megalitre
MI/d	Megalitre per day
mm	Millimetres
MMS	Middle Management Service
MP	Mpumalanga
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MWIP	Municipal Water Infrastructure Programme
N/A	Not Applicable
NA	National Assembly
NAMP	National Asset Management Plan
NC	Northern Cape
NCOP	National Council of Provinces
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NRW	Non-revenue water

Abbreviation/Acronym	Description
NT	National Treasury
NW	North West
NWA	National Water Act
NWRI	National Water Resources Infrastructure
NWRS-2	Second National Water Resources Strategy
NWSMP	National Water and Sanitation Master Plan
NWSRS	National Water and Sanitation Resources Strategy
OCSLA	Office of the Chief State Law Adviser
OFO	Organising Framework for Occupation
OHS	Occupational Health and Safety
OPEX	Operational Expenditure
OPP	Office of the Public Protector
ORWRDP	Olifants River Water Resource Development Project
OSD	Occupation Specific Dispensation
PAA	Public Audit Act
PFMA	Public Finance Management Act
PKW	Piano Key Weir
QSE	Qualifying Small Enterprise
RBIG	Regional Bulk Infrastructure Grant
RDP	Reconstruction and Development Programme
RID	Record of Implementation Decision
RW	Rand Water
RWS	Regional Water Scheme
SADC	Southern African Development Community
SALGA	South African Local Government Association
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDG	Sustainable Development Goal
SDIP	Service Delivery Improvement Plan
SIP	Strategic Infrastructure Project
SITA	State Information Technology Agency
SIU	Special Investigation Unit
SIV	System Input Volume
SLA	Service Level Agreement
SMART	Specific Measurable Achievable Realistic Time-bound

PART A | GENERAL INFORMATION

Abbreviation/Acronym	Description
SMME	Small Medium and Micro Enterprises
SMS	Senior Management Service
StatsSA	Statistics South Africa
SWPN	Strategic Water Partners Network
TCTA	Trans Caledon Tunnel Authority
TR	Treasury Regulations
TRA	Temporary Relocation Areas
VIP	Ventilated Improved Pit
WARMS	Water Registration Management System
WB	Water Board
WC	Western Cape
WCDM	Water Conservation Demand Management
WMI	Water Management Institution
WMS	Water Management System
WRC	Water Research Commission
WS	Water Scheme
WSA	Water Service Authority
WSDP	Water Sector Development Plan
WSIG	Water Services Infrastructure Grant
WSS	Water Supply Scheme
WTE	Water Trading Entity
WTP	Water Treatment Plant
WTW	Water Treatment Work
WULA	Water Use License Application
WULATS	Water Use License Application Tracking System
WWTP	Wastewater Treatment Plant
WWTW	Wastewater Treatment Work



*Mr Gugile Nkwinti, MP
Minister of Water and
Sanitation*

Over the years, South Africa has built many dams which have served a number of purposes – supplying water for domestic and industrial use, for irrigation purposes, to manage/control floods and to meet energy needs (hydro-power).

Some of the critical benefits from water infrastructure development are:

- Regional development (the Lesotho Highlands Water Development Project as a case in point), job creation and industrial development;
- Income from export earnings, either through direct sale of cash crops or processed products;
- Urbanisation and tourism development;
- Skills development and social empowerment; and
- Investment opportunities and entrepreneurship development.

Water infrastructure development funding should not always be based, or determined on the basis of there being an off-taker for the water. The water infrastructure is itself, a stimulant to economic development; but over time. The Gariep Dam is a case in point.

Let me conclude this foreword by making a brief reference to the most topical matter currently in the country – the pollution of the Vaal River System. This is indeed a very serious matter. Whatever else causes the pollution of the Vaal River System, three causal factors stand out:

- (a) Social conditions along and crisscrossing the system:
 - (i) Human settlements with poor or no decent sanitation; and
 - (ii) Informal settlements with no sanitation services at all
- (b) Wastewater treatment works:
 - (i) Poor or no operation and maintenance by responsible public agencies; and
 - (ii) Deliberate destruction of water and sanitation infrastructure during workplace conflicts or copper-cable theft.

(c) Industries

- (i) Ineffective enforcement of compliance by public agencies responsible for the task, including withdrawal of water use licenses; and
- (ii) Poor or lack of consequence management within industries themselves

What then is to be done?

To achieve immediate results all wastewater treatment works should be declared National Key Points, with national government taking full responsibility for their construction, operation and maintenance. Water is a fundamental pillar of national security.

Currently, collaboration by the three spheres of government and the Sebokeng community has resulted in stability being brought back around the biggest polluter, the Sedibeng Regional Sewer Scheme (SRSS). Resources have been galvanised to bring back to functionality all the pump stations and sewer dams that had been rendered dysfunctional during community protests. We thank the Sebokeng community and leadership for not damaging a thing during protests.



Nkwinti G E (MP)
Minister of Water and Sanitation
Date: 21 September 2018



*Mrs P Tshwete, MP
Deputy Minister
Water and Sanitation*

A new dawn is upon us as the Department of Water and Sanitation celebrates the Centenary of Struggle Heroes, Nelson Rolihlahla Mandela and Albertina Sisulu, who would have been 100 years old this year. It is incumbent upon us to intensify service delivery in the spirit of these anti-apartheid activists in line with the President's call in his State of the Nation Address for a leaner, more efficient and more productive State that serves the most vulnerable in our economy.

As we hope for a turn around with regards to the debilitating hydrological drought over the last four years, i.e. since 2014, in a water scarce country like ours, all hands must be on deck to save water and reduce demand; this must be "our new normal". South Africa, after all, is a country with one of the highest per capita domestic water consumption levels in the world. The Department has been implementing a multi-pronged approach towards the drought by intervening through short, medium and long term programmes. Our disaster management efforts included refurbishment of existing boreholes, spring protection and emergency water transfers, amongst others.

By developing a National Water and Sanitation Master Plan tabled in Cabinet, the Department will soon be better able to articulate steps that need to be taken to ensure that we avert water and sanitation crises and mitigate the impact of this natural drought. The Master Plan galvanises the Water Family to work in-sync in response to current demand projections, under the current budgetary constraints defined in the country's financial outlook for 2018. Doing more with less is now a motto of the department.

The Master Plan re-engineers the way water and sanitation services are provided. It will guide investment planning for the development of water resources and sanitation services until 2030 as per the prescripts of the National Development's Plan (NDP), South Africa's Vision 2030 as we know it. Coordinated planning by each stakeholder in the water value chain presents many opportunities for the formation of strong and sustainable partnerships that will realise a water secure future by 2030.

There is a need to strengthen weak water infrastructure which is the mandate of the Department. Storage in the form of dams will support high rainfall so that there is water during drier seasons. The anticipated budget reprioritisation will allow the Minister to re-activate infrastructure projects such as the Clanwilliam Dam in the Western Cape and the Giyani Water Treatment Programme in Limpopo where many are awaiting water services in anticipation. The Department of Water and Sanitation led by Minister Gugile Nkwinti will deliver!

PART A | GENERAL INFORMATION

The creation of technical expertise to implement departmental plans requires greater and more focused investment in the talent of underprivileged youth. In line with the Five Pillars of Transformation Agenda introduced by Minister Nkwinti, artisanal skills training is being provided to 10 000 unemployed youth who will be deployed to Water Services Authorities or to initiate their own enterprises upon graduation to combat water leaks in communities. As reported in budget speeches, the programme of repairing the water pipes to prevent the water leaks will now fall under the Infrastructure and Maintenance branch with a dedicated budget.

The learners in the first phase of this training are scheduled to complete their training in September 2018. We are grateful to those Water Services Authorities (Municipalities) who have absorbed or offered on-the-job training to trainee Artisans.

The Department is now intensifying its programmes to enhance the participation and benefit of Black-Owned and Women-Led entities in the procurement

In order to renew the confidence of our people, the Minister is undertaking a Transformation Agenda underpinned by Five Pillars of Transformation. This Agenda strives to hear the needs of broader society and operationalise projects crucial for the upliftment and empowerment of all segments of society.

With respect to sanitation services delivery, the Department made presentations to the Portfolio Committee on progress made in the Bucket Eradication Programme in formal settlements, indicating progress, challenges and corrective measures. We are ensuring focused attention on this programme and will table a report on progress we have made to ensure that we meet the targets we have set for ourselves. This work in progress must be fast-tracked as part of a longer-term infrastructure development for those vulnerable to poverty.

I must thank the Minister of Water and Sanitation, Mr GE Nkwinti, for his intention to steer this ship onto calmer seas. Further, we call upon all departmental officials and members of the Water Family to hold fast in the resolve to support the Minister and I as we undertake the task of sustainably delivering sufficient and safe drinking water, and dignified sanitation to millions of people in our society.



Mrs P Tshwete (MP)
Deputy Minister of Water and Sanitation
Date: 21 September 2018



*Ms Deborah Mochotlhi
Acting Director-General*

5.1 Overview of the operations of the department

The Department of Water and Sanitation is entrusted with a huge responsibility of the lives and dignity of South Africans as encapsulated in the slogan “Water is Life and Sanitation is Dignity”.

Water is a catalyst for economic development and as such the DWS has to remain alive to the fact that delivering on this mandate of ensuring water security for both basic human need and economic development is not an option but a must. It is along this very understanding that throughout the year the Department continued on delivering sanitation and integrated water services and resource management through its line function programs and support services as follows:

Administration

The graduate training programme is essential to the recruitment, training and development of the young professionals to address the twin challenges of skills shortage and succession planning in the Department. Since its inception 2007 the Learning Academy has awarded 842 bursaries in the science and engineering fields, in 22 South African universities. Of the 842, 410 were in engineering, field of study, 350 in sciences and 43 studied surveys. The Learning Academy’s approach in dealing with skills development starts at university level through the bursary programme, and then the provision of experiential learning to graduates after completing their university studies. The experiential learning also provided an opportunity to the graduates to fulfil the mandatory requirements registration with professional bodies. For the year under review, the Department has a complement of 267 graduates performing remunerated candidacy work.

The Department’s focus was also on the training of senior managers with the aim of improving the competencies and skills gap identified through the competency assessments undertaken in 2016/17. To this end, 107 senior managers attended training courses in management, finance, employee relations and leadership.

During the period under review, the Department continued with the implementation of the Annual International Relations Implementation plans. Through this plan, four (4) young people benefitted from the RSA/Japan relationship where they were trained in Japan and received Masters Degrees, 3 in Engineering and 1 in International Relations. In addition, RSA received support to the value of R55 million from the Japan International Cooperation Agency (JICA). This support is for the construction of a training centre and will enhance capacity building of the water sector (including municipalities) in water management. From its relationship with Belgium, RSA received support to the value of R2 million with a view to support a pilot project on Sanitation technologies in Saldanha Bay Municipality. Furthermore, two Memorandum of Understandings (MoUs) were signed with Spain and Hungary on cooperation in the field of water resources management.

South Africa and Botswana have bilateral cooperation that seeks to jointly monitor and manage the water quality and aquatic weeds in the upper Limpopo River. It also seeks to continue engagements and cooperation on the shared groundwater resources of the Limpopo River Basin through the Phase 2 of the Ramotswa Aquifer Project. South Africa and Namibia have cooperated in finalising the Noordoewer/ Vioolsdrift Dam Feasibility Study that will regulate and increase the yield of the Orange River System in the long-term.

Water Planning and Information Management

Monitoring, recording, assessing and availing information about water resources are critical in ensuring that the main purpose of the National Water Act is achieved. Following the development of National Water Resources Monitoring strategy during the previous financial year, for the period under review the Department developed a resourced integrated national monitoring plan. This plan provides the costing for implementation and maintenance of the water resources monitoring network (e.g. surface water quantity and quality monitoring, groundwater monitoring). In addition, the department assessed and monitored water quantity in eight (8) key large water supply systems namely, the Vaal, Umgeni, Crocodile West River, Olifants River, Algoa, Amathole, Bloemfontein and the Western Cape supply system. From these systems, the savings of 12.6% were achieved surpassing the target of 11.8%.

Government is faced with the challenge of protecting water resources on the one hand and the need to utilise water for social and economic development on the other hand. The protection of water resources is essential to ensure water availability for current and future human use. The National Water Act thus specifies a series of measures which are intended to do such. The water resource classes and resource quality objectives are examples of these measures. For the period under review the water resource classes and resource quality objectives for the Mvoti-Mzimkhulu river systems were determined. This brings the total of protected water resources to eight (8) with the gazetting of the Upper Vaal, Lower Vaal, Middle Vaal, Olifants, Olifants-Doorn, Inkomati and Letaba at the beginning of the 2017/18 financial year.

The department has extensively assessed the risks and vulnerability of water resources to the current and future impacts of climate change. While climate change is considered as a global phenomenon, the nature and impacts are specific to each location. In view of this, for the period under review, climate change risk and vulnerability assessments for the Northern Interior (Limpopo Water Management Area) and the Orange hydro-climatic zones were completed. These assessments provide additional non-climatic factors such as existing land use practices, water quality and population demands that can be seen as additional stresses to the already stressed water resources.

For the period under review, the Department completed bulk water supply and sanitation services infrastructure project plans. The record of implementation decision were finalised for four (4) water augmentation projects namely Foxwood Dam, uMkhomazi water project, Phase 2A of Mokolo Crocodile (West) Water Augmentation Project (MCWAP 2A) and Berg River- Voëlvlei Augmentation scheme (BRVAS). The Foxwood Dam that will inter alia regulate the variable runoff in the Koonap River to make water available for irrigation development by emerging farmers; the uMkhomazi water project will supply water to about 5 million people and transfer more than 200 million m³ of water per annum to the Mgeni System. The MCWAP-2A contributes to Government's SIP 1 and seeks to augment the water supply to the Lephalale area for power generation and associated coal mining, Lephalale Municipality and to unlock economic development. The BRVAS project will consist of a pumped abstraction of winter water from Berg River to increase the yield of Voëlvlei Dam by 23 million cubic metres per annum.

In order to ensure a more co-ordinated approach to water and sanitation management, planning, implementation, monitoring and evaluation a National Water and Sanitation Master Plan (NWSMP) has

been developed. The Master Plan points out the priority actions required until 2030 and beyond to ensure the water security and equitable access to water and sanitation services for all in RSA. It was developed in partnership with all relevant organs of state and water sector stakeholders, to give effect to local, national, regional, continental and international water and sanitation delivery targets and commitments.

An integrated planning approach between the development of water services and water resources is essential. In addition, to also support the realisation of 90% reliable services by 2019 as required by government's outcomes approach, the department developed 5 year reliability master plans for seventeen (17) municipalities within three (3) priority district municipalities. These master plans provide a framework for the reliable implementation of water and sanitation services at local level and pipeline projects. In addition, the department completed thirteen (13) feasibility studies and thirteen (13) implementation readiness studies for water and wastewater services projects. These studies outline the required infrastructure to connect the water resource on a macro or sub-regional scale with internal bulk and reticulation systems or any bulk supply infrastructure that may have significant impact on water resources in terms of quantity and quality.

A water services development plan is a primary planning instrument that assists water services authorities to carry out their functions in the most effective manner. During the period under review, the department audited 48 water service authorities for delivery against their water services development plans. In addition, the department conducted a socio-economic impact assessment of water and sanitation infrastructure programmes implemented within the 98 water service authorities.

Water Infrastructure Development

During the period under review, the Department continued with the provision of water storage and regional bulk infrastructure that assist municipalities with the connection to the resources.

A number of strategic water resource infrastructure projects inclusive of Hazelmere Dam were implemented. Although this dam is incomplete it has started impounding water leading to an improved water supply to the eThekweni Metropolitan municipality and surrounding areas. With regards to other water resource infrastructure projects, the designs and tender documentation of Nwamitwa dam as well as the preliminary designs for Umzimvubu dam were completed as planned.

A number of water services infrastructure projects were implemented during the period under review. Under the Regional Bulk Water Infrastructure programme (RBIP), 11 project phases that were under construction, were completed. A further 47 projects were completed under the Water Services Infrastructure Grant (WSIG).

The operations of the programme were severely hampered during the period under review owing to insufficient budget allocation and / or budget reprioritisation. Therefore the Strategic Infrastructure Development and Management, Regional Bulk Infrastructure Grant (RBIG), Accelerated Community Infrastructure (ACIP), Operations of Water Resources and WSIG sub-programmes could not meet most of their planned deliverables.

The mid-term of the period under review saw the reprioritisation of the budget for RBIG, WSIG and ACIP to inter alia the bucket eradication programme. This reprioritisation resulted in the adjustment of the 2017/18 annual performance plan. In some instances the reduction for certain deliverables in excess of 50%. The details of these adjustments are included in section 4.3.2.4 on changes to planned targets under Part B of the report.

The Department had planned to eradicate the existing bucket sanitation backlog in formal settlements. However, 8 313 buckets were eradicated as in the Northern Cape and Free State areas, the lack of bulk infrastructure to connect the sanitation systems hampered the attainment of the deliverables. The delays

in the transfer of grants to respective municipalities hampered the ability to eradicate sanitation in rural households. Therefore, 5 126 of the planned 10 032 rural households were served.

Through the dam safety rehabilitation programme 90% of works on the Roodekopies Dam was completed. Due to limited funding and inclement weather conditions, the Department rehabilitated 5.5km against the planned 15km of conveyance systems.

Also, the CAPEX budget had to be earmarked to cover for the OPEX shortfall and this impacted on the availability of funding for certain maintenance projects. The operations and maintenance unit of the Department operated in an environment of severe drought particularly in the Western Cape. This resulted in the implementation of five (5) emergency projects in the Western Cape Water Supply System to ensure that water supply is sustained. To restore the reserve capacity in the Sterkfontein dam inter catchment transfers through the pumping operations from the Vaal system were conducted.

Despite the challenges of the programme, 1 604 job opportunities were created through the implementation of the various infrastructure programmes.

Water Sector Regulation

For the period under review, the Department used various regulatory instruments to safeguard the interests of all water users, whilst also ensuring that the quality of water resources is protected. To support this, the Department formulated a draft concept note for the development of Water Sector Regulatory Framework and Integrated Regulation Information System. The objective of this exercise is to develop a regulatory framework that will oversee the work of the water sector. In addition, it will allow for the alignment and integration of the regulatory information management systems.

The Department implemented various mechanisms to curb and / or mitigate the contamination of the water resources resulting from various water uses. One such mechanism was the development of a mine water management strategy for the Crocodile (West)-Marico River System catchment area. The coal, metal and mineral mining operations in the Limpopo water management area (WMA) were assessed. In addition, as follow-up from an assessment conducted during 2016/17 on the identified acid mine drainage / mine water challenges; a mitigation strategy for the Inkomati-Usuthu WMA was developed.

As stipulated in the National Water Act, a user must apply for a water use licence for any new water use that is not listed in schedule 1 or not covered by a general authorisation. The regulations published during the previous financial year required the Department to finalise applications for water use within 300 days. For the period under review, the Department's efficiency in processing applications has improved such that some water use licence applications could be finalised in less than 300 days. During the period under review, validation and verification of existing lawful water use was conducted in two (2) water management areas namely Mzimvubu-Tsitsikamma and Pongola-Mzimkhulu.

A total of 712 water users were monitored for compliance with the legislative requirements. Additional monitoring occurred through the Western Cape enforcement blitz which was triggered by the many complaints of suspected unlawful water use from the Water User Associations (WUAs) as well as individuals. The Department partnered with the Breede-Gouritz CMA in conducting Oudtshoorn enforcement blitz. The Department further conducted a blitz intervention that covered the Western Cape Water Supply System (i.e. Upper and Lower Berg River / Irrigation Boards) on limiting the use of water for irrigation, urban (domestic) and industry in the Breede-Gouritz and Berg-Olifants Water.

The Department had previously focussed on developing the capacity for economic regulation internally. During the period under review, the Department continued with the process to develop an independent regulator which warranted the development of a business case. The Executive Authority approved the

business case for the establishment of an independent Economic Regulator as well as its proposed consultation schedule.

The National Water Act, 1998 (Act No. 36 of 1998) and the National Water Policy for South Africa provide for the establishment of CMAs to facilitate the delegation of water resources management to a water management area level in support of the principles of integrated water resource management. As the Department's extensions, the CMAs have to ensure that water resources in water management areas are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of all citizens. During the period under review, a decision was taken to establish a single CMA. A Government Gazette on the establishment of the single CMA was published for public comments. However, the establishment of a single CMA has been reviewed and negotiations with labour unions are underway.

5.2 Overview of the financial results of the department

5.2.1 Departmental receipts

Departmental receipts	2016/2017				2017/2018	
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	-	3 164	-	2 021	1 877	144
Interest, dividends and rent on land	-	1 384	-	2 575	2 992	(417)
Sale of capital assets	-	-	-	96	197	101
Financial transactions in assets and liabilities	-	16 416	-	2 694	7 810	(5 116)
Total	-	20 964	-	7 386	12 876	(5 490)

5.2.2 Programme Expenditure

Programme Name	2016/2017			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	1 547 743	1 504 930	42 813	1 649 851	1 998 676	(348 825)
Water Planning and Information Management	749 656	695 603	54 053	738 252	653 262	84 990
Water Infrastructure Development	12 908 806	13 153 220	(244 414)	12 844 465	12 146 247	698 218
Water Sector Regulation	318 392	281 685	36 707	374 881	308 053	66 828
Total	15 524 597	15 635 438	(110 841)	15 607 449	15 106 238	501 211

5.2.3 Virements/ rollovers

Section 43(1) of the Public Finance Management Act (PFMA), provides that the Accounting Officer of the Department may utilise a saving in the amount appropriated under a main division within a vote towards the defrayment of excess expenditure under another main division within the same vote, unless the relevant treasury directs otherwise.

5.2.3.1 Virements approved by the Accounting Officer

The table below summarises the funds shifted and virements applied by the Department:

From			To		
Programmes	Reasons for virement	Amount R'000	Programmes	Reasons for virement	Amount R'000
Water Planning and Information Management	Savings were realised mainly on goods and services due to delays in appointing contractors for planned activities/ projects were used to defray over spending in Programme 3: Water Infrastructure Development	(64 196)			
Water Infrastructure Development			Water Infrastructure Development	To defray over spending on Water Services Infrastructure Grant (Bucket Eradication Programme) and Regional Bulk Infrastructure Grant	84 102
Water Sector Regulation	Savings were realised mainly on goods and services due to delays in appointing contractors for planned activities/ projects were used to defray over spending in Programme 3: Water Infrastructure Development	(19 906)			
Total		(84 102)			84 102

5.2.3.2 Requests for rollover

There were no rollover requests from the period under review.

5.3 New or proposed activities

The War on Leaks programme was previously implemented through the Water Trading Entity. During the period under review, this programme was transferred to the Main Account to ensure that the Water Trading funds projects falling within its core mandate. As the programme was not budgeted for, the Department reprioritised funds from certain programmes.

5.4 Supply chain management

The Department did not conclude any unsolicited bids in 2017/18. However, the Department continued to experience challenges as some implementing agents did not comply with applicable supply chain prescripts when implementing projects on behalf of the Department. In some instances, implementing agents could not keep proper records of their procurement transactions. This affected the Department's ability to prevent irregular expenditure resulting in its continued increase.

The Department has therefore issued a circular to implementing agents to strengthen its supply chain management (SCM) processes particularly on procurement and contract management where they are appointed to manage projects of the Department. The Department will further provide workshops and engagement sessions with relevant SCM stakeholders to improve working relations and uniform application of policies and legislation.

5.5 Gifts and Donations received in kind from non-related parties

Gifts and donations in kind to the value of R83 000 were received from different organisations during the financial year. These have been listed in Annexure 1H of the Annual Financial Statements.

5.6 Exemptions and deviations received from the National Treasury

No exemptions and deviations were received from the National Treasury during the financial year.

5.7 Events after the reporting date

The theme of this year's Water Week was "Access to safe water by 2030 – possible through nature" and the department had events and programs around the theme.

In addition the Department hosted the SADC conference on Water and Energy Nexus in collaboration with the Department of Energy.

5.8 Other: Water Trading

5.8.1 Background

The Water Trading was established in 1983 under the Exchequer Act as a trading account operating as an integral part of the Department. The status of government trading accounts was eventually changed through the Public Finance Management Act of 1999, converting trading accounts into trading entities.

The conversion of the Water Trading was however delayed until 2006; presenting its initial financial statement in compliance with Generally Accepted Accounting Practices (GAAP) at the end of 2005/6 financial year. The Water Trading Entity has converted from GAAP to General Recognised Accounting Practices (GRAP).

The entity reports directly to the Accounting Officer of the Department of Water and Sanitation. It is divided into two parts, namely the Water Resource Management unit and the Infrastructure Branch. The functions of these components are summarised below:

5.8.1.1 Water Resource Management (Proto-CMAs)

This component deals with water resource management functions which primarily addresses the use, conservation and allocation of water resources in a manner that is sustainable and equitable for the benefit of the people that are residing in the relevant water management areas.

Funding for this component is through revenue generated from water users in the area as well as partly augmentation from the fiscus which covers the shortfall where revenue is inadequate to cover the entire operations.

5.8.1.2 Infrastructure branch

This component deals with the development of new infrastructure as well as operation and maintenance of existing infrastructure. Operations under infrastructure branch are divided into two components, namely Integrated Systems and Bulk Water Schemes.

Integrated Systems: These are those schemes that cut across a number of provinces. This infrastructure was primarily developed to transport water from water rich catchments to water scarce catchments. A system comprises of a number of dams and pipelines which are operated as one interlinked system.

Bulk Water Schemes: These are operated as standalone water schemes primarily comprising of the former homeland government schemes. The agricultural sector is by far the largest consumer of water from this infrastructure.

Funding for both components of the infrastructure branch is through revenue generated from water resource infrastructure users. The fiscus also augments the funding stream where revenue is insufficient to cover for the general operations of the branch as well as development of new infrastructure.

5.8.2 Analysis of operating performance

5.8.2.1 Operating deficit

The operating deficit was reduced from R3.765 billion in the financial year 2016/17 to R572 million during the 2017/18 financial year. The statement of financial performance (illustrated below as figure 1) reflects an operating deficit of R572 million for the period ended 31 March 2018.

When compared with the prior financial year, the expenditure reflects a reduction R2.21 billion. This can be attributed to the accrual adjustment related to payment of financing of new infrastructure implemented by the TCTA.

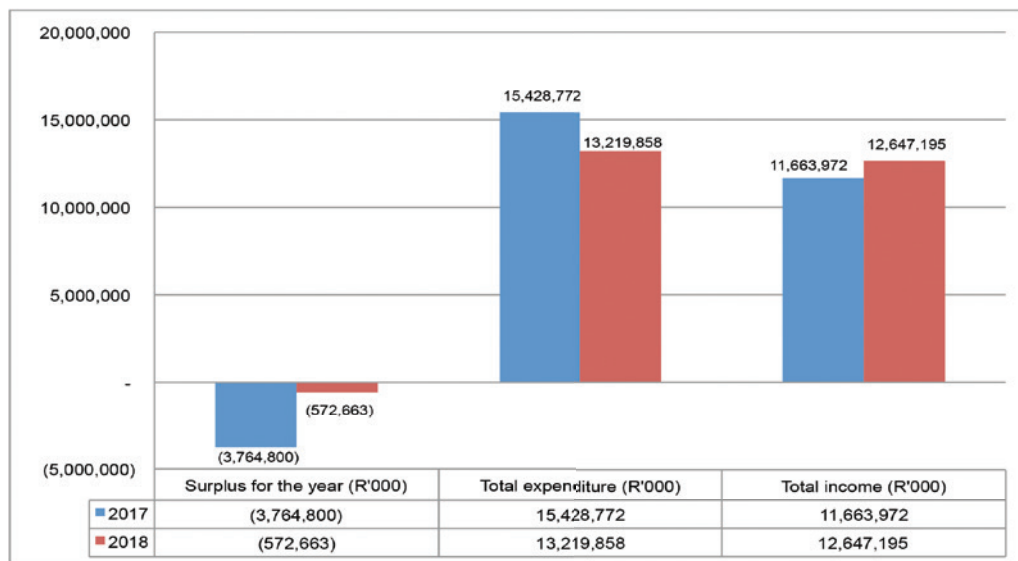


Figure 1: Operating deficit for 2017/18

5.8.2.2 Operating income (revenue) analysis

The augmentation allocation for the 2017/18 financial year amounted to R1.65 billion and other revenue (inclusive of interest charged on overdue debtors' accounts) amounted to R844 million .

The revenue from sale of water reflects an increase of eight percent (8%) when compared to the prior year (illustrated below as figure 2). This can be attributed to an increase on the annual water tariff and also to the efforts by the entity in ensuring efficiency in its billing.

The construction revenue on the other hand reflects a decline of 45% during the 2017/18 financial year as less work was certified as completed. The construction sites experienced numerous delays on the external projects which affected the certification of their work.

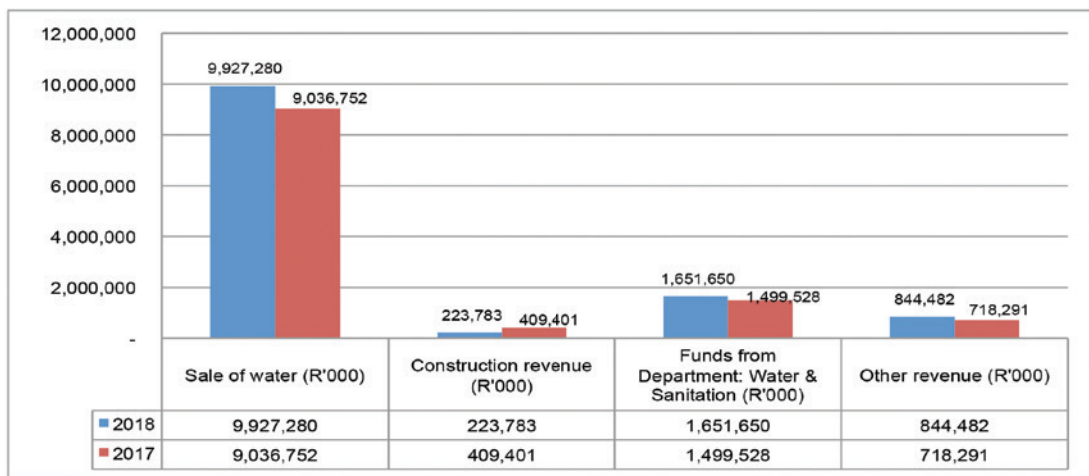


Figure 2: Revenue analysis

5.8.2.3 Overview of total operating expenditure

The total expenditure during the 2017/18 as illustrated in figure 3 below decreased by 26%. The reduction from R16.659 billion in 2016/17 to R13.219 billion during 2017/18 is attributed to the adjustment of accruals related to payment of financing for new infrastructure implemented by the TCTA and also efforts to reduce the overdraft. The operating expenditure for the 2017/18 financial year amounted to R4.027 billion. The annual salary adjustment and non-capitalisation of some of the construction unit's salaries resulted in the 22% increase for employee costs. The depreciation, amortisation and impairment increased from R1.83 billion in 2016/17 to R1.92 billion during the 2017/18 financial year.

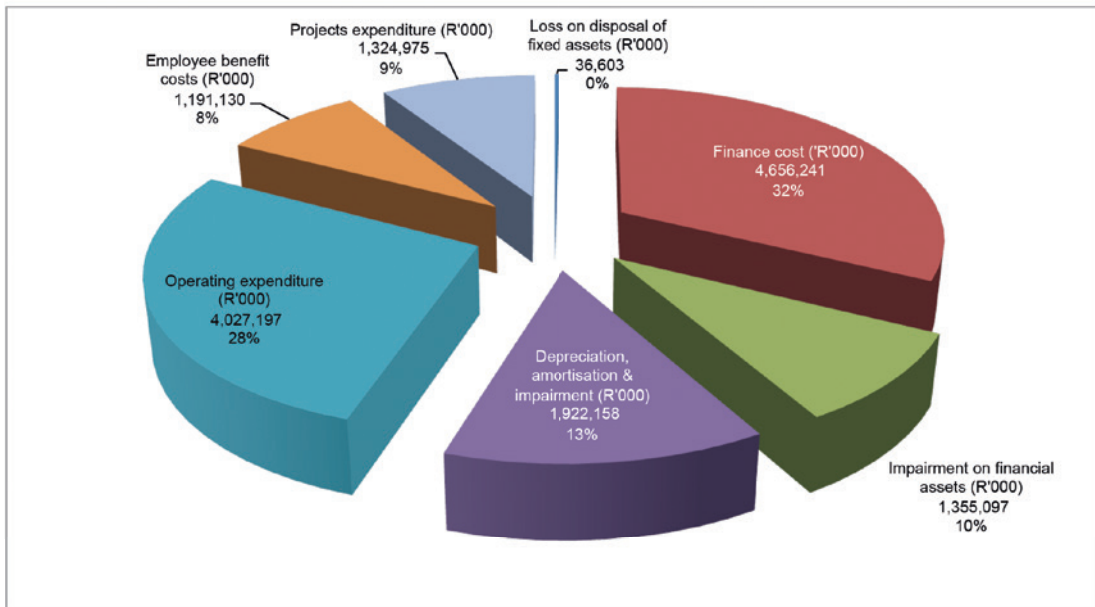


Figure 3: Total expenditure

PART A | GENERAL INFORMATION

5.8.3 Liquidity

The current ratio of the Water Trading as tabulated below has increased from 0.70:1 in 2016/17 to 0.80:1 during the 2017/18 financial year. However the Water Trading still has insufficient liquid assets to meet its short-term financial obligations. The cash is tied up in outstanding debts owed mostly by the municipalities and water boards.

	2017/18	2016/17
Current ratio	0.80:1	0.70:1

5.8.4 Cash from operating activities

The Water Trading had a positive cash flow from operating activities amounting to R4.91 billion. This can be attributed to the increased augmentation allocation and revenue collection. At the end of the 2017/18 financial year, the cash and cash equivalent reflected an adverse balance of R1.41 billion. The Water Trading has since put measures in place to follow-up on the recoverable debts and implements cash flow management strategies while still complying with the PFMA's 30 days payment requirement.

5.8.5 Debtors' collection days

The debtors' days' analysis as tabulated below reflects less improvement when compared to the prior year. The increase on debtors' days from 205 days in 2016/17 to 232 days during 2017/18 is due to the interest charged on outstanding accounts and the fact that the entity is still struggling to recover debts payable by the municipalities and water boards. The debtor's collection days clearly indicates that the entity has cash tied on the outstanding accounts.

	2017/18	2016/17
Debtors' days in sales (days)	232	205

5.9 Acknowledgement/s or Appreciation

There are a number of achievements the Department can pat its shoulder on and take forward in its endeavour to deliver on this sobering mandate of water for basic human need, ecological need and economic development along with dignified sanitation.

It is on the strength of these achievements that the personnel of the Department will build on in soldiering ahead with service delivery to South Africans and neighbouring countries through the trans-boundary cooperation and agreements.

Sincere gratitude to all organisations and individuals that participated in the development of the National Water and Sanitation Master Plan. This is one plan, that really seeks to co-ordinate and streamline the sector, the implementation thereof will enhance the integrated planning approach between the development of bulk water and sanitation infrastructure and services.

5.10 Conclusion

The year ended on a difficult note of budgetary constraints and various challenges, however, the personnel of the Department remain committed to the course of striving for accessibility of water and sanitation by all and a high percentage of reliability of services through supporting Local Government as mandated by the constitution of our country without losing focus of the primary functions of the Department.

The year ended on a difficult note of budgetary constraints and various challenges, however, the personnel of the Department remain committed to the course of striving for accessibility of water and sanitation by all and a high percentage of reliability of services through supporting Local Government as mandated by the constitution of our country without losing focus of the primary functions of the Department.

As a Department we remain humbled by being entrusted with the lives & dignity of South Africans. We endeavour to deliver and not disappoint.

5.11 Approval and sign-off

The programme performance information set out in pages 42 to 93 and Annual Financial Statements for the Main Account and Water Trading Entity set out in pages 199 to 307 and 351 to 409 respectively have been approved by the Accounting Officer.



Ms Deborah Mochotlhi
Accounting Officer
Department of Water and Sanitation
Date: 21 September 2018

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2018.

Yours faithfully



Ms Deborah Mochotlhi
Accounting Officer
Department of Water and Sanitation
Date: 21 September 2018

7 STRATEGIC OVERVIEW

7.1 Vision

Equitable and sustainable water and sanitation that support socio-economic growth and development of the well-being of current and future generations.

7.2 Mission

To ensure the universal access of all South Africans to equitable water resources and sustainable water and sanitation services, by:

- Protecting, developing, conserving, managing and regulating water resources;
- Managing, regulating and providing efficient and effective water and sanitation services;
- Providing strategic leadership and evidence based policy direction to a coordinated water and sanitation sector for improved sector performance and service delivery;
- Building the skills and capabilities of the sector and enhancing information management to inform decision making; and
- Enhancing communication and stakeholder partnerships with communities and sector constituencies to advance the national development agenda.

7.3 Values

- Promoting and maintaining high standards of professional ethics;
- Utilising resources efficiently and effectively;
- Providing services impartially, fairly, equitably and without bias;
- Responding to people's needs;
- Citizens are encouraged to participate in policy-making;
- Rendering an accountable, transparent, and development -oriented public administration.

- 8.1 **The Constitutional of the Republic of South Africa:** The Constitution sets out water resources management as a national competency. It also states that everyone has a right to an environment that is not harmful to their health or well-being and supports socially justifiable economic development. It indicates the rights of individuals to have access to basic water and sanitation and sets out the institutional framework for the provision of these services.

The Constitution gives municipalities the executive authority and the right to administer the provision of water services within their areas of jurisdiction. It also gives national and provincial government authority to regulate local government in terms of water and sanitation services. It further gives them the obligation to support and strengthen the capacity of local government to provide services. It further implies the need for an intergovernmental and participatory approach to managing water resources and water and sanitation services. This includes the clarification of the roles and functions, powers and authority of the different spheres of government and the institutions in delivering on this constitutional mandate.

- 8.2 **The National Water Act, 1998 (Act No 36 of 1998) as amended:** The National Water Act seeks to ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of all people.

The Act assigns the national government as the public trustee of the water resources. Acting through the Minister, it has the power to regulate the allocation, use, flow and control of all water in the Republic. It also identifies the need to establish suitable institutions in order to achieve its purpose. In addition, it provides for the development of a regularly reviewed NWRS and the requirement of each Catchment Management Agency (CMA) to develop a catchment management strategy for the water resources within its jurisdiction.

- 8.3 **The Water Services Act, 1997 (Act No 108 of 1997):** The Water Services Act prescribes the legislative duty of municipalities as water service authorities to supply water and sanitation according to national norms and standards. In addition, it regulates Water Boards as important water service providers.

The Act compels the Minister to maintain a National Water Services Information System and to monitor the performance of all water services institutions, as well as providing for the monitoring of water services and intervention by the Minister or the relevant Province when necessitated.

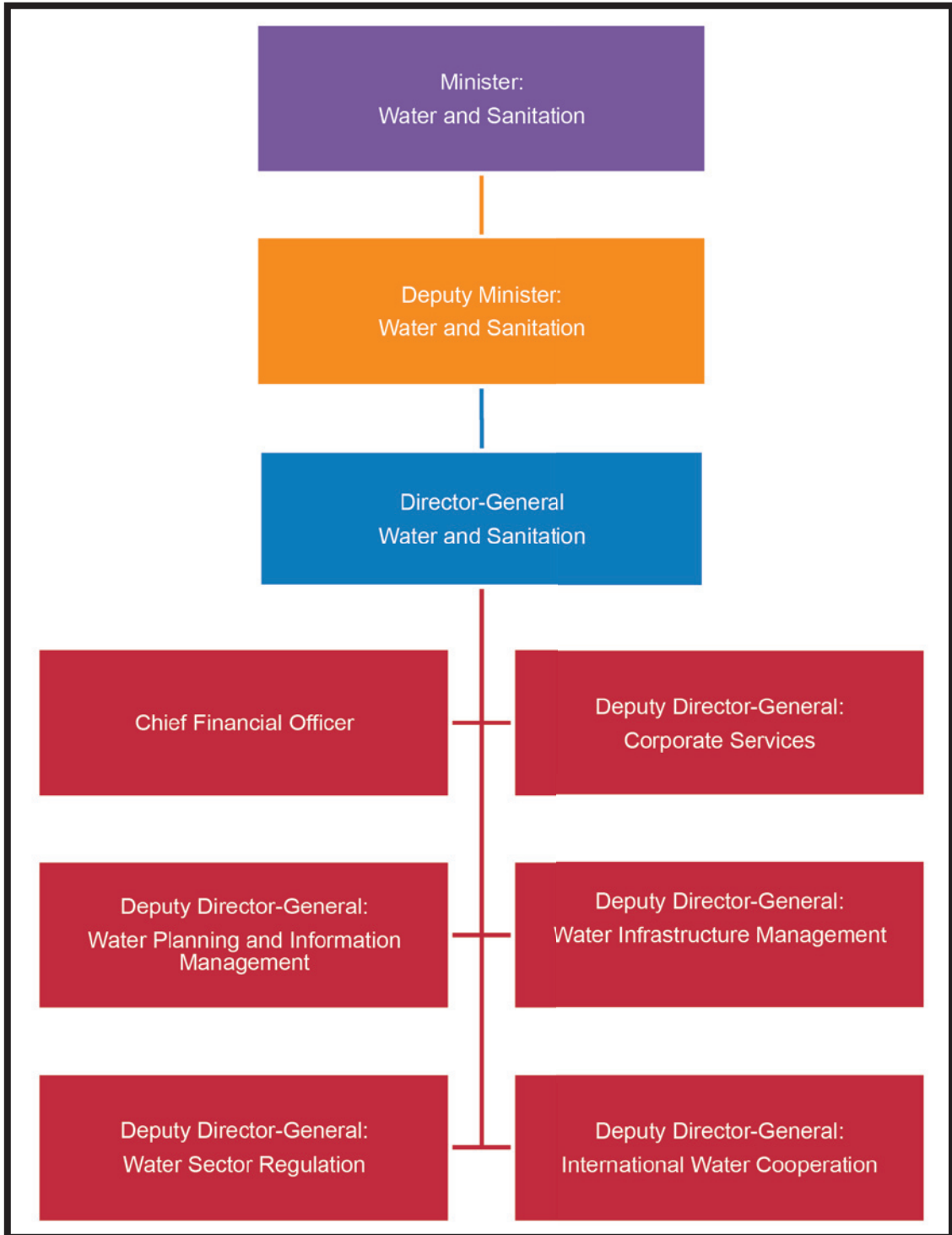
With reference to a "right to basic sanitation", this is the primary legislation relating to sanitation in South Africa. It further defines basic sanitation as: 'The prescribed minimum standard of services necessary for the safe, hygienic and adequate collection, removal, disposal or purification of human excreta, domestic waste water and sewerage from households, including informal households'. Further regulations, norms and standards pertaining to sanitation can be found in the Housing Act (No.107 of 1997).

It acknowledges that although municipalities have authority to administer water supply services and sanitation services, all government spheres are required to work towards this object, within the limits of physical and financial feasibility.

- 8.4 **The Water Research Act, 1971 (Act No 34 of 1971):** The Water Research Act establishes the Water Research Commission and the Water Research Fund, and thus promotes water related research and the use of water for agricultural purposes, industrial purposes or urban purposes. The Minister appoints members of the Water Research Commission (the Commission), and thus exercises executive oversight over the Commission.

9

ORGANISATIONAL STRUCTURE



10

ENTITIES REPORTING TO THE MINISTER

The table below summarises the legislative mandate, the financial relationship and the nature of operation for the 13 entities that reported to the Minister during the period under review

No	Name of entity	Legislative mandate	Financial relationship	Nature of operations
1	Trans Caledon Tunnel Authority (TCTA)	The TCTA was originally established as a Special Purpose Vehicle to fulfil South Africa's Treaty obligations in respect of the Lesotho Highlands Water Project. It has undertaken further work, which varies considerably in nature, on directive from the Minister.	TCTA is listed as schedule 2 in terms of the PFMA	To implement and fund government water schemes off budget entitled by the National Water Act to raise loans to finance the development of new water resource infrastructure
2	Water Research commission (WRC)	To facilitate research in the water sector in terms of the Water Research Act of 1971	WRC is listed as schedule 3A in term of the PFMA	To facilitate water research and development on behalf of the nation
Catchment Management Agencies				
3	Inkomati-Usuthu (IUCMA)	Catchment Management Agencies (CMAs) are established in terms of Chapter 7 of the National Water Act	The CMAs are listed as schedule 3A entities in the PFMA.	Management water resources at catchment level in collaboration with local stakeholders (with a specific focus on involving local communities in the decision making) regarding the basic human needs, promoting equitable access to water and facilitating social and economic development.
4	Breede-Gouritz (BGCMA)			
Water boards				
5	Amatola Water	Water boards are established in terms of the Water Services Act of 1997 to provide bulk water services	Water boards are listed as schedule 3B in terms of the PFMA	All water boards provide bulk water services to the municipalities, industries and the mines
6	Bloem Water			
7	Lepelle Northern Water			
8	Magalies Water			
9	Mhlathuze Water			
10	Overberg Water			
11	Rand Water			
12	Sedibeng Water			
13	Umgeni Water			

PART B

PERFORMANCE INFORMATION

Sterkspruit River, Drakensberg, Kwa-Zulu Natal



1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the auditor's report.

Reference is made to the AGSA report for Vote 36; section 19 to 31, set out on pages 191 to 193 in Part E: Financial Information of this annual report.

2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

During the period under review, South Africa was still recovering from the effects of one of the worst El Niño events, which resulted in severe drought conditions in most parts of the country. While the country was in a La Niña phase which is normally associated with wetter conditions, the Department continued to manage water supplies in some of parts of the country under constrained conditions.

Despite the late summer rains received in March/April 2017 and in 2018, the country's dams were still under stress and had to be managed with caution. The systems in five (5) provinces operated under drought conditions namely, Free State, with the drought declared in KwaZulu-Natal, Eastern Cape, Northern Cape, and the Western Cape. The Western Cape in particular is experiencing the worst drought with an estimated 1 in 400 year return period.

As of 14 May 2018, the national average of the 215 dams in the summer rainfall region was higher in comparison to the same period in the previous financial year. However, the dam levels of some parts of the North West as well as the Algoa system in the Eastern Cape and are very low. Some light rains in the winter rainfall regions of the Western Cape showed a slight increase in dam levels. With this mind, it is anticipated that the main winter rainfall season would make a difference.

Operations of water resource systems

The department developed guidelines for water supply systems during normal, drought and flooding conditions. Also, formal operating rules using scientific methods have been developed for a number of water supply systems in the country such as the Integrated Vaal River, the Orange River, the Algoa, the Amathole, the Western Cape, the Greater Bloemfontein, the Umgeni, the Umhlathuze and the Polokwane systems.

The monitoring of the water supply systems during the period under review can be summarised as follows:

- **Algoa system:** the five (5) dams serving the Nelson Mandela Bay reflected a decrease of 0.4% to 25.6%. This is a 25.7% decrease compared to the same period last year where the system was at 51.3%. The situation remains critical for this system, particularly the Kouga/ Loerie subsystem supplying water to Gamtoos valley and small towns like Hankey and Patensie. Restrictions of 25% for urban and 60% for irrigation are in place.

Amathole system: **the six (6) dams serving the Buffalo City reflected a decrease of 0.8% to 77.2%. Although** this is a 4.9% decrease compared to the same period last year (which was at 72.3%), there are no restrictions in place as the system is still able to supply its allocated water use.

- **Greater Bloemfontein system:** the four (4) dams serving mainly Mangaung recorded an increase of 0.9% in storage to 33.6%. This is a decrease of 5% compared to 38.6% at the same period last year. There is still inflow in Caledon River and pumping from Tienfontein pump station is still continuing. There are restrictions of 20% for urban and 35% for irrigation in place.
- **Western Cape system:** the six (6) dams serving mainly the City of Cape Town and the irrigation sector decreased by 0.8% to 24.4%. This is an 11.3% reduction compared to the same period last year (which was at 35.7%). There are restrictions of 45% for the urban sector and 60% for agriculture with the municipality introducing level 6B restrictions to meet the target of 450 Megalitres per day. Water restrictions apply to both surface water and groundwater resources.
- **Crocodile West system:** the six (6) dams serving mainly Tshwane, Madibeng and Rustenburg had a decrease of 1.4% to 83.7%. The system was at 95.5% at the same time last year.
- **Integrated Vaal River system:** the fourteen (14) dams serving mainly Gauteng, Sasol and Eskom increased by 1.2% to 74.0% compared to 67.6% the same time last year. There are no restrictions currently.
- **Polokwane system:** the dams in this system decreased by 2.6% to 52.9% which is the drop by 1.3% compared to the previous year. There are restrictions of 20% for all users in place
- **Umgeni system:** the five (5) dams mainly serving eThekweni and Msunduzi reflected a decrease of 1% to 62.5% compared to last week. This is a 13.2% increase compared to the same period last year (which was at 49.3%). There are restrictions of 15% for domestic and industry users as well as 50% for irrigation in place
- **Umhlathuze system:** comprises of Goedertrouw Dam and several lakes within the KZN coastline, supplies water to irrigation and domestic and industrial use within King Cetshwayo Municipality. Goedertrouw Dam storage decreased slightly to 35.1%, the Dam was at 27.4% at the same time last year. Water restrictions of 20% for domestic, 10% for industrial and 70% for irrigation use remain in place

The water restrictions for the systems in the summer and winter rainfall regions will be reviewed during May 2018 and November 2018 respectively.

Ground water level trends

The monitoring of boreholes during the 2015 to 2016 period reflects decline in ground water levels. However, there was a slight recovery during 2016 to 2017 period. The levels for ground water resources continued to significantly deteriorate in the Western Cape, Eastern Cape, the western and southern parts of the Northern Cape and the central part of Limpopo year on year from December 2016 to December 2017. The ground water levels observed in the last year in KwaZulu-Natal, Gauteng, Mpumalanga, the north eastern part of the Northern Cape and the North West provinces depicted a very good increase. In Free State province, a small decline in water levels occurred but they were stable with 30% of <0.2m and 87% of <2m movement.

The ground water levels over the last two (2) years (i.e. December 2015 to 2017) still show a high declining trend (i.e. >70%) in the Western Cape, Limpopo and Eastern Cape provinces. A good but stable recovery (i.e. only 30% to 40% declined) was observed especially over the past year in KwaZulu-Natal, Gauteng, Mpumalanga, parts of north of the Orange River in the Northern Cape. This improvement has insufficient for the ground water levels to rise to those observed in 2015.

Reconciling water use and meeting the demand for water resources

The registration regulation 1362 published in terms of section 26(1)(c) of the National Water Act 1998 provides for the registration of section 21 water uses identified therein. This enables the Department to gather information necessary to manage the country's water resources (i.e. ascertain who uses water, where and how much). For the period under review, the water management areas that had the highest water uses as at September 2016 are the Vaal, Pongola, Limpopo, Umzimkhulu, Inkomati-Usuthu and Orange. However, the structure of the National Water Use Information still has some inefficiency that requires improvement in

PART B | PERFORMANCE INFORMATION

order to respond to the economic demands. For example, there are some bottlenecks that could negatively impact water resource management and could lead to among others billing malfunctions.

Work is underway to streamline the business processes of the Water Use Licensing Authority; Resource Protection & Waste; Water Trading; Institutional Oversight and Establishment; Water Allocation and Compliance Monitoring and Enforcement to ensure production of accurate water use information and billing of water use. In addition, the process to align the WMS/ WARMS/ eWULAAS systems is also underway to allow for quality water resource management.

In an effort of reconciling the water requirements with water availability, the department monitored the implementation of water conservation and water demand management (WCWDM) in the country. The WCWDM interventions and targets are set during the development of the associated reconciliation strategies. The results from the estimated 2015/16 water balance for all municipalities indicated water losses of 1 414.49 million m³ per annum and non-revenue water (NRW) at 1 632.93 million m³ per annum.

The national summary reflects that the system input volume has been consistently increasing since 2006 with improving water losses and NRW since 2009 and 2011 respectively. The estimated 2015/16 water balance for all municipalities indicates water losses of 1 462.01 million m³ per annum and non-revenue water of 1 659.59 million m³ per annum. The reduction of water losses is mainly attributed to the shift of water losses to unbilled consumption in the water balance. The per capita consumption has remained constant over the past nine (9) years but WCWDM efforts must be elevated considering that these figures are above the international benchmarks of approximately 180 l/c/d and the country is one of the 30th driest in the world. The WCWDM must be urgently implemented in all provinces especially with the current droughts in the country.

Infrastructure in terms of water resources and water services

There is a well-developed infrastructure, with more than 5 511 registered dams in South Africa. The table below indicates the current registered ownership:

Ownership sector	Total number of registered dams	Total capacity in (m ³ x 109)	% total capacity
State	854	31.35	94
Department of Water & Sanitation	322	29.35	88.0
Municipalities	333	1.0	3.0
Other state departments	76	0.2	0.6
Water Boards	123	0.8	2.4
Private sector	4 657	2.06	6.0
Mines, industries, business	335	0.5	1.5
Agriculture	4 322	1.56	4.5
Total	5 511	33.41	100

Although there are 5 511 registered dams in the country, 94% of the registered dams are small. The table below indicates the distribution of registered dams according to the size class.

Size class	Description	Number	Percentage
Small	Less than 12m	4 187	76.0
Medium	12m to 30m	1 146	21.0
Large	30m and higher	178	3.0
Total		5 511	100

The existing infrastructure needs maintenance and the country is already experiencing challenges with lack of focus on sustainable asset management. The Department has an Operations and Maintenance (O & M) unit that is responsible for the management of Government Water Schemes (GWSs). The operations thereof are funded by revenue obtained through the tariff charges on users' services by these GWSs. The pricing strategy dictates that the O & M charges comprise of:

- Direct Costs (pumping, O & M, distribution, administration);
- Indirect Costs (overall cluster and area office costs);
- Depreciation (capital requirements for refurbishment); and
- Return on Assets (capital to be set aside of betterment and development of new infrastructure).

The funding pressures, however, prevent the O & M unit to receive the required allocation as per the charges posed on the users. A case in point is the Southern Cluster that generated revenue of R520m but could only receive R120m for Operations Budget (OPEX). For the period under review, the entire unit received R1bn whilst R1.8bn was required. This implied that CAPEX funding for maintenance on the 37 pump stations, 322 state dams and others strategic infrastructure was severely affected.

A financially downscaled O & M function will have a detrimental impact on the national economy. Strategic users such as ESKOM and SASOL are heavily dependent on the services of this unit (as per signed user agreements), and any failure in this regard could lead to inter alia energy and fuel shortages. In addition, if the operating rules are not adhered to there is a long term impact on water resource management.

The figure below reflects the growing backlog on maintenance requirements due to decreasing budget allocation.

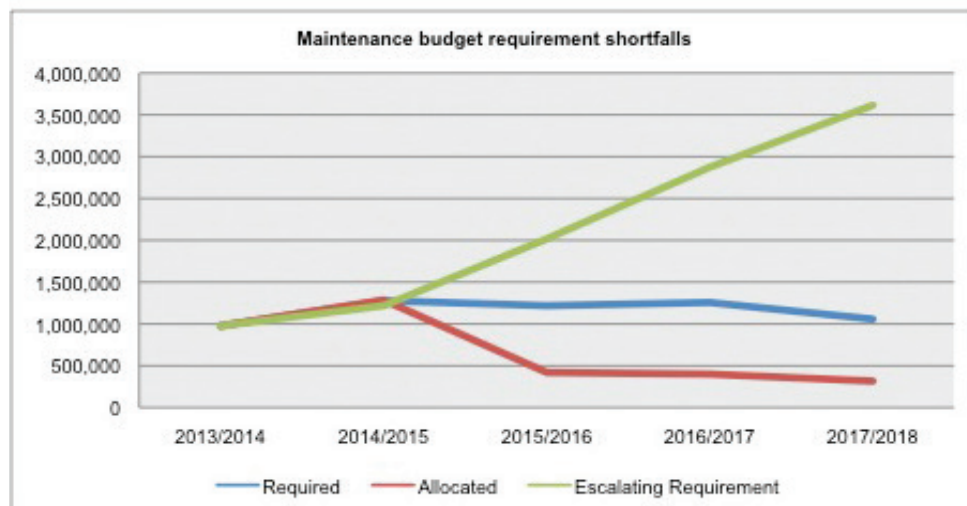


Figure 4: Backlog on maintenance due to decreasing budget allocation

The schemes also require efficient and effective operations, for which specialised skills and capabilities at all levels are needed. Major challenges are experienced with regard to the capabilities of water services authorities to effectively manage the schemes on a sustainable basis. This issue needs to be dealt with decisively through a review of the mandates and policies in relation to the management of water infrastructure, and available capacity.

2.2 Service Delivery Improvement Plan

The Department's service delivery improvement plan identified two (2) problem areas in the delivery of its services. These relate to the provision of revenue management (i.e. billing and debt management) as well as provisioning of water use authorisation services (i.e. changes to property ownership). The progress in this regard is summarised below:

Table 2.2.1: Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provisioning of water use authorisation services	Agriculture, mining, forestry, municipalities, tourism, developers, manufacturing	1651 complaints on change of property ownership 2242 complaints in changing of customer details	551	1471
Billing and recovery of water use charges	Irrigation (irrigation boards), agriculture, water boards, domestic and industrial (mining, forestry, municipalities, tourism, developers, manufacturing), schedule one customers (households)	1252 complaints in deregistration of users on WARMS 1561 of billing duplication 2131 disputes of customer balance 8707 invoices/statements not received 2241 payments not reflecting on statements	418 500 500 8000 1000	440 155 596 8736 1188

Table 2.2.2: Batho Pele arrangements with beneficiaries

Current/ actual arrangements	Desired arrangements	Actual achievements
In person communication/ <i>izimbizo</i> by the Minister and departmental staff to schemes and projects	Interactive engagements to be held with communities across the country. Venues to be reviewed for adequate access and transport provided to vulnerable groups in order to increase access.	25 public participation programmes convened, and transport was provided to vulnerable groups

Table 2.2.3: Service delivery information tool

Current/ actual information tools	Desired information tools	Actual achievements
Customer relations management analytical tool: standardised service delivery reports	Customer relations management analytical tool: Extract Transform Load (ETL) Tool	Customer relations management analytical tool: Extract Transform Load (ETL) Tool
	Customer relations management analytical tool: Business Intelligent (BI) and Dash boarding Tool	Customer relations management analytical tool: Business Intelligent (BI) and Dash boarding Tool
	Customer relations management analytical tool: Geographic Information System (GIS) Tool	Customer relations management analytical tool: Geographic Information System (GIS) Tool

Table 2.2.4: Complaints mechanism

Current/ actual complaints mechanism	Desired complaints mechanism	Actual achievements
Single Customer Interactive Channel Toll Free is in place to register complaints 0800-200-200	Multiple Customer Interaction Channels to register complaints using the customer's preferred Channel of Communication	Multiple Customer Interaction Channels created and integrated into a Case Management system: Telephone: 0800-200-200 E-mail: Info@dws.gov.za SMS: 45174 Fax: 012 336 8664 Web: http://www.dwa.gov.za/CustomerCare/CustomerServicePortal.aspx Face to Face: 18 Provincial Walk-In Centres
The complaint management system has handled up to 20,000 complaints and with a complaint resolution rate of 60%	Increased Complaint Management System must handle up to 50,000 complaints and with a complaint resolution rate of 80%	The complaint management system has handled up to 52, 153 complaints and with a complaint resolution rate of 91%

2.3 Organisational environment

The structure review process that was undertaken by the Department in the 2016/17 financial year continued in the previous financial year. Various related processes such as a diagnostic analysis, organisational functionality assessment (OFA) and business process mapping have been concluded. In addition, the Department has finalised its service delivery model and the following deliverables that relate to the operations management framework are being developed; service standards, standard operating procedures, service delivery improvement plan and the service charter. It is anticipated that the final reviewed organisational structure will be concluded for implementation in the first quarter of the 2018/19 financial year once the Minister for the Public Service and Administration has given concurrence.

The Department took the decision in June 2017 to establish a single Catchment Management Agency (CMA) to manage water resources in the nine (9) water management areas, amid growing concerns regarding the associated costs for establishing of multiple institutions. In addition, the need to rationalise and align the existing institutions as a mechanism to unburden the state of burgeoning service costs further contributed to this decision. This is in line with the Presidential review of state owned entities and National Treasury's cost cutting measures. The Minister of Water and Sanitation gazetted a notice for the proposal of establishing the single CMA in South Africa on 15 December 2017 for public comments. An implementation plan of the single CMA has already been developed outlining key activities to be undertaken towards the establishment of a single CMA and consultation started in January 2018.

The department continued to reduce the vacancy rate in respect of engineers and scientists. The target of maintaining the vacancy rate at 10% or below was met and exceeded.

As a result of the reduced employee compensation budget, some of the posts in the establishment were abolished, thereby ensuring that only funded vacant posts are filled in future.

2.4 Key policy developments and legislative changes

2.4.1 Development of the Water and Sanitation Policy Framework

The development of the National Water and Sanitation Policy Framework aims to consolidate the various water and sanitation policies into a single, cohesive policy framework to guide the water and sanitation sector. This is to include a clarification of the roles and responsibilities of all role-players across the three spheres of government and the water management institutions to facilitate enhanced cooperation and collaboration in the rollout of bulk water resources, water supply and sanitation services.

2.4.2 Development of the National Water and Sanitation Act

The Department is merging the National Water Act and the Water Services Act to form one Water and Sanitation Act.

The Water and Sanitation Bill seeks to improve service delivery by:

- using water as a mega nexus;
- promoting the integration of the National Water and Sanitation Master plan;
- introducing the use-it or lose-it principle;
- transforming and rationalize the water management institutions;
- bringing about effective and efficient dispute resolution mechanism;
- developing appropriate technical solutions to treat water with high salinity; and
- incorporating aspects relating to sanitation, and to enhance service delivery.

The drafting of the Water and Sanitation Bill is at an advanced stage. A number of activities have been undertaken and completed as per the approved legislative roadmap. The consultations were with the Departments of Human Settlements, Environmental Affairs, Energy, Basic and Higher Education, Health, Cooperative Governance and Traditional Affairs, National Treasury as well as the South African Local Government Association. The Bill was presented to the FOSAD cluster for review.

The Bill will be submitted for preliminary certification to the Office of the Chief State Law Adviser (OCSLA) in July 2017 and feedback was received in October 2017. As the OCSLA did not grant a preliminary certification of the Bill, it is being revised to address the matters as raised by the OCSLA.

Plans for the 2018/19 medium term include submitting the Bill to Cabinet for approval; introducing the Bill in Parliament for enactment and developing regulations.

2.4.3 Review and Development of the National Water and Sanitation Resources and Services Strategy (NWSRSS)

Subsequent to the reconfiguration of the Department to include the sanitation function, the second edition of the NWRS will be reviewed to incorporate the sanitation function. Allowing for all legislated processes, including involved in the development of such strategy, the aim is to table the NWSRSS to Cabinet for approval over the medium term.

2.4.4 Review of the Water Research Act

The review of the Water Research Act is at an advanced stage and seeks to enhance the mandate and governance of the Water Research Commission, and to better align the Act with all other applicable legislation informing the service delivery orientation of the water and sanitation sector; legislation that was not in place at the time the WRA was promulgated in 1971.

2.4.5 Review of the water pricing strategy

The Water Pricing Strategy sets out government's approach to raw water pricing. The strategy review seeks to improve the financial viability of government's bulk raw water business to ensure that this scarce resource is valued by all citizens. The major change of the review is to move from the Return on Asset method of infrastructure costing to a method of pricing based on Future Infrastructure Built over 10 years per province.

2.4.6 Development of the funding model

The intention of the development of a funding model is to determine the variety of financing mechanisms or models adopted in South Africa and internationally to fund infrastructure. The project will look at the principles of infrastructure funding and financing and help to identify the lessons learnt that could shape future investment decisions in the South African water sector.

Apart from identifying key success factors, the review is also expected to explore innovative and off-budget financing mechanisms, in order to consider their suitability for the South African water sector.

2.4.7 Development of the National Water and Sanitation Master Plan

The development of the National Water and Sanitation Master Plan (NW&SMP) was launched by the Deputy Minister of Water and Sanitation during the National Dialogue held on 22 May 2017. The NW&SMP aims at mobilising the commitment and efforts of all role players and stakeholders in the water and sanitation sector towards collectively achieving the desired future state of the sector, as defined by the Government's vision,

goals and targets until 2030 (NDP, SDGs, MTSFs and other key drivers). It will provide a critical overview of the present state in the sector and the key challenges it is currently facing, together with a consolidated plan of actions required to enable the achievement of the set targets. The final draft of the NW&SMP has been developed.

3 STRATEGIC OUTCOME ORIENTED GOALS

The Department's performance in achieving its strategic outcome oriented goals is summarised below:

Enhanced and protected water as a resource across the value chain

In ensuring the realisation of this goal the Department had planned to develop a draft water sector regulatory framework; measure the mine compliance against individual water use entitlements; finalise the resourced water monitoring network implementation plan, determine water resource classes and resource quality objectives for three river systems; monitor water losses in eight large water supply systems and develop mine water management strategies for two catchments.

The three (3) deliverables that were achieved during the period under review are: the resourced water monitoring network implementation plan has been developed; eight (8) large water supply systems were monitored for water losses and mine water management strategies were developed for two (2) catchments.

