



water affairs

Department:

Water Affairs

REPUBLIC OF SOUTH AFRICA

**STRATEGIC PLAN
(ANNUAL PERFORMANCE PLAN)
2011/12-2013/14**

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LIST OF ACRONYMS

ACRONYM	DESCRIPTION
ACIP	Accelerated Community Infrastructure Programme
AMCOW	African Ministers' Council on Water
AO	Accounting Officer
AU	African Union
BAS	Basic Accounting System
BWP	Berg Water Project
CM	Compliance monitoring
CMA	Catchment Management Agency
COGTA	Cooperative Governance and Traditional Affairs
COP	United Nations Conference of the Parties
DBMS	Database Management System
DDG	Deputy Director-General
DPSA	Department of Public Service and Administration
DRCV	Depreciated Replacement Cost value
DWA	Department of Water Affairs
EDMS	Electronic Document Management System
ERF	Emergency Response Facility
ERP	Enterprise Resource Plan
EU	European Union
GIS	Geographic Information System
GITO	Government Information Technology Officer
GMISA	Ground Water Management Institute of Southern Africa
GWS	Government Water Scheme
HDIs	Historically Disadvantaged Individuals
HR	Human Resources
HRM	Human Resources Management
HYCOS	Hydrological Cycle Observing System
IBSA	India, Brazil and South Africa
IDPs	Integrated Development Plans
IFMS	Integrated Financial Management System
IT	Information Technology
IWRM	Integrated Water Resources Management
JWC	Joint Working Commission
KZN IASP	KwaZulu-Natal Invasive Alien Species Programme
LHWP	Lesotho Highland Water Project
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MEA	Main Exchequer Account
MS	Microsoft
MSP	Master System Plan
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NEPAD	New Partnership for Africa Development
NGPF	New Growth Path Framework
NRF	National Revenue Fund

ACRONYM	DESCRIPTION
NWRI	National Water Resources Infrastructure
NWRS	National Water Resources Strategy
ORWRDP	Orange River Water Resources Development Project
OSD	Occupation Specific Dispensation
PCRD	Post-Conflict Reconstruction and Development
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PPI	Producer Price Index
PWSP	Provincial Water Sector Plans
RBIG	Regional Bulk Infrastructure Grant
RMPs	Resource Management Plans
ROA	Return on Asset
RPF	Resource Poor Farmers
RSAP	Regional Strategic Action Plan
RWRP	River Water Resources Project
SADC	Southern African Development Community
SALGA	South African Local Government Association
SAMP	Strategic Asset Management Plan
SAP	Systems Applications Products
SLA	Service Level Agreement
SMMEs	Small Medium Micro Enterprises
SO	Strategic objective
SP	Strategic priority
TAM	Total Asset Management
TCTA	Trans-Caledon Tunnel Authority
UK	United Kingdom
UN	United Nations
USA	United States of America
VRESAP	Vaal River Eastern Sub-system Augmentation Project
WARMS	Water Registration Management System
WDCS	Waste Discharge Charge System
WfGD	Water for Growth and Development
WfW	Working for Water
WMAs	Water Management Areas
WMI	Water Management Institution
WoF	Working on Fire
WRC	Water Research Commission
WSAs	Water Services Authorities
WSDP	Water Services Development Plan
WSLG	Water Sector Leadership Group
WTE	Water Trading Entity
WUAs	Water User Associations
WULA	Water Use Licence Authorisation
WWC	World Water Commission
WWTW	Waste Water Treatment Works

FOREWORD BY THE MINISTER

The fourth administration of the democratic government has adopted a New Economic Growth Path for the restructuring of the South African economy in order to improve its performance in terms of labour absorption, as well the composition and rate of growth of the economy. The role of water as a strategic catalyst in development is critical in the achievement of the economic growth path objectives.

This annual performance plan seeks to respond to these strategic objectives and to achieve the outcomes as detailed in the government's Medium-Term Strategic Framework (MTSF). As such, the Department will implement a plan to contribute to the government-wide programme of creating five (5) million new jobs over the next ten years, as outlined in the New Growth Path Framework (NGPF). Our main anchor programmes in this regard include the Regional Bulk Infrastructure, the Accelerated Community Infrastructure Programme (ACIP), Support to Resource Poor Farmers (RPFs), the national transfers of schemes to municipalities, and the "War on Water Leaks" programme designed for youth development. We will also make a major contribution through our Working for Water and Working on Fire Programmes.

The Department will continue to invest in bulk raw water infrastructure to support economic growth and to meet the growing social needs. To this end, seven new water augmentation projects to supply additional water for the domestic, energy, irrigation and industrial sectors will be implemented in the medium term period.

The implementation of the Regional Bulk Infrastructure Programme (RBIG) will remain a priority as it connects the water resources to the distribution and reticulation systems for supplying water to domestic and industrial users. Priority is given to bulk infrastructure projects that use local water resources and stringent requirements are prescribed to ensure that water supplied through these projects is used efficiently. In addition, the Department aims to develop alternative bulk water sources to address drought in affected areas of the country.

The Department is undertaking a process to identify areas that are currently served in terms of water infrastructure resources. These areas will be prioritised and the implementation of new infrastructure projects will commence in the next financial year. This will be done through our Water Infrastructure Management and Regional Implementation and Support programmes. The process and plan will focus on areas that geographically fall in previously disadvantaged areas, the majority of which are located in the rural parts of the provinces. The Department plans to mobilise additional resources by partnering with private sector (the development and financial institutions) for a successful and speedy implementation of the projects whose target will be in line with the NGPF.

In Limpopo the emphasis will be ensuring that water from the completed dams such as Nandoni and Flag Boshielo Dams reaches the community through the construction and installation of bulk water supply pipelines. We will ensure that the supply of water to commercial activities also benefit the communities along those areas.

The construction of De Hoop Dam is well advanced. The EIA for the N'wamitwa Dam is almost done and will be followed by its design and we intend to ensure that the construction will commence in early 2013. In KwaZulu-Natal the construction of the Spring Groove Dam will

commence in due course and the raising of the Hazelmere Dam will improve the water supplies to the Ethekwini and Umgungundlovu areas.

In the Eastern Cape the focus will be on the augmentation of bulk infrastructure with 15 major water projects in six district municipalities. We will also be focusing on the acceleration of the completion of the planning for the Umzimvubu and Foxwood Dams.

In contributing to the vibrant, equitable, sustainable rural communities and food security, as well as land reform, the Department will continue to support resource poor farmers with water supply as well as rain water harvesting.

As our contribution to economic growth, rural development, food security and land reform, the Department will establish an independent Economic Regulator which will ensure efficient pricing in the water value chain, relieving the consumer of the inefficiencies in the water supply sector.

As the water sector leader, the Department will ensure compliance with minimum water quality norms and standards in its pursuit to strengthen the regulation of the water sector, linking the Department's work with government's aim to achieve an efficient, competitive and responsive economic infrastructure network. The Department commenced with the process of annual Blue and Green Drop assessments to ensure that water and wastewater systems are managed according to the set norms and standards, setting a target of 99% compliance with the drinking water quality standards and an 80% compliance with the wastewater effluent standards.

Our support for local government remains a cornerstone of our service delivery mandate. We will strive to create and strengthen a responsive, accountable, effective and efficient local government system with a specific focus on providing water services to the people. In this regard the Department will also enhance the role of the established Emergency Response Facility (ERF) through which employees' engineers and other water experts intervene in emergency situations where there are service delivery challenges. The Department will also facilitate the training of staff to ensure optimal operation of wastewater treatment works and compliance to the Green and Blue Drop assessment programmes.

On the international front, we will continue to contribute towards the deepening of regional and economic integration through engagement with the Southern African Development Community (SADC) member states, NEPAD and the African Union by positioning water as a catalyst for Africa's development. To achieve our water security imperatives, we will work hard to finalize the Phase II of the Lesotho Highlands Water Project (LHWP).

The Department will contribute by playing a leading role in shaping the water agenda on developing adaptation strategies on climate change under the banner of the UN Conference of Parties (COP17) which will be hosted in South Africa in December 2011.

The Department takes the efforts of government to build an efficient and development-oriented Public Service and an empowered, fair and inclusive citizenship very seriously. One of the Department's priorities is to build internal financial management and technical capacity to deliver quality services. The development of leadership, as well as management systems and business processes to enhance organisational performance will also be a high priority.

Mrs B E E Molewa, MP
Minister of Water and Environmental Affairs

Official sign off:

It is hereby certified that this Annual Performance Plan was developed by the management of the Department of Water Affairs under the guidance of Minister B E E Molewa, MP. It was prepared in line with the current Strategic Plan (2009/10-2013/14) of the Department of Water Affairs. It accurately reflects the performance targets which the Department will endeavour to achieve given the resources made available in the budget for the budget years.

Mr T Balzer
Acting Director-General
Date:

Approved by:

Mrs B E E Molewa, MP
Minister of Water and Environmental Affairs
Date:

SECTION A: GENERAL INFORMATION

STRATEGIC OVERVIEW

1. BUSINESS DEFINITION

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

1.1 Vision

A dynamic, people-centred Department, leading the effective management of the nation's water resources, to meet the needs of current and future generations.

1.2 Mission

The Department of Water Affairs makes a positive impact on our country and its people as custodians of our water resources, and as innovative and committed partners in the drive for sustainable development. We are service and delivery oriented. We strive to get it right the first time, every time, on time – ensuring that our citizens are provided with the water and sanitation services they deserve.

We lead our sector and enable our partners with knowledge and capacity to ensure that all water services are delivered. We are committed to innovation and we use cutting-edge technology as a catalyst of positive change, connecting our people and enabling them to work anywhere anytime. We are a Department with a heart that values our investment in our people. We provide them with a caring and trusting environment that encourages personal development, and is a breeding ground for talent.

1.3 Values

The values of the DWA are as follows:

- **Transparency:** we fulfil our mandate in an ethical and open manner
- **Respect:** we respect each other as well as our clients and the needs of our citizens
- **Excellence:** we are leaders and innovators in our sector, who get it right on time every time
- **Everyone:** we are a caring employer who, through teamwork, serves South Africa's people

1.4 Organisational Structure

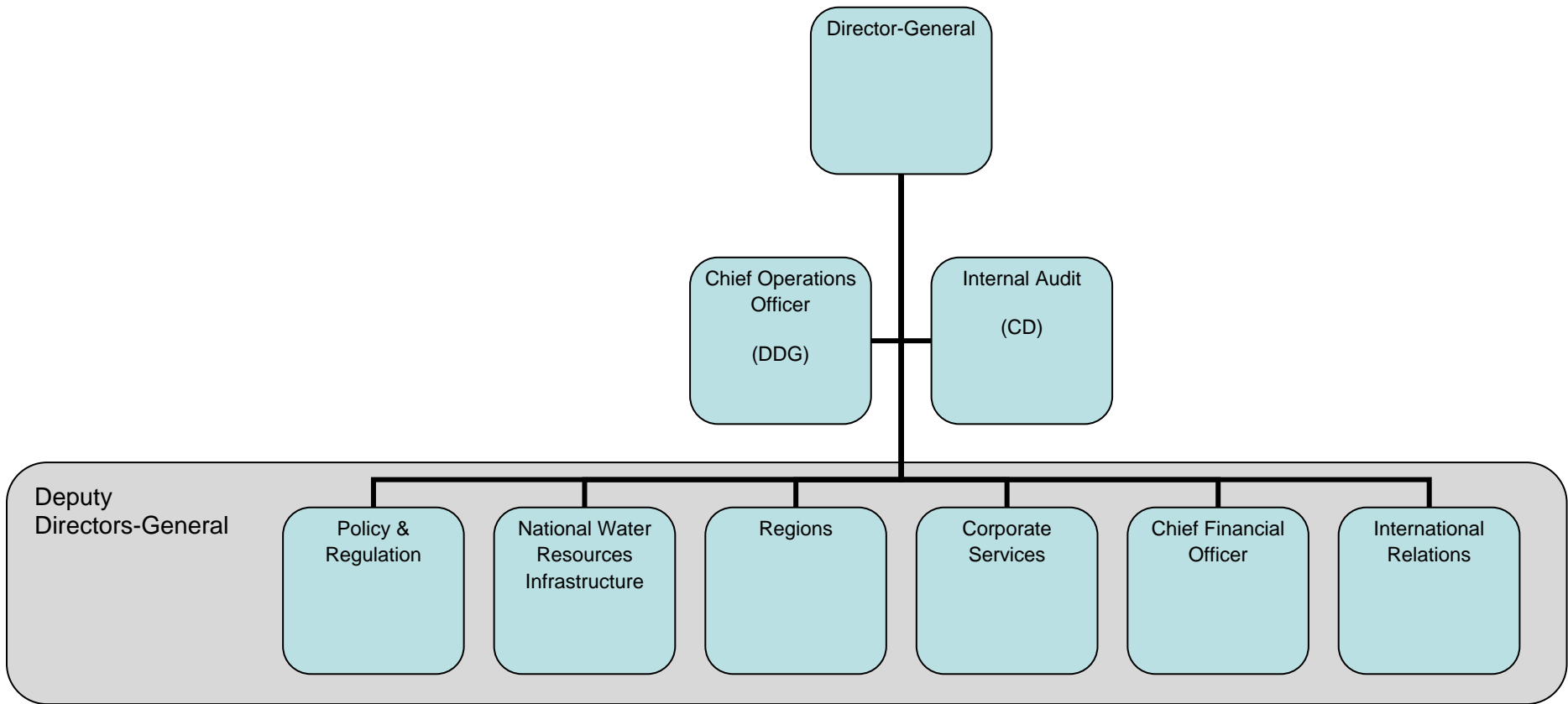


Figure 1: DWA’s high-level organisational structure

2. LEGISLATIVE MANDATE

2.1 Key legislative mandate

The Department's legislative mandate is to ensure that the country's water resources are protected, managed, used, developed, conserved, and controlled in accordance with the requirements of the policies of the Department for the Water Services Act, 1997 (Act No. 108 1997) and the National Water Act, 1998 (Act No. 36 of 1998). The Department's core functions are: policy formulation, water resource management, infrastructure development, capacity building, intergovernmental and intra-sectoral coordination, and water regulation.

The work of the Department is informed by the following key legislative, policy and regulatory frameworks:

2.1.1 National Water Act, 1998 (Act No. 36 of 1998)

The objective of the Act is to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all persons. The Act provides that the National Government, as the public trustee of the nation's water resources and acting through the Minister, has the power to regulate the use, flow and control of all water in the Republic.

2.1.2 Water Services Act, 1997 (Act No.108 of 1997)

The objective of the Act is to provide for the right of access to basic water supply and basic sanitation by setting national standards and norms. Section 156, read in conjunction with Part B of Schedule 4 of the Constitution of the Republic of South Africa (Act No 108 of 1996) gives the executive authority and responsibility to the Minister to support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions.

2.1.3 Water Research Act, 1971 (Act No. 34 of 1971)

The purpose of the Act is to provide for the promotion of research in connection with water affairs and, for that purpose, to establish the Water Research Commission and Water Research Fund. The Minister appoints members of the Commission and exercises executive oversight with regard to the Commission.

2.2 Planned policy initiatives

The Department has embarked on a legislative review of the current water-related legislation. While the National Water Act, 1998 (Act No. 36 of 1998) provides a legal framework for the progressive realisation of the right to access to sufficient water, there is however a need to

review the act to ensure that there is equity in the allocation of water, to improve water resources management and to streamline the regulatory processes. The Water Services Act, 1997 (Act No. 108 of 1997) requires significant review to ensure alignment with the provisions of the Municipal Systems Act, 2000 (Act No. 32 of 2000) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The Department is in the process of reviewing the first edition of the National Water Resource Strategy (NWRS). The review provides an opportunity to ensure that water is at the centre of planning and that it supports the broad national economic and social development goals through the Water for Growth and Development (WfGD) framework without compromising the long-term sustainability of water resources.

A methodology and a framework to establish an Economic Regulator for effective economic regulation of the entire water value chain is being developed and it is intended to ensure the alignment of legislation. It will furthermore develop an operational model to deal with the current challenges resulting from the growing imbalance between supply and demand for water in South Africa.

A revision of the current water pricing strategy aims to improve the financial viability of government's bulk raw water business. The current provision to cap annual water tariff increases and exclude categories of users from paying the "Return on Assets" tariffs, results in annual deficits. Appropriate pricing of water is necessary to ensure that this scarce resource is valued by all citizens.

A huge backlog has developed with regard to the regional bulk water and sanitation infrastructure owned by municipalities, including water treatment and waste water treatment plants. Surveys done jointly with local governments estimate the backlog at R110 billion. The Department has budgeted R5, 4 billion over the next four years to reduce this backlog. This amount excludes the funds that have been allocated in the budgets of local governments.

