

BURSARIES AND INTERNSHIPS AWARDED

BURSARY RECEIPIENTS															
2009/2010	Total	M	F	A	C	I	W	2008/2009	Total	M	F	A	C	I	W
National Diploma in Electrical Engineering	3	1	2	3	0	0	0	National Diploma in Electrical Engineering	0	0	0	0	0	0	0
MSc - Research	2	0	2	0	0	1	1								
RACE %				70	0	3	27	RACE %				58	17	0	25
INTERNS	9 100% PDI	3	6	9	0	0	0	INTERNS	8 100% PDI	6	2	8	0	0	0

BURSARY RECIPIENTS EMPLOYED IN 2010

2009/2010	Trained	Employed	Failed
Weather Observers	19	16	3
Honours in Meteorology	10	6	4
Honours in Earth & Atmospheric Science	2	2	0

Memoranda of Understanding

- During 2009/2010, Memoranda of Understanding were signed with two Institutes of Higher Learning i.e.
 - The University of Zululand (Previously Disadvantaged Institute of Higher Learning) - 27 July 2009
 - The University of Pretoria – 26 March 2010

Scarce & Critical Skills Transfer Programme

- The first year of the Scarce & Critical Skills transfer programme commenced in April 2009 with 90 Mentors transferring skills to a total of 125 mentees within SAWS.
- An evaluation will be done to determine the effectiveness of the programme as well as benefit to the organisation in terms of skills transfer during the next financial year.

Establishment and Recognition as a Regional Training Centre by the WMO

- The establishment and recognition of a WMO Regional Training Centre (RTC) in South Africa, Pretoria would assist in building capacity of meteorological personnel in the region and augurs well with the plans for regional meteorological infrastructure development and other initiatives to deal with the advent of climate change.
- It is for these reasons that the SAWS would like to establish a RTC.
- Nominations from Swaziland and Mozambique have been sent to WMO from the respective countries.
- A letter has been sent to WMO from SAWS to request SAWS Meteorological Training Institute to be recognised as a RTC . Secretariat representation from the WMO will be visiting SAWS in the next financial year for an assessment site visit to determine the feasibility of the RTC in South Africa to meet the needs of the SADC region

Employee Recognition Awards

- During December 2009, the first Employee Recognition Awards were held as part of the SAWS Employee Recognition Programme designed to provide the means to recognise and reward individuals and groups for excellence in support of SAWS mission, goals and values.
- Recognising and reinforcing the achievements and contributions of employees provides numerous benefits to the organisation, including:
 - Contributing to a positive, supportive, improvement-minded work environment;
 - Communicating the mission, goals and values of the organisation;
 - Demonstrating that the initiative, creativity, success, and excellence are important; and
 - Creating role models and the opportunity to affirm a sense of community and shared purpose.

An Overview of Financial Performance

4. An Overview of Financial Performance

An Overview of the Audit Report

The Auditor-General (AG) reported that:

Opinion

- The Financial Statements present fairly, in all material respects, the financial position of SAWS as at 31 March 2010; and its financial performance and cash flows for the year ended in accordance with SA Standards of GRAP and in the manner required by the PFMA

Findings

- No matters to report

4. An Overview of Financial Performance (continued)

An Overview of the Management Report

- AG of the view that SAWS achieved the fundamentals of internal control for each objective;
- No significant findings were identified.
- AG of the view that the information reported in the Annual Report is fairly stated in all material respects and in accordance with the predetermined criteria
- There is a need to improve controls in certain areas such as asset management, management of contracts and IT security among others

4. An Overview of Financial Performance (continued)

An Overview of the Audit & Risk Committee

- Committee Structure and Charter were reviewed in line with governance best practices
- Internal and External Audit Plans were reviewed and approved
- Risk management processes were reviewed, enhanced and monitored on an ongoing basis
- As part of the review of Annual Financial Statements, the Committee:
 - Reviewed and discussed the Audited Annual Financial Statements included in the Annual Report;
 - Reviewed the Auditor-General's Management Letter and SAWS Management's response thereto;
 - Reviewed changes in the accounting Policies and Practices; and
 - Significant adjustments resulting from the audit
- No significant or material non-compliance issues were noted and/or reported except for housekeeping issues;
- Committee satisfied with the effectiveness of internal controls but encourages continuous improvements

4. An Overview of Financial Performance (continued)

Accounting Policies

- For the 2009/10 reporting period, entities should apply the principles of GRAP23 in formulating an appropriate accounting policy for the recognition and measurement of revenue arising from non-exchange transactions/Government grants, which may represent a change in accounting policy.