Although the draft water sector regulatory framework was developed, the compliance level for the mines measured against individual water use entitlements is currently at 49% versus the planned 55%. For the period under review, water resource classes and resource quality objectives were determined the Umvoti-Mzimkhulu river system. The public consultation process for the Crocodile (West)- Marico and Mokolo & Matlabas took longer than anticipated affecting all planned deliverables.

In view of the above, the Department's performance for this goal is at 60%.

Equitable access to reliable, sustainable and acceptable water resources and water and sanitation services

In ensuring the realisation of this goal the Department had planned to develop a draft National Water and Sanitation Master Plan; complete 31 bulk water supply and sanitation services infrastructure project plans; provide 91 292 households with sustainable and reliable water supply and sanitation services; implement the National Asset Management plan (NAMP) with unscheduled maintenance kept at 10% and below; provide 10 032 households with sanitation.

The two (2) deliverables that were achieved during the period under review are: the draft National Water and Sanitation Master Plan was developed and 159 463 households were provided with sustainable and reliable water supply and sanitation services.

The Department could only complete 17 of the planned 31 bulk water supply and sanitation services infrastructure project plans as the budget for these was reprioritised due to budget constraints and change of priorities by municipalities. Although the unscheduled maintenance was at 0.2%, the Department managed to implement 40% of the NAMP as the operations had to earmark the CAPEX budget to cover for the OPEX shortfall impacting on the funding availability for certain maintenance projects. Although 13 439 households were provided with sanitation this achievement is a recovery from the 2016/17 backlogs which were completed during the year under review.

In view of the above, the Department's performance for this goal is at 40%.

An enhanced contribution to socio-economic development and transformation by the sector

In ensuring the realisation of this goal the Department had planned to: conduct validation and verification of existing lawful use in three (3) water management areas; implement rural development initiatives that will provide access to 300 million m³ of water to smallholder farmers; support black entrepreneurs in the sector with targeted procurement at 30% per annum; create 2 800 job opportunities to expand economic opportunities for historically excluded and vulnerable groups.

The Department managed to support black entrepreneurs in the sector with targeted procurement at 56% per annum.

The Department could only validate and verify existing lawful use in two (2) water management areas as the quality assurance of the Berg-Olifants close out report has not been completed. The Department implement rural development initiatives providing access to 14.13 million m³ of water to smallholder farmers as the deliverable is demand driven. For the period under review the Department managed to create 1 604 of the planned 2 800 job opportunities as the reduction of the number of infrastructure projects implemented during the financial year affected the creation of job opportunities.

In view of the above, the Department's performance for this goal is at 25%.

An efficient, effective and development oriented water and sanitation sector

In ensuring the realisation of this goal the Department had planned that the draft Water and Sanitation Bill would be tabled in Parliament; conduct annual appraisals of shareholder compacts for 13 entities; attain an unqualified audit outcome for 2017/18; register 100% water and sanitation sector occupations (skills) in the Organising Framework for Occupations.

The two (2) deliverables that were achieved during the period under review are annual appraisals of shareholder compacts for 13 entities were conducted and 119% water and sanitation sector occupations (skills) were registered in the Organising Framework for Occupations.

The Department is awaiting the outcome of the audit process which will be finalised during July 2018. The draft Water and Sanitation Bill was not tabled in Parliament as the Office of the Chief State Law Adviser provided extensive comments that required further consultations on the draft bill.

In view of the above, the Department's performance for this goal is at 50%.

Sound cooperative governance and an active and engaged citizenry

In ensuring the realisation of this goal the Department had planned to conduct annual analysis on the implementation of the approved Africa and global international relations programme as well the annual assessment of progress against the partnerships, communications and stakeholder relations programme which were achieved as planned.

In view of the above, the Department's performance for this goal is at 100%.

4 PERFORMANCE INFORMATION OF PROGRAMMES

4.1 Programme 1: Administration

This programme provides strategic leadership, management and support services to the department. Strategically manage mine water. Develop and promote international relations on water resources between neighbouring countries.

4.1.1 Sub-programmes

Ministry provides for administrative and logistical support to the Minister and Deputy Minister and their support staff, and makes provision for their salaries.

Departmental Management provides policy and strategic direction for water and sanitation management. This includes enterprise-wide support services comprising administrative support to the director-general, corporate planning, and monitoring and evaluation; and the provision of salaries and operational budgets for the department's regional office heads.

Internal Audit provides independent, objective assurance and advisory services to improve the department's operations.

Corporate Services: Corporate Services provides enterprise-wide support comprising human resources, legal services, communications, the learning and development academy, and transformation policy and coordination.

Financial Management ensures the efficient management of daily financial operations, processes and systems.

Office Accommodation makes payments for rental charges on all leased office space occupied by the department, and for municipal services such as electricity, water, and sewage and waste removal.

Programme Management Unit provides for improved coordination and governance in the management of departmental projects.

International Water Support strategically coordinates, promotes and manages international relations on water and sanitation between countries through bilateral and multilateral cooperation instruments and organisations, in line with legislative provisions. This sub-programme also pursues national interests in African and global multilateral organisations and forums.

4.1.2 Strategic objectives, performance indicators, planned targets and actual achievements

4.1.2.1 Programme strategic objectives

Programme name		Administration				Comment on deviations
No	Strategic objectives	2016/17 actual achievement	2017/18 planned target	2017/18 actual achievement	Deviation from planned target for 2017/18	
3.3	Targeted procurement that supports black entrepreneurs in the sector	73% per annum	30% per annum	56% per annum	Over by 26%	Target exceeded The sourcing strategy yielded positive results
4.3	An efficient, effective and high performing organisation	Qualified audit outcome for 2016/17	Unqualified audit outcome for 2017/18	Qualified audit outcome for 2017/18	Unqualified audit outcome for 2017/18	Target not met
4.4	Coordinated development of the skills pool across the sector	Water and Sanitation Sector Occupations (skills) framework developed	100% Water and Sanitation Sector Occupations (skills) registered in Organising Framework for Occupations	119% registered occupations or specialisation (i.e. 19 of 16)	Over by 19% (i.e. Over by 3)	Target exceeded DHET approved additional sector occupations that were submitted by the LGSETA on behalf of the EWSETA and DWS
5.1	Targeted and sustained African and Global cooperation in support of the national water and sanitation agenda	Approved 5 year Africa and global international relations programme	Annual analysis on the implementation of the approved Africa and global international relations programme	Annual analysis on the implementation of the approved Africa and global international relations programme	N/A	Target achieved
5.2	Informed and empowered communities and responsive government securing integrated and sustainable partnerships to support the water and sanitation development agenda	Annual assessment of progress against the Partnerships, Communications and Stakeholder Relations Programme	Annual assessment of progress against the Partnerships, Communications and Stakeholder Relations Programme	Annual assessment of progress against the Partnerships, Communications and Stakeholder Relations Programme	N/A	Target achieved

4.1.2.2 Performance indicators per sub-programme

No	Performance indicator	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
		2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
Departmental Management							
4.3.1	Percentage compliance with MPAT standards at the minimum targeted level 3	100% compliance	No milestones for quarter 1 and 2	No adjustment	61% (i.e. 14 of 23)	39% (i.e. 9 of 23)	Target not met <ul style="list-style-type: none"> The departmental evaluation plan was not finalised. Planning for implementation programme was not incorporated in the departmental guidelines for performance information. The service delivery improvement plan did not comply with the requirements of providing evidence for stakeholder consultation and service recipients.
Corporate Services							
4.3.4	Minimum percentage vacancy rate for engineers and scientists	10%	114% filled over establishment. (i.e. 675 filled out of 592 posts).	No adjustment	120% filled over establishment ¹ (i.e. 746 filled out of 622 posts).	Over by 30% ² (i.e. Over by 186)	Target exceeded <ul style="list-style-type: none"> Posts were filled additional to the establishment. These posts comprise of candidate engineers, who are employed additional to the establishment as per OSD requirement. Candidate engineers and scientists are put in permanent posts once they achieve professional status with relevant statutory bodies. (ECSA, PLATO, etc).

¹ There are 622 permanent posts in the establishment (i.e. Peral system). Of these permanent posts, the department planned to fill 90% (i.e. 560). In other words, the minimum vacancy rate for engineers and scientists must be at least at 10% (i.e. 62) or lower. During the 2017/18 reporting period, a total of 746 engineers and scientists were appointed. This means 215 additional posts were filled in the establishment. The planned target was to fill 560 permanent posts, but 746 engineers and scientists were filled, the formula is explained as follows: [746 appointed engineers and scientists divided by 622 posts in the Peral system multiplied by 100 =120%]

² The formula for the deviation is explained as follows: [120% actual performance (i.e. 746) minus 90% (i.e. 560) = 30% (i.e. 186)]

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
4.3.5	Percentage of SMS employees attending interventions identified through the DPSA competency assessment	52% SMS employees assessed (i.e. 82 out of 159)	100%	108% SMS employees attended training interventions (i.e. 89 out of 82)	No adjustment	119% SMS employees attended training interventions (i.e. 98 out of 82)	Over by 19.5%	Target exceeded <ul style="list-style-type: none"> More managers were available to attend the training interventions
4.4.1	Percentage of the Water and Sanitation Sector Occupations (skills) registered with OFO	New indicator	100% of the Water and Sanitation Sector Occupations (skills) registered with OFO	27% of occupations registered	No adjustment	119% registered occupations or specialisation (i.e. 19 of 16)	Over by 19% (i.e. Over by 3)	Target exceeded <ul style="list-style-type: none"> DHET approved additional sector occupations that were submitted by the LGSETA on behalf of the EWSETA and DWS
4.4.2	Number of learners enrolled for training on the WoL programme	New indicator	N/A	This is a new indicator with an annual target only.	10 000	10 366 learners enrolled on the project	Over by 366	Target exceeded <ul style="list-style-type: none"> An additional 366 learners were recruited in order to cater for the attrition that had taken place in the Phase 1 uptake
5.2.1	Annual assessment of the benefits derived from Partnership agreement instruments	1 baseline study report submitted	Annual assessment of benefits derived from partnership agreement instruments	No milestone	No adjustment	Annual assessment of the benefits derived from Partnership agreement instruments – report submitted	N/A	Target met
5.2.2	Annual assessment on the implementation of the Annual Communications Programme	Report on the implementation of the annual communications programme developed	Annual assessment on the implementation of the Annual Communications Programme	Approved Annual Communications programme	No adjustment	Report on the implementation of the Annual Communications Programme Report submitted	N/A	Target met

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
5.2.3	Assessment of impact of mediated interactions that will deliver meaningful engagements with communities	Baseline study of impact of mediated interactions that will deliver meaningful engagements with communities developed	Annual assessment of impact of mediated interactions that will deliver meaningful engagements with communities	No milestone	No adjustment	Annual Assessment of impact of mediated interactions that will deliver meaningful engagements with communities reported submitted.	N/A	Target met
Sub-programme name								
Financial Management (Main Account)								
3.3.1.1	Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	31%	15%	24.60%	No adjustment	6%	Under by 9%	Target not met <ul style="list-style-type: none"> The targeting of QSEs was not done during project planning and demand management phases affecting the implementation and subsequent achievement of the target
3.3.2.1	Percentage of targeted procurement budget spent on exempted microenterprises (EME)	44%	15%	40.06%	No adjustment	57%	Over by 42%	Target exceeded <ul style="list-style-type: none"> The sourcing strategy yielded positive results

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
4.3.2	Percentage expenditure on annual budget	100.7% expenditure	100%	46%	No adjustment	97%	Under by 3%	<p>Target not met</p> <ul style="list-style-type: none"> The under spending relates to the following Compensation of employees: The under spending is mainly due to unfilled posts during the greater part of the financial year across all the sub-programmes within the Department. Payment for capital assets: the under spending is mainly due to the invoices for Regional Bulk and Water Services Infrastructure Grant which could not be paid as the Department had insufficient funds in the bank.
Financial Management (Water Trading)								
3.3.1.2	Percentage of targeted procurement budget spent on qualifying small enterprises (QSE)	59%	15%	14%	No adjustment	15%	N/A	<p>Target met</p>
3.3.2.2	Percentage of targeted procurement budget spent on exempted microenterprises (EME)	13%	15%	48%	No adjustment	30%	Over by 15%	<p>Target exceeded</p> <ul style="list-style-type: none"> Most items that were procured were less than R500 000, therefore attracting EMEs

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
4.3.3	Number of debtor days	117 debtor days	100 days	98 days	No adjustment	232 days	Increased by 115 days	<p>Target not met</p> <ul style="list-style-type: none"> The Water Trading is still struggling to recover debts payable by the municipalities and water boards.
Sub-programme name								
International Water Support								
5.1.1	Number of analyses on progress against the approved annual International Relations Implementation Plan	4 analyses on progress against the approved annual International Relations Implementation Plan.	4	2 analyses on progress against the approved annual International Relations Implementation Plan	No adjustment	4	N/A	<p>Target met</p>

4.1.2.3 Strategy to overcome areas of under performance

For MPAT, the final draft Departmental Evaluation Plan (DEP) is being finalised. Also, the inclusion of planning for implementation programme in the departmental guidelines will be done during the 2018/19 financial year.

For the under expenditure of the Department's allocation, the savings will be redirected to over spending areas through the final budget adjustment process (virements).

4.1.2.4 Changes to planned targets

The published 2017/18 indicators for the Corporate Services sub-programme were adjusted to factor in the War on Leaks programme as tabulated below.

Programme performance indicator 2013/14	Audited/Actual performance			Estimated performance 2016/17	Medium term targets		
	2013/14	2014/15	2015/16		2017/18 Published targets	Adjusted targets	2018/19
Strategic objective 4.4: Coordinated development of the skills pool across the sector							
4.4.2 Number of learners enrolled for training on the WoL programme	-	-	-	-	-	10000	
4.4.3 Number of learners that complete training through WoL	-	-	-	-	-	-	3000 7000

The War on Leaks programme was previously budgeted for from revenue through the Water Trading Entity. It was always the intention of the Department to fund the programme through revenue and not from the fiscus in the Main Account. Additional funds were not obtained by the Department to fund War on Leaks, and the only way it could therefore be funded was through the Water Trading Entity. In 2016/17, an amount of R1billion was budgeted for and paid by the Water Trading Entity. A challenge arose in April 2017 when the bank account for the Water Trading Entity was closed by National Treasury due to the overdraft. One of the conditions of re-opening the bank account was for the Water Trading Entity to stop paying for projects that do not fall within its mandate. War on Leaks was one of the projects that were identified by National Treasury to not be the core mandate of the Water Trading Entity. The program was therefore moved in the middle of the year from the Water Trading Entity where it was budgeted for to the Department without a budget after finalisation of the budget cycle for all Departments.

4.1.3 Sub-programme expenditure

Sub- programme name	2016/17				2017/18		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
Ministry	54 975	54 975	-	56 173	56 060	113	
Departmental Management	113 950	105 138	8 812	65 141	61 784	3 357	
Internal Audit	36 045	34 140	1 905	35 323	34 264	1 059	
Corporate Services	702 276	679 496	22 780	832 659	1 197 343	(364 684)	
Financial Management	226 746	220 902	5 844	209 713	204 704	5 009	
Office Accommodation	376 725	376 725	-	367 505	367 505	-	
Programme Management Unit	-	-	-	40 810	39 270	1 540	
International Water Support	37 026	33 554	3 472	42 527	37 746	4 781	
Total	1 547 743	1 504 930	42 813	1 649 851	1 998 676	(348 825)	

4.2 Programme 2: Water Planning and Information Management

The programme is responsible to ensure that the country's Water resources are protected, used, developed, conserved managed and controlled in a sustainable manner for the benefit of all people and the environment by developing a knowledge base and implementing effective policies, procedures and integrated planning strategies for Water resources and Water and sanitation services.

4.2.1 Sub-programmes

Water Planning, Information Management and Support provides strategic leadership and overall management to the programme.

Integrated Planning develops comprehensive plans that guide infrastructure development, systems and services management in the water sector.

Water Ecosystems develops and implements measures to protect water resources. This entails determining measures to manage water resources by classifying water resource systems, determining reserves, conducting resource quality assessments, and developing guidelines and protocols for pollution control and rehabilitation.

Water Information Management ensures the development and maintenance of systems and programmes for the acquisition and management of data and information, and builds the knowledge base on all aspects of water for informed decisions on water management.

Water Services and Local Water Management entails the formulation and development of strategies, guidelines and plans for water services and management at local level.

Sanitation Planning and Management provides a national strategy for the planning of sanitation services and supports municipalities to plan for the provision of sustainable sanitation services

Policy and Strategy develops, monitors and reviews the implementation of the water and sanitation sector policies and strategies.

4.2.2 Strategic objectives, performance indicators, planned targets and actual achievements

4.2.2.1 Programme strategic objectives

Programme name		Water Planning and Information Management				Comment on deviations
No	Strategic objectives	2016/2017 actual achievement	2017/2018 planned target	2017/2018 actual achievement	Deviation from planned target for 2017/18	
1.2	Enhanced management of water sanitation information	Water Monitoring Network Implementation Strategy completed	Draft resources integrated national water monitoring plan	Final Resourced Water Monitoring Network Implementation Plan developed	Final instead of draft national water monitoring plan	Target exceeded The cooperation from Provincial Offices and other stakeholders during consultations assisted in providing adequate information for the plan to be completed earlier than anticipated
1.3	The integrity of freshwater ecosystems protected	2 river systems with water resources classes and resource quality objectives determined	3 ³	1 (Mvoti- Mzimkulu)	2 Crocodile (West)- Marico, Mokolo & Matlabas	Target not met The public consultation took longer than anticipated and affected all planned deliverables
1.4	Enhanced water use efficiency and management of water quality	8 large water supply systems monitored for water losses	8	8 large water supply systems monitored for water losses	N/A	Target achieved
2.1	A coordinated approach to water and sanitation infrastructure planning and monitoring and evaluation	No milestone for the SO during the 2016/17 Financial year.	Draft National Water and Sanitation Master Plan	Draft National Water and Sanitation Master Plan developed	N/A	Target achieved
2.2	Targeted and aligned planning for adequate water availability and the enhanced provision of water supply and sanitation services	28 bulk water supply and sanitation services infrastructure project plans completed	31	17 bulk water supply and sanitation services infrastructure project plans completed (i.e. 4 RIDs and 13 IRS)	14	Target not met Reprioritisation was done due to budget constraints and change of priorities by municipalities

³This is a correction of the 2017/18 APP which indicated Mvoti-Mzimkhulu as 2 separate river systems instead of one (1) river system

Water Planning and Information Management					
Programme name	2016/2017 actual achievement	2017/2018 planned target	2017/2018 actual achievement	Deviation from planned target for 2017/18	Comment on deviations
4.1 Strategic objectives An enabling environment for the management of water resources and the provision of basic water and sanitation services cross the sector	New indicator	Parliamentary process	Draft Water and Sanitation Bill developed	The draft Water and Sanitation Bill was not tabled in Parliament	Target not met The OCSLA provided extensive comments that required further consultations on the draft bill

4.2.2.2 Performance indicators per sub-programme

No	Performance indicators	2016/2017 actual achievement	2017/2018 planned target	2017/2018 actual achievement	Deviation from planned target for 2017/18	Comment on deviations
Sub-programme name						
1.2.2	Integrated Water Quality Management Strategy	Integrated Water Quality Management Strategy completed	Integrated Water Quality Management implementation plan developed	Integrated Water Quality Management implementation plan developed	N/A	Target achieved
1.3.3	Number of hydro climatic zones in which assessments for climate change vulnerability are completed	2	2	2	N/A	Target achieved
		Zone 3 (Vaal)	Zone 4 (Orange WMA)	Zone 4 (Orange System)		
		Zone 5 (Umzimvubu-Tsitsikamma)	Zone 1 (Northern Interior WMA)	Zone 1 (Northern Interior)		
2.1.1	National Water and Sanitation masterplan (NWSMP) adopted	New Indicator	Draft National Water and Sanitation Master Plan	Draft National Water and Sanitation Master Plan developed	N/A	Target achieved

No	Performance indicators	2016/2017 actual achievement	2017/2018 planned target	2017/2018 actual achievement	Deviation from planned target for 2017/18	Comment on deviations
2.2.1	Number of completed Record of Implementation Decisions (RID) for bulk raw water planning projects	1 Lusikisi Regional Water Supply Scheme	3 Foxwood Dam Project	4 Foxwood Dam	Over by 1 N/A	See details below Target achieved
		- Mokolo Crocodile(West) Water Augmentation Project Phase 2A	Mokolo Crocodile (West) Water Augmentation Project Phase 2A	Mokolo Crocodile (West) Water Augmentation Project Phase 2A	N/A	Target achieved
		- uMkhomazi Water Project Phase 1	uMkhomazi Water Project Phase 1	RID for uMkhomazi Water Project Phase 1	N/A	Target achieved
		-	Berg River – Voëlvelei Augmentation Scheme (BRVAS)	Berg River – Voëlvelei Augmentation Scheme (BRVAS)	Berg River – Voëlvelei Augmentation Scheme (BRVAS)	Target exceeded The project was fast tracked to save lead time to construction
Sub-programme name						
Water Ecosystems						
1.3.1	Number of river systems with water resources classes and determined resource quality objectives	2 Letaba Inkomati	3 ⁴ Mvoti- Mzimkulu Crocodile (West)- Marico	1 Mvoti- Mzimkulu	2 N/A	See details below Target achieved Targets not met
		-	Mokolo & Matlabas	-	Mokolo & Matlabas	The public consultation took longer than anticipated and affected all planned deliverables
Sub-programme name						
Water Information Management						
1.2.1	Adopted Water Monitoring Network Implementation plan implemented	Water Monitoring Network Implementation Strategy completed	Draft resourced Water Monitoring Network Implementation Plan	Final resourced Water Monitoring Network Implementation Plan developed	Final instead of draft resources integrated national water monitoring plan	Target exceeded The cooperation from Provincial Offices and other stakeholders during consultations assisted in providing adequate information for the plan to be completed earlier than anticipated

⁴This is a correction of the 2017/18 APP which indicated Mvoti-Mzimkulu as 2 separate river systems instead of one (1) river system

No	Performance indicators	2016/2017 actual achievement	2017/2018 planned target	2017/2018 actual achievement	Deviation from planned target for 2017/18	Comment on deviations
1.3.2	Number of rivers in which the River Eco-status Monitoring Programme is implemented	66	71	92	Over by 21	Target exceeded Rivers under Breede-Gouritz and Berg-Olifants have been monitored which were not part of the monitoring programme during the planning time due to the institutional arrangement which were not finalised
Water Services and Local Water Management						
1.4.1	Number of large water supply systems assessed for water losses	8	8	8	N/A	Target achieved
		Vaal River	Vaal River	Vaal River		
		Umgeni River	Umgeni River	Umgeni River		
		Crocodile West River	Crocodile West River	Crocodile West River		
		Olifants River	Olifants River	Olifants River		
		Algoa	Algoa	Algoa		
		Amatole	Amatole	Amatole		
		Bloemfontein	Bloemfontein	Bloemfontein		
		Western Cape Supply System	Western Cape Supply System	Western Cape Supply System		
2.1.2	Number of district municipalities (DMs) with completed 5 year water and sanitation services master plans	6 priority DMs O R Tambo Xhariep Uthungulu Vhembe Ehlanzeni John Taolo Gaetsewe	17 DMs	17 DMs with completed 5 year water and sanitation services master plans - Phase 1	N/A	Target achieved
2.1.3	Number of Water Services Authorities (WSAs) audited on Water and Sanitation delivery performance	50 WSAs	47 WSAs audited	48 WSAs audited on Water and Sanitation delivery performance	Over by 1 (i.e. City of Tshwane)	Target exceeded The demarcation changes for Nokeng Tsa Taemane LM and Kungwini LM were incorporated into the City of Tshwane. Therefore the service delivery performance was audited for the City of Tshwane.

No	Performance indicators	2016/2017 actual achievement	2017/2018 planned target	2017/2018 actual achievement	Deviation from planned target for 2017/18	Comment on deviations
2.2.2.	Number of completed feasibility studies for water and wastewater services projects (RBIG)	16	22	13	Under by 9	Target not met Reprioritisation was done due to budget constraints and change of priorities by municipalities and Provincial Offices
2.2.3	Number of completed implementation readiness studies for water and wastewater services projects (RBIG)	12	25	13	Under by 12	Target not met Reprioritisation was done due to budget constraints and change of priorities by municipalities and Provincial Offices
Sanitation Planning and Management						
2.1.4	Number of WSAs assessed for socio economic impact	17	127 WSAs	98 WSAs assessed	Under by 29 WSAs	Target not met Other WSAs could not be assessed due to budget constraints and the assessment continued in April 2018 in the new Financial Year 2018/19
Policy and Strategy						
4.1.1	Approved National Water and Sanitation Resources and Services Strategy (NWSRSS) and implementation plan	Not achieved	Draft National Water Resources and Services Strategy Framework completed	The Draft 1 NWSRSS document was developed and submitted to Top Management for input and approval.	N/A	Target achieved

No	Performance indicators	2016/2017 actual achievement	2017/2018 planned target	2017/2018 actual achievement	Deviation from planned target for 2017/18	Comment on deviations
4.1.2	Revised water and sanitation norms and standards for all water and sanitation supply and services	Target not achieved	Approved norms and standards	Submission to redraft the compulsory national standards was drafted and submitted, redrafting of compulsory standards meetings redrafting of compulsory standards meetings	Approved norms and standards	Target not met Delays in the approval of the gazette delayed the whole project schedule. In addition, a subsequent legal challenge of the document further delayed the process.

4.2.2.3 Strategy to overcome areas of under performance

With regard to the determination of water resource classes and resource quality objectives for river systems, some activities will run parallel to cover time lost where possible. All processes will be allowed adequate time to accommodate any unforeseen challenges which might be experienced. The gazette documents have been finalised and are in process for approvals.

With regards to Feasibility Studies and Implementation Readiness Studies reprioritisation has been done to align with major Departmental budget cuts and delay in appointment of Service Provider procedures within the Department, Municipalities and Water Boards. Projects that could not be completed in the 2017/18 FY which still have a very high priority have been moved to the 2018/2019 FY for implementation. Projects that could not be budgeted for implementation under the Regional Bulk Grant in the 2018/2019 FY has been taken off the list and reprioritized to the outer years for possible implementation only if budget allocations are confirmed from the RBIG implementation programme. The Department has also ring-fenced all planning money to the Directorate Water Macro Planning to ensure better alignment and project prioritization processes.

The remaining Water Services Authorities which were not assessed for socio-economic assessment has been conducted in April 2018 to ensure that the consolidated report will be issued in 2018/19 financial year.

4.2.2.4 Changes to planned targets

There were no changes to the planned targets during the period under review.

4.2.3 Sub-programme expenditure

Sub- programme name	2016/17			2017/18		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Water Planning, Information Management and Support	3 866	3 847	19	6 240	5 661	579
Integrated Planning	102 875	82 859	20 016	103 944	88 648	15 296
Water Ecosystems	52 372	52 339	33	54 377	43 201	11 176
Water Information Management	499 016	474 908	24 108	460 504	421 599	38 905
Water Services and Local Water Management	79 124	69 996	9 128	76 706	63 091	13 615
Sanitation Planning and Management	12 403	11 654	749	15 904	15 750	154
Policy and Strategy	-	-	-	20 577	15 311	5 266
Total	749 656	695 603	54 053	738 252	653 262	84 990

4.3 Programme 3: Water Infrastructure Development

The programme is responsible to develop, rehabilitate and refurbish raw water resources and water and sanitation services infrastructure to meet the socio-economic and environmental needs of South Africa.

4.3.1 Sub-programmes

Strategic Infrastructure Development and Management provides for the design, construction, commissioning and management of new and existing water resource infrastructure.

Operation of Water Resources funds expenditure on activities for water resources management conducted by the department or catchment management agencies within water management areas.

Regional Bulk Infrastructure Grant provides for the development of new infrastructure, and the refurbishment, upgrading and replacing of ageing infrastructure servicing extensive areas across municipal boundaries.

Water Services Infrastructure Grant provides for the construction of new infrastructure and the rehabilitation of existing water and sanitation infrastructure through the grant transfer of water services schemes to water service institutions. The allocation prioritises the 27 poorest district municipalities.

Accelerated Community Infrastructure Programme provides for rapid emergency interventions related to the refurbishment of infrastructure for wastewater treatment, water conservation and water demand management, and municipal water supply; and supports farmers without proper access to resources.

4.3.2 Strategic objectives, performance indicators, planned targets and actual achievements

4.3.2.1 Programme strategic objectives

Programme name		Water Infrastructure Development				Comment on deviations
No	Strategic objectives	2016/2017 actual achievement	2017/2018 planned target	2017/2018 actual achievement	Deviation from planned target for 2017/18	
2.3	Adequate water availability and enhanced provision of sustainable and reliable water supply and sanitation services	34 bulk infrastructure projects	91 292 households provided with sustainable and reliable water supply and sanitation services	159 463 households provided with sustainable and reliable water supply and sanitation services	Over by 68 171 households	Target exceeded The completed regional bulk and water services infrastructure projects resulted in the over achievement
2.4	Safe, reliable and sustainable water supply and water and sanitation services infrastructure	Approved National Asset Management Master Plan (NWRM)	National Asset Management Plan (NAMP) implemented with unscheduled maintenance kept at 10% and below	36% implementation of the AMP with unscheduled maintenance at 0.2%	54% implementation of the AMP	Target not met Operations had to earmark CAPEX budget to cover for the OPEX shortfall and this impacted on the availability of funding for certain maintenance projects.
3.4	Job opportunities created that expand economic opportunities for historically excluded and vulnerable groups	5 046 job opportunities	2 800 job opportunities	1 604 job opportunities	Under by 1 196	Target not met The reduction of the number of infrastructure projects implemented during the financial year affected the creation of job opportunities
2.5	Enhanced provision of sustainable and dignified basic sanitation	19 424 households	10 032 households provided with sanitation	13 439 households provided with sanitation	Over by 3 407	Target met The target is reported as met as the sanitation systems that were not achieved during 2016/17 financial year were completed during the year under review.

Water Infrastructure Development						
Programme name	2016/2017 actual achievement	2017/2018 planned target	2017/2018 actual achievement	Deviation from planned target for 2017/18	Comment on deviations	
No 3.2	Targeted rural development initiatives that support smallholder farmers	Implement rural development initiatives that will provide access to 300 million m ³ of water to smallholder farmers	14.13 million m ³ of water to smallholder farmers	Under by 285.87 million m ³ of water to smallholder farmers	Target not met The deliverable is demand driven	

4.3.2.2 Performance indicators per sub-programme

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
Strategic Infrastructure Development and Management								
2.3.1	Number of bulk raw water projects ready for implementation	0	5	0	4	1	Under by 3	Target not met See reasons below
			Tzaneen	Tender documents for spillway raising have been finalised	No adjustment	The tender documents were converted from FIDIC to GCC Form of Contract.	The tender for spillway raising was not awarded as planned.	Target not met The Form of Contract for the tender documents had to be changed from FIDIC to GCC.
			Cianwilliam	Budget bid submitted to National Treasury for funding in 2018/19 MTEF	No adjustment	Submissions made to DBAC for reconstitution of BEC	Tender was not awarded	Target not met The tender for the raising of the dam was not awarded due to an insufficient budget allocation.
			Nwamitwa	Detailed dam engineering design completed	No adjustment		N/A	Target achieved
			Umzimvubu	Detail design for Ntabelanga WTW is 90% complete	No adjustment	Tender documentation for Ntabelanga BDS dam completed.	Detail design for Ntabelanga BDS completed	Target not met Geotech investigation has not commenced.

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
					Tender documentation for Lalini Dam and HEP completed	Detail design for Lalini Dam and HEP completed	Target not met	
							Progress on the Tender documentation can only commence on completion of Detail Design phase of Lalini Dam and HEPP. However, this will only commence on approval of the Preliminary Design and due diligence analysis.	
			ORWRDP 2E, 2F	Review of designs by DWS: Engineering Services continues	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation
		2	4	3	1	1	-	Target achieved
2.3.2	Number of bulk raw water projects under construction	-	Tzaneen	Demolition work on spillway is 50% complete	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation

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No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
		<p>Clanwilliam: Procurement process for appointment of a contractor for the dam raising is under way.</p> <p>-</p>	Clanwilliam	No milestone for quarter 1 and 2	The target was removed from the APP during the 2017/18 APP adjustment due to an insufficient budget allocation	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation	The target was removed for ORWRDP 2E, 2F from the APP due to an insufficient budget allocation	
		-	Hazelmere	The PKW outlet slabs and upstream walls are complete. Operational anchors completed	No adjustment	Construction of the Piano Key Weir has been completed. 73 out of the 83 anchors are complete	N/A	Milestone achieved
		-	ORWRDP 2D	Grout curtain installation completed Site establishment not completed due to budget cuts	No adjustment	Grout curtain installation completed. The target was removed from the APP during the 2017/18 APP adjustment due to an insufficient budget allocation	N/A	Milestone not met Load cells are required to be in place before the remaining anchors can be stressed.
				Grout curtain installation completed	No adjustment	Grout curtain installation completed.	N/A	Milestone achieved
					The target was removed from the APP during the 2017/18 APP adjustment due to an insufficient budget allocation	The target was removed from the APP during the 2017/18 APP adjustment due to an insufficient budget allocation		The target was removed from the APP during the 2017/18 APP adjustment due to an insufficient budget allocation

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
2.3.3	Number of bulk raw water projects completed	1 (i.e. Defects notification period underway: Pipeline repairs, backfilling and other defects rectification work is on-going)	1 Hazelmere	No milestones	No adjustment	Construction of the Piano Key Weir has been completed. 73 out of the 83 anchors are complete	10 of out the 83 anchors remain to be stressed	Target not met Load cells are required to be in place before the remaining anchors can be stressed.
3.4.1	Number of job opportunities created through implementing augmentation infrastructure projects	1 074 job opportunities	2 800	323	600	A total of 559 job opportunities were created	Under by 41 job opportunities	Target not met The construction on the Raising of Clanwilliam Dam and ORWRDP 2D did not commence as planned which affected the creation of job opportunities
Operations of Water Resources								
Sub-programme name								
2.4.1	Number of dam safety rehabilitation projects completed	0	1	0 (i.e. 89% completion of the Roodekoppies Dam)	No adjustment	0 (i.e. 90% completion of the Roodekoppies Dam)	Under by 1	Target not met No crusher material on site to complete the placing of dam safety slope protection

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No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
2.4.2	Percentage of projects completed as per AMP aligned maintenance Plan (Planned Maintenance)	60% projects completed as per AMP (i.e. 152 of 255) projects completed	90%	13% (i.e. 72 out of 540)	90% of a revised AMP (i.e. 390 projects) The number of projects in the AMP (i.e. denominator) was reduced from 540 to 390 due to an insufficient budget allocation.	36% (i.e. 140 of the 390 projects completed)	Under by 54%	Target not met Operations had to earmark CAPEX budget to cover for the OPEX shortfall and this impacted on the availability of funding for certain maintenance projects.
2.4.3	Percentage unscheduled maintenance projects completed as a proportion of planned maintenance projects	0%	≤10%	0% (No unscheduled maintenance projects occurred during this period)	No adjustment	0.2% (i.e. Zaaihoek Refurbishment of DN1600 River outlet valve (Usutu-Vaal))	N/A	Target achieved
2.4.4	Number of kilometres of conveyance systems rehabilitated per annum	4,205 km laid to date	15km	1,335km	No adjustment	A total of 5,4801 km were rehabilitated	Under by 9,5199 km	Target not met Inclement weather hampered progress Currently only one project (Nzhelele) is reporting progress. Challenges with suppliers delivering material on time.

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/ planned 2017/2018 target		
3.4.1	Number of job opportunities created through implementing Operations of Water Resources Infrastructure project	-	270 job opportunities	69 job opportunities	No adjustment	137 job opportunities	Under by 133 job Opportunities	Target not met Currently only one project (Nzhelele) is reporting progress
Regional Bulk Infrastructure Grant								
2.3.4	Number of mega regional bulk infrastructure project phases under construction	13	15	10 project phases	No adjustment	10 project phases	Under by 5 project phases	Target not met GP: Sebokeng WWTW phase 2: the construction of the phase did not commence due to delays in finalising phase 1 as a result of community unrests Sedibeng WWTW (Rietsspruit & Leeuwkuil WWTW): advanced technology was introduced in the middle of the implementation which required further investigations

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No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/ planned 2017/2018 target		
2.3.5	Number of mega regional bulk infrastructure project phases completed	0	3	No milestone	0	0	N/A	<p><i>Westonaria WWTW phase 2 (Zuurbekom):</i> the project is on hold due to further investigations/studies to link the project with Syferfontein</p> <p>KZN:</p> <p><i>Jozini (Pongolapoort) BWS pipeline:</i> delays in appointment of the mechanical and electrical contractors</p> <p>The target was removed from the 2017/18 APP as indicated in item 4.3.2.4 below</p>

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
2.3.6	Number of large regional bulk infrastructure project phases under construction	35	53	46	No adjustment	50	Under by 3	<p>Target not met</p> <p>FS</p> <p><i>Masilonyana BWS Phase 2 of 2: Delays in finalisation of designs by the municipality</i></p> <p><i>Ngwathe Bulk Sewer Phase 2 of 2 (Parys): Detailed designs took longer than anticipated</i></p> <p>KZN</p> <p><i>Greytown BWS Phase 2: Project was largely affected by community unrest.</i></p> <p><i>Mandlakazi BWS Phase 5: finalisation of designs took longer than anticipated</i></p> <p>MP</p> <p><i>Emalahleni BWS Phase 3 of 4: feasibility study took longer than anticipated</i></p> <p><i>Musikalgwa/Driekoppies BWS Phase 1 of 3: There were delays in signing of agreements by stakeholders which impacted on the project plan and advertisement of tender</i></p>

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No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/ planned 2017/2018 target		
2.3.7	Number of large regional bulk infrastructure project phases completed	2	26	2 (i.e. Mooihoek and Moretele South BWS Phase 1 (Klipdrift))	16 The target was reduced from the APP during the 2017/18 APP as indicated in item 4.3.2.4 below	5	Under by 11	<p>Target not met</p> <p>EC: Xonxa- Delays by the contractor to finalise pump station chamber</p> <p>LP Sekhukhune BWS Phases 7 to 15 (i.e. 9 Phases)- Budget shortfall resulted in non-completion</p> <p>Moutse BWS Phase 1 and 5 (i.e. 2 Phases)- DWS construction is currently busy with pressure testing on phases 7 to 9 and will complete projects 1, 7 to 9, 14 and 15 in 2018/19 FY</p>

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
2.3.8	Number of small regional bulk infrastructure project phases under construction	29	41	26	No adjustment	29	Under by 12	<p>MP</p> <p><i>Emalaheni BWS Phase 3 of 4- feasibility study took longer than anticipated</i></p> <p><i>Musikalgwa/Driekoppies BWS Phase 1 of 3- There were delays in signing of agreements by stakeholders which impacted on the project plan and advertisement of tender</i></p> <p>NW</p> <p>Mafikeng South BWS Phase 2 (upgrade WTW)-</p> <p>Budget shortfall</p> <p>Target not met</p> <p>EC</p> <p><i>Middleburg Ground Water Supply-insufficient fund as the tenderers came with high values than engineering estimate</i></p>

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No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/ planned 2017/2018 target		
								<p><i>Sundays River BWS</i>-insufficient funding.</p> <p><i>Makana Bulk Sewer</i>- delays in the appointment of the contractor- Fast track the engagements between SCM and Construction Unit</p> <p><i>Mayfield WWTW</i>- The application to source contractors from DWS Water Trading Entity is suspended</p> <p>MP</p> <p><i>Sibarge BWS Phase 1 of 2</i>- Delays in appointment of Contractor by the PSP caused by delays in approval of Service Level Agreements</p> <p><i>Upgrading of Balfour WWTW phase 2 of 2</i> - The SLA for the implementation of this project has expired in January 2018 and as a result the IA could not proceed with the implementation</p>

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/ planned 2017/2018 target		
								<p><i>Upgrading of Delmas WWTW Phase 2 of 2- feasibility study took longer than anticipated</i></p> <p>NC</p> <p><i>Van Wyksvlei Groundwater Phase 1 (pipeline upgrade) and Phase 2 (boreholes) (i.e. 2 phases)- contractual disputes between the IA and the contractor</i></p> <p><i>Kameelmond/ Upington WWTW Phase 1 (ponds)- municipality was unable to provides funds for co-funding</i></p> <p><i>De Aar Boreholes Phase 1- inability to secure co funding, the project is under on the implementation readiness study</i></p> <p><i>Warrenton WTW Phase 1 (ponds)- No funding in the current financial year</i></p>

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No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
2.3.9	Number of small regional bulk infrastructure project phases completed	31	20	1 (Hoxani WTW completed in Quarter 1)	10 The target was reduced from the APP during the 2017/18 APP as indicated in item 4.3.2.4 below	6	Under by 4	<p>Target not met</p> <p>EC Mataiele BWS- Mataiele was affected by contractor under performance</p> <p>FS Mafube Bulk Sewer Phase 1 of 2- additional scope resulted in delays in completing the project</p> <p>NW Wolmaransstad WWTW- additional scope for Mafube resulted in delays in completing the project</p> <p>MP Amsterdam WWTW Phase 1 of 2- physical progress is completed, only testing is outstanding</p>

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No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/ planned 2017/2018 target		
Water Services Infrastructure Grant								
2.5.1	Number of existing bucket sanitation backlog systems in formal settlements replaced with adequate sanitation services per year	6 978	25 382	2 720	No adjustment	8 313	Under by 17 069	Target not met NC & FS: Lack of bulk infrastructure to connect the sanitation systems hampered the attainment of the set targets
2.5.2	Number of rural households served to eradicate sanitation backlogs as per norms and standards	12 446	10 032	1 659	No adjustment	5 126	Under by 4906	Target not met LP: Late appointment of service providers by municipalities
2.3.12	Number of small WSIG projects under construction	424	182	179	No adjustment	191	Over by 9	Target exceeded LP: New projects were added to address the backlog within municipalities

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No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
2.3.13	Number of small WSIG projects completed	14		No milestones	30	47	Over by 17	Target exceeded There were additional projects that were fast tracked for completion to ensure that affected communities receive services/ water.
Accelerated Community Infrastructure								
2.3.10	Number of small AC/IP projects under construction	16	55	1	1	1	N/A	Target achieved
2.3.11	Number of small AC/IP projects completed	14	55	No milestone	1	1	N/A	Target achieved

No	Performance indicator	2016/17 actual achievement	2017/18 published annual performance plan		Adjusted 2017/18 annual performance plan		Deviation from planned target for 2017/2018	Comment on deviations
			2017/2018 planned target	Mid-term achievement for 2017/18	Adjusted 2017/18 target	Actual achievement to adjusted/planned 2017/2018 target		
3.2.1	Number of Resource Poor Farmers financially supported to enhance access to water	1 477	706	309	No adjustment	433	Under by 273	Target not met The delays in: <ul style="list-style-type: none"> receiving required documents from beneficiaries to approve subsidies on water use charges contractor appointment to implement irrigation projects
3.2.2	Number of tanks installed to harvest water for food production and other household productive use	807	1500	350	No adjustment	464	Under by 1 036	Target not met Implementation did not commence in KZN, EC, LP, NC and WC as the contractor appointment was finalised in January 2018.
3.2.3	Number of job opportunities created through the Resource Poor Farmer and Water Harvesting programmes	341	247	67	No adjustment	211 job opportunities	Under by 36 job opportunities	Target not met Implementation did not commence in some provinces affecting the creation of job opportunities.

4.3.2.3 Strategy to overcome areas of under performance

As the programme's performance has been inter alia severely hampered by budget cuts, unfunded mandates and accruals that resulted in inadequate funding the programme has reviewed the number of infrastructure projects that are under construction. This meant stopping the implementation of new projects and opting to complete those that have been under construction. Also, the number of directives and unfunded mandates has to be reviewed and minimised in order for projects to be completed as planned. The efficiency of the procurement process (i.e. a structure with the requisite technical skills) needs to be improved to deal with the needs of infrastructure development.

4.3.2.4 Changes to planned targets

The published 2017/18 indicators for the programme were reduced as tabulated below.

Indicator	Outcome	Annual performance		Reasons for the reduction
		Projected for 2017/18 as published in the 2017/18 APP	Achieved in the first six months of 2017/18 (i.e. April to September 2017)	
2.3.1 Number of bulk raw water projects ready for implementation	Outcome 6: An efficient, competitive and responsive economic infrastructure network	5	0	4 • There is no budget allocation for Olifants River Water Resources Development Project (ORWRDP) - Phases 2E & 2 F in the 2017/18 financial year. It will therefore not be possible to achieve the planned performance targets for (ORWRDP) - Phases 2E & 2 F
2.3.2 Number of bulk raw water projects under construction	Outcome 6: An efficient, competitive and responsive economic infrastructure network	4	1	1 • There is insufficient budget allocation for the Raising of the Tzaneen Dam in the 2017/18 financial year, with no budget allocated in the 2018/19 and 2019/20. The procurement processes for the appointment of a construction contractor for the spillway raising have been initiated. However, due to budget constraints, it will not be possible to commence construction and achieve the planned performance targets for raising the Tzaneen Dam.

Indicator	Outcome	Annual performance			Reasons for the reduction
		Projected for 2017/18 as published in the 2017/18 APP	Achieved in the first six months of 2017/18 (i.e. April to September 2017)	Revised target for 2017/18	
2.3.5	Number of mega regional bulk infrastructure project phases completed	3	0	0	<ul style="list-style-type: none"> There is insufficient budget allocation for the Raising of the Clanwilliam dam in the 2017/18 financial year, with no budget allocated in the 2018/19 and 2019/20. The procurement processes for the appointment of a construction contractor are at an advance stage. However, due to budget constraints, it will not be possible to commence construction and achieve the planned performance targets for raising the Tzaneen Dam. There is insufficient budget allocation for Olifants River Resources Development Project (ORWRDP) - Phase 2D in the 2017/18 financial year. The construction contractor was appointed in March 2017 subject to the availability of funding. Construction cannot commence due to budget constraints. It will not be possible to achieve the planned performance targets for ORWRDP - Phase 2D The second phase of the O R Tambo King Sabata Dalindyebo (KSD) water supply scheme has experienced delays due to insufficient budget allocations per financial year. Although the civil works are on track for completion in the Jozini (Pongolepoort) bulk water scheme (BWS), the 2016/17 budget cuts warranted for delaying the installation of mechanical and electrical equipment; hence, the revised project completion date is during the 2018/19 financial year.

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Indicator	Outcome	Annual performance			Reasons for the reduction
		Projected for 2017/18 as published in the 2017/18 APP	Achieved in the first six months of 2017/18 (i.e. April to September 2017)	Revised target for 2017/18	
2.3.7 Number of large regional bulk infrastructure project phases completed	Outcome 6: An efficient, competitive and responsive economic infrastructure network	26	1	16	<ul style="list-style-type: none"> The completion of phase 1 of the Sebokeng wastewater treatment works (WWTW) has also experienced delays owing to community unrests on labour related matters. To mitigate this, stakeholder forums are established and the matter escalated at a political level. In the Eastern Cape, four (4) projects namely Xhora, Ndlambe, Cluster 6 and Cluster 4 have received insufficient funding allocations to allow for the completion of the current scope of work. In Mpumalanga, the Emalaheni BWS is experiencing a delay, as the feasibility study has not been finalised. The Musukaligwal/Driekoppies BWS project is behind schedule, as co-funding has not been finalised. The completion of three (3) projects in Limpopo has been delayed to the 2018/19 financial year due to delays in the procurement of materials and other services (i.e. Sekhukhune BWS phase 7 to 15 and Moutse BWS phase 1 of 2) and the need to appoint a new engineer for the Mamejja Sekororo BWS phase 1 of 2. The completion of Ratlou BWS phase 1 in the North West has experienced delays because the existing contract was terminated and a process to appoint a new contractor is underway.

Indicator	Outcome	Annual performance			Reasons for the reduction
		Projected for 2017/18 as published in the 2017/18 APP	Achieved in the first six months of 2017/18 (i.e. April to September 2017)	Revised target for 2017/18	
2.3.9 Number of small regional bulk infrastructure project phases completed	Outcome 6: An efficient, competitive and responsive economic infrastructure network	20	1	10	<ul style="list-style-type: none"> In the Eastern Cape, the completion of Middleburg Ground Water Supply has been delayed by the procurement processes of Chris Hani District Municipality. The Sundays River project has insufficient funding allocation per financial year to complete the project scope. The contract for the James Kleynhans BWS was terminated and a new contractor appointed in July; work is expected to commence in October as permits from the Department of Labour were awaited. In the Free State, the Tswelopele BWS and Rouxville/ Smithfield/ Zastron (Mohokare BWS) are delayed as there is limited funding and Eskom connection delays respectively. In Mpumalanga, the delays in the finalisation of the implementation readiness study for Delmas WWTW phase 2 of 2 and the designs for Balfour WWTW phase 2 of 2 affected the completion of the phases. The Sibange BWS phase 1 of 2 had delays in the finalisation of the contract. In the North West, the Koster WWTW has been delayed as the appointment of the mechanical and electrical contractor has not been finalised. The second phase of the Citrusdal WWTW in the Western Cape has been delayed to the 2018/19 financial due to supply chain management delays.
2.3.10 Number of small Accelerated Community Infrastructure Programme projects under construction	Outcome 6: An efficient, competitive and responsive economic infrastructure network	55	0	1	The budget has been reprioritised to pay for the bucket eradication programme

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Indicator	Outcome	Annual performance			Reasons for the reduction
		Projected for 2017/18 as published in the 2017/18 APP	Achieved in the first six months of 2017/18 (i.e. April to September 2017)	Revised target for 2017/18	
2.3.11	Number of Accelerated Community Infrastructure Programme projects completed	55	0	1	The two projects implemented by Mhlathuze Water will not be completed due to long process involved in the refurbishment of WWTW
2.3.13	Number of small Water Services Infrastructure Grant projects completed	41	0	30	The budget has been reprioritised to pay for the accruals
2.4.2	Percentage of projects completed as per the AMP aligned maintenance plan (AMP)	540	13% (i.e. 72 out of 540)	390	The prioritising has resulted in a decrease in the number of projects targeted for completion in 2017/18. Breakdown is as follows: <ul style="list-style-type: none"> • Central operations – 129; • Eastern Operations – 109; • Northern Operations – 39 and • Southern Operations – 113
3.4.1	Number of job opportunities created through implementing infrastructure projects	2 800	467	600	The target for the indicator "Number of job opportunities created through implementing infrastructure projects" has to be reduced from 2800 to 600. The reason for the reduction is that construction of the raising of the Tzaneen Dam, the raising of the Clanwilliam Dam and ORWRDP 2D cannot commence due to budget constraints.

4.3.3 Sub-programme expenditure

Sub- programme name	2016/17			2017/18		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Strategic Infrastructure Development and Management ⁵	1,544,462	1,482,794	61,668	1,709,881	1,499,975	209,907
Operation of Water Resources ⁶	165,000	165,000	0	173,000	173,000	0
Regional Bulk Infrastructure Grant	6 506 319	6 511 567	(5 248)	6 075 159	5 575 674	499 485
Water Services Infrastructure Grant	4 134 263	4 384 223	(249 960)	4 510 695	4 439 184	71 511
Accelerated Community Infrastructure Programme	371 312	360 518	10 794	178 907	137 939	40 968
Total	12,721,356	12,904,102	(182,746)	12,647,642	11,825,772	821,871

⁵The Strategic Infrastructure Development and Management sub-programme was partly funded from the fiscus and the Water Trading revenue. An amount of R 1.709 billion was transferred from the fiscus to the Water Trading during the 2017/18 financial year excluding an amount of R196 million for KOBWA. The final appropriation amount excludes the revenue portion.

⁶The Operation of Water Resources sub-programme is also partly funded from the fiscus and the Water Trading revenue. The fiscus allocation amounting to R 173 million was fully transferred to the Water Trading during the 2017/18 financial year and was spent by the Water Trading. The final appropriation amount excludes the revenue portion.

4.4 Programme 4: Water Sector Regulation

The programme is responsible to ensure the provision of sustainable water and dignified sanitation services, including implementation support and advocacy to support household health and dignity.

4.4.1 Sub-programmes

Water Sector Regulation Management and Support provides strategic leadership and overall management to the programme

Economic and Social Regulation ensures that pricing is efficient, equitable and cost reflective to protect the interests of consumers and the sector through the provision of sustainable water resources and water services.

Water Use Authorisation and Administration enables equitable access to water using various regulatory instruments.

Water Supply Services and Sanitation Regulation regulates the provision of drinking water and the management of wastewater.

Compliance Monitoring and Enforcement coordinates and monitors compliance to value chain standards, licence conditions and regulations for the water sector and enforces compliance with licence conditions. This includes the management of mine water in South Africa, with specific emphasis on acid mine management.

Institutional Oversight provides institutional governance and oversight of all water institutions, and facilitates their establishment and development.

4.4.2 Strategic objectives, performance indicators, planned targets and actual achievements

4.4.2.1 Programme strategic objectives

Programme Name: Water Sector Regulation						
No	Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
1.1	Water resources protected through water supply and sanitation services regulation, compliance monitoring and enforcement	Target not achieved.	Water and Sanitation services regulatory compliance and assessment tool established	Draft water Sector Regulatory Framework	N/A	Target achieved
1.5	Freshwater eco-systems protected from mine water impacts	Target not achieved	55% compliance level for mines measured against individual water use entitlements	49% compliance level for mines measured against individual water use entitlements	Under by 6%	Target not met This is an impact indicator: Targeted mines were monitored and this reflects the monitoring status
3.1	Equitable water allocation and availability for socio-economic development	-	Mine water management strategy developed for two catchments	Mine water management strategy developed for two catchments (i.e. Inkomati-Usuthu and Olifants)	N/A	Target achieved
4.2	Sound governance and oversight of the DWS public entities	-	Validation and verification of existing lawful use in 3 water management areas (WMA)	Validation and verification of existing lawful use in 2 water management areas (WMA)	Validation and verification of existing lawful use in 1 water management areas (WMA)	Target not met The quality assurance of the Berg-Olifants close-out report has not been completed
			Annual appraisals of shareholder compacts	Shareholder compacts and business plans for 13 entities were finalised	N/A	Target achieved

4.4.2.2 Performance indicators per sub-programme

Programme Name: Water Sector Regulation						
No	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017 /2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Sub-programme						
Economic and Social Regulation						
1.5.1	Number of WMAs assessed for Acid Mine Drainage (AMD)	2 (i.e. Coal mines in the Olifants- Steelpoort and Tugela catchment area were assessed)	1 WMA (i.e. Crocodile (West), Limpopo)	1 WMA (i.e. Crocodile (West), Limpopo)	N/A	Target achieved
1.5.2	Number of WMAs in which mitigation strategies for potential AMD are developed	1 (i.e. Mitigation strategy for Olifants-Steelpoort catchment finalised)	1 (i.e. Inkomati-Usutu WMA)	1 (i.e. Inkomati-Usutu WMA)	N/A	Target achieved
1.5.3	Completion of the Witwatersrand AMD long term project	Funding and technology working groups in place. Draft reports in progress. On-going engagements with other departments and state entities to optimise mine water governance and management interventions. Policy approved by cabinet for gazetting.	EIA completed (Record of Decision issued)	EIA process was referred from the DEA to the DMR.	EIA completed (Record of Decision issued)	Target not met EIA process was referred from the DEA to the DMR. The latter is considered as the authority mandated to regulate the EIA process
1.5.4	Mine water management technologies assessed	National Treasury has approved a closed tender to appoint an EIA Practitioner. EIA Practitioner to be appointed by May 2017.	Assessment of 5 AMD treatment technologies	A draft MoA on the implementation of pilot/ demonstration plants has been developed and comments from various stakeholders are being incorporated.	Assessment of 5 AMD treatment technologies was not conducted	Target not met
4.2.5	Water economic regulator established	Not achieved	Approved business case for the establishment of the independent economic regulator	Business Case approved	N/A	Target achieved

Programme Name: Water Sector Regulation						
No	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017 /2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
4.2.6	Water tariffs in the value chain approved	New indicator	2018/19 Raw water charges and bulk tariffs approved	Bulk water tariffs for 2018/19 approved and tabled in Parliament	N/A	Target achieved
4.2.7	Water pricing regulations implemented	Not achieved	Pricing Strategy & Norms and Standards monitored	Draft pricing strategy developed and the OCSLA opinion obtained for the norms and standards	Pricing Strategy & Norms and Standards monitored	Target not met The final of the norms and standards have not been gazetted as the National Treasury did not provide concurrence. The draft pricing strategy was not implemented as the extensive comments from the National Treasury are still being addressed.
Sub-programme						
Water use Authorisation and Administration						
3.1.1	Percentage of applications for water use authorisation finalised within 300 days	68% (i.e. 275 of 404 applications)	80%	95% (i.e. 447 out of 469)	Over by 17%	Target exceeded The efficiency in processing applications has improved such that some water use licence applications that were due to be finalised in the 2018/19 FY were finalised in the 2017/18 FY
Sub-programme						
Water Supply Services and Sanitation Regulation						
1.1.1	Number of wastewater systems assessed for compliance with the Green Drop Regulatory standards	0	963	0 (787 desktop assessments conducted)	Under by 963	Target not met The focus was on monitoring non-compliant systems using internal assessors. Due to limited internal capacity that target was not achieved

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Programme Name: Water Sector Regulation						
No	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017 /2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
1.1.2	Number of non-compliant wastewater systems monitored against the Green Drop Regulatory tool	318	260	510	Over by 250	Target exceeded The other systems in close proximity to those found to be non-compliant were also monitored
1.1.3	Number of water supply systems assessed for compliance with Blue Drop Regulatory standards	763	1036	788	Under by 248	Target not met The focus was on monitoring non-compliant systems using internal assessors. Due to limited internal capacity that target was not achieved.
1.1.4	Number of non-compliant water supply systems monitored against the Blue Drop Regulatory tool	316	250	377	Over by 127	Target exceeded There was a concerted effort in monitoring by provincial offices.
Sub-programme						
Compliance Monitoring and Enforcement						
1.1.5	Number of dams evaluated for compliance with dam safety regulations by Approved Professional Persons (APPs)	178	160	260	Over by 100	Target exceeded The Approved Professional Persons (APPs) were able to evaluate more dams
1.1.6	Number of water users monitored for compliance	435	384	712	Over by 328	Target exceeded Additional monitoring occurred through the WC Blitz (i.e. monitoring the abstraction of water users in the WC)

Programme Name: Water Sector Regulation						
No	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017 /2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
1.1.7	Number of water management institutions monitored for compliance with own water use entitlements and effective monitoring of affiliated water users	30	31	37	Over by 6	Target exceeded Additional monitoring occurred through the WC Blitz (i.e. monitoring the abstraction of water users in the WC)
1.1.8	Percentage of reported noncompliant cases investigated	100% (i.e. 634 of 634 cases)	80%	96% (i.e. 614 of 642)	Over by 16%	Target exceeded The sand mining Ministerial event resulted in more investigations and joint operations with the Department of Environmental Affairs regarding some of WWTTWs
Sub-programme						
Institutional Oversight						
4.2.1	Number of public entities annually assessed	13	13	13	N/A	Target achieved
		9 water boards	9 water boards	9 water boards		
		2 CMAs	2 CMAs	2 CMAs		
		TCTA	TCTA	TCTA		
		WRC	WRC	WRC		
4.2.2	National Water Infrastructure Agency established	Not achieved	Due diligence for the establishment of the National Water Infrastructure Agency finalised	Due diligence for the establishment of the National Water Infrastructure Agency finalised	N/A	Target achieved
4.2.3	Number of Catchment Management Agencies gazetted for establishment	0	3 Berg Olifants Mzimvubu-Tsitsikamma Orange	1 national CMA gazetted for establishment	Under by 3	Target not met A decision was taken to establish a single CMA Nationally hence the planned 3 CMA's were not gazetted for establishment. The single CMA was gazetted in December 2017.

Programme Name: Water Sector Regulation						
No	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017 /2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
4.2.4	Number of regional water and wastewater utilities gazetted for establishment	0	0 (Due diligence for the KwaZulu- Natal proto-regional Water utility developed)	0 No achievement	Due diligence for the KwaZulu-Natal proto-regional Water utility not developed	Target not met Procurement of service providers for full diligence and business case delayed

4.4.2.3 Strategy to overcome areas of under performance

For the economic regulator, further consultations on draft 2 of the business case will be conducted. When these are finalised, the document will be submitted for executive approval. Align the institutional landscape with the Executive Authority’s process that is reviewing institutional rationalisation and organisational alignment

4.4.2.4 Changes to planned targets

The annual milestone for strategic objective 1.1 on “Water and Sanitation services regulatory compliance and assessment tool established” was revised from “Water and Sanitation services regulatory compliance and assessment tool finalised and piloted” to “Draft concept document for development of a regulatory system developed”. This revision was to enable the Department to accurately assess, evaluate and report performance against various regulatory instruments.