The Dam Safety Rehabilitation Programme which commenced in 2005 will be continued and planned rehabilitation works will be completed at 25 dams. A similar programme has been started to rehabilitate water conveyance infrastructure. The two programmes are expected to decrease the backlog by R4 billion in the next four years using funds allocated from the fiscus and from revenue collected from the sale of water.

South Africa needs a platform for water sector institutions in order to discuss water security in the country and ensure that water underpins economic growth. The Department has started the institutional reform and re-alignment project with the aim of enhancing institutional readiness to fast-track service delivery and handle water challenges and management of water resources both at present and in the future. This process will entail:

- Developing an institutional framework that clearly defines roles, responsibilities and accountability within the water value chain.

- Enabling water sector institutions to have sufficient economies of scale in order to be efficient and have financial resources to employ skilled managers, professional staff and technicians. They also need capacity to raise sufficient capital funds for investment in essential water infrastructure and find solutions for areas with less developed economies.
- Promoting good governance in the water sector institutions and thereby ensuring separation of policy making, shareholding, and regulation functions.
- Rationalising and aligning the number of institutions reporting to the Minister in order to have an effective span of control.

3. ENTITIES REPORTING TO THE MINISTER

3.1 The Trans-Caledon Tunnel Authority (TCTA)

The TCTA is a multidisciplinary organisation specialising in project financing and implementation, and is a specialised liability management entity. Its mandate is to raise off-budget finance to develop bulk raw water infrastructure that delivers water for industries and consumers in a cost effective manner. It also provides financial and treasury management services, tariff setting and debt management services to designated water boards, water management institutions and to the Department. Despite the current challenges in its operating macro-economic environment and its new multi-project arrangements, the TCTA has had satisfactory results between 1996/7 and 2010/11 financial years by achieving the majority of its contracted deliverables.

3.2 The Water Research Commission (WRC)

The Water Research Commission was established in terms of the Water Research Act, 1971(Act No. 34 of 1971). The commission plays an important role in water research by establishing needs and priorities, stimulating and funding research, promoting the transfer of information and technology, and enhancing knowledge and capacity building in the water sector. It provides support to the water sector and all its relevant institutions and partners. Over the medium term, the commission will focus on - Water resource management, Water linked ecosystems, Water use and waste management and Water use in agriculture..

3.3 Water Boards

Water boards derive their mandate from section 34(1) of the Water Services Act, 1997 (Act No. 108 of 1997) and are categorised as national government business enterprises in terms of schedule 3B of the Public Finance Management Act, 1999 (Act No. 1 of 1999), (the PFMA). They are separate legal entities that have their own boards of governance, own assets and are required to be self-funding. The Minister of Water and Environmental Affairs appoints board members and chairpersons.

The boards are key strategic organisations that primarily provide bulk potable water services to municipalities, other water service institutions and major customers within designated service areas. Water boards vary considerably in size and with regard to their activities, customer mix, revenue base and capacity. Most of the older and more established water boards are located in areas where there are significant urban development nodes (such as Rand Water, Umgeni Water and Magalies Water), while other boards operate in more demographically diversified areas where there is urban and rural mix in the customer base. While providing bulk treated water to municipalities, the boards also provide retail water and sanitation services on behalf of municipalities when need arises.

Table 1 below gives a list of water boards. There has been fourteen water boards until 2010 when the Albany Coast water board was disestablished and its service area and assets were taken over by Amatola Water to benefit from the economies of scale. Namakwa Water is also trading at a loss and plans are under way to disestablish it and to merge its operations to those of Sedibeng Water.

Table 1: List of Water Boards

No.	Name of Water Board	Province
1.	Amatola Water	Eastern cape
2.	Bloem Water	Free State
3.	Botshelo Water	North West
4.	Bushbuckridge Water	Mpumalanga
5.	Lepelle Northern Water	Limpopo
6.	Magalies Water	North West
7.	Mhlathuze Water	KwaZulu-Natal
8.	Namakwa Water	Northern Cape
9.	Overberg Water	Western Cape
10.	Pelladrift Water	Northern Cape
11.	Rand Water	Gauteng / Free State
12.	Sedibeng Water	North West/ Free State/ Northern Cape
13.	Umgeni Water	KwaZulu-Natal

3.4 Catchment Management Agencies (CMAs)

Chapter seven of the National Water Act, 1998 (Act No. 36 of 1998) makes provision for the progressive establishment of catchment management agencies (CMAs) and states that the purpose of the CMAs is to delegate water resources management to the regional or catchment level and to involve local communities in decision-making processes. The intention is to meet the basic human needs of present and future generations; to promote equitable access to water; and to redress the results of past racial and gender discrimination and facilitate social and economic development.

Broadly, the role of a CMA is described in the National Water Act, 1998 as managing water resources in a water management area (WMA), coordinating the functions of other institutions

involved in water-related matters and involving local communities in water resources management. The CMAs are service delivery agencies and are listed in the PFMA (Act No.1 of 1999) as Schedule 3A entities. To date, two CMAs have been established, namely; the Inkomati and Breede-Overberg Catchment Management Agencies. They are operational and they have their own Governing Boards, a Chief Executive and first-line managers in place. Significant progress has been made in the implementation of their initial functions as stipulated in the National Water Act, 1998. The delegation of functions has also been approved.

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

3.5 Water User Associations (WUAs)

According to Chapter 8 and Schedule 3 of the National Water Act, 1998 (Act No. 36 of 1998), all irrigation boards established under the Water Act of 1956 must be transformed into water user associations (WUAs) to provide a vehicle for localised users to operationally manage the use of the resource in a more integrated manner. Currently all irrigation boards are in the process of being transformed into water user associations to fall within the ambit of the National Water Act of 1998. Out of the two hundred and seventy nine irrigation boards, one hundred and eleven have been transformed into fifty nine WUAs. The remaining one hundred and sixty eight irrigation boards will be transformed into WUAs in the next five years. In addition, thirty five new WUAs have been established and most of these are focused on supporting resource-poor farmers.

4. SERVICE DELIVERY IMPROVEMENT PLAN

Table 2: Key services and standards

Key service	Service beneficiaries	Current standards and linkage to Batho Pele principles	Desired standard
Support to municipalities	Local government, SALGA COGTA, Public	Access: 70% of all requests responded to adequately	Respond to 100% of all requests for advice and/or support to municipalities in dealing with emergency incidents related to water supply and sanitation within 24 hours
Access authorisations to dams for recreational purposes	Public	Access: Demand Driven	Ensure equitable access to state dams for recreational purposes taking into account safety requirements and zoning of dams for specific activities
Issuing Water licences	Farmers, Mines, Property Developers, Municipalities, Water Boards and Industries.	Access: Demand Driven, sometimes more than two years	Process 100% of water use licence applications within 120 days from date of receipt.
Optimal operations and maintenance of water resources infrastructure	Water users	Access: Few infrastructure maintained according to standard	More infrastructure maintained according to standard
Upgrading and development of new water resources infrastructure for water security and availability	Communities	Access: Limited water storage capacity for water security and availability for socio-economic development	Access: Increase water storage capacity for water security and availability for socio-economic development
Provide water resources infrastructure to unserved communities	Communities with no dams and other water infrastructure	Single purpose dams	Access: Transform single-purpose dams into multi-purpose dams to benefit communities
Answer calls to the Department within 5 rings	Internal and external clients	Access: Answer 65% calls to the Department within 5 – ring	Access: Answer 100% of calls to the Department within 5 rings
Activate 100% of all existing voicemail facilities	Public & DWA	Access and Efficiency: 80% activated voicemail facilities	Access and Efficiency Activate 100% all existing staff voicemail facilities.
Respond to 100% of complaints/queries done via e-mail and	Internal and external clients	Efficiency: Respond to 60% of all complaints/queries to the Department within 48	Efficiency: Respond to 100% of all complaints/queries to the Department within 48 hours

Key service	Service beneficiaries	Current standards and linkage to Batho Pele principles	Desired standard
voicemails within 48 hours		hours	
Procurement of goods and services through quotation methods	Line functions at head office	Efficiency and Accessibility to clients It takes about 2-3 weeks for procurement through the quotation method because not all suppliers respond on time and that the procurement has been centralised.	Efficiency and Accessibility to clients Procurement of goods should be within 2-3 weeks through the quotation method and three days through warehouse.
Payment of all invoices within 30 days of receipt	Service providers and creditors	Pay 70% of all invoices within 30 working days on receipt of correctly completed invoices	Pay 100% of all invoices within 30 working days on receipt of correctly completed invoices

5. RISK MANAGEMENT PLAN

As part of its annual strategic planning process, the Department identifies risks that could impact on its ability to achieve the prioritised service delivery outputs. The risks are recorded in a risk register which is designed to set out the primary risks to successfully deliver its Annual Performance Plan and actions taken to mitigate such risks. The risk register is reviewed on a quarterly basis to ensure that it remains current, and that any new or developing risks are identified and prioritised. The table below identifies the source and level of risk, as well as the management's response to risks.

Table 3: Risk management plan

Risk Category	Risk Description	Causes of risk	Inherent Risk	Residual Risk	Control improvement
Service Delivery	Ageing water resources infrastructure	Limited funding for operations and maintenance. No maintenance plan for infrastructure, lack of technical skills, Climate change	25	20	Develop maintenance and operation strategy, Identify future financial challenges facing the Department.
	No strategy to curb unlawful water use	Inadequate technical capacity, knowledge and skills)	25	25	Develop strategy to curb unlawful water use, Develop capacity
	No strategy to prevent pollution of water resources by mining activities and	Lack of coordinated actions plans and co-operative compliance within the DWA programmes and at	25	20	Encourage cooperation within the DWA and with other relevant Departments, Improves relations and forge

Risk Category	Risk Description	Causes of risk	Inherent Risk	Residual Risk	Control improvement
	sewerage pollution by municipalities	inter-Departmental level.			partnerships with other Departments and private sector (Mines).
	Inadequate funding for mega capital infrastructure projects	Limited funding; Changes in government funding; Economic downturn.	25	20	Mobilise resources outside government through partnerships with the private sector.
Compliance	Failure to meet regulatory requirements	Lack of coordinated approach in terms of inter-governmental policies.	25	20	Review legislation and policies to align with local government legislation framework for effective implementation.
	Non-compliance with legislation, Internal Controls and Code of Conduct	Lack of compliance framework; No consequential action taken against non compliance; Ignorance of controls; lack of awareness of legal obligations.	25	20	Decisive leadership and guidance with regard to culture, ethics and internal controls environment; Implement disciplinary actions for non-compliance, Provide training on internal controls; implement the DWA code of conduct
Human Resources	Shortage of technical skills	Ageing workforce; Resignations, challenges with the implementation of OSD; No personnel development and promotion opportunities	25	20	Develop succession plan; Request deviation from OSD appointments, Review & revise retention strategy
Financial Management	Shortage of qualified financial professionals	Government remuneration packages not market competitive, resulting in skilled officials attracted to the private sector.	25	20	Develop succession and retention plans; Implement personal development plans provide incentives through high level development programmes and exposure.
Project and contract Management	Possible failure or delay of a major project / contract	Shortage of experienced project managers; No management guidelines; Failure to perform project risk assessment; Poor project planning and	25	20	Develop and implement project management guidelines; Provide project managers with training; Develop and implement project risk assessment guidelines

Risk Category	Risk Description	Causes of risk	Inherent Risk	Residual Risk	Control improvement
		budgeting			
Leadership	Regular change of leadership / organisational change leading to instability of the organisation.	Suspensions, resignations, redeployment – all leading to low morale.	25	16	Develop succession and retention plans; Implement personal development plans provide incentives through high level development programmes and exposure
Governance	Poor Performance Management	Performance Management culture not embedded within the organisation	25	16	Encourage coordinated planning and create awareness about the important link between planning and effective service delivery and financial management. Eliminate planning with ambiguous performance measures and targets; Cascade clear accountability and performance reporting throughout the organisation; Procure Performance Management Software Solution; Establish Performance Management Working Group
Media / Communication	Media reporting adversely about the Department, resulting in disengagement with the public and low staff morale, among other things.	Lack of effective PR; PR reactive; Lack of communication and marketing strategy. Lack of promoting, good news, stories & marketing	25	12	Establish corporate communications strategy; Being proactive by issuing press releases, arranging conferences and photo calls; Build relationship with and use all local media
Fraud	Fraud and Corruption	Weak internal controls; Lack of leadership guidance, No adherence to fraud prevention measures, Fraud risk	25	20	Conduct Specific Fraud and Corruption Audits; Declare interest procedures; Conduct workshop and awareness sessions on Fraud and Corruption;

Risk Category	Risk Description	Causes of risk	Inherent Risk	Residual Risk	Control improvement
		assessments not regularly conducting			Implement fraud monitoring processes

6. UPDATED SITUATIONAL ANALYSIS

The inter-departmental and inter-governmental coordination process facilitated by the outcomes approach has been a positive step and provides clear guidance for the service delivery implementation process. However, both financial and human resources may not be adequately available to focus both on the agenda of the outcomes process and the sustained agenda of the Department.

6.1 Performance delivery environment

The new outcomes approach which informs the Performance Agreement of the Minister will have an impact of refocusing the Department in terms of the five-year Strategic Plan (2009 – 2014). In terms of this plan, the Department has planned to construct four new bulk water resources infrastructure projects by 2020. The Performance Agreement of the Minister has a directive to construct seven augmentation projects to be finalised by 2014. The Department's programme of distributing water harvest tanks to communities in the rural areas for (general) access has been refocused to distribute tanks for food production as a contribution to rural development.

The New Growth Path Framework (NGPF) also demands that the Department reconsiders its service delivery programmes and customise them to deliver jobs to the expectation of government by meeting the target of 5 million jobs by 2020. The Department's Water Use Licensing programme is central in achieving the target of 5million jobs projected in the NGPF. The NGPF focus areas that are water dependent are – water Infrastructure, mining and mining beneficiation, the energy sector, agro-processing and rural development. The Department has invested in creating a total of 23218 jobs per year over the next two years in the following areas:

- water augmentation
- rehabilitation and refurbishment
- the DWA water services schemes
- regional bulk infrastructure grant to local government and
- infrastructure being developed by water boards

7. REVISION TO LEGISLATIVE AND OTHER MANDATES

The Department has embarked on a legislative review of the current water-related legislation. While the National Water Act, 1998 (Act No. 36 of 1998) provides a legal framework for the progressive realisation of the right to access to sufficient water, there is however a need to

review the act to ensure that there is equity in the allocation of water, to improve water resources management and to streamline the regulatory processes. The Water Services Act, 1997 (Act No. 108 of 1997) requires significant review to ensure alignment with the provisions of the Municipal Systems Act, 2000 (Act No. 32 of 2000) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

8. OVERVIEW OF 2011/12 BUDGET AND MTEF ESTIMATES

8.1 Budget Programmes

Programme 1: Administration

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

Programme 2: Water Sector Management

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

Programme 3: Water Infrastructure Management

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

Programme 4: Regional Implementation and support

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

Programme 5: Water Sector Regulation

Purpose: Ensure the development, implementation, monitoring and review of regulation across the water value chain in accordance with the provisions of the National Water Act (Act No.38 of 1998) and the Water Services Act (Act No. 108 of 1997).

Programme 6: International Water Cooperation

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

8.2 Expenditure trends

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

The Department is undertaking a process to identify areas that are currently not served in terms of water infrastructure resources. These areas will be prioritised and the process of implementing the new infrastructure projects will be in the next (2012/13) financial year. This will be done through Programme Three: Water Infrastructure Management and the Programme Four: Regional Implementation and Support. The process and plan will consider areas that geographically fall in previously disadvantaged areas, the majority of which are located in the rural parts of the provinces. This will be a flagship programme of the Department as it will be a significant contribution to the transformation of the water sector landscape. The Department plans to mobilise additional resources by partnering with the private sector (development and financial institutions) for a successful and speedy implementation of the projects, the target of which will be in line with the NGPF. The Department anticipates that a significant number of jobs will be created through this process.

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

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

Over the MTEF period, spending is expected to increase from R8.2 billion to R10.9 billion, at an average annual rate of 9.9 per cent. The rate of growth is slower than the one between 2007/08 and 2010/11 financial years, mainly as a result of efficiency savings of R1.7 billion. This increase includes additional allocations of R1 billion in 2011/12, R1.3 billion in 2012/13 and R984.2 million in 2013/14 to be spent as follows over the medium term: R245 million for

the completion of the construction of the De Hoop dam, R780.3 million for the bulk distribution system of the De Hoop dam and R520 million for the replacement of Nandoni pipelines.