- In the absence of a standard or pronouncement that specifically applies to a transaction, other event or condition, management should apply judgement and **may** consider the following pronouncements, in descending order, in developing an accounting policy for such a transaction, event or condition:
 - Standards of GRAP that have been issued, but are not yet in effect
 - IPSASs
 - IFRSs
 - SA Statements of GAAP

An Overview of Financial Performance (continued)

GRAP 23

- Does not differentiate in the accounting treatment for grants related to operational and capital expenditure.
- Revenue is recognised unless an obligation exists to use transferred resources in a certain way or return the resources received to the transferor.
- If an entity is only required to use the resources received in a certain way with no corresponding requirement to return those resources to the transferor, then no obligation exists and revenue is recognised.

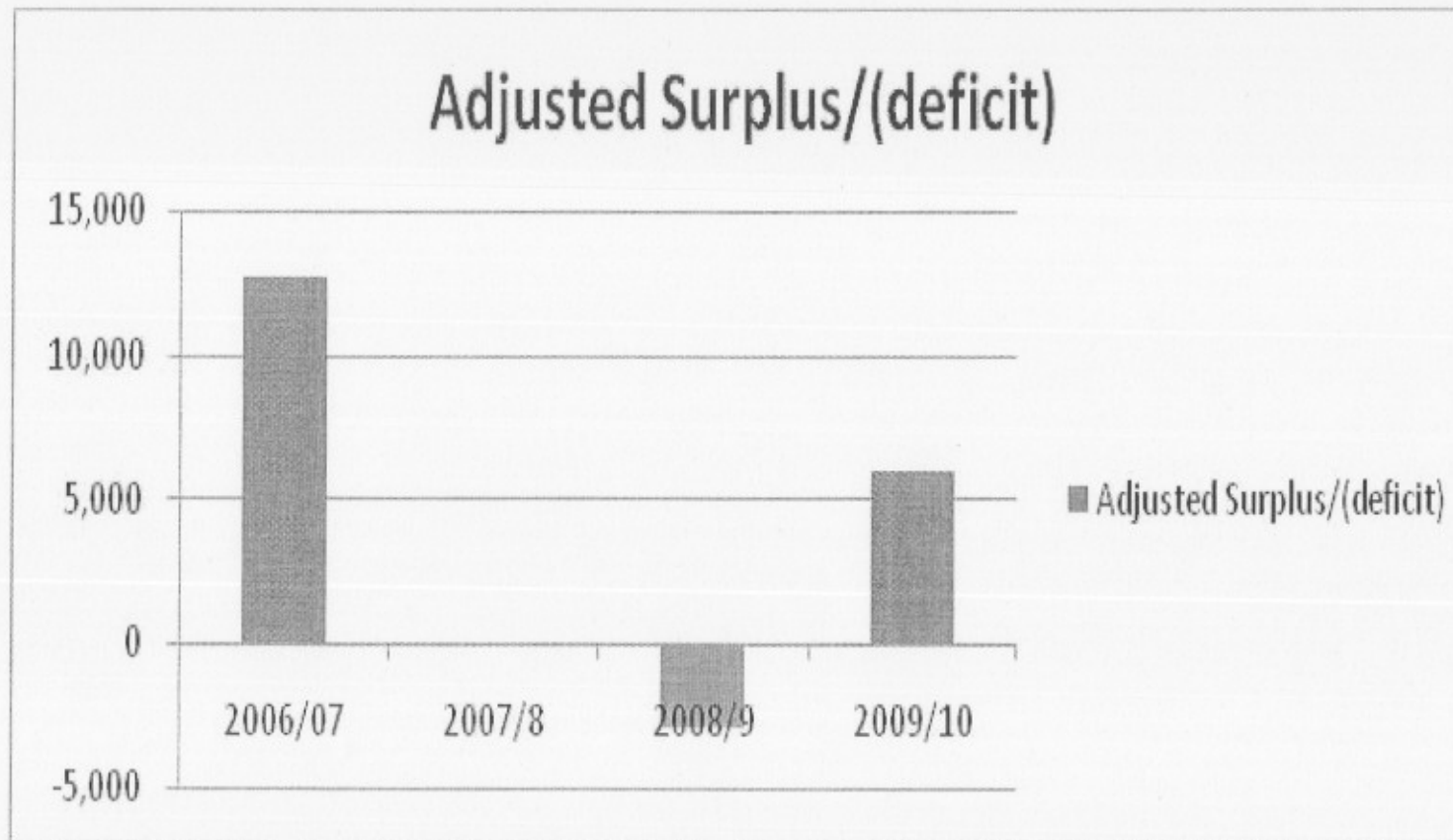
IAS 20

- Prescribes different accounting treatment for grants related to operational and capital expenditure.
- Requires that revenue related to the acquisition or construction of an asset is recognised either as a reduction of the asset acquired/constructed (resulting in a reduced depreciation charge) or deferred revenue being recognised as a liability in initial recognition.
- Subsequently, the liability would be reduced and revenue recognised on the depreciation of the asset.