4.4.3 Sub-programme expenditure

Sub- programme name	2016/17			2017/18		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Water Sector Regulation Management and Support	30 058	29 882	176	39 187	28 295	10 892
Economic and Social Regulation	18 516	14 169	4 347	22 924	16 047	6 877
Water Use Authorisation and Administration	51 231	47 702	3 529	78 537	75 742	2 795
Water Supply Services and Sanitation Regulation	15 612	15 138	474	24 982	12 082	12 900
Compliance Monitoring Enforcement	106 902	96 775	10 127	121 685	99 152	22 533
Institutional Oversight	96 073	78 019	18 054	87 566	76 735	10 831
Total	318 392	281 685	36 707	374 881	308 053	66 828

5 TRANSFER PAYMENTS

5.1 Transfer payments to public entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Amatola Water Board	Refurbishment of 6 existing plants and downstream infrastructure	88 554	24 224	<p>Upgrade of Binfield Water Supply Scheme</p> <p>Extension to Water Purification Works, Civil Work; the progress is as follows:</p> <ul style="list-style-type: none"> The new filters are complete and ready for mechanical installation. Only work outstanding at the filters is to close up and finish off once the M & E contractor has completed installation of mechanical and electrical equipment. The final water pump station is complete to above ground level. The second floor slab to the chemical dosing building has been completed. <p>Mechanical and Electrical works; the progress is as follows:</p> <ul style="list-style-type: none"> The contractor has proceeded with ordering of long lead items for the plant; Manufacturing of the equipment has commenced and completed work is in storage; The civil contractor has provided access to the new filter.
Magalies Water Board	Implementation of Pilaesberg Bulk Water Supply phase 2	52 231	49 993	<p>Water treatment plant comprised of a new 1.5m diameter raw water pipeline to carry all water from the four separate Vaalkop plants to a new centralised inlet works. A new inlet works with an administration building was constructed from where water can be discharged to the separate plants.</p> <p>The progress is as follows:</p> <p>High lift pump station at Vaalkop WTW, La Patrie reservoir, 1 016 mm diameter pipeline from Mafenya to Evergreen, and later the Mafenya reservoir projects have been commissioned and are currently in the defect liability period.</p>

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Sedibeng Water Board	Replacement of Namakwa Bulk Water Supply and implementation of Vaal Gamagara Groundwater Resource Development	363 159	397 942	<ul style="list-style-type: none"> The Tuschenkomst to Ruighoek project has been completed. The project comprised of construction of pipeline and a booster pump station. The High Level Feasibility Study is currently assessing Plianesberg Phase 3. <p>Plianesberg Phase 3 (with possible extensions to Koster and Reagile) is currently in the feasibility phase.</p> <p>Replacement of Namakwa Bulk Water Supply</p> <p>Phase 1 project scope includes the following:</p> <ul style="list-style-type: none"> Construction of Emergency By-Pass Pipeline of 13.5 km Henkries Housing Project Construction of the Gravity Main between Eenriet Reservoir and Vaalhoek Reservoir with a total length of 55 km. <p>Project progress</p> <ul style="list-style-type: none"> The new 56 km Gravity Main pipeline between Eenriet Reservoir and Vaalhoek Reservoir has been completed and is fully operational. The supply of water to the delivery area in Springbok and surrounding communities has improved drastically with the operation of the new pipeline. Water losses at the Henkries Water Treatment Plant have been drastically reduced with the replacement of valves and pipework at the Sandfilter beds. Losses of up to 40% were previously reported before the refurbishment works was done at the sandfilters. <p>Vaal Gamagara Groundwater Resource Development</p> <p>Phase 1 project consists of two projects, namely the pipeline from Roscoe to Blackrock (Phase 1A) and the development of the SD4 water supply (Phase 1B).</p>

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Umgeni Water Board	Implementation of Umshwathi Regional Bulk Scheme; Maphumulo BWS; Greater Mpolofana Phase 1-3; and Lower Thukela Regional Bulk Water Scheme (Umgeni)	518 405	518 405	<p>Phase 1A: upgrading of the existing 80 km pipeline from Roscoe to Black Rock consists of 7.8 km of DN900 and DN1100 new pipeline from Roscoe to Khumani.</p> <p>Pipeline 1B consists of</p> <ul style="list-style-type: none"> 5.6 km of DN700 new pipeline from end of SWEP by-pass to a new Pressure Reducing Valve (PRV) station at Kathu Reservoir. The Scope was reduced from 5.6 km to 0.38 km after a condition assessment of the existing pipeline indicated that replacement could be delayed for some years. <p>Project progress</p> <ul style="list-style-type: none"> Pipeline 1A is at 83% completion as the late rain season pushed the start of work on Gamagara River out. Civils SMME is progressing slowly. Pipeline 1B is at 14% as a result of sequence change due to land availability and cost to move trencher.
				<p>Umshwathi Regional Bulk Scheme</p> <p>The Regional Bulk Water Supply Scheme augmentation has been split into three distinct phases, the implementation of which is planned to be suitably overlapped so as to complete the scheme in as short a period as possible.</p> <p>Pipeline (700NB) progress: Pipe laying is well completed, however there is still some works that need to be done under AC mitigation which is at 60% completion, testing and chambers are outstanding and are at the 90% and 98% towards completion</p> <p>Maphumulo BWS</p> <p>Upgrade of the raw water pump station: The raw water pumps including the suction and discharge manifolds are to be upgraded. The electricity transformer is to be upgraded to 800kVA by Eskom. All existing motors and drives to remain.</p>

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
				<p>Upgrade of the Booster 2 pump station: The Booster 2 pumps are upgraded. All existing motors and drives to remain.</p> <p>Upgrade of the Nyamazane (Ngcebo) pump station: The Nyamazane pumps including the suction and discharge manifolds are upgraded. The provision of temporary pipework to enable this is therefore included in the works.</p> <p>The electricity transformer is to be upgraded to 200kVA by Eskom. All existing motors and drives to remain.</p> <p>Greater Mpofana Phase 1-3</p> <p>Phase 1 of the project involves the following infrastructure –</p> <ul style="list-style-type: none"> 13.5 km of 660mm diameter steel pipeline from Rosetta WTW to Bruntville reservoir and 8 km x 660mm diameter steel pipe to Nottingham road reservoir. 20 Ml/l Rosetta WTW complete with pump station, interconnecting pipework and other ancillary works. <p>Progress to date</p> <ul style="list-style-type: none"> Construction of Bruntville Pipeline is at 70% completion, the delay has been caused by More Hard Rock encountered through the pipe trenches than planned. The construction of 12ML, 5ML and 1ML Reservoirs is 100% complete Construction of Nottingham Road Pipeline is 100% complete <p>Lower Thukela Regional Bulk Water Scheme (Umgeni)</p> <p>The Ngcebo/Lower Tugela Regional Bulk Water Supply Scheme (LTRBWS) involved the construction of a 110 Ml/d abstraction works on the lower Thukela River, a water treatment plant and a 3 km rising bulk main (900mm Ø) to supply a 30 Ml Command Reservoir located on the south-eastern bank of the Thukela River</p>

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
				<ul style="list-style-type: none"> Construction of a 450 PVC main from Umgeni Water main to Addington Trust (Njekane) (Off-take 10) is now complete Construction of a 2.Ml Mgisimbe Reservoir and Embonisweni Pump Station (Off take 11) is completed but not tested due to non-availability of water Construction of 500mm diameter x 2800m long mPVC pipeline, Pump station No. 1 and a 5ML Reservoir at Lindelani is awaiting pump station power connection. Overall progress is 100%. Construction of a 5ML Reservoir at Nonoti, the defects liability period complete. Defects were found during the final inspection, Contractor to fix the defects prior release of retention
Total		1 022 349	990 564	

5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2016 to 31 March 2017

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s38 (1) (j) of the PFMA	Amount transferred (R'000)		Amount spent by the entity	Reasons for the funds unspent by the entity
Regional Bulk Infrastructure Grant (RBIG)	Municipalities	<ul style="list-style-type: none"> To develop new, refurbish, upgrade and replace ageing water and waste water infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality. To pilot regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements 	Yes	1 849 791	951 674	Misalignment of national and municipal financial years	
Water Services Infrastructure Grant (WSIG)	Municipalities	<ul style="list-style-type: none"> Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities. Provide interim, intermediate water and sanitation supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes. Provide on-site sanitation solutions. Support the existing bucket eradication programme intervention in formal residential areas. Support drought relief projects in affected municipalities 	Yes	2 830 982	1 130 300	Misalignment of national and municipal financial years	

The table below reflects the transfer payments which were budgeted for in the period 1 April 2017 to 31 March 2018, but no transfer payments were made

Name of transferee	Purpose for which the funds were to be used	Amount		Reasons why funds were not transferred
		budgeted for (R'000)	transferred (R'000)	
Regional Bulk Infrastructure Grant (RBIG)	<ul style="list-style-type: none"> To develop new, refurbish, upgrade and replace ageing water and waste water infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality. Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements 	1 865 000	1 829 002	The total amount of R35.998 million could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.
Water Services Infrastructure Grant (WSIG)	<ul style="list-style-type: none"> To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities Provide interim, intermediate water supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes. Provide on-site sanitation solutions 	3 329 464	3 305 237	The total amount of R24.227 million could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.
Regional Bulk Infrastructure Grant (RBIG): Sedibeng Water Board	Implementation of Vaal Gamagara and Namakwa BWS	433 159	363 159	The total amount of R70.000 million could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.
Regional Bulk Infrastructure Grant (RBIG): Magalies Water Board	Implementation of Pilanesberg BWS	58 385	52 231	The total amount of R6.154 million could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.
Strategic Infrastructure Development and Management: Komati River Basin Water Authority (KOBWA)	The repayment of outstanding loans to various financial institutions for Driekoppies and Maguga dams; and operational overheads.	196 823	110 569	The total amount of R86.254 million could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for	Amount transferred	Reasons why funds were not transferred
		(R'000)	(R'000)	
	<ul style="list-style-type: none"> Driekoppies Dam was funded 100% by South Africa while the Maguga Dam was funded by South Africa and Swaziland on a 60:40 ratio. The loan capital was the main source of funding for the project. All loans were raised by KOBWA. The loans for Driekoppies were guaranteed by the Government of South Africa alone, whereas loans for the Maguga Dam were guaranteed by South Africa with a back-to-back guarantee from Swaziland. The balance of the funds for the Project was provided directly by the Governments. 			
International Water Support: African Ministers' Council on Water (AMCOW) Trust Fund	<ul style="list-style-type: none"> The African Ministers' Council on Water (AMCOW) Secretariat's operational costs. The African Ministers' Council on Water (AMCOW) was formed in 2002 in Abuja Nigeria, primarily to promote cooperation, security, social and economic development and poverty eradication among member states through the management of water resources and provision of water supply services. 	275	135	The total amount of R140 thousand could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.
Water Use Authorisation and Administration: Water Research Commission (WRC)	<ul style="list-style-type: none"> Stream Flow Reduction Activities (SFRA) related research project on behalf of the Department, and the WRC was providing the following services in terms of contract deliverables: <ul style="list-style-type: none"> Project A – The expansion of knowledge evapotranspiration and stream reduction of different relevant SFRA clones/ hybrids to improve the water use estimation of SFRA species (i.e. Eucalyptus, Wattle and Pines), Project B – To quantify the evapotranspiration and Stream Flow Reduction impacts caused by Bamboo species on water resources in South Africa, and Project C – To conduct cost/ benefit analysis of the implication of implementing buffers adjacent to watercourses and improve the management of floodplains in sugarcane plantations. 	499	-	<p>The total amount of R499 thousand could not be transferred due to the reclassification of the transfer payment to WRC from Transfers and Subsidies to Goods and Services. This was in line with the recommendations emanating from the 2016/17 financial year's audit and the Reference Guide to the Economic Reporting Format (ERF).</p> <p>The National Treasury advised that research projects are within the mandate of the entity and could be funded through WRC levy, the transfer payment of R499 thousand to WRC should be reclassified from Transfers and Subsidies to Goods and Services.</p>

6 CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

The table below describes each of the conditional grants and earmarked funds paid by the department.

Conditional Grant 6.1.1: Regional Bulk Infrastructure Grant (Schedule 5B)

Department/ Municipality to whom the grant has been transferred	Various municipalities (see Annexure)
Purpose of the grant	<ul style="list-style-type: none"> To develop new, refurbish, upgrade and replace ageing water and waste water infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/ WDM projects that will directly impact on bulk infrastructure requirements
Expected outputs of the grant	<ul style="list-style-type: none"> 15 regional bulk project phases initiated 0 of project phase phases completed 13 000 households benefitting from completed project phases 12 district municipalities benefitting 150 of job opportunities created
Actual outputs achieved	<ul style="list-style-type: none"> 11 of regional bulk project phases initiated 0 of project phases completed 12 447 households benefitting from completed project phases 11 district municipalities benefitting 663 job opportunities created
Amount per amended DORA (R'000)	1 865 000
Amount transferred (R'000)	1 829 002
Reasons if amount as per DORA not transferred	Funds were not transferred to 3 municipalities (namely Cederberg LM, Umzinyathi DM & Witzenberg LM) due to cash flow constraints the Department faced with during the month of March 2018
Amount spent by the municipalities (R'000)	911 316
Reasons for the funds unspent by the entity	Municipalities are still implementing project until end of June (i.e. the end of the municipal financial year)
Monitoring mechanism by the transferring department	Site visits, performance evaluation, monthly, quarterly reporting in line with Division of Revenue

Conditional Grant 6.1.2: Water Services Infrastructure Grant (Schedule 5B)

Department/ Municipality to whom the grant has been transferred	Various municipalities (see Annexure)
Purpose of the grant	<ul style="list-style-type: none"> To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities Provide interim, intermediate water supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes. Provide on-site sanitation solutions To support drought relief projects in affected municipalities
Expected outputs of the grant	<p>Number of households provided with water and sanitation through</p> <ul style="list-style-type: none"> reticulated water supply, on site sanitation, source identification, water conservation/ water demand management provisioning <p>Number of households reached by health and hygiene awareness and end user education</p> <p>Number of job opportunities created</p>
Actual outputs achieved	<ul style="list-style-type: none"> 14 922 of households provided with water and sanitation through <ul style="list-style-type: none"> reticulated water supply, on site sanitation, source identification, water conservation/ water demand management provisioning 0 households reached by health and hygiene awareness and end user education 34 job opportunities created
Amount per amended DORA	3 329 464
Amount transferred (R'000)	3 305 237
Reasons if amount as per DORA not transferred	Due to cash flow constraints facing the Department during the month of March 2018
Amount spent by the municipalities (R'000)	3 305 237
Reasons for the funds unspent by the entity	Municipalities are still implementing project until end of June (i.e. the end of the municipal financial year)
Monitoring mechanism by the transferring department	Site visits, performance evaluation, monthly, quarterly reporting in line with Division of Revenue

PART B | PERFORMANCE INFORMATION

6.2 Conditional grants and earmarked funds received

The tables below details the conditional grants and ear marked funds received during for the period 1 April 2017to 31 March 2018.

Conditional Grant 6.2.1: Regional Bulk Infrastructure Grant (Schedule 6B)

Purpose of the grant	<ul style="list-style-type: none"> To develop new, refurbish, upgrade and replace ageing water and waste water infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality Implementation of regional Water Conservation and Water Demand Management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements
Expected outputs of the grant	<ul style="list-style-type: none"> 91 of regional bulk project phases initiated 26 project phases completed 180 425 households benefitting from completed project phases 20 district municipalities benefitting
Actual outputs achieved	<ul style="list-style-type: none"> 78 of regional bulk project phases initiated 11 project phases completed 132 094 households benefitting from completed project phases 8 district municipalities benefitting
Amount per amended DORA	2 973 539
Amount transferred (R'000)	N/A
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department (R'000)	2 454 957
Reasons for the funds unspent by the Department	Due to cash flow constraints facing the Department during the month of March 2018
Monitoring mechanism by the transferring department	Site visits, performance evaluation, monthly, quarterly reporting in line with Division of Revenue

Conditional Grant 6.2.2: Water Services Infrastructure Grant (Schedule 6B)

Purpose of the grant	<ul style="list-style-type: none"> To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities Provide interim, intermediate water supply that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes Provide on-site sanitation solutions To support drought relief projects in affected municipalities
Expected outputs of the grant	<ul style="list-style-type: none"> Number of households provided with water and sanitation through <ul style="list-style-type: none"> reticulated water supply, on site sanitation, source identification, water conservation/ water demand management provisioning Number of households reached by health and hygiene awareness and end user education Number of job opportunities created
Actual outputs achieved	<ul style="list-style-type: none"> 8 313 of households provided with water and sanitation through <ul style="list-style-type: none"> reticulated water supply, on site sanitation, source identification, water conservation/ water demand management provisioning 0 households reached by health and hygiene awareness and end user education 0 job opportunities created
Amount per amended DORA (R'000)	852 055
Amount transferred (R'000)	N/A
Reasons if amount as per DORA not transferred	N/A
Amount spent by the Department (R'000)	819 416
Reasons for the funds unspent by the Department	Due to cash flow constraints facing the Department during the month of March 2018
Monitoring mechanism by the transferring department	Site visits, performance evaluation, monthly, quarterly reporting in line with Division of Revenue

7 DONOR FUNDS

There were donor funds received during the period under review.

8 CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

Infrastructure projects	2016/2017			2017/2018		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	4 323 338	4 603 474	(280 136)	3 769 504	3 217 701	551 803
Existing infrastructure assets	399 933	323 178	76 755	132 004	88 463	43 541
Upgrades and additions	157 369	105 058	52 311	48 528	39 691	8 837
Rehabilitation, renovations and refurbishments	242 564	218 120	24 444	78 153	45 717	32 436
Maintenance and repairs	-	-	-	5 323	3 055	2 268
Infrastructure transfer	7 503 548	7 482 875	20 673	7 914 376	7 777 918	136 458
Current	3 968 102	3 947 638	20 464	1 101 031	933 798	167 233
Capital	3 535 446	3 535 237	209	6 904 345	6 844 120	60 225
Total	12 226 819	12 409 527	(182 708)	11 815 884	11 084 082	731 802

PART C

GOVERNANCE

Blyde River Canyon, Mpumalanga



1 INTRODUCTION

The commitment by the Department to maintain the highest standards of governance is fundamental to the management of public funds. This section reviews the Department's responsibilities and practices, policies and procedures to assess if the strategic direction ensured that the objectives were achieved, risks were managed and resources were used responsibly and with accountability. In other words, this section will look into the Department's performance (i.e. the ability to deliver services), conformance (i.e. how the legal requirements were met) and community expectations (i.e. Parliamentary committees).

2 RISK MANAGEMENT

The Department has an approved risk management framework, policy and strategy which guide the risk management process. The Department's Executive Risk Committee (ERC) provides oversight of risk and the organisation's control environment whilst the Audit Committee provides independent oversight of the organisations risks.

The Department's approach to risk management is based on established governance processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting. Acknowledging the complex and changing risk environment, continuous risk assessments are conducted to identify any emerging risks that could negatively impact on the organisation achieving its objectives. The Department continues to re-evaluate its risk processes to ensure continuous improvement.

Through the ERC as well as the Audit Committee assurance was provided that the organisation 37 strategic risks were being mitigated. Despite the challenging environment the organisation found itself in, exacerbated by the recent devastating drought, the organisation was able to reduce the residual risk rating for some of these risks.

However, much work still needs to be done to further strengthen the control environment, especially in the area of project management, irregular, fruitless, wasteful and unauthorised expenditure. The water debt owed by water boards and municipalities and the serious constraint this poses to the department is an area of concern. The oversight of Implementing Agents still poses a serious challenge to the organisation.

In improving its risk management capability the organisation will soon be appointing an independent person as Chairperson of the Executive Risk Management thereby holding management more accountable for the management of their risks.

3 FRAUD AND CORRUPTION

During the risk assessment process, the Department has also considered its fraud risks exposure. In an attempt to minimise and to ensure their subsequent elimination, the Department put various measures in place. The Department has adopted zero tolerance to fraud and corruption and has approved a fraud policy as well as an anti-corruption and fraud prevention plan.

In its fraud policy, the Department subscribes to the Protected Disclosure Act. This means employees who have reported incidents of fraud and corruption are protected from any form of occupational detriment.

The anti-corruption and fraud prevention plan is an overall plan that sets out how the Department will reduce fraud and corruption. It sets out the activities that the Department will carry out to limit or eliminate the exposure of corruption and fraud. This was implemented during the financial year and is reviewed annually.

Awareness sessions on fraud and corruption were conducted throughout the Department to ensure that the officials are kept abreast of different ways in which the Department could be exposed to the risk of fraud and corruption and to deter officials from engaging in fraud and corrupt activities. The awareness sessions are

targeted at new officials during their induction programme and existing officials throughout the Department (including the Regions and Clusters). These workshops are aimed at increasing vigilance of the officials.

The Department uses internal and external sources for identifying incidents of fraud and corruption. The external source is mainly the National Anti-Corruption Hotline (NACH), coordinated by the Public Service Commission (PSC) to ensure that all cases of fraud and corruption are reported centrally and redirected to the Department for investigation. Feedback is then provided to the Public Service Commission on how the reported matters have been handled.

The internal source is mainly through the officials reporting the incidents of fraud and corruption to the Office of the Director-General (ODG). Subsequent to the DG's approval, the Department's Forensic Investigation Unit located within Internal Audit investigates and issues reports to the DG to implement the recommendations as well as the DWS Audit Committee for noting and subsequent monitoring.

The Department's Forensic Investigations Unit remains independent, free of bias and aspires to remain free of any kind of influence. All managers are responsible for the detection and prevention of fraud and corruption.

4 MINIMISING CONFLICT OF INTEREST

The Public Service Code of Conduct sets standards for ethical conduct in the Public Service and is supported by the Financial Disclosure Framework that requires senior officials to declare their financial interests annually.

For the 2017/2018 financial year all Senior Management Service (SMS) members disclosed their financial interests, with the department achieving 100% compliance in the submission of financial disclosures. This is the fourth consecutive financial year that the department has achieved 100% submission by senior managers.

5 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

As required by the Section 19 of the Occupational Health and Safety (OHS) Act, the Department has established a Committee that meets and review health and safety issues on a quarterly basis. The work of the committee is supported by safety officers who are appointed in all departmental offices to ensure the implementation of the OHS policy in the various areas of work. The officers undertake periodic inspections and report to the OHS Committee, which are also submitted to Top Management for discussion and approval of recommendations.

Safety policies on Personal Protective Equipment, OHS and Smoking were reviewed in 2016/17 and are scheduled for review in 2018/19, together with the OHS Strategic Plan. For the year under review, 57 employees required basic medical attention, with the Department achieving zero deaths on duty. To minimise incidents of injury on duty, officers receive regular training and awareness campaigns are carried out across the Department, with special focus on employees engaged in construction and infrastructure maintenance.

6 PORTFOLIO COMMITTEES

The Constitution prescribes Parliament as the legislative (law making) arm of the South African state with the National Executive and the Judiciary system as the other two (2) arms of the trias politica. As the legislative arm, Parliament's role therefore is to pass laws and hold the Executive accountable for the implementation of those laws which are aimed at providing the delivery of services to the citizens of the country.

There are two (2) Houses of Parliament namely the National Assembly (NA) and the National Council of Provinces (NCOP). The National Assembly represents the people by providing a national forum for public consideration of issues, passing legislation, scrutinising and overseeing executive action. The NCOP participates in the legislative process to ensure that the provincial interests are taken into account.

Committees are Parliament's engine rooms that seek to inter alia monitor and oversee the work of government departments and hold them accountable. In addition, they oversee the accounts of national government departments and state institutions whilst also examining specific matters of public interest.

During the period under review, the Department had a total of fifty four (54) interactions with Parliamentary Committees of which

- Forty four (44) were with NA Committees;
- Two (2) were with NCOP Committees; and
- Eight (8) were oversight visits from both the NA and NCOP committees.

The matters raised by the Parliamentary Committees can be placed into three (3) categories namely the Department's performance (e.g. quarterly and annual performance reports), conformance (e.g. water and sanitation bulk raw water tariffs, tabling of the Department's and its entities' annual reports, compliance with 30 day payment) and community expectations (e.g. institutional reform and realignment of the sector, bucket eradication programme, drought interventions, water supply and water quality issues).

Progress and response to some of the issues raised by the Committees are summarised in the table below:

Date of meeting	Matters raised by the Committee	Response by the Department
<p>10 May 2017</p> <p>Briefing on upcoming Legislation</p>	<p>Conduct an investigation regarding a farmer in Letaba (ZZ2) who is alleged to have closed an entire stream preventing access of water to other users.</p>	<p>Investigations were conducted on 24 May 2017 and 1 June 2017 on the properties (Gemsbokspuit Farm, Paardeoed186 Farm and Heuningplaas) owned by Bertie Van Zyl (Edms) Bpk (trading as ZZ2) around the Middle-Letaba River, Olifants Water Management Area. The findings can be summarised as follows:</p> <p>The investigation within the Middle Letaba properties of ZZ2 found the operations lawfully using water in terms of the National Water Act, 1998. The water uses were found to be Existing Lawful Use (ELU) through the Validation and Verification process conducted in 2014. The authorised water uses are that of water abstraction [S 21(a)] and storing [S 21(a)] and these were the only uses identified and confirmed to be taking place on site during the investigation. The water sources are both surface (Klein Letaba and Koedoe) as well as ground with six (6) dams, boreholes and the river abstraction point at the river were visited. The investigation report and the ELU confirmation letters contain additional details on water uses (i.e. volumes and properties where water is used).</p> <p>The investigation also found that ZZ2 does not <i>inter alia</i> release water to downstream users and has not installed water measuring devices to ensure that they stay within their allocation. The implications of not releasing water is that the reserve (basic human and ecological needs) for downstream of the dams is not met. Lack of measuring devices makes it near impossible to determine if ZZ2 is abstracting and storing the authorized volume of water. However, these two (i.e. not releasing water and lack of measurement) are not necessarily non-compliance issues. The implication of ZZ2 being an ELU entitles them to continue using water under the same authorisation condition.</p> <p>The Department will initiate a process of instructing ZZ2 to install water measuring devices and also evaluate the possibility of compulsory licensing. The two interventions will ensure that water use by ZZ2 is subjected to contemporary conditions of water use and the volumes allocated can be reviewed in line with pressing demands.</p>
	<p>Conduct an investigation regarding Somkhele mine and Anthracite Colliery around the Umfolozi River illegally abstracting (more than the raw water allocated as reported to by Mhlathuze Water Board) water from the river causing it to run dry.</p>	<p>The Compliance Monitoring and Enforcement unit conducted a water use license audit at Somkhele mine on 7 February 2017. At the time of audit, the mine was not abstracting any water from the Mfolozi River as it was very low due to drought. The mine uses pollution control dams and a clean dam for their processes. These dams are authorised by the Department under the National Water Act, 1998 (Act No. 36 of 1998), section 21 (b) storing water and (g) disposing of waste in a manner which may detrimentally impact on a water resource. No contraventions were noted against the license conditions of the mine.</p>
	<p>Conduct an investigation on the Ingonyama Trust in KZN on whether it owns a dam if it is in a possession of a water use licence?</p>	<p>The Ingonyama Trust has a water use licence for the abstraction of 1 591 596 m³ per annum for domestic and industrial use on Portion 36 of Reserve No. 15824. There is no record of a licence for storage or dam. An investigation can only be conducted upon receipt of details of the dam and property where it is located.</p>

Date of meeting	Matters raised by the Committee	Response by the Department																
<p>13 September 2017</p> <p>Briefing by the Department of Water and Sanitation on 1st Quarter Expenditure Progress report for 2017/18 financial year (Also looking at the 4th Quarter Report: Annual Report)</p>	<p>The Department was requested to provide progress report on the suspended officials.</p> <p>Officials must be held accountable for irregular, wasteful and fruitless expenditure.</p>	<p>The Director-General was placed on precautionary suspension on 20 July 2017 with the disciplinary hearing scheduled to start on 8 September 2017. The acting arrangements are in place during the period.</p> <p>The suspensions of a Deputy Director-General (DDG), a Chief Financial Officer and a Chief Director were lifted on the 26 July 2017.</p> <p>One DDG is however, still on precautionary suspension with an investigation report concluded.</p>																
<p>Department's conformance</p>																		
<p>03 – 04 May 2017</p> <p>Briefing by the Department, the TCTA, the WRC, the BGCMA and the IUCMA on the Strategic and Annual Performance plans</p>	<p>Delays on the raising of Clanwilliam Dam wall and the role of the TCTA in the project</p> <p>Progress on the Mzimvubu Dam</p> <p>Concern over Board Members receiving monthly salaries instead of getting paid only when they attended meetings</p>	<p>The project had been halted soon after it started in 2015, and 53 workers from the Department's construction unit paid salaries amounting to around R2.5 million a month, without doing any work. The tender process had also been postponed for six months further, complicating the project from a seasonal point of view. The TCTA reported that it had nothing to do with the dam, as it was the Department's responsibility.</p> <p>The pre-concept design reports for the Mzimvubu Dam (i.e. the water treatment works, Ntabelanga Dam and the bulk distribution system) have been finalised. Of importance is to mobilise funding for the project. The funding model proposed that Phase 1 of the project should be prioritised for immediate implementation using fiscal funding since it is a social scheme for underserved communities who cannot afford to pay for water tariffs</p> <p>Board members were paid per month and they also received a travelling and subsistence allowance. A practice note had been issued indicating that the payment of stipends or advances should stop.</p>																
<p>9 May 2017 & 23 May 2017</p> <p>Follow-up briefing by the Department of Water and Sanitation on Budget Vote 36, Strategic Plan and Annual Performance Plans</p>	<p>Provide changes made to the APP</p>	<p>Pages 24 of the APP, no changes were made on PPI no 4.3.4. The target is written as ≤ 10% as the vacancy rate must be kept at 10% or below.</p> <p>Page 47 of the APP, from PPI no 2.3.5 to PPI no 2.3.12: there is no historical information for the 2013/2014 to 2015/2016 as these indicators had only been introduced during 2016/2017 financial year.</p> <p>The table below indicates were amendments had been done:</p> <table border="1" data-bbox="1121 248 1383 1144"> <thead> <tr> <th>Page no</th> <th>Description of amendment</th> </tr> </thead> <tbody> <tr> <td>Page 5</td> <td>Amended DM's message</td> </tr> <tr> <td>Page 73</td> <td>Changed Giyani from phase 2 to phase 1</td> </tr> <tr> <td>Page 79</td> <td>Corrected project description for project number 50</td> </tr> <tr> <td></td> <td>Inserted phases for projects number 53, 54, 56</td> </tr> <tr> <td>Page 80</td> <td>Corrected output for project number 64</td> </tr> <tr> <td>Page 83</td> <td>Correct project descriptions for projects number 89 and 90</td> </tr> <tr> <td>Page 85</td> <td>Corrected output for project number 105</td> </tr> </tbody> </table>	Page no	Description of amendment	Page 5	Amended DM's message	Page 73	Changed Giyani from phase 2 to phase 1	Page 79	Corrected project description for project number 50		Inserted phases for projects number 53, 54, 56	Page 80	Corrected output for project number 64	Page 83	Correct project descriptions for projects number 89 and 90	Page 85	Corrected output for project number 105
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Page 183	Changed Giyani from phase 2 to phase 1																							
	<p>Municipalities not responding to calls made by the community when they want to complain about lack of water or leakages</p> <p>The debt of municipalities to the Department</p>	<p>The Department has a toll free number that can be used; when reported, the Department will then make follow up on them. The toll free number is 0800 200 200.</p> <p>The Department is engaging with the National Treasury and the Ministry of Cooperative Governance and Traditional Affairs to find solutions to how the municipal debt can be reduced. The intention is to sign service level agreements particularly with the problematic municipalities. There is a need to re-look at how the support to the 27 priority municipalities as despite the support, they are still struggling.</p>																						
<p>30 May 2017</p> <p>Briefing by Lepelle Northern Water Board on their 2015/16 Annual Report</p>	<p>If the policy and practice for stipend for board members of the water boards is the same as the CMAs</p>	<p>The board members of water boards also receive a monthly stipend as approved in the Department's remuneration policy for board members. The remuneration standards for state-owned enterprises prepared by the Department of Public Enterprises (DPE) was endorsed by the Inter-ministerial Committee on state-owned enterprises and approved by Cabinet in November 2016. This standard is applicable to the schedule 2 (i.e. TCTA) and 3B entities (i.e. all water boards). The final standards document has not been published for implementation.</p> <p>The Department has already commenced with a process to review and align the remuneration policy to the DPE standards on remuneration for state-owned enterprises. The consultation with the boards has commenced and it is anticipated that the process will be finalised by November 2017.</p>																						

Date of meeting	Matters raised by the Committee	Response by the Department
	Directive issued to Magalies Water for water supply interventions at Kgetlengrivier Local Municipality	The department has committed to fund the intervention in Kgetleng River Local Municipality, as per its constitutional mandate. A short and medium term solution of augmenting water from the dolomitic area to Swartruggens Dam is no longer necessary based on the water levels (i.e. 100% full capacity). The Department is committed to fund the long term solution to provide water in Kgetleng River Local Municipality from the existing Vaalkop bulk water infrastructure, as per the Magalies Water master plan. The long term capacity building of the Swartruggens Dam is under planning. This will be implemented through Regional Bulk Infrastructure Grant (RBIG) and will be covered under Plianesburg Phase 2 project.
21 June 2017 Briefing by the Department of Water and Sanitation on Transformation in the Construction Unit	Provide progress report on Nandoni Dam Relocation.	The Department appointed Registered Professional Valuers to determine compensation paid during the construction of the dam in order to address remedial actions recommended by the office of the Public Protector (OPP). The valuers produced the market research and have now submitted the valuation report for Tshaulu village. The Department is expecting to receive the remaining valuation reports for other villages on 31 July 2017 as per the Terms of Reference. The Valuers will present the methodology to the Nandoni Task Team meeting scheduled to take place before the end of July 2017, while the submission to approve compensation payable as determined by the valuers is prepared for the Accounting Officer's approval. The Community Representative Committee (CRC) was advised regarding the progress made in relation to the valuation reports. The Department appointed the Social Facilitator to address social issues as raised in the OPP report and rectify structural defects on the 452 houses built in Nandoni. There are 10 houses that are completed to date. The household owner and the CRC member signed off the happy letters to ratify that the structural defects were resolved. The Socio-Economic survey has been completed in Mulezhe and is currently being conducted in Budeli; thereafter it will be conducted in Tshwinga and Mphogo villages. The community leaders assist the process in identifying, selection and appointment of 3 young community members to conduct the survey.
28 June 2017 Briefing by the Department of Water and Sanitation on Overberg Water Board on Management Issues and failure to Table the 2015/16 Annual Report	Governance challenges at Overberg Water	At the time of the briefing, the board of Overberg Water had been dissolved based on the outcome of the investigation indicating its inability to carry out its functions. All of the members had been notified and there was a legal company that had written to the Executive Authority acting on behalf of the board members. This development necessitated the Department to interact with the State Attorney as the matter had been taken out of the departmental process.

Date of meeting	Matters raised by the Committee	Response by the Department								
<p>31 May 2017</p> <p>Follow-up Public Hearing: On Irregular, Fruitless and Wasteful Expenditure</p>	<p>Provide the measures in place to address the identified irregular expenditure for 2015/2016</p>	<p>To address the irregular expenditure that occurred during the 2015/2016 the following circulars were issued:</p> <ul style="list-style-type: none"> Finance Circular No. 02: confirmation of funds prior to committing expenditure is a requirement as a means to address the unauthorised expenditure and misclassification at the requisition and procurement stage of good and services by end users. Circular no 7 of 2016: Implementing agents appointed to procure goods and services on behalf of the Department are required to verify the procurement process they followed. Circular No.8: Reconciliation of payment to service providers who have contract values prior to payment being made is a requirement to avoid exceeding the Department's obligation. <p>As employees have the right to dispute the findings of irregular expenditure and to request an additional review of the processes and procedures; the matters under dispute are referred to the Departmental Financial Misconduct Committee, which is tasked to review all the matters and advise the Accounting Officer accordingly.</p>								
<p>14-18 August 2017</p> <p>Oversight visit to Nandoni and Tzaneen</p>	<p>Provide a detailed report on the cost of boreholes by Lepelle Northern Water</p>	<p>The table below summarises the status and associated cost implications</p> <table border="1" data-bbox="823 250 973 1128"> <thead> <tr> <th>Project milestones</th> <th>Project Status</th> <th>Estimated project Cost</th> <th>Amount paid to date</th> </tr> </thead> <tbody> <tr> <td>154 boreholes to be refurbished or re-drilled</td> <td>137 completed and operational</td> <td>R338mil</td> <td>R309mil</td> </tr> </tbody> </table> <p>A total of 17 boreholes schemes are work in progress and are targeted to be completed by end December 2017.</p>	Project milestones	Project Status	Estimated project Cost	Amount paid to date	154 boreholes to be refurbished or re-drilled	137 completed and operational	R338mil	R309mil
Project milestones	Project Status	Estimated project Cost	Amount paid to date							
154 boreholes to be refurbished or re-drilled	137 completed and operational	R338mil	R309mil							

Date of meeting	Matters raised by the Committee	Response by the Department
	<p>Provide a detailed report on the project by Lepelle Northern Water Board since 2015 with the initial cost of the project being 95 million when it started and currently the project is at 2.2 billion</p>	<p>The Giyani project and cost of the 36km pipeline: The cost per metre of the pipeline is not generic as there are number of factors that determine the cost per metre, such as the size of the pipe, depth of the trenches, soil conditions to be excavated, availability of material to be used for bedding, coverts, surrounding activities such as existing services. Therefore each pipeline will have different amounts based on the factors mentioned.</p>
	<p>How much does Lepelle owe the contractors Kathu today and how much will it take to complete all outstanding projects?</p>	<p>All interim payments certificates received from the service provider/s (i.e. Kathu Civils) were paid and an amount of R850million is required to complete Phase 1 of the Giyani Intervention project.</p>

7 SCOPA RESOLUTIONS

There were no SCOPA resolutions for the period under review.

8 PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Department of Water and Sanitation		
Irregular expenditure	2016/17	Workshops were conducted with implementing agents (IAs) as an effort to prevent and minimise its recurrence at IA level.
Fruitless and wasteful expenditure	2016/17	The process to review fruitless and wasteful expenditure is in progress and an amount of R54 million was resolved and cleared during the 2017/18 financial year.
Material uncertainty related to going concern / financial sustainability	2016/17	A turnaround strategy is being developed to bring financial stability to the Department.
Restatement of corresponding figures	2016/17	The Department introduced monthly financial statements during the 2017/18 financial year. These mainly enforce on-going reconciliations and the review of financial transactions to ensure the accuracy of disclosed information. In addition, quarterly and annual financial statements are reviewed by Internal Auditors prior to submitting to the National Treasury and the Office of the Auditor General.
Financial statements and annual reports	2016/17	
Accruals and payables not recognised	2016/17	<p>The Department implemented monthly engagements during the 2017/18 financial year between the finance and project office to streamline processes.</p> <p>A review of 2017/18 payments was also performed to adjust the 2016/2017 figures.</p> <p>An accrual policy has been developed and is in process of being approved.</p> <p>A standard operating procedure for accruals is being used to enforce the centralisation of receiving invoices.</p>
Unauthorised expenditure	2016/17	The Department implements budget and expenditure monitoring and reporting to prevent unauthorised expenditure of the vote, main division of the vote and economic classification.
Budgets	2016/17	<p>This entails preparing in-year budget and expenditure monitoring reports for the National Treasury and the Executive Authority. These reports are also presented to Top Management, Finance, Audit and Risk Management Committees and any other governance structures of the Department.</p> <p>There are regular engagements on budget and expenditure issues at operational level to ensure compliance with inter alia allocation codes, confirmation of funds, etc.</p>

PART C | GOVERNANCE

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Expenditure management	2016/17	Irregular, fruitless and wasteful expenditure are reported monthly in line with the approved Standard Operating Procedures/ Financial Circulars.
Procurement and contract management	2016/17	A circular was sent to IAs outlining the SCM processes to follow when procuring the services utilising the Department's budget. SCM also conducted workshops with the IAs to communicate and discuss the implementation of this circular.
Transfers and Subsidies	2016/17	A circular will be issued to all stakeholders regarding the submission and reporting requirements of the Division of Revenue Act (DoRA) conditional grants.
Water Trading Entity		
Property, plant and equipment	2015/16	In 2015/16, WTE did not adequately review the useful lives of Property, Plant and Equipment, some items of Property, Plant and Equipment were recorded in the AFS but their existence was not verified. As a result, the net carrying value of Property Plant and Equipment and depreciation and amortization and impairment stated at R76 531 035 000 and R 1 882 751 000 respectively could not be determined by AGSA. This matter was cleared during the 2016/17 financial year.
Financial liabilities	2015/16	A workshop of DWS management and TCTA was conducted to ensure full understanding of the models and rates used. The reconciliations of TCTA liability were done and necessary prior year adjustments to clear the understatement of R1,5 billion financial liabilities were done.
Material uncertainty related to going concern / financial sustainability	2016/17	A turnaround strategy is being developed to bring financial stability to the Department.

9 INTERNAL CONTROL UNIT

The Internal Control within the Independent Assurance Unit performed activities that were in its Annual Performance Plan for the financial year ended 31 March 2018. The activities during the period under review are summarised below:

Compliance Reviews

Compliance reviews were conducted on some of internal controls that were implemented by the Department to ensure that they comply with the applicable prescripts and are adequately designed and functioning effectively as intended.

Follow-up on forensic report recommendations

All the reports that were issued by Forensic and Performance Audit Unit were followed up to ensure that the recommendations of those reports are implemented on time to avoid any further negative implications on the Department.

Follow-up on Audit recommendations

All the audit recommendation that were issued has been implemented to ensure that all identified internal control deficiencies and weaknesses are dressed. The implementation of these recommendations has ensured that the controls of identified weakness have been corrected. This should have benefitted the Department by resulting in the efficient and effective controls within the Department that are aligned to the achievement of departmental objectives.

Verification of projects

The verification of projects were performed to keep track of the progress of the projects against the milestones as per the project plan and also challenges that may hamper the projects from been completed on time.

Analysis of business processes

The analysis was performed to align the operations through identification of interrelated functions and elimination of duplications within department, thus channelling the resources to areas where they are needed the most.

Performing awareness workshops throughout the Department

Awareness workshops on risk, fraud and corruption were conducted throughout the Department to ensure that the officials are kept abreast of different ways in which the Department could be exposed to fraud and corruption. The workshops were conducted on new officials who joined the Department during their induction programme and on existing officials throughout the Department including the regions.

On ad hoc basis the Head of the Independent Assurance Unit had requested Internal Control Unit to perform the following functions for the financial year ended 31 March 2017:

Forensic Investigation

The Internal Control Unit provided support to Forensic and Performance Audit Unit by undertaking an investigation on matters that were reported to Public Service Commissions. Forensic and Performance Audit Unit was experiencing a backlog on the cases reported due to staff shortage.

Asset Verification

The Department was experiencing problems with regard to the accuracy and completeness of the assets register staff shortage as a result of implementation of the moratorium. The accuracy and completeness of the asset register was critical to avoid the qualified audit opinion in this area.

Project Management

The progress on projects around the Vaal System was not satisfactorily. The Director-General instructed the Head of Independent Assurance Unit to manage those projects with unsatisfactory results. The Head of the Unit requested the Internal Control Unit to manage the projects.

10 INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit

Internal Audit (IA) provides an independent, objective assurance and advisory services designed to add value and improve the department's operations. Internal Audit helps the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

The Department's Chief Directorate: Internal Audit serves both the Main Exchequer Account and the Water Trading Entity and its activities include the assessing and evaluating:

- The reliability of financial and operating information and the means used to identify, measure, classify and report such information.
- The systems established to ensure compliance with those policies, plans, procedures, laws, and other prescripts relevant to the Department.

PART D

HUMAN RESOURCE MANAGEMENT

Blyde River Canyon, Mpumalanga



1 INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2 OVERVIEW OF HUMAN RESOURCES

The structure review process that was launched in the 2015/16 financial year continued in the financial year under review. Although significant progress had been made towards finalising the review, the process was not yet completed by 31 March 2018. Having considered the work that had already been done on the review process, the new Minister has initiated some additional amendments to the macro organisational structure. An interim operational structure has been adopted in the meantime pending the finalisation of the complete organisational structure.

During the period under review the department had 6911 posts filled out of a total of 7946 posts with a vacancy rate of 13.00% by the end of the financial year. This represents a reduction in the vacancy rate of 3%. In addition to permanent filled posts, the department also employed a total of 1054 employees additional to the staff establishment. The majority of these employees are employed as graduate trainees, candidate engineers and scientists as well as contract employees who work within the Water Use License Authorisation Unit. The main reason for the slightly higher than planned vacancy rate was as a result of the anticipated budget cuts on employee compensation for the 2018/19 financial year. Some of the posts that were initially earmarked for filling in the 2017/18 financial year had to be placed on hold pending a reprioritisation of critical posts in line with the budget allocations. During the period under review, only critical posts were identified for filling in line with the budget allocation.

The Learning Academy managed to place 51 engineers and scientists into permanent positions. The department continued to increase the intake of new graduate trainees with the aim of closing the skills gap in the water sector and also to continue to fill critical vacant positions.

The Department has also been successful in the implementation of training interventions in line with the departmental Workplace Skills Plan whereby a total of 2353 employees benefitted from training and development interventions. In addition to the normal generic training and development interventions, Project Khaedu has since been revived by the National School of Government, and some of the department's senior and middle managers have been benefiting from this programme that is aimed at empowering them through various processes of learning reinforcement and practice to bring about change within their own areas of operational control.

The female representation at Senior Management level has remained the same with a slight decrease as compared to the previous year (57% on 31 March 2017), as compared to 46.33% as at 31 March 2018. The current vacancies that are being filled within the department should improve female representation by March 2019. With regard to the employment of persons with disabilities, the department recorded a slight decrease from 1.16% as at 31 March 2017 to 1.02% as at 31 March 2018. Special focus will have to be given to moving closer towards the 2% target in the following financial year.

The following HR related policies were tabled for consultation with organised labour in the Departmental Bargaining Chamber (DBC):

- Human Resource Development Policy.
- Performance Management and Development Policy.
- Bursary Policy

It is anticipated that the aforementioned policies will be finalised, approved and implemented within the 2018/19 financial year. The employer and organised labour also entered into a collective agreement in the DBC regarding the involvement of union representatives as observers during the selection stages in the filling of posts.

As a second phase of migrating employees attached to the Water Trading Entity (WTE) from the SAP system back to the Persal system, an additional 977 employees were migrated with effect from 1 March 2018. This decision came as a result of some challenges on the management of the payroll and reporting on the SAP system.

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PART D | HUMAN RESOURCE MANAGEMENT

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3.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2017 to 31 March 2018

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure (R'000)	Average Compensation of Employees Cost per Employee (R'000)
Administration	1 998 755.00	695 051.00	0	0	34.80	215.00
Water Planning & Info Management	653 262.00	407 807.00	0	0	62.40	126.00
Water Infrastructure Development	12 161 226.00	199 388.00	0	0	1.60	62.00
Water Sector Regulation	308 052.00	233 451.00	0	0	75.80	72.00
Total	15 121 294.00	1 535 697.00	0	0	10.20	475.00

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Personnel expenditure (R'000)	% of total personnel cost (R'000)	No. of employees (R'000)	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	18 092.00	1.10	91	198 813.00
Skilled (level 3-5)	133 969.00	8.40	602	222 540.00
Highly skilled production (levels 6-8)	410 780.00	25.60	1139	360 650.00
Highly skilled supervision (levels 9-12)	607 582.00	37.90	923	658 269.00
Senior and Top management (levels 13-16)	233 901.00	14.60	198	1 181 318.00
Contract (Levels 3-5)	21 733.00	1.40	63	344 968.00
Contract (Levels 6-8)	68 483.00	4.30	144	475 576.00
Contract (Levels 9-12)	37 285.00	2.30	63	591 825.00
Contract (Levels 13-16)	15 176.00	0.90	9	1 686 222.00
Total	1 547 000.00	96.50	3232	478 651.00

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 and 31 March 2018

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Administration	588 255.00	82.90	1 584.00	0.20	18 326.00	2.60	29 252.00	4.10
Water Planning & Information Management	343 584.00	79.30	428.00	0.10	11 152.00	2.60	16 613.00	3.80
Water Infrastructure Development	162 077.00	78.80	502.00	0.20	5 021.00	2.40	7 438.00	3.60
Water Sector Regulation	202 443.00	83.20	0	0	4 459.00	1.80	7 701.00	3.20
Total	1 304 862.00	81.40	2 514.00	0.20	39 156.00	2.40	61 411.00	3.80

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Skilled (level 1-2)	12 644.00	63.90	122.00	0.60	1 501.00	7.60	2 109.00	10.70
Skilled (level 3-5)	98 707.00	69.90	939.00	0.70	8 464.00	6.00	12 051.00	8.50
Highly skilled production (levels 6-8)	326 560.00	78.30	797.00	0.20	15 674.00	3.80	27 693.00	6.60
Highly skilled supervision (levels 9-12)	520 986.00	82.20	532.00	0.10	10 257.00	1.60	16 307.00	2.60
Senior management (level 13-16)	206 112.00	83.90	0	0	2 890.00	1.20	3 039.00	1.20
Contract (Levels 3-5)	21 483.00	97.90	73.00	0.30	0	0	0	0
Contract (Levels 6-8)	68 259.00	98.20	37.00	0.10	0	0	43.00	0.10
Contract (Levels 9-12)	36 043.00	94.80	14.00	0	320.00	0.80	95.00	0.20
Contract (Levels 13-16)	14 068.00	92.00	0	0	50.00	0.30	73.00	0.50
Total	1 304 862.00	81.40	2 514.00	0.20	39 156.00	2.40	61 411.00	3.80

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as on 31 March 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	2836	2350	17.10	117
Water Planning & Info Management	1022	886	13.30	48
Water Infrastructure Development	499	413	17.20	12
Water Sector Regulation	456	367	19.50	13
Water Resource Management	3133	2895	7.60	864
Total	7946	6911	13.00	1054

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Lower Skilled (Levels 1-2)	727	644	11.40	1
Skilled (Levels 3-5)	1874	1634	12.80	223
Highly Skilled Production (Levels 6-8)	2638	2284	13.40	290
Highly Skilled Supervision (Levels 9-12)	1764	1479	16.20	105
Senior Management (Levels 13-16)	346	273	21.10	1
Contract (Levels 1-2)	1	1	0	0
Contract (Levels 3-5)	118	118	0	98
Contract (Levels 6-8)	292	292	0	184
Contract (Levels 9-12)	173	173	0	150
Contract (Levels 13-16)	13	13	0	2
Total	7946	6911	13.00	1054

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Administrative Related	554	456	17.70	65
Agriculture Animal Oceanography Forestry & Other Sciences	4	4	0	0
Agriculture Related	2	2	0	0
All Artisans In The Building Metal Machinery Etc.	104	91	12.50	0
Appraisers-Valuers and Related Professionals	1	1	0	0
Artisan Project and Related Superintendents	13	10	23.10	0
Auxiliary and Related Workers	433	380	12.20	2
Biologists Botanists Zoologists & Related Professional	1	1	0	0
Building and Other Property Caretakers	57	50	12.30	0
Bus and Heavy Vehicle Drivers	15	10	33.30	0
Cartographers and Surveyors	16	15	6.30	3
Cartographic Surveying and Related Technicians	15	15	0	1
Chemical and Physical Science Technicians	11	11	0	0
Civil Engineering Technicians	124	103	16.90	2
Cleaners In Offices Workshops Hospitals Etc.	133	126	5.30	0
Client Information Clerks (Switchboard Receptionist Information Clerks)	11	8	27.30	0
Communication and Information Related	33	28	15.20	0
Community Development Workers	88	68	22.70	0
Computer Programmers	1	1	0	0
Computer System Designers and Analysts	1	1	0	0
Economists	1	1	0	0

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Electrical and Electronics Engineering Technicians	11	10	9.10	9
Engineering Sciences Related	555	401	27.70	124
Engineers and Related Professionals	140	121	13.60	63
Farm Hands and Labourers	10	9	10.00	0
Farming Forestry Advisors and Farm Managers	1	1	0	0
Finance and Economics Related	222	188	15.30	4
Financial and Related Professionals	24	19	20.80	0
Financial Clerks and Credit Controllers	430	374	13.00	21
Food Services Aids and Waiters	19	15	21.10	0
Food Services Workers	1	1	0	0
Forestry Labourers	2	1	50.00	0
General Legal Administration & Related Professionals	12	10	16.70	0
Geologists Geophysicists Hydrologists & Related Professionals	189	161	14.80	11
Head Of Department/ Chief Executive Officer	2	1	50.00	0
Health Sciences Related	1	1	0	0
Horticulturists Foresters Agriculture & Forestry Technicians	1	1	0	0
Household and Laundry Workers	5	5	0	0
Household Food and Laundry Services Related	2	2	0	0
Human Resources & Organisational Development & Related Professions	36	30	16.70	0
Human Resources Clerks	147	130	11.60	7
Human Resources Related	137	113	17.50	3
Information Technology Related	30	24	20.00	0

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Language Practitioners Interpreters & Other Communication	33	31	6.10	3
Legal Related	2	2	0	0
Librarians and Related Professionals	3	2	33.30	0
Library Mail and Related Clerks	42	39	7.10	1
Life Sciences Related	2	1	50.00	1
Light Vehicle Drivers	73	66	9.60	0
Logistical Support Personnel	106	94	11.30	0
Material-Recording and Transport Clerks	162	140	13.60	0
Mechanical Engineering Technicians	8	7	12.50	4
Messengers Porters and Deliverers	71	58	18.30	0
Mining Geology & Geophysical & Related Technicians	20	19	5.00	0
Motor Vehicle Drivers	16	13	18.80	0
Motorised Farm and Forestry Plant Operators	18	18	0	0
Natural Sciences Related	455	382	16.00	72
Nature Conservation and Oceanographical Related Technicians	4	2	50.00	0
Other Administration & Related Clerks and Organisers	487	437	10.30	43
Other Administrative Policy and Related Officers	93	81	12.90	0
Other Information Technology Personnel	6	6	0	0
Other Machine Operators	8	7	12.50	0
Other Occupations	962	961	0.10	610
Physicists	1	1	0	0
Quantity Surveyors & Related Professions Not Classified Elsewhere	4	4	0	3

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Regulatory Inspectors	31	26	16.10	0
Risk Management and Security Services	80	73	8.80	0
Road Workers	1	1	0	0
Safety Health and Quality Inspectors	10	10	0	0
Secretaries & Other Keyboard Operating Clerks	161	138	14.30	0
Security Guards	14	13	7.10	0
Security Officers	93	84	9.70	0
Senior Managers	206	149	27.70	2
Social Sciences Related	60	50	16.70	0
Social Work and Related Professionals	7	7	0	0
Statisticians and Related Professionals	1	1	0	0
Trade Labourers	896	809	9.70	0
Trade Related	17	12	29.40	0
Trade/Industry Advisers & Other Related Profession	6	6	0	0
Water Plant and Related Operators	192	161	16.10	0
Total	7946	6911	13.00	1054

3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	13	9	69.23	4	30.77
Salary Level 14	52	34	65.38	18	34.62
Salary Level 13	177	139	78.53	38	21.47
Total	243	182	74.90	61	25.10

Table 3.3.2 SMS post information as on 30 September 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	13	10	76.92	3	23.08
Salary Level 14	52	34	65.38	18	34.62
Salary Level 13	177	134	75.71	43	24.29
Total	243	179	73.66	64	26.34

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 and 31 March 2018

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	0	0	0	0	0
Salary Level 15	13	9	69.23	4	30.77
Salary Level 14	52	34	65.38	18	34.62
Salary Level 13	177	139	78.53	38	21.47
Total	243	182	74.90	61	25.10

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 and 31 March 2018

Reasons for vacancies not advertised within six months

For the period 2017/2018 a total number of 31 SMS posts were advertised .The reason why posts were not advertised within the prescribed period is due to budget constraints imposed by National Treasury,which led to reprioritisation of more critical posts to be advertised

Reasons for vacancies not filled within six months

For the period 2017/2018 a total number of 31 SMS posts were advertised. The reason why posts were not filled within the prescribed period is due to budget constraints imposed by National Treasury,which led to reprioritisation of more critical posts to be filled

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2017 and 31 March 2018

Reasons for vacancies not advertised within six months

None

Reasons for vacancies not filled within six months

None

Notes

In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2017 and 31 March 2018

Salary band	Number of posts on approved	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	727	0	0	0	0	0	0
Skilled (Levels 3-5)	1874	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	2638	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	1764	1	0	0	0	0	0
Senior Management Service Band A	229	0	0	0	0	0	0
Senior Management Service Band B	77	0	0	0	0	0	0
Senior Management Service Band C	36	0	0	0	0	0	0
Senior Management Service Band D	4	0	0	0	0	0	0
Contract (Levels 1-2)	1	0	0	0	0	0	0
Contract (Levels 3-5)	118	0	0	0	0	0	0
Contract (Levels 6-8)	292	0	0	0	0	0	0
Contract (Levels 9-12)	173	0	0	0	0	0	0
Contract Band A	5	0	0	0	0	0	0
Contract Band B	3	0	0	0	0	0	0
Contract Band C	4	0	0	0	0	0	0
Contract Band D	1	0	0	0	0	0	0
Total	7946	1	0	0	0	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 and 31 March 2018

Gender	African	Asian	Coloured	White	Total
Female	15	0	0	0	15
Male	42	0	1	1	44
Total	57	0	1	1	59

Employees with a disability

1

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 and 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	-
Total number of employees whose salaries exceeded the level determined by job evaluation				
Percentage of total employed				
			0	0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 and 31 March 2018

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Number of employees at beginning of period- 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower Skilled (Levels 1-2)	901	21	21	2.30
Skilled (Levels 3-5)	1380	86	96	7.00
Highly skilled production (Levels 6-8)	1769	51	75	4.20
Highly skilled supervision (Levels 9-12)	1062	45	41	3.90
Senior Management Service Band A	183	5	11	6.00
Senior Management Service Band B	50	1	4	8.00
Senior Management Service Band C	36	0	8	22.20
Senior Management Service Band D	3	0	0	0
Contract (Levels 1-2)	2	0	0	0
Contract (Levels 3-5)	176	142	180	102.30
Contract (Levels 6-8)	281	250	220	78.30
Contract (Levels 9-12)	171	63	61	35.70
Contract Band A	7	0	4	57.10
Contract Band B	3	0	1	33.30
Contract Band C	4	2	1	25.00
Contract Band D	2	1	2	100.00
Total	6030	667	725	12.00

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 and 31 March 2018

Critical occupation	Number of employees at beginning of period- 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	453	118	118	26.00
Agriculture Animal Oceanography Forestry & Other Sciences	4	0	0	0
Agriculture Related	2	0	1	50.00
All Artisans In The Building Metal Machinery Etc.	77	2	6	7.80
Appraisers-Valuers and Related Professionals	1	0	0	0
Artisan Project and Related Superintendents	7	2	0	0
Auxiliary and Related Workers	398	1	19	4.80
Biologists Botanists Zoologists & Related Professional	3	0	0	0
Building and Other Property Caretakers	55	1	6	10.90
Bus and Heavy Vehicle Drivers	11	0	1	9.10
Cartographers and Surveyors	16	2	2	12.50
Cartographic Surveying and Related Technicians	14	1	0	0
Chemical and Physical Science Technicians	11	0	0	0
Civil Engineering Technicians	106	4	5	4.70
Cleaners In Offices Workshops Hospitals Etc.	129	6	11	8.50
Client Information Clerks (Switchboard Receptionist Information Clerks)	9	2	2	22.20
Communication and Information Related	29	0	0	0
Community Development Workers	72	1	3	4.20
Computer Programmers.	1	0	0	0
Computer System Designers and Analysts.	1	0	0	0
Economists	1	0	0	0
Electrical and Electronics Engineering Technicians	1	2	0	0

Critical occupation	Number of employees at beginning of period- 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Engineering Sciences Related	433	115	139	32.10
Engineers and Related Professionals	127	31	41	32.30
Farm Hands and Labourers	8	1	0	0
Farming Forestry Advisors and Farm Managers	1	0	0	0
Finance and Economics Related	176	19	11	6.30
Financial and Related Professionals	15	2	0	0
Financial Clerks and Credit Controllers	382	51	53	13.90
Food Services Aids and Waiters	13	1	0	0
Food Services Workers	1	0	0	0
Forestry Labourers Permanent	2	0	0	0
General Legal Administration & Related Professionals	11	0	0	0
Geologists Geophysicists Hydrologists & Related Professions	164	5	6	3.70
Head Of Department/ Chief Executive Officer	2	0	1	50.00
Health Sciences Related	1	0	0	0
Horticulturists Foresters Agriculture & Forestry Technicians	1	0	0	0
Household and Laundry Workers	5	0	0	0
Household Food and Laundry Services Related	2	0	0	0
Human Resources & Organisational Development & Related Professions	32	0	2	6.30
Human Resources Clerks	134	11	15	11.20
Human Resources Related	120	2	11	9.20
Information Technology Related	27	1	2	7.40
Language Practitioners Interpreters & Other Communication	38	0	3	7.90
Legal Related	1	0	0	0

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Critical occupation	Number of employees at beginning of period- 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Librarians and Related Professionals	3	0	1	33.30
Library Mail and Related Clerks	39	0	3	7.70
Light Vehicle Drivers	68	1	5	7.40
Logistical Support Personnel	93	2	3	3.20
Material-Recording and Transport Clerks	142	1	3	2.10
Mechanical Engineering Technicians	6	3	2	33.30
Messengers Porters and Deliverers	66	1	7	10.60
Mining Geology & Geophysical & Related Technicians	20	2	2	10.00
Motor Vehicle Drivers	15	0	3	20.00
Motorised Farm and Forestry Plant Operators	23	0	5	21.70
Natural Sciences Related	343	130	80	23.30
Nature Conservation and Oceanographical Related Technicians	2	0	0	0
Other Administration & Related Clerks and Organisers	429	89	64	14.90
Other Administrative Policy and Related Officers	80	2	4	5.00
Other Information Technology Personnel.	6	0	0	0
Other Machine Operators	7	0	0	0
Other Occupations	3	0	0	0
Physicists	1	0	0	0
Quantity Surveyors & Related Professions Not Classified Elsewhere	5	0	1	20.00
Regulatory Inspectors	27	2	1	3.70
Risk Management and Security Services	75	1	2	2.70
Road Workers	1	0	0	0
Safety Health and Quality Inspectors	8	2	0	0

Critical occupation	Number of employees at beginning of period- 1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Secretaries & Other Keyboard Operating Clerks	134	9	3	2.20
Security Guards	14	0	0	0
Security Officers	72	11	1	1.40
Senior Managers	151	5	13	8.60
Social Sciences Related	48	1	0	0
Social Work and Related Professionals	3	2	0	0
Statisticians and Related Professionals	1	0	0	0
Trade Labourers	867	12	46	5.30
Trade Related	12	1	2	16.70
Trade/ Industry Advisers & Other Related Profession	5	0	0	0
Water Plant and Related Operators	164	9	16	9.80
Total	6030	667	725	12.00

Notes

The CORE classification, as prescribed by the DPSA, has been used for completion of this table.