8.2.1 Infrastructure spending

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

8.2.1.1 Mega infrastructure projects (Over R330 million per year)

Most of the Department's infrastructure spending on mega projects will be allocated to the Olifants river water resources development project, which includes building the De Hoop dam on the Steelpoort river and the construction of a bulk raw water distribution system to distribute water for domestic and mining use in the middle Olifants river catchment area.

The construction of the bulk distribution system associated with the second phase of the Olifants River water resources development project as well as the first phase of the Mokolo and Crocodile River (West) water augmentation project which convey water to Eskom's new Medupi power station.

8.2.1.2 The Olifants River water resources development project

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

The estimated cost for the distribution systems is R13.1 billion, with R391.8 million already spent during 2010/11. An additional allocation of R780 million has been made available over the MTEF period. This additional allocation is subject to the Department finalising the signing of off-take agreements during 2011/12 financial year. In addition to the baseline, the total

budget available for the distribution systems over the MTEF period is R1.9 billion. With the assistance of the TCTA, the Department expects to raise the shortfall from the market. In addition to finalising off-take agreements in 2011/12, the Department will revisit the socio-economic impact assessment study to determine the financial impact of water from the dam on the municipalities and as well as the shortfall between what the municipalities can afford and the actual cost of water from the dam. Other ways of addressing the shortfall will also be investigated. A communication strategy will be rolled out by the Department and the Limpopo provincial government to manage expectations.

The dam safety rehabilitation project is an ongoing project to ensure continued structural and operational safety of the 350 dams owned by the Department. The estimated cost of the project is R2.6 billion of which R1.4 billion has been spent during 2010/11 and R1.2 billion has been allocated over the MTEF period. Given the nature of the project, only short term jobs will be created.

8.2.1.3 Large infrastructure projects and programmes (between R70 million and R330 million per year)

The following is a selection of a number of large infrastructure projects that are under way:

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

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

The Groot Letaba river development project, raising of Tzaneen and N'wamitwa dams are projects which are aimed at augmenting the supply to meet projected growing water requirements by 2025, improve water availability in the river in ecosystem and stabilise water availability to the irrigation sector, including the establishment of resource poor farmers. The estimated value of the project is about R2 billion, of which R386.1 million has been allocated over the MTEF period.

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

The Nandoni pipeline project had as its objective, to convey water for domestic use in the Vhembe district municipality in the Limpopo province. The project began in 2006/07 and is scheduled for completion in 2012/13. The commissioning of this project was delayed due to the

quality of the pipes, which increased the project cost from R200 million to R720 million. An amount of R520 million has been allocated over the 2011/12-2013/14 MTEF period. An accelerated plan for the completion of the bulk distribution system was approved and is currently being implemented by the Department.

8.2.1.4 *Small infrastructure projects (below R70 million)*

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

The following small infrastructure projects are under way:

- The Hluhluwe regional water supply scheme will supply water to the rural areas in the Umkanyakude district municipality. The main pipeline to Hluhluwe town has been completed and the design work on the fourth phase has started.
- Raising the Hazelmere dam will augment the water supply to Umgeni Water for treatment and supply to the KwaZulu-Natal north coast. The project also supplies water for supplementary irrigation downstream of the dam.
- The Inyaka pump station and water treatment project will provide 100MI of water per day to the Bushbuckridge local municipality. The water treatment works has been commissioned to supply 50MI of water per day.
- The Groot Letaba water augmentation project is located in N'wamitwa and comprises of: the construction of the composite N'wamitwa dam below the confluence of the Groot Letaba and the Nwanedzi rivers, the raising of the Tzaneen dam by three metres, and water treatment works, pipelines and reservoirs for the regional bulk distribution of water for domestic use. It is envisaged that the N'wamitwa dam will have a storage capacity of 187 million cubic metres and will increase the yield from the river system for domestic use by 14 million cubic metres per year.
- The Sedibeng regional sanitation scheme was proposed to add more treatment capacity to the system, reduce current operation and maintenance challenges and incorporate latest treatment technologies.
- The Matoks regional bulk scheme will ensure the provision of sustainable water supply to 87 200 people in the study area, which has a semi-arid climate with limited surface water potential and primarily dependant on groundwater for domestic use.
- The Magalies Water to Waterberg scheme is a regional bulk scheme located in the Waterberg district municipality. It aims to refurbish existing groundwater resources in the short to medium-term to improve the assurance of supply, and the long term solution (depending on the confirmation of water resource availability in the Moretele-Apies-Pienaars catchment upstream of Klipvoor dam). The scheme includes Bela Bela, Modimolle and Mookgophong local municipalities.
- The Mthatha regional water supply scheme is located within OR Tambo district municipality. It encompasses King Sabata Dalindyebo, Mhlontlo and Nyandeni local municipalities. The scheme has been designed with options to extract additional water directly from the

Mthatha dam, build a regional water supply scheme that extracts 248 MI per day from the Mthatha River downstream of the Second Falls hydro scheme or use the full allocation for domestic consumption from the Mthatha dam through upgrading the current water supply scheme at Thornhill. In addition to the main scheme a second regional water supply scheme below the Second Falls hydro scheme is required.

Table 4: Summary of estimated capital expenditure on water resource infrastructure projects

Project name	Type of infrastructure ¹	Service delivery outputs ²	Province	Estimated completion date	Current project status ³
1	2	3	4	5	6
Mega projects(Over R330 million per year for a minimum of three years, or R1 billion total project cost)					
Olifants River Water Resources Development Project (ORWRDP) (Phase 2A) - De Hoop Dam	Dam	Water supply to new mining developments, supplementation of water supplies to Polokwane and to supply water for primary use to various communities on the Nebo Plateau and Steelpoort valley	Limpopo	2013	Construction
Olifants River Water Resources Development Project (ORWRDP) - Bulk Distribution System	Pump stations, Pipelines	Bulk distribution works from Flag Boshielo to Mokopane, De Hoop to Steelpoort link, Steelpoort to Mooihoek, Supply to Lebalelo, Lebalelo to Olifantspoort , De Hoop to Steelpoort, Nebo Plateau and Roosenekal	Limpopo	2018	Design
Dam Safety Rehabilitation Programme	Dams	Rehabilitation of dams and dam safety work	National	2015	Construction
Olifants Doorn River Water Resources Project: Raising of Clanwilliam Dam	Dam	Upgrading of the existing dam to stabilize the distortion and the augmentation of water supply to meet increasing demands.	Western Cape	2016	Design
Mokolo and Crocodile River (West) Water	Pipelines, Pump	Augmentation of water supply to the new power station(s), extensions of	Limpopo	2013 (Phase 1) 2020	Design

1

Project name	Type of infrastructure ¹	Service delivery outputs ²	Province	Estimated completion date	Current project status ³
1	2	3	4	5	6
Mega projects(Over R330 million per year for a minimum of three years, or R1 billion total project cost)					
Augmentation Project (MCWAP) Phases 1 & 2	stations, Dam	mining activities and fast growing population in the area.		(Phase 2)	
Great Letaba River Development Project: Tzaneen Dam Raising (Phase II) & Nwamitwa Dam (Phase III)	Dam, Water Treatment Plant, Pipelines, Reservoirs	To meet the projected growing primary supply requirements to the year 2025, to improve the water availability for the riverine ecosystem and to stabilize water availability to the irrigation sector including the establishment of resource poor farmers.	Limpopo	2016	Feasibility (Awaiting Environmental Authorisation)
Mzimvubu Water Project	Dam, Water Treatment Plant, Pipelines, Reservoirs	To anchor the Mzimvubu Development Zone initiative of the Eastern Cape Province	Eastern Cape	2018	Pre-Feasibility
Mkomazi Water Project: Smithfield Dam and Delivery Tunnel	Dam and Water Delivery Tunnel	To augment the water supply to eThekweni, uMgungundlovu and the surrounding areas	Kwazulu Natal	2020	Feasibility
Mvoti River - iSithundu Dam or Welverdiend Dam	Dam, Pump station, Diversion Weir	To secure water supply to domestic & industrial users in the Lower Mvoti basin area (Stanger area, KZN)	Kwazulu Natal	2020	Feasibility
Lower Orange River - Vioolsdrift Dam	Dam	To increase the yield of the Orange River to cater for increasing demand in the area.	Northern Cape	2020	Pre-Feasibility
Western Cape Water Supply System Augmentation Project: Voelvlei Supplement Scheme and Associated Works	Dam, Abstraction Works, Pipelines, Pumpstation	To augment the water supply to the City of Cape Town and the surrounding areas	Western Cape	2018	Feasibility

Table 5: Large projects (cost between R330 and R70 million per year within a given MTEF)

Project name	Type of infrastructure ¹	Service delivery outputs ²	Province	Estimated completion date	Current project status ³
1	2	3	4	5	6
Mzimkulu River-Ncwabeni Off-Channel Storage	Dam, Pump station, Pipeline	Ensure a reliable water supply to the northern part of the Lower KZN South Coast during dry periods	Kwazulu Natal	2016	Feasibility
Sunday River Government Water Scheme: Lower Sundays	Canal, Balancing Dam, Pipeline	Extension of the Lower Sundays Government Water Scheme canal system with the emphasis to provide irrigation water to resource poor farmers	Eastern Cape	2018	Feasibility
Koonap River - Foxwood Dam and associated works	Dam, Water Treatment Plant, Pipelines, Reservoirs	To secure water supply for domestic & small scale irrigation in Adelaide and surrounding areas.	Eastern Cape	2016	Feasibility
Lusikisiki Regional Water Supply Scheme: Zalu Dam on the Xura River	Dam, Water Treatment Plant, Pipelines, Reservoirs	To secure water supply for domestic & small scale irrigation in Lusikisiki and surrounding areas.	Eastern Cape	2016	Feasibility

Table 6: Small projects (cost less than R70 million per annum)

Project name	Type of infrastructure ¹	Service delivery outputs ²	Province	Estimated completion date	Current project status ³
1	2	3	4	5	6
Mdloti River Development: Raising of Hazelmere Dam	Dam (radial crest gates)	Augmentation of water supply to Umgeni Water for treatment to KZN north coast (Mdloti to Thukela areas)	KwaZulu Natal	2013	Design

Table 7: Off-budget Projects funded through the TCTA

Project name	Type of infrastructure ¹	Service delivery outputs ²	Province	Estimated completion date	Current project status ³
1	2	3	4	5	6
Komati Water Supply Augmentation Project	Pipeline, and pumstation	To augment the water supply to Eskom's power stations and petrochemical industries in the Mpumalanga Highveld area	Mpumalanga	2016	Design
Lesotho Highlands Water Project Phase 2	Dam, Tunnel and associated works	To augment the Vaal River System which supplies water to Gauteng and surrounding areas	International	2020	Feasibility (Negotiating Joint Agreement with Lesotho)
Vaal River Eastern Sub-System Augmentation (VRESAP)	Abstraction works, Pipeline and Pumpstation	To augment the water supply to Eskom & Sasol's power stations and petrochemical industries in the Mpumalanga Highveld area	Mpumalanga	2012	Construction
Mooi Mgeni Transfer Scheme Phase 2 : Spring Grove Dam and associated works	Dam, Pipeline and associated works	To augment the water supply to eThekweni, uMgungundlovu and the surrounding areas	Kwazulu Natal	2015	Design

1. Refers to the type of infrastructure being proposed, e.g. dam, strategic road, hospital
2. Refers to the asset being procured or constructed, e.g. 50km of road or the number of beds a hospital can hold.
3. The project stage relates to the implementation readiness of the project, i.e. whether it is in the identification, feasibility, design, tender or construction phase

8.2.2 Personnel information

The Department has an establishment of 6 251 posts, 5 868 of which are funded and 383 are additional to the establishment. The Department currently employs 4286 individuals, and there are 1155 vacant posts as at September 2010. The number of staff is expected to increase over the medium-term as the vacant posts are filled. The Department is experiencing problems filling vacancies at the technical, engineering and scientist levels and it also experiences difficulty in retaining individuals with skills as the market is highly competitive.

9. STRATEGIC ALIGNMENT WITH GOVERNMENT OBJECTIVES

The Departmental annual performance plan is informed and in turn aligned to the twelve outcomes of government as well as broader government strategic objectives.

9.1 Departmental alignment with Government-wide Outcomes and Objectives

Government has 12 medium-term strategic outcomes. The Department has, in its development of the strategic plan, aligned its goals and priorities with the government objectives. The following table shows how the Department has aligned its plan with government outcomes.

Table 8: Alignment of DWA priorities with government outcomes

No	Government outcomes	DWA priorities	Direct contribution
1.	Improve Quality of basic education	-	-
2.	A long and healthy life for all South Africans	-	-
3.	All people in South Africa are and feel safe	-	-
4.	Decent employment through inclusive economic growth	(1) Contribute to Economic Growth, Rural Dev, Food Security and Land Reform (outcomes 6, 7 and 9)	Yes
5.	A Skilled and capable workforce	-	-
6.	Efficient, competitive and responsive economic infrastructure network	(1) Contribute to Economic Growth, Rural Dev, Food Security and Land Reform (outcomes 6 and 7)	Yes
7.	Vibrant, equitable and sustainable rural communities with food security for all	3) Strengthening the regulation of the water sector - (outcome 6 and 10)	Yes
8.	Sustainable human settlements and improved quality of household life	(1) Contribute to Economic Growth, Rural Dev, Food Security and Land Reform (outcomes 6, 7 and 9)	-
9.	A responsive, accountable, effective and efficient local government system	(4) Support local government to deliver water services (outcome 9)	Yes
10.	Environmental assets and natural resources that are well protected and continually enhanced	(2) To promote Sustainable and Equitable Water Resources Management (outcome 10)	Yes
		3) Strengthening the regulation of the water sector (outcome 6 and 10)	-
11.	Create a better South Africa and contribute to a better and safer Africa and the World	(5) Contribute to Improved International Relations (outcome 11)	-
12.	An efficient, effective and development oriented public	(6) Build capacity to deliver Quality Services	-

No	Government outcomes	DWA priorities	Direct contribution
	service and an empowered, fair and inclusive citizenship	(outcome 12)	

The Department of Water Affairs is a significant partner and central to the service delivery programme. It directly contributes to five (5) out of twelve (12) outcomes in line with the government's approach to facilitate a focused implementation programme as shown in table 4 above. However, it should also be noted that the priorities of the Department for the medium-term (2011/12-2013/14), parallel to addressing the outcomes as per the Performance Agreement of the Minister, are also aimed at addressing the "sustained" agenda of the Department which addresses equally important and urgent service delivery issues.

9.2 Strategic priorities aligned to the Estimates of National Expenditure (MEA & WTE)

The table below shows how much will be spent by the Department in delivering outputs and in contributing to government outcomes.

Table 9: Strategic priorities (SP) & objectives (SO) aligned to the estimates of national expenditure

No	DWA priority	Overall budget 2011/12 per priority	Strategic objectives	CONTRIBUTING PROGRAMMES						Total budget per strategic objective
				Water Infrastructure management	Regional implementation and support	Water sector management	Water sector Regulation	International Water Cooperation	Administration	
1.	Economic Growth, Rural Dev, Food Security and Land Reform (outcomes 6, 7, 9)	3,934,610	1.1 To ensure the availability of water supply for economic and domestic use through the development of infrastructure	2,608,000	1,775,340					4,383,340
			1.2 To improve access to water for rural development and productive use		174,963		1100.00			1,274,963
			1.3 To improve access to water for key growth points				1,000.00			1,000,000
2.	To promote Sustainable and Equitable Water Resources Management (outcome 10)	1,244,103	2.1 Setting a strategic framework for water management in the country			256,165				256,165
			2.2 To ensure balance of water supply and demand through integrated planning		0	140,591				140,591
			2.3 To improve equity in water allocation through regulatory instruments		278,850		2,000			280,850
			2.4 To enhance supply of water							
			2.5 To ensure the		162,860	24,426	35,422			222,713

No	DWA priority	Overall budget 2011/12 per priority	Strategic objectives	CONTRIBUTING PROGRAMMES						Total budget per strategic objective
				Water Infrastructure management	Regional implementation and support	Water sector management	Water sector Regulation	International Water Cooperation	Administration	
			protection of water resources							
			2.6 To improve water use efficiency		46,245	30,973				77, 218
			2.7 To improve the management of the water resources		0	266,571				266, 571
3.	Strengthening the regulation of the water sector (outcome 6, 10)	124,178	3.1 To improve the regulation of the water sector		51,330		7,818			59,148
3.2 To improve the water use authorisation				0		18,457			18, 457	
3.3 To improve the protection of water resources and ensure sustainability				0		12,825			12,825	
3.4 To improve the regulation of water quality through compliance, monitoring and enforcement							27,900			27,900
4.	Support local government to deliver water services (outcome 9)	1,154,740	4.1 Ensure the provision of local government institutional support		1,154,740					1,154,740
			4.2 To broaden access to water services (basic services and eradication of backlog)							
5.	Contribute to Improved International Relations	-	5.1 Contribute to the advancement of the African agenda and global engagements					26,100		26,100

No	DWA priority	Overall budget 2011/12 per priority	Strategic objectives	CONTRIBUTING PROGRAMMES						Total budget per strategic objective	
				Water Infrastructure management	Regional implementation and support	Water sector management	Water sector Regulation	International Water Cooperation	Administration		
	(outcome 11)		5.2 To contribute to the water agenda in the global system of governance								
			5.3 To leverage international resources for the SA water sector								
6.	Build capacity to deliver Quality Services (outcome 12)	285,347,864	6.1 To achieve a high performance culture						862.1	862.1	
			6.2 To ensure availability of the right skills								
			6.3 To enable sustainable provision of services								
			6.4 To achieve equity in gender and disability								
			6.5 To improve corporate governance		259,158						259,158
			6.6 To improve financial management		91,301						91,301
	GRAND TOTAL			2,608,000	3,994,787	718,726	106,522	26,100	862.100	R 8,316,235	

SECTION B: PERFORMANCE PLAN – MAIN EXCHEQUER ACCOUNT (MEA)

10. PROGRAMME 1: ADMINISTRATION

10.1 Programme Purpose

To provide policy leadership, advice and core support services (including finance, human resources, legal, information and management services, communication and corporate planning).