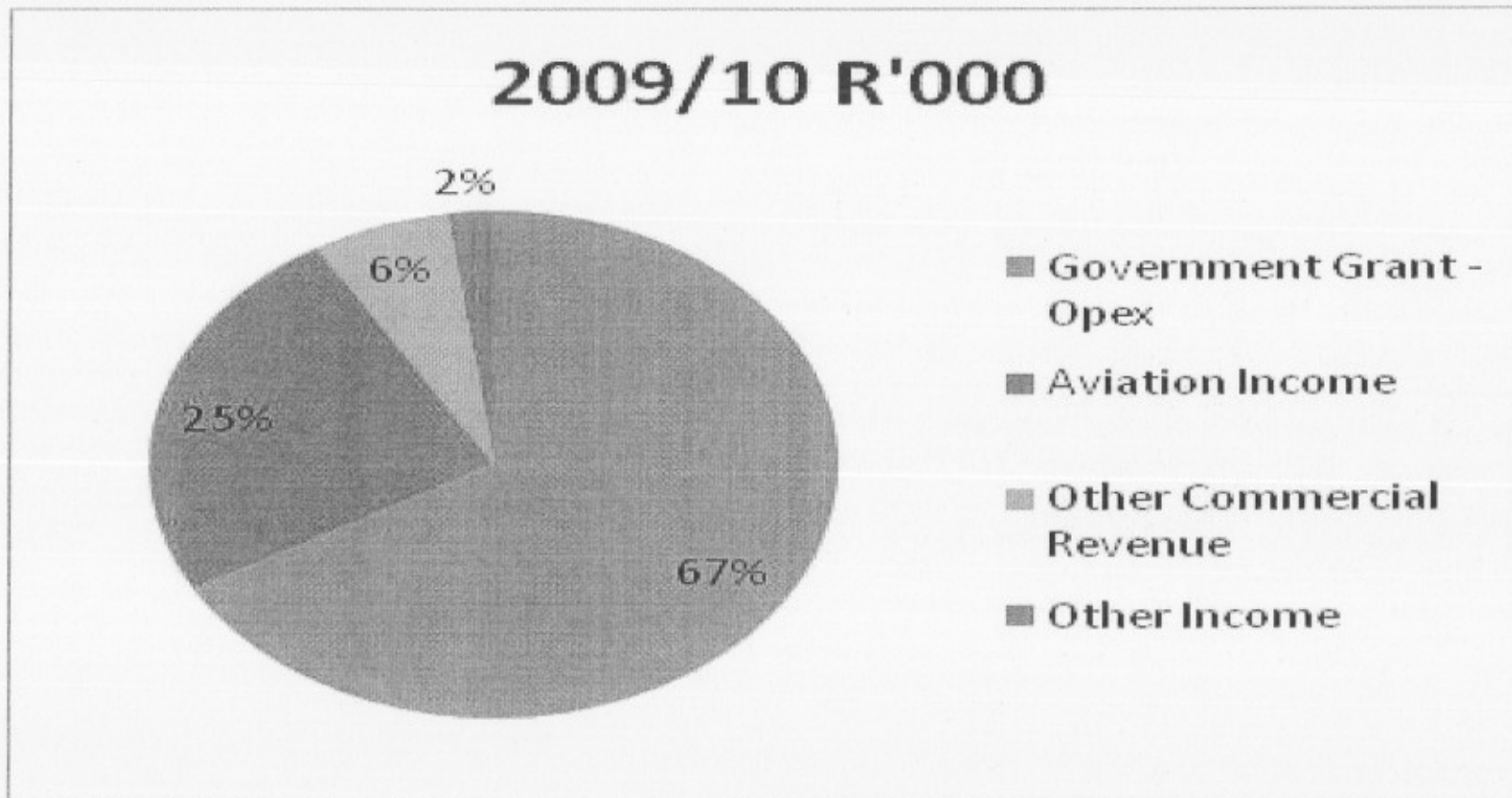
SURPLUS / DEFICIT

	2006/07	2007/8	2008/9	2009/10
Surplus/(Deficit)	14,699	3,611	-4,211	13,725
Less Government Grant - Capex				-13,870
Plus/(less) Fair value adjustment	-2,014	-3,564	1,322	14,100
Adjusted Surplus	<u>12,685</u>	<u>47</u>	<u>-2,889</u>	<u>5,955</u>
NB Fair value adjustment as a result of revaluation of land				
Revalued upwards in 2006/7 & 2007/8 and the reverse for 2008/9 and 2009/10				
Government Grant Capex allocated to revenue as a result of the introduction of GRAP 23 treatment				