Critical occupations are defined as occupations or sub-categories within an occupation –

- (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
- (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2017 and 31 March 2018

Termination Type	Number	Percentage of Total Resignations
Death	36	5.00
Resignation	151	20.80
Expiry of contract	273	37.70
Transfers	134	18.50
Discharged due to ill health	7	1.00
Dismissal-misconduct	13	1.80
Retirement	108	14.90
Other	3	0.40
Total	725	100.00

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	453	19	4.20	302	66.70
Agriculture Animal Oceanography Forestry & Other Sciences	4	0	0	5	125.00
Agriculture Related	2	0	0	1	50.00
All Artisans In The Building Metal Machinery Etc.	77	1	1.30	67	87.00
Appraisers-Valuers and Related Professionals	1	0	0	1	100.00
Artisan Project and Related Superintendents	7	0	0	7	100.00
Auxiliary and Related Workers	398	1	0.30	270	67.80
Biologists Botanists Zoologists & Related Professional	3	0	0	3	100.00
Building and Other Property Caretakers	55	0	0	39	70.90
Bus and Heavy Vehicle Drivers	11	0	0	10	90.90
Cartographers and Surveyors	16	1	6.30	8	50.00
Cartographic Surveying and Related Technicians	14	0	0	11	78.60
Chemical and Physical Science Technicians	11	2	18.20	8	72.70
Civil Engineering Technicians	106	0	0	82	77.40
Cleaners In Offices Workshops Hospitals etc.	129	0	0	92	71.30
Client Information Clerks (Switchboard Receptionist Information Clerks)	9	0	0	6	66.70
Communication and Information Related	29	0	0	22	75.90
Community Development Workers	72	3	4.20	58	80.60
Computer Programmers.	1	0	0	0	0
Computer System Designers and Analysts	1	0	0	1	100.00
Economists	1	0	0	0	0
Electrical and Electronics Engineering Technicians	1	0	0	1	100.00
Engineering Sciences Related	433	2	0.50	134	30.90
Engineers and Related Professionals	127	3	2.40	76	59.80

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Farm Hands and Labourers	8	0	0	7	87.50
Farming Forestry Advisors and Farm Managers	1	0	0	1	100.00
Finance and Economics Related	176	12	6.80	137	77.80
Financial and Related Professionals	15	1	6.70	9	60.00
Financial Clerks and Credit Controllers	382	10	2.60	253	66.20
Food Services Aids and Waiters	13	0	0	11	84.60
Food Services Workers	1	0	0	0	0
Forestry Labourers Permanent	2	0	0	0	0
General Legal Administration & Related Professionals	11	0	0	7	63.60
Geologists Geophysicists Hydrologists & Related Professions	164	2	1.20	110	67.10
Head Of Department/ Chief Executive Officer	2	0	0	0	0
Health Sciences Related	1	0	0	1	100.00
Horticulturists Foresters Agriculture & Forestry Technicians	1	0	0	1	100.00
Household and Laundry Workers	5	0	0	5	100.00
Household Food and Laundry Services Related	2	0	0	2	100.00
Human Resources & Organisational Development & Related Professions	32	0	0	20	62.50
Human Resources Clerks	134	3	2.20	89	66.40
Human Resources Related	120	3	2.50	86	71.70
Information Technology Related	27	2	7.40	20	74.10
Language Practitioners Interpreters & Other Communication	38	0	0	23	60.50
Legal Related	1	0	0	1	100.00
Librarians and Related Professionals	3	0	0	2	66.70
Library Mail and Related Clerks	39	2	5.10	36	92.30
Light Vehicle Drivers	68	1	1.50	44	64.70
Logistical Support Personnel	93	5	5.40	73	78.50

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Material-Recording and Transport Clerks	142	2	1.40	117	82.40
Mechanical Engineering Technicians	6	0	0	3	50.00
Messengers Porters and Deliverers	66	0	0	54	81.80
Mining Geology & Geophysical & Related Technicians	20	0	0	15	75.00
Motor Vehicle Drivers	15	0	0	7	46.70
Motorised Farm and Forestry Plant Operators	23	0	0	10	43.50
Natural Sciences Related	343	9	2.60	245	71.40
Nature Conservation and Oceanographical Related Technicians	2	0	0	1	50.00
Other Administration & Related Clerks and Organisers	429	7	1.60	331	77.20
Other Administrative Policy and Related Officers	80	4	5.00	61	76.30
Other Information Technology Personnel	6	0	0	5	83.30
Other Machine Operators	7	0	0	6	85.70
Other Occupations	3	0	0	1	33.30
Physicists	1	0	0	1	100.00
Quantity Surveyors & Related Professions Not Classified Elsewhere	5	0	0	4	80.00
Regulatory Inspectors	27	1	3.70	17	63.00
Risk Management and Security Services	75	0	0	45	60.00
Road Workers	1	0	0	1	100.00
Safety Health and Quality Inspectors	8	0	0	5	62.50
Secretaries & Other Keyboard Operating Clerks	134	2	1.50	113	84.30
Security Guards	14	0	0	13	92.90
Security Officers	72	3	4.20	62	86.10
Senior Managers	151	5	3.30	93	61.60
Social Sciences Related	48	1	2.10	37	77.10
Social Work and Related Professionals	3	1	33.30	2	66.70

Occupation	Employees 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Statisticians and Related Professionals	1	0	0	1	100.00
Trade Labourers	867	7	0.80	696	80.30
Trade Related	12	1	8.30	6	50.00
Trade/ Industry Advisers & Other Related Profession	5	1	20.00	4	80.00
Water Plant and Related Operators	164	6	3.70	122	74.40
Total	6030	123	2.00	4220	70.00

Table 3.5.5 Promotions by salary band for the period 1 April 2017 and 31 March 2018

Salary Band	Employees 1 April 2017	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower Skilled (Levels 1-2)	901	0	0	497	55.20
Skilled (Levels 3-5)	1380	18	1.30	1003	72.70
Highly skilled production (Levels 6-8)	1769	40	2.30	1493	84.40
Highly skilled supervision (Levels 9-12)	1062	53	5.00	905	85.20
Senior Management (Levels 13-16)	272	11	4.00	200	73.50
Contract (Levels 1-2)	2	0	0	1	50.00
Contract (Levels 3-5)	176	0	0	9	5.10
Contract (Levels 6-8)	281	0	0	30	10.70
Contract (Levels 9-12)	171	1	0.60	78	45.60
Contract (Levels 13-16)	16	0	0	4	25.00
Total	6030	123	2.00	4220	70.00

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018

Occupational category	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Professionals	539	27	16	582	160	469	25	16	510	44	1296
Technicians and associate professionals	663	66	23	752	78	631	24	20	675	67	1572
Labourers and related workers	714	72	0	786	6	266	17	1	284	0	1076
Plant and machine operators and assemblers	806	71	4	881	123	161	20	3	184	50	1238
Service shop and market sales workers	137	2	1	140	5	51	2	0	53	1	199
Clerks	345	23	5	373	14	698	54	19	771	108	1266
Senior officials and managers	61	4	8	73	10	54	3	4	61	7	151
Craft and related trade workers	75	7	0	82	23	8	0	0	8	0	113
Total	3340	272	57	3669	419	2338	145	63	2546	277	6911
Total employees with disabilities	34	3	0	37	13	26	1	2	29	5	84

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	8	0	1	18	5	0	0	3	35
Senior Management	94	5	10	46	64	4	4	11	238
Professionally qualified and experienced specialists and mid-management	619	47	24	192	492	25	17	63	1479
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	935	60	9	87	918	75	31	169	2284
Semi-skilled and discretionary decision making	1002	123	5	14	444	25	4	17	1634
Unskilled and defined decision making	439	20	0	0	173	12	0	0	644
Contract (Top Management)	3	0	0	2	0	0	0	0	5
Contract (Senior Management)	4	0	0	1	2	1	0	0	8
Contract (Professionally Qualified)	50	6	1	47	52	1	4	12	173
Contract (Skilled Technical)	135	9	6	12	124	2	2	2	292
Contract (Semi-Skilled)	50	2	1	0	64	0	1	0	118
Contract (Unskilled)	1	0	0	0	0	0	0	0	1
Total	3340	272	57	419	2338	145	63	277	6911

Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Senior Management	6	0	0	0	0	0	0	0	6
Professionally qualified and experienced specialists and mid-management	24	1	0	1	16	2	0	1	45
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	23	1	0	3	21	2	0	1	51
Semi-skilled and discretionary decision making	35	0	0	0	50	1	0	0	86
Unskilled and defined decision making	12	0	0	0	9	0	0	0	21
Contract (Top Management)	1	0	0	2	0	0	0	0	3
Contract (Professionally Qualified)	27	2	1	8	21	0	1	3	63
Contract (Skilled Technical)	104	8	3	5	126	0	3	1	250
Contract (Semi-Skilled)	60	2	2	0	77	0	1	0	142
Total	292	14	6	19	320	5	5	6	667
Employees with disabilities	3	0	0	0	1	0	0	0	4

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Top Management	3	0	0	17	1	0	0	4	25
Senior Management	62	4	7	44	49	6	2	12	186
Professionally qualified and experienced specialists and mid-management	394	20	14	77	387	13	14	39	958
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	523	37	10	48	725	53	23	114	1533
Semi-skilled and discretionary decision making	614	80	3	10	288	15	3	8	1021
Unskilled and defined decision making	341	18	0	0	132	6	0	0	497
Contract (Senior Management)	2	0	0	1	1	0	0	0	4
Contract (Professionally Qualified)	15	4	0	32	16	0	4	8	79
Contract (Skilled Technical)	10	1	1	2	16	0	0	0	30
Contract (Semi-Skilled)	2	0	0	0	7	0	0	0	9
Contract (Unskilled)	1	0	0	0	0	0	0	0	1
Total	1967	164	35	231	1622	93	46	185	4343
Employees with disabilities	13	0	0	6	10	0	1	2	32

Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	5	1	0	0	1	8
Senior Management	3	0	0	7	3	0	1	1	15
Professionally qualified and experienced specialists and mid-management	15	1	0	12	10	0	0	3	41
Skilled technical and academically qualified workers, junior management, supervisors, foremen	32	2	3	4	27	1	0	6	75
Semi-skilled and discretionary decision making	69	4	0	0	22	1	0	0	96
Unskilled and defined decision making	13	2	0	0	6	0	0	0	21
Contract (Top Management)	3	0	0	0	0	0	0	0	3
Contract (Senior Management)	4	0	0	0	0	1	0	0	5
Contract (Professionally qualified)	25	2	1	11	14	1	1	6	61
Contract (Skilled technical)	89	6	2	9	108	2	3	1	220
Contract (Semi-skilled)	74	1	1	0	102	1	1	0	180
Total	328	18	7	48	293	7	6	18	725
Employees with Disabilities	3	0	0	0	1	0	0	0	4

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Total	14	0	1	2	7	0	0	0	24

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	0	0	0
Salary Level 16	0	0	0	0
Salary Level 15	13	9	6	67
Salary Level 14	52	34	30	88
Salary Level 13	177	139	128	92
Total	243	182	166	91

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2018

Reasons
Non compliance

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2018

Reasons
Letters issued to affected SMS members

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

3.8 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	1663	5618	29.60	20 656.34	12 421.00
Male	833	3306	25.20	8 989.93	10 792.00
Female	830	2312	35.90	11 666.41	14 056.00
Asian	51	118	43.20	744.23	14 592.00
Male	20	57	35.10	309.97	15 499.00
Female	31	61	50.80	434.26	14 008.00
Coloured	103	413	24.90	743.30	7 216.00
Male	57	269	21.20	273.16	4 792.00
Female	46	144	31.90	470.20	10 222.00
White	257	678	37.90	6 110.69	23 777.00
Male	133	406	32.80	4 098.65	30 819.00
Female	124	272	45.60	2 012.04	16 226.00
Employees with disabilities	19	84	22.60	183.75	9 671.00
Total	2093	6911	30.30	28 438.39	13 587.00

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile		% of total within salary bands	Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees		Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	194	644	30.10	231.00	1 191.00	2.34
Skilled (level 3-5)	421	1634	25.80	2 131.60	5 063.00	2.34
Highly skilled production (level 6-8)	855	2284	37.40	9 180.97	10 738.00	2.34
Highly skilled supervision (level 9-12)	520	1479	35.20	13 432.88	25 832.00	2.34
Contract (Levels 1-2)	0	1	0	0	0	2.34
Contract (Levels 3-5)	3	118	2.50	17.65	5 884.00	2.34
Contract (Levels 6-8)	12	292	4.10	52.96	4 414.00	2.34
Contract (Levels 9-12)	36	173	20.80	304.99	8 472.00	2.34
Total	2041	6625	30.80	25 352.06	12 421.00	2.34

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks and Credit Controllers	150	374	40.10	1 257.25	8 382.00
Household Food and Laundry Services Related	1	2	50.00	14.30	14 298.00
Human Resources Clerks	55	130	42.30	730.84	13 288.00
Motorised Farm and Forestry Plant Operators	3	18	16.70	18.54	6 181.00
Security Officers	4	84	4.80	33.57	8 391.00
Household and Laundry Workers	5	5	100.00	42.26	8 452.00
Geologists Geophysicists Hydrologists & Related Professions	59	160	36.90	937.94	15 900.00
Human Resources & Organisational Development & Related Professions	15	30	50.00	461.56	30 771.00
All Artisans In The Building Metal Machinery Etc.	42	91	46.20	104.20	2 481.00
Messengers Porters and Deliverers	30	58	51.70	323.25	10 775.00
Risk Management and Security Services	4	73	5.50	155.36	38 840.00
Safety Health and Quality Inspectors	3	10	30.00	14.48	4 828.00
Life Sciences Related	0	1	0	0	0
Social Sciences Related	19	50	38.00	572.71	30 143.00
Finance and Economics Related	73	188	38.80	1 074.39	14 718.00
Logistical Support Personnel	32	94	34.00	319.43	9 982.00
Food Services Workers	0	1	0	0	0
Natural Sciences Related	109	382	28.50	2 245.96	20 605.00
Other Administration & Related Clerks and Organisers	191	437	43.70	1 929.04	10 100.00
Appraisers-Valuers and Related Professionals	1	1	100.00	20.00	19 999.00
Auxiliary and Related Workers	127	380	33.40	1 132.15	8 915.00
Other Occupations	0	961	0	0	0
Legal Related	0	2	0	0	0

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Nature Conservation and Oceanographical Related Technicians	1	2	50.00	0	0
Agriculture Animal Oceanography Forestry & Other Sciences	1	4	25.00	25.55	25 551.00
Financial and Related Professionals	3	19	15.80	0	0
Building and Other Property Caretakers	29	50	58.00	6.93	239.00
Water Plant and Related Operators	47	161	29.20	92.13	1 960.00
Administrative Related	188	456	41.20	4 287.59	22 806.00
Biologists Botanists Zoologists & Related Professional	2	1	200.00	29.81	14 905.00
Communication and Information Related	7	28	25.00	282.80	40 400.00
Secretaries & Other Keyboard Operating Clerks	81	138	58.70	1 442.19	17 805.00
Physicists	0	1	0	0	0
Library Mail and Related Clerks	17	39	43.60	254.90	14 994.00
Cleaners In Offices Workshops Hospitals Etc.	50	126	39.70	228.59	4 572.00
Human Resources Related	65	113	57.50	1 942.08	29 878.00
Forestry Labourers	0	1	0	0	0
Trade/ Industry Advisers & Other Related Profession	0	6	0	0	0
Head Of Department/ Chief Executive Officer	0	1	0	0	0
Chemical and Physical Science Technicians	5	11	45.50	109.69	21 938.00
Mining Geology & Geophysical & Related Technicians	6	19	31.60	138.75	23 126.00
Computer Programmers.	0	1	0	0	0
Trade Labourers	224	810	27.70	379.06	1 692.00
Language Practitioners Interpreters & Other Communication	7	31	22.60	171.87	24 552.00
Social Work and Related Professionals	1	7	14.30	47.40	47 397.00
Regulatory Inspectors	11	26	42.30	198.46	18 042.00
General Legal Administration & Related Professionals	5	10	50.00	165.30	33 061.00
Cartographic Surveying and Related Technicians	6	15	40.00	115.22	19 203.00

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Civil Engineering Technicians	40	103	38.80	729.18	18 230.00
Road Workers	0	1	0	0	0
Material-Recording and Transport Clerks	72	140	51.40	606.22	8 420.00
Farm Hands and Labourers	3	9	33.30	11.88	3 960.00
Other Administrative Policy and Related Officers	51	81	63.00	742.68	14 562.00
Artisan Project and Related Superintendents	2	10	20.00	41.50	20 751.00
Statisticians and Related Professionals	0	1	0	0	0
Bus and Heavy Vehicle Drivers	4	10	40.00	28.20	7 050.00
Senior Managers	4	149	2.70	189.90	47 475.00
Farming Forestry Advisors and Farm Managers	0	1	0	0	0
Client Information Clerks (Switchboard Receptionist Information Clerks)	1	8	12.50	9.53	9 532.00
Computer System Designers and Analysts.	1	1	100.00	42.94	42 942.00
Economists	0	1	0	0	0
Engineers and Related Professionals	42	121	34.70	1 569.02	37 384.00
Cartographers and Surveyors	8	15	53.30	193.23	24 154.00
Trade Related	7	12	58.30	105.22	15 031.00
Other Information Technology Personnel.	2	6	33.30	92.09	46 043.00
Light Vehicle Drivers	20	66	30.30	59.60	2 980.00
Electrical and Electronics Engineering Technicians	0	10	0	0	0
Engineering Sciences Related	89	401	22.20	1 845.17	20 739.00
Motor Vehicle Drivers	5	13	38.50	18.45	3 690.00
Security Guards	3	13	23.10	21.38	7 126.00
Health Sciences Related	0	1	0	0	0
Food Services Aids and Waiters	10	15	66.70	124.75	12 475.00
Horticulturists Foresters Agriculture & Forestry Technicians	0	1	0	0	0

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Other Machine Operators	3	7	42.90	19.06	6 355.00
Mechanical Engineering Technicians	2	7	28.60	38.88	19 442.00
Quantity Surveyors & Related Professions Not Classified Elsewhere	2	4	50.00	60.87	30 434.00
Community Development Workers	25	68	36.80	395.33	15 813.00
Information Technology Related	16	24	66.70	395.97	24 748.00
Librarians and Related Professionals	2	2	100.00	19.05	9 525.00
Agriculture Related	0	2	0	0	0
Total	2093	6911	30.30	28 438.39	13 587.00

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile		Cost		Total cost as a % of the total personnel expenditure	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)		Average cost per employee
Band A	31	191	16.20	672.23	21 684.70	0.28
Band B	6	55	10.90	274.57	45 761.90	0.28
Band C	15	36	41.70	2 139.53	142 635.30	0.28
Band D	0	4	0	0	0	0.28
Total	52	286	18.20	3 086.33	59 352.40	0.28

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2017 and 31 March 2018

Salary band	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production (Level 6-8)	3	17.60	2	10.00	-1	-33.30
Highly skilled supervision (Level 9-12)	9	52.90	13	65.00	4	133.30
Senior management (Level 13-16)	5	29.40	5	25.00	0	0
Total	17	100.00	20	100.00	3	100.00

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 and 31 March 2018

Major occupation	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Administrative office workers	2	11.80	2	10.00	0	0
Information technology personnel	1	5.90	1	5.00	0	0
Professionals and managers	13	76.50	16	80.00	3	100.00
Technicians and associated professionals	1	5.90	1	5.00	0	0
Total	17	100.00	20	100.00	3	100.00

3.10 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	748	82.50	109	4.00	7	383.00
Skilled (levels 3-5)	3649	78.40	459	16.60	8	2 698.00
Highly skilled production (levels 6-8)	8548	76.20	993	36.00	9	10 831.00
Highly skilled supervision (levels 9 -12)	5421	75.70	755	27.40	7	13 313.00
Top and Senior management (levels 13-16)	758	81.40	130	4.70	6	3 199.00
Contract (Levels 3-5)	393	52.40	105	3.80	4	307.00
Contract (Levels 6-8)	632	62.00	150	5.40	4	719.00
Contract (Levels 9-12)	288	76.00	52	1.90	6	556.00
Contract (Levels 13-16)	26	57.70	4	0.10	7	106.00
Total	20463	75.90	2757	100.00	7	32 111.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2018

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	66	100.00	3	2.90	22	34.00
Skilled (Levels 3-5)	575	100.00	26	25.00	22	400.00
Highly skilled production (Levels 6-8)	1569	100.00	53	51.00	30	2 092.00
Highly skilled supervision (Levels 9-12)	280	100.00	18	17.30	16	644.00
Senior management (Levels 13-16)	14	100.00	3	2.90	5	64.00
Contract (Levels 6-8)	2	100.00	1	1.00	2	2.00
Total	2506	100.00	104	100.00	24	3 237.00

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	2855	16	184
Skilled Levels 3-5)	14057	19	750
Highly skilled production (Levels 6-8)	29355	23	1279
Highly skilled supervision (Levels 9-12)	1319	15	89
Senior management (Levels 13-16)	4515	20	227
Contract (Levels 1-2)	3	3	1
Contract (Levels 3-5)	1832	10	184
Contract (Levels 6-8)	3521	12	298
Contract (Levels 9-12)	1319	15	89
Contract (Levels 13-16)	153	10	16
Total	80008	20	4015

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at end of period	Number of Employees who took Capped leave	Total number of capped leave available at end of period	Number of Employees as at end of period
Lower skilled (Levels 1-2)	0	0	4	0	21	5
Skilled (Levels 3-5)	107	5	69	21	17426	252
Highly skilled production (Levels 6-8)	130	6	76	23	30291	400
Highly skilled supervision (Levels 9-12)	137	7	61	19	13048	213
Senior management (Levels 13-16)	19	5	64	4	6119	95
Total	393	6	69	67	66906	965

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2017 and 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2017/18 due to non-utilisation of leave for the previous cycle	7 416.00	136	54 529.00
Capped leave pay-outs on termination of service for 2017/18	200.00	11	18 182.00
Current leave pay-out on termination of service for 2017/18	301.00	3	100 333.00
Total	7 916.00	150	52 773.00

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	N/A

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
1 Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Director: OD Mr Sam Moyi
2 Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Two (2) EHWP professionals in national Office, and 1 EHWP coordinator for each regional office. R12M
3 Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		HIV, TB & AIDS management; Health Risk Assessments, Promotion and Education; Chronic Disease Management; Psycho-Social Support Services and Referrals; Health and Productivity Management; Policy development; EHWP marketing and promotion.
4 Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Mr Sam Moyi, Ms Anna Moabelo, Mr Reuben Maruma, Ms Tshidi Baloyi; Mr Eric Ramaswe; Ms Tumi Mpshe, Mr Matome Makwaeba.
5 Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		The approved HIV & AIDS and TB Management policy addresses issues of stigma and non-discrimination of HIV positive employees. It goes further to mention steps to be taken if there is transgression of these policy elements.
6 Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Policy protects HIV+ employees from discrimination. Disciplinary action to be taken against those who disregard this section of the policy.

Question	Yes	No	Details, if yes
7 Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		HIV Counselling & Testing (HCT) is provided through a contracted service provider and GEMS to 55 Departmental sites situated across the country. (2x clinic operations per month).
8 Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Feedback sessions are held and questionnaires completed after wellness days, campaigns and health talks.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2017 and 31 March 2018

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 and 31 March 2018

Total number of Disciplinary hearings finalised	None
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Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 and 31 March 2018

Type of misconduct	Number	% of total
Misuse of state vehicle	6	25.0
Dishonesty	2	8.3
Insubordination	2	8.3
Fraud	4	16.7
Contravention of department policy	1	4.2
Financial mismanagement/ unauthorised expenditure	3	12.5
Fighting	1	4.2
Non-disclosure of financial interest	1	4.2
Sexual misconduct	1	4.2
Intimidation	1	4.2
Misuse of state resources	2	8.3
Total	24	100.0

Table 3.12.4 Grievances logged for the period 1 April 2017 and 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	32.00	71.10
Number of grievances not resolved	13.00	28.90
Total number of grievances lodged	45.00	100.00

Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 and 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	28.00	24.78
Number of disputes dismissed	85.00	75.22
Total number of disputes lodged	113.00	100.00

Table 3.12.6 Strike actions for the period 1 April 2017 and 31 March 2018

Total number of persons working days lost	27 165
Total costs working days lost	20,714,101
Amount recovered as a result of no work no pay (R'000)	R0

Table 3.12.7 Precautionary suspensions for the period 1 April 2017 and 31 March 2018

Number of people suspended	7
Number of people whose suspension exceeded 30 days	6
Average number of days suspended	90 days
Cost of suspension (R'000)	4 373 915-80

3.13 Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period				Total
			Learnerships	Programmes & other short courses	Other forms of training		
Legislators, senior officials and managers	Female	68	0	3	0	3	
	Male	83	0	9	3	12	
Professionals	Female	554	0	701	92	793	
	Male	742	0	761	144	905	
Technicians and associate professionals	Female	742	0	390	28	418	
	Male	830	0	863	62	925	
Clerks	Female	879	0	1356	65	1421	
	Male	387	0	635	33	668	
Service and sales workers	Female	54	0	35	5	40	
	Male	145	0	184	40	224	
Skilled agriculture and fishery workers	Female	0	0	0	0	0	
	Male	0	0	0	0	0	
Craft and related trades workers	Female	8	0	19	0	19	
	Male	105	0	60	3	63	
Plant and machine operators and assemblers	Female	234	0	6	0	6	
	Male	1004	0	218	19	237	
Elementary occupations	Female	284	0	176	3	179	
	Male	792	0	849	35	884	
Sub Total	Female	2823	0	2686	193	2879	
	Male	4088	0	3579	339	3918	
Total		6911	0	6265	532	6797	

Table 3.13.2 Training provided for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			Total
			Learnerships	Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	68	0	128	49	177
	Male	83	0	119	13	132
Professionals	Female	554	0	149	56	205
	Male	742	0	156	98	254
Technicians and associate professionals	Female	742	0	242	60	302
	Male	830	0	364	73	437
Clerks	Female	879	0	221	45	266
	Male	387	0	75	30	105
Service and sales workers	Female	54	0	2	2	4
	Male	145	0	6	7	13
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	8	0	8	5	13
	Male	105	0	53	9	62
Plant and machine operators and assemblers	Female	234	0	8	0	8
	Male	1004	0	102	63	165
Elementary occupations	Female	284	0	35	19	54
	Male	792	0	96	60	156
Sub Total	Female	2823	0	793	236	1029
	Male	4088	0	971	353	1324
Total		6911	0	1764	589	2353

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2017 and 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	57	100.00
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	57	100.00

3.15 Utilisation of Consultants

The following tables relate information on the utilisation of consultants in the department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017 and 31 March 2018

	Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
1	2016-03: Development of a national drought relief project related data base to ensure integration of drought initiatives into water services planning activities (WP11047 PEP 11)	2	3 Months	421 800.00
2	WP11072: Continuation of water requirements and availability reconciliation strategy for the Mbombela Municipal Area	26	36 Months	3 360 537.60
3	WP11178: Continuation of the Greater Bloemfontein system reconciliation strategy study	29	36 Months	4 070 164.80
4	WP11082: Continuation of the Integrated Vaal River system reconciliation strategy study	21	36 Months	4 412 598.00
5	WP11180: Implementation and maintenance of the water reconciliation strategy for the Richards Bay and surrounding town for a period of 36 months	29	36 Months	4 192 521.00
6	WP11187: National water services monitoring, evaluation and reporting in support of master planning and institutional realignment	10	10 Months	3 065 631.00
7	WP11240: Procurement of the support service provider for the development of the national water and sanitation master plan (NW & SMP)	14	20 Months	5 994 040.00
8	WP11243: National five year reliability services implementation coordination and alignment with WSDP system and water services reference framework	11	20 Months	5 486 764.00
9	WP11239: Development and population of a sanitation monitoring tool	7	24 Months	2 952 600.00
10	WP11183: Olifants river water supply system reconciliation strategy: continuation-phase 2	17	36 Months	4 349 613.00
11	WP11179: Undertake the western cape water supply system water availability and use reconciliation strategy: continuation (phase 3)	21	36 Months	3 961 481.76
12	WP11177: Reconciliation strategy for the Mafikeng municipal water supply area	16	36 Months	3 998 607.00
13	WP11181: Levuvhu- Letaba Water Supply system reconciliation strategy: continuation- phase 1	19	36 Months	4 692 012.00
14	WP11241: Develop training material and provide EMI aligned basic advanced training for inspections and investigators within the department of water and sanitation for a period of three years	14	36 Months	4 961 188.00
15	WP11291: Appointment of professional service provider from the panel of contract no: GT/GPT/074/2016 for the review of the irregular, fruitless and wasteful expenditure for the financial year 2016/17 and support finance branch in addressing the qualification on infrastructure projects.	10	12 Months	64 241 736.00
16	2017-05: National: Non-compliance reporting assessment and development of a municipal operation guideline to assist with the national water conservator and water demand management plan in support of National Master plan through term contract WP11047 (24)	7	4 Months	479 301.60

PART D | HUMAN RESOURCE MANAGEMENT

	Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
17	2017-08: Development and implementation of ArcGIS water Services Planning related data capture forms and functionality to improve and ease the capturing of the data to ensure linkage with the data portal requirement of Water and Sanitation master plane term contract WP11047 (28)	4	6 Months	497 040.00
18	WP11198: OR Tambo DM - New infrastructure solutions work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (11)	5	5 Months	243 436.00
19	WP11213: Sekhukhune DM - New infrastructure solutions work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for Limpopo through term contract WP11049 (6)	4	5 Months	207 412.00
20	WP11195: OR Tambo governance/institutional re-alignment component for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (8)	5	5 Months	189 354.00
21	WP11199: OR Tambo DM - Funding models work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (12)	5	5 Months	335 485.38
22	2017-07: Determination of First Order Investment Requirement for Institutional Renewal of Water Services Authorities in support of National Master Plan through term contract WP11047 (27)	7	4 Months	489 740.40
23	WP11193: Amathole DM - New infrastructure solutions work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (6)	6	5 Months	219 674.80
24	2017-06: National: Costing and alignment of National water investment framework through term contract WP11047 (26)	6	3 Months	495 916.00
25	WP11190: Amathole DM governance/ institutional re-alignment Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (3)	12	5 Months	186 911.80
26	WP11191: Amathole DM – New infrastructure solutions work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (4)	6	5 Months	234 918.80
27	WP11194: Amathole DM – Funding Models Work Stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan (WP11048 PEP 7)	5	5 Months	335 485.38
28	WP11192: Amathole DM - Water security work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (5)	5	5 Months	332 091.58
29	WP11196: OR Tambo DM – Execution of governance/ institutional realignment component of 5 year reliable water & sanitation services delivery implementation plan term contract WP11048 (9)	5	5 Months	234 384.00
30	WP11197: OR Tambo DM – Execution of water security realignment component for 5 year reliable water & sanitation services delivery implementation plan WP11048 (10)	5	5 Months	215 232.00
31	WP11210: Sekhukhune DM- governance/ institutional re-alignment Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for Limpopo through term contract WP11049 (3)	4	5 Months	170 669.00

Project title		Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
32	WP11211: Sekhukhune DM – Execution of governance/ institutional realignment component of 5 year reliable water & sanitation services delivery implementation plan term contract WP11049 (4)	3	5 Months	201 392.00
33	WP11212: Sekhukhune DM - Water security work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for Limpopo through term contract WP11049 (5)	4	5 Months	180 325.00
34	WP11214: Sekhukhune DM - Funding models work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for Limpopo through term contract WP11049 (7)	10	5 Months	263 151.80
35	2017-03: Interim support contract for National Water Services Planning to ensure feasibility and IRS compliance to APP through term contract WP11047 (23)	3	5 Months	491 692.00
36	WP11254: Development of a business case & transition to independent economic regulator model, finalization of the pricing regulations & infrastructure funding model as well as strengthening of various regulatory tools for a period of 36 Months	11	36 Months	9 181 254.00
37	WP11255: Determination of water resource classes and associated resource quality objectives in the Thukela catchment	28	30 Months	8 590 560.00
Total number of projects		Total individual consultants	Total duration Work days	Total contract value in Rand
37		386	576 months	143 936 721.70

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 and 31 March 2018

	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
1	2016-03: Development of a national drought relief project related data base to ensure integration of drought initiatives into water services planning activities (WP11047 PEP 11)	0%	0	1
2	WP11072: Continuation of water requirements and availability reconciliation strategy for the Mbombela Municipal Area	82.54%	1	19
3	WP11178: Continuation of the Greater Bloemfontein system reconciliation strategy study	41%	1	21
4	WP11082: Continuation of the Integrated Vaal River system reconciliation strategy study	100%	1	12
5	WP11180: Implementation and maintenance of the water reconciliation strategy for the Richards Bay and surrounding town for a period of 36 months	82.54%	1	21
6	WP11187: National water services monitoring, evaluation and reporting in support of master planning and institutional realignment	41%	1	5
7	WP11240: Procurement of the support service provider for the development of the national water and sanitation master plan (NW & SMP)	51%	0	9
8	WP11243: National five year reliability services implementation coordination and alignment with WSDP system and water services reference framework	0%	0	6
9	WP11239: Development and population of a sanitation monitoring tool	0%	0	5
10	WP11183: Olifants river water supply system reconciliation strategy: continuation-phase 2	71.22%	0	10
11	WP11179: Undertake the western cape water supply system water availability and use reconciliation strategy: continuation (phase 3)	81%	1	12
12	WP11177: Reconciliation strategy for the Mafikeng municipal water supply area	71.22%	0	11

	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
13	WP11181: Levuvhu- Letaba Water Supply system reconciliation strategy: continuation- phase 1	62%	0	10
14	WP11241: Develop training material and provide EMI aligned basic advanced training for inspections and investigators within the department of water and sanitation for a period of three years	100%	1	2
15	WP11291: Appointment of professional service provider from the panel of contract no: GT/GPT/074/2016 for the review of the irregular, fruitless and wasteful expenditure for the financial year 2016/17 and support finance branch in addressing the qualification on infrastructure projects.	100%	5	4
16	2017-05: National: Non-compliance reporting assessment and development of a municipal operation guideline to assist with the national water conservator and water demand management plan in support of National Master plan through term contract WP11047 (24)	0%	0	2
17	2017-08: Development and implementation of ArcGIS water Services Planning related data capture forms and functionality to improve and ease the capturing of the data to ensure linkage with the data portal requirement of Water and Sanitation master plane term contract WP11047 (28)	0%	0	2
18	WP11198: OR Tambo DM - New infrastructure solutions work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (11)	51%	0	3
19	WP11213: Sekhukhune DM - New infrastructure solutions work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for Limpopo through term contract WP11049 (6)	51%	0	2
20	WP11195: OR Tambo governance/ institutional re-alignment component for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (8)	51%	0	3
21	WP11199: OR Tambo DM - Funding models work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (12)	51%	1	2
22	2017-07: Determination of First Order Investment Requirement for Institutional Renewal of Water Services Authorities in support of National Master Plan through term contract WP11047 (27)	41%	0	2

	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
23	WP11193: Amathole DM - New infrastructure solutions work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (6)	68.43%	0	0
24	2017-06: National: Costing and alignment of National water investment framework through term contract WP11047 (26)	12.41%	0	1
25	WP11190: Amathole DM governance/ institutional re-alignment Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (3)	68.43%	0	2
26	WP11191: Amathole DM – New Infrastructure solutions work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (4)	68.43%	3	3
27	WP11194: Amathole DM – Funding Models Work Stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan (WP11048 PEP 7)	51%	1	2
28	WP11192: Amathole DM - Water security work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for EC through term contract WP11048 (5)	51%	1	1
29	WP11196: OR Tambo DM – Execution of governance/ institutional realignment component of 5 year reliable water & sanitation services delivery implementation plan term contract WP11048 (9)	51%	0	3
30	WP11197: OR Tambo DM – Execution of water security realignment component for 5 year reliable water & sanitation services delivery implementation plan WP11048 (10)	51%	0	1
31	WP11210: Sekhukhune DM- governance/ Institutional re-alignment Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for Limpopo through term contract WP11049 (3)	51%	0	2
32	WP11211: Sekhukhune DM – Execution of governance/ institutional realignment component of 5 year reliable water & sanitation services delivery implementation plan term contract WP11049 (4)	51%	0	2

	Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
33	WP11212: Sekhukhune DM - Water security work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for Limpopo through term contract WP11049 (5)	51%	0	2
34	WP11214: Sekhukhune DM - Funding models work stream Steering Committee for 5 year reliable water & sanitation services delivery implementation plan for Limpopo through term contract WP11049 (7)	68.43%	3	3
35	2017-03: Interim support contract for National Water Services Planning to ensure feasibility and IRS compliance to APP through term contract WP11047 (23)	100%	1	3
36	WP11254: Development of a business case & transition to independent economic regulator model, finalization of the pricing regulations & infrastructure funding model as well as strengthening of various regulatory tools for a period of 36 months	100%	1	11
37	WP11255: Determination of water resource classes and associated resource quality objectives in the Thukela catchment	0%	0	15

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2017 and 31 March 2018

Category	No of applications received	No of applications referred to the MPSA	No of applications supported by MPSA	No of Packages approved by Department
Lower Skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly Skilled Production (Levels 6-8)	0	0	0	0
Highly Skilled Supervision (Levels 9-12)	0	0	0	0
Senior Management Service Band A	0	0	0	0
Senior Management Service Band B	0	0	0	0
Senior Management Service Band C	0	0	0	0
Senior Management Service Band D	0	0	0	0
Contract (Levels 3-5)	0	0	0	0
Contract (Levels 6-8)	0	0	0	0
Contract (Levels 9-12)	0	0	0	0
Contract Band A	0	0	0	0
Contract Band B	0	0	0	0
Contract Band C	0	0	0	0
Contract Band D	0	0	0	0
Total	0	0	0	0

PART E

ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Brede River, Overberg, Western Cape



1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE DEPARTMENT OF WATER AND SANITATION (VOTE 36)

In line with its strategic commitment to be a well-governed National Department, DWS strives for effective oversight and monitoring of its governance regime. Vital to the achievement of this aim, is a competent and independent Audit Committee.

The Audit Committee confirms that it has complied with its responsibilities arising from section 38(1) (a) of the Public Finance Management Act and Treasury Regulations 3.1.13. The Audit Committee also reports that it has an appropriate Audit Committee Charter (including terms of reference) which is reviewed annually. It regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Committee is pleased to present its report for the financial year ended 31 March 2018.

Audit Committee Members and Attendance

The Audit Committee's terms of reference requires that three (3) independent members, who have sufficient qualifications and experience to render the services associated with the Audit Committee function.

During the year under review for the Main Account, seven (7) Audit Committee as well as two (2) Special Audit Committee Meetings was held.

The invitees to the Audit Committee meetings include the Top Management Members (DG and DDGs), Chief Operating Officer, Chief Risk Officer, Internal and External Auditors, the Chief Financial Officer as well as the Chief Information Officer, and any other executives when necessary.

Names, tenure period, and qualifications of the Audit Committee Members are as follows:

Name and Surname	Qualifications	Tenure Period (1)	Tenure Period (2)	Number of meetings attended	Special Meetings
Non-Executive Members					
Mr. Japie du Plessis (Chairperson)	National Diploma in State Accounts and Finance	April 2016-2019		7/7	2/2
Ms. Annah Badimo	BSC Computer BSC Hons (Computer Science) Cobol Programming Diploma MSC Applied Science (Electrical Engineering) Diploma in Project Management MBA Internet Governance Diplomacy Foundation PHD Computer Science CRYPTO Security Training	April 2013-2016	April 2016-2019	6/7	2/2

Name and Surname	Qualifications	Tenure Period (1)	Tenure Period (2)	Number of meetings attended	Special Meetings
	Certified Information Security Manager (CISM) Certified Information Security Management (CGEIT) Project Management Professional (PMP) Certified Information Systems Auditor (CISA)				
Mr. Lwazi Kuse	Chartered Accountant (CA) IRBA PPE Part 2 Audit Specialised Diploma BCom Honours (Accounting Science) BCom (Accounting)	April 2016-2019		4/7	2/2
Director-General					
Mr. Dan Mashitsho* *Was responsible for the first quarter of 2017/18, but no AC meetings for the first quarter were held by 30 June 2017	Degree of Bachelor of Arts; Bachelor of Arts Postgraduate Diploma in Management; Diploma in Management (Postgraduate) in Human Resources; Post graduate Diploma in Labour Law.	December 2016 – June 2017		-	-
Mr. Sifiso Mkhize (Acting)	Master of Business Administration Advanced Project Management Programme National Diploma: Accountancy	July 2017 – 30 May 2018		3/5	1/1
Ms. Deborah Mochotlhi (Acting)	Masters (Environment and Society) Bachelor of Technology (Environmental Health) Bachelor of Public Administration (Honours) Bachelor of Social Science Primary Health Care Service Management Programme	31 May 2018		1/1	

The members of the Audit Committee met with the Acting DG, Top Management of the Department, Internal Audit (IA) and the Auditor-General of South Africa (AGSA), individually and collectively to address risks and challenges facing the Department. A number of in-committee meetings were held to address control weaknesses and deviations within the Department.

A One-on-One meeting between the Minister and the Audit Committee was held on 1 June 2018. Quarterly Executive Summaries are also submitted for the Minister's attention.

One-on-one meetings with the Acting DG were also held at every quarterly meeting to address unresolved issues.

Audit Committee Responsibility

The Audit Committee is pleased to report that it has complied with its responsibility arising from its terms of reference, including relevant legislative requirements.

The Audit Committee and relevant stakeholders also complete an annual Audit Committee assessment to evaluate the efficiency and effectiveness of the Audit Committee.

For the financial year ended 31 March 2018, the Audit Committee reviewed:

- Quarterly Financial Statements and Performance Reports;
- Unaudited Annual Financial Statements before submission to the AGSA;
- Audited Annual Financial Statements to be included in the Annual Report;
- The AGSA's Audit Report, Management Report and Management's response thereto;
- The appropriateness of Accounting Policies and Procedures;
- The effectiveness of the system of Risk Management;
- Compliance with relevant laws and regulations;
- The system of IT Governance;
- The audit plans and reports of IA and the AGSA. The Audit Committee also conducted separate meetings with the assurance providers; and
- The IA and Audit Committee Charters.

Review and Evaluation of the Annual Financial Statements

The Audit Committee is satisfied with the content and quality of certain of the financial and non-financial quarterly reports prepared and submitted by the Acting DGs of the Department during the financial year under review and confirms that the reports were mostly in compliance with the statutory reporting framework. The Audit Committee had the opportunity to review the Annual Financial Statements and discussed it with Management. However, due to the concerns noted during May 2018 Audit Committee meeting, the Annual Financial Statements were only presented to the AGSA by the end of June 2018. The Audit Committee has the following comments:

- **The completeness of fruitless and wasteful and irregular expenditure.**
- System to identify **irregular expenditure** is also inadequate and the completeness of irregular expenditure cannot be determined.
- Findings were also raised on the **completeness of the contract register**.
- Inadequate controls over appointments of contractors (including implementing agents of the Department) who do not follow supply chain management processes. This is mainly linked to projects procured in previous years that are still under construction.
- **Transfer and Subsidies.** The Department changed the accounting treatment for payments made to Regional Bulk Infrastructure Grant (RBIG) projects from capital expenditure to transfers and subsidies which consequently affected other components such as expenditure for capital assets, commitments, immovable tangible assets, prepayments, principle agents' note and appropriation. Progress has not been made to resolve this qualification in the 2017/18 financial year as the Department still account for the payments as transfers.
- **Commitments.** Inadequate internal control processes to monitor and departmental commitments.
- **Predetermined Objectives.** The Department regressed as programmes 3 and 4 have material findings that will be included in the AGSA audit report. The main reason for the regression is due to the amendments to the Annual Performance Plan (APP) during the year.

- **The Department to continue as a going concern.** Due to challenges still applicable to the Department as projects are being paid for that was not originally budgeted for. Inadequate and ineffective monitoring of funds transferred to implementing agents. Overspending on its vote which results in the Department not being able to meet some of its contractual obligations.
- **Emergency projects.** The Department does not have a sufficient project methodology including processes and procedures, resulting in the Department incurring irregular, possible fruitless and wasteful expenditure as well as non-compliance with the Division of Revenue Act (Act no. 3 of 2017) (DORA).
- **Lack of proper consequence management.**

The Audit Committee has reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and the Acting DG; reviewed the AGSA's Management Report and Management's responses thereto; reviewed changes in Accounting Policies and practices; reviewed the Department's compliance with legal and regulatory provisions.

The Audit Committee concurs and accepts the AGSA's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the audit report of the AGSA.

Efficiency and Effectiveness of Internal Control

The systems of internal control are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital requires improvement to enhance these controls to be efficiently managed.

The Audit Committee has considered the work performed by IA on a quarterly basis. IA and the Internal Control section are tracking the outstanding audit findings and presented to the Audit Committee on a quarterly basis. As noted in the majority instances by IA, the internal control environment areas need significant improvement.

In line with the PFMA and the King IV Report requirements relating to Public Sector, IA provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of an appropriate quarterly reporting process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The Department did implement certain of the recommendations made by the Audit Committee. Inadequate or no actions are taken against employees responsible for contravening internal control processes, policies, laws and regulations. The main concerning areas to the Audit Committee that require urgent consequence management interventions are:

- Low performance achievements of strategic goals and indicators.
- Budget and financial management resulting in unauthorised expenditure and increased liquidity risk at the Department.
- Increased non-compliance resulting in significant audit findings on irregular and fruitless and wasteful expenditure.
- Inadequate implementation of IA and AGSA recommendations to ensure the resolution of findings. Assertions were made by Management, based on the action plan, to the Audit Committee that signification audit findings were addressed but the audit process has subsequently concluded that Management actions were not adequate to resolve the issues that were reported in the prior year.
- The instability at Director-General and Chief Financial Officer Levels must be attended to as a matter of urgency.

Resolution of Internal Control Findings

The follow-up processes such as quarterly reporting on action plans performed by the Directorate: Internal Control indicated that Management needs to institute adequate corrective action to address control weaknesses identified.

Overall the Audit Committee is concerned with the quality and timing of Management responses. The Audit Committee is continuously emphasising the importance that Management needs appropriately balancing delivery and continues improvement.

Integrated Assurance

The Audit Committee reviewed the plans and reports of the AGSA and IA and other assurance providers including Management, and concluded that these were adequate to address all significant financial risks facing the Department.

The Office of the Chief Risk Officer in consultation with IA also developed the departmental Integrated Assurance Strategy and Implementation Plan during 2017/18 and this will be implemented during the 2018/19 financial year.

Internal Audit Effectiveness

IA forms part of the third line of defence as set out in the Integrated Assurance Strategy and engages with the first and second lines of defence to facilitate the escalation of key control breakdowns.

The IA unit has a functional reporting line to the Audit Committee (via the Chairperson) and an administrative reporting line to the Acting DG. The Audit Committee, with respect to its evaluation of the adequacy and effectiveness of internal controls, receives reports from IA on a quarterly basis, assesses the effectiveness of IA function, and reviews and approves the IA Operation, Coverage and Three Year Plans.

The Audit Committee is responsible for ensuring that the Department's IA function is independent and has the necessary resources, standing and authority within the Department to enable it to discharge its duties. The IA function's IA Coverage and Three Year Rolling Plans were approved by the Audit Committee.

The Audit Committee monitored and challenged, where appropriate, actions taken by Management with regard to adverse IA findings.

The Audit Committee has overseen a process by which IA has performed audits according to a risk-based audit plan where the effectiveness of the risk management and internal controls were evaluated. These evaluations were the main input considered by the Audit Committee in reporting on the effectiveness of internal controls. The Audit Committee is satisfied with the independence and effectiveness of the IA function. During the 2018/19 financial year additional actions will be implemented to ensure the IA unit is adequately resourced.

Several investigations were conducted/are in progress by the IA unit at the request of the Acting DG and/or the Minister arising from allegations against officials of the Department. The completed investigations resulted in recommendations for disciplinary and/or criminal proceeding to be instituted against the Department's officials concerned.

Performance Information

The performance information was presented to the Audit Committee during the meeting of 29 May 2018. The Audit Committee however did not support the submission of the information as it did not fairly reflected the operations and actual output against planned targets for performance indicators as per the Annual Performance Plan of the Department for the financial year ended 31 March 2018.

Quarterly auditing of performance information by the IA unit of all APP targets took place. An action plan will also be developed by Management to address the issues raised by the AGSA which relates to performance information within the 2018/19 financial year.

A major concern is the annual performance achievement of only 54% of the set targets, while the Department spent 97% of the approved budget for 2017/18 financial year.

Risk Management

A separate Risk Management Committee monitors and oversees the control of risk identification throughout the Department. Feedback is also provided to the Audit Committee on a quarterly basis. An independent Chairperson is also in the process of being appointed.

The Department assessed strategic and operational risks on a quarterly basis that could have an impact on the achievement of its objectives, both strategically and on a programme level. Risks were prioritised based on its likelihood and impact (inherently and residually) and additional mitigations were agreed upon to reduce risks to acceptable levels. New/emerging risks were identified during the quarterly review processes.

Internal Audit also performance their own assessment of the risk environment of the Department and included the strategic and operational risks as part of this assessment. During the 2018/19 financial year the IA is planning to perform a review of the risk management practices and processes.

Governance and Ethics

The Department has adopted the corporate governance principles of the King Codes of Governance in South Africa applicable to the Public Sector. The Audit Committee continues to monitor the key governance interventions of the Department as required, however due to its nature there is a need for continued improvement in this area.

The focus on Ethic's within the Department to imbed further enhancements of awareness and understanding of Ethics at all levels within the Department.

Furthermore, the Department requires that all members of the Senior Management Services (SMS) complete a financial disclosure declaration.

Information Communication Technology (ICT) Governance

The Audit Committee reviewed the progress with respect to the ICT Governance in line with the ICT Framework issued by the Department of Public Service and Administration. Although there were some progress on the ICT Internal Control the Audit Committee report its dissatisfaction with minimal progress made with the implementation of the Information Technology Steering Committee, Disaster Recovery Plan, the Business Continuity Plan, ICT Steering Committee meeting attendance and the monitoring of access in the servicer control room. This continued to be a high risk for the Department.

Conclusion

The Audit Committee is concerned with the continuing progress made by the Department in improving and progressing with the areas outlined in this report. Management is positive in their commitment to good governance and a clean administration.

The Audit Committee noted material non-compliance with prescribed policies and procedures up to 31 March 2018. From observations, analyses and reports presented to the Audit Committee by Management and assurance providers, including Internal Audit and the AGSA, as well as the Audit Committee's evaluation of the Risk

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Management processes, the Audit Committee concludes that the systems of internal control tested were found to be inadequate and materially ineffective for most areas tested. The Audit Committee do however emphasise that controls were found to be only partially effective. These controls require further improvement and we have received assurance that the matter is being addressed. Attention has also been given in addressing prior years' concerns noted by the AGSA.

The Audit Committee wishes to express its appreciation to the Acting DG, Management of the Department, the AGSA and IA who assisted the Audit Committee in performing its functions effectively.



Mr JAC du Plessis
Chairperson of the Audit Committee
Department of Water and Sanitation

31 August 2018

2 REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON VOTE 36: DEPARTMENT OF WATER AND SANITATION

Report on the audit of the financial statements

Qualified opinion

- 1 I have audited the financial statements of the Department of Water and Sanitation set out on pages 199 to 313, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Department of Water and Sanitation as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

Basis for qualified opinion

Commitments

- 3 The department did not have adequate systems in place to process records related to projects of Regional Bulk Infrastructure and Water Service Infrastructure grants, required to reconcile the amount that had been approved and/or contracted against the amount spent to date as at year end, in determining the remaining balance still to be incurred. Consequently, the commitments amount as disclosed in note 21 to the financial statements, is overstated by R801 million.

Fruitless and wasteful expenditure

- 4 The department entered into some contracts with implementing agents to construct capital infrastructure on an emergency basis during the past few years. The department did not have an adequate system of control, which includes proper project management and costing techniques in line with construction norms and standards, to ensure that value for money was received. In this regard, the department's processes were inadequate to ensure that all fruitless and wasteful expenditure was identified and disclosed. I was unable to confirm the completeness of the fruitless and wasteful expenditure disclosed, which I could also not confirm by any alternative means. Consequently, fruitless and wasteful expenditure as disclosed in note 26 to the financial statements is understated. I was not able to determine the full extent of the understatement, as it was impracticable to do so.

Irregular expenditure

- 5 Section 38(1)(c)(ii) of the PFMA requires the department to include in their annual financial statements particulars of any irregular expenditure. The system of control within the department was inadequate to ensure that all irregular expenditure was identified and disclosed by the department. This did not allow me to confirm the irregular expenditure disclosure, which I could also not confirm by alternative means. Consequently, irregular expenditure as disclosed in note 25 to the financial statements is understated. I was not able to determine the full extent of the understatement, as it was impracticable to do so.

Context for the opinion

- 6 I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- 7 I am independent of the department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 8 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

- 9 I draw attention to the matter below. My opinion is not modified in respect of this matter.
- 10 As stated in note 2 of the accounting policies to the financial statements, the department had an overdraft of R119 million (2016-17: R193 million), cumulative unauthorised expenditure of R933 million (2016-17: R406 million), and accruals and payables to the value of R2,005 billion (2016-17: R1,572 billion) as at 31 March 2018. As further stated in note 2, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the department's ability to continue as a going concern (thus its ability to undertake its objectives where the vote has been depleted).

Emphasis of matters

- 11 I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

- 12 As disclosed in notes 35 to the financial statements, corresponding figures for 31 March 2017 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2018.

Unauthorised expenditure

- 13 As disclosed in note 9 to the financial statements, the department incurred unauthorised expenditure of R933 million due to overspending on programme 1 and 3. The overspending in programme 1 was mainly on the War-on-Leaks project that was implemented without a budget allocation. On programme 3, the budget for goods and services was exceeded due to payments made towards infrastructure planning services pertaining to accruals for the Bucket Eradication Programme.

Section 42 immovable assets

- 14 As disclosed in note 33.6 to the financial statements, 431 assets to the value of R5,881 billion were due to be transferred from the department to municipalities, subject to the finalisation of the requirements of section 42 of the PFMA which was still in progress at year end. Included in these assets, are completed assets as well as work-in-progress projects which were converted from schedule 6B to schedule 5B allocations, as per DoRA.

Responsibilities of the accounting officer for the financial statements

- 15 The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 16 In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

- 17 My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 18 A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

- 19 In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 20 My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 21 I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2018;

Programmes	Pages in the annual performance report
Programme 2 - Water planning and information management	53 to 60
Programme 3 - Water infrastructure development	61 to 85
Programme 4 - Water sector regulation	86 to 93

- 22 I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 23 The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 2 – Water Planning and Information Management

- 24 I did not raise any material findings on the usefulness and reliability of the reported performance information for this programmes

Programme 3 – Water Infrastructure Development

Indicator: Number of mega regional bulk infrastructure project phases completed

- 25 The planned target was changed from three (3) mega regional bulk infrastructure projects phases completed to zero (0) mega regional bulk infrastructure projects phases completed. However, the reason provided to adjust the target for one of the mega projects was stated as insufficient budget allocations per financial year, but the supporting evidence indicated that the project was a DoRA schedule 5 (b) allocation for which the full transfer was made. Therefore, I do not agree with the reasons given.

Programme 4 – Water Sector Regulation

Indicator: Number of wastewater systems assessed for compliance with the green drop regulatory standards.

- 26 The planned target for this indicator was not specific in clearly identifying the nature and required level of performance. The type of assessment that had to be conducted was not specific.

Indicator: Number of water supply systems assessed for compliance with blue drop regulatory standards.

- 27 The planned target for this indicator was not specific in clearly identifying the nature and required level of performance. The type of assessment that had to be conducted was not specific.

Indicator: Percentage of applications for water use authorisation finalised within 300 days.

- 28 The reported achievement of 95% of applications finalised within 300 days for the target of 80% of applications finalised within 300 days is not reliable as the department did not have a reliable filing system to adequately record submission of applications to support an adequate performance management system to enable reliable reporting on achievement of targets. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Other matters

- 29 I draw attention to the matters below.

Achievement of planned targets

- 30 Refer to the annual performance report on page(s) 44 to 93, for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of the qualified opinions expressed on the usefulness and reliability of the reported performance information in paragraphs 25 to 28 of this report.

Adjustment of material misstatements

- 31 I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 3: Water Infrastructure Development and Programme 4: Water Sector Regulation. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

- 32 In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

- 33 The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements and annual report

- 34 Financial statements were not submitted for auditing within two months after the end of financial year, as required by section 40(1)(c)(i) of the PFMA.
- 35 The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(a) and (b) of the PFMA.

Material misstatements of commitments, irregular expenditure, fruitless and wasteful expenditure, identified by the auditors in the submitted financial statements were not corrected and/or supporting records could not be provided which resulted in the financial statements receiving a qualified opinion.

Procurement and contract management

- 36 In some instances, goods and services with a transaction value above R500 000 were procured without inviting competitive bids, or deviations were approved by the accounting officer although it was practical to invite competitive bids, contrary to Treasury Regulation 16A6.1 and 16A6.4. Similar non-compliance was also reported in the prior year. This non-compliance was mainly identified in the procurement processes related to the Bucket Eradication Programme.

Expenditure management

- 37 Effective and appropriate steps were not taken to prevent unauthorised expenditure amounting to R933 million, as disclosed in note 9 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. This was mainly due to overspending on programme 1 and 3, as noted in paragraph 13.
- 38 Effective steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. As reported in the basis for qualified opinion, the value as disclosed in note 25 to the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the disclosed irregular expenditure was caused by implementing agents not following procurement processes, amounting to R1,977 billion. A further amount of R127 million was incurred on the Bucket Eradication Programme due to improper deviations.
- 39 Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. As reported in the basis for qualified opinion, the value as disclosed in note 26 to the financial statements does not reflect the full extent of the fruitless and wasteful expenditure incurred. The majority of the disclosed fruitless and wasteful expenditure for the current year was caused by contractor invoices not being paid, resulting in interest of R11,5 million.
- 40 Payments were not made within 30 days or on an agreed period after receipt of an invoice, as required by Treasury Regulation 8.2.3, due to cash-flow constraints in the department.

Consequence management

- 41 In some instances, disciplinary steps were not taken against officials who had incurred and/ or permitted irregular expenditure in the prior year, as required by section 38(1)(h)(iii) of the PFMA, as not all investigations took place during the year.
- 42 In some instances, disciplinary hearings were not held for confirmed cases of financial misconduct committed by officials, as required by Treasury Regulation 4.1.1.

Conditional grants

- 43 The indirect Regional Bulk Infrastructure and Water Services Infrastructure grants were not spent for their intended purposes in accordance with the applicable grant framework, as required by section 17(1) of DoRA, as underspending which occurred during the year was not supported by cash on hand.

Other information

- 44 The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
- 45 My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 46 In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 47 If, based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

- 48 I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

- 49 The department had acting directors-general for a period exceeding a year, which resulted in instability in leadership at the department.
- 50 Instability in the chief financial officer position also resulted in poor management of and /or lack of implementation of sufficient internal controls relating to the key financial components of commitments, irregular as well as fruitless and wasteful expenditure.
- 51 Leadership did not take appropriate actions to ensure that monitoring and oversight were exercised over work/ projects implemented by implementing agents, resulting in fruitless and wasteful expenditure being incurred on some projects, as was also reported in the prior year.
- 52 Leadership was slow in addressing audit findings as the action plan was only implemented in the 4th quarter of the financial year, which resulted in repeat uncorrected material misstatements. The appeal process negatively affected the department to timely develop a sufficient action plan to address internal and external audit findings on key matters.
- 53 Consequence management processes were inadequate as leadership did not take the appropriate action for irregular as well as fruitless and wasteful expenditure incurred by the department in some instances.

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Financial and performance management

- 54 Management did not implement proper record keeping in a timely manner in all instances, to ensure that complete, relevant and accurate information was accessible and available to support financial and performance reporting.
- 55 Management's processes to conduct proper reconciliations related to commitments, immovable tangible capital assets and irregular expenditure were inadequate.
- 56 The department did not have a proper standard operating procedure manual pertaining to emergency projects, to guide them with procedures/ checklists to know, start, monitor, comply and address projects done on an emergency basis as and when intervention was required.

Other reports

- 57 I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

- 58 Currently, the Special Investigation Unit (SIU) is investigating two projects, which were proclaimed by the President in 2010 and 2016, respectively:
- A forensic investigation into the Vuwani steel pipeline as per Proclamation Number R118 of 2010 (Gazette No. 22531 of 331 July 2010). This investigation was still in progress.
 - A forensic investigation into allegations of irregularities and possible losses by Lepelle Northern Water, which is linked to the department, as per Proclamation Number R22 of 2016 (Gazette No. 39935 of 18 April 2016). This investigation was also still in progress.
- 59 Several other investigations were also conducted, or were in progress, by the internal audit unit at the request of the accounting officer and/ or the executive authority arising from allegations of financial misconduct against officials of the department. The completed investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the officials concerned, while others were still in progress at year end.

Auditor-General

Pretoria

31 August 2018



Annexure - Auditor-general's responsibility for the audit

- 1 As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

Financial statements

- 2 In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

- 3 I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 4 also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

3 VOTE 36 ANNUAL FINANCIAL STATEMENTS OF VOTE 36 FOR THE YEAR ENDED 31 MARCH 2018

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APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Appropriation per programme

Programme	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance %	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
1 Administration	1 649 851	-	-	1 649 851	1 998 676	(348 825)	121.1%	1 547 743	1 504 930
2 Water Planning and Information Management	802 448	-	(64 196)	738 252	653 262	84 990	88.5%	749 656	695 603
3 Water Infrastructure Development	12 760 363	-	84 102	12 844 465	12 146 247	698 218	94.6%	12 908 806	13 153 220
4 Water Sector Regulation	394 787	-	(19 906)	374 881	308 053	66 828	82.2%	318 392	281 685
Total	15 607 449	-	-	15 607 449	15 106 238	501 211	96.8%	15 524 597	15 635 438
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				12 876				20 964	
Actual amounts per statement of financial performance (total revenue)				15 620 325				15 545 561	
Actual amounts per statement of financial performance (total expenditure)					15 106 238				15 635 438

Appropriation per economic classification

Economic classification	2017/18						2016/17		
	Adjusted	Shifting of Funds	Virement	Final	Actual Expenditure	Variance	Expenditure as % of final	Final	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 155 662	(4 451)	-	3 151 211	3 546 893	(395 682)	112.6%	3 186 536	3 139 948
Compensation of employees	1 571 856	(3 608)	-	1 568 248	1 535 641	32 607	97.9%	1 540 217	1 439 945
Salaries and wages	1 357 015	7 596	6 560	1 371 171	1 345 407	25 764	98.1%	1 313 327	1 261 200
Social contributions	214 841	(11 204)	(6 560)	197 077	190 234	6 843	96.5%	226 890	178 745
Goods and services	1 583 806	(12 387)	-	1 571 419	1 999 708	(428 289)	127.3%	1 646 244	1 699 929
Administrative fees	15 643	5 406	-	21 049	20 790	259	98.8%	8 699	7 981
Advertising	32 770	(14 100)	(1 052)	17 618	13 574	4 044	77.0%	18 735	18 349
Minor assets	19 409	(12 493)	(290)	6 626	3 862	2 764	58.3%	7 204	6 599
Audit costs: External	21 659	293	-	21 952	21 952	-	100.0%	28 875	28 875
Bursaries: Employees	6 073	(4 056)	-	2 017	2 017	-	100.0%	2 834	2 834
Catering: Departmental activities	12 745	(7 108)	(425)	5 212	4 800	412	92.1%	5 451	4 920
Communication (G&S)	39 604	(5 532)	(882)	33 190	31 766	1 424	95.7%	37 551	36 876
Computer services	105 857	(4)	(90)	105 763	97 852	7 911	92.5%	115 307	115 089
Consultants: Business and advisory services	173 745	36 351	(4 665)	205 431	182 222	23 209	88.7%	159 515	249 432
Infrastructure and planning services	159 022	(637)	35 020	193 405	304 670	(111 265)	157.5%	136 570	122 008
Laboratory services	8 992	(5 199)	-	3 793	1 333	2 460	35.1%	3 678	3 668
Scientific and technological services	455	(123)	-	332	-	332	-	-	-
Legal services	7 513	4 490	-	12 003	11 903	100	99.2%	12 954	12 866
Contractors	70 331	(37 976)	(6 697)	25 658	24 544	1 114	95.7%	371 130	368 647
Agency and support / outsourced services	43 848	(29 217)	(6 496)	8 135	6 302	1 833	77.5%	22 819	22 286
Entertainment	424	(254)	-	170	158	12	92.9%	224	165

Economic classification	2017/18							2016/17	
	Adjusted	Shifting of Funds	Virement	Final	Actual Expenditure	Variance	Expenditure as % of final	Final	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport)	26 095	(671)	(111)	25 313	24 916	397	98.4%	3 156	3 006
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	4 835	(4 835)	-	-	-	-	-	1 496	1 166
Inventory: Farming supplies	126	(126)	-	-	-	-	-	52	50
Inventory: Food and food supplies	100	(100)	-	-	-	-	-	264	188
Inventory: Fuel, oil and gas	3 951	(3 951)	-	-	-	-	-	1 641	1 623
Inventory: Learner and teacher support material	11	(11)	-	-	-	-	-	17	-
Inventory: Materials and supplies	4 176	(4 176)	-	-	-	-	-	3 262	3 070
Inventory: Medical supplies	658	(658)	-	-	-	-	-	126	80
Inventory: Medicine	25	(25)	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	15 059	(6 032)	(2 800)	6 227	6 127	100	98.4%	2 253	2 189
Consumable supplies	29 753	(7 512)	(4 990)	17 251	15 847	1 404	91.9%	14 565	14 046
Consumable: Stationery, printing and office supplies	32 702	(12 077)	(2 875)	17 750	13 444	4 306	75.7%	16 868	15 473
Operating leases	372 303	(61 123)	-	311 180	311 010	170	99.9%	326 905	326 325
Property payments	99 574	2 900	-	102 474	102 474	-	100.0%	91 940	91 858
Transport provided: Departmental activity	1 567	(1 196)	-	371	324	47	87.3%	738	738
Travel and subsistence	200 102	17 350	(3 439)	214 013	202 925	11 088	94.8%	214 804	207 163
Training and development	32 410	161 549	(208)	193 751	581 117	(387 366)	299.9%	17 069	14 212
Operating payments	21 137	(8 892)	-	12 245	8 771	3 474	71.6%	14 014	13 546
Venues and facilities	16 394	(9 889)	-	6 505	3 031	3 474	46.6%	4 938	4 036
Rental and hiring	4 739	(2 753)	-	1 986	1 977	9	99.5%	590	565
Interest and rent on land	-	11 544	-	11 544	11 544	-	100.0%	75	74

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Economic classification	2017/18						2016/17		
	Adjusted	Shifting of Funds	Virement	Final	Actual Expenditure	Variance	Expenditure as % of final	Final	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Interest (Incl. interest on unitary payments (PPP))	-	11 544	-	11 544	11 544	-	100.0%	75	74
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	8 416 118	4 451	-	8 420 569	8 185 674	234 895	97.2%	7 503 548	7 482 157
Provinces and municipalities	5 195 171	-	-	5 195 171	5 134 792	60 379	98.8%	4 695 548	4 681 319
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	5 195 171	-	-	5 195 171	5 134 792	60 379	98.8%	4 695 548	4 681 319
Municipal bank accounts	5 195 171	-	-	5 195 171	5 134 792	60 379	98.8%	4 695 548	4 681 319
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 886 054	2	-	1 886 056	1 885 559	497	100.0%	1 726 569	1 725 869
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	1 886 054	2	-	1 886 056	1 885 559	497	100.0%	1 726 569	1 725 869
Higher education institutions	-	-	-	-	-	-	-	981	-
Foreign governments and international organisations	197 743	834	-	198 577	112 132	86 445	56.5%	188 789	188 250
Public corporations and private enterprises	1 098 503	-	-	1 098 503	1 022 349	76 154	93.1%	844 773	844 773
Public corporations	1 098 503	-	-	1 098 503	1 022 349	76 154	93.1%	844 773	844 773
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	1 098 503	-	-	1 098 503	1 022 349	76 154	93.1%	844 773	844 773
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-

Economic classification	2017/18						2016/17		
	Adjusted	Shifting of Funds	Virement	Final	Actual Expenditure	Variance	Expenditure as % of final	Final	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	1 160	-	-	1 160	779	381	67.2%	4 063	3 337
Households	37 487	3 615	-	41 102	30 063	11 039	73.1%	42 825	38 609
Social benefits	20 728	(1 168)	-	19 560	8 759	10 801	44.8%	11 462	11 168
Other transfers to households	16 759	4 783	-	21 542	21 304	238	98.9%	31 363	27 441
Payments for capital assets	4 035 669	-	-	4 035 669	3 373 671	661 998	83.6%	4 834 510	5 013 330
Buildings and other fixed structures	3 895 776	25	-	3 895 801	3 301 109	594 692	84.7%	4 723 271	4 927 368
Buildings	397 478	582 067	-	979 545	923 964	55 581	94.3%	-	-
Other fixed structures	3 498 298	(582 042)	-	2 916 256	2 377 145	539 111	81.5%	4 723 271	4 927 368
Machinery and equipment	112 956	(1 475)	-	111 481	45 123	66 358	40.5%	86 401	62 003
Transport equipment	14 022	1 228	-	15 250	12 207	3 043	80.0%	17 604	16 223
Other machinery and equipment	98 934	(2 703)	-	96 231	32 916	63 315	34.2%	68 797	45 780
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	26 937	1 450	-	28 387	27 439	948	96.7%	24 838	23 959
Payment for financial assets	-	-	-	-	-	-	-	3	3
Total	15 607 449	-	-	15 607 449	15 106 238	501 211	96.8%	15 524 597	15 635 438

Programme 1: Administration

Sub programme	2017/18							2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Ministry	42 149	14 024	-	56 173	56 060	113	99.8%	54 975	54 975	
Departmental Management	88 346	(23 205)	-	65 141	61 784	3 357	94.8%	113 950	105 138	
Internal Audit	40 324	(5 001)	-	35 323	34 264	1 059	97.0%	36 045	34 140	
Corporate Services	741 436	91 223	-	832 659	1 197 343	(364 684)	143.8%	702 276	679 496	
Financial Management	219 910	(10 197)	-	209 713	204 704	5 009	97.6%	226 746	220 902	
Office Accommodation	411 246	(43 741)	-	367 505	367 505	-	100.0%	376 725	376 725	
Programme Management Unit	61 293	(20 483)	-	40 810	39 270	1 540	96.2%	-	-	
International Water Support	45 147	(2 620)	-	42 527	37 746	4 781	88.8%	37 026	33 554	
Total	1 649 851	-	-	1 649 851	1 998 676	(348 825)	121.1%	1 547 743	1 504 930	

Economic classification	2017/18							2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Current payments	1 561 478	(1 841)	-	1 559 637	1 925 114	(365 477)	123.4%	1 476 747	1 436 254	
Compensation of employees	722 846	(1 000)	-	721 846	694 976	26 870	96.3%	702 707	662 215	
Salaries and wages	635 286	(2 030)	-	633 256	608 069	25 187	96.0%	595 740	581 542	
Social contributions	87 560	1 030	-	88 590	86 907	1 683	98.1%	106 967	80 673	
Goods and services	838 632	(841)	-	837 791	1 230 138	(392 347)	146.8%	774 040	774 039	
Administrative fees	5 951	4 311	-	10 262	10 262	-	100.0%	4 324	4 324	
Advertising	21 948	(11 162)	-	10 786	10 687	99	99.1%	13 388	13 388	
Minor assets	5 780	(4 896)	-	884	884	-	100.0%	2 706	2 706	
Audit costs: External	21 659	293	-	21 952	21 952	-	100.0%	28 875	28 875	
Bursaries: Employees	6 073	(4 159)	-	1 914	1 914	-	100.0%	2 828	2 828	