10.2 Administration Programme Performance Plan

10.2.1 Strategic priority 6: To build capacity to deliver quality services (outcome 12)

Table 10: SO 6.1: To achieve a high performance culture

SO 6.1: To achieve a high performance culture					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Improved Organisational Efficiency	% availability of Information Technology network systems	95% Information Technology network systems available	97% Information Technology network systems available	97% Information Technology network systems available	97% Information Technology network systems available
	% of employees trained in line with Workplace Skills Plan	80% of employees trained in line with Workplace Skills Plan	85% of employees trained in line with Workplace Skills Plan	90% of employees trained in line with Workplace Skills Plan	95% of employees trained in line with Workplace Skills Plan
Efficient performance management system	M & E system implemented	M & E system developed	M & E system implemented	M & E system implemented	M & E system implemented
	Alignment of the planning process (strategic plan and budget (ENE) plan).	60%	100%	100%	-

SO 6.1: To achieve a high performance culture					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
	% of signed performance agreements aligned to business plan	85% of signed performance agreements aligned to business plans	98% of signed performance agreements aligned to business plans	98% of signed performance agreements aligned to business plans	98% of signed performance agreements aligned to business plans
Implement programmes to improve stakeholder awareness and understanding of the value of water	% of informed and engaged employees, citizens and stakeholders	10%	15%	20%	25%

Table 11: SO 6.2: To ensure availability of the right skills

SO 6.2 To ensure availability of the right skills					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Vacancy rate reduced	% annual average vacancy rate	15% annual average vacancy rate	14% annual average vacancy rate	13% annual average vacancy rate	12% annual average vacancy rate
Graduate Trainees developed through the learning academy	Number of graduate trainees developed	197 graduate trainees developed	50 graduate trainees developed	50 graduate trainees developed	60 graduate trainees developed
	Number of graduate trainees placed into candidate positions	0 (1 st group to be placed in the 2011/12 financial year)	50 graduate trainees developed and placed into permanent positions	50 graduate trainees developed and placed into permanent positions	60 graduate trainees developed and placed into permanent positions
Leaverships and Internship programme implemented	Number of learnerships implemented	64	80	100	120
	Number of internships implemented	31	75 intern-ships	100 internships	150
Impact of HIV/AIDS on Department Managed	% of HIV/AIDS Programme implemented	0% HIV/AIDS Programme implemented	50% HIV/AIDS Programme implemented	80% HIV/AIDS Programme implemented	100% HIV/AIDS Programme implemented

Table 12: SO 6.4: To achieve equity in gender and disability

SO 6.4 To achieve equity in gender and disability					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Empowerment of people with disabilities, women and youth	Percentage of women employed	38% of women employed	50%	50%	50%
	Percentage of persons with disability (PWD) employed	0.16% of people with disability employed	2%	2%	2%
	Number of projects implemented	2	3	3	3

Table 13: SO 6.5: To improve corporate governance

SO 6.5: To improve corporate governance					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Implementation of the Governance, Risk Compliance frameworks	Approved Risk management Framework in place and implemented	Risk Management Framework approved	Risk Management Framework implemented	Risk Management Framework implemented	Risk Management Framework implemented
Implementation of the 3 year Internal Audit Strategic Plan	Percentage implementation of the annual Internal Audit coverage Plan	100%	100%	100%	100%

Table 14: SO 6.6: To improve financial management

SO 6.6: To improve financial management					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Effective asset management (Reliable and Complete)	% reliable asset register	95%	100%	100%	100%
Compliance with supply chain management policies and procedures	Number of irregular expenditure cases reported	16 cases	0 cases of irregular expenditure	0 cases of irregular expenditure	0 cases of irregular expenditure
	Reduction in the value of irregular expenditure reported	R12 million	0 Rands	0 Rands	0 Rands
Effective implementation of the revised/updated	Unqualified audit	Qualified audit	Unqualified audit	Unqualified audit	Unqualified audit

SO 6.6: To improve financial management					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Financial management improvement plan					

11. PROGRAMME 2: WATER SECTOR MANAGEMENT

11.1 Programme Purpose

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 through effective policies, integrated planning, strategies and procedures, and an effective knowledge base.

11.2 Programme Performance Plan

11.2.1 SP 2: To promote sustainable and equitable water resources management (outcome 10)

Table 15: SO 2.1: Setting a strategic framework for water management in the country

SO 2.1. To set a strategic framework for water management in the country					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Revised Raw water Pricing Strategy	% programme milestones implemented	Pricing Strategy	Study on the socio-economic impact of the revision of the pricing strategy	Public comment and consultation	Water Pricing Strategy gazetted
Water For Growth and Development Framework	Water For Growth and Development framework finalised	Draft Water For Growth and Development Framework	Revised Water for Growth and Development Framework	WfGD implemented	WfGD implemented
Amendment of water related	Water services Amendment Bill gazetted for consultation	First draft of Amendment Bill completed	Updated draft Amendment Bill submitted to Cabinet	Public consultation the Amendment Bill	Amendment Bill submitted to Parliament
	National Water Amendment Bill gazetted for	First draft of Amendment Bill	Updated draft Amendment Bill	Public consultation on the Amendment	Amendment Bill submitted to

SO 2.1. To set a strategic framework for water management in the country					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
	consultation	completed	submitted to cabinet	Bill	Parliament
	Water research Amendment Bill gazetted for consultation	-	Draft Amendment Bill Produced	Public consultation on the Amendment Bill	Amendment Bill submitted to Parliament
National Water Resources Strategy (NWRS)	NWRS 2 nd edition finalised and implemented	NWRS 1 st edition – 2004	NWRS second edition finalised	NWRS implementation	NWRS implementation
Climate Change Strategy	Climate Change Strategy Developed and implemented	Draft Climate Change Framework	Development of the background information document for Climate Change strategy	Climate Change strategy developed and finalised	Climate Change strategy implemented
Institutional Realignment framework	Finalised Institutional Realignment framework	Draft report on Institutional Realignment	Framework reviewed and finalised	Framework implemented	Framework implemented
Re-use and Desalination strategies	Re-use Strategy developed	Draft re-use strategy.	Re-use strategy finalised	Re-use strategy implemented	Re-use strategy implemented
	Desalination Strategy developed	Draft desalination strategy	Desalination strategy finalised	Desalination strategy implemented	Desalination strategy implemented
Establishment of the independent economic water regulator	Independent economic water regulator established		Feasibility study conducted and stakeholder consultation	Legislation for Independent economic water regulator submitted to Parliament	Independent economic water regulator established

Table 16: SO 2.2: To ensure balance of water supply and demand

SO 2.2 To ensure balance of water supply and demand through integrated planning					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Reconciled water requirements against available water resources	Number of new reconciliation strategies developed to ensure water security per year	2 reconciliation strategies	2	4	3
	Number of feasibility plans completed	2 feasibility plans	1	2	4

Table 17: SO 2.5: To ensure the protection of water resources

SO 2.5 To ensure the protection of water resources					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Significant river systems meeting ecological water requirement	Number of significant river systems meeting ecological water requirements	8	2	3	2

Table 18: SO 2.6: To improve water use efficiency

SO 2.6 To improve water use efficiency					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Set selected Water consumption targets for key sectors	Water consumption targets per sector (i.e. mining, irrigation, domestic industrial)	Targets set for the domestic sector	Target set for 1 sector	Target set for 1 sector	Target set for 1 sector

Table 19: SO 2.7: To improve the management of the water resources

SO 2.7 To improve the management of the water resources					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Operating rules for systems to regulate water availability and manage drought risks	Number of systems (dams and schemes) with established operating rules	Operating rules policy & its application on the Vaal system	10 more schemes with established operating rules	10 more schemes with established operating rules	10 more schemes with established operating rules
Provision of water resources information	Number of priority catchments optimally monitored	5	5	5	5
Optimised national monitoring networks countrywide	Number of monitoring stations constructed	1500 Gauging weirs	3	4	5
Functional water management institutions	Number of functional CMAs established	2	Re-align the two existing CMAs	1 established 2 maintained	2 established 3 maintained
	Number of water utilities, CMA, TCTA, WRC complying with corporate	15 Water Utilities 2 CMAs TCTA	14 Water Utilities 2 CMAs TCTA	14 Water Utilities 2 CMAs TCTA	14 Water Utilities 2 CMAs TCTA

SO 2.7 To improve the management of the water resources					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
	governance principles and legislation	WRC	WRC	WRC	WRC
	Number of Irrigation Boards transformed to WUAs	59	9	20	20

12. PROGRAMME 3: WATER INFRASTRUCTURE MANAGEMENT (Please note: The performance plan appears in the WTE section, item 22.2)

The purpose of this programme is to ensure reliable supply of water from bulk raw water resources infrastructure, with acceptable risk, to meet sustainable demand objectives for South Africa, including soliciting and sourcing funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

13. PROGRAMME 4: REGIONAL IMPLEMENTATION AND SUPPORT

13.1 Programme Purpose

To coordinate the effective implementation of the Department's strategic goals and objectives at the regional level, including the establishment of water resource management institutions and to facilitate integrated water resources management

13.2 Programme Performance Plan

13.2.1 SP 1: To contribute to Economic Growth, Rural Development, Food Security and Land Reform (Outcome 6, 7, 9)

Table 20 : SO 1.1: To ensure the availability of water supply for domestic use

SO 1.1 To ensure the availability of water supply for domestic use through the development of infrastructure					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Regional bulk schemes developed	Number of bulk infrastructure schemes completed	19	7	8	12
	Number of jobs created through regional bulk infrastructure	5651	1210	632	594

Table 21: SO 1.2: To improve access to water for rural development and productive use

SO 1.2 To improve access to water for rural development and productive use					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Support Resource Poor Farmers to access water	Number of additional Resource Poor Farmers with access to water	290	1000	1500	2000
	Number of irrigation schemes rehabilitated	0	2	2	3
	Number of additional people provided with access to water per year	1.2 million	1 million	1 million	1 million
Rain Water Harvesting tanks distributed	Number of additional rain water harvesting tanks distributed for food production (per year)	4659	6000	7000	8000

13.2.2 SP 2: To promote Sustainable and Equitable Water Resources Management (outcome 10)**Table 22: SO 2.5: To ensure the protection of water resources**

SO 2.5 To ensure the protection of water resources					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Ensure healthy river systems	Number of major rivers rehabilitated	8	2	2	2
	Number of catchments where waste discharge charge system is implemented	0	(0) Registration of users Determination of charge rates in pilot areas	4	5
Invasive plants cleared through Working for Water programmes	Hectares of land cleared of alien plants and vegetation per	715 400ha	889 915ha	889 915ha	-
Woodlots restored through Working for Woodlands	Hectares of land converted to woodlots per year	1 655ha	2 050ha	2 050ha	-

SO 2.5 To ensure the protection of water resources					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Programme					
EPWP implemented through the Natural Resource management programmes	Number of jobs created by Working for Water per year	25 300	28 400	28 400	30 000
	Number of jobs created by Working on Fire per year	2 221	2 890	2 890	3 000

Table 23: SO 2.6: To improve water use efficiency

SO 2.6 To improve Water use efficiency					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Improve Water Use Efficiency	Number of municipalities supported in implementing water conservation and water demand measures to reduce water losses	74	62	65	67
	Volume of water saved (m ³)	12 million m ³ reduction by the domestic sector by 2010/11	12 million m ³ saved	12 million m ³ saved	12 million m ³ saved

13.2.3 SP 3: To strengthen the regulation of the water sector

Table 24: SO 3.1: To improve the regulation of the water sector

SO 3.1 :To improve the regulation of the water sector					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Water Resource Institutions regulated	Number of Water Resource Institutions regulated as per business plans	3	44	71	87

13.2.4 SP 4: To support local government to deliver water services

Table 25: SO 4.1: To ensure the provision of local government institutional support

SO 4.1 To ensure the provision of local government institutional support					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Ensure provision of support to municipalities	Number of municipalities supported to improve compliance with Water Quality Standards.	55	76	84	98
	Number of municipalities supported to improve compliance with Wastewater Quality Standards.	48	73	85	95
	Number of prioritised municipalities (score < than 30%) with improved Blue Drop scores	0	10	5	0
	Number of prioritised municipalities (score < than 30%) with improved Green Drop score	0	15	15	6
	Number of municipalities supported to align WSDPs with IDPs	169	40	60	60
Refurbished transferred Water schemes	Number of transferred schemes refurbished	226	51	51	62

14. PROGRAMME 5: WATER SECTOR REGULATION

14.1 Programme Purpose

To ensure the development, implementation, monitoring and review of regulations across the water value chain in accordance with the provisions of the National Water Act (1998) and the Water Services Act (1997), and supporting legislation such as the Public Finance Management Act (1999).

14.2 Programme Performance Plan

14.1.1 SP 1: To contribute to Economic Growth, Rural Dev, Food Security and Land Reform (Outcomes 6, 7, 9)

Table 26: SO 1.3: To improve access to water for key growth points

SO 1.3 To improve access to water for key growth points					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Water Allocation Reform	Number of new water management areas in which compulsory licensing processes have been completed per year	2	2	3	1
Allocation of water to Historically Disadvantaged Individuals (HDIs)	Percentage of water use licences issued to HDIs against applications received.	75%	100%	100%	100%

14.1.2 SP 3: To strengthen the regulation of the water sector (outcome 6, 10)

Table 27: SO 3.2: To improve the water use authorisation

SO 3.2 To improve the water use authorisation					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Water Use Authorisation	Number of water licences issued per year	250	300	250	300

Table 28: SO 3.4: To improve the regulation of water quality

SO 3.4: To improve the regulation of water quality through compliance, monitoring and enforcement					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Ensure compliance to drinking water quality and waste water management	Number of Blue Drop municipal assessments completed	96 (60%)	146 (90%)	154 (95%)	162 (100%)
	Number of Green Drop municipal assessments completed	84 (52%)	130 (80%)	146 (90%)	162 (100%)
	Percentage of Drinking Water samples complying with the national standards for drinking water quality	97%	98%	99%	99%
	Number of water supply systems assessed to meet effluent standards per year)	792	797	803	810
	Percentage of waste water treatment works to comply with enforcement measures to meet effluent standards	40%	55%	75%	80%
	Number of mines monitored for non-compliance by 2014	62	90	110	125

15. PROGRAMME 6: INTERNATIONAL WATER COOPERATION

15.1 Programme purpose

To strategically develop, promote and manage international relations on water resources between countries through bilateral and multilateral cooperation instruments and organisations and further drive national interests at both African and global multilateral organisations and forums.