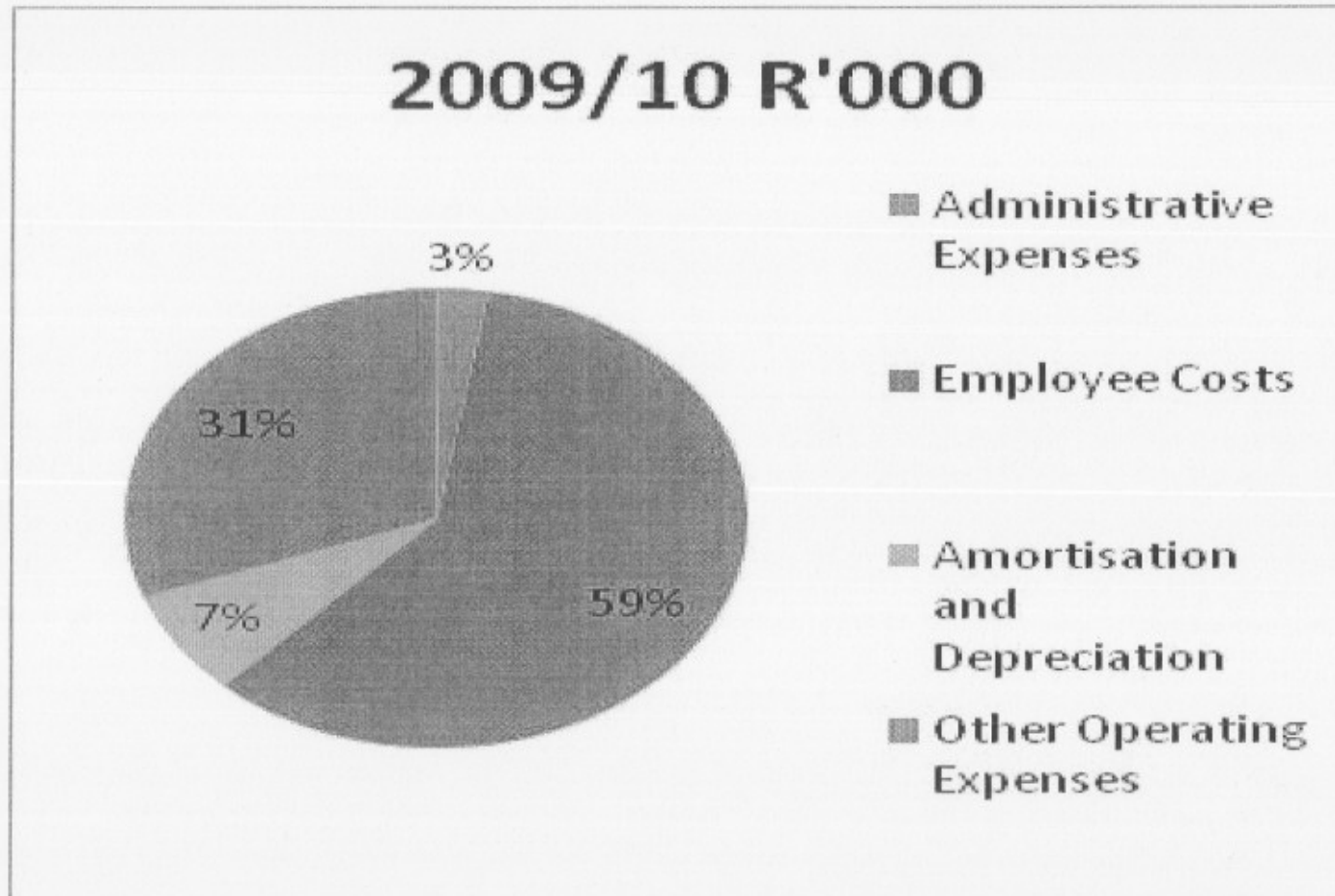
ADJUSTED SURPLUS / DEFICIT



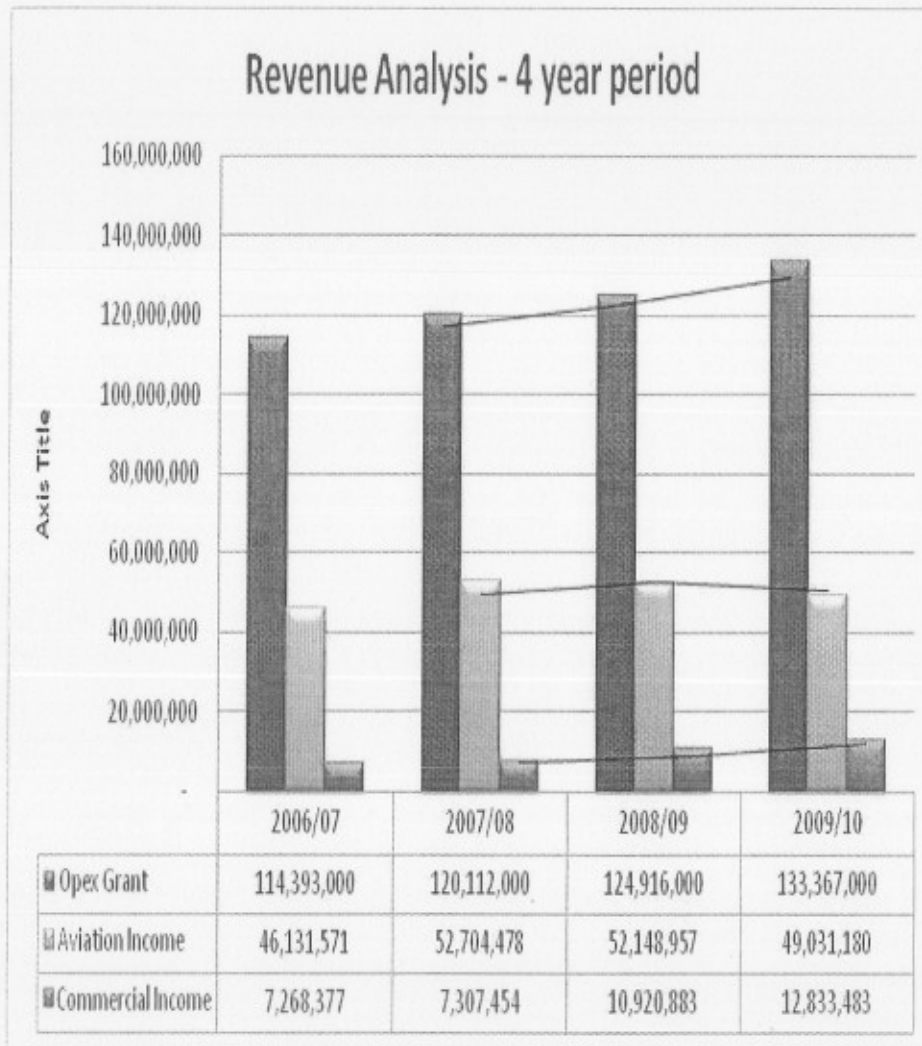
Revenue Sources



Expenditure Categories



ANALYSIS OF REVENUE



