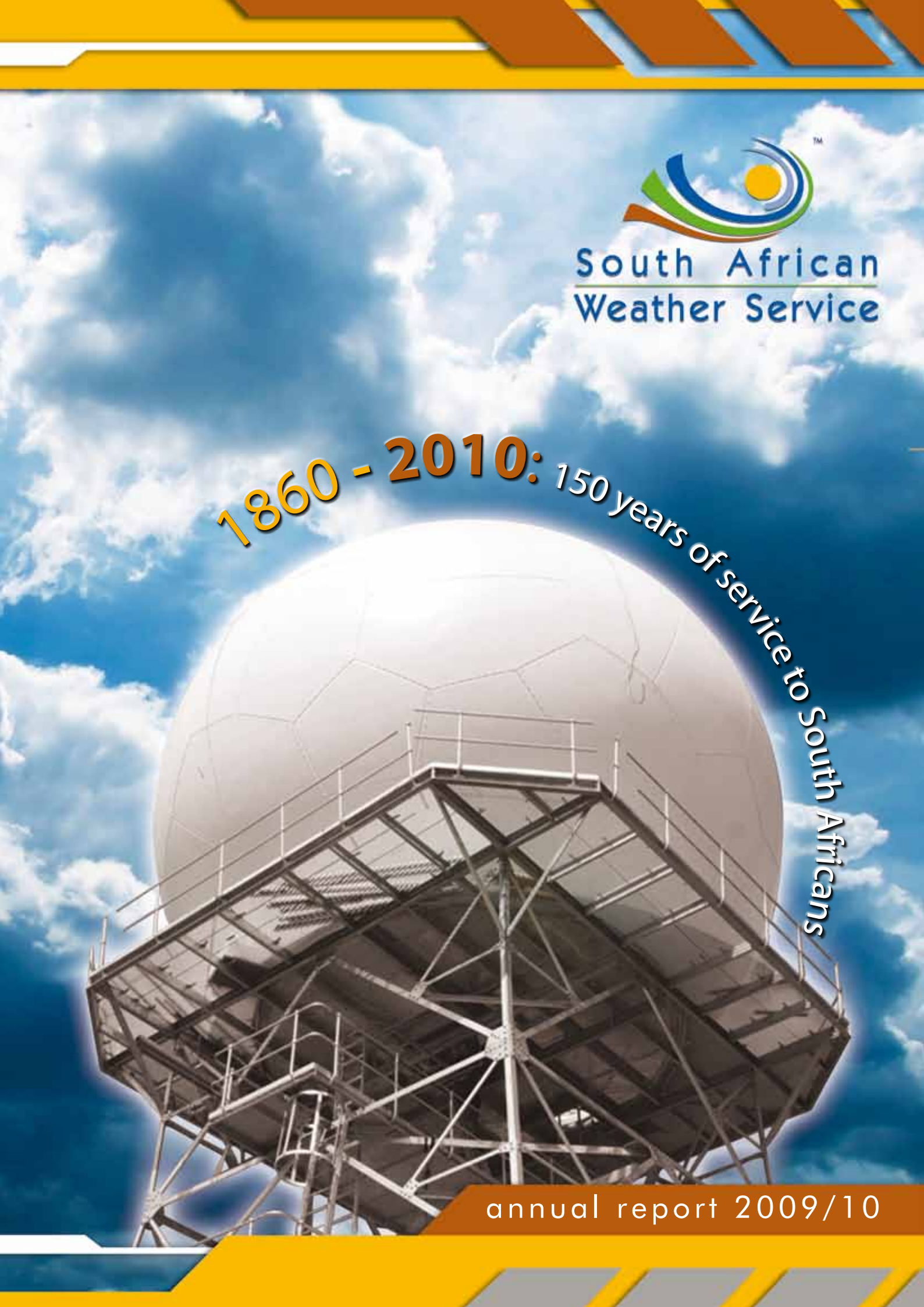
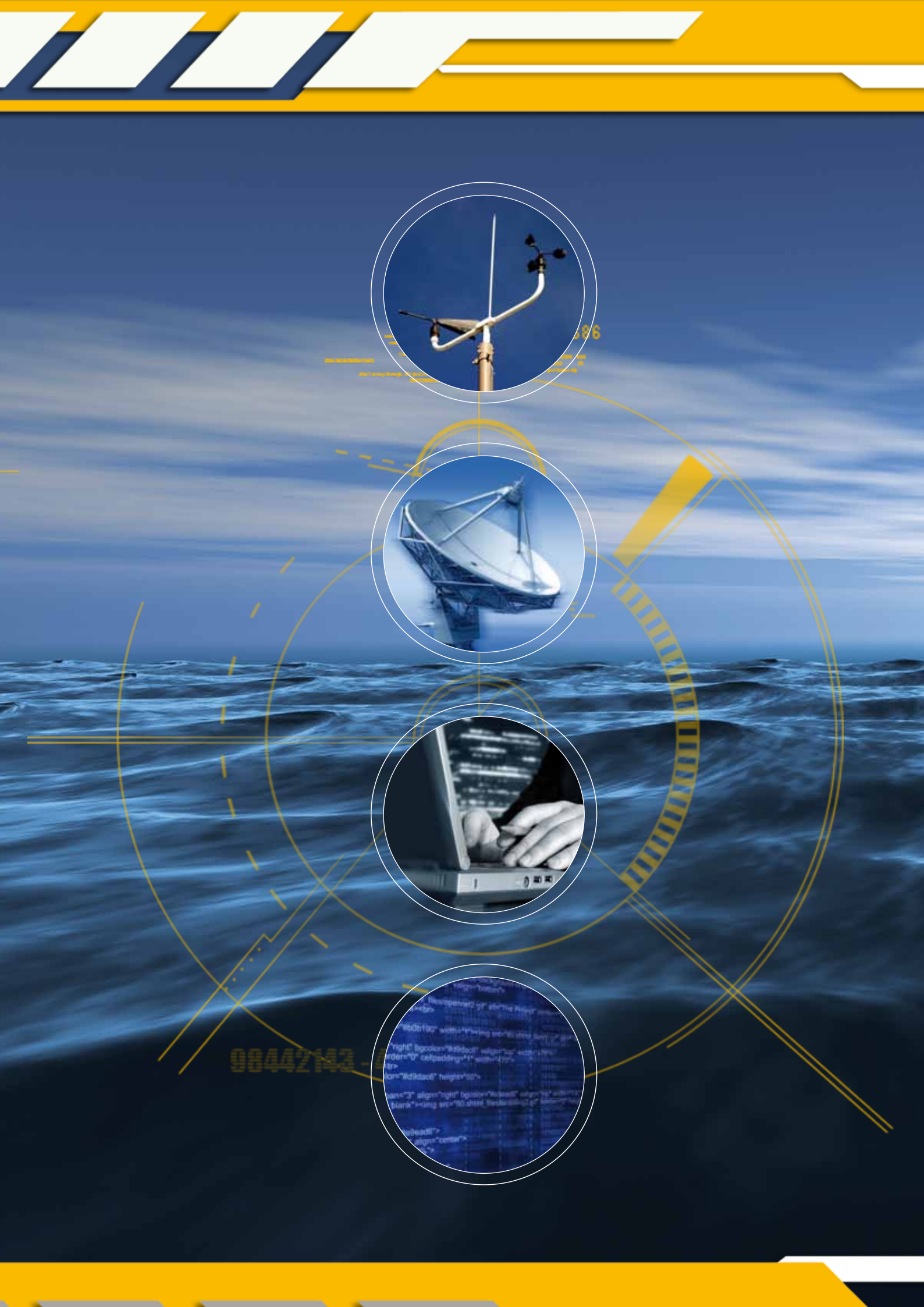
South African Weather Service

1860 - 2010: 150 years of service to South Africans



annual report 2009/10



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FROM THE MINISTER OF WATER AND ENVIRONMENTAL AFFAIRS

I am privileged to be associated with the achievements of financial year 2009/10. It is now a whole year that I have been working with the South African Weather Service (SAWS) as Minister of Water and Environmental Affairs. This comes at a time when climate change and all its underlying negative effects brought about some of the most challenging national and global issues of the 21st century. Furthermore, meteorological information and products are becoming increasingly crucial and relevant to socio-economic development.

I am pleased to note that commendable progress was made in pursuit of the 2009/10 SAWS strategic and business plans. I also take cognisance of the efforts made towards putting SAWS at the forefront of addressing and responding to climate change as a priority for South Africa and, of course, the world.

South Africa, like most African countries, is being challenged in combating and adapting to climate change and variability. The frequency of severe weather events continued to impact on the country's economy and the livelihood of its people. Several provinces, such as KwaZulu-Natal and Gauteng, experienced flash floods. This severely challenged government with regard to its preparedness to respond to such events in an effort to safeguard lives and properties. My Department, in conjunction with SAWS, launched the National Weather Radar Network to the value of R240 million which, due to its sensitivity, will play a major role in facing up to these challenges.

An institution like SAWS plays a vital role in providing scientific baseline information necessary for climate change policy formulation. The most important issue to consider in our strategies, will be to demystify the climate change phenomenon in our communities.

SAWS responded to the increased frequency of large-scale disasters. In collaboration with the Department of Cooperative Governance and Traditional Affairs and other stakeholders, SAWS made concerted efforts to proactively address the challenges characteristic to severe weather events. Such efforts include the Early Warning System and the SA Flash Flood Guidance System, which give prior warning of severe weather events and flash floods to the country's disaster management structures. To this end, there was also a major increase in assisting communities to prepare themselves to respond to such weather events in good time.

Towards the end of the financial year under review, two major projects were officially launched, namely the South African Air Quality Information System (SAAQIS) and the new National Weather Radar Network. The products and applications of these systems place South Africa in a better position to respond to the challenges of air quality management and severe weather events that are increasingly affecting the majority of our people. They also enhanced our adaptation skills with regard to climate variability and change.

I have taken time to look at the history of meteorology in South Africa, going back as far as 1860 and the developments and achievements to date, as well as the vast extent of knowledge and experience which are amazing, but not yet fully utilised or exploited for man's benefit. I am delighted that

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SAWS is emphasising this milestone in our history and is celebrating 150 years of service to South Africans. This will result in much attention, as well as an improved understanding of the value of meteorology amongst our people.

The past year was very exciting, an eye-opener and most fulfilling, and I acknowledge that all the achievements were only made possible by the good working relationship I have with my staff members. I would therefore be failing if I did not extend words of gratitude and appreciation to my colleague, Deputy Minister Rejoice Mabudafhasi, for her support, commitment and dedication in ensuring that we deliver on our mandate; the Parliamentary Portfolio Committee for their oversight role; the SAWS Board for its sterling leadership; and SAWS Management and staff for their efforts and a job well done. I thank you.

Ms Buyelwa Sonjica, MP
Minister of Water and Environmental Affairs

MESSAGE

FROM THE DEPUTY MINISTER OF WATER AND ENVIRONMENTAL AFFAIRS

I am delighted to announce that, following an extensive period of research, the South African Weather Service (SAWS) has finally completed a book on indigenous weather knowledge. The timing could not have been more perfect, as SAWS is celebrating 150 years of organised meteorology in South Africa, with the theme, 150 years of service to South Africans.

For quite some time, there has been a lack amongst communities in understanding the scientific atmospheric sciences – especially in view of the indigenous knowledge that they collected over the years. The wealth of climate information that SAWS has, dating back to 1860, combined with indigenous weather information, can be utilised by Government in all spheres, as well as by communities, to develop an improved understanding of the climate and weather systems in various parts of the country. This, in turn, will facilitate planning, decision-making and risk management.

The number and frequency of severe weather events have increased in recent years and this trend is likely to continue in future. Seasonal changes, rainfall patterns, temperatures and wind patterns have become part of South Africa's climatic landscape. These changes inevitably have an impact on local communities. Prior knowledge of approaching weather and climate patterns will facilitate improved planning and adaptation to these changes.

SAWS plays a vital role in adapting to climate change. This is reflected in its leadership role in the Severe Weather Forecast Demonstration Project, which extends to all South African Development Community (SADC) countries. This role is strengthened by the fact that SAWS is taking the lead in the Meteorological Association of Southern Africa (MASA), where it is has been assigned the role of Chairperson, Member of Board, as well as running the Secretariat. Both the country and the SADC region are entrusting South Africa with a leading role in the development of infrastructure. This includes an observation network to enhance weather observation in South Africa itself, as well as in neighbouring countries; capacity-building and the application of weather products to the benefit of a number of sectors and society as a whole.

Furthermore, SAWS enhanced its focus on corporate social investment which, amongst others, has seen the introduction of programmes driven by women, in an effort to reach out to surrounding communities in need – especially those exposed to harsh weather conditions. Other projects focused on the youth, including donating weather instuments to schools, so as to stimulate learners' interest in the atmospheric sciences, as well as enhancing their knowledge and understanding of weather patterns. One particular project that I am proud to be associated with is our annual support of the Fognet Project, in collaboration with the University of Pretoria and the Tshanowa School in the Vhembe District in Venda.

The other equally benefiting project to be proud of, is the Highbury Community Project in Mthatha. This community has been hosting our radar system for more than seven years, making sure that it is secure by providing security day and night. I would like to commend their efforts and understanding of the fact that the radar system benefits

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their livelihoods, especially in providing information that would assist them in their preparedness to deal with adverse weather conditions.

I would like to extend words of gratitude to the SAWS Board for its leadership, as well as to SAWS Management and staff for ensuring that the organisation continues to render a service characterised by excellence.

Ms Rejoice Mabudafhasi, MP
Deputy Minister: Water and Environmental Affairs

REVIEW BY THE CHAIRPERSON OF THE BOARD

It is worth noting that, during the year under review, Management and staff of the South African Weather Service (SAWS) made a tremendous effort and excelled in ensuring that there was no deviation from its vision to be an organisation that provides superior and relevant meteorological products and services, while contributing to sustainable development both in South Africa and beyond the country's borders.

The continuous financial constraints once again proved to be a challenge, but did not cripple the excellent service delivery. The strong technical and leadership capabilities of SAWS have ensured full implementation of the SAWS Business Plan – despite limited financial and human resources.

With regard to corporate governance, SAWS yet again enhanced the processes necessary for efficient and effective internal control systems, in executing its duties. And yet again an unqualified audit report has been presented by the Auditor-General for the year under review. This is yet another indicator that good corporate governance is becoming increasingly stronger in our organisation.

The Board is proud to be associated with the excellent performance of the organisation in 2009/10. There were a number of products launched during the financial year under review, which have a huge impact on the safety and welfare of South Africans. These projects include:

- The Flash Flood Guidance System. In light of the fact that flash floods constitute a major challenge facing Southern Africa, SAWS agreed to incorporate the envisaged satellite-based Southern African Regional Flash Flood Guidance (SARFFG) Project as part of its World Meteorological Organisation (WMO) role as a Regional Specialised Meteorological Centre (referred to as RSMC-Pretoria).
- SAWS launched the South African Air Quality Information System (SAAQIS) in collaboration with the Department of Environmental Affairs. SAAQIS provides the public with easy access to all relevant information pertaining to air quality in South Africa. The system provides various stakeholders with a variety of useful, on-line applications, so as to support effective and efficient air quality management. This process will ensure a well-maintained national air quality data base, while efforts are made to establish an air quality modelling and forecasting system.
- The launch of the radar network, which will see a total of 14 weather radar systems across South Africa by 2011, was another highlight. In 2009, three fixed Doppler S-Band radar systems were commissioned at Irene, Bethlehem and Mthatha, as well as two mobile aviation radar systems for the OR Tambo and Cape Town International airports.

The 2009 Report on the SAWS Stakeholder Perception Survey also confirmed the quality of the comprehensive products and services on offer to a variety of sectors, as well as the public while highlighting areas for improvement. This valuable feedback from stakeholders provides SAWS with an opportunity to enhance its services, while ensuring these are meaningful and relevant to both the economy and society.

SAWS' position statement on climate change was developed in line with the identified broad areas of

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research interest, dealing with adaptation and mitigation. SAWS plays a significant leading role with regard to many aspects of climate change and variability. SAWS contributes to climate change mitigation via, for example, the Atmospheric Global Watch Station that monitors trace gases and greenhouse gases, as well as via the South African Air Quality Information System. In addition, the organisation participates in the South African Wind Atlas Project. SAWS also places a strong emphasis on adaptation in response to climate change and variability impact, and a key contribution is made via its repositories of data and information pertaining to climate and weather phenomena.

Celebrating 150 years of weather service to South Africans in 2010 is very exciting! This is indeed a way for the organisation to showcase its competence, high calibre human resources and technology, as well as how it succeeded in contributing towards minimising fatal events caused by adverse weather conditions, and safeguarding of property.

I take this opportunity to thank the Minister of Water and Environmental Affairs, Ms Buyelwa Sonjica, the Deputy Minister, Ms Rejoice Mabudafhasi, the Director General, Ms Nosipho Jezile, as well as officials from the Department of Water and Environmental Affairs for their continued support throughout the year.

Members of the Board have ensured that a culture of corporate governance was entrenched within the organisation and have not wavered in their commitment to ensure that SAWS succeeds.

Lastly, my appreciation also goes to the CEO, Dr Linda Makuleni, as well as to Management and staff members for their collective efforts towards the implementation of the Business Plan, and ensuring that excellent results were achieved.

Ms Khungeka Njobe
Chairperson: SAWS Board

OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

This year marks my third year in office as Chief Executive Officer of SAWS. However, my first association with the organisation dates as far back as 2005. I am humbly grateful to be able to report the tremendous inroads made during this period. Especially the advance in technology that we are celebrating as our theme for period 3 under review. Over the past 150 years, SAWS built up a reputation as a trusted provider of weather and climate information, as well as being the custodian of the country's climatic data. The organisation established a vast technological network and its day-to-day tasks are supported by 24 weather offices situated around the country.

During the three years under my leadership, there were major improvements and innovations in the observation network. Our network comprises 24 functional weather offices country-wide, as well as the islands. We have a wide range of data gathering points, which includes 179 automatic weather stations, 1 351 rainfall stations, 14 radar systems, 21 lightning detection systems and 35 climate stations. The data we receive from these sources is collated and forecasters, with the assistance of researchers, then develop accurate forecasts.