15.2 Programme Performance Plan

15.2.1 SP 5: To contribute to Improved International Relations (outcome 11)

Table 29: SO 5.1: Advancement of the African agenda and global engagements

SO 5.1 To contribute to the advancement of the African agenda and global engagements					
Outputs	KPIs	Baseline	MTEF Performance targets		
			2011/12	2012/13	2013/14
Joint decisions made for the water sector institutions within SADC	Number of joint decisions (PoA, agreements, joint studies)	0 Plan of action	1	1	1
		4 Agreements	1	1	1
		3 Studies	4	4	4
Influence the decisions of SADC Water initiatives and commitments	Number of RSA positions adopted and incorporated into the SADC water initiatives	0	1 per initiative	1 per initiative	1 per initiative
Develop and implement strategic bilateral relations	Number of MOUs/ Agreements signed in Africa	1	1 (DRC)	1	1
	Number of MOUs/ Agreements signed globally	3	1	1	1
	Number of MOUs/ Agreements implemented in Africa	1	1	1	1
	Number of existing bilateral instruments realigned or expanded per year	1	1	1	1
	Number of country strategies established per year	2	2	2	2
Contribute to the AMCOW water agenda	Number of AMCOW initiatives supported	1	1	1	1
Provide Leadership of AMCOW	Number of AMCOW meetings convened	2	2	-	-

Table 30: SO 5.2: To contribute to the water agenda in the global system of governance

SO 5.2 To contribute to the water agenda in the global system of governance					
Outputs	KPIs	Baseline	MTEF Performance targets		
			2011/12	2012/13	2013/14
Participate in multilateral organisations	Number of multilateral organisations	3	4	5	5

Table 31: SO 5.3: To leverage international resources for the South African water sector

SO 5.3 To leverage international resources for the South African water sector					
Outputs	KPIs	Baseline	MTEF Performance targets		
			2011/12	2012/13	2013/14
International resources secured	Amount of resources raised (skills, funds, opportunities)	R 2 million	R1million	R2million	R3million

16. FINANCIAL PLAN (MAIN ACCOUNT)

16.1 Financing of the plan

The strategic priorities of the Department are executed over a three-year period through the six programmes outlined in paragraph 8.1 above. The five year strategic plan (2009 to 2014) and the annual performance plan (2011 to 2014) are mainly funded from the National Revenue Fund through the MTEF allocation process. A small portion has been funded by donors, especially the European Union. The donor funding is used where there are funding gaps and within the funding agreements entered into with the donor community. The three-year MTEF budget allocation for the programmes of the Department is summarised in Table 32 below:

Table 32: Departmental Budget exchequer funding over the MTEF (per programme)

Programmes	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
	Outcome			Adjusted appropriation	Revised estimate	Medium term estimates		
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Administration	5,956	679,838	864,492	939,739	776,316	862,122	888,117	930,983
Water Sector Management	390,316	413,122	443,544	446,906	369,058	718,726	797,953	685,212
Water Infrastructure Management	1,185,865	1,644,329	2,108,080	2,238,232	2,207,247	2,607,963	2,658,070	3,039,102
Regional Implementation and Support	2,541,179	2,961,007	3,687,917	4,364,396	4,065,821	5,608,933	5,743,839	6,078,509
Water Sector Regulation	80,296	80,553	73,170	203,139	180,457	112,370	116,097	121,792
International Water Cooperation	9,668	18,906	11,441	10,781	10,781	26,111	27,411	27,878
Total for programmes	4,802,915	5,797,755	7,188,644	8,203,193	7,609,680	9,936,225	10,231,487	10,883,476
Direct charge against the National Revenue Fund	-	-	-	-	-	-	-	-

Table 33: Budget per Economic classification

Economic classification	2007/08	2008/09	2009/10	Adjusted appropriation	Revised estimate	2011/12	2012/13	2013/14
	2010/11							
Current payments	2,377,921	2,597,778	2,954,944	3,727,598	3,303,294	4,005,157	4,586,023	4,619,305
Compensation of employees	880,457	875,591	899,789	1,147,277	964,762	1,195,422	1,272,415	1,348,769
Salaries and wages	873,691	865,095	829,738	1,026,938	844,423	1,052,184	1,150,057	1,222,315

Economic classification	2007/08	2008/09	2009/10	Adjusted appropriation	Revised estimate	2011/12	2012/13	2013/14
				2010/11				
Social contributions	6,766	10,496	70,051	120,339	120,339	143,238	122,358	126,454
Goods and services	1,497,019	1,722,016	2,048,237	2,580,321	2,338,532	2,809,735	3,313,608	3,270,536
Administrative fees	4,045	6,447	7,736	15,649	15,649	10,722	11,488	12,112
Advertising	9,308	20,703	11,414	18,887	18,887	30,264	31,407	33,088
Assets less than the capitalisation threshold	11,234	11,438	5,920	37,381	37,381	27,159	28,698	30,236
Audit cost: External	13,853	10,414	13,282	15,192	15,192	515	545	575
Bursaries: Employees	7,107	5,901	5,169	10,461	8,461	10,459	10,494	11,206
Catering: Departmental activities	4,030	7,214	6,473	9,010	9,010	7,648	8,167	8,610
Communication	49,378	44,898	63,568	18,540	18,540	21,545	23,064	24,312
Computer services	120,057	107,469	211,182	121,881	107,943	57,801	63,386	67,705
Consultants and professional services: Business and advisory services	548,978	554,509	380,900	622,023	508,919	468,701	791,690	704,123
Consultants and professional services: Infrastructure and planning	40,494	83,074	424,452	768,043	705,761	280,080	288,984	218,610
Consultants and professional services: Laboratory services	-	3,821	7,348	1,877	1,877	3,543	3,745	3,950
Consultants and professional services: Legal costs	3,066	5,616	2,457	4,192	4,192	8,154	8,838	9,038
Contractors	28,560	86,314	64,863	112,007	96,007	44,175	46,549	48,954

<u>Economic classification</u>	2007/08	2008/09	2009/10	Adjusted appropriation	Revised estimate	2011/12	2012/13	2013/14
				2010/11				
Agency and support / outsourced services	170,985	255,619	282,389	270,480	255,280	1,229,432	1,355,152	1,421,970
Entertainment	239	535	379	1,617	1,617	1,910	1,992	2,091
Fleet services (including government motor transport)	-	-	-	50	50	3	4	3
Housing	-	-	-	5	5	5	6	6
Inventory: Food and food supplies	2,959	4,056	2,798	448	448	396	419	441
Inventory: Fuel, oil and gas	-	923	11,894	14,543	14,543	2,806	2,976	3,137
Inventory: Learner and teacher support material	1,500	3,995	2,845	1,112	1,112	1,258	1,325	1,396
Inventory: Materials and supplies	1,543	4,241	15,435	3,484	3,484	2,909	3,085	3,252
Inventory: Medical supplies	6	38	375	536	536	516	547	575
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Military stores	-	-	-	-	-	-	-	-
Inventory: Other consumables	2,002	5,172	20,712	22,450	22,450	13,376	14,106	14,882
Inventory: Stationery and printing	76,964	68,820	23,424	27,384	26,384	79,570	82,705	87,308
Lease payments	17,964	23,117	178,672	28,616	28,616	54,080	57,137	60,237

Economic classification	2007/08	2008/09	2009/10	Adjusted appropriation	Revised estimate	2011/12	2012/13	2013/14
				2010/11				
Property payments	141,727	132,150	22,287	174,407	173,223	215,303	232,159	244,057
Transport provided: Departmental activity	168	2,055	26	2,638	2,638	9,334	9,819	10,357
Travel and subsistence	212,140	238,136	205,644	191,757	174,976	150,818	167,062	177,156
Training and development	14,282	20,263	35,860	44,987	44,987	31,545	33,521	35,116
Operating expenditure	10,584	11,394	33,318	25,848	25,848	26,557	19,258	19,920
Venues and facilities	3,846	3,684	7,415	14,816	14,516	19,151	15,280	16,113
Interest and rent on land	445	171	6,918	-	-	-	-	-
Interest (Incl. interest on finance leases)	-	-	-	-	-	-	-	-
Rent on land	445	171	6,918	-	-	-	-	-
Transfers and subsidies	2,050,245	2,709,452	3,135,249	3,356,665	3,285,612	3,767,153	3,336,670	3,758,070
Provinces and municipalities	733,090	995,406	908,944	1,038,528	1,014,352	1,011,515	399,764	421,751
Provinces	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-
Municipalities	733,090	995,406	908,944	1,038,528	1,014,352	1,011,515	399,764	421,751

Economic classification	2007/08	2008/09	2009/10	Adjusted appropriation	Revised estimate	2011/12	2012/13	2013/14
				2010/11				
Municipal bank accounts	733,090	995,406	908,944	1,038,528	1,014,352	1,011,515	399,764	421,751
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1,190,161	1,657,782	1,958,464	2,059,328	2,028,343	2,503,542	2,525,845	2,899,366
Social security funds	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	1,190,161	1,657,782	1,958,464	2,059,328	2,028,343	2,503,542	2,525,845	2,899,366
Universities and technikons	-	-	-	-	-	-	-	-
Foreign governments and international organisations	510	533	177,081	180,306	180,306	180,600	180,625	190,529
Public corporations and private enterprises	39,287	7	43	4,127	4,127	-	-	-
Public corporations	39,287	7	43	4,127	4,127	-	-	-
Subsidies on products and production (pc)	39,287	7	43	-	-	-	-	-
Other transfers to public corporations	-	-	-	4,127	4,127	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	350	378	450	476	10	-	-	-

Economic classification	2007/08	2008/09	2009/10	Adjusted appropriation	Revised estimate	2011/12	2012/13	2013/14
				2010/11				
Households	86,847	55,346	90,267	73,900	58,474	71,496	230,436	246,424
Social benefits	56,964	25,010	54,728	34,938	30,375	11,200	192,589	203,182
Other transfers to households	29,883	30,336	35,539	38,962	28,099	60,296	37,847	43,242
Payments for capital assets	371,051	487,187	1,048,174	1,118,930	1,020,774	2,163,915	2,308,794	2,506,101
Buildings and other fixed structures	225,854	441,632	1,014,013	1,033,834	952,088	2,088,564	2,229,377	2,422,506
Buildings	68	-	-	-	-	1,940	2,037	2,139
Other fixed structures	225,786	441,632	1,014,013	1,033,834	952,088	2,086,624	2,227,340	2,420,367
Machinery and equipment	42,295	44,203	33,394	72,520	61,024	60,646	63,952	67,320
Transport equipment	-	-	1,002	1,055	1,055	-	-	-
Other machinery and equipment	42,295	44,203	32,392	71,465	59,969	60,646	63,952	67,320
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	4	229	229	-	-	-
Land and sub-soil assets	-	-	-	56	56	-	-	-
Software and other intangible assets	102,902	1,352	763	12,291	7,377	14,705	15,465	16,275

<u>Economic classification</u>	2007/08	2008/09	2009/10	Adjusted appropriation	Revised estimate	2011/12	2012/13	2013/14
				2010/11				
Payments for financial assets	3,698	3,338	50,277	-	-	-	-	-
Total	4,802,915	5,797,755	7,188,644	8,203,193	7,609,680	9,936,225	10,231,487	10,883,476

17. ASSET MANAGEMENT PLAN (MEA)

17.1 Introduction

The Strategic Asset Management Plan (SAMP), which is reviewed annually, outlines how the Department manages the built and natural environments to ensure that existing and potential future assets are managed efficiently through their life cycle. The Department uses the Total Asset Management (TAM) framework to manage all organisational assets and the key focus areas of the framework are the following:

- To provide an asset base that matches and supports the business needs of the organisation;
- To consolidate existing departmental capital assets and optimal asset utilisation;
- To comply with statutory obligations; and
- To align asset operating costs with business planning and service delivery requirements.

Following the above factors, the SAMP is taken as an important part of the strategic planning process whereby the Department's master plan guides future infrastructure development and space acquisition. The master plan takes a 10 -15 year view of how the Department's sites will be developed in a manner that aims to accurately define the precincts where the departmental activities will be situated to ensure efficient economic use of land to meet the emerging needs of the Department. Efficient management of the property portfolio to meet the needs of the Department is a key aspect of the TAM and as such requires consideration of the total costs of property management, including ongoing building and service delivery recurrent costs.

In acquiring an asset, the life costs of an asset are taken into account and these include: - procurement, operating and maintenance and disposal costs. A comprehensive preventive and corrective maintenance programme is in place to ensure that the asset achieves its full life potential to preserve, restore and replace the elements which have failed. The comprehensive maintenance program assists in maintaining the value of an asset during its lifetime, but it cannot maintain the asset indefinitely in an 'as new' condition. Maintenance expenditure will increase as elements fail and improvements to the asset may be required to meet new service requirements.

As an asset ages or becomes outmoded, the Department conducts an analysis of cost / benefit expenditure needs to determine the costs with regard to maintaining, refurbishing, replacing or disposing of the asset, taking into account the life cycle costs of the current asset and alternative maintenance solutions.

17.2 Service Level Agreements

The delivery of range of asset management services is provided under a Service Level Agreement (SLA). A pilot SLA is prepared in consultation with a nominated stakeholder group and refined for use by the whole Department after an evaluation stage. The SLA includes basic parameters such as the nature of a minimal service level and guaranteed response times for a given service based on the agreed maintenance standard for the particular service. The purpose of the SLA is to document the service provision relationship between Asset Management Services (AMS) and the client/customer and to specify the services and commitments of AMS as well as the expectations and obligations of the client/customer.

The SLA will include the following:

- The services required to operate and maintain the Department's sites and buildings to agreed standards;
- The level at which the services will be provided including response times, performance criteria, administrative arrangements and any fees which may be attached to the provision of some services;
- The responsibilities of AMS in providing the services; and
- The obligation of clients in using the facilities and services.

17.3 Acquisition Plan

Acquisition plan is developed in line with the business plan of the Department. The plan focuses on the asset condition of current assets and the latter is very important as it influences the acquisition, maintenance and disposal plan. The acquisition plan addresses planned additions to the assets that need to maintain a given level of service rendered by the Department.

Table 34: Asset movement summary- Intangible

Asset type	Balance as at 31.03.2010	Additions	Disposals	Closing balance 31.03.2013
Software and other intangibles	53 375	46 445	8 000	91820
TOTAL	53 375	46 445	8 000	91 820

Table 35: Asset movement summary – tangible

Asset type	Balance as at 31.03.2010	Additions	Disposals	Closing balance 31.03.2013
Building and Other fixed structures	33 499	6 740 447	-	6 773 946
Land and subsoil	11 503	-	-	11 503
TOTAL	45 002	6 740 447	-	6 785 449

Table 36: Asset movement summary- Movable Assets

Asset type	Balance as at 31.03.2010	Additions	Disposals	Closing balance 31.03.2013
Machinery and Equipment	130 081	191 918	9 500	312 499
TOTAL	130 081	191 918	9 500	312 499

Table 37: Asset movement summary - Minor Assets

Asset type	Balance as at 31.03.2010	Additions	Disposals	Closing balance 31.03.2013
Minor Assets	424 231	86 093	300 000	210 324
TOTAL	424 231	86 093	300 000	210 324

Machinery and equipment movable assets figures include transport assets, computer equipment, furniture and office equipment, and other machinery and equipment. While buildings and other fixed structures comprise of dwellings and non-residential buildings and other fixed structures. Software and other intangible assets include computer software, patents, licenses, copyright, services and operating rights and other intangibles. Office accommodation is excluded as the Department operates from leased premises.

18. INFORMATION AND COMMUNICATION TECHNOLOGY PLAN

18.1 Introduction

The Information and Communication Technology (ICT) forms the bedrock of responsive and efficient delivery in the Department. Because of this fact DWA recognises ICT as a key strategic enabler worthy of prominent consideration in the planning and resource allocation processes of the Department. As an input to the overall strategy, the Department drafted the Master Systems Plan (MSP). This MSP will be completed during the 2011/12 Financial year

18.2 MSP classifications

The MSP classifies the Department's ICT environment into the following three (3) aspects:

18.2.1 The basic ICT Infrastructure

The basic infrastructure consists of the physical infrastructure (server rooms), hardware (servers and workstations) and the network. The MSP emphasises the continual maintenance and continual refurbishment of the basic ICT infrastructure. Although not directly and immediately linked to the core work, and therefore strategic direction, of the Department, the health of the basic ICT infrastructure is vital for the continued capability of the core functional areas to perform their work.

18.2.2 Core departmental business applications

The core departmental business applications are the software used to automate and support the transactional and analytical work of the core functional areas of the Department. These business applications are used directly to perform the core work and are thus responsible for the achievement of the strategic goals of the Department. A number of key applications already exist; however there is still need for more to be developed. The MSP emphasises the maintenance and support of the existing core departmental business applications as well as the development of new ones in areas where the need exists.

18.2.3 Departmental support applications

These applications are the software used to automate and support the internal administrative work of the support areas within the Department. The MSP noted a huge gap in the development of support applications within the Department. It then recommended a concerted development effort to be embarked upon.

The implementation of the MSP initiatives is phased-in according to the departmental strategic imperatives. These strategic imperatives drive the distribution of resources within the Department over time. In its distribution of the resources over time, the Department will ensure that the implementation of MSP initiatives will be catered for.