- ❖ 6.8% increase in Grant year on year
- ❖ Decrease of 5.98% in Aviation income due to:
 - Lower traffic volumes
- ❖ Increase of 17.59% in Other Commercial Income due to:
 - 67% increase in LDN Sales
 - 125% increase in sales of AWS

ANALYSIS OF EXPENSES

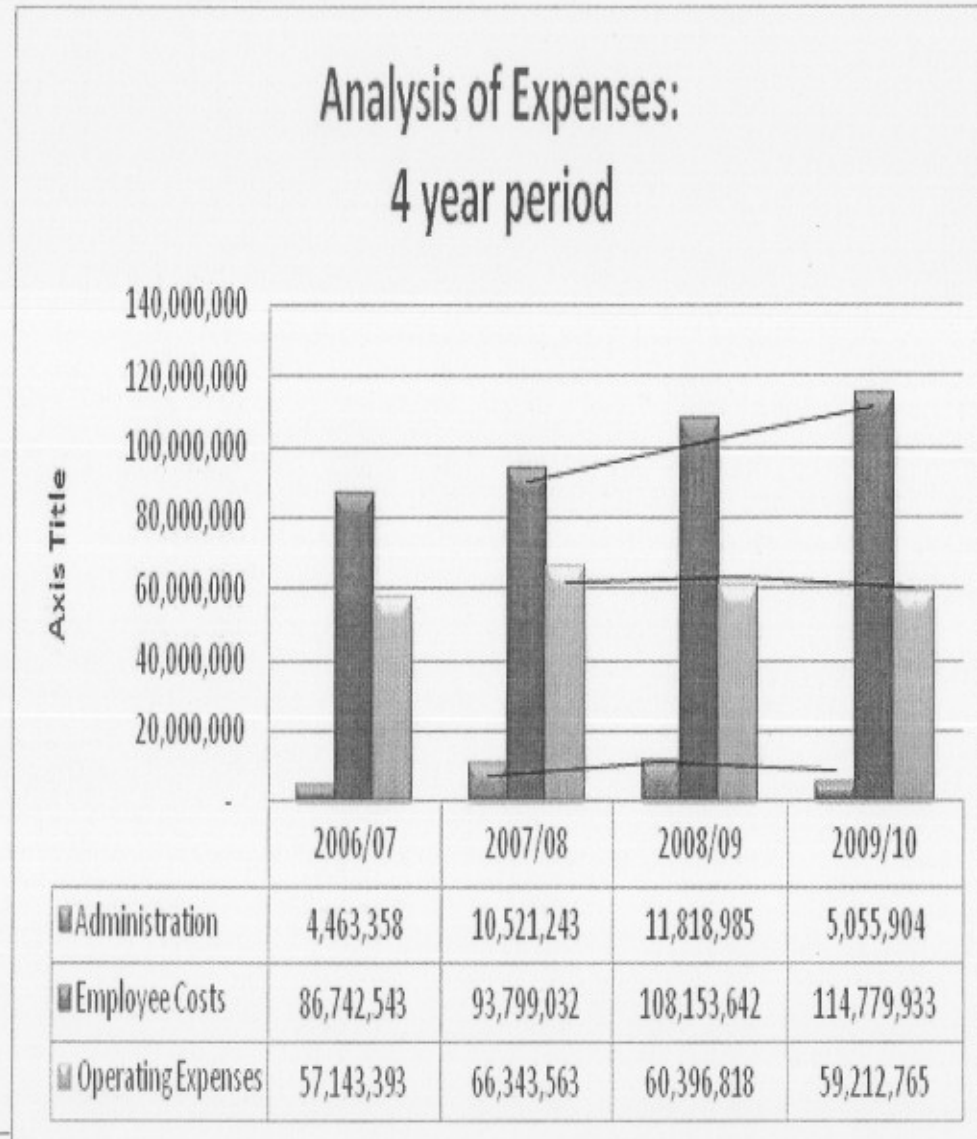
Total Expenses decreased by 2.5% year on year