Currently our monitoring systems are as ready and well prepared as they could be. In this regard we need to thank government who has always ensured that we have what we need to develop our infrastructure and build our capabilities to allow us to operate optimally. A good example of this is the R240 million that the National Treasury placed at our disposal during the past few years, which enabled us to upgrade our radar system network. Without this type of commitment from government it would be difficult for us to deliver an effective service.

With the infrastructure and technology at our disposal, we managed to justify the relevance of our existence and business operations to various sectors in the country and even beyond our borders. In the year under review, we managed to develop and enhance our comprehensive product suite and services so as to deliver an excellent and relevant service to our clients and stakeholders. Our strategic programmes included the need to address climate change and variability issues.

In order to **ensure the continued relevance of meteorological products and services in compliance with the applicable regulatory framework**, we have succeeded in paying attention to the following areas:

- Safety of life at sea via marine forecasting services.
- SAWS' obligations towards the International Civil Aviation Organisation (ICAO) by providing aviation forecasting services aimed at aviation safety.
- The establishment of a Meteorological (MET) Authority as per SAWS Act and ICAO requirements.
- As the authoritative voice and custodian of weather and climate information in South Africa, SAWS played an crucial role prior to and during the Confederation Cup Games in June 2009.
- The provision of fire index warnings as per Chapter 3 of the National Veld and Forest Fire Act.
- The development of the Hydro-Estimator and a Combined Instability Index. The Hydro-Estimator is a product that was developed to estimate precipitation by utilising satellite technology. The Combined Instability Index estimates the areas of convective development ahead of time, thus giving operational forecasters a lead time in forecasting severe weather conditions.
- Recognition of SAWS as a World Meteorological Organisation (WMO) Global Producing Centre for

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Long-range Forecasts and the routine production of these forecasts by SAWS.

- In 2009, SAWS commissioned the first three new S-band Radar Systems to replace existing radar systems at OR Tambo, in Irene and at Mthatha.
- SAWS and DEA launched the South African Air Quality Information System (SAAQIS). This system will ensure a well maintained national air quality data base, and plans are in place to establish an air quality modelling and forecasting system. The establishment of this data base is essential in ensuring that we are able to monitor the quality of our air and have an early warning system in place that will allow us to determine the extent of compliance with ambient air quality scales.
- In light of the fact that flash floods constitute a major challenge facing Southern Africa, SAWS has agreed to incorporate the envisaged satellite-based Southern Africa Regional Flash Flood Guidance (SARFFG) System as part of its WMO role as Regional Specialised Meteorological Centre (referred to as RSMC-Pretoria). This is a logical extension of the radar-based system being commissioned for parts of South Africa, with the additional benefit that flash flood guidance will also become available to those regions of South Africa not covered by radar.

SAWS continued to comply with international obligations, as well as taking a leadership role in the international arena. SAWS also plays an important role in assisting SADC countries with observational data. As one of two Regional Specialised Meteorological Centres for Africa, the forecasting, research and observation skills of meteorologists at SAWS are frequently used in the issuing of severe regional weather warnings, advisories or forecasts. The roll-out of the Severe Weather Forecasting Demonstration Project (SWFDP) in 16 Southern African countries is growing, and severe weather guidance products for these countries were produced daily throughout the period under review.

SAWS was furthermore assigned by the WMO to provide specialist meteorological training to meteorologists from other countries. This training is not limited to the SADC region. The SAWS Global Atmosphere Watch (GAW) station at Cape Point, which is one of 24 stations of its kind in the world, constitutes a crucial component of the global network that keeps long-term records on trace gases and greenhouse gases

in the atmosphere. The pristine location of the Cape Point GAW station (34.3S, 18.5E) enables measurements to be made in air that has passed over the vast clean Southern Ocean.

We also play an important role in the Meteorological Association of Southern Africa (MASA), which is an association of all weather services in Southern Africa. In May 2009, we formalised the structures and SAWS not only hosts the secretariat, but I have been appointed as Chairperson of MASA. At present, all role-players in MASA are working hard towards building and strengthening capacity with regard to weather services in our region.

In order to **promote beneficial and enduring relationships with key stakeholders**, SAWS continued to maintain and improve its national and international relations, especially with other national government departments, academic institutions and National Meteorological Services (NMSs), and other research institutions via the establishment of Memoranda of Understandings (MoUs). During the year under review, SAWS formalised relations with two academic institutions (the Universities of Zululand and Pretoria); one National Meteorology Service (in Iran); and two government departments and a research institute (DEA, DWA and ARC). To date we have established formal relations with 14 national and four international institutions.

Several engagements and workshops dealing with issues of climate change and disaster risk reduction were at the centre of SAWS operations. SAWS hosted round table meetings for the media and government officials on climate change, and the role of SAWS in adaptation strategies. The very first workshop on climate change, which took place on 16 and 17 March 2010, witnessed enthusiasm from various sectors, which recommended that SAWS should play the role of facilitator if the country wanted to address climate change challenges effectively.

Members of MASA

A big milestone of the year under review, is the fact that SAWS formed part of the planning team for the Presidential inauguration event on 9 May 2009. SAWS forecasters excelled in service delivery, as they provided weather information during the inauguration. Local and foreign visitors were accurately briefed on the expected possibilities of rain during the event. The information assisted with the planning of the event programme, including the flying of helicopters and purchasing of umbrellas for guests.

With regard to Corporate Social Investment (CSI) projects, SAWS established “Women in Action”, with a special focus on community outreach activities as part of the Women’s Day celebrations. For the third time in three years, SAWS sponsored the University of Pretoria’s second-year meteorology student group (14 students) to the amount of R138 000 (over three years) by way of its Fognet Project. This project is based in Vondo Village in Venda in the Vhembe District, and conducted in conjunction with the Tshanowa School. The Highbury community project has been in existence for more than seven years. The SAWS Mthatha radar system is hosted by this community and they also provide security for its infrastructure. Their passionate commitment to this project and to our relationship is heartening. It is through such efforts of communality that SAWS measures the impact of

the role it plays in the country. It is through projects like these that SAWS continues to profile its science and bring it closer to South African citizens.

SAWS participated in international meetings and workshops in fulfilling its international obligations. During the period under review, SAWS participated in 47 international engagements, providing exposure to about 64 staff members, so as to position the organisation in the international arena. These engagements included, amongst others, the sharing of information on meteorological applications that would benefit sectors such as health and aviation; and the marketing and selling of SAWS-manufactured meteorological instruments to enhance the observation and communication network in the SADC region.

SAWS took the lead in several projects as assigned by the WMO, and participated in meetings dealing with the strengthening of the WMO's strategy, as well as in programmes dealing with disaster risk reductions. The SAWS also participated in the WMO's Third World Climate Conference in Geneva, Switzerland, from 31 August to 4 September 2009. This meeting took place in the midst of multi-faceted challenges faced by the global community, and linked to climate change and variability.

With regard to corporate communications, SAWS embarked on a Stakeholder Perception Survey during the year under review. A total of 315 respondents participated in the survey. The results of the survey indicate that overall customer satisfaction stands at 84%, while the organisation's overall corporate image is excellent with a score of 82%. This testifies to the fact that SAWS is a customer-driven organisation.

International stakeholders have the most positive perception of SAWS, recognising it as a world-class organisation, which is on par with first-world National Meteorological Services. Customers were questioned on issues such as the quality of service, which scored 83%; the quality of products; image; pricing; the relevance of products and services; accuracy; timeliness; accessibility; coherence; and interpretability.

In **addressing fully the short-term viability and long-term financial sustainability of SAWS revenue and other resourcing requirements**, the recent economic recession posed a huge challenge – especially in the aviation industry, which proved to be SAWS' biggest source of additional revenue over the years. The reduction in the volume of air traffic put a strain on SAWS' aviation revenue for the year, as the cost-recovery system is based on a pre-approved tariff, irrespective of the fluctuation in the volume of air traffic.

Despite the R8 million shortfall in Aviation revenue, SAWS realised a surplus of R131.7 million compared to the deficit of the prior year (2009: R4. 2 million). The surplus includes a CAPEX Government Grant of R139.9 million previously treated as a liability but now treated as income due to the application of GRAP 23. However, if the effects of GRAP 23 are excluded the SAWS reflects a deficit of R8.1 million which is due to the 30% decrease in the value of the property in Garsfontein, as discussed in Note 6 of the Annual Financial Statement.

SAWS realised an operating surplus of R5.96 million after excluding the CAPEX Grant compared to the deficit of R2.89 million in the prior year. This is due to prudent cost cutting mechanisms, Shareholder support and an 18% increase in other commercial revenue.

In 2007, SAWS developed a "Go-to-Market Plan" and identified 20 commercial opportunities in the process. Out of those 20 opportunities, the seven that were actively pursued are the selling of auto-

matic weather stations; automatic rainfall stations; lightning data; mobile phone applications; climate data; geo-specific web portals; and public web advertising. To date, commercial sales have grown from R7.3 million in 2007/08, to R10.7 million in 2008/09 and R12.7 million in 2009/10.

While the organisation is celebrating 150 years of providing meteorological services, the majority of which formed part of SAWS' public good mandate, there is a sense of comfort in the fact that penetrating the commercial market is not an insurmountable obstacle. Through our individual commercial initiatives and the experience of our commercial partners, we have learnt that, although weather information is crucial for decision-making and planning, SAWS needs to educate potential customers on the difference between public good and commercial services. As we change the mindset of potential customers, SAWS is inculcating a commercial-centric culture, while pursuing new opportunities and enhancing existing ones.

Asset management remained another crucial activity for the organisation. Total assets increased by 50% from R239 million to R358 million year-on-year. A total of R137 million was spent on the replacement of old radar systems, funded by a government grant of R240 million, earmarked for the Radar Recapitalisation Project, which is to be completed over a period of three years, and ending in 2010/11.

SAWS monetised some of its inventory, hence the decrease from R8,455 million to R6,909 million year-on-year, which was mostly due to the increase in the sales of Automatic Weather Stations (AWSs) and Automatic Rainfall Stations (ARSs). Cash and cash equivalents increased by 23% from R68 million to R84 million, which could be attributed to prudent liquidity management and compliance with the reporting requirements to the National Treasury in respect of the Radar Recapitalisation Project's recapitalisation funds.

In **ensuring business integration and the organisational effectiveness of SAWS**, the concept of Total Quality Management (TQM) was introduced in 2007. Progress to date is satisfactory, as the organisation's top management committed to the principles, strategy and activities of TQM, which were duly communicated to staff members through awareness and training.

Achievements since its introduction include the development of a quality management policy and its integration into strategic and business plans; the integration of a Quality Management System into SAWS business via a document management system; the enterprise view of the organisation; a review of policies and processes; and the documentation thereof. The organisation adopted the concept of the establishment of cross-functional teams, which assisted in closing structural gaps while optimising the potential of available staff members.

In **creating adequate human capital capacity with a view to SAWS' performance**, the organisation developed various initiatives to ensure that there was adequate human capital capacity to improve SAWS' performance. Human capital development and training were central to this initiative. These initiatives were implemented to ensure that efforts to create capacity were both rewarding employees and the organisation in a variety of ways, which could result in the generation of required capacity for future needs.

It is with this objective in mind that identified core, critical and scarce skills were transferred via formal skills transfer programmes, which afforded less experienced employees an opportunity to acquire those critical skills. This was an investment that the organisation needed in order to realise the gains of the existence of a broader base of experienced employees. Concerted efforts were made to ensure the accessibility by employees from a disadvantaged background to the core and critical

areas of operation, like science, research and information technology. This was realised by means of recruitment and selection practices, bursary and internship allocations, and the relationships we forged with identified historically black universities.

The SAWS and UniZulu team at the signing of the SAWS/UniZulu MoU

In order to **promote beneficial and enduring relationships with key stakeholders**, SAWS continued to maintain and endeavoured to improve its relations with institutions of higher learning, by formally strengthening its collaborative ties with the signing of MoUs with the University of Zululand – a previously disadvantaged institution of higher learning – and the University of Pretoria.

Dr. Linda Makuleni (left) and Prof. Cheryl de la Rey (right) sign the MoU on 26 March 2010

During the year under review, one of the critical success factors proved to be the way in which SAWS responded to the need for the sourcing of a pool of critical skills. In this regard, 90 mentors and 125 understudies were identified and the transfer of scarce and critical skills was underway and was continuously monitored by Human Capital Development. This constitutes an integrated operation, where there was a transfer of skills while, at the same time, creating a succession pool.

The SAWS Bursary Programme is the nexus between its skills development activities. The programme is one of the interventions aimed at bridging the scarce and critical skills gap in the organisation. And, in so doing, SAWS identified key strategic areas in which to award bursaries, in order to address scarce and critical skills needs that are aligned to the organisation's strategic objectives and mandate.

During the year under review, SAWS continued to implement its Internship Programme for new graduates, by recruiting ten interns who required experiential training. This was done in response to the shortage of skills and unemployment in the country. The Internship Programme serves to enhance the skills and knowledge of qualified trainees in their specific field, via participation in a structured training programme.

Employees were trained in various identified disciplines, such as Linux, X-Band and S-Band Radar, TQM, handling media interviews, the Public Finance Management Act, and asset management. This was indicative of the value that the organisation attaches to continuous skills development, so that the right skills would be readily available to enhance SAWS' performance. In addition, the Management Committee (MANCO), unit managers and union members were trained in the new Performance Management System, which is to be implemented in the new financial year.

Skills profiles were developed for forecasters and researchers, in order to identify the skills required for specific positions, by using the skills matrix in which details of all compulsory technical training and optional training were captured. The matrix will list all positions per department, accompanied by relevant information regarding compliance with training requirements for all positions.

During December 2009, the first Employee Recognition Awards ceremony was held as part of the SAWS Employee Recognition Programme, which was designed to provide the means to recognise and reward individuals and groups for excellence in support of the SAWS mission, goals and values. Recognising and reinforcing the achievements and contributions of employees provide numerous benefits to the organisation, including:

- contributing to a positive, supportive, improvement-aimed working environment;
- communicating the mission, goals and values of the organisation;
- demonstrating that initiative, creativity, success and excellence are important; and
- creating role models, as well as the opportunity to affirm a sense of community and shared purpose.

SAWS built relations with partner universities to provide up-to-date meteorological training for a range of scientific staff members, from weather observers and forecasters to researchers. The establishment of a WMO Regional Training Centre (RTC) in Pretoria, would assist in building capacity of meteorological staff in the region, It also augurs well for plans pertaining to regional meteorological infrastructure development, as well as other initiatives, aimed at dealing with the advent of climate change. It is for these reasons that SAWS would like to establish an RTC. Nominations from Swaziland and Mozambique were sent to the WMO by the respective countries. A letter from SAWS was sent to the WMO, requesting accreditation. Secretariat representatives from the WMO would be visiting SAWS during the next financial year.

It is important to note that employees remain our most important stakeholders, as they continue to play the role of ambassadors of the organisation. The success of SAWS will hinge on the commitment and skills of its people. The objective remains to strengthen the organisation's skills base as well as the retention of skills. Over the years, the development of an Attraction and Retention Strategy had the desired effect of stabilising turnover figures in this area to such an extent that in 2009/10, this figure stood at 6.23%, which was indeed a rewarding achievement.

As part of the Human Capital Development Programme, we continued to focus on capacity development. SAWS is the key institution when it comes to providing training in meteorology. Therefore, the onus is on us to ensure the future sustainability of this specialised sector. Year-on-year, we train approximately 40 students via our bursary scheme, so as to ensure that the sector is afforded the required human capacity in both the short and the long-term. SAWS implemented an Employee Wellness Programme for its staff members, after realising that an average employee spends almost a third of his or her life in the workplace. The programme's major purpose is to encourage and support employees in improving and maintaining their health and wellness, resulting in enhanced productivity and self-esteem.

SAWS hosted a wellness/health day and invited health professionals to conduct various tests on employees, focusing on, amongst others, blood pressure, cholesterol levels, sugar levels, eye tests, etc. The results of the tests were confidentially shared with employees. Professional assistance desks for various ailments were available to employees, to

provide them with professional advice, so as to ensure that they lead a healthy lifestyle.

In a quest to promote team spirit and encourage our employees to take part in workout programmes, SAWS participated in a "702 Walk the Talk" event. The "Walk the Talk" offered 5km, 8km, 15km and 30km distances from which people could choose. Apart from taking part in this event, our employees also had the opportunity to socialise with their colleagues, as well as with employees from other organisations.

Over the years SAWS has been involved in HIV/Aids campaigns, having realised the necessity of developing strategies to manage and cope with the impact and burden of this epidemic, in accordance with government's national programme of action.

SAWS is committed to providing a safe working environment and this commitment is expressed via its health and safety policies. One of the corner-stones of its Health and Safety Programme, is health and safety capacity-building. SAWS continued its commitment in this regard during the period under review, by focusing on first aid training in all of its five regional offices. The offices that were focused on during the period under review, were the Eastern and Northern Cape regions.

To this end, a total of 60 employees successfully completed their first aid training and, by so doing, ensured that each office has adequate numbers of competent staff members who could provide assistance with injuries or in emergencies.

SAWS continued to improve its efforts in ensuring that a culture of health and safety was deeply entrenched throughout the organisation. In this regard, a total of 440 health and safety posters were distributed to various offices, which served to inculcate a culture of safety, enhance awareness and contribute to the education of all the key health and safety stakeholders in our places of work.

The Health and Safety Committee continued with its obligation to constantly evaluate our places of work and making a positive contribution in ensuring that these were kept safe and hygienic for the benefit of employees. Two support visits were undertaken to Bethlehem and Polokwane, with the objective of assisting ailing offices where health and safety management challenges still existed.

The above efforts were motivated by SAWS' intention to fully align its Health and Safety Programme with the OHSAS 18001 management standards.

I would like to express my warm appreciation towards the SAWS staff and Management for their tireless commitment throughout the year. We survived all the adverse weather conditions and enjoyed all the sunny days. The support from the Shareholder and the Board would not go unnoticed, for the ship was steered in the right direction. The roaring forties and screaming sixties were nothing but a learning experience. Let us all continue to serve South Africans for the next 150 years.

Dr Linda Makuleni
Chief Executive Officer

Vision

To be the foremost provider of relevant services in respect of weather, climate and related products, which contribute to sustainable development in South Africa and on the African Continent.