SECTION C: WATER TRADING ENTITY (WTE)

19. OBJECTIVES AND FUNCTIONS OF THE WATER TRADING ENTITY

The Water Trading Entity (WTE) was first established as a Water and Equipment Trading Account which was approved in 1983 through Circular SY3/6/B under the Exchequer Act, 1975 (Act No. 66 of 1975) as amended, and was subsequently amended by the Public Finance Management Act, 1999 (Act No. 1 of 1999), which converted it into a Water Trading Entity. Under the PFMA, 1999 (Act No.1 of 1999) as amended, the WTE was required to change from cash-based to accrual-based accounting.

In terms of the National Water Act, 1998 (Act No. 36 of 1998), the Department is responsible for the regulation of water use in South Africa by ensuring that water is allocated equitably and used beneficially in the public interest, and it is also required to create a register of all water users in the country. The NWA makes provision for cost recovery on services rendered by the DWA to water users. It is against this background that the Department created the Water Trading Entity within its administration. It has been operating as an integral part of the Department with very limited segregation of functions from the Department's Main Exchequer Account. The accountability for its functioning is vested in the Director-General of the Department of Water Affairs who acts as its Accounting Officer. The funding of its activities comes from the Department as a transfer and through revenue collection from the various water schemes operated throughout the country.

The main function of the WTE is development, operation and maintenance of specific water resources infrastructure and managing water resources in specific water management areas. It is the goal of the WTE management to achieve financial sustainability and independence to reduce reliance on the fiscus.

The entity has three main objectives, which are classified as Trading Accounts 1, 2 and 3. Trading Account 1 deals with the management of water resources within water management areas to achieve improvement in resource protection, catchment management, water use and support to established catchment management agencies. Trading Accounts 2 and 3 are responsible for the development, operation and maintenance of water resources infrastructure using best practice that embrace enterprise-wide risk and asset management and optimal revenue management. Much work has already been done on water resources infrastructure including the construction of new infrastructure to increase capacity for water security and availability.

19.1 Trading Account 1: Integrated Water Resources Management

This trading account covers specifically water resources management functions. The integrated water management activities are geared towards ensuring that water resources in those areas are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of the people residing in the relevant water management areas. Key focal areas include integrated water resources quality, control and authorisation of water use, and promotion of water conservation measures. Currently there are those water management areas for which the entity is responsible, pending the delegation of functions to be legally constituted as Catchment Management Agencies (CMAs). The activities underlying this function are funded mainly through water resources management charges.

19.2 Trading Account 2: Integrated Water Resources Systems

This function is charged with the responsibility of developing, managing, operating and maintaining water supply schemes as integrated water resources systems. This includes transferring schemes to facilitate the transfer of water from water rich areas within and between water management areas, thus meeting water demands. An example of this is the Vaal River system where a number of dams and pipelines are operated as one inter-linked system. The activities underlying this function are funded mainly through consumptive water use charges.

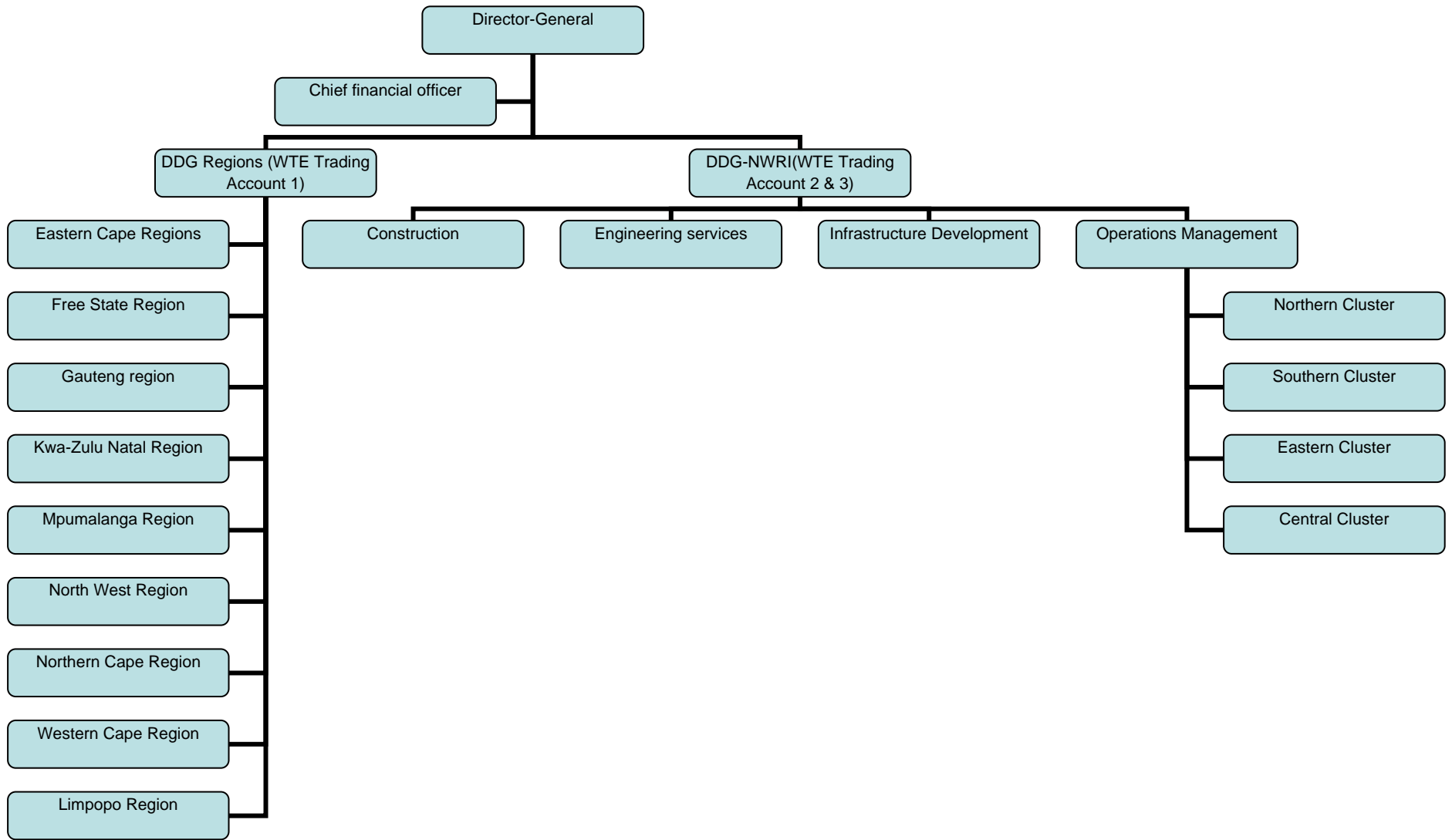
19.3 Trading Account 3: Bulk water supply

This function deals with water resources schemes operated as stand-alone schemes which do not form part of an integrated water resources system. Water is supplied in bulk to different water user groups, and the agricultural sector is the largest consumer. Expenditure in this component covers operations and maintenance as well as management costs which is earned through the sales of water, which is mostly in bulk.

20. OPERATIONAL ARRANGEMENT WITHIN THE WATER TRADING ENTITY

The operational arrangement of the Water Trading Entity appears in figure 2 below. As the WTE operates within the Department and does not have its own Accounting Officer, its responsibilities are shared by different branches within the Department. However, the PFMA requires that a structure such as the WTE be fully ring-fenced and operate independently to ensure full accountability in terms of integrated water resources management, integrated water resources systems and bulk water supply.

20.1 Operational arrangement within the Water Trading Entity



21. INFRASTRUCTURE DELIVERY PROGRAMME

The Water Trading Entity will continue to implement the following infrastructure projects:

Table 38: Projects under construction during 2011/12 - 2013/14

Project Description	Completion Period	Budget Incl. VAT R'000
1. Augmentation of Eastern Vaal Sub-system (VRESAP Pipeline) (Gauteng/Mpumalanga)	2011/12	2 698 364*
2. Olifants River Water Resources Development Project Phase 2A: De Hoop Dam (Limpopo)	2012/13	3 075 000
3. Luvuvhu River GWS: Water Treatment Works and Bulk Distribution Works (Limpopo)	2013/14	2 447 408
4. Great Letaba River Development Project Ph 1 & 4 (Limpopo)	2013/14	570 514
5. Sabie River GWS: Inyaka Water Treatment Works & Bulk Distribution (Mpumalanga)	2012/13	542 650
6. Hluhluwe Regional Water Supply Scheme Ph 1-4 (KZN)	2012/13	372 544

Table 39: New Projects 2011/12 - 2013/14

Project Description	Completion	Budget R' 000
1. Raising of the Clanwilliam Dam (Western Cape)	2017/18	2 152 000
2. Spring Grove Dam and appurtenant works (KZN)	2012/2014	1 667 387**
3. Olifants River Water Resources Development Project Phase 2B-H: Water Distribution Network (Limpopo)	2018/19	13 114 000^
4. Raising of Hazelmere Dam (KZN)	2012/2013	152 257
5. Groot Letaba Water Augmentation Project (Construction of N'wamitwa Dam and Raising of Tzaneen Dam) (Limpopo)	2017/18	2 015 240
6. Komati Water Scheme Augmentation Project (Mpumalanga)	2013/14	1 736 378*
7. Rehabilitation of Vlakfontein Canal	2018/19	1 800 000
8. Lesotho Highlands Water Development Project (Phase 2)	2019/2020	7 300 000***
9. Mokolo-Crocodile Water Augmentation Project (Phase 1) (Limpopo/North West)	2018/19	1 701 798^
10. Mzimvubu Water Resources Project <ul style="list-style-type: none"> • Pre-feasibility • Feasibility • Design • Construction 	2012 2014 2016 2020	20 000 000
11. Dam Safety Rehabilitation Program		2 514 621

* Third Party Funding- Private Sector

**Dual Funding- DWA & Private Sector

*** Budget in 2007 value terms

22. WTE PERFORMANCE PLAN

The WTE performance plan has the following priorities and strategic objectives:

Table 40: WTE strategic priorities and objectives

NO	DWA PRIORITIES	NO.	STRATEGIC OBJECTIVES	CONTRIBUTING PROGRAMME
1	To contribute to Economic Growth, Rural Dev, Food Security and Land Reform (outcomes 6, 7, 9)	1.1	To ensure the availability of water supply for economic and domestic use through the development of infrastructure.	Water Infrastructure management
2	To promote Sustainable and Equitable Water Resources Management (outcome 10)	2.3	To improve equity in water allocation through regulatory mechanisms	Water sector management/ Regional Implementation and Support
		2.6	To improve water use efficiency	
		2.7	To improve the management of the water resources through creation of water management institutions	
3	Strengthening the regulation of the water sector(outcomes 6,10)	3.3:	To improve water use authorisation	Regional Implementation/Water sector Management
		3.4:	To improve the regulation of water quality through compliance, monitoring and enforcement	
4	Support local government to deliver water services(outcome 9)	4.4	To improve the regulation of water quality through	Regional Implementation and Support
6	To Build capacity to deliver quality services (outcome 12)	6.6	To improve financial management	Administration

22.1 PROGRAMME 1: ADMINISTRATION

The purpose of the programme is to provide policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication and corporate planning.

22.1.1 Administration Programme performance plan

22.1.1.1 SP 6: To build capacity to deliver Quality Services

Table 41: SO 6.6(WTE): To improve financial management

SO 6.6 (WTE): To improve financial management					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Effective asset management (complete and accurate)	% complete and accurate assets register	100%	100%	100%	100%
Compliance with supply chain management policies and procedures	Number of irregular expenditure cases reported	4 cases	0 cases of irregular expenditure	0 cases of irregular expenditure	0 cases of irregular expenditure
	Reduction in the value of irregular expenditure reported	R7 million	0 Rands	0 Rands	0 Rands
Effective and efficient revenue management	% of all billable and registered customers billed accurately	75%	90%	100%	100%
	Percentage of cash collected against outstanding debt	50%	70%	75%	80%
	% revenue billed against revenue budget	93%	95%	100%	100%
Effective implementation of the revised/updated financial management improvement plan	Unqualified audit	Qualified audit	Unqualified audit	Unqualified audit	Unqualified audit

22.2 PROGRAMME 3: WATER INFRASTRUCTURE MANAGEMENT

The purpose of this programme is to ensure reliable supply of water from bulk raw water resources infrastructure, with acceptable risk, to meet sustainable demand objectives for South Africa, including soliciting and sourcing funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

22.2.1 Programme performance plan

22.2.1.1 SP: 1: To contribute to Economic Growth, Rural Dev, Food Security and Land Reform

Table 42: SO: 1.1 (WTE): To ensure the availability of water supply

SO: 1.1 (WTE): To ensure the availability of water supply					
OUTPUTS	KPI	BASELINE	PERFORMANCE TARGETS		
			2011/12	2012/13	2013/14
New augmentation projects developed for energy, domestic, mining, agriculture & industrial sectors	Percentage completion expressed as a percentage of the total estimated completion cost as per the project implementation plan	Olifants River Water Resources Development Project (ORWRDP Phase 2A- De Hoop Dam 72%	90%	100%	
		Olifants River Water Resources Development Project (ORWRDP Phase 2B-I) 3%	6%	10%	17%
		Vaal River Eastern Sub-System Augmentation Project (VRESAP) 99.9%	100%		
		Mokolo and Crocodile River (west) Augmentation Project (MCWAP) 8%	13%	25%	39%
		Komati Water Supply Augmentation Project	26%	55%	90%

SO: 1.1 (WTE): To ensure the availability of water supply					
OUTPUTS	KPI	BASELINE	PERFORMANCE TARGETS		
			2011/12	2012/13	2013/14
		(KWASAP) 2%			
		Mdloti River Development (Raising of Hazelmere Dam) 16%	61%	100%	
		Olifants-Doorn River Water Resources Project: Raising of Clanwilliam Dam 0%	1%	3%	18%
		Mooi-Mgeni Transfer Scheme (MMTS-2) 2%	26%	55%	90%
		Groot Letaba River Water Resources Project: (Nwamitwa Dam) 0%	3%	6%	19%
Development of the Lesotho Highlands Water Projects Phase II	Percentage completion expressed as a percentage of the total estimated completion cost as per the project implementation plan	Draft Agreement on LHWP Phase 2 submitted for approval by governments of RSA and Lesotho	Establish Project management Unit; approve Project Charter; appoint designers	Complete design of advanced infrastructure	Construction contracts for advanced infrastructure awarded
Implementation of current water resources and water services infrastructure projects	Percentage completion expressed as a percentage of the total estimated completion cost as per the project	Nandoni water treatment works and distribution 69%	79%	90%	100%
		Nandoni pipeline 0%	27%	69%	100%
		Inyaka Water treatment Works 73%	98%	100%	-

SO: 1.1 (WTE): To ensure the availability of water supply					
OUTPUTS	KPI	BASELINE	PERFORMANCE TARGETS		
			2011/12	2012/13	2013/14
	implementation plan.	Hluhluwe Regional Water Scheme 81%	92%	100%	-
		Great Letaba Water Distribution 11%	20%	32%	45%
		Middle Letaba 76%	94%	100%	
Rehabilitation and refurbishment of the bulk raw water infrastructure	Implementation of the infrastructure maintenance programme	52%	75%		100%
	Total dam rehabilitation projects in progress (design or construction phase) to reduce maintenance backlogs (DSRP)	50%	70%	90%	98%
	Number of dam rehabilitation project completed	22	30	40	45
	Number of Conveyance systems developed	6	6	10	12
Operation and maintenance of bulk raw water	Percentage assurance of supply to water users	100% Level of assurance	100%	100%	100%

22.3 PROGRAMME 5: REGIONAL IMPLEMENTATION AND SUPPORT

The purpose of the Programme is to coordinate the effective implementation of the Department's strategic priorities and objectives at a regional level including the establishment of water resources management institutions, facilitating water conservation and demand management as well as accelerating access to water infrastructure by communities.