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Catering: Departmental activities	5 522	(3 366)	-	2 156	2 156	-	100.0%	1 934	1 934
Communication (G&S)	22 737	1 030	-	23 767	23 767	-	100.0%	27 476	27 476
Computer services	62 201	(15 058)	-	47 143	47 142	1	100.0%	55 978	55 978
Consultants: Business and advisory services	27 602	(14 763)	-	12 839	12 839	-	100.0%	22 780	22 780
Infrastructure and planning services	-	-	-	-	-	-	-	3 075	3 075
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	7 392	4 511	-	11 903	11 903	-	100.0%	12 866	12 866
Contractors	29 750	(17 557)	-	12 193	12 193	-	100.0%	68 737	68 737
Agency and support / outsourced services	11 629	(8 131)	-	3 498	3 498	-	100.0%	9 797	9 797
Entertainment	199	(105)	-	94	94	-	100.0%	110	110
Fleet services (including government motor transport)	9 358	(2 700)	-	6 658	6 658	-	100.0%	567	567
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	508	(508)	-	-	-	-	-	106	106
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	22	(22)	-	-	-	-	-	110	110
Inventory: Fuel, oil and gas	98	(98)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	691	(691)	-	-	-	-	-	148	148

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Medical supplies	486	(486)	-	-	-	-	-	21	21
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	55	(55)	-	-	-	-	-	2	2
Consumable supplies	11 437	(5 994)	-	5 443	5 443	-	100.0%	6 305	6 305
Consumable: Stationery, printing and office supplies	14 903	(7 601)	-	7 302	7 301	1	100.0%	9 073	9 073
Operating leases	369 809	(59 011)	-	310 798	310 798	-	100.0%	325 993	325 993
Property payments	83 109	3 249	-	86 358	86 358	-	100.0%	74 462	74 462
Transport provided: Departmental activity	326	(298)	-	28	28	-	100.0%	284	284
Travel and subsistence	80 395	(13 361)	-	67 034	67 034	-	100.0%	82 099	82 099
Training and development	18 103	168 309	-	186 412	578 860	(392 448)	310.5%	9 587	9 587
Operating payments	9 948	(4 834)	-	5 114	5 113	1	100.0%	7 988	7 988
Venues and facilities	8 225	(5 972)	-	2 253	2 253	-	100.0%	2 183	2 183
Rental and hiring	2 717	(1 716)	-	1 001	1 001	-	100.0%	238	237
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	22 011	1 841	-	23 852	23 624	228	99.0%	26 924	24 683
Provinces and municipalities	25	-	-	25	11	14	44.0%	22	2
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	25	-	-	25	11	14	44.0%	22	2
Municipal bank accounts	25	-	-	25	11	14	44.0%	22	2

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	2 674	2	-	2 676	2 676	-	100.0%	2 903	2 203
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	2 674	2	-	2 676	2 676	-	100.0%	2 903	2 203
Higher education institutions	-	-	-	-	-	-	-	981	-
Foreign governments and international organisations	920	834	-	1 754	1 563	191	89.1%	1 339	800
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	2 000	2 000
Households	18 392	1 005	-	19 397	19 374	23	99.9%	19 679	19 678
Social benefits	1 633	999	-	2 632	2 609	23	99.1%	3 974	3 973
Other transfers to households	16 759	6	-	16 765	16 765	-	100.0%	15 705	15 705
Payments for capital assets	66 362	-	-	66 362	49 938	16 424	75.3%	44 069	43 990
Buildings and other fixed structures	-	25	-	25	25	-	100.0%	-	-

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Buildings	-	25	-	25	25	-	100.0%	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	40 384	(1 475)	-	38 909	22 485	16 424	57.8%	20 122	20 043
Transport equipment	4 497	897	-	5 394	4 026	1 368	74.6%	3 516	3 438
Other machinery and equipment	35 887	(2 372)	-	33 515	18 459	15 056	55.1%	16 606	16 605
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	25 978	1 450	-	27 428	27 428	-	100.0%	23 947	23 947
Payment for financial assets	-	-	-	-	-	-	-	3	3
Total	1 649 851	-	-	1 649 851	1 998 676	(348 825)	121.1%	1 547 743	1 504 930

1.1 Ministry

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	40 849	13 911	-	54 760	54 661	99	99.8%	54 323	54 323
Compensation of employees	28 895	1 248	-	30 143	30 143	-	100.0%	31 335	31 335
Goods and services	11 954	12 663	-	24 617	24 518	99	99.6%	22 988	22 988
Transfers and subsidies	25	-	-	25	11	14	44.0%	64	64
Provinces and municipalities	4	7	-	11	11	-	100.0%	2	2
Departmental agencies and accounts	-	-	-	-	-	-	-	3	3
Households	21	(7)	-	14	-	14	-	59	59
Payments for capital assets	1 275	113	-	1 388	1 388	-	100.0%	588	588
Machinery and equipment	1 275	113	-	1 388	1 388	-	100.0%	588	588
Payment for financial assets									
Total	42 149	14 024	-	56 173	56 060	113	99.8%	54 975	54 975

1.2 Departmental Management

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	83 546	(22 776)	-	60 770	60 769	1	100.0%	111 002	102 211
Compensation of employees	52 942	(4 416)	-	48 526	48 526	-	100.0%	83 006	74 215
Goods and services	30 604	(18 360)	-	12 244	12 243	1	100.0%	27 996	27 996
Transfers and subsidies	154	(98)	-	56	42	14	75.0%	355	334
Provinces and municipalities	21	(7)	-	14	-	14	-	20	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Households	133	(91)	-	42	42	-	100.0%	335	334
Payments for capital assets	4 646	(331)	-	4 315	973	3 342	22.5%	2 593	2 593
Machinery and equipment	4 646	(331)	-	4 315	973	3 342	22.5%	2 593	2 593
Total	88 346	(23 205)	-	65 141	61 784	3 357	94.8%	113 950	105 138

1.3 Internal Audit

Economic classification	2017/18						2016/17		
	Adjusted R'000	Shifting of Funds R'000	Virement R'000	Final R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final %	Final R'000	Actual expenditure R'000
Current payments	39 319	(5 002)	-	34 317	34 159	158	99.5%	34 501	32 596
Compensation of employees	29 477	-	-	29 477	29 319	158	99.5%	26 611	24 706
Goods and services	9 842	(5 002)	-	4 840	4 839	1	100.0%	7 890	7 890
Transfers and subsidies	32	1	-	33	33	-	100.0%	57	57
Households	32	1	-	33	33	-	100.0%	57	57
Payments for capital assets	973	-	-	973	72	901	7.4%	1 487	1 487
Machinery and equipment	973	-	-	973	72	901	7.4%	1 487	1 487
Total	40 324	(5 001)	-	35 323	34 264	1 059	97.0%	36 045	34 140

1.4 Corporate Services

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	672 107	90 366	-	762 473	1 134 746	(372 273)	148.8%	648 492	626 490
Compensation of employees	395 141	143	-	395 284	375 109	20 175	94.9%	381 853	359 852
Goods and services	276 966	90 223	-	367 189	759 637	(392 448)	206.9%	266 639	266 638
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	20 607	857	-	21 464	21 464	-	100.0%	20 352	19 652
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	2 674	2	-	2 676	2 676	-	100.0%	2 900	2 200
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	17 933	855	-	18 788	18 788	-	100.0%	17 452	17 452
Payments for capital assets	48 722	-	-	48 722	41 133	7 589	84.4%	33 432	33 354
Machinery and equipment	22 744	(1 475)	-	21 269	13 680	7 589	64.3%	9 485	9 407
Buildings and other fixed structures	-	25	-	25	25	-	100.0%	-	-
Software and other intangible assets	25 978	1 450	-	27 428	27 428	-	100.0%	23 947	23 947
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	741 436	91 223	-	832 659	1 197 343	(364 684)	143.8%	702 276	679 496

1.5 Financial Management

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	209 938	(10 353)	-	199 585	198 549	1 036	99.5%	219 493	213 650
Compensation of employees	159 121	2 025	-	161 146	160 110	1 036	99.4%	153 742	147 899
Goods and services	50 817	(12 378)	-	38 439	38 439	-	100.0%	65 751	65 751
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	273	156	-	429	429	-	100.0%	1 767	1 767
Households	273	156	-	429	429	-	100.0%	1 767	1 767
Payments for capital assets	9 699	-	-	9 699	5 726	3 973	59.0%	5 483	5 482
Machinery and equipment	9 699	-	-	9 699	5 726	3 973	59.0%	5 483	5 482
Payments for financial assets	-	-	-	-	-	-	-	3	3
Total	219 910	(10 197)	-	209 713	204 704	5 009	97.6%	226 746	220 902

1.6 Office Accommodation

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	411 246	(43 741)	-	367 505	367 505	-	100.0%	376 725	376 725
Goods and services	411 246	(43 741)	-	367 505	367 505	-	100.0%	376 725	376 725
Total	411 246	(43 741)	-	367 505	367 505	-	100.0%	376 725	376 725

1.7 Programme Management Unit

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	61 293	(20 701)	-	40 592	39 052	1 540	96.2%	-	-
Compensation of employees	27 110	-	-	27 110	25 570	1 540	94.3%	-	-
Goods and services	34 183	(20 701)	-	13 482	13 482	-	100.0%	-	-
Payments for capital assets	-	218	-	218	218	-	100.0%	-	-
Machinery and equipment	-	218	-	218	218	-	100.0%	-	-
Total	61 293	(20 483)	-	40 810	39 270	1 540	96.2%	-	-

1.8 International Water Support

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	43 180	(3 545)	-	39 635	35 673	3 962	90.0%	32 211	30 259
Compensation of employees	30 160	-	-	30 160	26 198	3 962	86.9%	26 160	24 208
Goods and services	13 020	(3 545)	-	9 475	9 475	-	100.0%	6 051	6 051
Transfers and subsidies	920	925	-	1 845	1 645	200	89.2%	4 329	2 809
Higher education institutions	-	-	-	-	-	-	-	981	-
Foreign governments and international organisations	920	834	-	1 754	1 563	191	89.1%	1 339	800
Non-profit institutions	-	-	-	-	-	-	-	2 000	2 000
Households	-	91	-	91	82	9	90.1%	9	9
Payments for capital assets	1 047	-	-	1 047	428	619	40.9%	486	486
Machinery and equipment	1 047	-	-	1 047	428	619	40.9%	486	486
Total	45 147	(2 620)	-	42 527	37 746	4 781	88.8%	37 026	33 554

Programme 2: Water Planning and Information Management

2017/18		2016/17							
Sub programme	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
1 Water Planning, Information Management and Support	6 240	-	-	6 240	5 661	579	90.7%	3 866	3 847
2 Integrated Planning	103 944	-	-	103 944	88 648	15 296	85.3%	102 875	82 859
3 Water Ecosystems	54 377	-	-	54 377	43 201	11 176	79.4%	52 372	52 339
4 Water Information Management	496 890	-	(36 386)	460 504	421 599	38 905	91.6%	499 016	474 908
5 Water Services and Local Water Management	108 128	(3 612)	(27 810)	76 706	63 091	13 615	82.3%	79 124	69 996
6 Sanitation Planning and Management	12 138	3 766	-	15 904	15 750	154	99.0%	12 403	11 654
7 Policy and Strategy	20 731	(154)	-	20 577	15 311	5 266	74.4%	-	-
Total	802 448	-	(64 196)	738 252	653 262	84 990	88.5%	749 656	695 603

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	721 696	(1 962)	(64 196)	655 538	611 281	44 257	93.2%	659 154	627 633
Compensation of employees	412 421	(1 960)	-	410 461	407 807	2 654	99.4%	395 586	383 313
Salaries and wages	363 713	(7 271)	-	356 442	356 229	213	99.9%	345 141	334 224
Social contributions	48 708	5 311	-	54 019	51 578	2 441	95.5%	50 445	49 089
Goods and services	309 275	(2)	(64 196)	245 077	203 474	41 603	83.0%	263 562	244 314
Administrative fees	3 468	446	-	3 914	3 765	149	96.2%	1 561	1 394
Advertising	1 461	(533)	-	928	165	763	17.8%	912	902
Minor assets	5 157	(4 055)	-	1 102	919	183	83.4%	1 659	1 382
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	103	-	103	103	-	100.0%	6	6
Catering: Departmental activities	686	(558)	-	128	82	46	64.1%	145	145
Communication (G&S)	7 863	(2 983)	-	4 880	4 586	294	94.0%	5 223	5 223
Computer services	41 609	15 759	-	57 368	50 710	6 658	88.4%	59 104	59 082
Consultants: Business and advisory services	32 051	867	(23 643)	9 275	5 070	4 205	54.7%	8 491	8 491
Infrastructure and planning services	108 608	(5 123)	(21 324)	82 161	59 948	22 213	73.0%	80 825	66 393
Laboratory services	4 716	(4 231)	-	485	485	-	100.0%	2 756	2 756
Scientific and technological services	123	(123)	-	-	-	-	-	-	-
Legal services	5	(5)	-	-	-	-	-	-	-
Contractors	8 310	(323)	(6 525)	1 462	1 451	11	99.2%	15 592	15 511
Agency and support / outsourced services	3 746	-	(2 039)	1 707	720	987	42.2%	2 295	2 295
Entertainment	107	(78)	-	29	25	4	86.2%	31	21
Fleet services (including government motor transport)	8 745	3 546	-	12 291	12 044	247	98.0%	2 238	2 088
Housing	-	-	-	-	-	-	-	-	-

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	1 566	(1 566)	-	-	-	-	-	514	438
Inventory: Farming supplies	71	(71)	-	-	-	-	-	46	46
Inventory: Food and food supplies	7	(7)	-	-	-	-	-	13	13
Inventory: Fuel, oil and gas	3 809	(3 809)	-	-	-	-	-	1 623	1 623
Inventory: Learner and teacher support material	11	(11)	-	-	-	-	-	-	-
Inventory: Materials and supplies	2 427	(2 427)	-	-	-	-	-	2 889	2 881
Inventory: Medical supplies	67	(67)	-	-	-	-	-	44	44
Inventory: Medicine	24	(24)	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	2 821	(21)	(2 800)	-	-	-	-	524	524
Consumable supplies	12 364	(108)	(4 990)	7 266	7 185	81	98.9%	6 562	6 515
Consumable: Stationery, printing and office supplies	7 056	(222)	(2 875)	3 959	2 424	1 535	61.2%	3 151	2 779
Operating leases	1 598	(1 598)	-	-	-	-	-	-	-
Property payments	3 436	514	-	3 950	3 950	-	100.0%	4 695	4 695
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	35 962	12 276	-	48 238	46 508	1 730	96.4%	57 096	54 623
Training and development	5 276	(2 599)	-	2 677	1 256	1 421	46.9%	2 264	1 519
Operating payments	3 663	(1 366)	-	2 297	1 771	526	77.1%	2 759	2 521
Venues and facilities	2 296	(1 447)	-	849	299	550	35.2%	540	400
Rental and hiring	166	(158)	-	8	8	-	100.0%	4	4
Interest and rent on land	-	-	-	-	-	-	-	6	6
Interest (incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	6	6
Rent on land	-	-	-	-	-	-	-	-	-

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	2 693	1 962	-	4 655	4 508	147	96.8%	16 003	16 003
Provinces and municipalities	682	-	-	682	542	140	79.5%	544	544
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	682	-	-	682	542	140	79.5%	544	544
Municipal bank accounts	682	-	-	682	542	140	79.5%	544	544
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	2	(2)	-	12 204	12 204
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	-	-	-	-	2	(2)	-	12 204	12 204
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	25	-	-	25	21	4	84.0%	21	21
Households	1 986	1 962	-	3 948	3 943	5	99.9%	3 234	3 234
Social benefits	1 986	1 962	-	3 948	3 943	5	99.9%	2 713	2 713

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to households	-	-	-	-	-	-	-	521	521
Payments for capital assets	78 059	-	-	78 059	37 473	40 586	48.0%	74 499	51 967
Buildings and other fixed structures	31 740	-	-	31 740	23 722	8 018	74.7%	30 000	26 015
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	31 740	-	-	31 740	23 722	8 018	74.7%	30 000	26 015
Machinery and equipment	45 360	-	-	45 360	13 740	31 620	30.3%	43 620	25 952
Transport equipment	4 677	230	-	4 907	4 907	-	100.0%	6 019	6 019
Other machinery and equipment	40 683	(230)	-	40 453	8 833	31 620	21.8%	37 601	19 933
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	959	-	-	959	11	948	1.1%	879	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	802 448	-	(64 196)	738 252	653 262	84 990	88.5%	749 656	695 603

2.1 Water Planning, Information Management and Support

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	6 076	-	-	6 076	5 600	476	92.2%	3 712	3 711
Compensation of employees	5 131	-	-	5 131	4 776	355	93.1%	2 989	2 988
Goods and services	945	-	-	945	824	121	87.2%	723	723
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	164	-	-	164	61	103	37.2%	154	136
Machinery and equipment	164	-	-	164	61	103	37.2%	154	136
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	6 240	-	-	6 240	5 661	579	90.7%	3 866	3 847

2.2 Integrated Planning

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	103 273	(913)	-	102 360	87 458	14 902	85.4%	101 214	81 967
Compensation of employees	51 027	1 076	-	52 103	52 103	-	100.0%	44 584	44 584
Goods and services	52 246	(1 989)	-	50 257	35 355	14 902	70.3%	56 630	37 383
Transfers and subsidies	-	913	-	913	913	-	100.0%	230	230
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	913	-	913	913	-	100.0%	230	230
Payments for capital assets	671	-	-	671	277	394	41.3%	1 431	662
Machinery and equipment	410	-	-	410	277	133	67.6%	1 166	662
Software and other intangible assets	261	-	-	261	-	261	-	265	-
Total	103 944	-	-	103 944	88 648	15 296	85.3%	102 875	82 559

2.3 Water Ecosystems

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	53 753	-	-	53 753	43 106	10 647	80.2%	49 742	49 741
Compensation of employees	31 653	61	-	31 714	31 714	-	100.0%	27 667	27 667
Goods and services	22 100	(61)	-	22 039	11 392	10 647	51.7%	22 075	22 074
Transfers and subsidies	-	-	-	-	-	-	-	2 084	2 084
Departmental agencies and accounts	-	-	-	-	-	-	-	2 000	2 000
Households	-	-	-	-	-	-	-	84	84
Payments for capital assets	624	-	-	624	96	528	15.3%	546	514
Machinery and equipment	624	-	-	624	96	528	15.3%	546	514
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	54 377	-	-	54 377	43 201	11 176	79.4%	52 372	52 339

2.4 Water Information Management

Economic classification	2017/18					2016/17			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	419 679	(355)	(36 386)	382 938	382 938	-	100.0%	414 826	411 612
Compensation of employees	273 822	2 082	-	275 904	275 904	-	100.0%	281 702	278 488
Goods and services	145 857	(2 437)	(36 386)	107 034	107 034	-	100.0%	133 118	133 118
Interest and rent on land	-	-	-	-	-	-	-	6	6
Transfers and subsidies	2 462	355	-	2 817	2 679	138	95.1%	13 632	13 632
Provinces and municipalities	682	-	-	682	542	140	79.5%	544	544
Departmental agencies and accounts	-	-	-	-	2	(2)	-	10 204	10 204
Households	1 780	355	-	2 135	2 135	-	100.0%	2 884	2 884
Payments for capital assets	74 749	-	-	74 749	35 982	38 767	48.1%	70 558	49 664
Buildings and other fixed structures	31 740	-	-	31 740	23 722	8 018	74.7%	30 000	26 015
Machinery and equipment	42 434	-	-	42 434	12 249	30 185	28.9%	40 008	23 649
Software and other intangible assets	575	-	-	575	11	564	1.9%	550	-
Total	496 890	-	(36 386)	460 504	421 599	38 905	91.6%	499 016	474 908

2.5 Water Services and Local Water Management

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	107 373	(4 144)	(27 810)	75 419	62 093	13 326	82.3%	78 071	69 013
Compensation of employees	35 027	(9 388)	-	25 639	23 857	1 782	93.0%	31 291	22 233
Goods and services	72 346	5 244	(27 810)	49 780	38 236	11 544	76.8%	46 780	46 780
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	25	532	-	557	553	4	99.3%	57	57
Non-profit institutions	25			25	21	4	84.0%	21	21
Households	-	532	-	532	532	-	100.0%	36	36
Payments for capital assets	730	-	-	730	445	285	61.0%	996	926
Machinery and equipment	607	-	-	607	445	162	73.3%	932	926
Software and other intangible assets	123	-	-	123	-	123	-	64	-
Total	108 128	(3 612)	(27 810)	76 706	63 091	13 615	82.3%	79 124	69 996

2.6 Sanitation Planning and Management

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 782	3 766	-	15 548	15 548	-	100.0%	11 589	11 589
Compensation of employees	5 024	4 525	-	9 549	9 549	-	100.0%	7 353	7 353
Goods and services	6 758	(759)	-	5 999	5 999	-	100.0%	4 236	4 236
Payments for capital assets	356	-	-	356	202	154	56.7%	814	65
Machinery and equipment	356	-	-	356	202	154	56.7%	814	65
Total	12 138	3 766	-	15 904	15 750	154	99.0%	12 403	11 654

2.7 Policy and Strategy

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	19 760	(316)	-	19 444	14 538	4 906	74.8%	-	-
Compensation of employees	10 737	(316)	-	10 421	9 904	517	95.0%	-	-
Goods and services	9 023	-	-	9 023	4 634	4 389	51.4%	-	-
Transfers and subsidies	206	162	-	368	363	5	98.6%	-	-
Households	206	162	-	368	363	5	98.6%	-	-
Payments for capital assets	765	-	-	765	410	355	53.6%	-	-
Machinery and equipment	765	-	-	765	410	355	53.6%	-	-
Total	20 731	(154)	-	20 577	15 311	5 266	74.4%	-	-

Programme 3: Water Infrastructure Development

Sub programme	2017/18					2016/17			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
1 Strategic Infrastructure Development and Management	1 906 704	-	-	1 906 704	1 820 450	86 254	95.5%	1 731 912	1 731 912
2 Operation of Water Resources	173 000	-	-	173 000	173 000	-	100.0%	165 000	165 000
3 Regional Bulk Infrastructure Grant	6 018 815	-	56 344	6 075 159	5 575 674	499 485	91.8%	6 506 319	6 511 567
4 Water Services Infrastructure Grant	4 418 342	64 595	27 758	4 510 695	4 439 184	71 511	98.4%	4 134 263	4 384 223
5 Accelerated Community Infrastructure Programme	243 502	(64 595)	-	178 907	137 939	40 968	77.1%	371 312	360 518
Total	12 760 363	-	84 102	12 844 465	12 146 247	698 218	94.6%	12 908 806	13 153 220

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Economic classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	492 314	(648)	84 102	575 768	707 081	(131 313)	122.8%	748 799	807 342
Compensation of employees	214 452	(648)	(11 677)	202 127	199 408	2 719	98.7%	232 203	193 987
Salaries and wages	170 931	7 935	(5 117)	173 749	173 749	-	100.0%	189 196	169 108
Social contributions	43 521	(8 583)	(6 560)	28 378	25 659	2 719	90.4%	43 007	24 879
Goods and services	277 862	(11 544)	95 779	362 097	496 129	(134 032)	137.0%	516 527	613 287
Administrative fees	3 182	(119)	-	3 063	3 063	-	100.0%	1 269	1 269
Advertising	4 784	(2 554)	-	2 230	2 230	-	100.0%	2 540	2 540
Minor assets	4 492	(3 424)	-	1 068	1 068	-	100.0%	1 170	1 170
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	5 116	(2 860)	-	2 256	2 256	-	100.0%	2 417	2 417
Communication (G&S)	5 113	(3 621)	-	1 492	1 492	-	100.0%	1 997	1 997
Computer services	612	(612)	-	-	-	-	-	12	12
Consultants: Business and advisory services	54 794	49 907	39 435	144 136	144 136	-	100.0%	103 860	201 110
Infrastructure and planning services	47 928	4 242	56 344	108 514	242 546	(134 032)	223.5%	52 123	52 123
Laboratory services	938	(938)	-	-	-	-	-	9	9
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	30 527	(19 982)	-	10 545	10 545	-	100.0%	282 268	282 268
Agency and support / outsourced services	22 876	(21 310)	-	1 566	1 566	-	100.0%	9 710	9 710
Entertainment	43	(33)	-	10	10	-	100.0%	12	12
Fleet services (including government motor transport)	6 525	(1 833)	-	4 692	4 692	-	100.0%	263	263
Housing	-	-	-	-	-	-	-	-	-

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	799	(799)	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	56	(56)	-	-	-	-	-	52	52
Inventory: Fuel, oil and gas	31	(31)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	977	(977)	-	-	-	-	-	21	21
Inventory: Medical supplies	83	(83)	-	-	-	-	-	6	6
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	10 360	(4 233)	-	6 127	6 127	-	100.0%	167	167
Consumable supplies	2 927	(1 946)	-	981	981	-	100.0%	627	627
Consumable: Stationery, printing and office supplies	6 064	(4 241)	-	1 823	1 823	-	100.0%	1 875	1 875
Operating leases	507	(482)	-	25	25	-	100.0%	52	52
Property payments	12 822	(1 014)	-	11 808	11 808	-	100.0%	12 596	12 596
Transport provided: Departmental activity	1 191	(895)	-	296	296	-	100.0%	454	454
Travel and subsistence	43 477	15 606	-	59 083	59 083	-	100.0%	39 274	39 274
Training and development	4 006	(3 718)	-	288	288	-	100.0%	1 272	864
Operating payments	3 482	(2 514)	-	968	968	-	100.0%	1 502	1 502
Venues and facilities	2 377	(2 201)	-	176	176	-	100.0%	655	573
Rental and hiring	1 773	(823)	-	950	950	-	100.0%	324	324
Interest and rent on land	-	11 544	-	11 544	11 544	-	100.0%	69	68
Interest (Incl. interest on unitary payments (PPP))	-	11 544	-	11 544	11 544	-	100.0%	69	68
Rent on land	-	-	-	-	-	-	-	-	-

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Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	8 390 250	648	-	8 390 898	8 157 292	233 606	97.2%	7 455 439	7 436 471
Provinces and municipalities	5 194 464	-	-	5 194 464	5 134 239	60 225	98.8%	4 694 982	4 680 773
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	5 194 464	-	-	5 194 464	5 134 239	60 225	98.8%	4 694 982	4 680 773
Municipal bank accounts	5 194 464	-	-	5 194 464	5 134 239	60 225	98.8%	4 694 982	4 680 773
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 882 881	-	-	1 882 881	1 882 881	-	100.0%	1 709 462	1 709 462
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	1 882 881	-	-	1 882 881	1 882 881	-	100.0%	1 709 462	1 709 462
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	196 823	-	-	196 823	110 569	86 254	56.2%	187 450	187 450
Public corporations and private enterprises	1 098 503	-	-	1 098 503	1 022 349	76 154	93.1%	844 773	844 773
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	1 098 503	-	-	1 098 503	1 022 349	76 154	93.1%	844 773	844 773
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	1 135	-	-	1 135	758	377	66.8%	1 242	516
Households	16 444	648	-	17 092	6 496	10 596	38.0%	17 530	13 497
Social benefits	16 444	(4 060)	-	12 384	2 026	10 358	16.4%	3 069	2 782

Economic classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to households	-	4 708	-	4 708	4 470	238	94.9%	14 461	10 715
Payments for capital assets	3 877 799	-	-	3 877 799	3 281 874	595 925	84.6%	4 704 568	4 909 407
Buildings and other fixed structures	3 864 036	-	-	3 864 036	3 277 362	586 674	84.8%	4 693 271	4 901 353
Buildings	397 478	582 042	-	979 520	923 939	55 581	94.3%	-	-
Other fixed structures	3 466 558	(582 042)	-	2 884 516	2 353 423	531 093	81.6%	4 693 271	4 901 353
Machinery and equipment	13 763	-	-	13 763	4 512	9 251	32.8%	11 285	8 042
Transport equipment	2 617	101	-	2 718	2 395	323	88.1%	4 853	4 358
Other machinery and equipment	11 146	(101)	-	11 045	2 117	8 928	19.2%	6 432	3 684
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	12	12
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	12 760 363	-	84 102	12 844 465	12 146 247	698 218	94.6%	12 908 806	13 153 220

3.1 Strategic Infrastructure Development and Management

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	1 906 704	-	-	1 906 704	1 820 450	86 254	95.5%	1 731 912	1 731 912
Departmental agencies and accounts	1 709 881	-	-	1 709 881	1 709 881	-	100.0%	1 544 462	1 544 462
Foreign governments and international organisations	196 823	-	-	196 823	110 569	86 254	56.2%	187 450	187 450
Total	1 906 704	-	-	1 906 704	1 820 450	86 254	95.5%	1 731 912	1 731 912

3.2 Operation of Water Resources

Economic classification	2017/18						2016/17		
	Adjusted	Shifting of Funds	Virement	Final	Actual Expenditure	Variance	Expenditure as % of final	Final	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	173 000	-	-	173 000	173 000	-	100.0%	165 000	165 000
Departmental agencies and accounts	173 000	-	-	173 000	173 000	-	100.0%	165 000	165 000
Total	173 000	-	-	173 000	173 000	-	100.0%	165 000	165 000

3.3 Regional Bulk Infrastructure Grant

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	79 710	-	56 344	136 054	269 173	(133 119)	197.8%	93 388	86 353
Compensation of employees	32 336	-	-	32 336	31 423	913	97.2%	36 287	29 272
Goods and services	47 374	-	56 344	103 718	237 750	(134 032)	229.2%	57 032	57 013
Interest and rent on land	-	-	-	-	-	-	-	69	68
Transfers and subsidies	2 963 503	-	-	2 963 503	2 851 351	112 152	96.2%	2 694 773	2 694 564
Provinces and municipalities	1 865 000	-	-	1 865 000	1 829 002	35 998	98.1%	1 850 000	1 849 791
Public corporations and private enterprises	1 098 503	-	-	1 098 503	1 022 349	76 154	93.1%	844 773	844 773
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	2 975 602	-	-	2 975 602	2 455 150	520 452	82.5%	3 718 158	3 730 650
Buildings and other fixed structures	2 973 539	-	-	2 973 539	2 454 957	518 582	82.6%	3 717 396	3 730 447
Machinery and equipment	2 063	-	-	2 063	193	1 870	9.4%	762	203
Total	6 018 815	-	56 344	6 075 159	5 575 674	499 485	91.8%	6 506 319	6 511 567

3.4 Water Services Infrastructure Grant

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	221 342	64 185	27 758	313 285	311 862	1 423	99.5%	376 768	449 387
Compensation of employees	99 576	-	(11 677)	87 899	86 476	1 423	98.4%	108 647	84 487
Goods and services	121 766	52 641	39 435	213 842	213 842	-	100.0%	268 121	364 900
Interest and rent on land	-	11 544	-	11 544	11 544	-	100.0%	-	-
Transfers and subsidies	3 330 871	410	-	3 331 281	3 307 054	24 227	99.3%	2 847 671	2 832 665
Provinces and municipalities	3 329 464	-	-	3 329 464	3 305 237	24 227	99.3%	2 844 982	2 830 982
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Households	1 407	410	-	1 817	1 817	-	100.0%	2 689	1 683
Payments for capital assets	866 129	-	-	866 129	820 268	45 861	94.7%	909 824	1 102 171
Buildings and other fixed structures	863 655	-	-	863 655	819 416	44 239	94.9%	902 483	1 097 514
Machinery and equipment	2 474	-	-	2 474	852	1 622	34.4%	7 341	4 657
Total	4 418 342	64 595	27 758	4 510 695	4 439 184	71 511	98.4%	4 134 263	4 384 223

3.5 Accelerated Community Infrastructure Programme

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	191 262	(64 833)	-	126 429	126 046	383	99.7%	278 643	271 602
Compensation of employees	82 540	(648)	-	81 892	81 509	383	99.5%	87 269	80 228
Goods and services	108 722	(64 185)	-	44 537	44 537	-	100.0%	191 374	191 374
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	16 172	238	-	16 410	5 437	10 973	33.1%	16 083	12 330
Non-profit institutions	1 135	-	-	1 135	758	377	66.8%	1 242	516
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Households	15 037	238	-	15 275	4 679	10 596	30.6%	14 841	11 814
Payments for capital assets	36 068	-	-	36 068	6 456	29 612	17.9%	76 586	76 586
Buildings and other fixed structures	26 842	-	-	26 842	2 989	23 853	11.1%	73 392	73 392
Machinery and equipment	9 226	-	-	9 226	3 467	5 759	37.6%	3 182	3 182
Total	243 502	(64 595)	-	178 907	137 939	40 968	77.1%	371 312	360 518

Programme 4: Water Sector Regulation

Sub programme	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Water Sector Regulation Management and Support	39 373	(970)	-	38 403	28 295	10 108	73.7%	30 058	29 882
2 Economic and Social Regulation	22 869	(3 443)	-	19 426	16 047	3 379	82.6%	18 516	14 169
3 Water Use Authorisation and Administration	65 539	12 229	11 677	89 445	75 742	13 703	84.7%	51 231	47 702
4 Water Supply Services and Sanitation Regulation	24 982	(787)	-	24 195	12 082	12 113	49.9%	15 612	15 138
5 Compliance Monitoring and Enforcement	122 989	(3 496)	-	119 493	99 152	20 341	83.0%	106 902	96 775
6 Institutional Oversight	119 035	(3 533)	(31 583)	83 919	76 735	7 184	91.4%	96 073	78 019
Total	394 787	-	(19 906)	374 881	308 053	66 828	82.2%	318 392	281 685

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	380 174	-	(19 906)	360 268	303 417	56 851	84.2%	301 836	268 719
Compensation of employees	222 137	-	11 677	233 814	233 450	364	99.8%	209 721	200 430
Salaries and wages	187 085	8 962	11 677	207 724	207 360	364	99.8%	183 250	176 326
Social contributions	35 052	(8 962)	-	26 090	26 090	-	100.0%	26 471	24 104
Goods and services	158 037	-	(31 583)	126 454	69 967	56 487	55.3%	92 115	68 289
Administrative fees	3 042	768	-	3 810	3 700	110	97.1%	1 545	994
Advertising	4 577	149	(1 052)	3 674	492	3 182	13.4%	1 895	1 519
Minor assets	3 980	(118)	(290)	3 572	991	2 581	27.7%	1 669	1 341
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	1 421	(324)	(425)	672	306	366	45.5%	955	424
Communication (G&S)	3 891	42	(882)	3 051	1 921	1 130	63.0%	2 855	2 180
Computer services	1 435	(93)	(90)	1 252	-	1 252	-	213	17
Consultants: Business and advisory services	59 298	340	(20 457)	39 181	20 177	19 004	51.5%	24 384	17 051
Infrastructure and planning services	2 486	244	-	2 730	2 176	554	79.7%	547	417
Laboratory services	3 338	(30)	-	3 308	848	2 460	25.6%	913	903
Scientific and technological services	332	-	-	332	-	332	-	-	-
Legal services	116	(16)	-	100	-	100	-	88	-
Contractors	1 744	(114)	(172)	1 458	355	1 103	24.3%	4 533	2 131
Agency and support / outsourced services	5 597	224	(4 457)	1 364	518	846	38.0%	1 017	484
Entertainment	75	(38)	-	37	29	8	78.4%	71	22
Fleet services (including government motor transport)	1 467	316	(111)	1 672	1 522	150	91.0%	88	88
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	1 962	(1 962)	-	-	-	-	-	876	622

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Economic classification	2017/18							2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Inventory: Farming supplies	55	(55)	-	-	-	-	-	6	4	
Inventory: Food and food supplies	15	(15)	-	-	-	-	-	89	13	
Inventory: Fuel, oil and gas	13	(13)	-	-	-	-	-	18	-	
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	17	-	
Inventory: Materials and supplies	81	(81)	-	-	-	-	-	204	20	
Inventory: Medical supplies	22	(22)	-	-	-	-	-	55	9	
Inventory: Medicine	1	(1)	-	-	-	-	-	-	-	
Medsas inventory interface	-	-	-	-	-	-	-	-	-	
Inventory: Other supplies	1 823	(1 723)	-	100	-	100	-	1 560	1 496	
Consumable supplies	3 025	536	-	3 561	2 238	1 323	62.8%	1 071	599	
Consumable: Stationery, printing and office supplies	4 679	(13)	-	4 666	1 896	2 770	40.6%	2 769	1 746	
Operating leases	389	(32)	-	357	187	170	52.4%	860	280	
Property payments	207	151	-	358	358	-	100.0%	187	105	
Transport provided: Departmental activity	50	(3)	-	47	-	47	-	-	-	
Travel and subsistence	40 268	2 829	(3 439)	39 658	30 300	9 358	76.4%	36 335	31 167	
Training and development	5 025	(443)	(208)	4 374	713	3 661	16.3%	3 946	2 242	
Operating payments	4 044	(178)	-	3 866	919	2 947	23.8%	1 765	1 535	
Venues and facilities	3 496	(269)	-	3 227	303	2 924	9.4%	1 560	880	
Rental and hiring	83	(56)	-	27	18	9	66.7%	24	-	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	-	-	
Rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	1 164	-	-	1 164	250	914	21.5%	5 182	5 000	

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	499	-	-	499	-	499	-	2 000	2 000
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	499	-	-	499	-	499	-	2 000	2 000
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	665	-	-	665	250	415	37.6%	2 382	2 200
Social benefits	665	(69)	-	596	181	415	30.4%	1 706	1 700
Other transfers to households	-	69	-	69	69	-	100.0%	676	500

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Payments for capital assets	13 449	-	-	13 449	4 386	9 063	32.6%	11 374	7 966
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	13 449	-	-	13 449	4 386	9 063	32.6%	11 374	7 966
Transport equipment	2 231	-	-	2 231	879	1 352	39.4%	3 216	2 408
Other machinery and equipment	11 218	-	-	11 218	3 507	7 711	31.3%	8 158	5 558
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	394 787	-	(19 906)	374 881	308 053	66 828	82.2%	318 392	281 685

4.1 Water Sector Regulation Management and Support

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	36 464	(784)	-	35 680	27 938	7 742	78.3%	27 499	27 499
Compensation of employees	23 094	(784)	-	22 310	21 946	364	98.4%	19 014	19 014
Goods and services	13 370	-	-	13 370	5 992	7 378	44.8%	8 485	8 485
Transfers and subsidies	605	(186)	-	419	5	414	1.2%	676	500
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	605	(186)	-	419	5	414	1.2%	676	500
Payments for capital assets	2 304	-	-	2 304	352	1 952	15.3%	1 883	1 883
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 304	-	-	2 304	352	1 952	15.3%	1 883	1 883
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Total	39 373	(970)	-	38 403	28 295	10 108	73.7%	30 058	29 882

4.2 Economic and Social Regulation

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	22 309	(3 498)	-	18 811	15 750	3 061	83.7%	17 685	13 338
Compensation of employees	17 322	(3 498)	-	13 824	13 824	-	100.0%	14 775	10 429
Goods and services	4 987	-	-	4 987	1 926	3 061	38.6%	2 910	2 909
Transfers and subsidies	-	55	-	55	55	-	100.0%	16	16
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	-	55	-	55	55	-	100.0%	16	16
Payments for capital assets	560	-	-	560	242	318	43.2%	815	815
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	560	-	-	560	242	318	43.2%	815	815
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	22 869	(3 443)	-	19 426	16 047	3 379	82.6%	18 516	14 169

4.3 Water Use Authorisation and Administration

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	61 320	12 212	11 677	85 209	74 301	10 908	87.2%	45 983	45 015
Compensation of employees	38 880	12 212	11 677	62 769	62 769	-	100.0%	36 869	35 901
Goods and services	22 440	-	-	22 440	11 532	10 908	51.4%	9 114	9 114
Transfers and subsidies	549	17	-	566	67	499	11.8%	2 156	2 150
Departmental agencies and accounts	499	-	-	499	-	499	-	2 000	2 000
Households	50	17	-	67	67	-	100.0%	156	150
Payments for capital assets	3 670	-	-	3 670	1 374	2 296	37.4%	3 092	537
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 670	-	-	3 670	1 374	2 296	37.4%	3 092	537
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	65 539	12 229	11 677	89 445	75 742	13 703	84.7%	51 231	47 702

4.4 Water Supply Services and Sanitation Regulation

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	24 799	(787)	-	24 012	12 023	11 989	50.1%	14 496	14 022
Compensation of employees	8 931	(787)	-	8 144	8 144	-	100.0%	8 931	8 457
Goods and services	15 868	-	-	15 868	3 879	11 989	24.4%	5 565	5 565
Transfers and subsidies	-	-	-	-	-	-	-	800	800
Non-profit institutions	-	-	-	-	-	-	-	800	800
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	183	-	-	183	59	124	32.2%	316	316
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	183	-	-	183	59	124	32.2%	316	316
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	24 982	(787)	-	24 195	12 082	12 113	49.9%	15 612	15 138

4.5 Compliance Monitoring and Enforcement

Economic classification	2017/18						2016/17		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	119 222	(3 496)	-	115 726	97 822	17 904	84.5%	101 007	91 733
Compensation of employees	81 485	(3 496)	-	77 989	77 989	-	100.0%	76 723	73 220
Goods and services	37 737	-	-	37 737	19 833	17 904	52.6%	24 284	18 513
Transfers and subsidies	10	-	-	10	9	1	90.0%	1 431	1 431
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	10	-	-	10	9	1	90.0%	1 431	1 431
Payments for capital assets	3 757	-	-	3 757	1 321	2 436	35.2%	4 464	3 611
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 757	-	-	3 757	1 321	2 436	35.2%	4 464	3 611
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	122 989	(3 496)	-	119 493	99 152	20 341	83.0%	106 902	96 775

4.6 Institutional Oversight

Economic classification	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	116 060	(3 647)	(31 583)	80 830	75 583	5 247	93.5%	95 166	77 112
Compensation of employees	52 425	(3 647)	-	48 778	48 778	-	100.0%	53 409	53 409
Goods and services	63 635	-	(31 583)	32 052	26 805	5 247	83.6%	41 757	23 703
Transfers and subsidies	-	114	-	114	114	-	100.0%	103	103
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	114	-	114	114	-	100.0%	103	103
Payments for capital assets	2 975	-	-	2 975	1 038	1 937	34.9%	804	804
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 975	-	-	2 975	1 038	1 937	34.9%	804	804
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	119 035	(3 533)	(31 583)	83 919	76 735	7 184	91.4%	96 073	78 019

Notes to the appropriation statement

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

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

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

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

3 Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for Financial Assets to the Annual Financial Statements.

4 Explanations of material variances from Amounts Voted (after Virement)

4.1	Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	Administration	1 649 851	1 998 676	(348 825)	(21%)

The overspending is due mainly to expenditure incurred mainly on War on Leaks (WoL) Programme which was implemented without budget allocation.

	Water Planning and Information Management	738 252	653 262	84 990	12%
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The under spending is mainly due to, amongst others, the following: non-approval of projects such as review and update of water losses and non-revenue water; community water education programme; assessment of water losses and water use efficiency within the irrigation agriculture sector; standardised water accounting framework and no drop system including its web based interface, non/ late approval of Terms of Reference (ToR) related to Water Services Planning Term Contracts: Five Year Reliable Water and Sanitation Services Delivery Implementation and Monitoring Plan (Phase 1) and technical studies for the Mfolozi River Regional Water Supply Scheme, Crocodile East Water; Greater Mangaung Water Augmentation Project.

	Water Infrastructure Development	12 844 465	12 146 247	698 218	5%
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The total amount of R60.2 million in respect of RBIG: Direct Grant (R35.9 million) and WSIG: Direct Grant (R24.2 million) could not be transferred due to cash flow constraints the Department faced with during the month of March 2018. The total amount of R76.1 million (Sedibeng WB - R70 million and Magalies WB – R6.1 million) could not be disbursed to the two Water Boards due to cash constraints the Department faced with during the month of March 2018. The amount of R86.2 million could not be disbursed to the Komati Basin Water Authority (KOBWA) due to cash constraints during the month of March 2018. The under spending on buildings and other fixed structures is mainly due to the invoices for the Regional Bulk Infrastructure Programme (RBIG) and Water Services Infrastructure Grant (WSIG) which could not be paid due to the Department's insufficient cash at the bank.

Current Expenditure: The under spending of R32.6 million in compensation of employees is mainly due to the unfilled vacant posts during the greater part of the financial year across all the sub-programmes of the four Programmes within the Department. The overspending in goods and services is due mainly to expenditure incurred mainly on War on Leaks (WoL) Programme in the Administration Programme, Sanitation Services project management fees and Infrastructure and Planning Services (Implementation readiness and feasibility studies and design) within RBIG under Water Infrastructure Development Programme.

Transfers and Subsidies: The total amount of R60.2 million in respect of RBIG: Direct Grant (R35.9 million) and WSIG: Direct Grant (R24.2 million) could not be transferred due to cash flow constraints the Department faced with during the March 2018.

The total amount of R76.1 million (Sedibeng WB - R70 million and Magalies WB – R6.1 million) could not be disbursed to the two Water Boards due to cash constraints the Department faced with during the month of March 2018. The amount of R86.2 million could not be disbursed to the Komati Basin Water Authority (KOBWA) due to cash constraints during the month of March 2018.

Payments for capital assets: The under spending on buildings and other fixed structures is mainly due to the invoices for the Regional Bulk Infrastructure Programme (RBIG) and Water Services Infrastructure Grant (WSIG) which could not be paid due to the Department's insufficient cash at the bank. The under spending on machinery and equipment is mainly due to non-filling of critical vacant posts as these have had an impact on associated costs such as office furniture and office equipment.

Prior year error:

The adjusted appropriation and shifting of funds for the following economic classification items were incorrectly reported in the 2016/2017 Annual Report. The overall total for the final appropriation was correct.

Appropriation per economic classification	Amount before error correction		Prior year error		Adjusted values	
	Adjusted Appropriation	Shifting of Funds	Adjusted Appropriation	Shifting of Funds	Adjusted Appropriation	Shifting of Funds
Advertising	55 333	(34 019)	(200)	200	55 133	(33 819)
Minor assets	15 815	(4 902)	(100)	100	15 715	(4 802)
Communication (G&S)	38 027	2 405	600	(600)	38 627	1 805
Contractors	198 643	35 576	(600)	600	198 043	36 176
Consumable: Stationery, printing and office supplies	29 887	(7 267)	(1 420)	1 420	28 467	(5 847)
Travel and subsistence	224 283	5 849	2 020	(2 020)	226 303	3 829
Training and development	37 007	(9 797)	(100)	100	36 907	(9 697)
Rental and hiring	3 028	(1 368)	(200)	200	2 828	(1 168)
Social benefits	8 021	3 441	15 712	(15 712)	23 733	(12 271)
Other transfers to households	31 247	116	(15 712)	15 712	15 535	15 828

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4.3	Per conditional grant	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	Water Services Infrastructure Grant (WSIG)	3 329 464	3 305 237	24 227	1%
	Regional Bulk Infrastructure Grant (RBIG)	1 865 000	1 829 002	35 998	2%

The total amount of R35.9 million in respect of RBIG and WSIG R24.2 million could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR
ENDED 31 MARCH 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	1	15 607 449	15 524 597
Departmental revenue	2	12 876	20 964
TOTAL REVENUE		15 620 325	15 545 561
EXPENDITURE			
Current expenditure			
Compensation of employees	3	1 535 641	1 439 945
Goods and services	4	1 999 708	1 699 927
Interest and rent on land	5	11 544	74
Total current expenditure		3 546 893	3 139 946
Transfers and subsidies			
Transfers and subsidies	7	8 185 674	7 482 157
Total transfers and subsidies		8 185 674	7 482 157
Expenditure for capital assets			
Tangible assets	8	3 346 232	4 989 373
Intangible assets	8	27 439	23 959
Total expenditure for capital assets		3 373 671	5 013 332
Payments for financial assets	6		3
TOTAL EXPENDITURE		15 106 238	15 635 438
SURPLUS/(DEFICIT) FOR THE YEAR		514 087	(89 877)
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		501 211	(110 841)
Annual appropriation		501 211	(110 841)
Conditional grants			
Departmental revenue and NRF Receipts	14	12 876	20 964
SURPLUS/(DEFICIT) FOR THE YEAR		514 087	(89 877)

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets		1 238 961	526 927
Unauthorised expenditure	9	933 304	406 923
Cash and cash equivalents	10	206	218
Prepayments and advances	11	519	38 248
Receivables	12	304 008	79 438
Loans	16	924	2 100
Non-current assets		3 418	3 742
Loans	16	3 134	3 742
Receivables	12	284	
TOTAL ASSETS		1 242 379	530 669
LIABILITIES			
Current liabilities		1 147 991	490 143
Voted funds to be surrendered to the Revenue Fund	13	1 027 592	296 082
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	299	315
Bank overdraft	15	119 204	193 645
Payables	17	896	101
Non-current liabilities			
Payables	17	-	-
TOTAL LIABILITIES		1 147 991	490 143
NET ASSETS		94 388	40 526
	<i>Note</i>	2017/18 R'000	2016/17 R'000
Represented by:			
Recoverable revenue		94 388	40 526
TOTAL		94 388	40 526

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED
31 MARCH 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Recoverable revenue			
Opening balance		40 526	13 676
Transfers:		53 862	26 850
Irrecoverable amounts written off	6.2	-	-
Debts revised		(4 116)	(27 398)
Debts recovered (included in departmental receipts)		(8 094)	(3 967)
Debts raised		66 072	58 215
Closing balance		<u>94 388</u>	<u>40 526</u>
TOTAL		<u>94 388</u>	<u>40 526</u>

CASH FLOWS STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	<i>Note</i>	2017/18 R'000	2016/17 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		15 620 128	15 545 561
Annual appropriated funds received	1.1	15 607 449	15 524 597
Departmental revenue received	2	9 687	19 580
Interest received	2.2	2 992	1 384
Net (increase)/decrease in working capital		(712 711)	(476 134)
Surrendered to Revenue Fund		(308 973)	(211 058)
Current payments		(3 008 968)	(2 732 949)
Interest paid	5	(11 544)	(74)
Payments for financial assets		-	(3)
Transfers and subsidies paid		(8 185 674)	(7 482 157)
Net cash flow available from operating activities	18	3 392 258	4 643 186
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(3 373 671)	(5 013 332)
Proceeds from sale of capital assets	2.3	197	-
(Increase)/ decrease in loans		1 784	2 401
Net cash flows from investing activities		(3 371 690)	(5 010 931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		53 862	26 850
Increase/ (decrease) in non-current payables		-	-
Net cash flows from financing activities		53 862	26 850
Net increase/(decrease) in cash and cash equivalents		74 430	(340 895)
Cash and cash equivalents at beginning of period		(193 427)	147 468
Unrealised gains and losses within cash and cash equivalents		-1	-
Cash and cash equivalents at end of period	19	(118 998)	(193 427)

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2018

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies which have been applied consistently in all material aspects unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA) Act 1 of 1999 (as amended by Act 29 of 1999) and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern - Uncertainty</p> <p>The financial statements have been prepared on a going concern basis; however there is some uncertainty in sustaining the going concern as the Department reported an overdraft of R119million (R193 million 2016/17), a cumulative unauthorised expenditure of R933million (R406 million: 2016/17), accruals and payables to the value of R2.005 billion (R1.572 billion 2016/17) as at 31 March 2018.</p> <p>There are no the principal events, activities or conditions that may cast significant doubt on the department's ability to continue as a going concern as the department has a mandate to carry out in line with the Constitution of the Republic of South Africa Act 108 of 1996, National Development Plan and the second National Water Strategy.</p> <ul style="list-style-type: none"> • However in addressing the negative results the department will implement the following recovery mechanisms: • The department will not to enter into any new projects over the next three years for efficient utilisation of the available budget. • Payments continue to be monitored and co-ordinated from Head Office, to confirm availability of funds and budget. • Request approval of unauthorised expenditure in line with the normal parliamentary processes • Normal monthly reporting and consequence management to address non-compliance with revised policies and procedures.
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Foreign currency translation</p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment/receipt.</p>

6	Comparative information
6.1	<p>Prior period comparative information</p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
6.2	<p>Current year comparison with budget</p> <p>A comparison between the approved final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	Revenue
7.1	<p>Appropriated funds</p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.</p>
7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and • the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and/penalties) is measured at amounts receivable from collecting agents.</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>

8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or in the case of services when they are rendered to the Department or in the case of transfers and subsidies when they are due and payable.</p> <p>Accruals and payables not recognised are measured at cost.</p>
8.4	<p>Leases</p>
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost being the fair value of the asset; or • the sum of the minimum lease payments made including any payments made to acquire ownership at the end of the lease term excluding interest.
9	<p>Aid Assistance</p>
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position.</p> <p>For the purposes of the cash flow statement cash and cash equivalents comprise cash on hand deposits held other short-term highly liquid investments and bank overdrafts.</p>

11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments and advances are recorded in the financial statements when the goods are received or in the case of services when they are rendered to the Department.</p>
12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest where interest is charged less amounts already settled or written-off. Write-offs are made according to the Department's write-off policy.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p>Financial assets</p>
14.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.</p> <p>At the reporting date a department shall measure its financial assets at cost less amounts already settled or written-off except for recognised loans and receivables which are measured at cost plus accrued interest where interest is charged less amounts already settled or written-off.</p>
14.2	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset an estimation of the reduction in the recorded carrying value to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset is recorded in the notes to the financial statements.</p>
15	<p>Payables</p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined accurately the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>

16.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined accurately the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
16.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the Department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined accurately the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
17	<p>Provisions and Contingents</p>
17.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
17.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.</p>

17.4	<p>Commitments</p> <p>Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>

21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p>Principal-Agent arrangements</p> <p>The Department is party to a principal-agent arrangement for implementation of the water and sanitation projects through arrangements with various water boards and municipalities. In terms of the arrangement the Department is the principal and is responsible for project funding and accountability to Parliament. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
24	<p>Departures from the MCS requirements</p> <p>Management has concluded that the financial statements present fairly the Department's primary and secondary information; that the Department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the Department has departed, the nature of the departure and the reason for departure.</p>
25	<p>Capitalisation reserve</p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
26	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>

27	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p>Inventories (<i>Effective from date determined in a Treasury Instruction</i>)</p> <p>At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and replacement value.</p> <p>Subsequent measurement of the cost of inventory is determined on the weighted average basis.</p>
29	<p>Public-Private Partnerships</p> <p>Public Private Partnerships are accounted for based on the substance of the partnership. The transaction is accounted for as either capital assets, finance or operating leases in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the Department are recorded in the notes to the financial statements.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Department of Water and Sanitation (Voted funds):

	2017/18			2016/17	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	1 649 851	1 649 851	-	1 612 951	1 612 951
Water Planning and Information Management	802 448	802 448	-	814 813	814 813
Water Infrastructure Development	12 760 363	12 760 363	-	12 750 756	12 750 756
Water Sector Regulation	394 787	394 787	-	346 077	346 077
Total	15 607 449	15 607 449	-	15 524 597	15 524 597

1.2 Conditional grants

	Note	2017/18	2016/17
		R'000	R'000
		Total grants received	36

2 Departmental revenue

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	1 877	3 164
Interest dividends and rent on land	2.2	2 992	1 384
Sales of capital assets	2.3	197	-
Transactions in financial assets and liabilities	2.4	7 810	16 416
Transfer received	2.5	-	-
Departmental revenue collected		12 876	20 964

2.1 Sales of goods and services other than capital assets

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Sales of goods and services produced by the Department	2	1 871	3 164
Sales by market establishment		669	877
Administrative fees		-	-
Other sales		1 172	2 287
Sales of scrap waste and other used current goods		6	
Total		1 877	3 164

2.2 Interest dividends and rent on land

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Interest	2	2 992	1 384
Total		2 992	1 384

2.3 Sale of capital assets

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Tangible assets	2		
Machinery and equipment		197	-
Total		197	-

2.4 Transactions in financial assets and liabilities

	<i>Note</i>	2017/18	2016/17
	2	R'000	R'000
Receivables		6 581	3 484
Stale cheques written back		0	(5)
Other Receipts including Recoverable Revenue		1 229	12 937
Total		7 810	16 416

2.5 Transfers received

	<i>Note</i>	2017/18	2016/17
	2	R'000	R'000
Public corporations and private enterprises		-	-
Total		-	-

3 Compensation of employees

3.1 Salaries and Wages

	<i>Note</i>	2017/18	2016/17
	3	R'000	R'000
Basic salary		1 076 655	1 001 809
Performance award		28 228	19 805
Service Based		2 612	3 406
Compensative/circumstantial		10 653	20 846
Periodic payments		14	8
Other non-pensionable allowances		227 245	215 326
Total		1 345 407	1 261 200

3.2 Social contributions

	<i>Note</i>	2017/18	2016/17
	3	R'000	R'000
Employer contributions			
Pension		128 605	120 020
Medical		61 356	58 476
UIF		1	-
Bargaining council		272	249
Total		190 234	178 745
Total compensation of employees		1 535 641	1 439 945
Average number of employees		3 283	3 469

4 Goods and services

	Note	2017/18 R'000	2016/17 R'000
Administrative fees		20 790	7 981
Advertising		13 574	18 349
Minor assets	4.1	3 862	6 599
Bursaries (employees)		2 017	2 834
Catering		4 800	4 920
Communication		31 766	36 876
Computer services	4.2	97 851	115 415
Consultants: Business and advisory services		182 223	249 432
Infrastructure and planning services		304 670	122 008
Laboratory services		1 333	5 789
Legal services		11 903	12 866
Contractors		24 544	360 966
Agency and support/outsourced services		6 303	22 286
Entertainment		158	165
Audit cost – external	4.3	21 952	28 875
Fleet services		24 916	3 006
Inventory	4.4	6 127	7 749
Consumables	4.5	29 291	35 696
Operating leases		311 010	326 325
Property payments	4.6	102 473	91 857
Rental and hiring		1 977	565
Transport provided as part of the Departmental activities		324	738
Travel and subsistence	4.7	202 925	207 163
Venues and facilities		3 031	4 036
Training and development		581 117	14 212
Other operating expenditure	4.8	8 771	13 219
Total		1 999 708	1 699 927

Prior year error: The opening balances for contractors, consumables and inventory were adjusted. R7.6 million was incorrectly reported as a contractor instead of inventory-other supplies, R6.1 million was reported as inventory instead of consumables. The total balance for goods and services expenditure was not misstated. The net effect of the errors resulted in increased inventory opening balance of R1.5 million, reduction of contractors opening balance from R368.6 million to R360.9 million and increase in opening balance for consumables from R29.5 million to R35.6 million.

Training & Development: Significant increase in 2017/2018 expenditure relates to War on Leaks student training programme payments to the value of R573 million.

4.1 Minor assets

	Note	2017/18	2016/17
	4	R'000	R'000
Tangible assets		3 862	6 599
Machinery and equipment		3 758	6 564
Transport assets		104	35
Intangible assets			
Software		-	-
Total		3 862	6 599

4.2 Computer services

	Note	2017/18	2016/17
	4	R'000	R'000
SITA computer services		20 302	22 968
External computer service providers		77 549	92 447
Total		97 851	115 415

4.3 Audit cost – External

	Note	2017/18	2016/17
	4	R'000	R'000
Regularity audits		20 633	27 355
Performance audits		-	-
Investigations		814	1 200
Environmental audits		-	-
Computer audits		505	320
Total		21 952	28 875

4.4 Inventory

	Note	2017/18	2016/17
	4	R'000	R'000
Clothing material and accessories		-	-
Farming supplies		-	-
Food and food supplies		-	-
Fuel oil and gas		-	-
Materials and supplies		-	-
Medical supplies		-	-
Other supplies	4.4.1	6 127	7 749
Total		6 127	7 749

Prior year error: The opening balance for inventory was adjusted from R6.2 million to R7.7 million; the net effect is an increase of overall inventory by R1.5 million.

Total Inventory was overstated by R6.1 million of consumable supplies incorrectly classified as inventory clothing, farming supplies, food, fuel, material and medical supplies whilst understated by R7.6 million of other supplies incorrectly reported as contractor. R68 thousand was reported under other supplies as a result.

4.4.1 Other supplies

	Note	2017/18	2016/17
	4.4	R'000	R'000
Assets for distribution		6 127	7 749
Other assets for distribution		6 127	7 749
Other		-	-
Total		6 127	7 749

Prior year error: The opening balance for other supplies was adjusted from R68 thousand to R7.7 million, It was understated by R7.6 million incorrectly reported as contractor. The net effect is an increase of other supplies by R7.6 million.

4.5 Consumables

	Note	2017/18	2016/17
	4	R'000	R'000
Consumable supplies		15 847	20 223
Uniform and clothing		3 456	3 456
Household supplies		4 641	6 074
Building material and supplies		1 096	3 627
Communication accessories		263	1
IT consumables		709	1 044
Other consumables		9 138	6 021
Stationery printing and office supplies		13 444	15 473
Total		29 291	35 696

Prior year error: Consumables to the value of R6.1 million was incorrectly reported as inventory clothing, farming supplies, food, fuel, material and medical supplies. The net effect is an increase in the understated opening balance from R29.5 million to R35.6 million. Uniform, household supplies, building and material and other consumables have been restated.

4.6 Property payments

	Note	2017/18	2016/17
	4	R'000	R'000
Municipal services		57 704	45 551
Property maintenance and repairs		3 055	19 696
Other		41 714	26 610
Total		102 473	91 857

4.7 Travel and subsistence

	Note	2017/18	2016/17
	4	R'000	R'000
Local		189 155	191 338
Foreign		13 770	15 825
Total		202 925	207 163

4.8 Other operating expenditure

	Note	2017/18	2016/17
	4	R'000	R'000
Professional bodies membership and subscription fees		1 092	348
Resettlement costs		1 032	1 417
Other		6 647	11 454
Total		8 771	13 219

Included in the line item other operating expenditure in sub-note 4.8 for Goods & Services is an amount of R6.6 million (2016/17: R11.4 million) classified under other expenditure line item of which the breakdown per trial balance is below:-

	Note	2017/18	2016/17
	4	R'000	R'000
Laundry Services		22	2
Courier and Delivery Services		1 118	919
Competency Certificates		108	105
Freight Services		3	-
Voluntary Workers		10	12
Non-Life Insurance Premiums		1 917	3 215
Printing and Publication Services		3 173	4 434
Roadworthy Tests		5	6
Storage Of Assets		62	53
Storage Of Files		-	57
Warranties and Guarantees		229	2 651
Total		6 647	11 454

5 Interest and rent on land

	Note	2017/18	2016/17
	5	R'000	R'000
Interest paid		11 544	74
Rent on land		-	-
Total		11 544	74

6 Payments for financial assets

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Material losses through criminal conduct		-	-
Theft	6.3	-	-
Other material losses written off	6.1		
Debts written off	6.2	-	3
Total		-	3

6.1 Other material losses written off

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Nature of losses	6		
Prepayments and Advances		-	-
Salary Control Accounts		-	-
Total		-	-

6.2 Debts written off

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Nature of debts written off	6		
Bad debts		-	-
Human Settlement		-	-
Bad Debts - Irrecoverable		-	3
Total		-	3

6.3 Details of the theft

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Nature of theft	6		
Fraud and Disallowance		-	-
Total		-	-

7 Transfers and subsidies

		2017/18	2016/17
		R'000	R'000
	<i>Note</i>		
Provinces and municipalities	36 37	5 134 792	4 681 319
Departmental agencies and accounts	Annex 1B	1 885 559	1 725 869
Higher education institutions	Annex 1C	-	-
Foreign governments and international organisations	Annex 1E	112 132	188 250
Public corporations and private enterprises	Annex 1D	1 022 349	844 773
Non-profit institutions	Annex 1F	779	3 337
Households	Annex 1G	30 063	38 609
Total		8 185 674	7 482 157

The balances on Note 9 reflect actual expenditure incurred in the period whilst the related Annexures reflects details of appropriated transfer figures and actual expenditure balances.

8 Expenditure for capital assets

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Tangible assets		3 346 232	4 989 373
Buildings and other fixed structures	32	3 301 109	4 927 369
Machinery and equipment	30	45 123	62 004
Intangible assets		27 439	23 959
Software	31	27 439	23 959
Total		3 373 671	5 013 332

8.1 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	3 346 232	-	3 346 232
Buildings and other fixed structures	3 301 109	-	3 301 109
Machinery and equipment	45 123	-	45 123
Intangible assets	27 439	-	27 439
Software	27 439	-	27 439
Total	3 373 671	-	3 373 671

8.2 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	4 989 373	-	4 989 373
Buildings and other fixed structures	4 927 369	-	4 927 369
Machinery and equipment	62 004	-	62 004
Intangible assets	23 959	-	23 959
Software	23 959	-	23 959
Total	5 013 332	-	5 013 332

8.3 Finance lease expenditure included in expenditure for capital assets

	<i>Note</i> 8	2017/18 R'000	2016/17 R'000
Tangible assets			
Machinery and equipment		18 273	22 143
Total		18 273	22 143

9 Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

	<i>Note</i>	2017/18	2016/17
	9	R'000	R'000
Opening balance		406 923	3 782
Prior period error		-	-
As restated		406 923	3 782
Unauthorised expenditure - discovered in the current year (as restated)		526 381	406 923
Less: Amounts approved by Parliament/Legislature with funding		-	(3 782)
Closing balance		933 304	406 923

9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2017/18	2016/17
	R'000	R'000
Current	526 381	-
Capital	292 269	292 269
Transfers and subsidies	114 654	114 654
Total	933 304	406 923

9.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2017/18	2016/17
	R'000	R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	684 618	292 269
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	248 686	114 654
Total	933 304	406 923

9.4 Details of unauthorised expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Programme 1 - unauthorised expenditure amount resulting from exceeding of the budget for goods and services, payments made towards the War on Leaks Programme.	Reported to Accounting Office, Executive Authority and National Treasury	392 349
Programme 3 - unauthorised expenditure amount resulting from exceeding of the budget for goods and services, payments made towards infrastructure planning services.	Reported to Accounting Office, Executive Authority and National Treasury.	134 032
Total		526 381

9.5 Unauthorised expenditure split into current and non-current assets

Details	Current R'000	Non-current R'000	2017/18 Total R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	684 618	-	684 618
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	248 686	-	248 686
Total	933 304	-	933 304

Although in terms of the definition (Chapter 1 of PFMA), Unauthorised expenditure means overspending of the vote or a main division within a vote, and/or expenditure incurred not in accordance with the purpose of the vote or main division, the disclosed amount is resulting from excess expenditure in goods and services in that Section 43 (3) (C) of the PFMA does not authorise the utilisation of a saving in an amount appropriated for capital expenditure to defray current expenditure.