Mission

We, in line with our quality policy statement, provide useful and innovative weather, climate and related products and services to all South Africans and the African Continent, by:

- enhancing observational data and communication networks;
- effectively developing and managing talent;
- enhancing collaborative partnerships and effectively disseminating weather products to users;
- utilising cutting-edge technology to convert data into meaningful products and services for risk mitigation;
- advancing the science of meteorology, research and relevant applications; and
- enhancing fiscal discipline and optimal resource mobilisation to ensure sustainability, so as to promote informed decision-making and contribute to the safeguarding of life and property.

Values

SAWS' Mission will be realised through visionary leadership and competent staff, who embody SAWS' Total Quality Management principles, specifically:

- Professionalism: Pride in service, passion, discipline, and being customer-orientated.
- Integrity and honesty: Trust and ethics – do what you say you will do.
- Respect: Appreciating diversity, listening to and hearing others, welcoming alternative points of view.
- Recognition of excellence: Do it right the first time, cutting edge, best in class, outside the box, reward those who do, differentiate performance, meritocracy.
- Teamwork and partnership: Proactive, interventionist, involved, integration, working together towards a common vision.
- Accountability: Transparency, value for money, respect the right to recourse.

Quality Policy Statement

In pursuing the achievement of our primary aim, and in meeting and exceeding client requirements and expectations, we commit ourselves to the establishment and maintenance of a Quality Management System that will be our guarantee to all our clients by:

- setting quality objectives that will improve processes that yield products and services;
- improving our existing products and services;
- improving our operational efficiency and effectiveness through careful planning and standardisation of all our processes;
- recognising and responding to client requirements;
- providing resources needed for implementing and supporting continuous improvement; and
- reviewing our Quality Management Policy and our Quality Policy Statement.

We are committed to quality, and quality is the commitment we give to all our clients and stakeholders.

BOARD MEMBERS

SOUTH AFRICAN WEATHER SERVICE

Ms. Khungeka Njobe
Chairperson

Dr. Linda Makuleni
Chief Executive Officer

Rev. Lulamile Mbete

Ms. Medi Mokuena

Mr. Welcome Msomi

Mr. Lance Williams

Prof. Lindisizwe Magi

Mr. Siyabonga Makhaye

Ms. Joanne Yawitch

Prof. Harald Winkler

Dr. Thembakazi Mali

EXECUTIVE MANAGEMENT

SOUTH AFRICAN WEATHER SERVICE

Dr. Linda Makuleni
Chief Executive Officer

Mr. Gerhard Schulze
General Manager: Executive Projects

Ms. Modjadji Makoela
General Manager: Corporate Affairs

Mr. Lindani Gcwensa
General Manager: Human Capital Management

Mr. Mnikeli Ndabambi
Acting General Manager: Operations

Mr. Slingsby Mda
Chief Financial Officer

SENIOR MANAGEMENT

SOUTH AFRICAN WEATHER SERVICE

Ms. Zandile Nene
Company Secretary

Mr. Mnikeli Ndabambi
Senior Manager: Forecasting

Ms. Sihle Mashabane
Senior Manager:
Supply Chain Management

Dr. Deon Terblanche
Senior Manager: Research

Ms. Gaborekwe Khambule
Senior Manager: Aviation

Prof. Themba Dube
Senior Manager: Climate Services

Mr. Nish Devanunthan
Senior Manager: Technical Services

Mr. Lulama Gumenge
Senior Manager: Finance

Mr. Mbuyiselo Xhamvu
Senior Manager:
Occupational Health and Safety

SENIOR MANAGEMENT

SOUTH AFRICAN WEATHER SERVICE

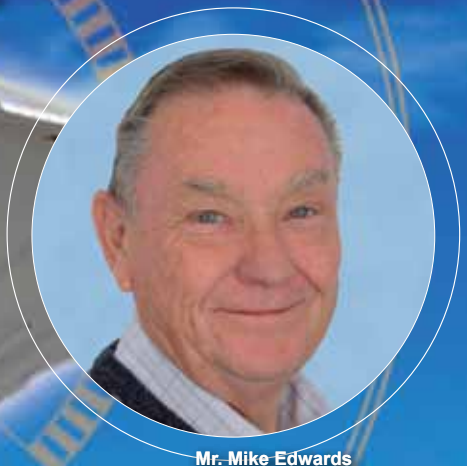
Mr. Daniel Letsoalo
Legal Manager

Ms. Munyadziwa Rabambi
Senior Manager: Stakeholder Management and Public Relations

Mr. Mark Majodina
Senior Manager: International Relations

Mr. Thabiso Dekeda
Senior Manager: Employee Relations

Ms. Trish Persad
Senior Manager:
Human Capital Development



Mr. Mike Edwards
Special Adviser

PERFORMANCE AGAINST TARGETS

SOUTH AFRICAN WEATHER SERVICE




STRATEGIC GOAL 1: Ensure continued relevance of meteorological products and services in compliance with applicable regulatory framework

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORMANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
Compliance with all applicable national and international regulatory frameworks	Good corporate governance	Review Framework of Accountability Implementation of the compliance schedule Strengthen and manage internal controls	Ensure compliance with legislation	Unqualified audit report	Unqualified report	Unqualified report	**Achieved**
			Submission of financial information and reports by deadlines set by DEA/AG/ NT/PFMA and others	Compliance report	100% compliance	100% compliance	**Achieved**
			Development and implementation of a 3-year internal audit plan	Control rating Reduced number of findings	Rating: good Significant findings as per internal audit report	Internal control rating: good Significant findings reduced by 50%	**Achieved**
			Management of overall business and financial risks	Risk plan	Risk assessment	Completed risk plan approved	**Achieved**
		Implementation of compliance schedule	Implement latest ICAO regulations	Compliance audit to aeronautical services	2008 audit report: no significant findings	75% corrective actions implemented	**Achieved:** All audit corrective plans implemented Eight out of 10 international airports almost 100% ICAO compliant – more than 75%
			Implement safety of life at sea (SOLAS)	Progress on project as captured in the report on compliance with METAREA-VII obligations	Marine report included in annual forecasting activity report	50% of significant findings reduced (provided that audits are conducted)	**Achieved:** No audit findings, SOLAS forecast issued daily: 100%
			Compile aeronautical climate summaries	Aeronautical climate summary for one additional airport	Six summary reports	Two additional (Polokwane and Mafikeng) climate summary reports (8 in total)	**50% achieved:** Polokwane summary report completed, Mafikeng is half-complete due to capacity challenges

PART 1

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORMANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
Compliance with all applicable national and international regulatory frameworks	Good corporate governance	Exercise the oversight role	Update aeronautical information publication (AIP)	Quarterly updates review submitted to SACAA	AIP as published in 2008	Updated AIP report for 2009	**Achieved:** AIPs were updated in Q1 but will only be published in May 2010 by CAA
			Conduct audit of key airports	All key airports audited and reports submitted to SACAA	Established MET Authority	All key airports (20) inspected twice a year and annual report submitted to SACAA and DOT	**Achieved:** All 20 airports were inspected in accordance with the schedule and reports submitted to CAA 2008/09 Annual Report submitted to SACAA
Effectively address climate change and variability	Enhanced severe weather predictability	Very short-range and nowcasting research	Develop and test a nowcasting tool for Southern Africa (satellite and NWP- based)	Number of nowcasting tools developed and ready for testing	Nowcasting Project Plan	One new nowcasting tool developed and tested	**Achieved:** Two nowcasting tools and one RGB developed
			Capacity-building workshop on Doppler radar applications	Number of forecasters trained in Doppler radar applications	Nil	Seven forecasters trained	**Not achieved:** Training re-scheduled for the next financial year.
		Short and medium-range forecasting research: NWP systems	Develop a 7-day probabilistic temperature forecast system for SA	Seven-day probabilistic temperature forecast system	Only deterministic temperature forecast products available	Probabilistic temperature forecast system developed and ready for testing by 2010	**Achieved:** Probabilistic temperature forecast system development on track and tests already performed at selected stations in the country

STRATEGIC GOAL 1: Ensure continued relevance of meteorological products and services in compliance with applicable regulatory framework (continued)

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORMANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
	Improved decision- making and planning in key socio-economic sectors	Develop and improve long-range forecasts (LRF) products for decision-making	Determine LRF product needs	Research products identified as determined via the needs analysis	Multi-model long-range forecasting system for temperature and rainfall	Needs analysis completed	**Achieved:** Needs analysis completed in Q2 1. Produce categorised rainfall maps for ENSO and neutral seasons 2. ECHAM4.5-MOM3 implemented on CHPC cluster and test results obtained 3. ECHAM4.5 AGCM configured as coarse-resolution weather model Above products expanded to include the SADC region in addressing AMESD project needs (proof is in the Project Plan) Recommendations from the Climate Change Workshop of 16 & 17 March 2010
			Develop and provide products as per requirement of Global Producing Centre (GPC)	Progress on project as captured in the report on compliance with GPC obligations	Request for GPC submitted	Internal audit report completed, showing 75% compliance	SAWS is 100% compliant with WMO-GPC requirements
	To reduce weather-related mortality and damage to property via the development of forecasting tools	Development of weather-related disaster risk applications	Develop South African Flash Flood Warning System	Completion status as captured in quarterly progress reports as per Project Plan	Disaster Management Plan in place	First implementation phase by Q4	**Achieved:** System development by HRC completed and running live on real-time data stream from SAWS Two forecasters undergoing 8 weeks of training at HRC to be completed in April 2010 Training in SAWS severe weather warnings provided to disaster management practitioners

PART 1

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORMANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
Effectively address climate change and variability	To reduce weather-related mortality and damage to property via the development of forecasting tools	Development of weather-related disaster risk applications	Roll-out of Severe Weather Demonstration Project (SWFDP) to all 15 participating Southern African counties	Provision of products for all Southern African countries via the RSMC web page	Severe weather forecasting demonstration products are made available to 5 countries	100 % availability of severe weather products on the RSMC web page	**Achieved:** Daily guidance is provided by NFC for all 16 countries – 100% available
			Review and implement the early warning system	Operational early warning system implemented	Current national early warning system in place	Implement reviewed early warning system by Q1	**Achieved:** Early Warning System reviewed A new programme was developed for roll-out to be carried out during 2010
	Air quality (AQ) related health risk management information	AQ modelling and forecasting research	Implementation of AQ modelling system	Completion status as captured in the progress report on the implementation of the operational AQ model plan	AQ modelling and forecasting plan	10% completion of the project in accordance with the Project Plan	**Not achieved:** 8% completion of the project achieved due to loss of key staff SAWS investigates a more simple modelling system for the next financial year
	AQ Information System	AQ information service (Enterprise View - EV)	Host and operate SAAQIS data base and web service	SAAQIS data base and web service	SAAQIS Plan	Operational SAAQIS data base and web service	**Achieved:** SAAQIS data base and web services are operational DEA and SAWS launched an operational SAAQIS data base on 23/03/2010
	Understanding the atmospheric process to shape adaptation and mitigation policy	GAW Programme for atmospheric measurements for the detection of climate change signals	Monitoring of trace gases and greenhouse gases	Percentage availability of monitored trace gases	Established GAW Cape Point Station and regional monitoring and research programme	90% availability of monitored trace gases as archived long-term data sets at World Data Centre in accordance with world standards	**Achieved**

STRATEGIC GOAL 1: Ensure continued relevance of meteorological products and services in compliance with applicable regulatory framework (continued)

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORM-ANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
Develop and implement a comprehen-sive product/ service programme	Effective service delivery and product suite	Product packaging and application development (enterprise view – EV)	Develop and maintain SAWS products via technology	Additional products developed	Three cur-rent products made avail-able via the web	Two ad-ditional prod-ucts/services developed	**Achieved:** A new product was developed with the assistance of an intern scientist in Research, viz. a Lightning Ground Flash Density Map. Maps were created for 2006, 2007, 2008, 2009 & 2006-2009 Day storms statistics were cal-culated at request of BFF-WIS Extraction point data for meteo-gram was developed at request of BFF-WIS Modified ingest from the UNA to the UMH model data for Trivis and meteograms was developed
		Forecasting and Warning Service (EV)	Conduct sur-vey on user accuracy perception	Customer satisfaction results	Nil Stake-holder Sur-vey results Forecast verification	User survey used to set targets, based on the study	**Not achieved** An online survey, co-ordinated by WIS / FutureForesight, was indeed conducted within the new SAWS website (4000+ respondents) There may well be a subset of results therein that could inform questions surrounding customer perceptions and/ or satisfaction with SAWS Forecast products and delivery thereof Looking ahead to the future, the collection and tracking of customer satisfaction data is an implicit requirement of ISO9001, so the provision of such information, via surveys or otherwise, will remain a rel-evant deliverable henceforth
			Disseminate daily forecast products as per schedule	Availability on time	Forecasts available as per schedule (99%)	Forecast availability as per schedule (99%)	**99.2% achieved**
			Forecast temperature within 2 degrees of the observed value for 10 sample sta-tions	Forecast ac-curacy	Temperature (65%)	Temperature (67%)	**Achieved:** 24-hour maximum temperature forecast within 2 degrees: 76.3% 24-hour minimum temperature forecast within 2 degrees: 70.4 %

PART 1

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORM-ANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
		Climate data service	Real-time data quality assurance	Data availability	Data availability (95%)	Data availability (96%)	**Not achieved:** (95%) The methodology to determine data availability had to be developed and there were challenges which led to being 1% below the target
		Climate Information Service	Climate information products	Product availability records	Climate information products (95% as per schedule)	Climate information products available (96% as per schedule)	**Not achieved:** (94.7%) The decrease in the success rate is attributed to staff not being able to catch up with the backlog of Dec '09 & Jan '10 thus slowing down the chain of activities. Skeletal staff impacted by leave
		Aviation service	Develop a compliance plan for 2 additional airports Provide aviation services	Products and services introduced at 2 additional airports Aviation verification indicators	Compliance with ICAO SARPs at 7 airports	Comply at 2 additional airports (Lanseria, Mafikeng)	**Achieved:** Lanseria and Mafikeng airports are operational **Achieved:** Monthly checks on SIGMETS were done and 93.4% of SIGMETS were compliant. AIRMET: 95.0% compliance All 8 web cameras are operational
					Terminal Aerodrome Forecast (TAF) accuracy: 85% Trend accuracy: 90%	TAF accuracy: 87% Trend: 92%	**Achieved:** TAF accuracy: 89.1% False alarm: 16.3% Trend accuracy: 96.7% False alarm: 8.0%
				Aviation forecast products available as per schedule	Aerodrome warnings: 90%	Aerodrome warnings: 92%	**Achieved:** Accuracy: 92.1% False alarm: 17.0%
			Development of a Marine Business Plan	Proposed Marine Business Plan	Draft business plan	Approved Marine Business Plan	**Partially achieved:** Report was drafted but still needs to be approved
			Provide marine forecasts	Schedule report on availability	Forecasts available as per schedule (98%)	Forecasts available as per schedule (99%)	**Achieved:** SOLAS forecasts issued 100% in accordance with schedule

STRATEGIC GOAL 2: Effective management of stakeholder, partner and key client relations

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORM-ANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
		Disaster risk reduction services to vulnerable communities as defined in (Paragraph G of SAWS Act)	Develop targeted products and services as per survey results	Develop targeted products as per survey results Structured implementation plan	Current services provided not necessarily in accordance with user needs	Client survey to guide a structured implementation plan Utilise existing MoUs / arrangements to provide products / services	**Achieved:** Severe weather warnings were issued. SAFFG projects are in progress according to plan (joint project with NDMC)
		Observation, data acquisition and dissemination (EV)	Observe capture process and disseminate observational data as per schedule	Timely data availability	Radar: 75% LDN: 96% AWS (94%)	Radar (80%) LDN: 98% AWS: 95%	**Achieved:** Radar: 83.2% **Not achieved:** LDN: 94.5% however the upgrades done on the infrastructure should improve performance in the next financial year **Achieved:** Annual: AWS: 98.0%
Promote beneficial and enduring relationships with key stakeholders	Beneficial relationships with key stakeholder groups	Secure, promote and maintain beneficial relationships	Engagements with key stakeholders in government, the media and the utility industry sectors involved in this specific project	The number of joint public good initiatives	Stakeholder relations management framework in place	Two collective public good projects	**Achieved:** SAFFG in collaboration with National Disaster Management Centre Climate Change Workshop with various sectors held on 16 & 17 March 2010
			Development of collaboration framework	The number of instances of positive coverage in the media Collaboration Framework	Stakeholder Relations Management Implementation Plan	Two solicited instances of positive coverage in media per quarter	SAWS "Women in Action Forum" – an outreach action to MASCA in Mamelodi and the Madelakufa informal settlement camp in Tembisa
					Perception and demand survey reports (completed in March 2009)	Implementation of programmes to address survey reports recommendations	Sponsorship for Fognet project with Tshanowa Primary School in Venda. Radar project with Highbury Community in Mthata Golf day proceeds donation to 2 organisations in the Western Cape: the Olive Foundation, an NGO in Khayelitsha, operating in the health sector, and the Erub Children's Choir

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORM-ANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
							Achieved: Eight TV appearances, 19 radio interviews and 89 instances of print coverage
							Achieved: Survey report incorporated in the Strategic, Business and Operational Plans
		Dedicated flagship awareness initiatives	Awareness-raising campaign programmes targeted at de-mographically marginalised communities and the media	Ten DMCs in 4 provinces, showing posi-tive results in the use of weather information by communities	Flagship programmes and projects designed: • Early warn-ing system • Website baseline survey con-ducted on the level of awareness joint project plans with DMC	Three awareness & educational programmes per flagship initiative that proves to be beneficial to communities	**Achieved:** Selected as having conducted the best outreach workshops during the Grahamstown Science Festival from 24 to 30 March 2010. The workshops promoted awareness on weather information Disaster management educa-tional workshops on the South African Flash Flood Guidance System (early warning system) held in Q2 and Q3 for the 2009/2010 target Disaster Management Aware-ness Day at a squatter camp in Tembisa
		International liaison	SAWS playing a leadership role in MASA	MASA Pro-gramme of Action Negotiating position with SADC	MASA Chair and Secre-tariat	Regional col-laboration on meteorological observations, infrastructure development and resource mobilisation	**Achieved:** MASA Extra-ordinary AGM In May 2009. MASA Constitu-tion was signed by 9 SADC member countries MASA AGM III in October 2009. MASA Board was established and South Africa is the Chair MASA strategic planning meeting in February 2010 Obtained Finish funding for MASA
			Strategic positioning of SAWS on the MET Climate Agenda	Two appear-ances and presentations at internation-al meetings/ conferences	International relations framework	Positioning of SA and the re-gion in global programmes, in line with SAWS' strate-gic objectives	**Achieved:** A total number of 47 interna-tional appearances by SAWS staff members at conferences and expert meetings