22.3.1. Regional Implementation and Support Programme performance plan (WTE)

22.3.1.1 SP 1: Economic growth, rural development, food security and land reform(outcomes 6,7,9)

Table 43: SO 1.1.: To ensure the availability of water supply for economic and domestic use through the development of Infrastructure

SO 1.1.: To ensure the availability of water supply for economic and domestic use through the development of infrastructure					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Dam Safety maintained	Number of dams with a safety risk classified	501	44	87	117
	Number of dams identified for safety risk	589	128	157	202

22.3.1.2 SP 2: To promote sustainable and equitable water resources management (outcome 10)

Table 44: SO 2.3: To improve equity in water allocation through regulatory mechanisms

SO 2.3: To improve equity in water allocation through regulatory mechanisms					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Reallocation of water resources to previously disadvantaged communities	Number of licences issued to HDIs	1088	426	201	225
	Volume of water allocated to HDIs	8 million m ³	13 million m ³	131million m ³	142 million m ³
	Number of Water management Areas assessed for compulsory licensing	3	5	6	9

Table 45: SO 2.6 To improve water use efficiency

SO 2.6 To improve water use efficiency					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Reduction of water loss through WCDM programme	Number of Water Management areas where water loss is determined	0	2	3	3
	Volume of water loss reduction	20 million m ³	12 million m ³	12 million m ³	28 million m ³

Table 46: SO 2.7 To improve the management of water resources

SO 2.7 To improve the management of water resources					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Working for Water (Terrestrial Weed Control)	Number of hectares (ha) cleared	40 000	47 520	54 660	62 880
	Number of jobs created	1000	1035	1092	1154
Working for Water (Aquatic Weed Control)	Number of hectares (ha) cleared	4 000	323	341	360
	Number of jobs created	300	484	511	540

22.3.1.3 SP 3: Strengthening the regulation of the water sector (outcomes 6, 10)**Table 47: SO 3.3: To improve water use authorisation**

SO 3.3: To improve water use authorisation					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Optimal water usage	Number of water users authorised	1 995	721	496	506
	Number of dams identified per catchments	278	105	95	85

Table 48: SO 3.4: To improve the regulation of water quality through compliance, monitoring and enforcement

SO 3.4: To improve the regulation of water quality through compliance, monitoring and enforcement					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Water resource Quality	Number of sampling points	3747	4144	5159	5021

SO 3.4: To improve the regulation of water quality through compliance, monitoring and enforcement					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
through controlled water pollution	monitored				
	Number of waste discharge points monitored	2625	3555	4022	4125
	Number of waste discharge points authorised	152	332	447	589

22.3.1.4 SP 4: Support local government to deliver water services (outcome 9)

Table 49: SO 4.4: To improve the regulation of water quality through

SO 4.4: To improve the regulation of water quality through					
Outputs	KPIs	Baseline	2011/12	2012/13	2013/14
Water resource quality through controlled mines Pollution compliance, monitoring and enforcement	Number of mines where pollution inspection is conducted	312	389	399	499

23. FINANCING THE WTE PLAN

The funding for all the activities of the Water Trading Entity (WTE) is driven by the National Water Act 1998 (Act No. 36 of 1998), which makes provision for the following funding revenue streams:

23.1 Revenue from Raw Water Charges

The major cost drivers of the pricing strategy, at full economic cost recovery, are the Return on Assets for betterment (54%) followed by operations and maintenance costs (28%) and then depreciation for refurbishment (18%). The WTE undertook and completed a bulk raw water infrastructure project (Sakhile) in terms of which a comprehensive assessment was done on all water resource infrastructure assets. The components of the schemes were made more detailed and accurate, resulting in an increase in the depreciated replacement cost values from R38 billion to R57.5 billion for return on asset purposes (51% increase). These new values are then further increased by producer price index (PPI) annually to arrive at the projected values for the purposes of calculating the raw water charges.

The implementation of the efficiency drive project aims to ensure that all water users are registered and billed for such water use and that the amounts billed are collected within standard terms of trade.

23.2 Funding of NWRI support functions by Main account

The NWRI management and support functions costs which cannot be capitalised and or recovered from water users is funded by transfer payments from the Main Account.

23.3 Funding of Catchment management agencies by Main Account

Water resources management functions which are not recoverable in terms of the water charge provisions of the pricing strategy are also recovered from the Main Account. The implementation of the waste discharges revenue stream over the next two years will reduce the current level of grants payable to the CMAs.

23.4 Funding of development costs of NWRI assets (raw water facilities) by the Main Account

The funding of the social component of raw water infrastructure, dam safety and rehabilitation programmes is sourced through the main account budget from the National Revenue Fund. Spending on all these projects is dependent on the funds made available by the National Treasury.

The shortfall in betterment, refurbishment and rehabilitation funding of existing schemes, arising from the capping and exemption provisions of the pricing strategy mentioned above, will also be addressed through the above processes.

Table 50: Water Trading Entity revenue and expenditure estimates

Description of items	2009/10	2010/11	2011/12	2012/13
	(R'000)	(R'000)	(R'000)	(R'000)
Revenue	1,885.7	2,096.3	2,398.6	2,588.2
Transfers received	219.8	258.7	292.6	307.7
Total revenue	2 105.5	2 355.1	2 691.1	2 895.8
Expenses	-	-	-	-
Compensation of employees	717.5	774.9	836.8	903.8
Goods and services	938.1	1014.0	1077.4	1141.9
Depreciation	1 635.1	1 790.2	1 958.4	2 146.0
Interest, dividends and rent on land	70.0	60.0	60.0	64.8
Total expenses	3 360.7	3 639.1	3 932.6	4 256.5
Surplus/ (Deficit)	(1 255.2)	(1 284.0)	(1 241.5)	(1 360.7)

The above amounts have been included in the consolidated financing plan shown in Table 50 above. Other Departmental receipts from sale of moveable assets and sales of scrap and other current used goods are reflected in tables 51, 52 & 53 (below) as minor sources of acquisition of moveable asset financing.

Table 51: Expenditure Estimates- Water Services

Description of Items	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand							
Implementation of water resources management activities	387 087	393 980	469 650	391 662	422 906	457 813	480 704
Operations, maintenance and refurbishment of national water resources schemes	1 083 776	1 103 074	981 646	1 039 189	1 127 213	1 220 304	1 281 319
Implementation of	1 290 346	1 313 322	1 285 792	1 305 248	1 409 746	1 526 109	1 602 414

Description of Items	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand							
new water resources infrastructure							
Bulk water supply to strategic users e.g. ESKOM, SASOL	571 314	415 076	789 136	577 912	624 180	675 701	709 486
Implementation of dam safety projects	245 626	50 000	261 494	268 066	291 754	315 074	330 828
Other Objectives	–	–	–	–	–	–	–
Total expense	3 578 150	3 475 452	3 787 718	3 582 077	3 875 799	4 195 002	4 404 752

Table 52: The Water Services Trading Entity: Financial information

Statement of financial performance				Revised estimate	Medium-term estimate		
Description of Items	Audited outcome				2010/11	2011/12	2012/13
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Tax revenue	–	–	–	–	–	–	–
Non-tax revenue	1 790 162	1 637 143	2 253 336	2 348 179	2 908 059	3 072 172	3 067 945
Sale of goods and services other than capital assets	1 760 538	1 537 082	2 057 585	2 316 179	2 874 059	3 035 452	3 029 389
<i>of which:</i>							
Admin fees	–	–	–	–	–	–	–
Sales by market establishments	1 760 538	1 537 082	2 057 585	2 316 179	2 874 059	3 035 452	3 029 389
Other sales	–	–	–	–	–	–	–
Other non-tax revenue	29 624	100 061	195 751	32 000	34 000	36 720	38 556
Transfers received	332 834	391 374	318 804	258 741	292 577	307 653	323 036
Total revenue	2 122 996	2 028 517	2 572 140	2 606 920	3 200 636	3 379 825	3 390 980
Expenses							
Current expense	3 396 318	3 475 452	3 787 718	3 582 077	3 875 798	4 195 002	4 404 752
Compensation of employees	528 053	661 489	857 460	774 854	836 842	903 789	948 978
Goods and services	1 436 909	1 399 390	1 514 970	1 013 984	1 077 443	1 141 856	1 198 948
Depreciation	1 387 131	1 411 159	1 412 312	1 790 239	1 958 363	2 146 049	2 253 352
Interest,	44 225	3 414	2 976	3 000	3 150	3 308	3 473

Statement of financial performance				Revised estimate	Medium-term estimate		
Description of Items	Audited outcome						
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
dividends and rent on land							
Transfers and subsidies	181 832	–	–	–	–	–	–
Total expenses	3 578 150	3 475 452	3 787 718	3 582 077	3 875 798	4 195 002	4 404 752
Surplus / (Deficit)	(1 455 154)	(1 446 935)	(1 215 578)	(975 157)	(675 162)	(815 177)	(1 013 771)

Table 53: Statement of financial position

Statement of financial position				Revised estimate	Medium term estimate		
Description of items	Audited outcome						
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Carrying value of assets	87 297 583	65 613 748	64 971 931	65 125 237	65 461 239	65 914 506	66 390 437
<i>of which:</i> <i>Acquisition of assets</i>	565 989	1 379 887	1 268 170	1 944 345	2 294 365	2 599 317	2 729 283
Investments	–	–	–	–	–	–	–
Inventory	18 946	14 018	14 709	12 000	10 000	10 800	11 340
Loans	–	–	–	–	–	–	–
Receivables and prepayments	1 535 398	2 142 035	1 912 706	1 500 000	1 620 000	1 520 000	1 368 000
Cash and cash equivalents	120 456	9 910	430 670	176 357	22 988	99 048	167 912
Assets not classified elsewhere	–	–	–	–	–	–	–
Total assets	88 972 383	67 779 711	67 330 016	66 813 594	67 114 227	67 544 355	67 937 689
Accumulated surplus/deficit	1 458 224	1 343 553	1 456 688	417 062	(767 593)	(2 066 763)	(3 430 891)
Capital and reserves	86 309 495	63 356 428	61 538 692	61 529 805	61 738 351	62 383 603	63 838 219
Borrowings	–	–	–	–	–	–	–
Post-retirement benefits	–	–	–	–	–	–	–
Trade and other payables	572 666	1 307 527	1 319 577	1 334 577	1 350 577	1 370 577	1 380 577
Provisions	78 893	226 202	394 534	95 689	101 430	107 516	112 892
Managed funds	–	–	–	–	–	–	–
Liabilities not classified	553 105	1 546 001	2 620 525	3 436 461	4 691 461	5 749 421	6 036 892

Statement of financial position				Revised estimate	Medium term estimate		
Description of items	Audited outcome						
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
elsewhere							
Total equity and liabilities	88 972 383	67 779 711	67 330 016	66 813 594	67 114 226	67 544 355	67 937 689

23.5 Expenditure trends

The total revenue for the year 2009/10 and 2010/11 remains the same at R2.1 billion. This is due to the construction revenue that showed a 74% decrease, due to reduction of project executed on behalf of third parties by the construction unit. The total revenue increased from R2.6 billion in 2010/11 to R3.9 billion in 2013/14 at an average annual rate of 9.2 %. The water resources management contributes an estimated revenue of R230 million and water resource infrastructure R3.2 billion for 2011/12 financial year. The increase over the medium-term is due to increases in water resource management and water resource infrastructure charges, which are projected to increase from R2.6 billion in 2010/11 to R3.4 billion in 2013/14.

The entity is currently not generating enough revenue due to the price caps set by the water pricing strategy, and has incurred a deficit of R1.2 billion in 2009/10 as a result. The entity is therefore not able to generate enough revenue to fund the refurbishment, improvement of infrastructure assets and new development of infrastructure assets. Non-payment of accounts also impacts negatively on the entity's financial position. The total real expenditure (excluding reversal of depreciation on revalued assets and bad debts) decreased from R3.8 billion in 2009/10 to R3.6 billion in 2010/11, at an average annual rate of 5.4%. The annual increases are due to inflation related adjustments and the filling of vacant positions. After the inclusions of reversal of depreciation on revalued assets and bad debts, 2009/10 expenditure decreased from R3.2 billion to R2.9 billion as a result the annual average increases from 13% to 21%. The changes in expenditure in 2009/10 was due to the reversal of depreciation on revalued assets which yielded a positive amount of R839 million and was reduced by provision of bad debts of R628 million. Compensation of employees decreased by 10% between 2009/10 and 2010/11, as a result of improving the internal process for the capitalisation of new infrastructure projects, and measures taken to improve the cash flow. The increase of 14% in goods and services between 2009/10 and 2010/11 was due to inflation related adjustments.

The Water Trading Entity is currently billing estimated revenue of R2, 8 billion for the Trans-Caledon Tunnel Authority (TCTA) for the 2011/12 financial year. The payment to the TCTA is meant for repayment of loans and this amount is payable (to the TCTA) whether the Water Trading Entity has collected from its customers or not.

23.6 Personnel information

The Water Trading Entity has 3379 approved positions from the establishment. To date 3 031 of those positions were filled as of December 2010. The current vacancies are 348 which are translated to a vacancy rate of 13 % for the whole Entity. The reason for the delay in filling the positions is due to the fact that Water Trading Entity requires the expertise from engineers who are difficult to recruit and retain. The entity is putting in place plans to reduce the vacancy rate. The ratio between support and core business is 30:70 respectively.

23.7 Mega infrastructure projects (Over R330 million per year)

In accordance with the budget reprioritising imperatives, most of this budget will be allocated to schemes where the construction has already commenced. This includes the second phase of the Olifants River Water Resource Development Project, which comprises the building of the De Hoop dam on the Steelpoort River to store water and the construction of a bulk raw water distribution system to distribute water for domestic and mining use in the middle Olifants river catchment area.

The construction of the bulk distribution system associated with the second phase of the Olifants River Water Resources Development project as well as the first phase of the Mokolo and Crocodile River (West) Water Augmentation Project which will convey water to Eskom's new Medupi Power Station will commence in the 2011/12 financial year.

24. ASSET MANAGEMENT PLAN

24.1 Objectives

By international standards, South Africa requires intensive bulk water infrastructure due to low seasonal rainfall and the relative scarcity of water resources. The effective management of the Department's bulk water infrastructure is critical, given the size of the investment to create the infrastructure, the long lives of the key assets and the importance of the contribution these assets make to the social, economic and environmental well-being of the nation. In addition, the Department has a water sector leadership role which it has to maintain in the discipline of infrastructure asset management.

The Department has adopted an asset management policy, the goal of which is to successfully manage its immovable assets in a way that promotes government objectives. The policy aims to:

- Promote accountability, fairness and transparency within government
- Promote effective, efficient and economic use of immovable assets

- Reduce cost of service delivery
- Reduce demand for immovable assets
- Support government's socio-economic objectives, including land reform, economic empowerment, poverty alleviation, job creation, and the redistribution of wealth
- Realise the best value for money from the disposal of immovable assets
- Increase opportunities for partnering with the private sector
- Protect the environment and cultural and historic heritage
- Improve health and safety in the working environment; and
- Promote financial sustainability.

Table 54: Asset Management Objectives, Outputs and Measures

Objective	Output	Measure
Social Equity	Service delivery	Supply water according to prescribed bulk supply agreements Service performance reporting
	Community benefits	All capital projects approved in accordance with adopted multi-criteria analysis process.
Socio-economic development	Service delivery	Supply water according to prescribed bulk supply agreements Service performance reporting
	Risk management	Sound risk management practices
	Protection of public safety and property.	Dam Safety Assurance Emergency preparedness
	Drought management	Implementation of drought management guidelines
	Water quality	Water quality meets legislation and agreed standards
Financial Sustainability	Maintenance of Water Resources Infrastructure	Maintenance in accordance with maintenance manuals
	Rehabilitation of Water Resources Infrastructure	Implementation of Dam Safety and Infrastructure Asset Management Plan rehabilitation programmes
	Development of Water Resources Infrastructure	Implementation of capital investment plan
	Financial sustainability	Achievement of financial sustainability indicators
Environmental Management	Environmental legislative compliance	Compliance with statutory and regulatory requirements
	Water conservation	Water conservation planning and plan implementation
	Water use efficiency	Control of authorised water usage and system water losses
	Ecological reserve	Periodic assessment of the required reserve
	Protection of resource against degradation and pollution	Waste Discharge Charging System (WDCS)
Implementation, Review and Continuous Improvement	Strategic Infrastructure Asset Management	According to latest Infrastructure Asset Management Plan
	Infrastructure Asset Management Performance	Quality of implementing infrastructure asset management processes identified in the practices improvement plan.