10 Cash and cash equivalent

	<i>Note</i>	2017/18	2016/17
	10	R'000	R'000
Consolidated Paymaster General Account		-	-
Cash on hand		72	76
Investments (Domestic)		134	142
Total		206	218

11 Prepayments and advances

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Travel and subsistence		293	306
Advances paid (Not expensed)	11.1	226	37 942
Total		519	38 248

11.1 Advances paid (Not expensed)

	<i>Note</i>	Balances as at 01 April 2017	Less: Amount expensed in current year	Add: Current year pre- payments	Balance as at 31 March 2018
		R'000	R'000	R'000	R'000
National departments	11	685	(685)	226	226
Provincial departments					
Public entities		37 257	(37 257)		
Other entities					
Total		37 942	(37 942)	226	226

12 Receivables

	Note	2017/18			2016/17		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	12.1 Annex 4	207 902	-	207 902	39 392	-	39 392
Recoverable expenditure	12.2	201	-	201	(88)	-	(88)
Staff debt	12.3	5 930	284	6 214	4 679	-	4 679
Other debtors	12.4	76 616	-	76 616	24 775	-	24 775
Fruitless & Wasteful Exp.	12.5	13 359	-	13 359	10 680	-	10 680
Total		304 008	284	304 292	79 438	-	79 438

12.1 Claims recoverable

	Note	2017/18 R'000	2016/17 R'000
National departments	12	1 103	326
Provincial departments		-	-
Public entities		206 799	39 066
Total		207 902	39 392

12.2 Recoverable expenditure (disallowance accounts)

	Note	2017/18 R'000	2016/17 R'000
Sal: Deduction Disallowance Accounts	12	7	1
Sal: Reversal Control Accounts		(87)	(100)
Sal: Tax Debt		2	5
Disallowance Payment Fraud: CA		248	2
Sal: ACB Recall		(2)	-
Disallowance Miscellaneous: CA		33	4
Total		201	(88)

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12.3 Staff debt

	<i>Note</i>	2017/18	2016/17
	12	R'000	R'000
Salary Overpayment & leave without pay		2 829	2 298
Tax Debt		9	1
Bursary (Breach of contract)		1 347	790
State Guarantees		-	2
T & S Advance: Dom		197	17
GG Accidents		8	36
Telephone/cell phone debt		435	358
Subsidies Transport		1 038	827
Departmental Debt/Employees/ Ex-employees/ Other		75	350
Loss and damages		276	-
Total		6 214	4 679

12.4 Other debtors

	<i>Note</i>	2017/18	2016/17
	12	R'000	R'000
Municipal/ Supplier Debt		73 353	21 723
External Debt		3 263	3 052
Total		76 616	24 775

12.5 Fruitless and Wasteful Expenditure

	<i>Note</i>	2017/18	2016/17
	12	R'000	R'000
Opening Balance		10 680	-
Less Amounts Recovered		(3)	(2)
Less Amounts Written Off		-	-
Transfers from note 26 Fruitless & Wasteful Expenditure		2 682	10 682
Interest		-	-
Total		13 359	10 680

12.6 Impairment of receivables

	<i>Note</i>	2017/18	2016/17
	12	R'000	R'000
Estimate of impairment of receivables		2 895	2 292
Total		2 895	2 292

13 Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Opening balance		296 082	189 553
Prior period error	13.1	-	-
As restated		296 082	189 553
Transfer from statement of financial performance (as restated)		501 211	(110 841)
Add: Unauthorised expenditure for current year		526 381	406 923
Voted funds not requested/not received	1.1	-	-
Paid during the year		(296 082)	(189 553)
Closing balance		1 027 592	296 082

13.1 Prior period error

	<i>Note</i>	2016/17
	13	R'000
Nature of prior period error		
Relating to 2016/17		-
Closing balance incorrectly reported due to typing error during the printing of the Annual Report		-
Closing balance as restated on the Annual Report		-
Total prior period errors		-

14 Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Opening balance		314	856
Prior period error	14	(1)	(1)
As restated		314	855
Transfer from Statement of Financial Performance (as restated)		12 876	20 964
Paid during the year		(12 891)	(21 505)
Closing balance		299	314

14.1 Prior period error

	<i>Note</i>	2016/17
	14	R'000
Nature of prior period error		
Closing balance incorrectly reported due to template rounding		(315)
Total revenue balance actually paid in April 17 and recorded		314
Total prior period errors		(1)

Prior year error: Revenue to be surrendered to the National revenue Fund was incorrectly reported as R315 thousand instead of R314 thousand due to rounding differences resulting in net effect of R1 thousand overstated revenue to be surrendered.

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15 Bank Overdraft

	<i>Note</i>	2017/18	2016/17
	15	R'000	R'000
Consolidated Paymaster General Account		119 189	193 645
Overdraft with commercial banks (Local)		15	-
Total		119 204	193 645

16 Loans

	<i>Note</i>	2017/18	2016/17
	16	R'000	R'000
Public corporations		4 058	5 842
Total		4 058	5 842
Analysis of Balance			
Opening balance		5 842	8 243
New Issues		130	250
Repayments		(1 914)	(2 651)
Closing balance		4 058	5 842

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17 Payables – current

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Amounts owing to other entities		60	-
Advances received	17.1	400	
Clearing accounts	17.2	451	105
Other payables	17.3	(15)	(4)
Total		896	101

17.1 Advances received

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
National departments	17	400	-
Provincial departments		-	-
Public entities		-	-
Other institutions		-	-
Total		400	-

Grants received from DPSA in respect of Tirelo Bosha Project run jointly with Saldanha Bay Municipality

17.2 Clearing accounts

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Sal: Income Tax	17	421	87
Sal: Pension Fund: CL		27	2
Payable: Adv: Pub Ent Adv Acc CL		-	17
Sal: Bargaining Councils: CL		-	1
Sal: Finance Other Institution CL		-	-
Sal: Rent Non Recoverable: CL		(2)	(2)
Sal:GEHS Refund Control:CL		-	-
Sal:Persal interface Control:CL		-	-
Sal Garnishee Order		5	-
Total		451	105

17.3 Other payables

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Bank charges to be paid April 2018	17	(15)	(4)
Total		(15)	(4)

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18 Net cash flow available from operating activities

	<i>Note</i>	2017/18	2016/17
	18	R'000	R'000
Net surplus/ (deficit) as per Statement of Financial Performance		514 087	(89 877)
Add back non cash/ cash movements not deemed operating activities		2 878 171	4 733 063
(Increase)/ decrease in receivables – current		(224 854)	(69 288)
(Increase)/ decrease in prepayments and advances		37 729	731
(Increase)/ decrease in other current assets		-	3 782
Increase/ (decrease) in payables – current		795	(4 436)
Proceeds from sale of capital assets		(197)	-
Expenditure on capital assets		3 373 671	5 013 332
Surrenders to Revenue Fund		(308 973)	(211 058)
Voted funds not requested/ not received		-	-
Net cash flow generated by operating activities		3 392 258	4 643 186

19 Reconciliation of cash and cash equivalents for cash flow purposes

	<i>Note</i>	2017/18	2016/17
	19	R'000	R'000
Consolidated Paymaster General account		(119 189)	(193 645)
Cash on hand		72	76
Cash with commercial banks (Local)		119	142
Total		(118 998)	(193 427)

20 Contingent liabilities and contingent assets

20.1 Contingent liabilities

	Note	2017/18	2016/17
	20	R'000	R'000
Liable to Nature			
Housing loan guarantees Employees	<i>Annex 3A</i>	206	95
Other guarantees	<i>Annex 3A</i>	19 184 823	21 212 640
Claims against the Department	<i>Annex 3B</i>	133 775	100 459
Intergovernmental payables (unconfirmed balances)	<i>Annex 5</i>	-	697 970
Total		19 318 804	22 011 167

Contingent liabilities have been based on the best estimate available.

Contingent liabilities relating to litigation have been based on the assessment of the estimated claim against the Department of Water & Sanitation.

Prior year error: *Claims against the state contingent liabilities were overstated by R101.2million due to reporting of a legal case that was partially settled within the reporting period. The impact of the error resulted in overall overstatement of contingent liabilities by R101.2million. R22.112 billion was reported instead of R22.011 billion.*

Prior year error: *The capital amount for the foreign exchange guarantees: Annexure 3A was understated as it was not calculated in line with the exchange rates of 14.184116 at 31 March 2017. The impact of the error resulted in understatement of R179.8 million - but requires no restatement in the current year as the capital is now recalculated at exchange rate of 14.615504 as at 31 March 2018.*

20.2 Contingent assets

	Note	2017/18	2016/17
	20	R'000	R'000
Nature of contingent asset			
SJ Dube		2 108	2 108
JS Nkuna		1 231	967
Total		3 339	3 075

The Department of Water & Sanitation has legal claims against several Parties of which the outcome is still uncertain.

21 Commitments

	Note 21	2017/18 R'000	2016/17 R'000
Current expenditure			
Approved and contracted		522 226	417 689
Approved but not yet contracted		603 816	16 157
		1 126 042	433 846
Capital expenditure			
Approved and contracted		6 000 377	4 453 022
Approved but not yet contracted		38	12
		6 000 415	4 453 034
Total Commitments		7 126 457	4 886 880

The capital commitments reported arise from multi-year contractual arrangements and the relevant payments will be made over several years.

Goods and Services commitments include open orders, but where the goods or services have not been delivered and payment will be effected once received.

Prior year error: *The opening balance for commitments was adjusted from R9.178 billion reported in 2016/2017 to R4.887 billion. The net effect of prior year error is that the opening balance has decreased by R4.291 billion.*

22 Accruals and payables

22.1 Accruals

		2017/18 R'000	2016/17 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	63 196	9 388	72 584
Transfers and subsidies	200	-	200
Capital assets	418 662	46 467	465 129
Total	482 058	55 855	537 913
	Note	2017/18	2016/17
	22	R'000	R'000
Listed by programme level			
Administration		48 616	34 109
Water Planning and Information Management		10 068	900
Water Infrastructure Development		475 595	365 252
Water Sector Regulation		3 634	370 633
Total		537 913	770 895

Prior year balance for accrual was adjusted from R750 million reported in 2016/2017 to restated amount of R771 million. The net effect of prior year error is that the opening balance has increased by R21 million.

22.2 Payables not recognised

		2017/18 R'000	2016/17 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
			Total
Goods and services	346 937	545 708	892 645
Transfers and subsidies	94 366	-	94 366
Capital assets	308 020	171 355	479 375
Total	749 323	717 063	1 466 386
	Note	2017/18	2016/17
	22	R'000	R'000
Listed by programme level			
Administration		809 215	96 343
Water Planning and Information Management		46 346	1 876
Water Infrastructure Development		602 558	669 316
Water Sector Regulation		8 267	33 996
Total		1 466 386	801 531
	Note	2017/18	2016/17
		R'000	R'000
Included in the above totals are the following:			
Confirmed balances with other departments	<i>Annex 5</i>	4 486	1 105
Confirmed balances with other government entities	<i>Annex 5</i>	15 471	4 381
Total		19 957	5 486

23 Employee benefits

	Note	2017/18	2016/17
	23	R'000	R'000
Leave entitlement		69 639	69 536
Service bonus (Thirteenth cheque)		39 626	37 027
Performance awards		28 438	19 676
Capped leave commitments		79 677	81 488
Other (Long service awards)		1 947	1 691
Total		219 327	209 418

At this stage the department is not able to reliably measure the long term portion of the long service awards

24 Lease commitments

24.1 Operating leases expenditure

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	-	-

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	-	-

24.2 Finance leases expenditure**

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	7 529	7 529
Later than 1 year and not later than 5 years	-	-	-	4 743	4 743
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	12 272	12 272

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	5 775	5 775
Later than 1 year and not later than 5 years	-	-	-	3 956	3 956
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	9 731	9 731

The finance lease obligations consist of various leases (photocopy machines and vehicles). The government borrowing rate is applied, currently at 10.25%.

The Department entered into several finance lease agreements, renewable from 3 to 5 years as follows:

Category	Term	Escalation
Copy machines	3	fixed @10.25 %link to Government borrowing rate
Vehicles	5	fixed @10.25 %link to Government borrowing rate

Purchase options

The Department have not entered into any contract for sub-leases of assets and any leaseback arrangement for both vehicle and equipment leases. In terms of the signed agreement the Department is not responsible for Repairs, Maintenance, enhancements and disposal of the leased equipment and vehicles.

25 Irregular expenditure

25.1 Reconciliation of irregular expenditure

	Note	2017/18	2016/17
	25	R'000	R'000
Opening balance		4 178 201	2 493 172
Prior period error			(869)
As restated		4 178 201	2 492 303
Add: Irregular expenditure – relating to prior year		347 742	2 176
Add: Irregular expenditure – relating to current year		1 630 099	1 683 814
Less: Prior year amounts condoned		(17)	(81)
Less: Current year amounts condoned		-	(11)
Closing balance		6 156 025	4 178 201
Analysis of awaiting condonation per age classification			
Current year		1 630 099	1 683 803
Prior years		4 525 926	2 494 398
Total		6 156 025	4 178 201

Included in the above cumulative irregular expenditure total of R6.156 billion is an amount of R3 billion (R2.2 billion – 2016/17) which relates to a contractor that was appointed on the basis of emergency procurement in terms of Treasury Instruction. The Department believes that the basis was appropriate as it sought to implement the Minister’s Directive which was issued as an emergency in terms of the Water Services Act.

The emergency appointment was carried out by the Department’s Implementing Agent – Lepelle Northern Water Board. To prevent this recurring in the future the Department is implementing stringent oversight controls to ensure that all Implementing Agents adhere to the Department’s Supply Chain processes.

Investigations are currently being carried out at all Implementing Agents (IA’s) to determine and report accurately and completely all Irregular Expenditure identified. Corrective action will be taken upon finalisation of the investigations.

Prior year error: Irregular expenditure was incorrectly overstated by R1 thousand for catering costs that were not settled by the Department in 2011/2012 and R868 thousand irregular expenditure incorrectly reported for sanitation projects. The net effect is reduction of opening irregular expenditure by R869 thousand.

25.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/ criminal proceedings	2017/18 R'000
Goods and Services: Tender for provision of IT services not advertised through SITA	Awaiting condonation from NT	88 247
Goods and Services: Appointed as a Single/Preferred source and there is no evidence that a thorough market research and a transparent/equitable pre-selection process was conducted (Hotel and Tourism Investment)	Case still under investigation to determine liability	9 858
Goods and Services: Appointment made at high salary scale without the approval of delegated authority	Case still under investigation to determine liability	165
Goods and Services: FS-Official attended different training than one approved to attend, No valid lease agreement for Mpumalanga Office accommodation and EC -Quotation awarded to a supplier who was not initially invited to quote & was not listed on the selection list - payment, EC-Proper procurement processes not followed during the appointment of service provider-Two Tigers Civil, EC-Proper procurement processes not followed during the appointment of service provider-Yamin Marketing	Case still under investigation to determine liability	255
Goods and Services: No quorum formed during adjudication of bid - DL Consulting, LIM- Utilisation of an expired contract and LIM- Preferential procurement system not utilised during the awarding of a quotation above R30 000	Case still under investigation to determine liability	2 761
Goods and Services: Projected implemented without treasury approval of the deviation (Implex Entertainment)	Case still under investigation to determine liability	4 358
Goods and Services: Catering service provided without following procurement processes (Vuyo Lekhaya Trading and Projects), (Loyal Support Trading)	Case still under investigation to determine liability	65
Goods and Services: Inappropriate disqualification of a bidder by BEC: CAPS	Case still under investigation to determine liability	3 997
Commitments: Eastern cape & Limpopo- Contract amount exceeded without an approved of variation order	Case still under investigation to determine liability	1 591
Infrastructure: LIM-Supply of pipes - contract amount exceeded without an approved variation order	Case still under investigation to determine liability	601
Infrastructure: Proper procurement process not followed when appointing the contractors for Giyani emergency intervention and LIM-Supply of pipes - contract amount exceeded without an approved variation order	Case still under investigation to determine liability	800 780
Infrastructure: Sanitation (Vharanani)-- Bucket eradication project in Free State - Reasons for deviation from SCM processes not justified, (NJR Projects)-- Bucket eradication project in Northern Cape - Reasons for deviation from SCM processes not justified	Case still under investigation to determine liability	682 632
Infrastructure:FS-RS26 Mafube Bulk Sewer Phase1 - Contract amount exceeded without prior approval	Case still under investigation to determine liability	10 184

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Incident	Disciplinary steps taken/ criminal proceedings	2017/18 R'000
Infrastructure: NC- Services rendered without a contract between the IA and the Department	Case still under investigation to determine liability	23 796
Infrastructure: KZN-Splitting of the orders in installation and equipping of boreholes	Case still under investigation to determine liability	809
Prior year: FS- Deviation from specification during tender evaluation -RS14 Mohokare - Lohan Civils and Lim utilisation of expired contract and No quorum formed during bid Adjudication - DL consulting, LIMP-utilisation of an expired contract	Case still under investigation to determine liability	39 646
Prior year: FS-Tender not advertised publicly-RS14 Mohokare - Rowan	Case still under investigation to determine liability	56 676
Prior year: Emergency appointment of a service provider for supply, delivery and installation of desalination plant	Case still under investigation to determine liability	87 210
Prior year: Sanitation (Vharanani)--Bucket eradication project in Free State - Reasons for deviation from SCM processes not justified	Case still under investigation to determine liability	158 310
Prior year: Sanitation Safcrete - Bucket eradication project - reasons for deviation not justifiable	Case still under investigation to determine liability	5 900
Total		1 977 841

25.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2017/18 R'000
Training attended without an order -Sarwa		17
Total		17

25.4 Prior period error

Nature of prior period error	2016/17 R'000
Rina Le Roux – Catering services 2011/12 F/Y	(1)
Vharanani -Bucket Eradication was over stated	(868)
Total	(869)

The opening balance was overstated by R869 thousand relating to catering services offered by Rina Le Roux in 2011/2012 financial year R1 thousand, costs were later paid by the transgressor. It was incorrectly reported as if it was paid the Department. The irregular expenditure for Bucket Eradication was over stated by an amount of R868 thousand Vharanani.

The net effect is a reduction of irregular expenditure by R869 thousand.

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26 Fruitless and wasteful expenditure

26.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2017/18	2016/17
	26	R'000	R'000
Opening balance		59 860	64 016
Prior period error		-	-
As restated		59 860	64 016
Fruitless and wasteful expenditure – relating to prior year		11	-
Fruitless and wasteful expenditure – relating to current year		11 560	14 066
Less: Amounts resolved		(52 574)	(7 540)
Less: Amounts transferred to receivables for recovery		(2 682)	(10 682)
Fruitless and wasteful expenditure awaiting resolution		16 175	59 860

26.2 Analysis of awaiting resolution per economic classification

	2017/18	2016/17
	R'000	R'000
Current	12 105	26 045
Capital	4 070	33 815
Total	16 175	59 860

26.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/18
		R'000
Accommodation	Letters sent to officials informing them of the fruitless expense and possible recovery.	13
Transportation	Letters sent to officials informing them of the fruitless expense and possible recovery.	10
Cancellation Fees	Matter under investigation to determine liability.	4
Interest Paid	Resolved and written off	11 544
Total		11 571

27 Related party transactions

	Note	2017/18	2016/17
	27	R'000	R'000
Year end balances arising from revenue/payments			
Payables to related parties		-	-
Total		-	-
	Note	2017/18	2016/17
	27	R'000	R'000
In kind goods and services provided/received			
Water Institute of South Africa Biennial Conference sponsorship		-	800
Total		-	800

All departments and public entities in the national sphere of government are related parties. Below is the listing of related parties:-

National Treasury National Department of Agriculture Forestry & Fisheries National Department of Arts & Culture National Department of Basic Education Civilian Secretariat for Police National Department of Communications National Department of Cooperative Governance & Traditional Affairs National Department of Correctional Services National Department of Defence National Department of Economic Development National Department of Energy National Department of Environmental Affairs National Department of Government Communication and Information System (GCIS) National Department of Health National Department of Higher Education & Training National Department of Home Affairs National Department of Human Settlements National Department of Independent Police Investigative Directorate National Department of International Relations & Cooperation National Department of Justice & Constitutional Development National Department of Labour National Department of Military Veterans National Department of Mineral Resources National School of Government National Department of Performance Monitoring & Evaluation National Department of Public Enterprises National Department of Public Service Administration National Department of Public Service Commission National Department of Public Works National Department of Rural Development & Land Reform National Department of Science & Technology National Department of Social Development National Department of South African Police services National Department of South African Revenue Services National Department of Small Business Development National Department of State Security Agency National Department of Sport & Recreation South Africa National Department of Statistics South Africa National Department of Telecommunications & Postal Services National Department of Tourism National Department of Trade & Industry Traditional Affairs National Department of Transport National Department of Women The Presidency and all public entities in the national sphere of government.

The list below indicates entities falling under the portfolio of the Minister

Public entities in the national sphere of government are related parties. Below is the listing of related parties:-

Amatola Water; Bloem Water; Lepelle Northern; Magalies Water; Mhlathuze Water; Overberg Water; Pelladrieff Water; Rand Water; Sedibeng Water; Umgeni Water; Breede Catchment Management Agency; Inkomati Catchment Management Agency; Komati Basin Water Authority; Trans-Caledon Tunnel Authority; Water Research Commission; Water Trading Account; Kalahari West Water.

Irrigation Boards and Water User Associations in the national sphere of government are related parties. Below is the listing of related parties:-

Agterkliphooft; Bellair; Buffelskloof; Cogmanskloof; Gamkarivier; Haarlem; Illovo; Kanoneiland; Manchester Noordwyk; Noord Agter Paarl; Perdeberg; Sondagsrivier (Elandslaagte); Suid Agter Paarl; Uitnood.

28 Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearers (provide detail below)	2	4 314	4 211
Officials:			
Level 15 to 16	12	15 426	17 722
Level 14 (incl. CFO if at a lower level)	48	46 826	42 678
Family members of key management personnel	1	433	397
Total		66 999	65 008

29 Provisions

	Note 29	2017/18 R'000	2016/17 R'000
		-	-
Total		-	-

29.1 Reconciliation of movement in provisions – 2017/18

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	-	-	-	-
Increase in provision	-	-	-	-
Settlement of provision	-	-	-	-
Unused amount reversed	-	-	-	-
Closing balance	-	-	-	-

Reconciliation of movement in provisions – 2016/17

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	-	23	-	23
Increase in provision	-	-	-	-
Settlement of provision	-	-	-	-
Unused amount reversed	-	(23)	-	(23)
Closing balance	-	-	-	-

30 Non-adjusting events after reporting date

	2017/18
Nature of event	R'000
Include an estimate of the financial effect of the subsequent non-adjusting events or a statement that such an estimate cannot be made.	-
Total	-

There were no non adjusting events after reporting date

31 Movable Tangible Capital Assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2018

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	409 029	(4 412)	29 279	(4 768)	429 128
Transport assets	16 464	-	1 160	(1 083)	16 541
Computer equipment	129 353	260	12 893	(2 142)	140 364
Furniture and office equipment	53 760	-	1 580	(1 151)	54 189
Other machinery and equipment	209 452	(4 672)	13 646	(392)	218 034
Total movable tangible capital assets	409 029	(4 412)	29 279	(4 768)	429 128

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	104	1 977

Assets under investigation have either been sent to lost committee for recommendation while a portion is investigated to determine negligence or possible write off

31.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2018

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current not paid (Paid current year received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	45 123	41	(18 273)	2 388	29 279
Transport assets	12 207		(11 047)	-	1 160
Computer equipment	11 309	41		1 543	12 893
Furniture and office equipment	1 402			178	1 580
Other machinery and equipment	20 205		(7 226)	667	13 646
Total additions to movable tangible capital assets	45 123	41	(18 273)	2 388	29 279

31.2 Disposals

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Machinery and equipment	4 768	-	4 768	203
Transport assets	1 083	-	1 083	179
Computer equipment	2 142	-	2 142	24
Furniture and office equipment	1 151	-	1 151	-
Other machinery and equipment	392	-	392	-
Total disposal of movable tangible capital assets	4 768	-	4 768	203

31.3 Movement for 2016/17

Movement in movable tangible capital assets per asset register for the year ended 31 March 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Machinery and equipment	371 653	-	39 911	(2 535)	409 029
Transport assets	14 891	-	3 679	(2 106)	16 464
Computer equipment	113 545	-	15 843	(35)	129 353
Furniture and office equipment	51 258	-	2 820	(318)	53 760
Other machinery and equipment	191 959	-	17 569	(76)	209 452
Total movable tangible capital assets	371 653	-	39 911	(2 535)	409 029

31.4 Minor assets

Movement in minor assets per the asset register for the year ended as at 31 March 2018

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	102	-	68 587	-	68 689
Value adjustments	-	-	-	348	-	348
Additions	-	-	-	9 818	-	9 818
Disposals	-	-	-	(711)	-	(711)
Total minor assets	-	102	-	78 042	-	78 144

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Number of minor R1 assets	-	-	-	28 468	-	28 468
Number of minor assets at cost	-	-	-	62 097	-	62 097
Total number of minor assets	-	-	-	90 565	-	90 565

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Intangible assets	41	44
Machinery and equipment	14	30

Assets under investigation have either been sent to lost committee for recommendation while a portion is investigated to determine negligence or possible write off

Movement in minor assets per the asset register for the year ended as at 31 March 2017

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	102	-	61 738	-	61 840
Prior period error	-	-	-	-	-	-
Additions	-	-	-	6 920	-	6 920
Disposals	-	-	-	(71)	-	(71)
Total minor assets	-	102	-	68 587	-	68 689
Number of minor R1 assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	-	-	-
Total number of minor assets	-	-	-	-	-	-

31.5 Movable assets written off**Movable assets written off for the year ended as at 31 March 2018**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	310	-	310
Total movable assets written off	-	-	-	310	-	310

Movable assets written off for the year ended as at 31 March 2017

Assets written off	-	-	-	-	-	-
Total movable assets written off	-	-	-	-	-	-

31.6 S42 movable capital assets

Major assets subjected to transfer in terms of S42 of the PFMA – 31 March 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
No of assets	-	-	-	-	-	-
Value of the assets	-	-	-	-	-	-

Minor assets subjected to transfer in terms of S42 of the PFMA – 31 March 2018

No of assets	-	-	-	-	-	-
Value of the assets	-	-	-	-	-	-

Major assets subjected to transfer in terms of S42 of the PFMA – 31 March 2017

No of assets	-	-	-	-	-	-
Value of the assets	-	-	-	-	-	-

Minor assets subjected to transfer in terms of S42 of the PFMA – 31 March 2017

No of assets	-	-	-	-	-	-
Value of the assets	-	-	-	-	-	-

32 Intangible Capital Assets

Movement in intangible capital assets per asset register for the year ended 31 March 2018

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	119 095	-	27 439	-	146 534
Patents licences copyright brand names trademarks	5 468	-	-	-	5 468
Total intangible capital assets	124 563	-	27 439	-	152 002

Intangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the intangible capital assets per the asset register are assets that are under investigation:	-	-
Software	-	-
Mastheads and publishing titles	-	-
Patents, licences, copyright, brand names, trademarks	-	-
Recipes, formulae, prototypes, designs, models	-	-
Services and operating rights	-	-

32.1 Additions

Additions to intangible capital assets per asset register for the year ended 31 March 2018

	Cash	Non-Cash	(Development work in progress – current costs)	Received current year not paid (Paid current year received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Software	27 439	-	-	-	27 439
Total additions to intangible capital assets	27 439	-	-	-	27 439

32.2 Disposals

Disposals of intangible capital assets per asset register for the year ended 31 March 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Software	-	-	-	-
Mastheads and publishing titles	-	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-	-
Services and operating rights	-	-	-	-
Total disposals of intangible capital assets	-	-	-	-

32.3 Movement for 2016/17

Movement in intangible capital assets per asset register for the year ended 31 March 2017

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	95 136	-	23 959	-	119 095
Patents licences copyright brand names trademarks	5 468	-	-	-	5 468
Total intangible capital assets	100 604	-	23 959	-	124 563

33 Immovable Tangible Capital Assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2018

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
Buildings and other fixed structures	5 158 636	4 672	2 652 593	(1 256 995)	6 558 906
Dwellings	3 001	-	-	-	3 001
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	5 148 712	4 672	2 652 593	(1 256 995)	6 548 982
Land and subsoil assets	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
Capital Work-in-progress	-	-	-	-	-
Total immovable tangible capital assets	5 170 139	4 672	2 652 593	(1 256 995)	6 570 409

33.1 Additions

Additions to immovable tangible capital assets per asset register for the year ended 31 March 2018

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current not paid (Paid current year received prior year) R'000	Total R'000
Building and other fixed structures	3 301 109	2 652 593	(3 301 109)	-	2 652 593
Other fixed structures	3 301 109	2 652 593	(3 301 109)	-	2 652 593
Total additions to immovable tangible capital assets	3 301 109	2 652 593	(3 301 109)	-	2 652 593

33.2 Disposals

Disposals of immovable tangible capital assets per asset register for the year ended 31 March 2018

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
Buildings and other fixed structures	-	1 256 995	1 256 995	-
Dwellings	-	-	-	-
Other fixed structures	-	1 256 995	1 256 995	-
Total disposals of immovable tangible capital assets	-	1 256 995	1 256 995	-

33.3 Movement for 2016/17

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Buildings and other fixed structures	3 616 189	612 936	1 073 682	(144 171)	5 158 636
Dwellings	3 860	(859)	-	-	3 001
Non-residential buildings	6 923	-	-	-	6 923
Other fixed structures	3 605 406	613 795	1 073 682	(144 171)	5 148 712
Land and subsoil assets	11 503	-	-	-	11 503
Land	11 503	-	-	-	11 503
Total immovable tangible capital assets	3 627 692	612 936	1 073 682	(144 171)	5 170 139

33.3.1 Prior period error

	2016/17 R'000
Nature of prior period error	
Assets written off in 2016/17, incorrectly classified as complete	612 936

Prior year error: The opening balance for immovable tangible assets was incorrectly reported as R4.457 million. Some assets were written off the 2015/2016 financial year and asset that was classified as complete whilst the project is on hold due to funding. The net effect was an understatement of immovable intangible assets by R613 million.

33.4 Capital work-in-progress as at 31 March 2018

Note	Opening balance 1 April 2017	Current year WIP	Ready for use (assets to the AR)/ Contracts terminated	Closing balance 31 March 2018
	R'000	R'000	R'000	R'000
<i>Annexure 7</i>				
Heritage assets	-	-	-	-
Buildings and other fixed structures	22 279 204	3 301 109	(2 652 593)	22 927 720
Machinery and equipment	-	-	-	-
Intangible assets	-	-	-	-
Total	22 279 204	3 301 109	(2 652 593)	22 927 720

Accruals and payables not recognised relating to capital WIP

	2017/18	2016/17
	R'000	R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress	652 013	-

Capital work-in-progress as at 31 March 2017

Note	Opening balance 1 April 2017	Current year WIP	Ready for use (assets to the AR)/ Contracts terminated	Closing balance 31 March 2018
	R'000	R'000	R'000	R'000
<i>Annexure 7</i>				
Heritage assets	-	-	-	-
Buildings and other fixed structures	19 146 952	4 927 370	(1 795 118)	22 279 204
Machinery and equipment	-	-	-	-
Intangible assets	-	-	-	-
Total	19 146 952	4 927 370	(1 795 118)	22 279 204

Prior year error: The opening balance for other fixed structures was incorrectly reported in Annexure 7 as R23.146 million instead of R22.279 million. The opening balance also included Goods and Services items incorrectly capitalised (ACIP) to the value of R150 million and assets ready for use were understated by the value of R721 million. The net effect was an overstatement of movement in capital work in progress by R867 million

33.5 Immovable assets written off

Immovable assets written off for the year ended as at 31 March 2018

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
Assets written off	-	-	-	-
Total immovable assets written off	-	-	-	-

Immovable assets written off for the year ended as at 31 March 2017

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
Assets written off	-	-	-	-
Total immovable assets written off	-	-	-	-

33.6 S42 immovable assets

Assets subjected to transfer in terms of S42 of the PFMA – 2017/18

	Number of assets	Value of assets R'000
Buildings and other fixed structures	431	5 881 626
Other fixed structures	431	5 881 626
Total	431	5 881 626

Capital projects transitioning

The Department has converted some projects that were classified under schedule 6B of DORA to schedule 5B and is currently in a transition process to transfer the work in progress that is in the books of the Department over to the Municipalities. During the transition process, the commitments balances relating to the assets affected by the conversion have not been included in the commitments balance. The relevant expenditure has been disclosed as transfer payments.

Process followed by the Department when transferring is as below:

- A process for transferring the converted projects over to the Municipalities has commenced, where in the Department has forwarded some of the WIP and the commitments balances that are in our books to the Municipality, requesting them to confirm the balances in line with Section 42 of the Public Finance Management ACT of 1999 (PFMA), Act No.1 of 1999 states that both parties the receiving and the transferring party must agree with the inventory list and sign off.
- In terms of 42 of the PFMA when assets and liabilities are transferred from one entity to the other both Accounting Officers of the transferring and receiving must sign-off.

Assets subjected to transfer in terms of S42 of the PFMA – 2016/17

	Number of assets	Value of assets R'000
Buildings and other fixed structures	213	4 517 417
Other fixed structures	213	4 517 417
Total	213	4 517 417

34 Principal-agent arrangements

34.1 Department acting as the principal

	Fee paid	
	2017/18 R'000	2016/17 R'000
Regional Bulk Infrastructure Grant (RBIG)	66 064	248 869
Water Services Infrastructure Grant (WSIG)	682	6 847
Municipal Water Infrastructure Grant (MWIG)	-	-
Bucket Eradication Programme (BEP)	-	-
National Water Week	-	-
Women in Water Awards	-	-
Total	66 746	255 716

The Department is party to a principal-agent arrangement for implementation of the water and sanitation projects through arrangements with various water boards and municipalities. In terms of the arrangement the Department is the principal and is responsible for project funding and accountability to Parliament. During the financial year under review the Department paid management fee to the value of R67 million (R256 million 2016/17) to various implementing agents (municipalities and water boards). The nature circumstances and terms relating to the arrangements differ from one implementing agents to another.

Prior year error: The opening balance for principal agent was incorrectly reported as R264 million in 2016/2017. It has been restated to R256 million. The net effect of prior year error is that the opening balance has decreased by R8 million.

35 Prior period errors

35.1 Correction of prior period errors

Prior period errors		Amount before error correction	Prior period error	2016/17 Restated amount
	Note	R'000	R'000	R'000
Contingent liabilities: Annexure 3A (Foreign – other) <i>Annexure 3A</i>				
TCTA – (LHDA) (OSL 27)	<i>EIB</i>	36 262	105 579	141 841
TCTA – (LHDA) (OSL 26)	<i>EIB</i>	599 554	24 547	624 101
TCTA – (FXL 08)	<i>EIB</i>	588 568	49 717	638 285
Total		1 224 384	179 843	1 404 227

Annexure 3A: The capital amount for the TCTA foreign exchange guarantees was understated as it was not calculated in line with the exchange rates (14,184116) at 31 March 2017. R1.224 billion was reported instead of R1.404 billion resulting in a net effect of understatement of R180 million.

Contingent liabilities: Annexure 3B (Claims against state)	<i>Annexure 3B</i>	201 703	(101 244)	100 459
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Annexure 3B: In 2016/17 Claims against the state contingent liabilities were overstated by R101 million due to reporting of a legal case that was partially settled within the reporting period. The net effect of the adjustment is a reduction of claims against state by R101 million.

Commitments	<i>Note 21</i>	9 177 730	(4 290 850)	4 886 880
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Prior year error: The opening balance for commitments was adjusted from R9. 178 billion reported in 2016/2017 to R4.887 billion. The net effect of prior year error is that the opening balance has decreased by R4. 291 billion.

Accruals	<i>Note 22</i>	749 550	21 345	770 895
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Prior year balance for accrual was adjusted from R750 million reported in 2016/2017 to restated amount R771 million. The net effect of prior year error is that the opening balance has increased by R21 million.

Work in progress	<i>Annexure 7</i>	23 146 069	(866 865)	22 279 204
	<i>Note 41.4</i>	23 150 504	(871 300)	22 279 204
	<i>Note 33.3</i>	4 557 203	612 936	5 170 139

Prior year error Annexure 7 and Note 41.4: The opening balance for other fixed structures was incorrectly reported in Annexure 7 as R23.146 million instead of R22.279 million. The opening balance also included Goods and Services items incorrectly capitalised (ACIP) to the value of R150 million and assets ready for use were understated by the value of R721 million. The net effect was an overstatement of movement in capital work in progress by R867 million.

Prior year error Note 33.3: The opening balance for immovable tangible assets was incorrectly reported as R4.457 million. Some assets were written off the 2015/2016 financial year and asset that was classified as complete whilst the project is on hold due to funding. The net effect was an understatement of immovable intangible assets by R613 million.

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Revenue to be surrendered	Note 19	315	(1)	314
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Revenue to be surrendered was overstated by R1 thousand due to rounding differences. The net effect is revenue surrendered reduced by R1 thousand, R314 thousand was paid instead of R315 thousand.

Irregular expenditure	Note 31	4 179 070	(869)	4 178 201
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Irregular expenditure was incorrectly overstated by R1 thousand for catering costs that were not settled by the Department in 2011/2012 and R868 thousand irregular expenditure incorrectly reported for sanitation projects. The net effect is reduction of opening irregular expenditure by R869 thousand.

Good and services

Inventory	Note 4.4, 35 Annexure 6	6 245	1 504	7 749
	Note 4.4.1	68	7 681	7 749
Consumables	Note 4.5	29 519	6 177	35 696
Contractors	Note 4	368 647	(7 681)	360 966

Goods and Services: The opening balances for contractors, consumables and inventory were adjusted. R7.6 million was incorrectly reported as contractors instead of inventory-other supplies; R6.1 million was reported as inventory instead of consumables. The total balance for goods and services expenditure was not misstated. Other supplies increased from R68 thousand to R7.6 million.

The net effect of the errors resulted in increased inventory opening balance of R1 .5 million, reduction of contractors opening balance from R368.6 million to R360.9 million and increase in opening balance for consumables from R29.5 million to R35. 6 million. Other supplies increased by R7.6 million.

Principal agent	Note 33	263 560	(7 845)	255 716
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Principal agent: The opening balance for principal agent was incorrectly reported as R264 million in 2016/2017 instead of R256 million. The net effect of prior year error is that the opening balance has decreased by R8 million.

36 Inventory

	Note	2017/18	2016/17
	Annexure 6	R'000	R'000
Opening balance		-	-
Add/ (Less): Adjustments to prior year balances		-	-
Add: Additions/ Purchases - Cash		-	-
Add: Additions - Non-cash		-	-
(Less): Disposals		-	-
(Less): Issues		-	-
Add/ (Less): Adjustments		-	-
Closing balance		-	-

37 Statement of conditional grants received

Name of department	Grant allocation						Spent			2016/17	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (Overspending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Water Services Infrastructure Grant (WSIG)	3 329 464	-	-	-	3 329 464	3 329 464	3 305 237	24 227	99%	2 844 982	2 830 982
Regional Bulk Infrastructure Grant (RBIG)	1 865 000	-	-	-	1 865 000	1 865 000	1 829 002	35 998	98%	1 850 000	1 849 791
Total	5 194 464	-	-	-	5 194 464	5 194 464	5 134 239	60 225		4 694 982	4 680 773

The total amount of R35.9 million in respect of RBIG and WSIG R24.2 million could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.

38 Statement of conditional grants and other transfers paid to municipalities

Name of municipality	Grant allocation				Transfer			Re-allocations by National Treasury or National Department
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	R'000	
	R'000	R'000	R'000	R'000	R'000	R'000		
Water Services Infrastructure Grant (WSIG)								
Blue Crane Route	17 000	-	-	17 000	17 000	-	-	-
Amatole Municipalities	90 000	-	-	90 000	90 000	-	-	-
Chris Hani Municipalities	80 000	-	-	80 000	80 000	-	-	-
Joe Gqabi Municipalities	64 500	-	-	64 500	64 500	-	-	-
O.R Tambo Municipalities	124 000	-	-	124 000	124 000	-	-	-
Alfred Nzo Municipalities	110 000	-	-	110 000	110 000	-	-	-
Matzikama	10 000	-	-	10 000	10 000	-	-	-
Cederberg	10 000	-	-	10 000	10 000	-	-	-
Oudtshoorn	10 000	-	-	10 000	10 000	-	-	-
uGu Municipality	50 372	-	-	50 372	50 372	-	-	-
Msunduzi	38 191	-	(11 457)	26 734	26 734	-	-	-
Umgungundlovu Dist Municipalities	62 998	-	11 457	74 455	74 455	-	-	-
Uthukela Municipalities	82 500	-	-	82 500	82 500	-	-	-
Umzinyathi Municipalities	78 693	-	-	78 693	78 693	-	-	-
Newcastle	45 000	-	-	45 000	45 000	-	-	-
Amajuba Municipalities	70 000	-	-	70 000	70 000	-	-	-
Zululand Municipalities	107 746	-	-	107 746	107 746	-	-	-
Umkhanyakude Municipalities	50 000	-	-	50 000	50 000	-	-	-
Umhlatuze	34 000	-	-	34 000	34 000	-	-	-
Uthungulu Municipalities	110 000	-	-	110 000	110 000	-	-	-
Ilembe Municipalities	62 500	-	-	62 500	62 500	-	-	-
Harry Gwala Dist Municipalities	98 000	-	-	98 000	98 000	-	-	-
Albert Luthuli	35 000	-	-	35 000	35 000	-	-	-
Mkhondo	35 000	-	-	35 000	35 000	-	-	-

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Name of municipality	Grant allocation				Transfer			Re-allocations by National Treasury or National Department
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	R'000	
	R'000	R'000	R'000	R'000	R'000	R'000		
Lekwa	30 000	-	-	30 000	30 000	-	-	-
Emakhazeni	30 000	-	-	30 000	30 000	-	-	-
Thembisile	45 000	-	-	45 000	45 000	-	-	-
DR JS Moroka	5 000	-	(2 500)	2 500	2 500	-	-	-
Thaba Chweu	45 000	-	-	45 000	45 000	-	-	-
Nkomazi	40 000	-	13 227	53 227	32 000	21 227	-	-
Bushbuckridge	110 000	-	-	110 000	110 000	-	-	-
Mbombela/ Umjindi Local Municipalities	40 000	-	(10 727)	29 273	29 273	-	-	-
Ermfuleni	30 000	-	-	30 000	30 000	-	-	-
Midvaal	15 000	-	-	15 000	15 000	-	-	-
Lesedi	20 000	-	-	20 000	20 000	-	-	-
Mogale City	30 000	-	-	30 000	30 000	-	-	-
Merafong City	20 000	-	-	20 000	20 000	-	-	-
Westonaria/Randfontein	35 000	-	-	35 000	35 000	-	-	-
Moretele	62 000	-	-	62 000	62 000	-	-	-
Rustenburg	65 000	-	-	65 000	65 000	-	-	-
Kgetleng Rivier	20 000	-	-	20 000	20 000	-	-	-
Moses Kotane	55 000	-	-	55 000	55 000	-	-	-
Dr Segomotsi Mompoti District mun	77 986	-	-	77 986	77 986	-	-	-
Maquassi Hills	14 000	-	-	14 000	14 000	-	-	-
Ventersdorp/ Tlokwe	27 000	-	-	27 000	27 000	-	-	-
Letsemeng	25 000	-	16 231	41 231	41 231	-	-	-
Kopanong	20 000	-	(1 000)	19 000	19 000	-	-	-
Mohokare	30 000	-	(6 000)	24 000	24 000	-	-	-
Matjhabeng	30 000	-	(6 000)	24 000	24 000	-	-	-
Setsoto	15 000	-	-	15 000	15 000	-	-	-

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Name of municipality	Grant allocation				Transfer			Re-allocations by National Treasury or National Department %
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld		
	R'000	R'000	R'000	R'000	R'000	R'000		
Ditlhabeng	15 000	-	-	15 000	15 000	-	-	
Maluti-A-Phofung	50 000	-	(10 000)	40 000	40 000	-	-	
Phumelela	10 000	-	-	10 000	10 000	-	-	
Moghaka	20 000	-	(2 231)	17 769	17 769	-	-	
Ngwathe	20 000	-	9 000	29 000	29 000	-	-	
Meisimaholo	15 000	-	-	15 000	12 000	3 000	-	
Joe Morolong	45 000	-	-	45 000	45 000	-	-	
Ga-Segonyana	35 000	-	-	35 000	35 000	-	-	
Gamagara	20 000	-	-	20 000	20 000	-	-	
Richtersveld	6 000	-	-	6 000	6 000	-	-	
Nama Khoi	5 000	-	-	5 000	5 000	-	-	
Kamiesberg	4 000	-	-	4 000	4 000	-	-	
Hantam	4 000	-	-	4 000	4 000	-	-	
Karoo Hoogland	4 000	-	-	4 000	4 000	-	-	
Khaj-Ma	5 000	-	-	5 000	5 000	-	-	
Ubuntu	4 000	-	-	4 000	4 000	-	-	
Umsobomvu	4 000	-	-	4 000	4 000	-	-	
Ermanjeni	14 000	-	-	14 000	14 000	-	-	
Kareeberg	4 000	-	-	4 000	4 000	-	-	
Renosterberg	10 000	-	-	10 000	10 000	-	-	
Thembellile	4 000	-	-	4 000	4 000	-	-	
Siyancuma	10 000	-	-	10 000	10 000	-	-	
iKai! Garib	10 000	-	-	10 000	10 000	-	-	
iKheis	7 500	-	-	7 500	7 500	-	-	
Tsantsabane	4 000	-	-	4 000	4 000	-	-	
Kgatelopele	4 000	-	-	4 000	4 000	-	-	
Khara Hais/ Mier Loc Mun	7 000	-	-	7 000	7 000	-	-	

Name of municipality	Grant allocation				Transfer		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Sol Plaatje	25 000	-	-	25 000	25 000	-	-
Phokwane	25 000	-	-	25 000	25 000	-	-
Greater Sekhukhune Dist Mun	95 000	-	-	95 000	95 000	-	-
Mopani District Municipalities	95 000	-	-	95 000	95 000	-	-
Vhembe District Municipalities	32 478	-	-	32 478	32 478	-	-
Capricorn District Municipalities	90 000	-	-	90 000	90 000	-	-
Lephalale	50 000	-	-	50 000	50 000	-	-
Bela Bela	35 000	-	-	35 000	35 000	-	-
Mogalakwena	50 000	-	-	50 000	50 000	-	-
Modimolle/Mookgopong	80 000	-	-	80 000	80 000	-	-
Regional Bulk Infrastructure Grant (RBIG)							
Chris Hani Municipalities	208 500	-	-	208 500	208 500	-	-
Joe Gqabi Municipalities	6 000	-	-	6 000	6 000	-	-
O.R Tambo Municipalities	327 500	-	-	327 500	327 500	-	-
Ceberberg	4 613	-	-	4 613	-	4 613	-
Witzenberg	13 372	-	-	13 372	-	13 372	-
Uthukela Municipalities	95 052	-	(20 000)	75 052	75 052	-	-
Umrizinyathi Municipalities	98 933	-	-	98 933	80 920	18 013	-
Zululand Municipalities	110 000	-	20 000	130 000	130 000	-	-
Uthungulu Municipalities	66 410	-	-	66 410	66 410	-	-
Ilembe Municipalities	145 000	-	-	145 000	145 000	-	-
Harry Gwala District Municipalities	90 000	-	-	90 000	90 000	-	-
Gert Sibande Dist Municipalities	119 518	-	-	119 518	119 518	-	-
Bushbuckridge	3 000	-	-	3 000	3 000	-	-
Dr Segomotsi Mompoti Dist mun	182 000	-	-	182 000	182 000	-	-
Mohokare	20 000	-	9 000	29 000	29 000	-	-

Name of municipality	Grant allocation				Transfer		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Masilonyana	15 000	-	(4 000)	11 000	11 000	-	-
Setotso	20 000	-	(5 000)	15 000	15 000	-	-
Mantsopa	15 000	-	-	15 000	15 000	-	-
Ngwathe	15 000	-	-	15 000	15 000	-	-
Hantam	50 426	-	15 000	65 426	65 426	-	-
Kareeberg	30 000	-	(15 000)	15 000	15 000	-	-
Sol Plaatjie	20 000	-	-	20 000	20 000	-	-
Polokwane	209 676	-	-	209 676	209 676	-	-
Unconditional Grants-							
Mun B/Acc: Vehicle Licences Mun	707	-	-	707	547	-	-
Mun B/Acc:Fines & Penalties	-	-	-	-	6	-	-
Total	5 195 171	-	-	5 195 171	5 134 792	60 225	-

The total amount of R35.9 million in respect of RBIG and WSIG R24.2 million could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2018

Annexure 1A: Statement of conditional grants and other transfers paid to municipalities

Name of municipality	Grant allocation				Transfer			Spent			2016/17	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds		% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000		%
Water Services Infrastructure Grant (WSIG)												
Blue Crane Route	17 000	-	-	17 000	17 000	-	-	17 000	8 357	8 643	49%	-
Amatole Municipalities	90 000	-	-	90 000	90 000	-	-	90 000	33 857	56 143	38%	119 190
Chris Hani Municipalities	80 000	-	-	80 000	80 000	-	-	80 000	26 708	53 292	33%	101 597
Joe Gqabi Municipalities	64 500	-	-	64 500	64 500	-	-	64 500	44 373	20 127	69%	71 828
O.R Tambo Municipalities	124 000	-	-	124 000	124 000	-	-	124 000	31 543	92 457	25%	109 739
Alfred Nzo Municipalities	110 000	-	-	110 000	110 000	-	-	110 000	103 054	6 946	94%	101 171
Matzikama	10 000	-	-	10 000	10 000	-	-	10 000	2 035	7 965	20%	-
Cederberg	10 000	-	-	10 000	10 000	-	-	10 000	100	9 900	1%	-

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Name of municipality	Grant allocation				Transfer			Spent			2016/17	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Oudtshoorn	10 000	-	-	10 000	10 000	-	-	10 000	443	9 557	4%	-
uGu Municipality	50 372	-	-	50 372	50 372	-	-	50 372	26 678	23 694	53%	73 213
Msunduzi	38 191	-	(11 457)	26 734	26 734	-	-	26 734	17 170	9 564	64%	36 721
Umgungundlovu Dist Municipalities	62 998	-	11 457	74 455	74 455	-	-	74 455	39 528	34 927	53%	50 235
Uthukela Municipalities	82 500	-	-	82 500	82 500	-	-	82 500	38 228	44 272	46%	81 807
Umzinyathi Municipalities	78 693	-	-	78 693	78 693	-	-	78 693	6 075	72 618	8%	84 111
Newcastle	45 000	-	-	45 000	45 000	-	-	45 000	5 988	39 012	13%	40 613
Amajuba Municipalities	70 000	-	-	70 000	70 000	-	-	70 000	30 087	39 913	43%	49 400
Zululand Municipalities	107 746	-	-	107 746	107 746	-	-	107 746	74 117	33 629	69%	109 071
Umkhanyakude Municipalities	50 000	-	-	50 000	50 000	-	-	50 000	-	50 000	0%	70 371
U姆hlathuze	34 000	-	-	34 000	34 000	-	-	34 000	15 678	18 322	46%	50 921

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Name of municipality	Grant allocation				Transfer			Spent				2016/17
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Uthungulu Municipalities	110 000	-	-	110 000	110 000	-	-	110 000	20 690	89 310	19%	85 369
Ilembu Municipalities	62 500	-	-	62 500	62 500	-	-	62 500	29 665	32 835	47%	62 500
Harry Gwala Dist Municipalities	98 000	-	-	98 000	98 000	-	-	98 000	22 220	75 780	23%	86 118
Alber Luthuli	35 000	-	-	35 000	35 000	-	-	35 000	17 118	17 882	49%	15 500
Mkhondo	35 000	-	-	35 000	35 000	-	-	35 000	10 878	24 122	31%	-
Lekwa	30 000	-	-	30 000	30 000	-	-	30 000	3 648	26 352	12%	-
Emakhazeni	30 000	-	-	30 000	30 000	-	-	30 000	16 689	13 311	56%	-
Thembisile	45 000	-	-	45 000	45 000	-	-	45 000	30 036	14 964	67%	19 000
DR JS Moroka	5 000	-	(2 500)	2 500	2 500	-	-	2 500	2 500	-	100%	-
Thaba Chweu	45 000	-	-	45 000	45 000	-	-	45 000	8 816	36 184	20%	20 000
Nkomazi	40 000	-	13 227	53 227	32 000	21 227	-	32 000	27 786	4 214	87%	84 192
Bushbuckridge	110 000	-	-	110 000	110 000	-	-	110 000	53 645	56 355	49%	130 000

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Name of municipality	Grant allocation				Transfer			Spent				2016/17
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Mbombela/ Umjindi Loc Municipalities	40 000	-	(10 727)	29 273	29 273	-	-	29 273	22 226	7 047	76%	115 372
Ermfuleni	30 000	-	-	30 000	30 000	-	-	30 000	1 597	28 403	5%	-
Midvaal	15 000	-	-	15 000	15 000	-	-	15 000	10 427	4 573	70%	-
Lesedi	20 000	-	-	20 000	20 000	-	-	20 000	7 254	12 746	36%	-
Mogale City	30 000	-	-	30 000	30 000	-	-	30 000	15 237	14 763	51%	20 000
Merafong City	20 000	-	-	20 000	20 000	-	-	20 000	4 597	15 403	23%	20 000
Westonaria/ Randfontein	35 000	-	-	35 000	35 000	-	-	35 000	-	35 000	0%	30 000
Moretele	62 000	-	-	62 000	62 000	-	-	62 000	24 413	37 587	39%	45 095
Rustenburg	65 000	-	-	65 000	65 000	-	-	65 000	23 471	41 529	36%	30 000
Kgetleng Rivier	20 000	-	-	20 000	20 000	-	-	20 000	5 715	14 285	29%	9 500
Moses Kotane	55 000	-	-	55 000	55 000	-	-	55 000	24 993	30 007	45%	38 609
Dr Segomotsi Mompoti Dist mun	77 986	-	-	77 986	77 986	-	-	77 986	41 299	36 687	53%	77 700
Maquassi Hills	14 000	-	-	14 000	14 000	-	-	14 000	9 993	4 007	71%	-

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Name of municipality	Grant allocation				Transfer			Spent			2016/17	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Ventersdorp/Tlokwe	27 000	-	-	27 000	27 000	-	-	27 000	20 731	6 269	77%	-
Ratlou	-	-	-	-	-	-	-	-	-	-	-	4 000
Letsemeng	25 000	-	16 231	41 231	41 231	-	-	41 231	11 455	29 776	28%	55 000
Kopanong	20 000	-	(1 000)	19 000	19 000	-	-	19 000	8 598	10 402	45%	25 702
Mohokare	30 000	-	(6 000)	24 000	24 000	-	-	24 000	11 022	12 978	46%	30 265
Matjhabeng	30 000	-	(6 000)	24 000	24 000	-	-	24 000	4 812	19 188	20%	-
Sesoto	15 000	-	-	15 000	15 000	-	-	15 000	10 185	4 815	68%	-
Dihlabeng	15 000	-	-	15 000	15 000	-	-	15 000	7 664	7 336	51%	-
Maluti-A-Phofung	50 000	-	(10 000)	40 000	40 000	-	-	40 000	13 862	26 138	35%	20 000
Phumelela	10 000	-	-	10 000	10 000	-	-	10 000	5 504	4 496	55%	-
Moqhaka	20 000	-	(2 231)	17 769	17 769	-	-	17 769	16 713	1 056	94%	-
Ngwathe	20 000	-	9 000	29 000	29 000	-	-	29 000	7 654	21 346	26%	-
Metsimaholo	15 000	-	-	15 000	15 000	3 000	-	12 000	686	11 314	6%	-

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Name of municipality	Grant allocation				Transfer			Spent			2016/17	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	
Joe Morolong	45 000	-	-	45 000	45 000	-	-	45 000	19 108	25 892	42%	85 184
Ga-Segonyana	35 000	-	-	35 000	35 000	-	-	35 000	16 790	18 210	48%	55 800
Gamagara	20 000	-	-	20 000	20 000	-	-	20 000	1 036	18 964	5%	-
Richtersveld	6 000	-	-	6 000	6 000	-	-	6 000	1 977	4 023	33%	-
Nama Khoi	5 000	-	-	5 000	5 000	-	-	5 000	201	4 799	4%	-
Karniesberg	4 000	-	-	4 000	4 000	-	-	4 000	1 506	2 494	38%	-
Hantam	4 000	-	-	4 000	4 000	-	-	4 000	167	3 833	4%	-
Karoo Hoogland	4 000	-	-	4 000	4 000	-	-	4 000	1 327	2 673	33%	-
Khai-Ma	5 000	-	-	5 000	5 000	-	-	5 000	176	4 824	4%	-
Ubuntu	4 000	-	-	4 000	4 000	-	-	4 000	-	4 000	0%	-
Umsobomvu	4 000	-	-	4 000	4 000	-	-	4 000	-	4 000	0%	-
Emthanjeni	14 000	-	-	14 000	14 000	-	-	14 000	640	13 360	5%	-
Kareeberg	4 000	-	-	4 000	4 000	-	-	4 000	1 772	2 228	44%	-
Renosterberg	10 000	-	-	10 000	10 000	-	-	10 000	9 999	1	-	-

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Name of municipality	Grant allocation				Transfer			Spent				2016/17
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Thembeihle	4 000	-	-	4 000	4 000	-	-	4 000	578	3 422	14%	-
Siyancuma	10 000	-	-	10 000	10 000	-	-	10 000	2 051	7 949	21%	-
!Kail Garib	10 000	-	-	10 000	10 000	-	-	10 000	773	9 227	8%	-
!Kheis	7 500	-	-	7 500	7 500	-	-	7 500	1 845	5 655	25%	-
Tsantsabane	4 000	-	-	4 000	4 000	-	-	4 000	1 238	2 762	31%	-
Kgatelopele	4 000	-	-	4 000	4 000	-	-	4 000	3 147	853	79%	-
Khara Hais/ Mier Loc Mun	7 000	-	-	7 000	7 000	-	-	7 000	619	6 381	9%	-
Sol Plaatjie	25 000	-	-	25 000	25 000	-	-	25 000	1 333	23 667	5%	-
Phokwane	25 000	-	-	25 000	25 000	-	-	25 000	7 467	17 533	30%	-
Greater Sekhukhune Dist Mun	95 000	-	-	95 000	95 000	-	-	95 000	10 165	84 835	11%	64 000
Mopani Dist Municipalities	95 000	-	-	95 000	95 000	-	-	95 000	8 854	86 146	9%	101 288
Vhembe District Municipalities	32 478	-	-	32 478	32 478	-	-	32 478	16 108	16 370	50%	108 000

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Name of municipality	Grant allocation				Transfer			Spent				2016/17
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Capricorn District Municipalities	90 000	-	-	90 000	90 000	-	-	90 000	61 682	28 318	69%	102 800
Lephalale	50 000	-	-	50 000	50 000	-	-	50 000	19 724	30 276	39%	21 000
Bela Bela	35 000	-	-	35 000	35 000	-	-	35 000	23 289	11 711	67%	30 000
Mogalakwena	50 000	-	-	50 000	50 000	-	-	65 000	21 660	43 340	0%	30 000
Modimolle/Mookgopong	80 000	-	-	80 000	80 000	-	-	80 000	13 362	66 638	17%	-
Thabazimbi	-	-	-	-	-	-	-	-	-	-	-	20 000
Waterberg	-	-	-	-	-	-	-	-	-	-	-	45 000
Greater Letaba	-	-	-	-	-	-	-	-	-	-	-	4 000
Greater Giyani	-	-	-	-	-	-	-	-	-	-	-	4 000
Regional Bulk Infrastructure Grant (RBIG)												
Chris Hani Municipalities	208 500	-	-	208 500	208 500	-	-	208 500	85 854	122 646	41%	207 815
Joe Gqabi Municipalities	6 000	-	-	6 000	6 000	-	-	6 000	2 204	3 796	37%	12 945

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Name of municipality	Grant allocation				Transfer			Spent				2016/17
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
O.R Tambo Municipalities	327 500	-		327 500	327 500	-	-	327 500	109 378	218 122	33%	343 183
Ceberberg	4 613	-		4 613	-	4 613	-	-	-	-		21 047
Witzenberg	13 372	-		13 372	-	13 372	-	-	-	-		27 841
Stellenbosch	-	-		-	-	-	-	-	-	-		32 809
uGu Municipality	-	-		-	-	-	-	-	-	-		12 776
Uthukela Municipalities	95 052	-	(20 000)	75 052	75 052	-	-	75 052	11 336	63 716	15%	80 000
Umzinyathi Municipalities	98 933	-		98 933	80 920	18 013	-	80 920	75 118	5 802	93%	106 377
Zululand Municipalities	110 000	-	20 000	130 000	130 000	-	-	130 000	67 932	62 068	52%	108 011
Uthungulu Municipalities	66 410	-		66 410	66 410	-	-	66 410	36 803	29 607	55%	211 224
Harry Gwala District Municipalities	90 000	-		90 000	90 000	-	-	90 000	40 172	49 828	45%	60 000
Gert Sibande Dist Municipalities	119 518	-		119 518	119 518	-	-	119 518	33 109	86 409	28%	97 264

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Name of municipality	Grant allocation				Transfer			Spent				2016/17
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Bushbuckridge	3 000	-		3 000	3 000	-	-	3 000	-	3 000	0%	140 000
Dr Segomotsi Mompoti Dist mun	182 000	-		182 000	182 000	-	-	182 000	32 370	149 630	18%	113 339
Setsetso	20 000	-	(5 000)	15 000	15 000	-	-	15 000	40 212	(25 212)	268%	30 716
Hantam	50 426	-	15 000	65 426	65 426	-	-	65 426	90 103	(24 677)	138%	19 494
Kareeberg	30 000	-	(15 000)	15 000	15 000	-	-	15 000	-	15 000	0%	15 000
Dikgatlong	-	-		-	-	-	-	-	-	-		15 000
Magareng	-	-		-	-	-	-	-	-	-		15 000
Polokwane	209 676	-		209 676	209 676	-	-	209 676	163 403	46 273	78%	180 159
Ilembe Municipalities	145 000	-		145 000	145 000	-	-	145 000	74 295	70 705	51%	
Mohokare	20 000	-	9 000	29 000	29 000	-	-	29 000	6 554	22 446	23%	
Masilonyana	15 000	-	(4 000)	11 000	11 000	-	-	11 000	-	11 000	0%	
Mantsopa	15 000	-		15 000	15 000	-	-	15 000	648	14 352	4%	
Ngwathe	15 000	-		15 000	15 000	-	-	15 000	7 097	7 903	47%	-
Sol Plaatjie	20 000	-		20 000	20 000	-	-	20 000	3 391	16 609	17%	-

Name of municipality	Grant allocation				Transfer			Spent				2016/17
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Total	5 194 464	-	-	5 194 464	5 134 239	60 225	-	5 149 239	2 186 391	2 962 848		4 694 982

The total amount of R35.9 million in respect of RBIG and WSIG R24.2 million could not be transferred due to cash flow constraints the Department faced with during the month of March 2018.

Prior year error: The actual transferred WSIG Grant of Mopani Municipality was incorrectly published in the 2016/2017 Annual Report as R109 million instead of R101 million resulting overstatement of R8 million. The overall total of R4.6 million is correct.