STRATEGIC GOAL 2: Effective management of stakeholder, partner and key client relations (continued)

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORMANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
	Achievement of SAWS' preferred organisational culture	Implement internal and external communication interventions	Develop and implement communication plans for internal stakeholders	Understanding of business and policies	Communication Policy	70% compliance with policies	**Achieved**
				Number of reviewed research articles	Research articles	Two position papers delivered at major international conferences	**Achieved:** Four scientific papers were presented Position paper on Climate Change and Variability was developed and presented during workshops
	Ministerial support for SAWS proposals/ legislative amendments	Review of the SAWS Act	Meetings and presentations soliciting support from key decision-makers	Proposed amendments submitted to DEAT	Benchmarking completed	Submission of proposal to DEAT	**Achieved:** Proposal submitted and workshop held Bill drafted
	Achievement of SAWS' preferred organisational culture	Implement internal and external communication interventions	Develop and implement communication plans for internal stakeholders	Understanding of business and policies	Communication Policy	70% compliance with policies	**Achieved**
			Awareness and education communication programmes	Integration of activities at implementation level	Internal and external communication audit report Communication strategy in place Climate survey findings in place "Quick Wins" implemented	50% integration with regard to planning & implementation of programmes 80% clarity & understanding of strategic objectives and Business Plan implementation	**Achieved:** Integration in the planning and implementation of programmes between Operations and Support Services Activities, such as 2 workshops held in Q4, demonstrated the effort put in. Activities, such as a golf day, the launch of the radar network, and SAAQIS and planning for 150-year celebrations are also examples of demonstrated integration Several cross-functional teams: Annual Report Committee, 150-year Celebrations Committee, 2010 World Cup Committee

PART 1

STRATEGIC GOAL 3: Fully address short-term viability and long-term sustainability of SAWS revenue and other resourcing requirements

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORM-ANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
			Develop and implement an education and information communica-tion initiatives plan for exter-nal stakehold-ers	40% level of understand-ing of SAWS mandate		Two pro-grammes on corporate image-building One pro-gramme per-taining to the differentiation strategy	**Achieved:** Brand toolkit developed and brand ambassadors attended a workshop on the toolkit **Not achieved:** SABC weather presenters were branded with SAWS attire on 23 March 2010, in celebration of World MET Day Time to relate the theme and the celebration message was also afforded by the SABC Differentiation strategy guide-lines were approved by EXCO and it was suggested to draw positioning statements for each product and service as consolidated during the com-mercial workshop. EXCO also agreed that TQM be followed once endorsed
			Reputation management	Recognition as an authorita-tive voice in MET services nationally	Crisis & Reputation Manage-ment Plan	Publishing of position state-ments papers on issues of public interest	**Achieved:** Opinion pieces on El Niño developments Opinion pieces on SAWS Radar Network Twenty articles and comment pieces written to newspapers by one of the forecasters
Financial sustainability	Going concern (sustainable organisa-tion)	Collect regu-lated aviation income	Annual tariff review proc-ess	Cost recovery	R52.7 million	R58 million cost recovery	**Not achieved:** R50 million recovered (due to lower volume of flights than forecasted. Tariff for 2010/11 increase by 34% to reduce risk or likelihood of under recovery)
		Collect grant	Present MTEF request and funding model to DEAT	Increase in grant income	R124 million	R130 million	**Achieved:** R133 million grant revenue received
		Research and consulting	Obtain additional research funding	Research / donor income	R3 million	Increase fund-ing by 20%	**Not achieved:** R2 million received due to capacity issues however there is the AMESD project for long range forecasting funded by the EU scheduled for this financial year. SAWS to also re-assess an appropriate tar-get in the next financial year

STRATEGIC GOAL 4: Ensure business integration and organisational effectiveness of SAWS

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORMANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
		Collect other commercial revenue	Expand revenue opportunities Exit unprofitable accounts	Commercial income Reduction of unprofitable accounts	R8.3 million N/A	R10.7 million 30% reduction in total unprofitable accounts	**Achieved:** R12.7 million received LDN sales increased by 67% to R5.3 million. AWS and ARS increased by 125% to R3.1 million
		Effective cash management	Monthly cash flow management	Cash cover ratio	Ratio not formally applied	1:3 ratio to be maintained	**Achieved:** 1:3.44
		Effective utilisation of funds – spending of budgets	Monitor spending variance against budgets	Variance %	90% of adjusted budget	Spending at 90% of approved budget	**Achieved:** Spending is currently at 94% of budget
		Develop financial risk strategy	Identify financial risks and develop strategy	Strategy	N/A	Strategy developed and approved	**Achieved:** Financial risks identified in the top 20 organisational risks, together with mitigation strategies
Effective management of resources to ensure a positive return on investment	Maximum utilisation of resources	Develop & implement asset management framework. Government Integrated Asset Management Act (GIAMA)	Research GIAMA and develop framework	Asset management framework	Asset management policy	100% development of asset management framework	**Not achieved:** Framework not developed as more time was spent reconciling assets. Framework to be developed by end November 2010
Establish Business Integration and Organisational Effectiveness Programme	ISO certification and operational efficiency	Total Quality Management	Total Quality Management QMS audit training	 Each division and region has a dedicated, trained QMS auditor	 SAWS QMS Internal Audit Team	QMS integration Full QMS Internal Audit Team	**Achieved** **Achieved**
			Complete QMS	All documents and processes registered, captured and updated within E-QMS	SAWS enterprise view & high-level processes	QMS reviewed and initiated	**Achieved**
			QMS internal audit	Approved QMS audit report	QMS training audit	All offices and divisions audited and feedback provided	**Achieved**
			Pre-certification preparation	Activities and practices of all offices and divisions are integrated into the QMS	SAWS enterprise view & high-level processes	All offices and divisions are certification-ready	**Achieved**

PART 1

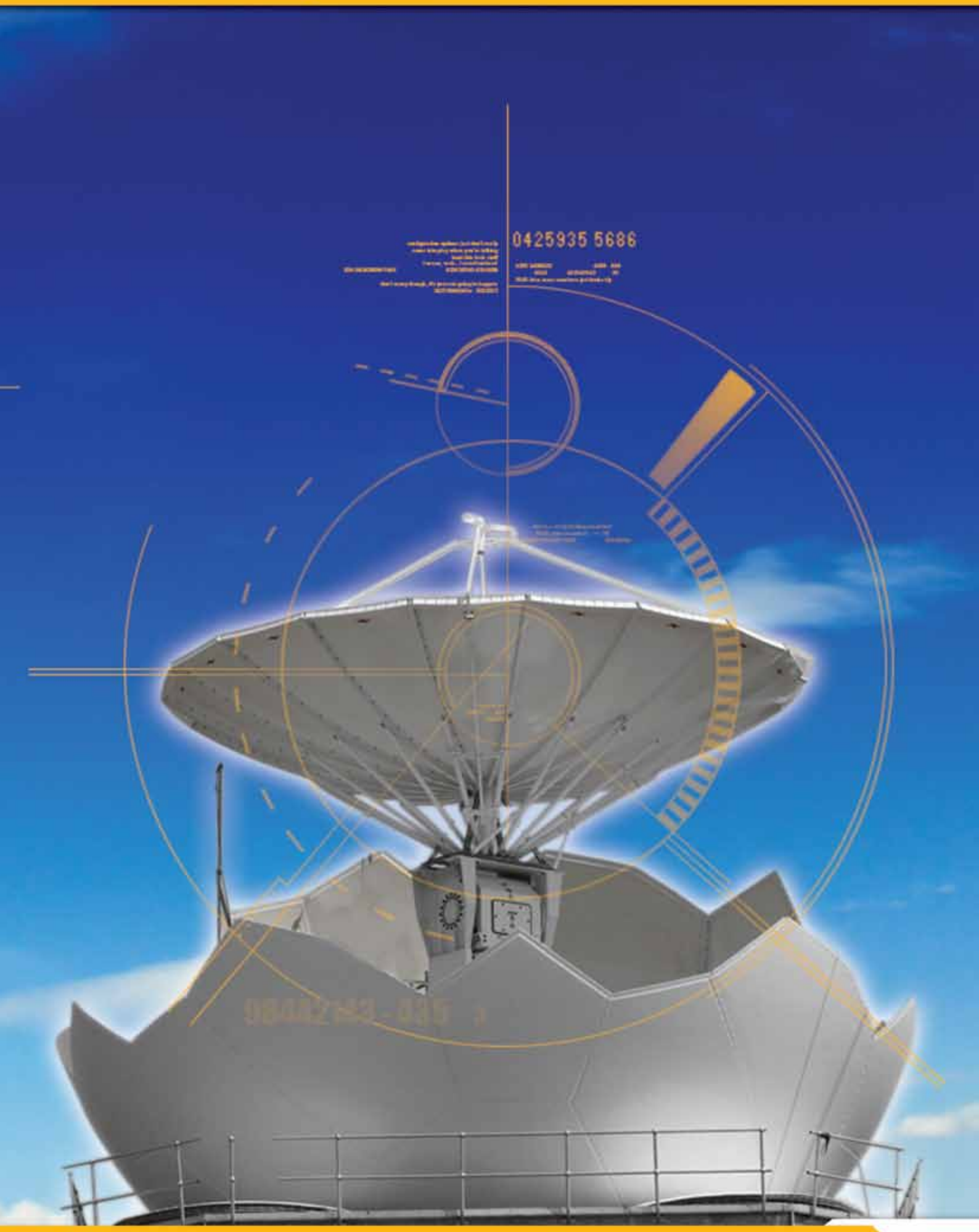
STRATEGIC GOAL 5: Create adequate human capital capacity with a view to SAWS performance

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORMANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
	Integrated product development approach in SAWS	Development and implementation of integrated product plan	Develop a plan	Operational product plan Product / service range meeting criteria	Nil Product/ service development parameters	Plan developed & approved	**Not achieved**: Deferred to next financial year
	Recognised/ refereed and relevant research output	Develop and implement RMF	Implement RMF	Operational Research Framework Refereed/ relevant research output	RMF developed	Implement and monitor by 2009 Agreed targets for the year	**Achieved:** Implemented and monitored via mini-projects
	Integrated process and systems environment	Develop and implement ICT master plan		Compliance with MSP audit requirements	ICT master plan SLA in place within SAWS	20% compliance with the Information Technology Infrastructure Library (ITIL) Standard	**Achieved:** More than 20% compliance
	Business continuity	Maintain and test BCP		Compliance with BCP requirements	BCP plan	Test as per BCP plan	**Achieved:** Reports on compliance status were received from the relevant sections
Effective talent management	The right talent/ competencies at different levels	Implement integrated talent management system	Develop an integrated talent management system	Functional talent management system in place	Organisational profile audit	Integrated talent management system in place	**Achieved:** Integrated talent management system developed and in place
			Identification of a sourcing pool for critical talent	The right Human Resources mix and an expansion of the targeted pool	Total of 71 employees with identified critical and scarce skills	Total of 78 employees with identified critical and scarce skills	**Achieved:** Total of 90 employees participated in identified critical and scarce skills programme
				Turnover rate	7% staff turnover	6% staff turnover	**Achieved:** 6, 23% staff turnover in scarce and critical skills achieved
			Review of the Human Capital Plan Implementation of the succession policy and plan, including the sourcing of possible successors where successors do not exist	Number of candidates identified	Succession policy and plan	20% readiness of the identified successors to take over positions	**Achieved:** To date over 20% readiness of identified successors was achieved

STRATEGIC GOAL 5: Create adequate human capital capacity with a view to SAWS performance (continued)

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORMANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
	Continuous organisational performance improvement	Review and implement Organisational Performance Management System	Increased awareness and capacitating employees with regard to the Performance Management System	Organisational performance rating	Organisational performance rating is 72% Performance Management System	Organisational performance rating of 75% Establish a performance index	**Achieved:** Performance Management System is in place, managers and union representatives underwent training
			Training the operations managers in the application of the 360 degree assessment tool Continued implementation of the Attraction and Retention Plan Identify interventions to address gaps, e.g., coaching	% of managers utilising the tool efficiently % of available skills required at critical level	Previous performance assessment results Skills audit report Attraction and Retention Strategy Reward & Remuneration Policy	70% of managers utilising the 360 degree tool 25% of required skills available	**Achieved:** 100% of managers trained in the application of the 360 degree assessment tool **Achieved:** 25% of required skills available
The expansion of scarce and critical skills that are needs-driven			Evaluation of all training and development interventions per quarter	No. of training and developmental interventions conducted per quarter	Executive Development Plan	25% of gaps identified are addressed	**Achieved:** 25%
	A pool of critical mass of identified scarce and critical skills, which are aligned to the strategic objectives of the organisation	Identification and targeting of pool of skills	Development of a skills matrix/profile of identified scarce and critical skills, e.g. forecasters and ICT Implementation of the skills profile/ matrix plan	% reduction in vacancy rate of scarce skills	7% overall turnover	6% turnover rate Document developed & approved	**Achieved:** The turnover figure for scarce and critical staff stands at 6.23% for the financial year under review **Achieved:** Developed skills matrix/ profile of forecasters
		Bursary Scheme	Advertising and selection of bursars aligned to identified scarce and critical skills	Increase in the number of bursary holders, pass rate and recruitment	A total of 53 bursaries	5% increase in the number of bursaries pertaining to the identified needs of SAWS	**Not achieved:** Due to financial constraints only 40 bursaries were awarded Ten interns were appointed

STRATEGIC OBJECTIVES	OUTCOMES / OUTPUTS	PROGRAMME ACTIVITIES	SUB-ACTIVITIES FOR 2009 / 10	PERFORMANCE INDICATORS	BASELINE 2008 / 09	TARGET 2009 / 10	PROGRESS
		Establishment of the RMTC	Lobby nominations from 2 regions in RA 1	Two regions nominate and support SAWS in being recognised as an RMTC by the WMO	Feasibility study completed	Two nominations and support achieved	**Achieved:** Nominations received from Swaziland and Mozambique and forwarded to the WMO
Ensure the well-being and safety of all staff members	Positive, healthy and productive employees	Implementation of an occupational health and safety programme	Develop & implement a health and safety system	Compliance check-list	System compliant with OHS 1800 and with the Occupational Health and Safety Act	Reviewed and initiated system	**Not achieved:** Work in progress
		Implementation of employee wellness programme	Awareness campaign	Utilisation rate (wellness programme)	Employee wellness programme	10% utilisation rate	**Achieved**
		Development of an HIV/Aids programme	HIV/Aids awareness campaign	Number of employees participating in the programme	HIV/Aids Policy	HIV/Aids programme established	**Not achieved:** Development of the HIV/AIDS Programme was to be done with in collaboration with Jpiego, an NGO that specialises in HIV/AIDS programmes. The MoU between the SAWS and Jpiego was submitted to legal department for vetting The programme would have been developed once the MoU had been signed. In the absence of the programme, HIV/AIDS activities were conducted
		Employee Relations (ER) Framework	Development of the ER Framework	Framework approved	Nil	ER Framework approved	**Not achieved:** However, there are programmes in place, such as: - Recognition Agreement - Bargaining Forum - Cross-cutting team to deal with advocacy on policies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PART 2

CORPORATE GOVERNANCE

SOUTH AFRICAN WEATHER SERVICE

PART 2

CORPORATE GOVERNANCE

SAWS is a public entity, listed under Schedule 3A of the Public Finance Management Act (PFMA) Schedules.

The Government of the Republic of South Africa is the sole Shareholder in SAWS, represented by the Minister of Water and Environmental Affairs (formerly known as Environmental Affairs and Tourism).

SAWS has a Board, appointed by the Minister, in terms of the South African Weather Service Act (SAWS Act), No. 8 of 2001. The Board provides strategic direction and leadership to enhance the shareholder value and ensure the long-term sustainable development and growth of the SAWS. In fulfilling its responsibilities, the Board is supported by Management with the implementation of strategic/corporate plans and policies approved by the Board.

Mandate of the Board

The mandate of the Board, including its statutory duties and responsibilities, is derived from the SAWS Act and augmented by the relevant provisions of the Public Finance Management Act No. 1 of 1999 (PFMA), as amended; the Treasury Regulations issued in terms of the PFMA; and, where possible, from the Code of Corporate Practices and Conduct as contained in the King Report on Corporate Governance for South Africa, amongst others.

Board Governance Structure

The current Board was appointed by the then Minister of Environmental Affairs and Tourism, for a period of three years, effective from 1 April 2008 to 31 March 2011. The composition of the Board is in accordance with Chapter 3 of the SAWS Act, which provides, inter alia, that there shall be at least 10 members and no more than 12 members, comprising:

- ten non-executive members, one of whom shall be the Chairperson, appointed by the Minister in terms of Section 5 (3) of the SAWS Act;
- the Chief Executive Officer by virtue of his/her office; and
- a senior official from the Department of Environmental Affairs and Tourism, now known as the Department of Water and Environmental Affairs, designated by the Director-General with the approval of the Minister.

The Board's composition was also in compliance with corporate governance best practice, with the majority of members being non executive members, and the roles of the Chairperson and the Chief Executive Officer separated and clearly defined.

The Board has three committees to enhance its effectiveness, namely, the Audit and Risk Committee, the Human Resources and Remuneration Committee and the Strategic Programmes Committee.

Board and committee membership was as reflected in table 1.

In accordance with corporate governance best practice, the Board also has the support of the Company Secretary in ensuring the effective functioning of the Board and its committees, and in compliance with applicable corporate governance frameworks. During the period under review, the Company Secretary provided the Board with the necessary administrative support and guidance including, inter alia, the review of the Board structure and Charter(s); attendance of all Board and Board committee meetings; and facilitating the induction of new Board members.