57% decrease in Admin Expenses mainly due to

- 27% decrease in legal fees year on year
- R554k foreign gain due to stronger local currency
- 32% decrease in entertainment costs

R57m Operating Expenses decreased by 4.1% due to

- R2.6 m decrease on equipment expensed items (mainly Radio Sondes)
- 11.8% decrease on foreign travel year on year
- R1.46 m decrease on local travel year on year
- Decrease of R431k on research costs
- 71% decrease on computer expenses

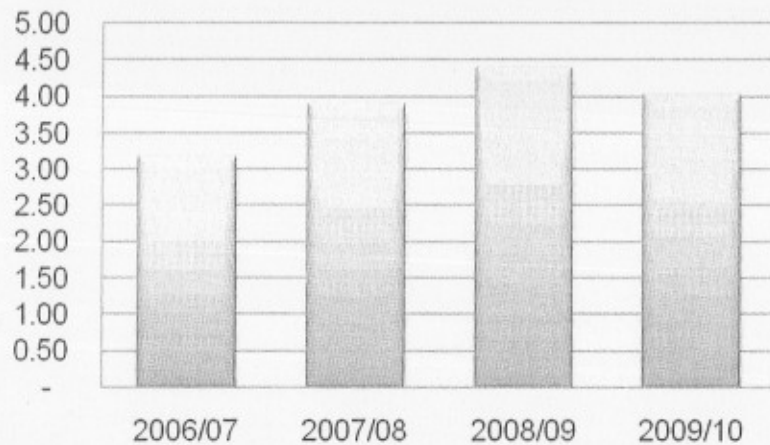


FINANCIAL POSITION

- 134% increase in Property, Plant and Equipment due to:
 - 3 Radars completed at a cost of R137
- 30% decrease in Investment Property due to revaluation of Land.
- 18% decrease in inventory due to:
 - Construction of new Radar equipment
 - Installation of AWS's

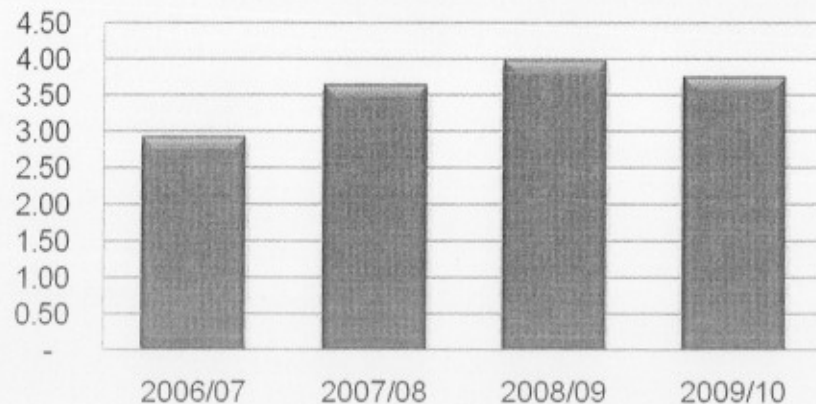
RATIO ANALYSIS

Ratio Analysis - Current Ratio: 4 year period



- Decreased by 8% still healthy at 4.02
- Decrease due to increase in trade payables relatively higher than decrease in trade receivables
- Ratio excludes inventory
- Decreased by 6% but still good at 3.98

Ratio Analysis - Quick Ratio: 4 year period



7. Concluding Remarks

Appreciation to the Shareholder and other stakeholders, who in different ways contributed towards SAWS executing its mandate in 2009/10 and getting an unqualified Audit Report once again; in particular:

- SAWS Board, Management and Staff
- The Ministry of Water Affairs and Environmental Affairs; and the Dept of Environmental Affairs
- The Portfolio Committee on Water and Environmental Affairs; and
- Other Stakeholders

Weather lines:

- Vodacom service on the **082162** number
- Talk to a forecaster service.
- Molo Africa text-to-speech answering service on **083 123 0500**
- AfriGis location based and subscription service SMS service (***120*555*3#-DIAL**)