Annexure 1B: Statement of transfers to departmental agencies and accounts

Department/ agency/ account	Transfer allocation				Transfer		2016/17 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Energy Water Sector Education and Training Authority (EWSETA)	2 674	-	-	2 674	2 674	100%	2 197
Public Sector Education and Training Authority (PSETA)	-	-	-	-	-	-	-
Water Trading Account: Augmentation (Capital)	1 882 881	-	-	1 882 881	1 882 881	100%	1 709 462
Water Research Commission (WRC)	499	-	-	499	-	0%	8 900
Com: Licences (Radio and TV)	-	-	-	-	4	-	5
SA Nat Space Agency	-	-	-	-	-	-	4 000
Total	1 886 054	-	-	1 886 054	1 885 559		1 724 564

Annexure 1B: Statement of transfers to departmental agencies and accounts was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 1C: Statement of transfers to higher education institutions

Department/ agency/ account	Transfer allocation			Transfer		2016/17 Appropriation Act R'000	
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000		% of Available funds Transferred %
Stellenbosch University	-	-	-	-	-	-	1 000
University of the Western Cape	-	-	-	-	-	-	2 400
Total	-	-	-	-	-	-	3 400

Annexure 1C: Statement of transfers to higher education institutions was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 1D: Statement of transfers/subsidies to public corporations and private enterprises

Name of public corporation/ private enterprise	Transfer allocation			Expenditure			2015/16 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %		Capital R'000
Public Corporations								
Transfer								
Amatola Water Board	88 554	-	-	88 554	88 554	100.0%	88 554	-
Magalies Water	58 385	-	-	58 385	52 231	89.5%	52 231	-
Sedibeng Water	433 159	-	-	433 159	363 159	83.8%	363 159	-
Umgeni Water	518 405	-	-	518 405	518 405	100.0%	518 405	-
	1 098 503	-	-	1 098 503	1 022 349	93.1%	1 022 349	-
Total	1 098 503	-	-	1 098 503	1 022 349	93.1%	1 022 349	-
								844 773

Annexure 1D: Statement of transfers/subsidies to public corporations and private enterprises was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 1G: Statement of transfers to households

Households	Transfer allocation			Expenditure		2016/17 Appropriation Act R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
H/H: Bursaries (Non-Employees)	16,765	-	-	16,765	16,765	100%
H/H: Claim Against the State (Cash)	850	-	-	850	69	8%
Farmer Support Household (Cash)	14,932	-	-	14,932	4,470	30%
H/H Empl S/Ben: Leave Gratuity	8,555	-	-	8,555	8,759	102%
H/H: Donations Gift (Cash)	-	-	-	-	-	51
H/H Empl S/Ben: Severance Package	-	-	-	-	-	-
Land Ref/Rest: Valuer (Trnsfr)	-	-	-	-	-	-
	41,102	-	-	41,102	30,063	42,825
Total	41,102	-	-	41,102	30,063	42,825

Annexure 1G: Statement of transfers to households was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 1F: Statement of transfers to non-profit institutions

Non-profit institutions	Transfer allocation			Expenditure		2016/17 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
NPI: Donations & Gifts NPI		-	-			921
South African Youth Water Prize	1 048			1 048	608	58%
VAR Inst: 2020 Vision-Water ED PR	112			112	171	153%
NPI: Claims Against State NPI					-	
	1 160	-	-	1 160	779	
Total	1 160	-	-	1 160	779	2 766

Annexure 1F: Statement of transfers to non-profit institutions was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 1G: Statement of transfers to households

Households	Transfer allocation			Expenditure			2016/17 Adjusted Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments %	
Transfers							
H/H: Bursaries (Non-Employees)	16 765	-	-	16 765	16 765	100%	15 535
H/H: Claim Against the State (Cash)	850	-	-	850	69	8%	140
Farmer Support Household (Cash)	14 932	-	-	14 932	4 470	30%	15 661
H/H Empl S/Ben: Leave Gratuity	4 940	-	-	4 940	8 759	177%	7 881
H/H: Donations Gift (Cash)	-	-	-	-	-	-	51
Land Ref/Rest: Valuer (Transfer)	-	-	-	-	-	-	-
	37 487	-	-	37 487	30 063		39 268
Total	37 487	-	-	37 487	30 063		39 268

Annexure 1G: Statement of transfers to households was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 1H: Statement of gifts donations and sponsorships received

Name of organisation	Nature of gift donation or sponsorship	2017/18		2016/17	
		R'000		R'000	
Received in kind					
Department of Sport & Recreation-Andrew Mlangeni Green Jacket Award	Mango Airline ticket - CPT-JHB-CPT, Birchwood Hotel One Night Hotel, Pencil Set, Glass Trophy and Medal				3
Phakisa World	5 Trolley Bags @ 100) Camp Chair, Lunch and Bag				4
Umngeni Water	Inorganic & Biological samples - Algal identification sample		62		
Dwarsrivier Chrome Mine	Service (Marquee Tent, 1000 Chairs, VIP Tent with Chairs, Decoration for both Tents, Stage with Chairs and Tables. Promotional items and 9 toilets).				1 104
Megapro Hospitality Management					(3)
Subtotal			62		112
Total			62		112

Prior year error: Error on annual report prior year Phakisa captured as R4 thousand instead of R1 thousand, Dwarsrivier Chrome Mine Captured as R1.1million instead of R104 thousand,

Megapro captured as R0 instead of R3 thousand, Dept of Sport and Recreation-Andrew Mlangeni Green Jacket Award captured as R3 thousand instead of R4 thousand. Overall total of R112 thousand is correct.

	Amount before error correction		Prior period error		Restated amount	
	R'000	R'000	R'000	R'000	R'000	R'000
Dwarsrivier Chrome Mine	1 104		(1 000)		104	
Phakisa World	4		(3)		1	
Megapro Hospitality Management	-		3		3	
Dept of Sport & Recreation-Andrew Mlangeni Green Jacket Award	3		1		4	

Annexure 1J: Statement of gifts donations and sponsorships made

Nature of gift donation or sponsorship	2017/18	2016/17
	R'000	R'000
Made in kind		
Trophy	29	1
Photo Frame(framed certificates)	38	4
4GB USB	10	
Tracksuit-Embroidered	6	
Fruit basket/Flowers	6	
corporate gifts (Mandela Books)- Denmark	2	
Coffee flask + Mug set	3	
Grave food capsule, fork & cup	5	
Durable Gassette Shopper	2	
Vuvuzela pen	25	
Sponsorship for WISA 2016 conference		800
Total	126	805

Annexure 1J: Statement of gifts donations and sponsorships made was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 1L: Statement of indirect grants between national departments and municipalities

Name of grant	Grant allocation				Spent Amount
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	
	R'000	R'000	R'000	R'000	R'000
Regional Bulk Infrastructure Grant (RBIG)	2 973 539	-	-	2 973 539	2 454 957
Water Services Infrastructure Grant (WSIG)	852 055	-	-	852 055	819 416
Total	3 825 594			3 825 594	3 274 373

Annexure 1L: Statement of indirect grants between National Departments and Municipalities was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 2B: Statement of investments in and amounts owing by / to entities

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Water boards									
Kalahari West	Construct a stock drinking scheme	-	-	-	-	-	-	-	496
Irrigation boards									
Buffelskloof	For irrigation	-	-	-	-	-	-	-	2
Cogmanskloof	For irrigation	-	-	-	-	-	-	-	76
Haarlem	Dam and pipelines	-	-	-	-	-	-	1 887	2 615
Ilovo	For irrigation	-	-	-	-	-	-	41	56
Manchester Noordwyk	For irrigation	-	-	-	-	-	-	1 676	2 020
Noord Agter Paarl	For irrigation	-	-	-	-	-	-	334	386
Perdeberg	For irrigation	-	-	-	-	-	-	120	191
Municipalities									
Total		-	-	-	-	-	-	4 058	5 842

Annexure 3A: Statement of financial guarantees issued as at 31 March 2018 – Local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw-downs during the year	Guarantees repaid/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2018	Guaranteed interest for year ended 31 March 2018	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
NP Dev. Corp	Loans	310	95	-	-	-	95	-	-
Standard Bank	Loans	111	-	111	-	-	111	-	-
	Subtotal	421	95	111	-	-	206	-	-

Annexure 3A: Statement of financial guarantees Issued as at 31 March 2018 – Local was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 3A: Statement of financial guarantees issued as at 31 March 2018 – Foreign

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw-downs during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2018	Guaranteed interest for year ended 31 March 2018	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Other								
KOBWA (18)	DBSA Driekoppies Dam	488 401	145 383	-	(20 218)	-	125 165	-	-
KOBWA (21)	Hambros Maguga Dam	380 000	380 000	-	-	-	380 000	21 094	-
KOBWA	Rand Mer Bnk Maguga D	380 000	99 162	-	(42 208)	-	56 954	675	-
KOBWA	Nedcor Bnk Maguga D	233 000	61 953	-	(26 467)	-	35 486	-	-
Land Bank (30)	Water projects by WUA's	150 000	37 908	-	(815)	-	37 093	61	-
TCTA (13)	Call Bills & Capital Bills.	4 000 000	182 000	-	(105 000)	-	77 000	531	-
TCTA (14)	Holders of L H W Projects	21 000 000	20 251 507	395 206	(2 176 393)	-	18 470 320	364 327	-
	Subtotal	26 631 401	21 157 913	395 206	(2 371 101)	-	19 182 018	386 688	-
	Total	26 631 822	21 158 008	395 317	(2 371 101)	-	19 182 224	386 688	-

Annexure 3A: Statement of financial guarantees issued as at 31 March 2018 – Foreign

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw-downs during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2018	Guaranteed interest for year ended 31 March 2018	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Other								
TCTA (LHDA) (OSL 27)	EIB	146 155	8 417	-	(5 612)	-	2 805	6	-
TCTA (LHDA) (OSL 26)	EIB	643 082	12 852	-	(13 995)	1 143	-	-	-
TCTA (OSL 26 A)		-	7 711	-	(7 711)	-	-	-	-
TCTA (OSL 26 C)		-	1 533	-	(1 533)	-	-	-	-
TCTA (FXL 08)	EIB	657 698	24 215	-	(24 215)	-	-	-	-
	Subtotal	1 446 935	54 728	-	(53 066)	1 143	2 805	6	-
	Total	1 446 935	54 728	-	(53 066)	1 143	2 805	6	-

ANNEXURE 3A (continued)

Prior year error: The capital amount for the following foreign exchange guarantees was understated as it was not calculated in line with the exchange rates of 14,184116 at 31 March 2017.

*The impact of the error resulted in understatement of R180 million, but requires no restatement in the current year as the capital is now recalculated at exchange rate of 14.615504 as at 31 March 2018.

	Reported 16/17	Amended 16/17	Understatement error
	R'000	R'000	R'000
TCTA (LHDA) (OSL 27)	36 262	141 841	(105 579)
TCTA (LHDA) (OSL 26)	599 554	624 101	(24 547)
TCTA (FXL 08)	588 568	638 285	(49 717)
Total understatement	1 224 384	1 404 227	(179 843)

Annexure 3B: Statement of contingent liabilities as at 31 March 2018

Nature of liability	Opening balance 1 April 2017	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2018
	R' 000	R' 000	R' 000	R' 000	R' 000
Claims against the department					
Stephan Mogohlwane & Others	139	22	-	-	161
Freddy Aphane	24	4	-	-	28
Black Child Productions	10 000	-	-	-	10 000
Nkondo GM	555	-	-	-	555
Ntsumi Communications	564	51	-	-	615
JJ Jordaan	21 179	3 283	-	-	24 462
Rouleti Investments (Pty) Ltd	4 669	724	-	-	5 393
Mariam Mangera	15	2	-	-	17
PSA OBO Surita Kiesling	133	21	-	-	154
Ibrahim Mahomed and Others	5 409	838	-	-	6 247
Rubbytad Management (Pty) Ltd	17 549	-	-	-	17 549
Geldenbuys	1 416	219	-	-	1 635
JS Erasmus	20	-	-	-	20
Tuscan Mood 2001 (Pty) Ltd	4 497	-	-	-	4 497
Minister of DWS / Thembi J Shongwe	290	-	-	-	290
Given Legwabe & 505 Others	8 838	-	-	-	8 838
Metsa Kekana	623	-	-	-	623
Vharanani Properties	15 373	-	(15 373)	-	-
Ban Africa // DWS	2 322	-	-	-	2 322
Bigen Africa	5 926	-	-	-	5 926
SJ Tabane & Others // DWS	33	-	-	-	33
L Sishuba // DWS	750	842	-	-	1 592
Olipa Maseko // Minister of Water and Sanitation	103	-	-	-	103
SA Satar / DWS and Mokgadi Hellen Maloba	32	3	-	-	35
Zinga Trading CC / DWS		20	-	-	20
Jan Hendrik George Blignault/ DWS		10	-	-	10
University of Limpopo v DG DWS		3 477	-	-	3 477
Kahlon Sylvia and 5 Others v DWS		34 526	-	-	34 526
Mulangaphuma HL VS DWS		2 954	-	-	2 954
Teffo Mashala / DWS		1 592	-	-	1 592
Trevor Manuel // Nomvula Mokonyane		101	-	-	101
Total	100 459	48 688	(15 373)	-	133 775

Prior year error: In 2016/17 Vharanani contingent liabilities already settled within reporting period were reported without interest. The net effect of the error resulted in an overstatement of R101 million. Interest was calculated at 10.50% in line with the court order, however a settlement rate of 7.5% was agreed upon on payment date.

Annexure 4: Claims recoverable

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18 *	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
National Department of Water and Sanitation-Trading Account (W7)	203	-	520	299	723	299	-	-
National Department of Public Works (19)	-	-	54	16	54	16	-	-
Independent Police Investigative (Q9)	-	-	16	-	16	-	-	-
Gauteng Treasury (4G)	58	-	-	-	58	-	-	-
Eastern Cape Department of Health (D2)	-	-	-	11	-	11	-	-
Gauteng Human Settlement (6G)	16	-	-	-	16	-	-	-
International Relations and Cooperation (31)	32	-	-	-	32	-	-	-
National Department of Science and Technology (E6)	7	-	-	-	7	-	-	-
National Department of Home Affairs (18)	26	-	-	-	26	-	-	-
Rural Development and Land Reform (42)	-	-	7	-	7	-	-	-
Limpopo Province Health (P4)	-	-	53	-	53	-	-	-
National Department of Labour (33)	61	-	-	-	61	-	-	-
North West Local Government & Human Settlement (9Y)	50	-	-	-	50	-	-	-
	453	-	650	326	1 103	326	-	-
Other government entities								
Public Entities	-	-	206 799	39 066	206 799	39 066	-	-
Western Cape Region	-	-	-	-	-	-	-	-
	-	-	206 799	39 066	206 799	39 066	-	-
Total	453	-	207 449	39 392	207 902	39 392	-	-

Annexure 4: Claims recoverable was not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 5: Inter-governmental payables

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18 *	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Receipt date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Current								
Department of Justice & Constitutional Development	4 365	731	-	-	4 365	731	-	-
Department of Public Works - NW	-	43	-	-	-	43	-	-
Civilian Secretariat for Police	31	-	-	-	31	-		
KZN Provincial government Public works	24	-	-	-	24	-		
Limpopo Department of Health	31	-	-	-	31	-		
Gauteng Province: Provincial Treasury	-	28	-	-	-	28		
South Africa Police Services	35	285			35	285		
Department of Public Works		1				1		
Department of Higher Education and Training		17				17		
Subtotal	4 486	1 105	-	-	4 486	1 105	-	-
Total departments	4 486	1 105	-	-	4 486	1 105	-	-

Annexure 5: Inter-governmental payables

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18 *	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	Receipt date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Other government entity								
Current	-	-	-	-	-	-	-	-
Water and Sanitation Trading Entity	6 977	-	6 977	6 977	6 977	6 977	-	-
Special Investigation Unit (SIU)	3 209	814	-	-	3 209	814	-	-
AGSA	5 267	2 977	-	-	5 267	2 977	-	-
State Security Agency (SSA)	-	590	-	-	-	590	-	-
SA Post Office	18	-	-	-	18	-	-	-
Subtotal	15 471	4 381	-	6 977 970	15 471	702 351	-	-
Total Other Government Entities	15 471	4 381	-	6 977 970	15 471	702 351	-	-
Total intergovernmental	19 957	5 486	-	6 977 970	19 957	703 456	-	-

Prior year error: The total Special Investigation Unit (SIU) payable was incorrectly published in the 2016/2017 Annual Report as R353 million instead of R814 million and Water Trading Entity payable of R697 million was not reported under unconfirmed balance column. The overall total of R703 million is correct.

Annexure 6: Inventories

Inventory	Note	Quantity	2017/18 R' 000	Quantity	2016/17 R' 000
Opening balance			-		-
Add/ (Less): Adjustments to prior year balance			-		-
Add: Additions/ Purchases – Cash			-		-
Add: Additions - Non-cash			-		-
(Less): Disposals			-		-
(Less): Issues			-		-
Add/ (Less): Adjustments			-		-
Closing balance			-		-

Annexure 7: Movement in capital work in progress

Movement in capital work in progress for the year ended 31 March 2018

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
Buildings and other fixed structures	22 279 204	3 301 109	(2 652 593)	22 927 720
Other fixed structures	22 279 204	3 301 109	(2 652 593)	22 927 720
Total	22 279 204	3 301 109	(2 652 593)	22 927 720

Age analysis on on-going projects

	Number of projects		2017/18
	Planned Construction not started	Planned Construction started	Total R'000
0 to 1 Year	8	21	2 161 744
1 to 3 Years	11	13	9 799 349
3 to 5 Years	20	18	11 419 579
Longer than 5 Years	11	11	17 558 722
Total	50	63	40 939 394

Movement in capital work in progress for the year ended 31 March 2017

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
Buildings and other fixed structures					
Other fixed structures	19 296 816	(145 429)	4 922 935	(1 795 118)	22 279 204
	19 296 816	(145 429)	4 922 935	(1 795 118)	22 279 204
Total	19 296 816	(145 429)	4 922 935	(1 795 118)	22 279 204

Prior year error: The opening balance for other fixed structures was incorrectly reported in Annexure 7 as R23.146 million instead of R22.279 million. The opening balance also included Goods and Services items incorrectly capitalised (ACIP) to the value of R150 million and assets ready for use were understated by the value of R721 million.. The net effect was an overstatement of movement in capital work in progress by R867 million.

PART E | ANNUAL FINANCIAL STATEMENTS (VOTE 36)

Annexure 8A: Inter-entity advances paid (note 11)

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
National departments						
Department of International Relations & Cooperation	-	-	(69)	-	(69)	-
Government Communication Information System	295	452	-	-	295	452
National School of Government	-	233	-	-	-	233
Subtotal	295	685	(69)	-	226	685
Public entities						
Sedibeng Water	-	-	-	37 257	-	37 257
Subtotal	-	-	-	37 257	-	37 257
Other entities						
Subtotal	-	-	-	-	-	-
Total	295	685	(69)	37 257	226	685

Annexure 8A: Inter-entity advances paid were not audited and does not form part of the audited Annual Financial Statements (AFS).

Annexure 8B: Inter-entity advances received (note 17)

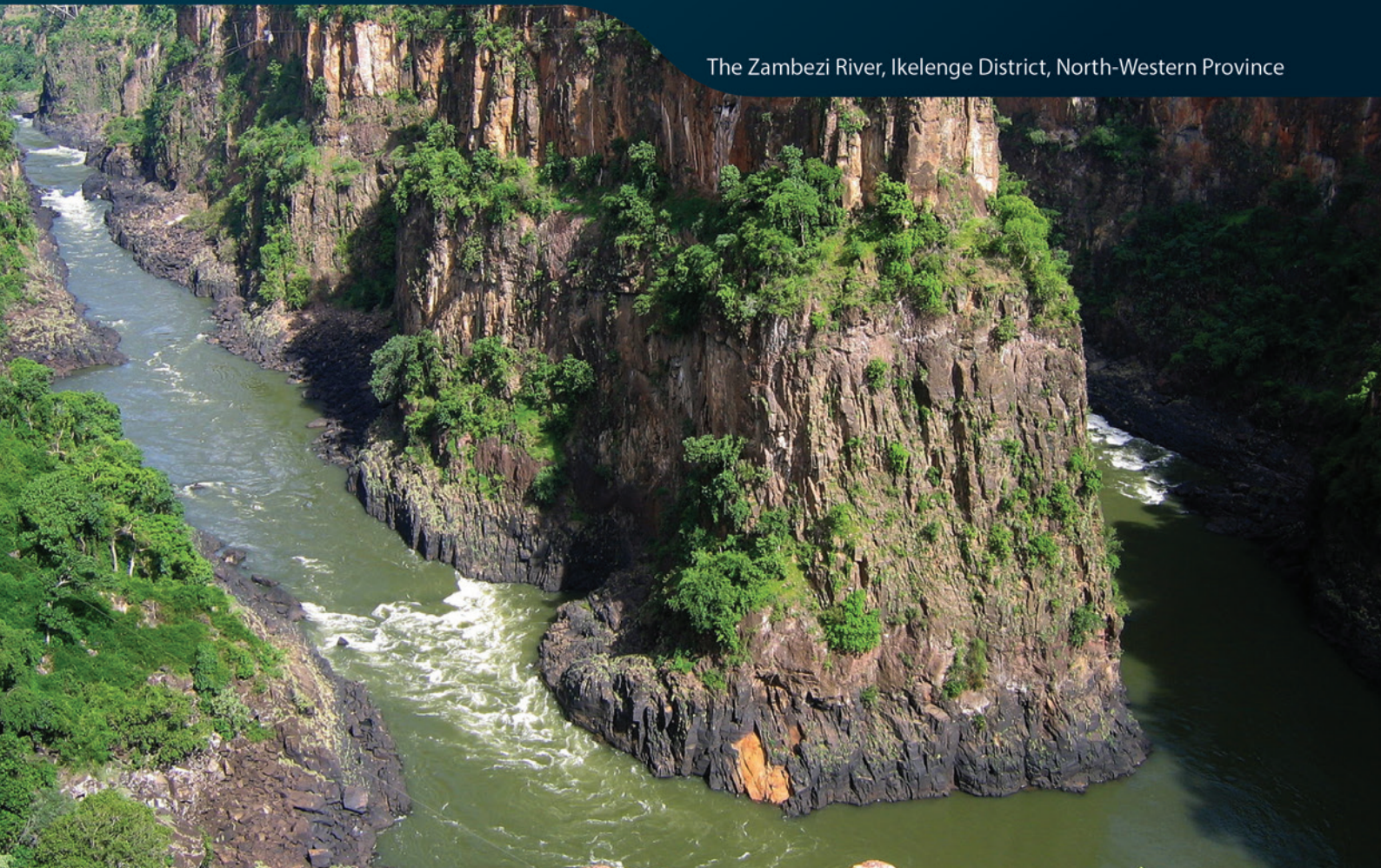
Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
National departments						
DPSA grant – Tirelo Bosha	400	-	-	-	400	-
Subtotal	400	-	-	-	400	-

Annexure 8A: Inter-entity advances received were not audited and does not form part of the audited Annual Financial Statements (AFS).

PART F

ANNUAL FINANCIAL STATEMENTS WTE

The Zambezi River, Ikelenge District, North-Western Province



1 REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE WATER TRADING ENTITY

In line with its strategic commitment to be a well-governed National Department, the Entity strives for effective oversight and monitoring of its governance regime. Vital to the achievement of this aim, is a competent and independent Audit Committee.

The Audit Committee confirms that it has complied with its responsibilities arising from section 38(1)(a) of the Public Finance Management Act and Treasury Regulations 3.1.13. The Audit Committee also reports that it has an appropriate Audit Committee Charter (including the terms of reference) which is reviewed annually. It regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Audit Committee is pleased to present its report for the financial year ended 31 March 2018.

Audit Committee Members and Attendance

The Audit Committee's terms of reference requires that three (3) independent members, who have sufficient qualifications and experience to render the services associated with the Audit Committee function.

During the year under review for the Water Trading Account, six (6) Audit Committee as well as two (2) Special Audit Committee meetings was held.

The invitees to committee meetings include the Top Management Members (DG and DDGs), Chief Operating Officer, Chief Risk Officer, Internal and External Auditors, the Chief Financial Officer as well as the Chief Information Officer, and any other executives when necessary.

Names, tenure period, and qualifications of the Audit Committee Members and DGs are as follows:

Name and Surname	Qualifications	Tenure Period (1)	Tenure Period (2)	Number of meetings attended	Special Meetings
Non-Executive Members					
Mr. Japie du Plessis (Chairperson)	National Diploma in State Accounts and Finance	April 2016-2019	-	6/6	2/2
Ms. Annah Badimo	BSC Computer BSC Hons (Computer Science) Cobol Programming Diploma MSC Applied Science (Electrical Engineering) Diploma in Project Management MBA Internet Governance Diplomacy Foundation PHD (Computer Science) CRYPTO Security Training Certified Information Security Manager (CISM) Certified Information Security Management (CGEIT) Project Management Professional (PMP) Certified Information Systems Auditor (CISA)	April 2013-2016	April 2016-2019	6/6	2/2

Name and Surname	Qualifications	Tenure Period (1)	Tenure Period (2)	Number of meetings attended	Special Meetings
Mr. Lwazi Kuse	Chartered Accountant (CA) IRBA PPE Part 2 Audit Specialised Diploma) BCom Honours in Accounting Science BCom Accounting	April 2016-2019	-	3/6	2/2
Director-General					
Mr. Dan Mashitsho *	Degree of Bachelor of Arts; Bachelor of Arts Postgraduate Diploma in Management; Diploma in Management (Postgraduate) in Human Resources; Post graduate Diploma in Labour Law.	December 2016 –June 2017	-	-	-
* Was responsible for the first quarter of 2017/18, but no AC meetings for the first quarter were held by 30 June 2017.					
Mr. Sifiso Mkhize (Acting)	Master of Business Administration Advanced Project Management Programme National Diploma: Accountancy	July 2017-30 May 2018	-	1/6	1/1
Ms. Deborah Mochotlhi (Acting)	Masters (Environment and Society) Bachelor of Technology (Environmental Health) Bachelor of Public Administration (Honours) Bachelor of Social Science Primary Health Care Service Management Programme	31 May 2018	-	1/1	1/1

The members of the Audit Committee met with the Acting DG, Top Management of the Entity, Internal Audit (IA) and the Auditor-General of South Africa (AGSA), individually and collectively to address risks and challenges facing the Entity. A number of in-committee meetings were held to address control weaknesses and deviations within the Entity.

A One-on-One meeting between the Minister and the Audit Committee was held on 1 June 2018. Quarterly Executive Summaries are also submitted for the Minister's attention.

One-on-one meetings with the Acting DG were also held at every quarterly meeting to address unresolved issues.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The Audit Committee is pleased to report that it has complied with its responsibility arising from its terms of reference, including relevant legislative requirements.

The Audit Committee and relevant stakeholders also complete an annual Audit Committee assessment to evaluate the efficiency and effectiveness of the Audit Committee.

For the financial year ended 31 March 2018, the Audit Committee reviewed:

- Quarterly Financial Statements and Performance Reports;
- Unaudited Annual Financial Statements before submission to the AGSA;
- Audited Annual Financial Statements to be included in the Annual Report;

- The AGSA's Audit Report, Management Report and Management's response thereto;
- The appropriateness of accounting policies and procedure;
- The effectiveness of the system of Risk Management,
- Compliance with relevant laws and regulations;
- The system of IT Governance;
- The audit plans and reports of IA and the AGSA. The Audit Committee also conducted separate meetings with the assurance providers; and
- The IA and Audit Committee Charters.

Review and Evaluation of the Annual Financial Statements

The Audit Committee is satisfied with the content and quality of some of the financial and non-financial quarterly reports prepared and submitted by the Acting DG of the Entity during the financial year under review and confirms that the reports were mostly in compliance with the statutory reporting framework. The Audit Committee had the opportunity to review the annual financial statements and discussed it with Management. The Audit Committee has the following comments:

- **Assets under construction.** Inadequate reconciliations of AUC balance to specific projects implemented by TCTA and Management did not review the projects balances for impairment indicators (including internal projects). Did not adequately reconcile the TCTA projects which are material and therefore resulted in a qualification on the AUC balance.
- **Fruitless and Wasteful Expenditure.** Inadequately addressed the qualification of the prior year on completeness of Fruitless and Wasteful Expenditure, mainly on costs relating to project management and costing techniques in line with the construction norms and standards that resulted to Fruitless and Wasteful Expenditure due to value for money not received.
- **Material uncertainly related to going concern/financial sustainability.** The material uncertainty relating to going concern on the Entity remains as the Entity is still in an overdrawn account, still incurred a loss and has increase payable and accruals and struggles to collect a significant portion of the receivables.

The Audit Committee has reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and the Acting DG; reviewed the AGSA's Management Report and Management's responses thereto; reviewed changes in Accounting Policies and practices; reviewed the Entity's compliance with legal and regulatory provisions.

The Audit Committee concurs and accepts the AGSA's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements should be accepted and read together with the audit report of the AGSA.

Efficiency and Effectiveness of Internal Control

Deficiencies in the system of internal control and deviations were reported in the internal and AGSA Audit Reports. The internal control environment in the Entity had deteriorated regarding the quality of the Financial Statements, Supply Chain Management and Financial Health Management.

The Entity did not implement key policies and procedure regarding the identification, prevention and disclosure of irregular and fruitless and wasteful expenditure. Controls were not in place to ensure that quality and timeous financial statements were submitted to the AGSA as material misstatements were identified.

Project management remains a concern at the Entity.

The Audit Committee also reviewed the progress with respect to the ICT Governance in line with the ICT framework issued.

Material uncertainty related to going concern/financial sustainability exists. The ability to undertake its objectives where the budget is depleted is a concern.

The Audit Committee also reviewed the progress with respect to the ICT Governance in line with the ICT Framework issued by the Department of Public Services and Administration. Although there was progress made on the ICT internal control, the Audit Committee reports its dissatisfaction with minimal progress made with the implementation

of the Information Technology Governance Framework, Disaster Recovery Plan, the Business Continuity Plan and the monitoring of access in the server control room and SAP users' access controls were ineffective. This continued to be a high risk for the Entity.

The Entity did implement some of the recommendations made by the Audit Committee. Inadequate or no actions are taken against employees responsible for contravening the internal control processes, policies, laws and regulations. The main concerning areas to the Audit Committee that require urgent consequence management interventions are:

- Low performance achievements of strategic goals and indicators
- Budget and financial management
- Increased in non-compliance resulting in significant audit findings on irregular and fruitless and wasteful expenditure
- Inadequate implementation of internal and external audit recommendations to ensure the resolution of findings. Assertions were made by management, based on the action plan, to the Audit Committee that significant audit findings were addressed but the audit process has subsequently concluded that management actions were not adequate to resolve the issues that were reported in prior year.

The instability at Director-General level must be attended to as a matter of urgency.

Resolution of Internal Control Findings

The follow-up processes such as quarterly reporting on action plans performed by the Directorate: Internal Control indicated that Management needs to institute adequate corrective action to address control weaknesses identified.

Overall the Audit Committee is concerned with the quality and timing of Management responses. The Audit Committee is continuously emphasising the importance that Management needs appropriately balancing delivery and continues improvement.

Integrated Assurance

The Audit Committee reviewed the plans and reports of the AGSA and IA and other assurance providers including management, and concluded that these were adequate to address all significant financial risks facing the business.

The Office of the Chief Risk Officer in consultation with IA also developed the departmental Integrated Assurance Strategy and Implementation Plan during 2017/18 and this will be implemented during the 2018/19 financial year.

Internal Audit (IA) Effectiveness

IA forms part of the third line of defence as set out in the Integrated Assurance Strategy and engages with the first and second lines of defence to facilitate the escalation of key control breakdowns.

The IA department has a functional reporting line to the Audit Committee (via the Chairperson) and an administrative reporting line to the Acting Director-General. The Audit Committee, with respect to its evaluation of the adequacy and effectiveness of internal controls, receives reports from IA on a quarterly basis, assesses the effectiveness of IA function, and reviews and approves the IA Operation, Coverage and Three Year Plans.

The Audit Committee is responsible for ensuring that Entity's IA function is independent and has the necessary resources, standing and authority within the Entity to enable it to discharge its duties. The IA function's IA Coverage and Three Year Rolling Plans were approved by the Audit Committee and represent a clear alignment with the key risks, have adequate information systems coverage, and a good balance across the different categories of audits, i.e. risk-based, mandatory, performance, computer and follow-up audits.

The Audit Committee monitored and challenged, where appropriate, action taken by Management with regard to adverse IA findings.

The Audit Committee has overseen a process by which IA has performed audits according to a risk-based audit plan where the effectiveness of the risk management and internal controls were evaluated. These evaluations were the main input considered by the Audit Committee in reporting on the effectiveness of internal controls. The Audit Committee is satisfied with the independence and effectiveness of the IA function. During the 2018/19 financial year additional actions will be implemented to ensure the IA function is adequately resourced.

Several investigations were conducted/are in progress by the IA Unit at the request of the Acting DG and/or the Minister arising from allegations against officials of the Entity. The completed investigations resulted in recommendations for disciplinary and/or criminal proceeding to be instituted against the Entity's officials concerned. A significant number of these findings remain unresolved by management and this non-implementation of internal audit recommendations limits the value derived from an internal audit function.

The Audit Committee wishes to stress that in order for the Internal Audit Function to operate at an optimal level as expected by the Audit Committee, the shortage in human resources and skills must be addressed as a matter of urgency. From a resource point of view, the approved Internal Audit Structure for the Entity must be filled as a matter of urgency.

Performance Information

The performance information was presented to the Audit Committee during the meeting of 29 May 2018. The Audit Committee however did not support the submission of the information as it did not fairly reflected the operations and actual output against planned targets for performance indicators as per the Annual Performance Plan of the Entity for the financial year ended 31 March 2018.

Quarterly auditing of performance information by the IA Unit of all APP targets took place. An action plan will also be developed by management to address the issues raised by the AGSA which relates to performance information within the 2018/19 financial year.

A major concern is the annual performance achievement of 75% of the set targets, while the Entity spent 105% of the approved budget for 2017/18 financial year.

Risk Management

The Entity assessed strategic and operational risks that could have an impact on the achievement of its objectives, both strategically and on a programme level, on a quarterly basis. Risks were prioritised based on its likelihood and impact (inherently and residually) and additional mitigations were agreed upon to reduce risks to acceptable levels. New/emerging risks were identified during the quarterly review processes.

A separate Risk Management Committee monitors and oversees the control of risk identification throughout the Entity. Feedback is also provided the Audit Committee on a quarterly basis. An independent Chairperson is also in the process of being appointed.

Internal audit also performance their own assessment of the risk environment of the organisation and included the strategic and operational risks as part of this assessment. During the 2018/2019 the IA is planning to perform a review of the risk management practices and processes.

The Audit Committee fulfils an oversight role regarding the management and reporting of risk. The Entity needs to continuously enhance its risk management capabilities that will better position the Entity to achieve its objectives in a controlled environment.

Governance and Ethics

The Entity has adopted the corporate governance principles of the King Codes of Governance in South Africa applicable to the Public Sector. The Audit Committee continues to monitor the key governance interventions of the Entity as required, however due to its nature there is a need for continued improvement in this area.

The focus on Ethics within the Entity to imbed further enhancements of awareness and understanding of Ethics at all levels within the Entity.

Furthermore, the Entity requires that all members of the Senior Management Services (SMS) complete a financial disclosure declaration.

Conclusion

The Audit Committee is concerned with the continuing progress made by Entity in improving and progressing with the areas outlined in this report. Management is however positive in their commitment to good governance and a clean administration.

The Audit Committee noted significant or material non-compliance with prescribed policies and procedures up to 31 March 2018. From observations, analyses and reports presented to the Audit Committee by Management and assurance providers, including IA and the AGSA, as well as the Audit Committee's evaluation of the Risk Management processes, the Audit Committee concludes that the systems of internal control tested were found to be inadequate and materially ineffective for most areas tested. The Audit Committee do however emphasise that controls were found to be only partially effective. These controls require further improvement and we have received assurance that the matter is being addressed. Attention has also been given in addressing prior years' concerns noted by the AGSA.

The Audit Committee notes the final Management Report and Audit Report from the AGSA when concluding on the Annual Financial Statement opinion.

The Audit Committee wishes to express its appreciation to the Acting DG, Management of the Entity, the AGSA and IA who assisted the Audit Committee in performing its functions effectively.



Mr JAC du Plessis
Chairperson of the Audit Committee
Department of Water and Sanitation
31 August 2018

2 REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON THE WATER TRADING ENTITY

Report on the audit of the financial statements

Qualified opinion

- 1 I have audited the financial statements of the Water Trading Entity set out on pages 351 to 409, which comprise statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, except for the effects of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, financial position of Water Trading Entity as at 31 March 2018 and its financial performance and cash flows for the year then ended, in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (PFMA).

Basis for qualified opinion

Property, plant and equipment

- 3 I was unable to obtain sufficient appropriate audit evidence for the carrying amount to assets under construction: infrastructure assets and related impairment as the entity did not have adequate systems in place to reconcile the carrying amount of assets under construction: infrastructure assets to the specific projects and did not assess the carrying amount for indicators of impairment as required by GRAP 21 *Impairment of non-cash generating units*. I was unable to confirm the carrying amount of assets under construction: infrastructure assets by alternative means. In addition, completed and commissioned assets were not transferred to the completed infrastructure assets register. Further to this, certain completed assets which had indicators of impairment, were also transferred from assets under construction to completed infrastructure assets without factoring into account these impairment indicators. Consequently, I was unable to determine whether any further adjustments were necessary to assets under construction: infrastructure assets and completed infrastructure assets stated at R12,290 billion (2016-17: R12,140 billion) and R57,676 billion (2016-17: R57,817 billion) respectively in property, plant and equipment disclosed in note 16 to the financial statements.

Fruitless and wasteful expenditure

- 4 I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures to confirm the fruitless and wasteful expenditure included as described in the note 32 to the financial statements as the entity did not implement adequate controls to identify and record all fruitless and wasteful expenditure as required by section 40(3)(b)(i) of the PFMA. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to fruitless and wasteful expenditure stated at R1,023 billion (2016-17: R490 million) in note 32 to the financial statements.

Context for the opinion

- 5 I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- 6 I am independent of the in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 7 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

- 8 I draw attention to the matter below. My opinion is not modified in respect of this matter.
- 9 As stated in Note 1.6 of the accounting policies in the financial statements, the entity incurred a deficit of R573 million (2016-17: R3,764 billion) during the year ended 31 March 2018. Furthermore, the entity incurred an overdraft of R1.412 billion (2016-17: R2.187 billion) as disclosed in note 19 to the financial statement, accruals and payables to the value of R1.424 billion (2016-17: R1.519 billion) as disclosed in note 18 to the financial statement. As stated in Note 1.6 of the accounting policies, these events or conditions, along with other matters as set forth in Note 1.6, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Furthermore the entity's budget for 2018-19 was only approved on the 3rd of August 2018.

Emphasis of matter paragraphs

- 10 The following emphasis of matter paragraphs will be included in our auditor's report to draw the users' attention to matters presented or disclosed in the financial statements:

Restatement of corresponding figures

- 11 As disclosed in note 33 to the financial statements, corresponding figures for 31 March 2017 have been restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2018.

Material Impairments – Trade receivable

- 12 As disclosed in note 8 to the financial statements, material impairments to the amount of R 1 355 billion were incurred as a result of a write-off of irrecoverable trade receivables.

Responsibilities of accounting officer for the financial statements

- 13 The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 14 In preparing the financial statements, the accounting officer is responsible for assessing the Water Trading Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the type of audit or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

- 15 My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 16 A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

- 17 In terms of section 40(3)(a) of the PFMA the Water Trading Entity is required to prepare an annual performance report. The performance information of the Water Trading Entity was prepared and reported in the annual performance report of the Department of Water and Sanitation. The evaluation of the usefulness and reliability of the reported performance information was performed as part of the audit of the Department of Water and Sanitation and any audit findings are included in the management and auditor's report of the Department of Water and Sanitation.

Report on the audit of compliance with legislation

Introduction and scope

- 18 In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 19 The material findings on compliance with specific matters in key legislations are as follows:

Financial statements

- 20 Financial statements were not submitted for auditing within two months after the end of financial year, as required by section 40(1)(c)(i) of the PFMA.
- 21 The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1) (a) and (b) of the PFMA.
- 22 Material misstatements on disclosure notes identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, the uncorrected material misstatements and/or supporting records that could not be provided relating to property, plant and equipment, liabilities and disclosure items resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

- 23 Effective steps were not taken to prevent irregular expenditure amounting to R4 897 billion as disclosed in note 31 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. This was mainly due to incorrect interpretation and implementation of procurement legislation where panels were incorrectly used for construction related projects, and awards made where the Bid Adjudication Committee did not meet the minimum required quorum.
- 24 Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R1.024 billion as disclosed in note 32 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The expenditure disclosed does not reflect the full extent of fruitless and wasteful expenditure incurred as indicated in the basis for qualification paragraph. This was due to inadequate processes and controls to identify and record fruitless and wasteful expenditure within projects.
- 25 Effective internal controls were not in place for approval and processing of payments, as required by treasury regulation 8.1.1, as payments were made for expenditure which was not budgeted for and without a signed memorandum of agreement with the department relating to War-on-Leaks project.
- 26 Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3. This was mainly due to cash flow constraints experienced by the entity.
- 27 Public money was spent without the approval of the properly delegated officer, as required by treasury regulation 8.2.1. Management processed payments amounting to R478 million through the sundry payment processes and not through normal purchase order process; also did not ensure that such payments were approved in accordance with the delegations of authority.

Revenue management

- 28 Effective processes were not adequately developed and implemented to provide for the timely identification and recording of information about revenue, as required by treasury regulation 7.2.1. The entity raised accrual revenue at during the prior year end to recognise the revenue for customers who were identified for the first time and did not institute normal billing on that accrual revenue in the current year.
- 29 Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA. As a result of the previous paragraph where the entity did not bill all its customers whose revenues were recognised through the accrual revenue process, the entity thus did not subject these customers to the normal debt collection processes.

Procurement and contract management

- 30 Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury regulation 16A6.4. The main reasons provided by management cited emergency as the basis for most of these deviations, however these were not reasonable and justifiable but were indicative of poor planning and misinterpretation of procurement legislation.

Consequence management

- 31 In some instances, disciplinary hearings were not held for confirmed cases of financial misconduct committed by officials, as required by treasury regulation 4.1.1, resulting in no sanctions being imposed and/or implemented for the investigations that have been completed.
- 32 In some instances, disciplinary steps were not taken against officials who had incurred and permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA. There were no investigations conducted on these cases by management and no follow-ups on outcomes where cases are confirmed.
- 33 In some instances, disciplinary steps were not taken against officials who had incurred and permitted fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was due to a lack of investigation of these cases by management.

Other information

- 34 The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report thereon.
- 35 My opinion on the financial statements findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 36 In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 37 If based on the work performed, I conclude that there is a material misstatement in the other information; I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

- 38 I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.

Leadership

- 39 There was leadership instability at top management level, as a result of vacancies and/or suspensions of the DG, CFO and other DDGs for extended periods during the year under review.
- 40 Leadership did not ensure that adequate collective action plans are developed and implemented in order to address prior year qualifications and internal control deficiencies. Management's attention was focused on appealing the prior audit conclusions thus not adequately addressing the control environment.
- 41 As a result of inadequate consequence management, leadership did not take the appropriate action for irregular, fruitless and wasteful expenditure incurred by the department resulting in a lack of consequences for transgressions against the legislation related to supply chain management.

Financial and performance management

- 42 Management did not implement proper record management system to maintain information that supported the assets under construction and to allow them to reconcile the carrying amount thereof to specific assets under construction.
- 43 Management did not perform proper reconciliation and reviews of assets under construction balance in order to identify transactions which should not be included in the balance and also to identify the amounts which should be transferred out of this balance into completed and commissioned infrastructure assets.
- 44 Management did not perform adequate reviews on the financial statements submitted for audit, as the financial statements submitted contained material misstatements of which some were corrected as a result of the audit process and of which some could not be corrected which resulted in the modified opinion.
- 45 Management did not implement adequate controls to prevent and detect non-compliance with laws and regulations, which resulted in irregular and fruitless and wasteful expenditure. The entity incurred both irregular and fruitless and wasteful expenditure, which increased significantly as compared to the prior year as management did not conduct holistic review of all expenditure for possible irregular, fruitless and wasteful expenditure.

Other reports

- 46 I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the trading entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
- 47 Currently, the Special investigation unit (SIU) is investigating two projects which were proclaimed by the President in 2010 and 2016 respectively:
 - A forensic investigation into the Vuwani Steel pipeline as per Proclamation Number R118 of 2010 (Gazette no 22531 of 331 July 2010). This investigation is still in progress.
 - A forensic investigation on allegations of irregularities and possible losses by the Lepelle Northern Water (LNW) which is linked to the department as per Proclamation Number R22 of 2016 (Gazette no 39935 of 18 April 2016). This investigation is still in progress.
- 48 Several other investigations were also conducted or were in progress by the internal audit unit at the request of the accounting officer and/or the executive authority arising from allegations against officials of the department. The completed investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the entity's officials concerned, whilst others were still in progress at year end.

Auditor - General

Pretoria

31 August 2018



Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

- 1 As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

Financial statements

- 2 In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

- 3 I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 4 also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

3 ANNUAL FINANCIAL STATEMENTS OF THE WATER TRADING ENTITY FOR THE YEAR ENDED 31 MARCH 2018

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR
ENDED 31 MARCH 2018

	Notes	2018 R'000	2017 Restated R'000
Revenue		12 647 195	11 663 972
Revenue from exchange transactions	3	10 990 552	10 162 582
Revenue from non-exchange transactions	4	1 656 643	1 501 390
Expenditure		13 219 858	15 428 772
Employee benefit costs	5	1 191 130	924 382
Operating expenditure	6	4 027 197	5 212 574
Repairs and Maintenance - Property, plant and equipment	7	31 432	480 943
Impairment on financial assets	8	1 355 097	2 240 016
Finance cost	9	4 656 241	4 627 737
Depreciation, amortisation and impairment	10	1 922 158	1 833 361
Loss on disposal of fixed assets	11	36 603	109 759
Surplus/ (deficit) for the year		(572 663)	(3 764 800)

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED
31 MARCH 2018

	Note	2018 R'000	2017 Restated R'000
ASSETS			
Current assets		6 791 729	6 161 363
Cash and cash equivalents (petty cash & other cash)	12	257	205
Receivables from exchange transactions	13	6 333 391	5 695 152
Inventory	14	145 740	158 811
Construction Work In Progress	15	312 341	307 195
Non-current assets		95 540 326	95 913 940
Property, plant and equipment	16	78 236 527	78 280 410
Intangible assets	17	17 303 799	17 633 530
Total assets		102 332 055	102 075 303
LIABILITIES			
Current liabilities		6 217 258	6 809 675
Payables from exchange transactions	18	1 424 327	1 519 344
Bank Overdraft	19	1 411 641	2 186 502
Employee benefits	20	244 494	214 579
Finance lease liability	21	2 831	2 321
Financial liabilities: TCTA	22	3 133 965	2 886 929
Non-current liabilities		25 899 119	24 477 287
Finance lease liability	21	2 860	2 420
Financial liabilities: TCTA	22	25 896 259	24 474 867
Total liabilities		32 116 377	31 286 962
Total net assets		70 215 678	70 788 341
NET ASSETS			
Reserves			
Accumulated surplus		69 808 441	70 508 726
Pumping cost reserve		407 237	279 615
Net assets		70 215 678	70 788 341

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED
31 MARCH 2018

	Note	Accumulated surplus	Pumping Cost Reserve	Net Assets
Balance at 1 April 2016		74 190 555	362 586	74 553 141
As previously stated		73 445 312	362 586	73 807 898
Prior period error	33	745 243	-	745 243
(Deficit) for the year		(3 764 800)	-	(3 764 800)
As previously stated		(3 603 880)	-	(3 603 880)
Prior period error	33	(160 920)	-	(160 920)
Net movement in reserves		82 971	(82 971)	-
Transfers between reserves		82 971	(82 971)	-
Balance at 31 March 2017		70 508 726	279 615	70 788 341
As previously stated		69 924 402	279 615	70 204 017
Prior period error	33	584 324	-	584 324
(Deficit) for the year		(572 663)	-	(572 663)
Net movement in reserves		(127 622)	127 622	-
Transfers between reserves		(127 622)	127 622	-
				-
Balance at 31 March 2018		69 808 441	407 237	70 215 678

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	<i>Notes</i>	2018	2017
		R'000	Restated
			R'000
Cash flows from operating activities			
Cash receipts		10 969 203	9 956 110
Taxes and transfers		1 651 715	1 499 581
Sale of water services		9 003 186	8 069 232
Construction and other revenue		257 453	338 364
Water research levies - receipts		50 300	33 855
Commission earned		2 820	2 920
Lease revenue earned		3 730	12 158
Cash payments		(6 781 933)	(6 499 497)
Employee benefits		1 232 597	822 586
Water Research Commissioner - payments		94 157	98 936
Goods and services		2 446 254	3 451 699
Finance cost paid		3 008 924	2 126 277
Net cash flows from operating activities	23	4 187 270	3 456 613
Cash flows from investing activities			
Acquisition of property, plant and equipment		(500 629)	(1 313 245)
Acquisition of intangible assets		-	(250 244)
Proceeds on disposal of non-current assets		-	10 121
Net cash flows used in investing activities		(500 629)	(1 553 368)
Cash flows from financing activities			
Finance lease payments		(2 543)	(46 531)
Repayments of other financial liabilities		(2 909 215)	(4 085 928)
Net cash flows from financing activities		(2 911 757)	(4 132 460)
Net increase/(decrease) in cash and cash equivalents		774 883	(2 229 215)
Cash and cash equivalents at beginning of year		(2 186 267)	42 948
Cash and cash equivalents at end of year		(1 411 384)	(2 186 267)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2018

	Notes	Approved Budget R'000	Final Budget R'000	Actual Amounts R'000	Variance Amounts R'000
Revenue	24.3	9 556 758	11 550 031	12 647 195	1 097 164
Taxes and transfers		1 388 492	1 651 650	1 651 650	-
Sale of water services		7 968 266	9 220 273	9 927 280	707 007
Construction revenue		200 000	563 225	223 783	(339 442)
Commission earned		-	-	2 819	2 819
Lease revenue earned		-	-	3 730	3 730
Interest revenue		-	-	814 911	814 911
Other receipts		-	114 883	23 022	(91 861)
Total revenue		9 556 758	11 550 031	12 647 195	1 097 164
Expenses	24.4	9 576 027	14 561 613	13 219 858	1 341 755
Employee benefit costs		972 120	1 215 150	1 191 130	24 020
Operating expenditure		5 924 371	6 434 752	4 058 629	2 376 123
Impairment on financial assets		-	-	1 355 097	(1 355 097)
Finance cost		480 106	4 712 281	4 656 241	56 040
Depreciation, amortisation and impairment		2 199 430	2 199 430	1 922 158	277 272
Loss on disposal of fixed assets		-	-	36 603	(36 603)
Total expenses		9 576 027	14 561 613	13 219 858	1 341 755
Surplus/(deficit) from operating activities		(19 269)	(3 011 582)	(572 663)	2 438 919
Projects expenditure	24.5	1 503 401	1 458 476	1 324 795	133 680
Allocation from government grants		877 520	1 015 982	1 012 958	3 024
Refurbishment and rehabilitation of conveyance systems		625 881	442 494	311 837	130 657
Budget surplus/(deficit)		(1 522 670)	(4 470 057)	(1 897 458)	2 305 238

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

1 Presentation of Financial Statements

1.1 Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretation and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

1.2 Adoption of GRAP

The following amended Standards of GRAP became effective and were fully implemented in the current financial year:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors.
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated and separate financial statements
GRAP 9	Revenue from Exchange Transactions
GRAP 11	Construction contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash- generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget information in Financial Statements.
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash generating assets
GRAP 31	Intangible Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of functions between entities under common control
GRAP 106	Transfers of functions between entities not under common control

In addition to the Standards that have to be applied, the WTE has adopted the interpretations to the Standards of GRAP approved that entities are required to apply in terms of Directive 5 :

IGRAP 1	Applying the probability test on initial recognition of revenue
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IGRAP 2	Changes in existing decommissioning restoration and similar liabilities
IGRAP 3	Determining whether an arrangement contains a lease
IGRAP 4	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IGRAP 8	Agreements for the construction of assets from exchange transactions
IGRAP 9	Distributions of non-cash assets to owners
IGRAP 10	Assets received from customers
IGRAP 13	Operating Leases - Incentives
IGRAP 14	Evaluating the substance of transactions involving the legal form of a lease
IGRAP 15	Revenue - Barter transactions involving advertising services
IGRAP 16	Intangible Assets - Website Costs

1.3 Standards of GRAP issued but not yet effective

The Standards of GRAP that has been issued by the ASB, but where the Minister has not determined an effective date, have not been adopted by the WTE. The WTE used the Standard of GRAP on Related Party Disclosures (GRAP 20) to develop its accounting policies on Related Party Disclosures and the extent of disclosures for related party transactions and balances.

1.3.1 Standard utilised in developing accounting policies

The WTE has utilised the following Standard of GRAP to develop its accounting policies and disclosures when adopting GRAP:

GRAP 38	Disclosure of Interest in Other Entities
GRAP 108	Statutory Receivables

As a result, there will be no impact on the disclosures of related party transactions when the Standard becomes effective.

1.3.2 Standards not yet applicable

It's unlikely that the following Standards and/or amendments to Standards, that have been issued but are not yet effective, will have a material impact on the financial statements of the WTE once they become effective and therefore accounting policies have not been developed for the following Standards:

GRAP 20	Related Party Disclosures
GRAP 32	Service concession arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interest in Other Entities
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

Based on the analysis of the transactions of the WTE, these Standards do not impact the WTE and the adoption of these Standards will thus have no impact on the current financial statements.

1.4 Basis of preparation

These annual financial statements have been prepared on the accruals basis and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous periods.

1.5 Functional currency

The financial statements are presented in South African Rand (R), also the functional currency of the Water Trading Entity. All values are rounded to the nearest thousand (R'000) except where otherwise indicated.

1.6 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Water Trading Entity incurred a net loss of R573 million (2016-17 R3,765 billion), an overdraft of R1,412 billion (2016-17: R2,187 billion), increase in TCTA liabilities of R1,668 billion and increase in trade receivables impairment of R1,541 billion as at 31 March 2018. This has a negative impact on the liquidity ratio and solvency ratios, therefore a material uncertainty exist that may cast doubt on whether the entity can continue as a going concern.

In order to improve the liquidity and solvency ratios of the entity, the entity will implement the following initiatives in the immediate and short-term:

- No additional expenditure (in the form of new projects or any other expenditure other than that reflected in the budget) will be incurred by the entity in the foreseeable future.
- Stringent measures will be put in place to curb and reduce expenditure to reasonable proportions in order to reduce the overdraft.
- Payments will be monitored and coordinated from Head Office to confirm availability of funds and budget.
- Normal monthly reporting and consequence management to address non-compliance with revised policies and procedures.
- Management is committed to adhere to measures put in place to restore financial sustainability of the entity.
- Due to reprioritisation exercise the 2018/19 WTE budget was approved on 3 August 2018.

1.7 Off-setting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.8 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

The effect of restatements is disclosed in note 33.

1.9 Significant judgments and sources of estimation uncertainty

1.9.1 Initial measurement of financial assets

Short-term financial assets have been measured initially at the transaction price unless there was an indication that the transaction was provided at terms that were longer than the normal credit term of 30 days. Where extended payment terms were given, the transaction prices are discounted at the rate applicable to debt owed to the State to determine the fair value for initial measurement purposes.

1.9.2 Impairment of financial assets

An impairment is recognised for estimated losses firstly on an individually significant receivables and secondly on a group of receivables with similar credit risk that are assessed to be impaired based on objective evidence as a result of one or more events that occurred during the reporting period. For debtors which have defaulted, management makes judgments based on an assessment of their ability to make future payments. Creditworthiness is not used in assessing debtor balances. Should the financial condition of the customers change, actual write-offs could differ significantly from the impairment losses recognised. The current year’s provision for impairment is based on management’s best estimate of the expected cash flows for amounts that are outstanding for longer than the normal payment terms. A full provision was made for trade debtors that could not be traced after significant effort has been made.

1.9.3 Useful lives and impairment of assets

The useful life of an asset will approximate the economic life of an asset, except for certain construction equipment which is earmarked for sale. The review of the useful lives and residual values are performed annually based on a risk assessment approach. Where factors exist that indicate that the useful life needs to be amended, the remaining useful life is reviewed as a result. This estimate is based on reasonable judgement, taking into account historical usage patterns as well as the condition of the asset. As the WTE plans to use the assets for their entire economic life, the residual values on these assets are estimated to be zero. The estimated useful life of leased assets that are capitalised are usually equal to the term of the lease contract unless other factors exist that may indicate a shorter lease period.

Property, plant and equipment and intangible assets are assessed annually for indicators of impairment. The assessment takes into account utilisation, condition, functional performance and obsolescence. Changes in these factors may lead to either an impairment loss or a reversal of previous impairment losses recognised.

Property, Plant and Equipment consists of the following classes:

Land	
Infrastructure assets	
Assets under construction: Infrastructure assets	
Assets under construction - Equipment	
Construction machinery & equipment	
Vehicles	
Computer equipment	
Equipment	
Furniture and fittings	
Mobile homes	
Motor vehicles	

Whereas Infrastructure assets class consists of the following categories:

Buildings	
Canals	
Dams and weirs	
Pipelines	
Pump stations	
Reservoirs	
Treatment works	
Tunnels	
Power Supply	
Roads and Bridges	
Boreholes	
Measuring Facilities	
Telemetry	
Servitudes	
Intangible assets consists of the following classes:	
Software and licenses	
Enduring benefit	

The estimated useful lives of property, plant and equipment are as follows:	
Infrastructure assets	
Land	Infinite life span
Buildings	1 - 75 years
Canals	1 - 298 years
Dams and weirs	1 - 496 years
Pipelines	1 - 60 years
Pump stations	1 - 75 years
Reservoirs	1 - 80 years
Treatment works	1 - 50 years
Tunnels	1 - 253 years
Power Supply	1 - 30 years
Roads and Bridges	15 - 71 years
Boreholes	8 - 50 years
Measuring Facilities	1 - 80 years
Telemetry	1 - 30 years
Servitudes	3 - 99 years
Movable assets	
Vehicles	4 - 20 years
Computer equipment	3 - 5 years
Office equipment, Furniture and furniture	6 - 20 years
Construction equipment	Based on usage (kilometres, hours, months)
Machinery and equipment	5 - 59 years
Dwellings: mobile homes	20 years
Intangible assets	
Software and licenses	3 - 13 years
Enduring benefit	Infinite life

Current assets of the WTE are non-cash generating, despite the fact that certain water users are classified as commercial users. The majority of these projects are funded through additional funds received through Augmentation from the Department of Water & Sanitation - main account. Therefore, any impairment that has been identified was calculated using the recoverable service amount of the asset.

The depreciation methods were assessed and are considered to be appropriate and will not change unless there is a change in the way that assets will be utilised, which is unlikely in the foreseeable future.

1.9.4 Recognition of servitudes

Servitudes on land are often acquired as part of construction of water infrastructure. Where the cost of servitudes can be measured reliably, these assets are included in the cost of infrastructure as it forms an integral part of the cost of the asset, and are recognised as separate components of the water infrastructure.

1.9.5 Agreements with Trans Caledon Tunnel Authority (TCTA)

As the DWS through WTE is responsible for the development, operation and maintenance of specific water resources infrastructure and managing water resources in specific water management areas, management concluded that the WTE controls the infrastructure assets that are constructed by the TCTA and has to assume the related liabilities. The cost of the assets recognised includes all the cost attributable to the asset until the asset has been ready for its intended use.

1.9.6 Measurement of inventories on hand

Materials on hand are to be consumed in the production process. As all the cost incurred are recovered from users or through the augmentation grant, the price of the inventory items are subject to inflation. It is assumed that the net realisable value or replacement cost will be equal to or exceed the cost of the item at year-end. Therefore, there has been no provision made at year-end for losses in the value of stock due to price changes.

All inventories are shown at cost or net realisable value.

1.9.7 Commitments

Commitments included in disclosure note 27 have been based on orders relating to capital projects but where the goods or services have not been delivered.

1.9.8 Contingent liabilities and provisions

Contingent liabilities and provisions have been based on the best estimate available. Contingent liabilities relating to litigation have been based on the assessment of the estimated claim against the WTE as at 31 March 2018.

1.9.9 Capitalisation of expenses relating to constructed assets

The costs of inventory, property, plant and equipment produced internally include materials, depreciation and certain overheads incurred to produce these assets. The allocation of costs to the different items is based on judgment. The allocation usually occurs on a proportionate basis and where the items produced are to be used internally, exclude internal profits. Abnormal losses are determined based on judgment and is excluded from the cost of assets under construction.

1.9.10 Classification of leases

The WTE classifies lease agreements in accordance with risks and rewards incidental to ownership. Where the lessor transfers substantially all the risks and rewards to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

1.9.11 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance

1.9.12 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act, or
- (b) the State Tender Board Act, 1968, or any regulations made in terms of the Act.

This Act in section 1 of the PFMA includes any regulations and instructions issued in terms of section 69, 76, 85 or 91.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure that was classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

2 Significant accounting policies**2.1 Revenue**

When the WTE receives value in the form of an asset and directly provides approximate equal value in exchange, the WTE classifies the revenue received or receivable as revenue from exchange transactions. All other revenue is classified as revenue from non-exchange transactions. Revenue is measured at the fair value of the consideration received or receivable, net of any VAT, trade discounts and volume rebates and recognised when it becomes due to the WTE.

2.1.1 Revenue from non-exchange transactions

The WTE recognises the inflow of resources from a non-exchange transaction as revenue, except when a liability is recognised in respect of that inflow. These liabilities are classified as payables from non-exchange transactions.

Where services are received in-kind, and a reliable estimate can be made, the WTE will recognise the related revenue. In all other cases, the WTE will only disclose the event.

2.1.2 Revenue from exchange transactions

Revenue relating to the supply of water is recognised either on the consumption of water by the water users or in accordance with registered volumes, depending on the specific agreement with licensed water users.

Revenue from construction contracts is recognised by reference to the stage of completion of the contract when the outcome of a construction contract can be estimated reliably. The stage of completion is based on the cost to date and is assessed based on surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the Statement of Financial Performance in the period in which it was incurred.

Interest is recognised using the effective interest rate method.

Other revenue from exchange transactions is recognised in the statement of financial performance when the revenue becomes due to the WTE.

2.1.3 Agency fees and revenue

The WTE bills and collects water research levies on behalf of the Water Research Commissioner and earns 2% commission, excluding VAT, on the amount billed. The revenue collected (amounts billed less outstanding debt) is recognised as a liability and the payments made to the WTE decreases the liability. The net asset/liability is recognised in the statement of financial position.

The commission earned is recognised as revenue from exchange transactions in the statement of financial performance and the amount owed/overpaid on the commission is recognised in receivables/payables from exchange transactions.

2.2 Expenditure

Expenditure is classified in accordance with the nature of the expenditure.

The WTE recognises expenditure in the statement of financial performance when a decrease in future economic benefits or service potential related to a decrease in an asset or an increase of a liability, other than those relating to distributions to owners, has arisen, that can be measured reliably.

The WTE recognises expenses immediately in the statement of financial performance when expenses produce no future economic benefits or service potential or when and to the extent that, future economic benefits or service potential do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

The WTE also recognises expenses in the statement of financial performance in those cases when a liability is incurred without the recognition of an asset, for example, when a liability under a court ruling arises.

Finance cost is recognised as an expense in surplus or deficit in the statement of financial performance in the period in which it is incurred, using the effective interest rate method.

2.3 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The WTE incurs borrowing costs as a result of the construction of infrastructure. The WTE capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are expensed in the period in which it is incurred.

2.4 Employee benefits

2.4.1 Short-term employee benefits

The WTE recognises an undiscounted amount of short-term benefits due to employees in exchange for the rendering of services by employees as follows:

As a liability in cases where the amounts have not yet been paid. Where the amount paid exceeds the undiscounted amount of the benefits due, the entity recognises the excess as an asset to the extent that the overpayment will lead to a reduction of future payments or a cash refund.

As an expense, unless the entity uses the services of employees in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related property, plant and equipment or intangible asset item.

2.4.2 Leave benefits

The WTE recognises the expected cost of short-term employee benefits in the form of compensated absences (paid leave) when the employees render service that increases their entitlement to future compensated absences.

The expected cost of accumulating compensated absences is measured as the additional amount that the WTE expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

2.4.3 Performance and service bonuses

The WTE recognises the expected cost of performance or service bonus payments where there is a present legal or constructive obligation to make these payments as a result of past events and a reliable estimate of the obligation can be made. The WTE considers the present obligation to exist when it has no realistic alternative but to make the payments related to performance bonuses.

2.4.4 Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy for these benefits or resigns. The WTE recognises termination benefits when it is demonstrably committed either to terminate the employment of current employee(s) according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the financial year are discounted to present value.

2.4.5 Retirement and medical benefits

The WTE contributes towards the pension fund and the medical aid for its employees through a defined contribution plan. Once the contributions are paid, the WTE has no further payment obligations. The contribution paid is charged to employee expenses in the same year as the related service is provided.

2.5 Leases**2.5.1 The WTE as a lessee**

The WTE classifies certain leases of equipment and vehicles as finance leases.

The assets acquired under finance leases are recognised as assets and the associated lease obligations as liabilities in the statement of financial position at the commencement of the lease term. The assets and liabilities is recognised at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Where practicable, the discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Where this is not practical, the WTE's incremental borrowing rate is used. Any initial direct costs are added to the amount recognised as an asset.

The WTE measures the liability as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest (i.e. the WTE recognises the capital portion of the obligation as a liability and recognises the interest over the lease term).

The leased assets are subsequently measured at cost less accumulated depreciation and impairment. The leased assets are depreciated over the shorter of the lease agreement or the useful life of the asset. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases that are longer than 1 year are measured on a straight line basis as an expense, and the difference between the actual payments and the expense is accrued through payables or receivables. Where the lease is less than 1 year, the actual expenses are recognised in the statement of financial performance.