PART 2

Table 1: Board Committees

Board Members	Board Committees		
	Audit & Risk	HR & Remuneration	Strategic Programmes
Ms. Khungeka Njobe (Board Chairperson)		✓	
The Rev. Lulamile Mbete (Board Deputy Chairperson)		✓ (Chair)	
Ms. Medi Mokuena	✓ (Chair)	✓	
Mr. Welcome Msomi			✓ (Chair)
Dr. Thembakazi Mali			✓
Mr. Lance Williams	✓		✓
Prof. Harald Winkler			✓
Mr. Siyabonga Makhaye	✓		
Prof. Lindisizwe Magi		✓	
Ms. Joanne Yawitch (*Environmental Affairs representative*)			✓
Dr. Linda Makuleni (Chief Executive Officer)		✓	✓

Board members have unrestricted access to the advice and services of the Company Secretary, but are also entitled to seek independent professional advice at SAWS' expense, should it be deemed necessary.

Board and Committee Meetings

Board and Committee meetings are held in accordance with the provisions of the Charter and Committees' Terms of Reference, as well as an approved Board Calendar, and ad hoc or special meetings may also be held as and when the need arises. During the period under review, four ordinary Board meetings were held on 28 May 2009, 30 July 2009, 27 November 2009 and 11 February 2010. The Board also had one special meeting, held on 21 September 2009, as well as a Strategic Session, held on 21 September 2009.

As far as the composition of the Board is concerned, the Board had one vacancy during the period under review, following the resignation of one Executive Member of the Board (the then Chief Financial Officer, Ms Hanlie Grobler) at the end of February 2009. The membership of the Board and the number of meetings held and attended were as reflected in the table below:

Table 2: Board Committees

Members	No. of Ordinary Meetings		No. of Special Meetings	
	Meetings held	Meetings attended	Meetings held	Meetings attended
Ms. Khungeka Njobe (Board Chairperson)*	4	4	1	1
The Rev. Lulamile Mbete (Board Deputy Chairperson)*	4	3	1	1
Ms. Medi Mokuena*	4	2	1	1
Mr. Welcome Msomi*	4	4	1	1
Dr. Thembakazi Mali*	4	3	1	1
Mr. Lance Williams*	4	4	1	0
Prof. Harald Winkler*	4	3	1	0
Mr. Siyabonga Makhaye*	4	2	1	0
Prof. Lindisizwe Magi*	4	4	1	1
Ms. Joanne Yawitch (DEA representative)	4	2	1	0
Dr. Linda Makuleni (Chief Executive Officer)	4	3	1	1

* Non-executive Members

Board Committees

Over and above adherence to the relevant legislative and governance frameworks, the functioning of the Board is guided by an approved Board Charter. The Charter makes provision for the Board to establish committees with clear Terms of Reference to assist the Board in the execution of its mandate. The Board may also, at its discretion, delegate other matters, with written authority, to Board committees and/or Management, while reserving specific powers for itself. However, any such delegation does not absolve the Board from its responsibilities.

During the period under review, the Board reviewed its governance structure and Charter to ensure alignment with corporate governance best practice. The Board has the following committees, with clear Terms of Reference:

Audit and Risk Committee

The objective of the Audit and Risk Committee is to assist the Board in discharging its duties relating to, amongst others, the safeguarding of assets; the operation of adequate systems; internal control processes; and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The Committee also reviews financial reporting processes; internal control systems; the management of financial risks; audit processes; and the organisation's processes for monitoring compliance with applicable laws, regulations and governance frameworks. It also oversees the quality, integrity and reliability of SAWS' risk management processes and strategy.

During the period under review, the composition of the Committee was reviewed and an additional independent member was co-opted, effective from 1 June 2009. Committee meetings were held on 20 May 2009, 22 July 2009, 2 November 2009 and 28 January 2010.

The membership of the Committee, as well as the number of meetings held and attended, was as reflected in table 3 below.

In line with corporate governance best practice, external auditors, internal auditors, the Chief Executive Officer and the Chief Financial Officer of SAWS were invited to all Committee meetings.

Human Resources and Remuneration Committee

The objective of the Human Resources and Remuneration Committee is to assist the Board in discharging its duties, thereby ensuring that SAWS has adequate human resources related policies and systems in place, in compliance with all applicable legislation and governance frameworks. The Committee also assists the Board in discharging its duties relating to developing the Company's Remuneration Policy, in making recommendations to the Board on Executive Management appointments and remuneration, and in making recommendations on the remuneration of Non-executive Members of the Board.

Table 3: Audit and Risk Committee

Members	No. of Ordinary Meetings		No. of *Ad Hoc* Meetings	
	Meetings held	Meetings attended	Meetings held	Meetings attended
Ms. Medi Mokuena (Chairperson)	4	4	-	-
Mr. Siyabonga Makhaye	4	3	-	-
Mr. Lance Williams	4	4	-	-
Mr. Melusi Ntumba*	4	3	-	-

*An Independent Member

Table 4: Human Resources and Remuneration Committee

Members	No. of Ordinary Meetings		No. of *Ad Hoc* Meetings	
	Meetings held	Meetings attended	Meetings held	Meetings attended
The Rev. Lulamile Mbete (Chairperson)	4	4	3	3
Ms. Khungeka Njobe	4	3	3	3
Ms. Medi Mokuena	4	3	3	3
Prof. Lindisizwe Magi	4	4	3	3
Dr. Linda Makuleni (CEO)	4	4	3	1

During the period under review, scheduled Committee meetings were held on 13 May 2009, 15 July 2009, 18 November 2009 and 28 January 2010. Due to unforeseen circumstances, special meetings were also held on 23 June 2009, 30 July 2009 and 31 August 2009. The membership of the Committee, as well as the number of meetings held and attended, was as reflected in table 4 above.

Strategic Programmes Committee

The objective of the Strategic Programmes Committee is to consider, monitor and make recommendations to the Board on all scientific programmes and special projects of the organisation, including research, developmental activities and opportunities (both public good and commercial services), while ensuring that these are managed effectively and efficiently. The Committee also considers and makes recommendations to the Board on issues pertaining to the environment, health and safety.

During the period under review, Committee meetings were held on 20 May 2009 and 18 November 2009. The membership of the Committee, as well as the number of meetings held and attended, was as reflected in table 5 below.

Board Remuneration

Board members are remunerated and/or reimbursed for expenses incurred in the course of executing SAWS related activities, in terms of the provisions of the SAWS Act, with the fees reviewed and determined annually by the Executive Authority.

All travelling expenses incurred by Board members are dealt with in accordance with the SAWS approved Travel Policy (as amended from time to time).

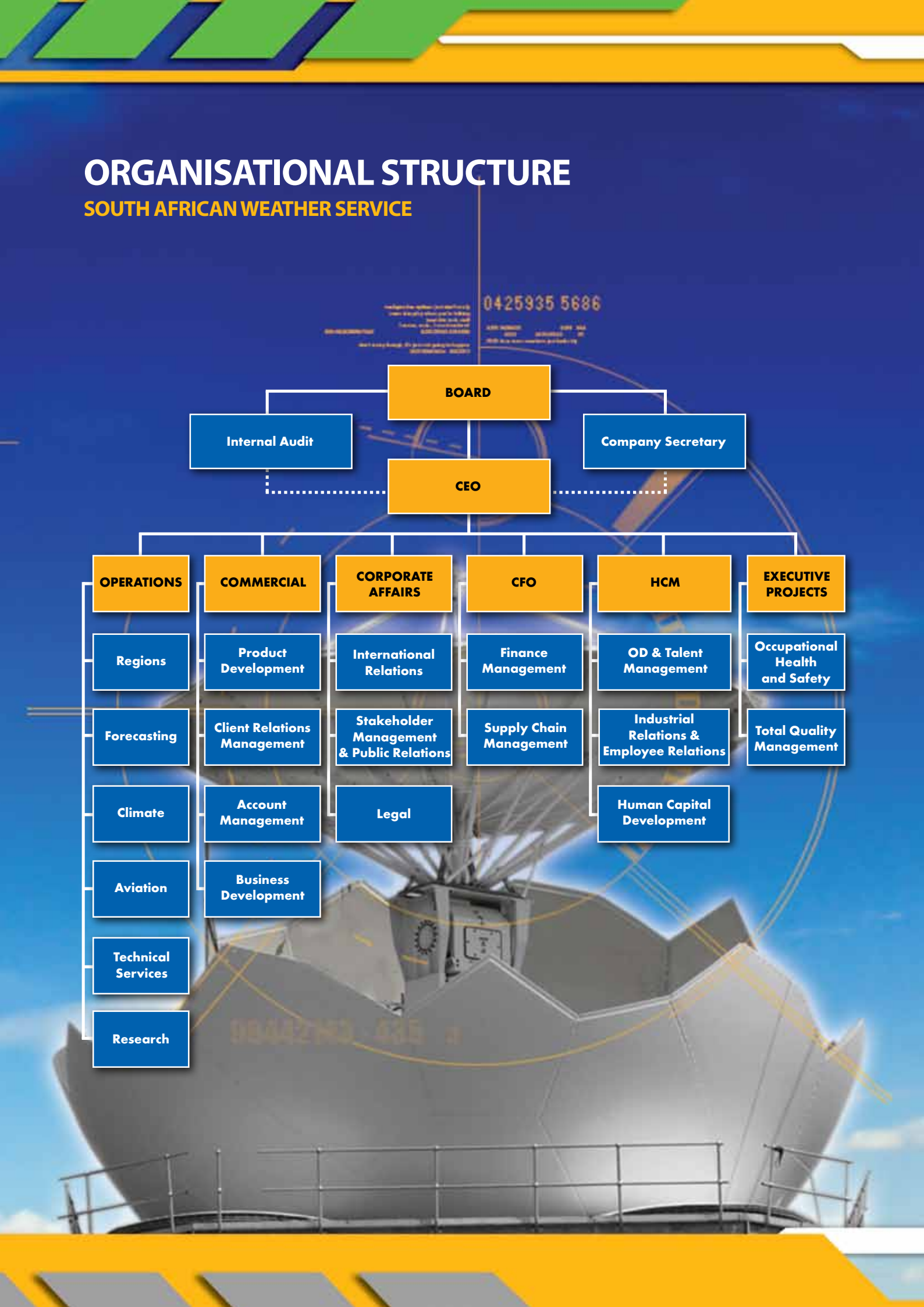
The Board and SAWS are committed to the principles of good governance and adherence to the highest level of ethical standards in conducting business. During the period under review, SAWS continued its quest to conduct its business in line with corporate governance best practice, with a view to building trust with regard to its Shareholder, as well as other stakeholders.

Table 5: Strategic Programmes Committee

Members	No. of Ordinary Meetings		No. of *Ad Hoc* Meetings	
	Meetings held	Meetings attended	Meetings held	Meetings attended
Mr. Welcome Msomi (Chairperson)	2	2	-	-
Mr. Lance Williams	2	2	-	-
Prof. Harald Winkler	2	0	-	-
Dr. Thembakazi Mali	2	1	-	-
Ms. Joanne Yawitch	2	0	-	-
Dr. L Makuleni (CEO)	2	2	-	-

ORGANISATIONAL STRUCTURE

SOUTH AFRICAN WEATHER SERVICE



METEOROLOGICAL AUTHORITY

Following the 2007 ICAO Universal Safety Oversight Audit, SAWS established the Meteorological (MET) Authority structure and implemented the programme to ensure that the South African aeronautical meteorological services satisfy the requirements of international aviation, as determined by the International Civil Aviation Organisation (ICAO).

The MET Authority addressed the 2008/09 findings. SAWS compiled its first MET Authority Annual Report, which covered meteorological services provided to both international and domestic civil aviation for the 2008/09 financial year.

The Civil Aviation Authority expressed its appreciation to SAWS for the aeronautical meteorological services provided to the aviation industry. The new Lanseria Weather Office became operational as from 15 February 2010, and is compliant with ICAO requirements for international airports. All planned MET Authority inspections were carried out as per schedule during the period under review, in compliance with ICAO requirements. The compilation of the Aeronautical Climate Summary for Mafikeng and Polokwane airports respectively, covering the ten-year period from 1999 to 2009, was completed and the information will be added to the climate data base for use by the aviation industry.

OPERATIONS

The Operations Department is the heart of SAWS, and it drives the development of products and services for the organisation. It is sub-divided into Research; Climate Services; General Forecasting; Aviation Forecasting; Technical & Information Communication Technology (ICT); and Regional Services. The divisional work is highly integrated and interdependent to ensure easy flow and quality in the development and provision of products and services. SAWS has 24 weather offices around South Africa, the majority of which are based at airports, providing aviation meteorological services, as well as other meteorological services. The Safety of Life At Sea (SOLAS) forecasts are performed from the National Forecasting Centre, while other marine-related activities are performed by the coastal offices.

Research and Development

Research and Development constitutes the vertebrae of the identification and development of products, which ensure that the organisation's service remains relevant and responsive to the needs of users. These products are developed and continuously improved, guided by research on a year-to-year basis. The division takes the lead in the development of technologies, equipment and applications required for forecasting. One of the most recent products developed is the Hydro-Estimator (HE), together with a Combined Instability Index. The HE was developed to estimate precipitation, utilising satellite technology, and also to assist in closing the gaps where rainfall observation stations are non-existent.

Below is a brief explanation of the products:

- Nowcasting: A description of current weather parameters and 0-to-2 hours description of forecast weather parameters.
- Very short-range weather forecasting: Up to 12 hours description of weather parameters.
- Short-range weather forecasting: Beyond 12 hours and up to 72 hours description of weather parameters.
- Medium-range weather forecasting: Beyond 72 hours and up to 240 hours description of weather parameters.
- Extended-range weather forecasting: Beyond 10 days and up to 30 days description of weather parameters. It is usually averaged and expressed as a departure from climate values for that period.
- Long-range forecasting: From 30 days up to two years description of expected weather parameters.
- Monthly forecast: Description of average weather parameters, expressed as a departure (deviation, variation, anomaly) from climate values for that month at any lead-time.
- Seasonal forecast: Description of average weather parameters, expressed as a departure from climate values for that season at any lead-time.
- Climate forecasting: Beyond two years description of weather parameters.
- Climate variability prediction: Description of the expected climate parameters associated with the variation of inter-annual, decadal and multi-decadal climate anomalies.
- Climate prediction: Description of expected future climate conditions, including the effects of both natural and human influence.

Long-range Forecasting, Climate Change and Variability Research

SAWS is a recognised WMO Global Producing Centre for Long-Range Forecasts, and the routine production of these forecasts is in accordance with strict international guidelines. SAWS is one of only three such centres in the southern hemisphere. The operational delivery of long-range forecasts, as per the requirements of the Global Producing Centre, is an important source of information for the region. Long-range forecasting products were expanded to include the SADC region, in preparation for the African Monitoring of Environment for Sustainable Development (AMESD) Project.

Through this initiative, users of these seasonal temperature and rainfall products can now benefit from the added confidence that can be attached to its use in various sectors.

Climate Services

SAWS is the custodian of all weather and climate data. In order to guide access and monitor the use of data and information, SAWS enters into Memoranda of Understanding (MoUs) / Agreements with stakeholders and organisations. Such an MoU was signed between SAWS, the Agricultural Research Council (ARC) and the Department of Water Affairs (DWA), with regard to the exchange of information and climate data for the benefit of the country. This will, in turn, contribute to the effective management of water and hydrological resources, as well as to weather and climate-related disaster mitigation and reduction efforts.

A new client database was developed for the storage of quality-controlled data, which meets client requirements and a new data monitoring and quality control system (QualiMET), was purchased to assist with thorough and quick validation, visualisation and quality control of meteorological measurements and observation data.

Air Quality

1. ***Modelling***

   The main aim of the project is to establish the capability of an air quality modelling and forecasting system, coupled with the Unified model as part of the SAWS' operational forecasting system. The air quality modelling system is being developed on a modular structure, consisting of the numerical weather prediction module, the emissions inventory module and the atmospheric dispersion module.

   SAWS participated in an emissions inventory GlobEmissions User Workshop in Frascati, Italy and also presented a paper, entitled "National Emission Inventories Developments in South Africa" at the European Space Agency (ESA).

2. ***Air Quality Information System***

   SAWS and the Department of Environmental Affairs jointly launched SAAQIS on World Meteorological Day (WMD) 2010. The system is a national asset and facilitates access to air quality information providing air quality information to different stakeholders in South Africa, such as the general public, as well as users with special air quality data needs.

SAAQIS stores data from the Government's National Air Quality Monitoring Network (NAQMN), as well as from contributing industrial monitoring networks. Currently the system has data stored from 64 monitoring stations, including DEA, the Tshwane Municipality, the Johannesburg Municipality and Mpumalanga Provincial Government networks. Efforts are underway to grow and expand the system into a national dense monitoring network.

3. ***Global Atmospheric Watch (GAW)***

The SAWS GAW station at Cape Point, constitutes a crucial component in a global network that maintains long-term records on trace gases and greenhouse gases in the atmosphere. The pristine location of the Cape Point GAW station (34.3S, 18.5E) enables measurements to be made in air that has passed over the vast clean Southern Ocean. Such long-term observations are representative of background conditions, making it possible to detect changes in the composition of the atmosphere. The GAW parameters include Green House Gases (GHGs), which are very important for climate change observations.

A project on flask sampling for trace gases was started in collaboration with the National Oceanographic and Atmospheric Earth System Research Laboratory (NOAA-ESRL), situated at Boulder in the USA. The results of the project will help to verify the prestigious Carbon Tracker Program run by NOAA and will be of special significance to Southern Africa.

Climate Change

It is estimated world-wide that approximately 80% of global natural disasters are related to severe weather and climate events. In South Africa the figure goes up to 90%. The International Panel on Climate Change (IPCC) AR4 states that scientists are observing an increase in the frequency and severity of high impact weather events, which are thought to be linked to climate change (tornadoes, flash floods, heat waves and cold spells).

The South African Country Studies predicted some of the potential impact of climate change, which is likely to affect South Africa severely, including the following areas:

- **Health:** Infectious diseases, such as malaria and schistosomiasis, and weather-related mortality, such as heat stress.
- **Biodiversity:** Loss of biodiversity and the extinction of species, e.g. Fynbos.
- **Water resources:** Water supply, due to scarcity, water quality and competition for water resources that are highly dependent on Lesotho.
- **Agriculture:** Crop yield will be reduced and the demand for irrigation will increase, affecting food security and resulting in malnutrition.

SAWS developed a position statement on climate change that is in line with the identified broad areas of research interest. SAWS participated in two summits (the Climate Change Response Policy Development Summit and the Climate Change Summit), as well as in the Provincial Disaster Management Advisory Forum (PDMAF), and hosted a workshop on climate change during March 2010. The outcome of the workshop stated clearly that SAWS had a specific role to play in broad areas of research interest, with specific emphasis on elements that dealt with adaptation and mitigation.