Objective	Output	Measure
	Legal compliance	Compliance with Government-wide Immoveable Asset Management Act

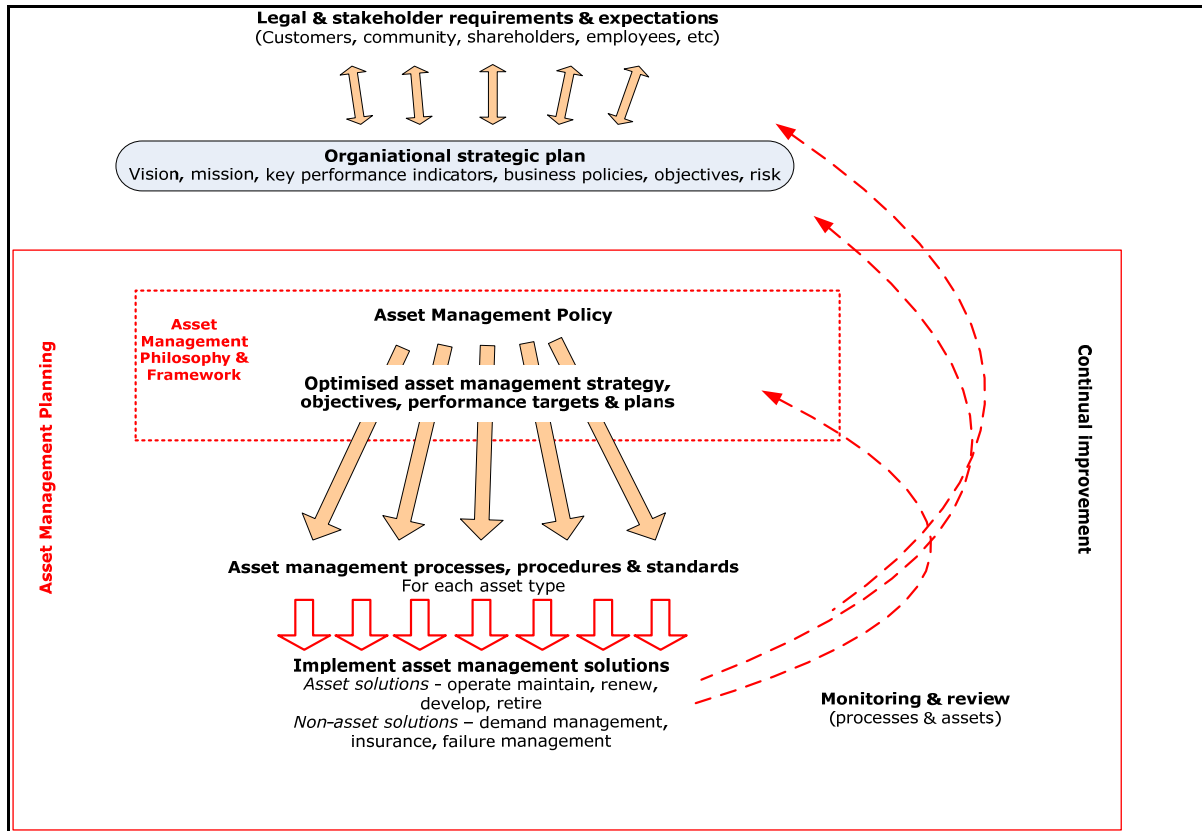


Figure 2: Asset Management Business Processes

24.2 Overview of the infrastructure assets

There are 264 schemes across the country. Existing infrastructure comprises mainly dams, canals, pipelines, tunnels and measuring facilities with a replacement value (excluding land) of R139 billion and a current value of R54 billion, depreciating at R1.4 billion per year. The value of the land controlled by the Department, in terms of the National Water Act of 1998, is R7 billion.

The expected life of infrastructure has been attributed to component level and ranges from 10 years (for small motors) through to 300 years (for dam walls). The infrastructure portfolio is ageing, with over 75% assets constructed in the period 1960 to 1990, while some are over 100 years old.

24.3 Financing Life-cycle needs

The following is a summary of the key life-cycle programmes required:

- **Operations and maintenance programmes** designed to utilise and maintain assets over their service life.
- **Renewal programmes** (“refurbishment” for electrical and mechanical infrastructure and “rehabilitation” for civil infrastructure) are designed to reinstate the service potential of assets at the end of their service life. The need for these programmes is informed by conditions and performance data, and interventions classified on the basis of risk exposure. In view of the potentially high impact of the failure of dam walls, their assessment is a statutory requirement.
- **Upgrading programmes** (“betterment” projects) are designed to extend or enhance the performance of existing infrastructure. The need for these programmes is identified through an analysis of current and future demand and the capacity of existing infrastructure.
- **Capital development** (“mega” projects or “off-balance sheet” projects depending on the funding mechanism) are designed to provide new services. These programmes are informed by water resource planning studies and options analyses. Funding for life-cycle management purposes is derived from two main sources -:
 - **Customers**

Tariffs have been structured on the principle that customers pay for the lifecycle costs associated with the specific schemes (or elements thereof) from which they benefit. This is structured in the form of pro-rata payment of actual operations and maintenance costs, plus consumption of the assets (in the form of straight line depreciation of the infrastructure which is periodically re-valued). An additional element of the tariffs makes provision for the cost of capital – in the case of government-funded schemes this represents the social opportunity cost, and for schemes funded from the private sector, it is the actual cost of capital from lenders.
 - **National Treasury**

Government provides augmentation funding to cater for operational activities not recoverable from customers (such as Departmental overheads, regulatory control functions, long-term planning and studies) and, since the Department does not hold capital reserves, funds are provided for approved capital projects (large projects are typically ring-fenced but others may not be ring-fenced).

24.4 Financial Forecasts

Tables 55 to 60 below illustrate the anticipated movement in assets over the recurrent MTEF reporting period based on the latest estimates.

- Depreciation in the period is not shown.

- Provision for new construction includes significant projects that are planned to be funded off-budget through loans.
- Provision for asset disposals is made based on candidates for potential asset transfers to other entities such as municipalities or WUAs. No provision is made for possible inward transfer of assets. This is based on current policy but these transactions may be influenced by the outcomes of the Institutional Re-alignment initiative.
- Candidate assets for de-commissioning have been identified based on lack of use.

Table 55: Asset movement summary (R million): Infrastructure Assets

Asset type	Balance as at 31.03.2010	Additions	Disposals	Closing balance 31.03.2014
Land	7,419	300	100	7,619
Buildings	803	95	20	878
Canals	9,339	2,246	40	11,545
Dams and weirs	31,512	8,550	400	39,662
Measuring facilities	2,604	41	-	2,645
Pipelines	2,892	16,369	3	19,258
Pump stations	713	451	-	1,164
Reservoirs	229	-	-	229
Treatment works	22	124	1	145
Tunnels	6,716	7	55	6,668
Other	30	101	1	130
Total	62,279	28,284	620	89,944

Table 56: Asset movement summary (R million): Movable Assets

Asset Category	Balance as at 31.03.2010	Additions	Disposals	Closing Balance 31.03.2014
Equipment	564 591	400 000	2600	961 991
Furniture & fittings	27 834	24 000	200	51 634
Computer Equipment	16 741	18 000	250	34 491
Motor Vehicles	2 657	1800	50	4 407
Leased Equipment	7 101	800	1 400	6 501
Leased Motor Vehicles	10 825	1 000	2 400	9 425
Software	374	0	0	374

Table 57: Asset Acquisitions - upgrading and new infrastructure (R million)

Asset Class	2011/12		2012/13		2013/14		Total	
	DWA	Off-Budget	DWA	Off-Budget	DWA	Off-Budget	DWA	Off-Budget
Land	100	-	100	-	100	-	300	-
Buildings	41	-	18	-	36	-	95	-
Canals	722	-	611	-	913	-	2,246	-
Dams	1,071	910	852	1,671	2,193	1,852	4,117	4,433

Asset Class	2011/12		2012/13		2013/14		Total	
Funding Source	DWA	Off-Budget	DWA	Off-Budget	DWA	Off-Budget	DWA	Off-Budget
Measuring facilities	12	-	12	-	17	-	41	-
Pipelines	863	6,269	946	4,241	198	3,852	2,007	14,362
Pump stations	79	-	67	5	100	200	246	205
Reservoirs	-	-	-	-	-	-	-	-
Treatment works	102	-	-	-	22	-	124	-
Tunnels	1	-	6	-	-	-	7	-
Other	79	-	20	-	2	-	101	-
Grand Total	3,071	7,179	2,632	5,917	3,581	5,904	9,284	19,000

Table 58: Asset Acquisitions – Moveable Assets (R million)

Asset Category	2011-2012	2012-2013	2013-2014	TOTAL
Equipment	140 000	150 000	110 000	400 000
Furniture & Fittings	10 000	8 000	6 000	24 000
Computer Equipment	6000	6000	6000	18 000
Motor Vehicles	1 000	500	300	1 800
Leased Equipment	300	300	200	800
Leased Motor Vehicles	0	1000	0	1000
Software	0	0	0	0

Table 59: Asset Disposal Infrastructure (R million)

Asset Class	2011/12		2012/13		2013/14		Total	
	Decom	Transfer	Decom	Transfer	Decom	Transfer	Decom	Transfer
Land (estimated)	-	50	-	50	-	-	-	100
Buildings	10	-	10	-	-	-	20	-
Canals	20	-	20	-	-	-	40	-
Dams and weirs	40	160	40	160	-	-	80	320
Measuring facilities	-	-	-	-	-	-	-	-
Pipelines	-	-	3	-	-	-	3	-
Pump stations	-	-	-	-	-	-	-	-
Reservoirs	-	-	-	-	-	-	-	-
Treatment works	-	1	-	-	-	-	-	1
Tunnels	-	-	55	-	-	-	55	-
Other	1	-	-	-	-	-	1	-
Total	71	211	128	210	-	-	199	421

Table 60: Asset disposal Moveable (2011-2014)

Asset Category	2011-2012	2012-2013	2013-2014	TOTAL
Equipment	600	1500	500	2600
Furniture & Fittings	100	0	100	200

Asset Category	2011-2012	2012-2013	2013-2014	TOTAL
Computer Equipment	100	50	100	250
Motor Vehicles	50	0	0	50
Leased Equipment	1 000	200	200	1 400
Leased Motor Vehicles	1 200	1 200	0	2 400
Software	0	0	0	0

25. INFORMATION AND COMMUNICATION TECHNOLOGY PLAN

25.1 Introduction

In order to understand the human, information, and functional needs of the trading entity an approach called master systems planning (MSP) is used. The overall project objective of the MSP is to provide an appropriate and stable platform to:

- Strengthen, effectively manage and implement the WTE's planning process
- Assist with the co-ordination and future planning of the functions, particularly service delivery
- Improve revenue collection
- Improve the effective management of the assets
- Improve utilisation of the human resources
- Facilitate accurate and timeous statistical and performance management reporting for all levels within the Entity and also reporting required for customers and external stakeholders.
- Facilitate improved access to electronic based data resources and communication systems.

25.2 ICT Infrastructure Services

The following ICT improvement opportunities have been identified:

- **Implement rack mounted servers** – The server infrastructure should be upgraded to rack mounted or blade servers, to reduce cost, cable clutter, fire hazard, manageability, and flexibility.
- **Consolidate Servers** – Once the servers have been upgraded, all applications should be consolidated, and the number of servers reduced. Vendor applications can all be run off the same servers. The trading entity's service provider should be able to remotely manage and configure these servers.
- **Upgrade or Outsource Server Room Infrastructure** - The computer room should ideally adhere to best-practice standards and have amongst others access control, temperature control, raised flooring, static protection.

- **Implement ADSL for Internet Access** - The current bandwidth for external connectivity is extremely slow and should be upgraded to accommodate email and internet connectivity and also prepaid updates.

25.3 E-Government Services in WTE

E-Government services are effectively normal services provided through E-channels such as internet/email, telephones, and computers. Following are the key E-Government services that the Entity should implement as part of their MSP.

- **Train all managers in budgeting and financial basics** – in order to improve the adoption of the financial system in the WTE, all managers should do their WTE’s budget, and financial analysis on the system Applications Products (SAP). This may require additional training.
- **Implement Business Planning Information Management System** - The trading entity is required to establish and manage an internal Business Planning system. The system should be capable of planning, prioritising, and tracking progress on Strategic Planning initiatives. This should be linked to budgeting and project management systems in order to evaluate progress and performance management.
- **Roll out access to TRIM to all managers** – Information *from TRIM* should be made available in paper format, or by providing shared PCs for staff that do not have their own. Minutes, regulations, and public notices should be reproduced free of charge from TRIM, and made available to the public.
- **Deploy services to remote areas by using ICTs** – ICTs such as *Citrix, TRIM, SAMRAS, GEO Reality & Trafman* should be deployed to outlying service offices such as *Tulbagh, Wolseley, PA*, in order to provide the staff at these offices with the tools to answer all types of queries, not just financial ones.
- **Implement a central information contact centre** - Implement a central contact centre integrated with *TRIM* for emergency services and service requests/complaints. This should allow for all public calls, information, service request, enquiries, emergencies etc. to be logged and handled. This does not mean that calls are just logged and forwarded. Agents should be able to answer all reasonable municipal queries as a first line contact centre. More complicated requests should be forwarded to the relevant people. All requests should be logged, and allocated in *TRIM*.

25.4. Platform Services

The WTE’s ICT infrastructure is critical to the successful delivery of service. Currently the DWA servers run on HP, SUN SPARC (Head Office and Regions) and SUN workstations in Regions; and operating systems on MS Windows Server 2003 (R2), MS XP Professional for desktops, Vista Business Edition, Sun Solaris 10 and Linux Fre BSB (both at Head Office and Regions). Different DBMS are supported on the servers. The support of a large roll-out of servers with different software versions and types makes it difficult to maintain availability levels and contain cost. Based on this MSP, the WTE will seek to investigate and implement server consolidation in an effort to simplify the current deployment and diversity of hardware and software. The DWA

should standardise on server operating systems and database management systems (DBMS) deployed.

The geographic information system (GIS) extension will develop an enterprise-wide GIS system that allows officials and members of the public to access and integrate GIS data across all the DWA's branches and statutory bodies.

The GIS rollout initiative will include the following functionalities:

- Providing, maintaining and managing the information infrastructure (hardware and software) for the enterprise GIS.
- Capturing and maintaining geographic data, especially those data sets for which the DWA is custodian.
- Purchasing and/or acquiring geographic data to support the DWA's strategic business areas.
- Managing and integrating geographic information in distributed repositories.
- Analysing geographic data including the production of maps, the ability to do spatial analysis and modeling.
- Providing access to geographic data to internal and external stakeholders through an Internet and Intranet GIS portal.
- Setting and maintaining GIS standards and protocols.
- Providing general GIS support.

25.5 Integrating Financial Management and Operations

The WTE has made a significant investment in Enterprise Resource Planning (ERP) in the form of the SAP system that is operational. The key challenge for the WTE is to consolidate this investment, and extend the functionality of the SAP systems to cover additional crucial areas of the WTE. The WTE is upgrading to the new SAP technology platform with additional functionality specific to the SAP Utilities module. By default, the SAP Enterprise portal is a prerequisite with the upgrade.

The WTE is currently assessing the status of the SAP implementation and making recommendations regarding measures to improve its effectiveness. Based on these recommendations, effort will be expended on consolidating the system, additional training and capacity building, and ironing out compatibility issues with the WARMS and the water use licensing system.

The extension of SAP to other users and functions in the WTE also needs consideration. For example, the financial and human resources transversal systems of the department require attention. The currently used (Basic Accounting system) BAS is outdated as a financial management system. The WTE has made a decision to use SAP for financial management. Some financial management activities are done manually, carrying the risk of information loss or unauthorised access. A seamless solution is required so as to provide the ability to:

- Perform all the budgetary and financial requirements.
- Record and have a capability for asset depreciation.
- Produce timely and accurate periodic reports.
- Produce all other relevant reports.

Persal is the only system used in the WTE for the management of HR information. The majority of HR functions are not supported by the system, and HR information is held on physical files and spreadsheets. Within the integrated financial management system (IFMS) an Integrated HRM system initiative should provide the ability to:

- Manage HR records
- Facilitate HR legislative reporting requirements
- Facilitate the analysis of employment equity
- Automate the recruitment and selection process
- Apply and approve leave online
- Support payroll functions
- Support job evaluation
- Provide employee benefits
- Provide skills management
- Do training development
- Handle disputes management.

The IFMS will interface with the permitting, procurement, legal, contract management, information management and performance management systems.

The National Treasury is working on an integrated financial management system (IFMS), which has been frequently delayed. The latest estimate of its deadline is end 2008, which needs to be confirmed by the IFMS Standing Committee of GITOC and Treasury, as it seems highly unlikely that the set target will be met. It is recommended that the DWA makes a strategic assessment of the likelihood of such a deadline being met, and whether the WTE wishes to proceed to develop or purchase its own system. Such a system would need to be adaptable and capable of integration with the system from the National Treasury or at least utilise and capture relevant data in BAS and PERSAL systems. The DWA is in the unique position of managing a Revenue Account for the Water Services Agencies which is already administered as a fully fledged departmental financial function apart from the normal Exchequer Account (government budget).

The SAP financial module in operation might give motivation for the full establishment /roll out of this platform.

To stabilise the SAP environment the following modules should be configured during the next MTEF period:

- Project systems
- Payroll management
- Fleet management
- Industrial solution
- Business warehouse
- Business objects
- Customer relationship management:
- Supplier relationship management
- Enterprise wide assets management and
- Cash management.