2.5.2 The WTE as a lessor

The WTE receives lease revenue for the hiring out of equipment and renting of houses to its employees.

Lease revenue from operating leases is recognised as revenue on a straight-line basis over the lease term, where the lease term can be determined. The lease charge of construction equipment is based on a charge-out tariff determined on a cost recovery basis.

2.6 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the WTE, and the cost or fair value of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

After recognition as an asset, items of property, plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses, except for assets under construction. Subsequent costs are included in the assets carrying amount or recognised as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of that item can be reliably measured.

Assets under construction are stated at cost, excluding abnormal losses. Depreciation only commences on these assets when they are in the condition necessary for them to be capable of operating in the manner intended by management.

Cost comprises of the purchases price or construction cost of the asset (excluding internal profits), costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and an estimate of the cost of dismantling or rehabilitation.

Where an intangible asset is an integral part of an item of property, plant and equipment, the cost of the intangible asset is not recognised separately from the cost of the asset, but rather, it is included as a separate component of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciable amount of an asset is allocated on a systematic basis over its useful life. Depreciation is calculated on a straight line basis over the expected life of each major component of an asset. Depreciation is charged to the statement of financial performance, unless it forms part of the cost of inventories or the cost of assets under construction.

The residual value and the useful life of an asset is reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate.

The WTE must assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the WTE will estimate the recoverable service amount of the asset. Items of property, plant and equipment are tested for impairment whenever there are impairment indicators. An impairment loss is recognised where the carrying amount exceeds recoverable service amount for non-cash generating assets and where the carrying amount exceeds the recoverable amount for cash-generating assets.

The WTE assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the WTE will estimate the recoverable service amount of that asset. An impairment loss recognised in prior periods for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

Impairment and reversals of impairment is recognised in the statement of financial performance at the time when the event occurred.

Gains or losses arising from the derecognition of an item of property, plant and equipment is recognised directly in surplus or deficit in the statement of financial performance when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.7 Intangible assets

Identifiable intangible assets are recognised if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the WTE, and the cost or fair value of the item can be measured reliably. An intangible asset is measured initially at cost. Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition, is measured at its fair value as at that date.

An asset meets the identifiability criterion in the definition of an intangible asset when it is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, unless such useful lives are indefinite.

An intangible asset with an indefinite useful life is not amortised. Intangible assets with an indefinite useful life or an intangible asset not yet available for use, are tested for impairment at the end of each financial year and whenever there is any indication that the intangible asset could be impaired. Other intangible assets are only tested for impairment where there is an indication that impairment exists.

Gains and losses on intangible assets, including impairment and impairment reversals, are treated similarly to gains and losses for property, plant and equipment.

2.8 Non-current assets held for sale

The WTE classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable, i.e. a committed plan to dispose of the asset will exist.

The WTE measures non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell.

2.9. Inventory

Inventories are assets in the form of materials or supplies to be consumed in the production process; in the form of materials or supplies to be consumed or distributed in the rendering of services; held for sale or distribution in the ordinary course of operations; or in the process of production for sale or distribution.

Inventory is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the WTE; and the cost of the inventory can be measured reliably.

Inventory is initially measured at cost (or fair value if the item was acquired through a non-exchange transaction), and subsequently measured at the lower of cost or net realisable value. Costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition are included in the cost of inventories. Construction and building materials are measured using the First-In-First-Out method and all other inventories are measured using the Weighted Average Cost method. Where inventory is distributed at no or a nominal charge, inventory is measured at the lower of cost or replacement cost.

2.10. Construction contracts and receivables

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

The WTE classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable, i.e. a committed plan to dispose of the asset will exist.

The WTE measures non-current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

2.11 Construction work in progress

Construction Work- in-progress are the costs incurred that are directly attributable to the specific projects that are currently in progress and can be allocated to the project on a systematic and rationale basis.

2.12 Financial instruments

2.12.1 Initial recognition and classification

The WTE classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially when the WTE becomes a party to the contractual provisions of the instruments and WTE funds are committed or receive the benefits.

The WTE does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exists; and the entity intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.12.2 Initial measurement

Financial instruments are initially measured at fair value.

2.12.3 Transaction costs

Transaction costs on financial instruments at fair value are recognised in the statement of financial performance. Transactions costs on other financial instruments are included in the cost of the instrument.

2.12.4 Subsequent measurement

All non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding instruments that has been designated at fair value or are held for trading, are measured at amortised cost. Instruments that do not meet the definition of financial assets or financial liabilities measured at amortised cost are measured at fair value unless fair value cannot be determined. Those instruments, where fair value cannot be measured reliably, is measured at cost.

Amortised cost is calculated based on the effective interest rate method

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Net gains or losses on the financial instruments at fair value through profit or loss includes transaction costs, interest and foreign exchange gains or losses. A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

2.12.5 Impairment of financial assets

At each reporting date the WTE assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

The inability to redeem amounts due based on the current stream of payments, and default of payments are considered to be indicators of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Impairment losses are recognised in the statement of financial performance as expenses.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed does not exceed the carrying amount that would have been recognised had the impairment not been recognised.

Reversals of impairment losses are recognised in the statement of financial performance as revenue.

Impairment losses are not reversed for financial assets held at cost where fair value was not determinable.

The following items included in the statement of financial position contains financial instruments:

- Cash and cash equivalents;
- Receivables from exchange transactions;
- Other financial assets;
- Payables from exchange transactions; and
- Other financial liabilities(including bank overdraft)

2.12.6 Derecognition

Financial assets

The WTE derecognises financial assets using trade date accounting.

The WTE derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the WTE transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the WTE, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the WTE :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the WTE transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the WTE adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the WTE obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the WTE recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the WTE has retained substantially all the risks and rewards of ownership of the transferred asset, the WTE continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the WTE recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The WTE removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another WTE by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are initially and subsequently measured at fair value.

2.14 Receivables from exchange transactions

Receivables from exchange transactions measured at amortised cost arise from transactions with water users. Prepayments and advances consist of amounts paid to contractors and employees for which future goods and services are expected to be received. Prepayments and advances are not classified as financial instruments.

2.15 Receivables from non-exchange transactions

Receivables from non-exchange transactions are recognised when the WTE has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement in which the WTE is receiving non-exchange revenue. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

2.16 Other financial assets

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

2.17 Payables from exchange transactions

The WTE recognises payables from exchange transactions where liabilities result in counter performance by the respective parties.

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

2.18 Payables from non-exchange transactions

The WTE recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue as a result of outstanding obligations.

Payables from non-exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

2.19 Other financial liabilities

Included in other financial liabilities are the liability incurred to the TCTA. The liability is initially measured at fair value and is subsequently measured at fair value. Effective interest is capitalised against the amounts outstanding in accordance with the respective agreements.

2.20 Provisions and accruals

Provisions and accruals are liabilities where uncertainty exists about the timing or amount of the future expenditure required to settle the liability.

The WTE recognises, in payables, an amount for accruals where an estimate is made of the amounts due for goods or services that have been received or supplied, but the invoice is outstanding or a formal agreement with the supplier has not been concluded.

Provisions are liabilities, excluding accruals that are recognised where the WTE has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the amount to settle the present obligation at the reporting date, discounting to present value where the time value of money is expected to be material.

2.21 Contingents assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 29 and 30.

2.22 Reserves

The WTE classifies its reserves in two categories namely pumping cost reserve and accumulated reserves. None of these reserves are distributable reserves.

2.22.1 Pumping cost reserve

The WTE recovers an additional charge from specific water users in the Vaal River scheme to cover for pumping costs. This additional fee is charge to reduce the impact of price increases as a result of additional pumping cost incurred in times of emergencies, drought and other contingencies.

A transfer is made from the accumulated reserves to the pumping cost for amounts recovered from users for pumping cost and from pumping cost to accumulated reserves for the actual costs incurred.

2.22.2 Accumulated reserves

Accumulated reserves consist of the net assets less amounts transferred to other reserves. Accumulated reserves are mainly build up as a result of the depreciation and return on asset charge included in the pricing strategy and the capital portion of augmentation funds included in revenue recognised. This is to ensure adequate rehabilitation and maintenance of existing infrastructure and future infrastructure development.

2.23 Budget information

The budget is prepared on a modified accrual basis. The WTE Budget compromise of revenue from the transfer payment received from the Department of Water and Sanitation (Main Exchequer Account) as well as revenue received from raw water sales.

2.24. Related parties

Related parties are people (or a close member of that person's family) or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum the following are regarded as related parties of WTE, the minister, Department of Water and Sanitation, all other clients departments, all national public entities, Water boards and Water user associations and the management of the WTE.

2.25 Irregular, fruitless and wasteful expenditure and material losses through criminal conduct

Irregular, fruitless and wasteful expenditure and material losses through criminal conduct is recognised as expenditure in the statement of financial performance according to the nature of the payment and disclosed separately in notes 31 and 32. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Any receivable recognised as a result of irregular, fruitless and wasteful expenditure or material losses through criminal conduct are subject to an annual impairment assessment.

2.26 Events after reporting date

The Accounting Authority is not aware of any matter or circumstances arising since the end of the financial year to the date of this report in respect of matters that would require adjustments to or disclosure in the annual financial statements.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	<i>Notes</i>	2018 R'000	2017 R'000
3	Revenue from exchange transactions		
	Sale of water services	9 927 280	9 036 752
	Construction revenue	223 783	409 401
	Commission earned	2 819	2 920
	Receivables	2 191	2 490
	Short-term deposits and bank accounts	628	430
	Interest revenue	814 911	697 472
	Receivables	814 901	697 463
	Short-term deposits and bank accounts	10	9
	Lease revenue earned	3 730	12 158
	Property	3 730	12 158
	Sale of goods - scrap materials and waste paper	20	223
	Other revenue	18 009	3 656
		<u>10 990 552</u>	<u>10 162 582</u>

The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable, net of any discount and VAT.

	R'000	R'000
4	Revenue from non-exchange transactions	
	Transfer revenue includes:	
	Funds from the Department of Water & Sanitation	1 651 650
		1 499 528
	Other revenue:	
	Assets received/transferred	4 928
	Water usage license fees	65
		<u>1 656 643</u>
		<u>1 501 390</u>

Funds are transferred from the Department of Water & Sanitation as an augmentation to revenue earned to enable the WTE to carry out its operating activities.

5	Employee benefit costs		
	Employee benefits consists of:		
	Short term employee benefits	1,660,946	1 585 956
	Less: direct labour capitalised to assets under construction	(259,411)	(351 598)
	Less: amounts capitalised to construction costs for third parties	(210,404)	(309 977)
		<u>1 191 130</u>	<u>924 382</u>

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	2018 R'000	2017 R'000
6 Operating expenditure		
Construction costs incurred	374 692	393 258
Other operating expenditure		
Administrative fees	10 595	2 380
Audit cost	20 929	20 726
Communication	10 952	139 913
Computer services	7 475	12 002
Electricity	510 212	231 297
Entertainment	23	5
Facility and management fee: TCTA	1 609 542	1 511 114
Materials consumed	104 694	297 434
Maintenance, repairs and running costs	221 585	69 233
Operating leases	146 159	101 580
Owned and leasehold property expenditure	233 839	206 853
Professional services: Business and advisory services, contractors and agency/outsourced services	297 622	1 749 204
Professional services: Infrastructure and planning	11 153	68 200
Printing, posting and stationery	16 698	24 770
Transport costs	-	48 053
Travel and subsistence	125 910	68 816
Training and staff development	5 817	10 072
Venues and facilities	437	34 165
Auxiliary	318 863	223 499
	4 027 197	5 212 574
7 Repairs and Maintenance - Property, plant and equipment		
Maintenance, repairs and running costs - Property, plant and equipment	31 432	480 943
	31 432	480 943
8 Impairment on financial assets		
Impairment relating to:		
Trade receivables	1 351 316	1 574 966
Staff receivables	711	327
Other receivables	3 070	664 723
	1 355 097	2 240 016

	2018 R'000	2017 R'000
9 Finance cost		
Finance leases	677	1 725
Interest on amortised payables	4 655 564	4 626 012
	<u>4 656 241</u>	<u>4 627 737</u>
10 Depreciation, amortisation and impairment		
Depreciation on property, plant and equipment	1 542 549	1 813 475
Computer equipment	8 192	7 313
Equipment	46 439	35 930
Furniture and Fittings	15 291	12 528
Infrastructure	1 467 860	1 712 393
Leased equipment	3 174	3 249
Leased vehicles	-	42 783
Mobile homes	1 132	(1 191)
Vehicles	461	470
Amortisation and Impairment on intangible assets	329 731	92 926
Computer software	329 731	92 926
Change in estimate - depreciation	-	(210 752)
Infrastructure	-	(210 752)
Impairment and impairment reversals	47 353	137 712
Computer equipment	-	(15)
Equipment	-	32 467
Furniture and Fittings	-	(1 002)
Infrastructure	47 353	106 262
Change in estimate - impairment	2 525	-
Infrastructure	2 525	-
	<u>1 922 158</u>	<u>1 833 361</u>

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was effected in relation to assets whose Remaining useful life was increased/ decreased for assets still in use. The effect of the change in accounting estimate on the current year's results was an increase in the current year's surplus by R2.5 Million.

	2018 R'000	2017 R'000
11 Loss on disposal of fixed assets		
Loss on disposal of fixed assets	36 603	109 759
	<u>36 603</u>	<u>109 759</u>
12 Cash and cash equivalents (petty cash & other cash)		
Cash and cash equivalents at fair value:		
Short-term deposits	139	129
Cash on hand	118	76
	<u>257</u>	<u>205</u>

	2018 R'000	2017 R'000
13 Receivables from exchange transactions		
Current		
Financial assets at amortised cost		
Trade receivables	12 260 849	9 871 050
Less: Provision for impairment	(8 053 724)	(6 513 224)
Carrying amount at the beginning of the period	(6 513 224)	(4 717 762)
Current year provision	(1 540 500)	(1 795 462)
	4 207 125	3 357 826
Advances to public entities: other	103 314	119 446
Staff related receivables	7 954	6 039
Less: Provision for impairment	(3 962)	(4 259)
Carrying amount at the beginning of the period	(4 259)	(3 950)
Trade receivables written off	1 008	17
Current year provision	(711)	(327)
	3 992	1 780
Claims recoverable - Departments	180	428
Water Research Commission - receivables	394 868	342 620
Other receivables	1 802 672	1 621 914
Less: Provision for impairment on other receivables	(695 866)	(692 764)
Carrying amount at the beginning of the period	(692 764)	(9 505)
Trade receivables written off	(3 101)	(683 259)
Current year provision	(695 866)	(692 764)
	1 106 806	929 150
	5 816 285	4 751 250
VAT receivable	517 106	943 902
	6 333 391	5 695 152

The fair value of the short term receivables approximates the carrying amount of the balances due to their short-term maturity.

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	2018 R'000	2017 R'000
Amounts past due not impaired		
Included in the financial assets at amortised cost above is an amount past due but not impaired:	333 836	176 026
Age analysis of financial assets that are past due but not impaired:		
not more than two months;	306 264	74,626
more than two months and not more than three months;	15 550	-
more than three months and not more than four months;	4 659	40
more than four months and not more than five months;	-	33
more than five months;	7,362	101,327
	333,836	176,026

Below is the entity's age analysis as at 31 March 2018. The system ages the number of days that the invoices are outstanding since the invoice date.

Customer category	Total	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days
Bulk Payers (BP)	191	1	0	-	-	-	189
Company (C)	2,052,112	450,566	247,965	(41,528)	20,867	(99,286)	1,473,530
District Municipalities (DM)	1,312,675	75,041	20,891	14,690	14,462	(1,150)	1,188,740
Individual (I)	486,064	36,264	(1,874)	(1,683)	(593)	(263)	454,213
Irrigation Boards (IB)	311,095	(31,623)	91,528	4,124	4,374	-	242,692
Local Municipalities (LM)	2,979,133	158,028	126,449	55,427	38,436	(14)	2,600,807
Metropolitan Municipalities (MM)	50,623	23,131	12,637	1,677	(29)	(741)	13,948
National Department (N)	161,363	12,125	3,778	1,605	135	-	143,720
Provincial Government (P)	14,265	(235)	1,215	(4)	127	-	13,162
Water Boards (WB)	3,739,472	539,358	657,715	45,984	58,129	(39,767)	2,478,053
Water Service Provider (S)	15,628	499	-	-	-	-	15,129
Water User Association (A)	885,241	87,560	40,049	10,114	10,277	54	737,188
Grand total	12,007,863	1,350,716	1,200,352	90,407	146,185	(141,168)	9,361,371

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	2018	2017
	R'000	R'000
14		
Inventory		
Construction and building materials	124 673	139 911
Consumables	9 355	8 853
Fuel and lubricants	7 025	7 119
Stationery	4 687	2 928
	<u>145,740</u>	<u>158,811</u>

Included in the Inventory balance is the inventory write-off amount equivalent to R NIL (2017: R NIL) to bring the Inventory balance to its Net reliable value.

15		
Construction Work In Progress		
Construction Work In Progress	<u>312,341</u>	<u>307,195</u>
	<u>312,341</u>	<u>307,195</u>

16 Property, plant and equipment

Summary	Cost/ revaluation R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000	Cost/ revaluation R'000	Accumulated depreciation and impairment R'000	Carrying amount - Restated R'000
Owned assets	100 140 555	(21 909 474)	78 231 081	98 710 854	(20 435 100)	78 275 754
Assets under construction: Infrastructure assets	12 290 304	-	12 290 304	12 140 155	-	12 140 155
Assets under construction: Equipment	139	-	139	10 105	-	10 105
Computer equipment	61 914	(48 879)	13 035	61 121	(43 874)	17 247
Equipment	1 498 319	(875 504)	622 815	1 503 290	(846 699)	656 591
Furniture and fittings	94 021	(63 398)	30 623	91 303	(50 148)	41 155
Infrastructure assets**	78 289 164	(20 612 299)	57 676 865	77 004 031	(19 186 586)	57 817 445
Infrastructure: Land	7 834 285	(245 161)	7 589 124	7 829 279	(245 161)	7 584 118
Mobile homes	65 705	(60 085)	5 620	65 263	(58 940)	6 323
Motor vehicles	6 704	(4 148)	2 556	6 307	(3 692)	2 615
Leased assets	12 022	(6 577)	5 445	11 403	(6 747)	4 656
Equipment	12 022	(6 577)	5 445	11 403	(6 747)	4 656
Motor vehicles	-	-	-	-	-	-
	100 152 577	(21 916 051)	78 236 527	98 722 257	(20 441 847)	78 280 410

**Infrastructure assets consist of the following categories:

Asset Class Description	31 March 2018		31 March 2017	
	Accumulated Cost 31.03.2018	Accumulated depreciation 31.03.2018	Carrying amount	Accumulated Cost 31.03.2017
Buildings	2,193,046	(1,230,502)	962,545	1,761,082
Canals	11,957,347	(5,004,446)	6,952,901	11,860,955
Dams	40,027,638	(7,172,755)	32,854,883	36,966,747
Pipelines	8,736,783	(2,314,045)	6,422,738	7,658,330
Pump stations	2,338,558	(848,057)	1,490,500	2,008,554
Tunnels	8,914,591	(2,585,169)	6,329,422	8,908,186
Measuring facilities	3,181,389	(1,208,044)	1,973,345	3,252,266
Other	940,976	(249,281)	691,695	705,447
	78,290,328	(20,612,299)	57,678,029	73,121,568
				(18,925,383)
				54,196,185

**Assets under construction consist of the following categories:

Asset Class Description	Carrying amount	Carrying amount
	31 March 2018	31 March 2017
Buildings	153,405	142,761
Canals	839,931	1,475,352
Dams	9,305,681	12,924,683
Pipelines	55,756	95,861
Pump stations	1,453,652	1,070,007
Tunnels	18,369	21,982
Roads and bridges	72,366	41,612
Equipment	139	10,105
Other	391,145	(3,632,103)
	12,290,443	12,150,260

Leased assets are encumbered by finance lease liabilities. Refer Note 21.

Movement 2018	31 March 2017						31 March 2018					
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Change in Estimate	Impairment	Impairment Reversal	Carrying amount	Impairment Reversal	Carrying amount	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Owned assets	78 275 753	1 584 227	(43 568)	3 923	(1 539 375)	(2 525)	(47 353)	-	78 231 082	-	78 231 082	
Assets under construction:	12 140 155	1 567 478	-	(1 417 330)	-	-	-	-	12 290 304	-	12 290 304	
Infrastructure assets	10 105	-	-	(9 965)	-	-	-	-	139	-	139	
Assets under construction - equipment	17 247	3 934	(263)	305	(8 192)	-	-	-	13 035	-	13 035	
Computer equipment	656 591	6 423	(3 849)	10 047	(46 439)	-	-	-	622 815	-	622 815	
Equipment	41 155	5 462	(367)	(303)	(15 291)	-	-	-	30 623	-	30 623	
Furniture and fittings	57 817 445	-	(39 089)	1 416 247	(1 467 860)	(2 525)	(47 353)	-	57 676 865	-	57 676 865	
Infrastructure assets	7 584 118	-	-	5 006	-	-	-	-	7 589 124	-	7 589 124	
Infrastructure: Land	6 323	442	-	-	(1 132)	-	-	-	5 620	-	5 620	
Mobile homes	2 615	487	-	(85)	(461)	-	-	-	2 556	-	2 556	
Motor vehicles												
Leased assets	4 656	4 019	(56)	-	(3 174)	-	-	-	5 445	-	5 445	
Equipment	4 656	4 019	(56)	-	(3 174)	-	-	-	5 445	-	5 445	
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-	
Total assets	78 280 410	1 588 245	(43 624)	158 143	(1 542 549)	(2 525)	(47 353)	-	78 236 527	-	78 236 527	

Movement 2016	31 March 2016						31 March 2017					
	Carrying amount restated	Additions	Disposals and write-offs	Transfers	Depreciation	Change in Estimate	Impairment	Impairment Reversal	Carrying amount restated	Impairment Reversal	Carrying amount restated	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Owned assets	76 861 721	3 122 735	(119 558)	105 258	(1 767 443)	210 752	(137 712)	-	-	-	78 275 753	
Assets under construction: Infrastructure assets	9 347 077	3 074 507	-	(281 431)	-	-	-	-	-	-	12 140 155	
Assets under construction - equipment	18 228	1 029	-	(9 153)	-	-	-	-	-	-	10 105	
Computer equipment	14 868	10 209	(552)	20	(7 313)	-	15	-	-	-	17 247	
Equipment	682 234	28 761	(3 068)	17 061	(35 930)	-	(32 467)	-	-	-	656 591	
Furniture and fittings	44 920	7 142	(2 078)	2 698	(12 528)	-	1 002	-	-	-	41 155	
Infrastructure assets	59 168 330	-	(113 781)	370 799	(1 712 393)	210 752	(106 262)	-	-	-	57 817 445	
Infrastructure: Land	7 576 045	167	-	7 907	-	-	-	-	-	-	7 584 118	
Mobile homes	7 131	754	(6)	(2 746)	1 191	-	-	-	-	-	6 323	
Motor vehicles	2 887	167	(72)	104	(470)	-	-	-	-	-	2 615	
Leased assets	46 938	4 074	(322)	-	(46 032)	-	-	-	-	-	4 656	
Equipment	3 839	4 074	(8)	-	(3 249)	-	-	-	-	-	4 656	
Motor vehicles	43 098	-	(314)	-	(42 783)	-	-	-	-	-	-	
	76 908 661	3 126 809	(119 880)	105 258	(1 813 475)	210 752	(137 712)	-	-	-	78 280 410	

* Leased assets in the prior year were restated as a result of a change in the method of calculating the present value of lease liabilities.

* The total addition on Property Plant and Equipment includes both Cash and No_cash items.

The WTE pledged assets in a transaction involving assets with a carrying value R 5.6 Billion for the National Treasury SUKUK loan agreement in September 2014. Although entity assets were used WTE is not the Obligor, and there is no encumbrance on the assets as the transaction is not asset-backed but asset-based. The entity is restricted as it may not encumber these assets over the duration of the bond, nor may they be disposed without notifying the investors through National Treasury. The transaction has a finite period which ends in September 2020

	2018 R'000	2017 R'000
17 Intangible assets		
Summary		
Enduring benefit	17 113 926	17 113 926
Gross carrying amount: Lesotho Highlands	15 844 203	15 844 203
Gross carrying amount: Komati Basin Water Authority (KOBWA)	1 269 723	1 269 723
Computer software	189 873	519 604
Gross carrying amount	735 601	735 601
Accumulated amortisation and impairment	(545 728)	(215 997)
	17 303 799	17,633,530
	-	-
Reconciliation		-
Enduring benefit	17,113,926	17,113,926
Gross carrying amount at the beginning : Lesotho Highlands	15 844 203	15 844 203
Gross carrying amount at the beginning : KOBWA	1 269 723	1 269 723
Computer software	189 873	519,604
Gross carrying amount at the beginning	519,604	162 552
Additions	-	450 077
Disposals and write-offs	-	42
Transfers	-	(140)
Amortisation and impairment	(329 731)	(92 926)
	17 303 799	17 633 530

In terms of the Treaty between South Africa and the Lesotho Government, South Africa has a right to receive water in perpetuity and this right is capitalised as an enduring benefit. The enduring benefit is assessed annually for impairment. The assessment is based on any indicators that may impact the delivery of the water in terms of the agreement with the Lesotho Government. Based on the assessment performed, no impairment has been identified.

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	R'000	R'000
18	Payables from exchange transactions	
	Current	
	Financial liabilities at amortised cost	
	1 421 030	1 515 368
	Trade payables	382 257
	Accruals	806 843
	Amounts due to customers: trade debtors	61 890
	Retention creditors	89 597
	Water Research Commission: payables	168 002
	Other payables	6 779
	Unclaimed deposits	3 970
	Advances received	6
	1 424 327	1 519 344
19	Bank Overdraft	
	Current	
	Current accounts at commercial banks (PMG)	2 186 502
	1 411 641	2 186 502
	2018	2017
	R'000	R'000
20	Employee benefits Liability	
	Current obligations:	
	Leave benefits due	
	173 564	156 843
	Carrying amount at the beginning of the period	131 098
	Current service costs	156 843
	Less: benefits utilised	(131 098)
	Performance bonuses	
	14 582	13 629
	Carrying amount at the beginning of the period	15 919
	Current service costs	13 629
	Less: benefits utilised	(15 919)
	Service bonuses - 13th Cheque	
	56 348	44 107
	Carrying amount at the beginning of the period	15 623
	Current service costs	44 107
	Less: benefits utilised	(15 623)
	244 494	214 579

	2018	2017
	R'000	R'000
21 Finance lease liability		
Current obligation	2 831	2 321
Non-current obligation	2 860	2 420
Carrying amount at the end	5 691	4 741
Reconciliation of the carrying amount:		
Future minimum lease payments due:	6 218	5 188
Later than 5 years	-	-
Later than 1 year but less than 5 years	3 266	2 682
Less than 1 year	2 951	2 506
Less: Future finance charges	(527)	(448)
Present value of minimum lease payments	<u>5 691</u>	<u>4 741</u>

The finance lease obligations consist of various leases. The incremental borrowing rate (effective interest) was determined based on the difference between the fair value of the asset and the future minimum lease payments. Where the fair value of the asset could not be determined, the incremental rate was based on the rate of similar instruments in the market and the fair value is assumed to estimate the present value of the minimum lease payments. The effective interest rates vary between 9% and 15%. The liability is secured by the leased assets disclosed in note 16.

	2018 R'000	2017 R'000
22 Financial liabilities: TCTA		
Current obligation	3 133 965	2 886 929
Non-current obligation	25 896 259	24 474 867
Reconciliation		
Carrying amount at the beginning of the period	27 361 796	24 958 395
Additions	6 967 096	7 968 689
Construction cost	702 250	2 533 215
Interest accrued	4 655 304	3 912 142
Administrative costs & LHWP Royalties: TCTA	1 609 542	1 523 332
Payments specifically allocated to liability	(5 008 258)	(5 245 755)
Other Movements	(290 410)	(319 533)
Financial liabilities at amortised cost	29,030,224	27,361,796

The liability represents the amounts owed to TCTA in accordance with various construction contracts for the development and maintenance of infrastructure assets. The effective interest rate varies per agreement and range between 4.76% and 10% p.a.

23	Net cash flows from operating activities		
	(Deficit) for the year	(572 663)	(3 764 800)
	Adjusted for non-cash items	7 054 939	8 904 049
	Employee benefits liability provisions	244 494	214 579
	Depreciation, amortisation and impairment	1 922 158	1 833 361
	Assets transferred at no cost	(4 928)	(1 809)
	Impairment on financial assets at amortised cost	1 355 097	2 240 016
	Interest accrued: TCTA	2 601 917	2 984 811
	Administrative costs: TCTA	899 597	1 523 332
	Loss on disposal of fixed assets	36 603	109 759
	Additional cash items	(214 579)	(162 640)
	Employee benefits utilised	(214 579)	(162 640)
	Operating cash flows before working capital changes	6 267 697	4 976 609
	Working capital changes:	(2 080 428)	(1 519 996)
	(Increase) in receivables from exchange transactions	(1 993 336)	(1 687 879)
	Decrease / (Increase) in inventories/ Construction work in progress	7 925	(294 464)
	(Decrease) / increase in payables from exchange transactions	(95 017)	462 347
	Net cash from operating activities	4 187 270	3 456 613

	2018 R'000	2017 R'000
24 Budget information		
Reconciliation between budget deficit and statement of financial performance		
Budget surplus (deficit)	(3 931 438)	(7 290 090)
Project expenditure	1 324 795	4 541 610

24.1 Basis of preparation of budget comparison statement

The Basis of preparation of the budget during 2017/18 financial year is not the same with preparation of the statement of financial statement. The project expenditure of R1.4 billion funded from augmentation fund, Rehabilitation and Refurbishment and Rehabilitation of Conveyance System are reported on the Statement of Financial Position.

24.2 Reason on original budget deviation

The projected revenue for the financial year 2017/18 was revised from R9.5 billion to R11.5. The revenue adjustment can be attributed to the following; The additional funds received from National Treasury for augmentation, increase on construction revenue and efforts made by the entity to improve the billing efficiency for water sales. The Operating expenditure was revised to R14.5 billion in order to cover the adjustment on finance costs and irrecoverable costs.

24.3 Reason on the revenue variance

The favourable variance on revenue performance can be attributed the increase on efforts made by the entity to improve the billing efficiency for water sales and interest charged on overdue customers' accounts. The total revenue against the revised budget for the financial year reflects a favourable variance of R1.1 billion.

24.4 Reason on the expenses variance

The favourable variance on revenue performance can be attributed the efforts made by the entity to improve the billing efficiency for water sales and interest charged on overdue customers' accounts.

24.5 Reason on the projects expenditure variance

The infrastructure projects (augmentation) reflect a spending within the allocated budget for 2017/18. However it should be noted that Dam Safety Rehabilitation Programme (DSRP) budget had to be reprioritised due to the underspending on the projects. Most of the DSRP projects were on planning stage. The budget for other projects were also reprioritised due to the fact that most projects were in the planning phase.

		2018 R'000	2017 R'000
25	Financial instruments		
	Carrying amounts per category		
	The total carrying values of the various categories of financial assets and financial liabilities at the reporting date are as follows:		
	Financial assets at fair value		
	Cash and cash equivalents	12	257
	Financial assets at amortised cost		205
	Receivables from exchange transactions	13	5 816 285
			4 751 250
	Total financial assets	5 816 542	4 751 455
	Financial liabilities at amortised cost	31 866 192	31 067 642
	Payables from exchange transactions	18	1 424 327
	Other financial liabilities	22	29 030 224
	Bank Overdraft	19	1 411 641
			1 519 344
			27 361 796
			2 186 502
	Total financial liabilities	31 866 192	31 067 642
	Net losses included in the statement of financial performance on amortised receivables	1 355 097	2 240 016

Exposure to continuously changing market conditions has highlighted the importance of financial risk management as an element of control for the WTE. The WTE finances its operations primarily from cash receipts from customers and augmentation income received from the government. There are primarily two financial risks that the WTE faces namely credit and interest rate risk.

Interest rate risk exposure

The WTE has an obligation to settle the cost incurred by TCTA for the construction of infrastructure on its behalf. Due to the long term nature of these projects, the WTE is exposed to changes in the interest rates relating to these borrowings as the amounts to settle its obligation to the TCTA is dependent on the interest rates. The effective interest rate for the current period amounted to approximately 23% (2017: 23%). Finance leases are discounted at the interest rates implicit in the lease and do not expose the WTE to any further risk as the rates are fixed for the term of the lease. The short term payables expose the WTE to a very limited risk of losses as a result of fluctuations in interest rates. The WTE endeavours to comply with the PFMA requirements to settle its debt within 30 days of receipt of an invoice.

Credit risk exposure**Receivables and prepayments**

Potential areas of credit risk consist of trade accounts receivable and cash investments.

Accounts receivable consists mainly of government owned institutions and government owned entities.

The WTE monitors the ageing of debtors on an ongoing basis and engages their customers where there is an indication of possible problems with regard to recovery from customers. Provision is made for specific bad debts and at the end of the financial year management did not consider there to be any material credit risk exposure that was not already covered by the impairment provision.

Cash and cash equivalents

Cash investments are investments made by the entity with the South African Reserve Bank and credit risk is considered to be acceptably low. Short-term deposits are held in the Corporation for Public Deposits (CPD) as required by the Treasury Regulations.

	2018	2017
	R'000	R'000
Maximum credit risk exposure		
Cash and cash equivalents	257	205
Receivables	5 816 285	4 751 250
	5 816 542	4 751 455
% of total financial assets	100.0%	100.0%

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

	2018	2017
	R'000	R'000
Contractual maturities of non-derivative financial liabilities are:		
Due within 30 days	-1,289,446	1,947,539
Later than one month but not later than 12 months	7,506,704	4,659,007
Later than one year but not later than 5 years	15,540,615	14,260,379
Later than 5 years	10,358,504	9,505,306

The amounts to be paid within 30 days relate mainly to trade and other payables. Amounts due after 30 days include payments due to TCTA that are measured at amortised cost. These payments may vary for certain projects as they are based on actual water sales and are subject to change due to changes in the interest rates. TCTA has various loans with commercial banks that expose the WTE to liquidity risk.

26 Related party transactions

26.1 Related party relationships and control

The WTE is controlled through the Department of Water & Sanitation at National Government level.

As a result of the constitutional independence of the three spheres of government in South Africa, only parties within the national sphere of government will be considered to be related parties.

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.

2018	2017
R'000	R'000

26.2 Related party transactions and outstanding balances**26.2.1 Department of Water & Sanitation**

Revenue from non-exchange transactions	1 651 650	1 499 528
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The Water Trading Entity (WTE) operates within the Department and does not have its own Accounting Officer; its responsibilities are shared by different branches within the Department.

The Department of Water and Sanitation incurred some operating expenditure on behalf of the WTE which include, but is not limited to, rent for office space, internal audit cost, IT cost and other administrative costs (including cost related to the business restructuring process). A reliable estimate cannot be made for these services rendered.

26.2.2 Water Research Commission

Revenue from exchange transactions	2 191	2 490
Outstanding balances (Receivables)	394 868	342 620
WRL payment	94 157	98 936
Outstanding balances - payables from exchange transactions	180 215	168 002

Water Research Commission and WTE both report to the Minister of Water and Sanitation. WTE performs the billing and collection of revenue on behalf of Water Research Commission (i.e. Agent-Principal Relationship).

26.2.3 Trans-Caledon Tunnel Authority (TCTA)

The following transactions were carried out with TCTA:

Construction activities	702 250	2 533 215
Finance cost	4 655 304	3 912 142
Administrative costs & LHWP Royalties: TCTA	1 609 542	1 523 332
Outstanding balances - amount due to TCTA	29 030 224	27 361 796

TCTA is constructing assets on behalf of the WTE on a full cost recovery basis.

26.2.4 Eskom

The following disclosable items were carried out with Eskom:

Revenue from exchange transactions	1 343 534	1 339 576
Outstanding balances-receivables from exchange transactions	181 095	115 028
Payment for electricity	575 758	706 395
Outstanding balances - payables from exchange transactions	50 236	31 749

The amounts billed for the above revenue received from Eskom is based on the actual operations and maintenance cost incurred and not the budgeted operations and maintenance cost included in the water tariffs applicable to other users.

Eskom receives 60 days to pay for water related services instead of the normal 30 days. WTE pays Eskom for pumping costs relating to water within 15 days.

2018	2017
R'000	R'000

26.2.5 Rand Water

The following disclosable items were carried out with Rand Water:

Sale of water services		
Revenue from exchange transactions	4 291 765	4 077 419
Finance revenue (discounting)	37 034	35 608
Gross amount billed	4 328 798	4 113 027
Outstanding balances – receivables from exchange transactions	798 822	690 258
Gross amount due	805 775	696 339
Less: Effect of discounting	(6 953)	(6 081)
Project cost payment	50 000	242 865
Outstanding balances - payables from exchange transactions	-	1 708

Rand Water (a Water Board) and WTE both report to the Minister of Water and Sanitation. Rand Water receives 60 days to pay for water related services instead of the normal 30 days.

26.2.6 Inkomati Catchment Management Agency

The following disclosable items were carried out with Inkomati Catchment Management Agency:

Inkomati Usuthu CMA: amount paid for the period	109 162	79 614
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Inkomati Catchment Management Agency and WTE both report to the Minister of Water and Sanitation. WTE performs the billing and collection of revenue on behalf of Inkomati Catchment Management Agency (i.e. Agent-Principal Relationship).

26.2.7 Breede-Gouritz Catchment Management Agency (BGCMA)

The following disclosable items were carried out with Breede-Gouritz Catchment Management Agency:

Breede-Gouritz CMA: amount paid for the period **60 000** 70 958

Breede Gouritz Catchment Management Agency and WTE both report to the Minister of Water and Sanitation. WTE performs the billing and collection of revenue on behalf of Breede Gouritz Catchment Management Agency (i.e. Agent-Principal Relationship).

26.2.8 Energy SETA

The following disclosable items were carried out with Energy SETA:

Water services related project cost payment **50 000** 557 288

26.2.9 Entities under control of the Minister of Water and Sanitation

The following Water Boards and Agencies are under the common control of the Minister of Water and Sanitation. WTE bills the Water Boards under arm's length transactions in order to recover water infrastructure related charges. The following items were carried out with these entities:

Entity Name	Revenue from exchange transactions		Outstanding balances - receivables from exchange transactions		Payments made by WTE to the entity		Outstanding balances - payables from exchange transactions	
	2018	2017	2018	2017	2018	2017	2018	2017
Amatola & Albany Coast Water Board	75 326	79 279	33 002	13 491	12 393	20 832	1 043	2 632
Bloem Water Board	19 958	17 003	23 503	35 535	924	1 405	97	132
Mhlathuze Water Board	44 274	46 663	3 305	4 279	80 362	118 739	-	1 309
Overberg Water Board	228	430	341	1 608	-	-	-	-
Sedibeng Water Board	341 162	261 484	2 366 806	1 814 611	-	210 888	5 112	5 112
Lepelle Water Board***	47 646	38 789	95 959	27 861	107 882	215 069	39 295	75 549
Magalies Water Board	82 760	67 495	108 710	27 861	-	-	-	-
Umngeni Water Board	417 232	363 208	90 133	66 491	12 332	20 474	926	1 554
Uthukela Water	19 802	7 382	238 982	196 377	-	-	-	-

***The above project payment costs to Lepelle Northern Water Board include amounts paid for Mopani Municipality emergency project: Bambanana Bulk Pipeline project; raising of Nwamitwa dam and raising of Tzaneen dam.

26.2.10 Komati Basin Water Authority (KOBWA) - Is managed by the treaty between the South African Government and the Swaziland Government. The treaty resulted in KOBWA constructing Maguga and Driekoppies Dam. WTE has the right of use of water supply from Driekoppies dam.

Water User Associations (WUAs) - There are 222 WUAs under the common control of the Minister of Water and Sanitation. WTE bills the WUAs under arms' length transactions in order to recover water infrastructure related charges.

26.3 Key management personnel remuneration

Management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. Individuals on top management level and executive committee members are considered management.

March 2018	Basic salary	Termination benefits	Other short term employee benefits	Post-employment benefits	Total
	R'000				R'000
Ms Mathe ZY - Deputy Director General	835	-	467	109	1 410
Mr Maphanga LM - Chief Director***	-	-	-	-	-
Mr Smith FJ - Chief Director	-	-	-	-	-
Mr Swart HJ - Construction Manager	1 194	-	360	155	1 709
Mr Arumugam S - Chief Director	789	-	268	103	1 160
Mr Mofokeng MJ - Chief Financial Officer	659	-	376	178	1 213
Mr Manus LAV - Chief Director	707	-	486	92	1 285
Mr Mudau TN - Chief Director	697	-	404	91	1 191
Mr Nel P - Chief Director	813	-	257	106	1 176
Mrs Nkomo RM - Chief Director	697	-	397	91	1 185
Mrs Mkhabela GV - Chief Director	813	-	251	106	1 170
	7 204	-	3 266	1 029	11 499

March 2017	Basic salary R'000	Termination benefits	Other short term employee benefits	Post-employment benefits	Total R'000
Ms Mathe ZY - Deputy Director General	808	-	513	198	1 519
Mr Maphanga LM - Chief Director	529	-	312	134	975
Mr Smith FJ - Chief Director	663	-	325	682	1 670
Mr Swart HJ - Construction Manager	1 114	-	349	194	1 657
Mr Arumugam S - Chief Director	750	-	285	97	1 132
Mr Mofokeng MJ - Chief Financial Officer	818	-	444	106	1 368
Mr Manus LAV - Chief Director	664	-	458	88	1 211
Mr Mudau TN - Chief Director	655	-	381	86	1 122
Mr Nel P - Chief Director	764	-	171	99	1 034
Mrs Nkomo RM - Chief Director	655	-	360	85	1 100
Mrs Mkhabela GV - Chief Director	764	-	273	99	1 136
	8 182	-	3 872	1 870	13 924

Key management personnel remunerated through Department of Water & Sanitation - Main account

The following officials are also considered to be key management personnel. These officials are paid by **the Department of Water & Sanitation - Main account.**

Official	Position
Mr S Mkhize	Acting Director General
Mr T Balzer	Deputy Director General
Mr JD Mahlangu	Deputy Director General

The following key management official terminated his service during the current financial year (2017/18).

Official
Mr MJ Mofokeng

The following key management personnel officials have terminated their services in the previous financial year that ended 31 March 2017.

Official	Position
Mr LM Maphanga	
Mr FJ Smith	Chief Director: Construction Management

27 Capital Commitments	2018 R'000	2017 R'000
Capital commitments	1 344 906	1 134 242
Operational commitments	<u>317 700</u>	<u>885 900</u>
Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements.	<u>1 662 606</u>	<u>2 020 142</u>
Commitments per category		
Operational and Capital commitments		
Inventory	1,428	1,995
Other operating expense	316,272	883,905
Total	<u>317,700</u>	<u>885,900</u>
Capital commitments		
PPE: Assets under construction	296,667	21,875
PPE: Computer equipment	191	183
PPE: Equipment	567	4,499
PPE: Furniture	189	232
PPE: Infrastructure assets	1,047,292	1,107,453
	<u>1,344,906</u>	<u>1,134,242</u>
Grand Total	<u>1,662,606</u>	<u>2,020,142</u>

The amounts disclosed above for capital commitments exclude VAT.

28	Operating lease commitments	2018	2017
		R'000	R'000

The Water Trading Entity leases various residential buildings and office Spaces under operating lease agreements and instalments are payable monthly in advance. The instalments are payable over periods varying between 12 and 24 months. The entity is sub-letting these residential buildings to its various employees at a monthly rental.

The future minimum lease rentals to be paid under non-cancellable and cancellable operating lease contracts as at 31 March 2018 are as follows:

Residential Buildings:	987	17 792
Due within 1 year	987	17 792
Due later than 1 year but less than 5 years	-	-
Greater than 5 years	-	-
Office administration Buildings:	131	683
Due within 1 year	131	552
Due later than 1 year but less than 5 years	-	131
Greater than 5 years	-	-
Total minimum lease payments	1 118	18 475

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29	Contingent liabilities	2018 R'000	2017 R'000
29.1	Claims against the State		
	Legal claims against the Department of Water & Sanitation		
29.1.1	Eigenbau Pty Ltd vs Minister of Water and Sanitation	2,244	2,244
29.1.2	Nasiza Trading CC/DWS	-	1,570
29.1.3	JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd	1,006	1,006
29.1.4	Neethling N. O. and Others vs. Department of Water and Sanitation	16,647	16,647
29.1.5	Kwinana & Associates vs DWS	1,158	1,158
29.1.6	Mogotleng Kgophane v DWS	1,000	1,000
29.1.7	Bigen Africa vs. DWS	5,926	5,926
29.1.8	Sehlagola Nko Ditedu Trading Enterprise CC vs. DWS	2,765	2,765
29.1.9	Noko Airlink vs DWS	2,462	-
29.1.10	Geldenhuis J Mulder VS DWS	1,100	-
29.1.11	Londiwe Nokuphiwa Ngcambu/DWS and Bicanon (Pty) Ltd	13,121	-
29.1.12	Roelof Jacobs vs. DWS and Bloemwater	1,862	-
29.1.13	SCIP Engineering Group (PTY) Ltd vs Minister of Water and Sanitation.	42,160	-
29.1.14	Seeletso vs. DWS	8,307	-
29.1.15	Maragela Consulting vs. DWS	2,574	-
29.1.16	Re Ba Thari Tranding and Enterprise vs. DWS	1,582	-
29.1.17	Karan Beef vs. Minister of DWS	-	778
29.1.18	Other claims against the state	4,594	2,004
		108,509	35,099

Should the WTE not be successful in defending the above cases, the maximum financial exposure amounts to R108.509 million excluding interest of approximately R10.8509 million at 10.00%.

Several companies have laid claims against WTE of which the outcome is still uncertain and the summary of nature of the above cases is as follows :

- 29.1.1** *Eigenbau Pty Ltd vs. Minister of Water and Sanitation.* The applicant has made an application in court with a claim that the department had short paid the applicant. The Department consulted with counsel on the 16 March 2016 and the answering affidavit had been filed. The parties met on the 26 May 2016 and agreed that the plaintiff must write to the Department with their proposal on resolving the matter, such proposal has not been received. Therefore should judgment be granted against the Department; the Department will be ordered to pay the claimed amount or provide a confirmatory to SARS that the payment was erroneously made to SARS.
- 29.1.2.** *Nasiza Trading CC vs DWS* a claim is in respect of goods allegedly supplied and delivered to the DWS by the plaintiff. The DWS denies having ordered and received the alleged goods and our investigations revealed that this is a scam using the Department's name. The Department filed and served Answering Affidavit on 8 September 2015, the matter is still pending.
- 29.1.3** *JSW Electrical (Pty) Ltd vs. DWS and RBF Engineering (Pty) Ltd.* The Plaintiff sues both defendants (RBF Engineering and the Department) for services rendered in terms of a contract for the supply, manufacture, delivery, installation, testing and commissioning by the Plaintiff and RBF of MV and LV Electrical installation for Tugela-Mhlathuze Emergency Transfer following a tender process. The matter pertains to 1998; the department is defending the matter. The instructions to the State Attorney sent on 18/12/2014 to advise whether the Department should bring an application for dismissal for the delay in prosecuting this matter and to have this matter finalized. The State Attorney advised that DWS should pend this matter until such time there is a reaction from the Plaintiff.
- 29.1.4** *Neethling N. O. and Others vs Department of Water and Sanitation.* The Department has been joined as 3rd Party. The claim relates to misrepresentation of water rights and the 1st & 2nd Respondents have conceded to the merits of the case. Matter postponement for the settling of the quantum. Matter originated in 2013. The 1st & 2nd Defendants have conceded to the merits of the case and matter postponed sine die to determine quantum. The matter is set down for argument of the quantum from 11 to 15 September 2017 in the Kimberley High Court.
- 29.1.5** *Kwinana & Associates vs DWS.* Case originated in the 2014/2015 financial year. A summons was issued against the Department for failure to pay for service rendered in terms of contract to provide a compendium of accounting services to implement a financial turnaround for the Revenue Collection sub-directorate. Notice of intention to defend was filed. The state attorney has been requested to appoint a counsel on this matter. We requested further particulars from the plaintiff. The plaintiff did not respond and an application to compel to provide further particulars was done and heard on the 17 August 2015. A rule 35 notice has been served and filed.
- 29.1.6** *Mogotleng Kgophane v DWS.* The matter originated in 2016; a motor vehicle collision involving a DWS employee. DWS is defending the matter, notice of intention to defend filed and consultation with Counsel, State Attorney and DWS officials confirmed for 6 April 2017 to prepare to draft our plea.
- 29.1.7** *Bigen Africa vs. DWS.* The matter originated in the 2016/2017 financial year. Bigen Africa submitted invoices for the work done in respect of the construction monitoring works and defects liability applicable to the construction. The invoices are not disputed, save to indicate that the budget for payment has been reallocated. The DWS has offered to settle this matter out of court.
- 29.1.8** *Sehlagola Nko Ditedu Trading Enterprise CC vs DWS.* The matter originated in 2015 - Application to direct the DWS to issue a Purchase Order after the DWS instituted Review Application to the High Court to review and set aside the decision to award the Contract to Sehlagola Nko Ditedu Trading Enterprise CC. DWS has filed notice to oppose the application. Sehlangola has applied to the High Court for the consolidation of the two cases. The matter is set down specifically for this purpose on 31 May 2017. The DWS is not opposing the application.
- 29.1.9** *Noko Airlink vs DWS.* The applicant disputes the decision of tender evaluation committee for not awarding the tender to them as allegedly claimed that they were the most suitable candidate in terms of DWS preferential scoring system.

- 29.1.10. *Geldenhuys J Mulder vs DWS*. The applicant wants payment resulting of injuries sustained on 08 March 2012. The minor child was utilising the play facilities at Waterwese Kamp, Levubu which is the property belonging to the Minister. The swing broke and the minor child was injured. She was taken to the hospital by Mr Dick Viljoen (the departmental official) by his car and she was treated and released on the same day. The plaintiff in her summons alleges that the minor child was partially disabled and now permanently disabled.
- 29.1.11 *Londiwe Nokuphiwa Ngcambu DWS/ Bicanon (Pty) Ltd*. The matter emanates from a contractual dispute between Bicanon (Pty) Ltd and Londiwe Nokuphiwa Ngcambu for the payment of invoices. The Department entered into a contract with Bicanon to address shortcomings of water services and infrastructures in Nongoma and Msinga Districts of KwaZulu-Natal. Bicanon then appointed Londiwe Nokuphiwa Ngcambu as sub- contractor to supply materials and to render services for the two Projects. The DWS has no Contract with Ms Ngcambu but since the two projects were for the DWS then the DWS was dragged to these proceedings.
- 29.1.12. *Roelof Jacobs vs DWS*. The applicant is suing the Department for damages caused to his property as a result of fire which allegedly started from property of the Department
- 29.1.13 *SCIP Engineering Group (Pty) Ltd vs DWS*. The letter of demand from Smit Sewgoolam Inc demanding that the amount due by SCIP Engineering group for service rendered in terms of the contract must be paid.
- 29.1.14 *Seeletso vs DWS*. The Plaintiff served the Department with summons claiming damages following cancellation of contract due to non-performance
- 29.1.15 *Maragela Consulting vs DWS*. The applicant is suing the Department for outstanding payment on the invoice.
- 29.1.16 *Re Ba Thari Trading and Enterprise vs DWS*. The applicant demand payment for the breach of contract by DWS.
- 29.1.17 *Karan Beef vs. Minister of DWS*. The matter relates to 2013 summons issued against the DWS for over charging Plaintiff iro. Industrial purposes instead of agricultural purpose. The matter is now finalised as the appeal by both parties was dismissed by constitutional court for lack of prospects for success.
- 29.1.18 *Other claims against the state* - WTE is the defendant to various small claims below an amount of R1 million each against it instituted by various companies.

The WTE has issued guarantees in favour of various financial institutions to support employees to obtain loans for housing. To date the WTE has not been called to honour any of these obligations. No loss is expected to materialise in respect of these guarantees in the foreseeable future.

29.2 Guarantees

The WTE has issued guarantees in favour of various financial institutions to support employees to obtain loans for housing. To date the WTE has not been called to honour any of these obligations. No loss is expected to materialise in respect of these guarantees in the foreseeable future.

- 70

	2018	2017
	R'000	R'000
Legal claims		
30.1 Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane	2,843	2,843
30.2 Department of Water and Sanitation vs. Metrics Industrial Supplies CC	30,000	30,000
30.3 Department of Water and Sanitation vs. Bodust Trading Enterprise CC	336	336
30.4 DWS vs Sehlagola Nko Ditedu Trading Enterprise CC	2,765	-
30.5 DWS vs Martin Nero	82	-
	36,026	33,179

The WTE have legal claims against several companies of which the outcome is still uncertain:

- 30.1 Department of Water vs. T- Systems South Africa (Pty) Ltd and Mr. Bokhutlo Senokwane - relates to fraud committed by Mr. Bokhutlo Senokwane against the Department whilst under the employment of DWS contractor (T-Systems (Pty) Ltd). The Department did not accept the settlement offered and has made a counter settlement.
- 30.2 DWS vs Metric Industrial Supplies cc. The department issued summons arising from fraudulent invoices in which the Defendant was paid money for services it did not render. Further consultation with Counsel will take place to amend the particulars of the claim.
- 30.3 The Department issued summons against Bodust Trading Enterprise CC for professional negligence as a result of them failing to supervise the installation and backfilling of the Dwarsloop- Acornhoek pipeline.
- 30.4 DWS vs Sehlagole Nko Ditedu Trading Enterprise cc. The DWS has filed Review Application with the High to set aside the award awarded to Sehlagola Nko Ditedu Trading Enterprise in respect of the Contract. In turn the Respondent has filed an application to direct the DWS to issue a Purchase Order iro the award. DWS has filed notice to oppose the application. Sehlangola has applied to the High Court for the consolidation of the two cases.
- 30.5 DWS issued a letter of demand for the amount paid for petrol, toll gates and kilometres as a result of misuse of state vehicle.

31	Irregular expenditure	2018	2017
		R'000	R'000
31.1	Reconciliation		
	Opening balance	3 265 038	325 875
	Add: Irregular expenditure - current year	1 192 004	2 705 805
	Add: Irregular expenditure - prior year	439 989	264 014
	Less: Amounts condoned	-	(30 655)
		4 897 031	3 265 038
	Less: Amounts recoverable (not condoned)	-	-
	Less: Amounts not recoverable (not condoned)	-	-
	Irregular expenditure awaiting condonation	4 897 031	3 265 038
	Analysis of expenditure awaiting condonation per age classification		
	Current year	1 192 004	2 705 805
	Prior years	3 705 027	559 234
	Total	4 897 031	3 265 038

31.2 Details of Irregular Expenditure		2018	2017
		R'000	R'000
Incident	Disciplinary steps taken/criminal proceedings		
Award made to non-tax complaint supplier	Under investigation	25	-
Quotations awarded not in accordance with the prescribed preference point system	Under investigation	433	-
Unfair awarding of work to suppliers	Under investigation	1,557	3,289
Competitive bidding process not followed	Under investigation	178,233	971,694
Services to support and maintain SAP ECC not procured through SITA	Under investigation	62,824	90,866
Deviations approved not in accordance with Treasury Regulations	Under investigation	303,020	338,721
Award of bid not in accordance with approved specification	Under investigation	290,805	208,463
The Departmental Bid Adjudication Committee quorum was not obtained	Under investigation	57,675	176,600
Actual expenditure incurred exceeded the contract amount.	Under investigation	1,733	-
Change of scope of work after award and not all members of BEC were approved	Under investigation	58,737	41,356
Companies listed share the same telephone numbers therefore owned by the same person	Under investigation	216	-
Contract signed by an unauthorised official and without legal vetting by legal services	Under investigation	9,852	43,102
Internal memo for payment through sundry approved an official who exceeded the allowable delegation to approve sundry payments.	Under investigation	28,430	-
Specification did not include the minimum threshold for local production and content	Under investigation	255	2,026
No declarations were made by the directors that they are employed by the state	Under investigation	5,703	-
No evidence of approval of variation orders could be obtained	Under investigation	60,896	-
Payment process through sundry with no prior approval granted by delegated official	Under investigation	1,068	-
Procurement above R500 000 not done through competitive bidding (National Treasury is to provide further clarity regarding the definition of consultancy services)	Under investigation	127,766	535,885
Procurement from one service provider not duly approved	Under investigation	39	267
Supplier did not declare on the SBD 4 that he/she owns two companies	Under investigation	46	-

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Supplier status is liquidation	Under investigation	12	-
The Central Supplier Database was only checked and printed after the quotation was sourced from the supplier	Under investigation	34	-
The contract has no end date	Under investigation	3	-
Expenditure exceeding original excess of the approved contract or quoted amount or no contract in place or contract expired	Under investigation	-	337
Actual evaluation criteria inconsistent with original bidding document	Under investigation	-	2,000
Bid evaluation not consistent with the approved evaluation criteria	Under investigation	2,642	-
No proof is available on file that request for quotation were source on the same day	Under investigation	-	81
Procurement and Contract Management (Compliance) - Disclosure of Irregular Expenditure is understand	Under investigation	-	5,743
Procurement approved by person not having delegations to approved the deviations	Under investigation	-	34
Service provider not been given similar specifications to quote which results to other company quoting for more items other less.	Under investigation	-	18
Variation Order being approved by the Accounting Officer as per delegation of Authority	Under investigation	-	35
Three quotations was not obtained for procurement of between R30,000 and R500,000 and deviation not approved by the delegated authority	Under investigation	-	115
Contract and management - Procurement of unlimited SAP licenses	Under investigation	-	285,000
Payment out of RT3 Contract, Expenditure exceeding original excess of the approved contract or quoted amount or no contract in place or contract expired	Under investigation	-	15
Allegation that one of Construction North Civil superintended misused his powers by exchanging items procured from CTM on behalf of the department without the Supply Chain Management's Knowledge. The money is still with CTM Tzaneen since from 2014.	Under investigation	-	-
Services done before order	Under investigation	-	157
		1 192 004	2 705 805

31.3 Details of Irregular Expenditure condoned

Incident	Condoned by (condoning authority)	2018	2017
		R'000	R'000
Advanced payment was done whereas provision was not made for such in the conditions of contract. Officials did not have delegations to approve payments.	Director-General	-	30,655
Expenditure exceeding original contract amount/or no contract in place	Director-General	-	-
Use of transversal contract illegally	Director-General	-	-
Procurement of goods and services without following the proper SCM procedures	Director-General	-	-
Request for ex post facto approval	Director-General	-	-
Splitting of orders to circumvent SCM policies and procedures	Director-General	-	-
Non-compliance with Treasury Regulation for the procurement in excess of R500 000,00	Director-General	-	-
		-	-
		-	30,655

32 Fruitless and Wasteful Expenditure

	2018 R'000	2017 R'000
Reconciliation		
Opening balance	489 591	1 798
Prior period error	-	-
As restated	489 591	1 798
Add: Fruitless and wasteful expenditure - current year	534 111	487 793
Add: Fruitless and wasteful expenditure - prior year	-	-
Less: Condoned or written off by relevant authority	-	-
Less: Transfer to receivables for recovery (not condoned)	-	-
Less: Amounts not recoverable (not condoned)	-	-
Fruitless and wasteful expenditure closing balance	1 023 702	489 591

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Incident	Disciplinary steps taken/criminal proceedings	2018	2017
		R'000	R'000
Losses incurred relating to external projects	Transaction under investigation	89 855	135 178
Abnormal costs incurred relating to internal projects	Transaction under investigation	416 605	-
Interest expenditure incurred on overdue accounts paid to Eskom, municipalities, etc.	Transaction under investigation	218	605
Interest expenditure incurred on the expropriation of land	Transaction under investigation	2	11
Interest expenditure incurred on overdue accounts paid to banks for petrol cards	Transaction under investigation	31	8
Interest expenditure incurred on pension pay-out	Transaction under investigation	9	-
SAP Licences	Transaction to be investigated	-	250 000
Mopani emergency project	Transaction to be investigated	26 873	98 390
Expenditure Incurred on the appointment of the approved professional person (APP)	Transaction to be investigated	-	3 600
Legal costs incurred due to breach of contract	Transaction to be investigated	518	-
		534,111	487,793

The interest expenditure incurred on overdue accounts to Eskom is under deliberation and the Department has engaged with Eskom to reverse the interest charged where the Department has paid within 15 days of receipt of Eskom invoices.

33 Adjustments from prior periods error

During the year the WTE has discovered various omissions that relate to prior years. These omissions represent prior period accounting errors which in terms of GRAP standard must be accounted for retrospectively in the WTE Annual financial statements for the year that ended 31 March 2018. As a result of these errors WTE has adjusted all affected comparative amounts presented in the current period's Annual Financial Statements as affected by these prior year accounting errors.

The nature of the prior period errors mainly relate to the following items:

Infrastructure assets - The infrastructure projects were completed in prior year but cost not transferred from AUC to the asset register due to insufficient documentation available to inform the necessary transfer. Other movable assets were picked up on Floor, which were not accounted for in the asset register and identified during verification. These are classified as post capitalisation the cost and associated depreciation were provided as journals.

Finance cost - the adjustment of R726 million for 2016/17 is as a result of a change in interest allocation between the projects on TCTA financial model on Vaal River System (VRS). The adjustment impacted on accumulated surplus's opening balances.

Impairment on financial assets - The amount is for accruals and interest not billed but included on impairment of financial assets which impacted accumulated surplus/loss opening balances.

Operating expenditure - correction of TCTA invoice accruals for 2016/17 financial year amount to R2.04 billion. These are invoices were due to TCTA thus an increase in liability during 2016/17 and this also has resulted in increase in operational expenditure. The amount of R339 million is correction of payment incorrectly allocated to TCTA and R273 million is a re-allocation of management fee capitalise to the project to expenditure. Included in operational expenditure amount is the amount of R236.5 million consist of loss on construction work and other cost on derecognition of Catchment Management Agencies (CMA's).

Other financial liabilities current and non-current - The Trans Caledon Tunnel Authority (TCTA) made amendments to the projects financial models. The opening balances were restated as per 2017/18 restated financial models from TCTA. The adjustment is a re-allocation between current and non-current financial liabilities and it only impacted the opening balance of liabilities in the statement of financial position. The net effect on these changes has resulted in an increase in Net Liability of R 1.3 Billion.

Payables from exchange transactions current - These are TCTA tariff invoices accrued in 2016/17 period that were erroneously not accrued mainly Vaal River System (VRS). The adjustment(s) impacted on accumulated surplus's opening balances.

Construction work - This is a loss on construction work performed in previous years on both internal and external work. The amount is for construction loss due to expenditure not to been recovered by construction unit within the department.

Receivables from exchange transactions - The decrease in trade receivables is due to derecognition of Inkomati-Usuthu Catchment Management Agency (IUCMA) and Breede-Gouritz Catchment Management Agency (BGCMA). These CMA's are now operating as Independent establishments.

Revenue from exchange transactions - *The amount is as a result of derecognition of Inkomati-Usuthu Catchment Management agency (IUCMA) and Breede-Gouritz Catchment Management Agency (BGCMA) revenue and trade receivables. The two agencies have been independently established. A further amount of R7 million is for ageing of 2017/18 closed and cancelled customer account reversed, contract closure and it was back dated back to prior years. The adjustment(s) impacted on Accumulated surplus's opening balances.*

Irregular expenditure - *At the end of financial year 2016/17 R4.346 million was disclosed in the annual financial statement and all findings discovered by Auditor General were not included in the disclosure due to a dispute of these findings. A dispute was lodged with the Auditor General and a response was only received in December 2017 and a further dispute was lodged however was not submitted hence the adjustments.*

	2017	2016
	R'000	R'000
The impact of these errors is summarised below and the details are as follows:		
Increase/ (Decrease) in assets	713 795	850 097
(Increase)/ Decrease in liabilities	(874 715)	(104 852)
Increase/ (Decrease) in net assets	(160 920)	745 244

Represented by:

(Increase)/ Decrease in accumulated surplus:		
(Increase)/ Decrease in revenue		
Increase/ (Decrease) in expenses	133 893	16 499
Effect on surplus/ deficit	27 027	(761 743)
Effect on opening reserves	160 920	(745 244)
	(745 244)	-
	(584 325)	(745 244)

33.1 The following is the summary of corrections made in prior years to correct errors discovered to ensure completeness and accuracy of AFS:

	2017	2016
	R'000	R'000
Intangible assets	28,932	-
Construction work	(135,178)	(101,291)
Other financial liabilities: current	(631,324)	-
Other financial liabilities: non-current	(602,479)	(109,123)
Payables from exchange transactions: current	359,088	4,270
Property, plant and equipment	641,726	711,233
Receivables from exchange transactions current	178,316	240,154
	(160,920)	745,244
Depreciation, amortisation and impairment	(51,352)	21,702
Finance cost	(6,491)	(739,995)
Impairment on financial assets	(255,243)	-
Operating expenditure	287,226	(194,451)
Repairs and maintenance - PPE	52,885	151,001
Revenue from exchange transactions	133,893	158,855
Revenue from non-exchange transactions	-	(142,356)
	160,920	(745,244)
Effect on opening reserves	(745,244)	-
	(584,325)	(745,244)



DEPARTMENT OF WATER AND SANITATION

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