SAWS places a strong emphasis on adaptation in response to the impact of climate change and variability, while contributing to mitigation via the GAW station that monitors trace gases and greenhouse

gases, as well as participating in the South African National Research Institute (SANERI) and South African Wind Atlas Project (SAWAP). Through this project, SAWS is playing a leading role in the development of an improved map of extreme winds over South Africa.

Climate Information products were made available with an average success rate of 97,1%, as well as the publishing of three Daily Weather Bulletins and three Climate Summaries. Climate Services attended to a total number of 5741 enquiries from clients and stakeholders of which 86,9% was commercial related and 13,1% was Public Good related.

Severe Weather Forecast Demonstration Project
SAWS is the Regional Specialised Meteorological Centre (RSMC-Pretoria) of WMO for Southern Africa. The roll-out of the Severe Weather Forecasting Demonstration Project (SWFDP) activities to 16 Southern African countries is progressing according to plan.

South African Flash Flood Guidance System Project
The development of the South African Flash Flood Guidance System (SAFFG) software was completed and currently running live in San Diego in the USA on weather data, producing hourly flash flood guidance values for the regions where it will be implemented under the radar canopies of Irene, Durban, Port Elizabeth and Cape Town, and the Cape South Coast.

Aviation and Forecasting Services
In line with the ICAO and other national regulatory frameworks pertaining to aviation, SAWS continued to provide services to the aviation fraternity. These services were further extended to Lanseria Airport by opening a weather office at the airport. In sup-

port of search and rescue, 30 incidents were reported pertaining to aircraft accidents.

Verification of Forecasts

SAWS has a good track record of verifying the accuracy of aviation forecast parameters and temperature forecasts for specific weather stations. Verification tools were extended to include more forecasting parameters, including severe weather warnings.

Aviation Warnings

The issuing of warnings to the operators at South Africa's national and international airports remained a crucial service. Terminal aerodrome forecasts (TAFs) were continually evaluated, using an unbiased computer programme, the results of which were indicated in the TAF evaluation graph for the period April 2009 to date. Warnings issued under the category, "Other as per ACAMS", are primarily aimed at windshear. The increase in accuracy and the decrease in the false alarm rate is worth noting.

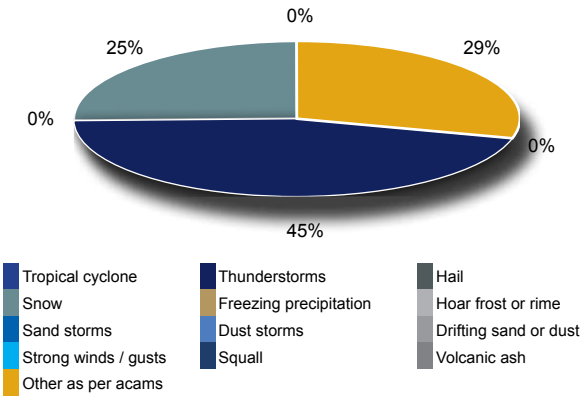
Graphs here show the level of accuracy for the years and well as the rate of false alarms.

Table 6: Summary of statistics on a quarterly basis

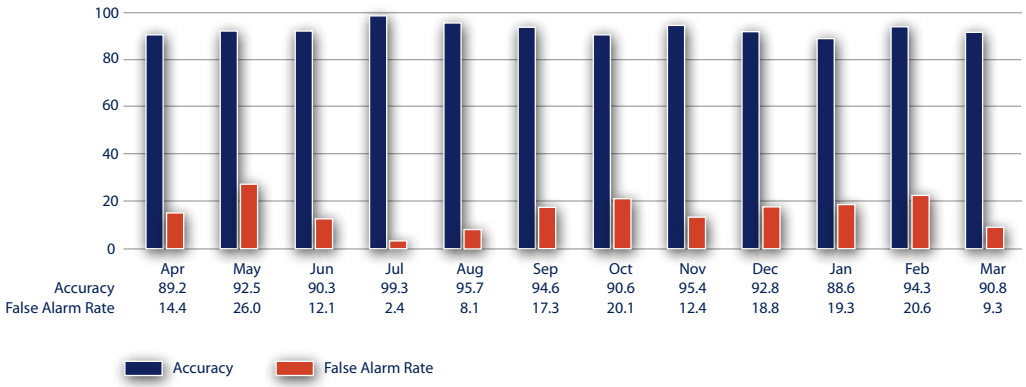
		Number issued	Accuracy	Probability of detection	False alarm rate
Aerodrome warnings	Q1	147	89.8	75.6	19.1
	Q2	100	95.1	77.8	7.5
	Q3	220	93.5	78.5	16.6
	Q4	254	91.9	78.9	19.6
Trend forecasts	Q1	14 279	98.0	91.1	7.5
	Q2	14 759	98.4	93.3	6.3
	Q3	14 942	96.6	91.5	7.0
	Q4	16 155	96.7	89.5	8.0
TAFS	Q1	2 910	92.3	75.1	15.7
	Q2	3 463	93.1	78.9	16.1
	Q3	3 673	90.2	76.0	15.6
	Q4	3 261	89.3	70.8	16.4

The issuing of warnings to aviation operators is done at national and international airports. Illustrated below are the warnings issued per category.

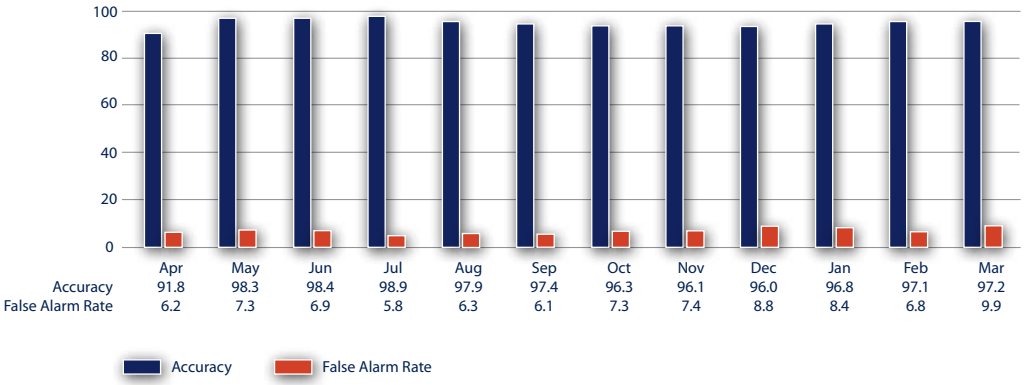
Graph 2: Aerodrome warning categories



Graph 1: Aerodrome warnings



Graph 3: Trend forecast evaluation



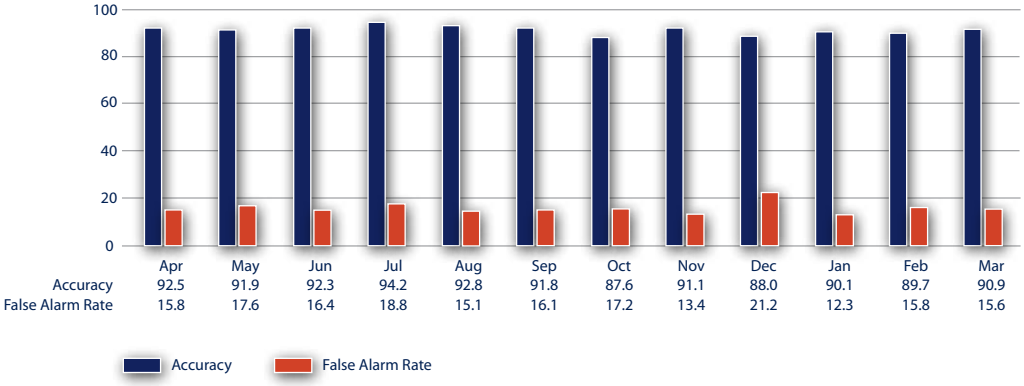
Given that a Trend forecast is valid for the next two hours, it stands to reason that the information supplied should be much more accurate than a TAF, and the graph above confirms the accuracy level, while also indicating the low level of false alarm rates, which is attributed to the short duration of the forecast.

TAF evaluations are done by using a totally automated TAFEVAL programme. This programme evaluates the TAF against Meteorological Aerodrome Report (METAR) and Special Meteorological Report (SPECI reports) issued, and is a totally unbiased and objective evaluation. The above table indicates the month-on-month results obtained via this programme.

Accuracy	Probability detection	False alarm rate
91.1	74.3	16.3

According to these results, the annual average for accuracy was 91.1%, probability of detection was 74.3%, and false alarm rate 16.3%. This information was obtained by evaluating each of the criteria, such as wind, weather, visibility, etc.

Graph 4: TAFS evaluation



Forecasting

SAWS continued issuing severe weather warnings to vulnerable communities via disaster management structures, with the intention of minimising the impact on the loss of lives and damage to properties. Below are the types of warnings issued:

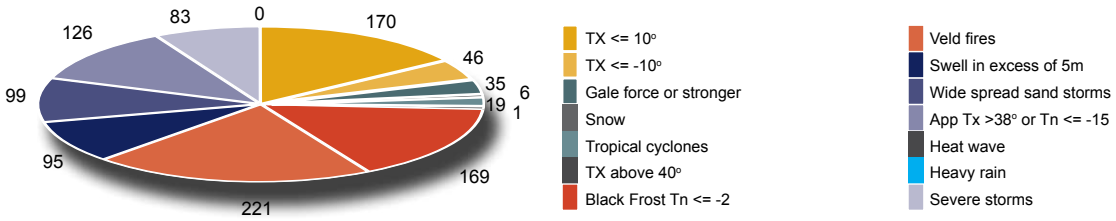
The most significant event was from 30 July until to 2 August 2009, when a cut-off low pressure system moved over the country, resulting in very cold conditions. Of major significance was the fact that it resulted in unseasonable rain over some of the summer rainfall regions.

Heavy rains were observed in places over the Eastern Cape and KwaZulu-Natal, with Port St Johns recording 78.3 mm on 2 August 2009, while snow sleet was observed as far north as Thembisa and Kempton Park on 1 August 2009, which was highly unusual. The national warnings issued from December 2009 to March 2010, reflected typical mid to late summer weather over the country. A few strong synoptic-scale weather systems were experienced. Warnings of a combination of heavy falls of rain, the dangers of runaway fires and dangerously high levels of discomfort constituted the majority of the total warnings issued.

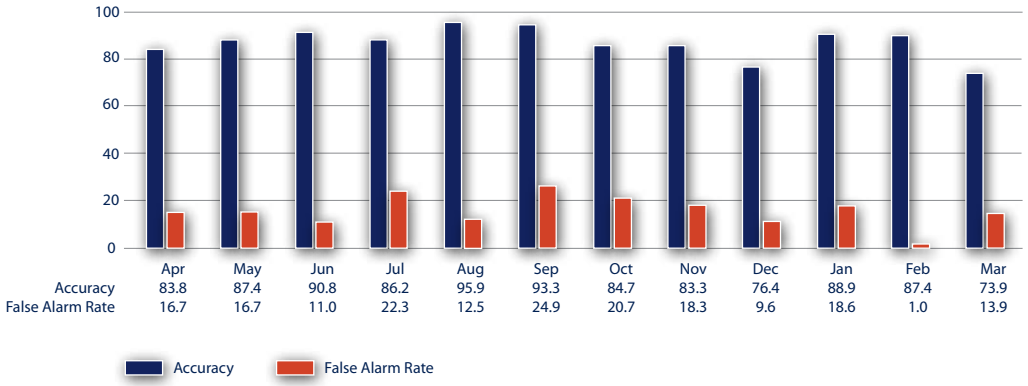
January 2010 was marked by above-average rainfall in many parts of the summer rainfall region, followed by a drier February, when persistently hot conditions were experienced in the western parts of the country, with several episodes of heatwave conditions when up to 50-year-old records of the highest maximum temperatures for the South Western Cape were broken.

Currently, a study is being undertaken on temperature and rainfall indices, and the analysis of changes in climate variability. Preliminary results have been produced, suggesting significantly strong increases in variability of summer rainfall in the eastern and southern interior of South Africa.

Graph 5: Forecast warning categories



Graph 6: Forecast warnings



The Danger of Runaway Fires

Warnings for conditions favouring the development of runaway fires were issued on 44 days, pertaining mainly to the Western Cape. This reflected the usual summer weather pattern in that region, where dry conditions combine with strong south-easterly winds.

Heat-waves

Persistent berg-wind conditions in the Western Cape led to the issuing of heat-wave warnings for three separate periods during February and early March 2010. The Eastern Cape also experienced short periods of very high temperatures.

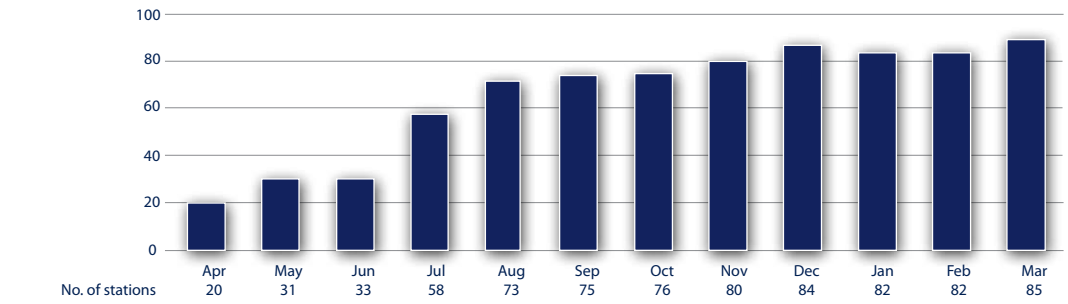
Infrastructure

A three-year project to upgrade the radar system network was officially launched during March 2010. This marked the completed installation and commissioning of three fixed Doppler S-Band radar systems in Irene, Bethlehem and Mthatha, as well as two mobile aviation radar systems. The mobile systems underwent successful field trials, with the assistance of the South African Air Force and the Mobile Deployment Wing, and will be deployed at the OR Tambo and Cape Town international airports. Research indicated that the data from the new radar systems was at least twice as sensitive as that obtained from the older generation systems. This has resulted in an improvement in disaster management and severe storm forecasting services.

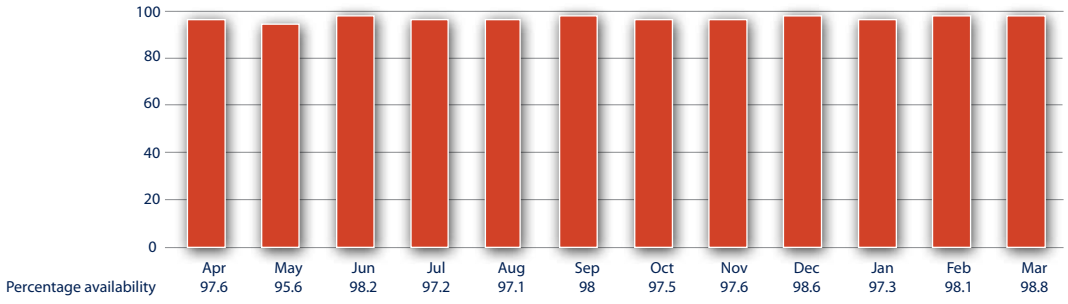
AWSs, ARSs and Hydrogen Generator Networks

A total of 85 ARSs and 12 AWSs were added to the observation network throughout the country. These weather stations will enhance the SAWS' observation network, and support the SAFFG.

Graph 7: Automatic rainfall stations



Graph 8: Automatic weather stations



Lightning Detection Network (LDN)

All sites are operational, ensuring data availability, with the exception of the Swaziland site, pending the finalisation of the MoU with the Swaziland Meteorological Service. The LDN Uniterrupted Power Supply (UPS) monitoring system development was completed in February 2010, following the GPRS conversion. Since the implementation of the Lightning Detection Network, SAWS has four years of lightning data available. A new commercial product was developed, namely a Lightning Ground Flash Density Map. Maps are now available for 2006, 2007, 2008 and 2009, as well as for the combined four-year period from 2006 to 2009.

Map 1: Lightning detection network

21 Lightning detection sensors are installed across South Africa, and one in Swaziland.

Customised Services

Products are developed and continuously improved, guided by research on a year-to-year basis. SAWS, as the authoritative voice and custodian of weather and climate information in South Africa, played an imperative role prior to and during the Confederation Cup Games held during June 2009. Daily forecasting services were provided during the Confederations Cup Games, and SAWS was also a key role-player and advisor in the planning of the 2010 FIFA World Cup™.

SAWS formed part of the planning team for the South African presidential inauguration event on 9 May 2009, which included an on-site forecasting station, providing real-time forecasts. Local and foreign visitors were accurately briefed on the possibility of rain during the event. The information assisted with the planning of the event programme, including the flying of helicopters and the purchasing of umbrellas and blankets for guests.

CORPORATE AFFAIRS

Promote Beneficial and Enduring Relationships with Key Stakeholders

SAWS commissioned a Survey on Stakeholder Perception at national level, in order to ascertain perceptions; assess the knowledge and understanding of products and services; and determine the current user satisfaction level. A total of 315 stakeholders were interviewed.

Of these respondents, the largest stakeholder group was represented by major companies, which comprised customers from the construction industry, the insurance industry, the legal sector, as well as the major retail and mining industries. This group contributed 29% to the overall score. Smaller companies, such as environmental outfits and event planners, as well as agriculture, constituted 13% of the overall sample, as did municipalities and disaster management centres, which constituted a particular focus point of this study.

Government and parastatals comprised 12% of the stakeholder group, and the media represented 8%. The remaining 25% of the sample was formed by Aviation, educational institutions, international buyers, utilities, seasonal forecasting, cellphone applications and web-based applications. The findings of the survey gave SAWS a clear indication of current perceptions and formed the basis for recommendations. The finding were acknowledged and incorporated into the 2010/11 Business Plan as a baseline.

The results indicated that 91% of SAWS' customers were either satisfied or very satisfied with their overall experience of the company. These customers perceived themselves as receiving superior service from SAWS. This is an excellent score, as customer satisfaction theory prescribes that companies should ideally have 75% of its customers in this range (4 and 5 ratings), in order to ensure customer satisfaction. It is very positive to note that 32% of customers gave SAWS a "5" rating and, as mentioned above, these customers were extremely satisfied.

SAWS provides a service for the public good and its stakeholders appear to appreciate the fact that they are given information free of charge, which is perhaps one of the contributing factors to the very positive perception of the organisation. That said, 141 respondents pay for the services/products they receive and it could therefore be deduced that SAWS must be providing an excellent service to its customers to be so highly rated.

Graph 8: Percentages on overall satisfaction

Percentages on Overall Satisfaction

In strengthening stakeholder relations and defining areas of collaboration, SAWS signed Memoranda of Understanding (MoUs) with several institutions to drive its core business. Two MoUs in the academic arena were signed with the Universities of Zululand and Pretoria respectively, clearly stating areas of collaboration, as well as deliverables. SAWS and the University of Pretoria had been cooperating for more 40 years, and the increase in the scope of areas of collaboration necessitated the formalisation of relations with an MoU.

In the government arena, two MoUs were signed with the Departments of Environmental Affairs and Water Affairs respectively. Other stakeholders were also engaged, discussing issues of mutual interest, while areas of collaboration were identified and talks for formal processes initiated. The organisation also played a leading role in issues pertaining to the training of disaster managers, in collaboration with the National Disaster Management Centre. SAWS furthermore participated in an International Strategy for Disaster Risk Reduction Workshop with the theme, “Hospitals Safe from Disasters”. Meetings of the Technical Working Group on Instrumentation were held between SAWS’ Technical Services and the ARC, as part of the implementation of an already existing MoU. A SAWS presentation on the organisation’s involvement in satellite applications and education was done at a Space Science Awareness Stakeholder Engagement Session at the NRF, under the leadership of the South African Agency for Science and Technology Advancement (SAASTA).

SAWS engaged with the general public and responded to queries and concerns from the general public and from companies, pertaining to the installation of the new S-Band Radar System at Irene. An SAWS open day was held at Bronkhorstspruit Primary School (Laerskool Du Preez van Wyk), where an AWS had been installed as part of a career outreach initiative. A1-size full-colour posters were provided to the Gauteng Department of Education for a training course involving 65 educators, who were trained in amateur radio operations at the Sci Bono Discovery Centre. The engagement with the Department of Education via school outreach programmes expanded capacity-building and the awareness of career opportunities in meteorology. At the Grahamstown Science Festival, SAWS was selected as one of the organisations that conducted the best outreach workshops. These workshops promoted awareness of weather information and career opportunities in this field. Throughout the period under review, the SAWS brand was promoted by producing information material, such as Vision, Mission and Values posters for all regional offices, as well as on the 150 years of service to South Africans, which was distributed both internally and externally.

SAWS launched its new radar network on 29 March 2010.

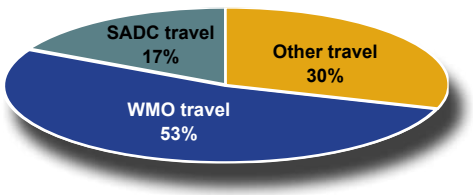
In the international arena, SAWS participated in several programmes and initiatives, as well as conferences. An MoU was signed with the National Meteorology Service of Iran to facilitate capacity-building and exchange programmes. SAWS continued to play a leading role in the region, via its active

participation, in conjunction with the World Meteorological Organisation (WMO) and the Meteorological Association of Southern Africa (MASA), in the development of meteorology in the region. These engagements include, amongst others, the sharing of information on meteorological applications that would benefit sectors such as health and aviation; and the marketing and selling of SAWS manufactured infrastructure to enhance the observation and communication network in the SADC region.

SAWS took the lead in several projects, as assigned by the WMO, and participated in meetings dealing with the strengthening of WMO strategy and MASA strategy, as well as programmes dealing with disaster risk reductions. With SAWS being chair of MASA, South Africa facilitated and solicited the Finnish government for funding as well as the establishment of the MASA Secretariat Desk at its Pretoria Head Office. The MASA Constitution was signed at an extra-ordinary meeting in May, followed by the organisation's third Annual General Meeting (AGM) in October 2009. In total, SAWS personnel participated in 47 international activities, ranging from conferences to expert meetings, while four scientific papers were presented.

The graph below categorises international travel according to areas of collaboration. This segmentation also influenced the funding of these activities, and travel costs were either fully funded externally, or funded jointly with SAWS.

Graph 9: Analysis of international travel (April 09 to March 10)



Ensuring Effective Internal and External Communication

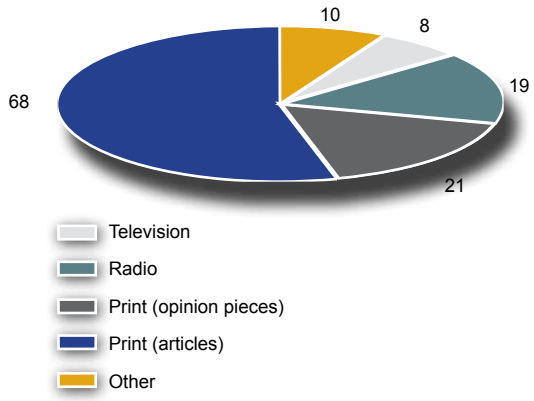
Phase three of the SAWS Three-year Communication Strategy was rolled out, which included the rolling out of the brand awareness campaign, living the values and creating awareness via media and stakeholder engagement pertaining to strategic programmes. The findings of the Perception Survey also identified several areas requiring attention, and SAWS was able to implement specific initiatives, such as media monitoring.

The monthly media monitoring reports informed SAWS about the nature of the information gaps currently experienced by users. The outcomes of the initiatives mentioned above resulted in publications and interviews on various strategic programmes, especially during the last quarter of the year under review. Several interviews were conducted on radio (both community and national stations), and on TV. Topics discussed covered, inter alia, seasonal forecasts and El Niño, climate change and the impact thereof, as well as the windy conditions experienced over Limpopo during October 2009. The launch of the weather radar network and the SAAQIS generated huge interest by the media, resulting in several live interviews on both radio and TV.

As part of the SAWS' brand positioning and differentiation, an agreement was reached with SABC news for TV weather presenters to present the brand by wearing SAWS corporate clothing on 23 March 2010, which also served to increase awareness of World Meteorological Day (WMD). Weather presenters were also allocated additional time to relate the WMD theme, as well as the WMD message.

The following graph provides a segmentation of media coverage throughout the year under review. It is worth noting that the segmentation pertains to interviews and articles, but excludes daily weather forecasts.

Graph 10: Media coverage



Other sources of media engagement included coverage via websites and links or references on other stakeholder websites, as well as articles in stakeholder newsletters and electronic publications. The launch of the "150 Years of Service to South Africans" generated publicity and an interest from the general public and the media, as well as internally amongst SAWS staff members. The celebration concept increased awareness amongst, and recognition of the value of the services provided by SAWS to stakeholders and other service providers. Information on the history of weather services was collated and documented.

Stakeholders were further engaged and encouraged to utilise the aviation website as another mode of information dissemination. The distribution of the Aviation Newsletter provided SAWS the opportunity to engage with aviation stakeholders in a more informal way.

The new design of the Intranet was completed, allowing user input, so as to offer users the opportunity to engage directly. Information brochures on lightning, AWS and the GAW station were produced and distributed externally at exhibitions. Communication was further enhanced with the publication of the SAWS Our Voice newsletter. Staff members used the electronic newsletter to share experiences and disseminate information. Quarterly staff meetings were utilised to enhance internal communication initiatives and showcase presentations, detailing progress with strategic programmes. This initiative showed increased involvement and participation at all levels.

SAWS, as part of its Corporate Social Investment (CSI), and in conjunction with the University of Pretoria, embarked on a joint project to restore fognets at the Tshanowa Primary School situated in Venda. In the Limpopo province, fognets are used to generate water which, in turn, is used by local communities. Another project, linked to the upgrading of the weather radar network project, was the upgrading of the Highbury JS School in Mthatha in the Eastern Cape. An agreement was reached with the community that SAWS would raise funds for the upgrading of the local school, as the community had hosted one of the radar systems and provided security for it over many years. The SAWS annual corporate Golf Day proceeds were donated to two organisations in the Western Cape, namely the Olive Leaf Foundation, which is an NGO operating in the health sector in Khayelitsha, and the Erub Children's Choir.

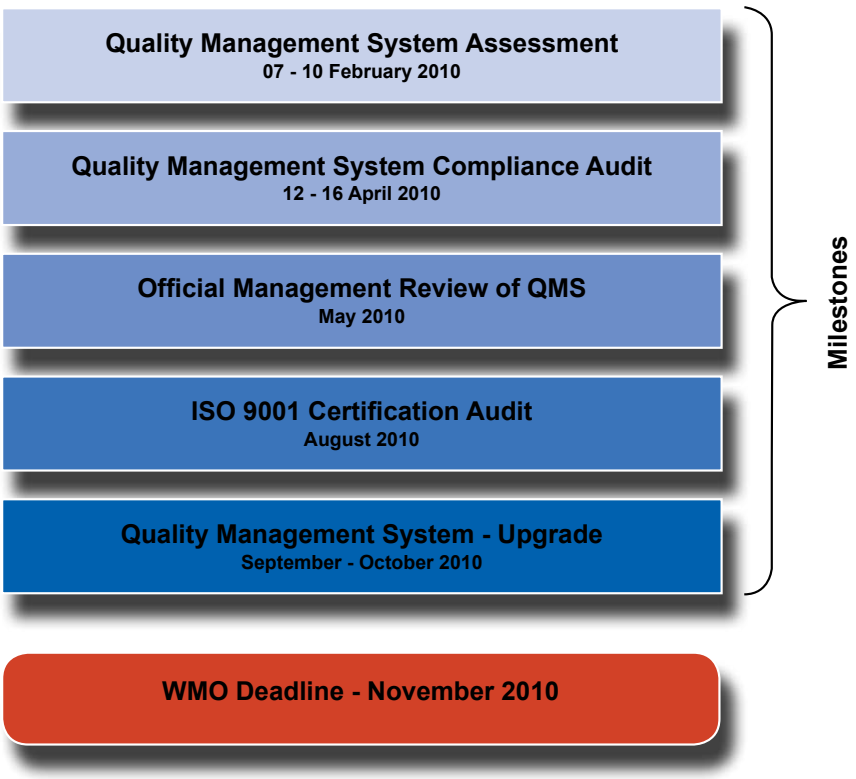
The CSI programme was extended with the establishment of an SAWS Women's Forum at Bolepi House. The forum expanded the organisation's support of poverty alleviation by collecting household resources and meeting with identified communities and relevant organisations. Talks to increase awareness of SAWS services (especially disaster risk reduction) were held and, where possible, local disaster management centres were involved. SAWS participated in disaster recovery programmes in areas were communities were affected by weather-related disasters – especially in the Cape.

EXECUTIVE PROJECTS

Total Quality Management (TQM)

SAWS is preparing for ISO 9000 certification. Most of the preparatory work has been done and the target date for certification is attainable. A robust approach was adopted to ensure that all members of staff are prepared and on board. A systems assessment was conducted during February 2010, in preparation for the compliance audit in April 2010. The diagram below represents a road map towards certification.

A group of SAWS staff was trained as internal auditors for ISO 9001.



OCCUPATIONAL HEALTH AND SAFETY

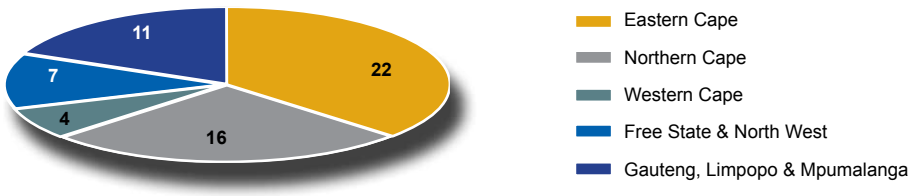
SAWS is committed to providing a safe working environment and this commitment is expressed via the organisation's health and safety policies. One of the corner-stones of the SAWS Health and Safety (OHSAS) Programme is capacity-building and, in meeting this commitment, first aid training was conducted in all five regional offices. A total of 60 employees successfully completed their first aid training, thus ensuring that each office has adequate numbers of competent staff members to assist during emergencies.

SAWS continued to improve its efforts in ensuring that a culture of health and safety is deeply entrenched in the workplace. A total of 440 health and safety posters were produced and distributed to all offices, which served to enhance awareness and education on health and safety in the workplace.

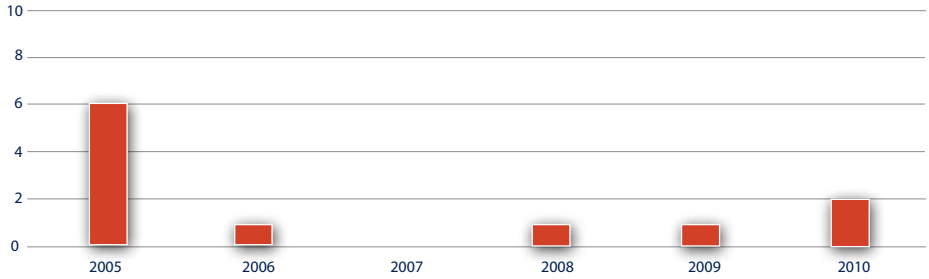
SAWS management also took a decision to align the organisation's Health and Safety Programme with OHSAS 18001 management standards.

A comparison assessment was conducted over a number of years (2005 to 2010), looking at the workplace incident trend over the years, and the decline in incidents over the years is worth noting.

Graph 11: First Aid training per region



Graph 12: Workplace incidents



HUMAN CAPITAL MANAGEMENT

Create and Instil an Organisational Culture that is Aligned to Saws Values

At the centre of any organisation, there is a need to create an environment that facilitates the achievement of the strategic goals of the organisation. SAWS values ensure that all internal stakeholders strive to achieve the desired culture, for the success of the organisation. As part of instilling the idea of living the SAWS values, SAWS staff members are encouraged to observe these values at all meetings and workshops and report on them at the end of each meeting.

SAWS held its Open Day in Bronkhorstspruit on 15 October 2009.

The Increase of Scarce and Critical Skills that are Needs-Driven

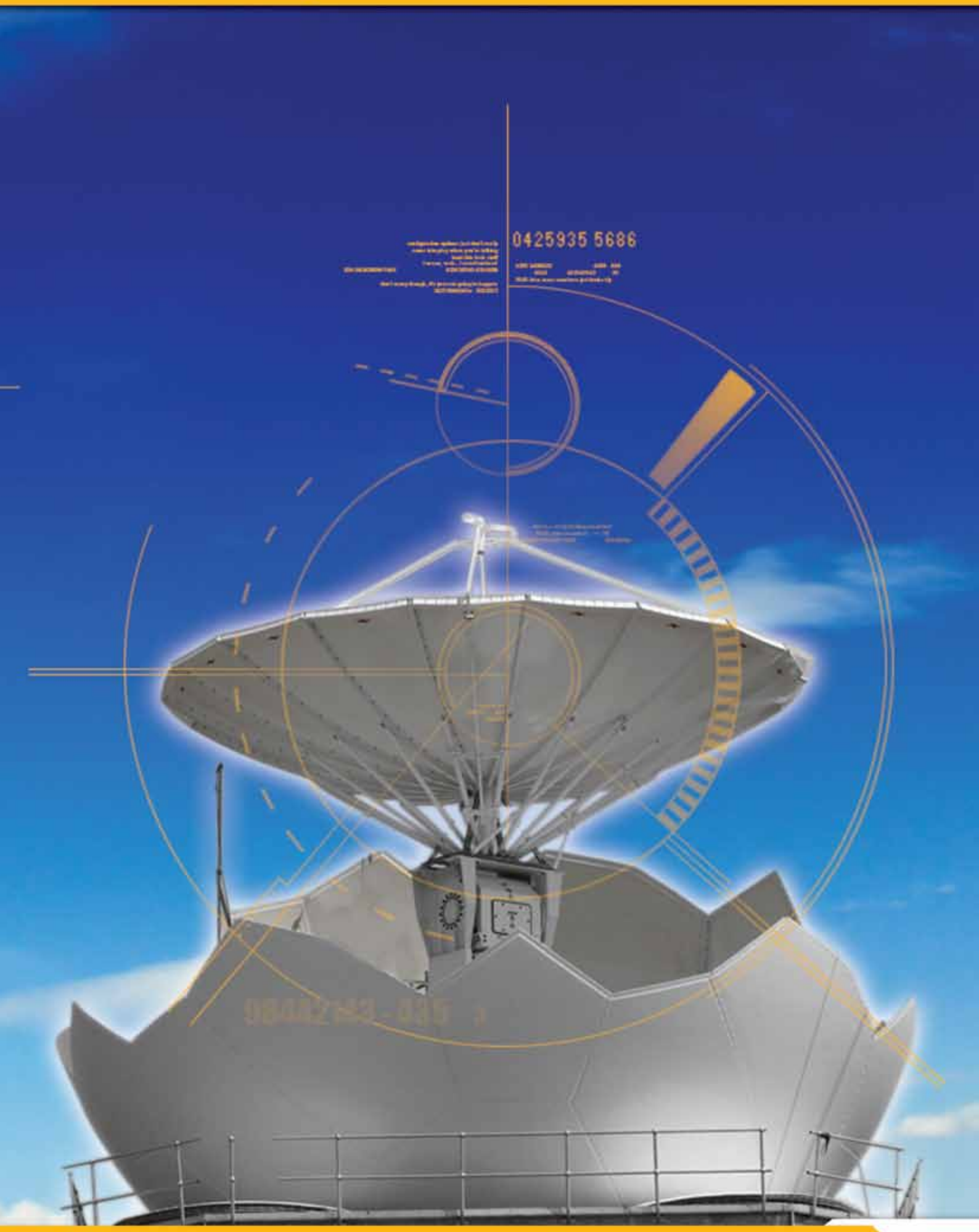
The implementation of the Attraction and Retention Programmes provided the foundation required for the integration of all programmes with the Skills Transfer Programme, facilitating the implementation of the Succession Plan while creating a bigger skills pool and reducing the scarce and critical skills gaps.

The retention of staff, particularly those with critical and scarce skills, is satisfactory with the turnover figures standing at 6.23%. The reason for the turnover, however, is not only attributable to employees seeking better prospects, as other reasons, such as retirement and contracts coming to an end, also contribute. The Skills Transfer Programme pertaining to scarce and critical skills, boasted 90 mentors and 125 mentees during the year under review. Skills profiles for forecasters and researchers were developed as part of the Attraction and Retention Programmes, and SAWS held its first Employee Recognition Awards Ceremony in December 2009 where members of staff received recognition in various categories.

The daily forecasting discussions were also utilised to enhance the experience of junior forecasters, while facilitating the production quality forecasts.

Ensuring the Well-being and Safety of all Staff Members

The implementation of Employee Wellness Programme saw an increase in employee participation and involvement, resulting in the addressing of issues that are not primarily addressed on a day-to-day basis. SAWS also rolled out an HIV/Aids awareness programmes, which included participation in voluntarily HIV testing.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PART 3 contents

CONTENTS

REPORT OF THE AUDIT & RISK COMMITTEE

for the year ended 31 March 2010

AUDIT & RISK COMMITTEE RESPONSIBILITY

The Audit & Risk Committee reports that it has complied with its responsibility arising from section 38(1)(a) of the PFMA and Treasury Regulations 3.1.13. The Audit & Risk Committee reports that it has adopted appropriate formal Terms of Reference as its Committee Charter and has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

AUDIT & RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit & Risk Committee plays a critical role in the corporate governance of the entity. The Audit & Risk Committee consists of the members listed hereunder. During the current financial year four meetings were held.

MEMBERS	NUMBER OF MEETINGS HELD	ATTENDED
Ms. Medi Mokuena (Chairperson)	4	4
Mr. Siyabonga Makhaye	4	3
Mr. Lance Williams	4	4
Mr. Melusi Ntumba	4	3

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit & Risk Committee guided the Internal Audit unit in the preparation and implementation of the annual audit plan. The internal Audit function has been outsourced to SizweNtsaluba vsp. The systems of control are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, internal audit provides the Audit & Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

According to various reports of the internal auditors, the Audit Report on the Annual Financial Statements and management report of the Auditor-general, it was noted that no significant or material non-compliance with the prescribed policies and procedures have been reported. Accordingly, we can report that the systems of internal control for the year under review were effective and efficient.

PART 3

THE QUALITY OF MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA AND THE DIVISION OF REVENUE ACT

The Audit & Risk Committee is satisfied with the content and quality of Monthly and Quarterly Reports prepared and issued by the Chief Executive Officer of the Entity during the year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit & Risk Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the Annual Report, with the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulting from the audit.

The Audit & Risk Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the Report of the Auditor-General.

Ms M Mokuena
Chairperson of the Audit & Risk Committee
29 July 2010

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2010

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE SOUTH AFRICAN WEATHER SERVICES FOR THE YEAR ENDED 31 MARCH 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying financial statements of the South African Weather Services, which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information as set out on pages 74 to 114.

Accounting Authority's Responsibility for the Financial Statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice and in the manner required by the Public Finance Management Act of South Africa ,1999 (Act No. 1of 1999) (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's Responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Weather Services as at 31 March 2010 and its financial performance and its cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice and in the manner required by the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS
In terms of the Public Audit Act of South Africa and *General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management (internal control).

Findings
Predetermined Objectives
No matters to report.

Compliance with Laws and Regulations
No matters to report.

INTERNAL CONTROL
I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit.

Findings
No matters to report.

Auditor-General

Pretoria
29 July 2010

AUDITOR-GENERAL

STATEMENT OF RESPONSIBILITY BY THE BOARD

for the year ended 31 March 2010

The Annual Financial Statements are the responsibility of the Board. The Financial Statements, presented on pages 74 to 114 were prepared in accordance with South African Statements of Generally Accepted Accounting Practices and South African Statements of Generally Recognised Accounting Practices, and include amounts based on judgement and estimates made by management. The Board also prepared the other information included in the Annual Report and is responsible for both its accuracy and consistency with the Financial Statements.

The Board is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the Financial Statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. The Board reviewed the entity's system of internal control and risk management for the year. The Board is of the opinion that the entity's systems of internal control and risk management were effective for the year under review.

The going concern basis was adopted when preparing the Financial Statements. The Board has no reason to believe that the South African Weather Service will not be a going concern in the foreseeable future based on forecasts and available cash resources. The Financial Statements support the viability of the South African Weather Service.

The Financial Statements were audited by the Auditor-General, who had unrestricted access to all financial records and related data, including minutes of the Board and all its committees. The Board believes that all representations made to the Auditor-General during their audit were valid and appreciated.

APPROVAL OF FINACIAL STATEMENTS

The Financial Statements on pages 74 to 114 were approved by the Board on 29 July 2010 and signed on its behalf by:

Dr L. Makuleni
Chief Executive Officer

Ms K Njobe
Chairperson of the Board

PART 3

REPORT BY THE ACCOUNTING AUTHORITY

for the year ended 31 March 2010

Report by the Accounting Authority to the Executive Authority and Parliament of the Republic of South Africa.

Preparation and Presentation of the Annual Financial Statements

The South African Weather Service has adopted the South African Statements of Generally Recognised Accounting Practices (GRAP 1- 3) and the South African Statements of Generally Accepted Accounting Practices (GAAP).

General Review of the State of Affairs

The South African Weather Service (SAWS) has performed well in the period under review, especially in the overall implementation of key strategic programmes and the provision of public good services, despite the global economic crisis, and realised a net surplus of R131.7 million. The SAWS increased its revenue and exercised financial prudence in the management of its operational expenses, which resulted in a decrease of 1.5% in total expenses, compared to the previous year.

REVENUE

Total revenue increased by 75.3% (R145.4 m) from R193.7 million (2009) to R339.56 million (2010). The increase was attributed to:

	2010 Rm	2009 Rm	Increase/(Decrease) Rm	%
Government grants – operational	**133.37**	124.92	8.45	6.8
Government grants – capital expenditure	**139.87**	-	139.87	100
Aviation revenue	**49.03**	52.15	(3.12)	(6.0)
Aviation instrument maintenance income	**0.26**	0.30	(0.04)	(13.33)
Information fees	**4.20**	2.99	1.21	40.5
Lightning detection network sales	**5.28**	3.16	2.12	67.3
Letting aircraft	**-**	3.10	(3.10)	(100.0)
Selling of instruments	**3.09**	1.38	1.72	124.9
Other income	**0.68**	0.06	0.62	134.47
Profit on disposal of assets	**0.03**	0.25	(0.22)	(90.1)
Donations received	**0.05**	0.02	0.03	161.8
Interest received from debtors	**0.42**	0.54	(0.12)	(22.4)
Interest due to discounting of receivables	**1.01**	1.44	(0.43)	(29.6)
Revenue from investments	**2.30**	3.42	(1.12)	(32.9)
Total	**339.56**	193.71	145.85	75.3

Regulated aviation revenue decreased by 6% from R52.1 million (2009) to R49 (2010), mainly due to the under recovery of budgeted revenue as a result of the lower than forecasted traffic volumes, caused by the global economic recession experienced during the year under review. As a result, SAWS had a R10 million shortfall in aviation revenue for the financial year. Recovery of this shortfall will be discussed as part of the regulated aviation tariff review process with the regulator and Airline Association to determine the 2011/12 tariff. Other non-regulated commercial revenue increased by 15% year-on-year. Non-regulated commercial revenue comprised mainly of the sale of lightning detection networks, totalling R5.3 million for the year (2009: R3.2 million); information fees totalling R4.2 million (2009: R3.0 million); and instrument sales of R3.09 million (2009: R1.38 million).

Interest received from outstanding debtors accounts decreased from R0.5 million (2009) to R0.4 million (2010), due to improved collection methods.

Interest received due to discounting of receivables decreased from R1.4 million (2009) to R1.0 million (2010). International Accounting Standard 39: Financial Instruments, requires that when a receivable is raised, that the receivable will be initially recognised at its fair value, and this would take into account the effect of the time value of money. Similarly, for the purchase of goods on extended payment terms, the effect of time value of money should be reflected in the purchase value.

Revenue from investments decreased by 32.9% from R3.4 million (2009) to R2.3 million (2010), due to a reduction in the cash surplus. Surplus cash funds, per the current accounts, were allocated to interest-bearing short-term investments and call accounts. Interest rates are negotiated with financial institutions on a monthly basis, or when the investment matures. Investments are placed according to the rules of the PFMA.

The relation between internally generated revenue and revenue received as a grant (excluding the capital expenditure grant) from DEA, is as follows:

	2010	2009
External as % of total revenue	**67%**	64%
Internal as % of total revenue	**33%**	36%
	100%	100%

EXPENSES

During the financial year, expenses were reduced to circumvent the effects of the decrease in revenue. Total expenses on a year-on-year basis decreased by 1.5% (R2.9 million) from R196.6 million (2009) to R193.7 million (2010). The decrease was attributed to:

	2010 Rm	2009 Rm	Increase/(Decrease) Rm	%
Administrative expenses	**5.05**	11.82	(6.77)	(57.1)
Employee costs	**114.78**	108.15	6.63	6.1
Amortisation	**2.35**	2.43	(0.08)	(3.3)
Depreciation	**11.92**	12.80	(0.88)	(6.86)
Other operating expenses	**59.21**	60.40	(1.19)	(1.97)
Finance costs	**0.43**	1.00	(0.57)	(57.0)
Total	**193.75**	196.60	(2.87)	(1.46)

Administrative Expenses

Administration expenses have decreased by 57.22% from R11.82 million (2009) to R5.06 million (2010). This decrease was mainly attributed to the plan put by Executive Management to curtail overhead expenses as a response to the global economic recession, resulting in a reduction in costs of items such as legal fees and entertainment costs.

Employee Costs

Employee costs increased by 6.1% from R108.15 million (2009) to R114.78 million (2010). The average annual cost of living increase was 8.5%. A moratorium was imposed on vacant positions with the majority of these positions to be filled in the next financial period.

Employee costs constituted 59.2% (2009: 55%) of the total expenses of the SAWS.

Depreciation

Depreciation decreased by 6.86% from R12.8 million (2009) to R11.92 million (2010). The decrease is a direct result of certain assets coming towards the end of their useful lives and the reassessment of the useful lives of several classes of assets.

Other Operating Expenses

Other operating expenses decreased by 1.2% (R0.78 million) from R60.40 million (2009) to R59.62 million (2010).

- Cost reduction initiatives implemented by management during the financial year resulted in the following highlights:
  - Equipment expensed items decreased by 31.14% (R2.6 million) from R8.4 million (2009) to R5.8 million (2010), due to the rationalisation of radiosondes.
  - Local travel decreased by 29.9% (R1.5 million) from R4.9 million (2009) to R3.4 million, due to controlled travel arrangements instigated by management.
- As part of the management of expenses to match the lower than expected aviation revenue, some projects were deferred to 2010/11 resulting in a decrease of 45.10% (R1.7 million) from R2.6 million (2009) to R1.4 million (2010).

Finance Costs

Finance costs decreased by 56.9% from R1.0 million (2009) to R0.43 million (2010), due to the effect of the implementation of IAS 39, as discussed above.

SERVICES RENDERED BY THE SOUTH AFRICAN WEATHER SERVICE

A list of services rendered by the SAWS is discussed in detail in the Annual Report, under the report by the Chief Executive Officer.

The significant events that took place during the year, as well as major projects undertaken, are discussed in the Annual Report under the report by the Operations Department.

TARIFF POLICY

In terms of Section 28(b) of the SAWS Act, 2001(Act No. 8 of 2001), the SAWS charges fees for the provision of aviation meteorological services by the operator of an aircraft in respect of a flight undertaken within any flight information region established by the Commission for Civil Aviation in terms of the Civil Aviation Regulations, 1997, as amended.

Aviation meteorological user charges have two categories:

Category 1:

In respect to an aircraft with a Maximum Certified Mass (MCM) of 2000 kg and above:

- Charge = Tariff x W x D
- Where tariff = Year 1 (1 April 2010 – 31 March 2011) R31.79
  Year 2 (1 April 2011 – 31 March 2012) R35.36
  Year 3 (1 April 2012 – 31 March 2013) R28.86
- W = Square root of (MCM in metric tonnes divided by 50)
- D = Distance of flight in the flight information region of South Africa in kilometre divided by 100.

Category 2:

For aircraft with a published Certified Maximum Mass between 2000 and 4999 kg that operate under Visual Flight Rules (VFR) and aircraft with a Maximum Certified Mass (MCM) of below 2000 kg, the tariff is set at zero.

No fees are payable for an aircraft engaged in search and rescue operations and coastal patrol flights of the South African Air Force.

CAPACITY AND OTHER CONSTRAINTS

Funding Sources: SAWS' optimal productivity relies heavily on the availability of financial enablers to ensure that desired yields on the investment are attained. It is in this context that the diminishing grant allocation from the Shareholder poses a significant constraint when juxtaposed against the economic re-

alities under which SAWS as a Public Entity has to operate. This is compounded by the global economic downturn that had a negative impact on SAWS funding sources, as is evidenced by the aviation industry (where airline companies had to be liquidated or were forced to review their operations, thus restraining finance-generating sources for the organisation).

- **Operational Capacity:** Global trends and developmental pressures propelled organisations similar to SAWS to invest more heavily in capacity-building, such as modern technology and human capital. The enhancement in capital injections and technology ensures that there are up-to-date enablers to assist in generating relevant applications in research that will assist government in planning and decision-making. It is highly desirable that South Africa takes a leading role in this process. This, however, is being hamstrung by a lack of funds to invest in advanced technology and human capital; a necessary resource to drive these processes.
- **Employees:** In as much as there was marked progress in the attraction and retention of skills, as demonstrated by the steadily declining turnover figures in critical and scarce skills, there is also an equally demanding challenge to maintain the figures and give such employees a conducive environment within which to operate. Part of that responsibility is to respond to creating a greater pool of scientists and technologists with greater focus on Previously Disadvantaged Individuals. Without the necessary financial resources it is a tall order to achieve these objectives, more so because these are part of the SAWS mandate as per the Act.

UTILISATION OF DONOR FUNDS

An amount of R3.7 million (2009 : R3.6 million), including interest, was received from donor funds during the year under review. A total of R3.1 million (2009 : R2.4 million) was utilised as donor funding expenditure. These funds were received with conditions as agreed upon with donors. Detailed information on these projects is discussed under the Chief Executive Officer's report in the Annual Report 2010. The amounts received from donors are recorded as a liability against which expenses are charged. The balance available at year-end was R3.4 million (2009: R3.0 million).

CAPITAL EXPENDITURE GRANT

An amount of R52.5 million (2009: R35 million) was received from DEA as a contribution towards the radar network recapitalisation project of R240 million. During the period under review a total of five radar systems were installed. Three fixed radars (S-band) were installed at Irene, Bethlehem and Mthatha, while two mobile radars (X-band) were installed at OR Tambo International Airport and in Cape Town. Installation and implementation of radars in Ottosdal, Ermelo, East London, Bloemfontein, Port Elizabeth, Polokwane and Durban is expected to be completed by 31 March 2011.

CORPORATE GOVERNANCE ARRANGEMENTS

The SAWS is committed to the objectives and principles of transparency, accountability and integrity explained in the King III Report on Corporate Governance.

Full disclosure of risk items and policies are discussed under note 20 in the Annual Financial Statements, and disclosure of all conflict of interest and contracts with related parties is done under note 23 in the Annual Financial Statements.

Disclosure of remuneration to members of the Accounting Authority and Executive Management is done under note 28 in the Annual Financial Statements.

The Strategic Plan was amended and improved to include clear and precise direction for the organisation for the coming three years, with the focus on the increase in commercial revenue. Internal controls were strictly monitored.

The Audit Committee meets on a regular basis and ensures that management adheres to internal controls and accounting policies and procedures. Sizwe Ntsaluba VSP was appointed in the financial period ending 31 March 2009 as internal auditors to SAWS. This is an ongoing process and will ensure the effective implementation of internal audit and control procedures and adherence of management thereto. A three-year rolling internal audit plan, as well as a one-year plan was developed by them. A risk assessment was performed during the year.

The Audit Committee adopted formal Terms of Reference and this Committee is satisfied that it covered all responsibilities for the year in compliance with its Terms of Reference. (Refer to Report of the Audit Committee in the Annual Report.)

PERFORMANCE INFORMATION

Performance targets are set on an annual basis. Full disclosure of these targets and performance against them are disclosed in the Annual Report. Quarterly performance reports are prepared by the South African Weather Service and submitted to the Department of Environmental Affairs, stating achievements during the previous year and assessing results against targets set.

SCOPA RESOLUTIONS

There were no resolutions taken by the Standing Committee on Public Accounts (SCOPA) for the year under review.

Address

Registered Office:	South African Weather Service 442 Rigel Avenue South Erasmusrand Pretoria 0181	*Postal Address:*	Private Bag X097 Pretoria 0001

PART 3

Auditors

SAWS is a Public Entity audited by the Auditor-General.

Approval

The Annual Financial Statements set out on pages 74 to 114 have been approved by the Accounting Authority.

Ms K Njobe

Chairperson of the Board

Date: 29 July 2010

Mr. Slingsby Mda
Chief Financial Officer

Statement of Financial Position

as at 31 March 2010

	Notes	2010 R	2009 R
ASSETS			
Non-Current Assets		**253,233,482**	147,274,217
Property, plant and equipment	4	**215,141,091**	91,554,269
Intangible assets	5	**5,192,391**	8,719,948
Investment property	6	**32,900,000**	47,000,000
Current Assets		**104,607,296**	91,844,080
Inventory	7	**6,889,281**	8,454,506
Trade and other receivables	8	**13,669,137**	14,950,729
Cash and cash equivalents	9	**84,048,878**	68,438,845
TOTAL ASSETS		**357,840,778**	239,118,297
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**34,373,386**	33,465,102
Deferred rental obligations	10.1	**7,843,386**	8,517,118
Retirement benefit obligations	11	**26,530,000**	24,947,984
Current Liabilities		**53,920,200**	64,066,013
Current portion:Retirement benefit obligations	11	**560,000**	492,016
Trade and other payables	12	**25,854,310**	20,939,707
Provisions	13	**497,301**	676,061
Donor funding	14	**3,419,076**	3,010,603
Radar recapitalisation project	14	**23,589,513**	38,947,626
TOTAL LIABILITIES		**88,293,586**	97,531,115
Net Assets		**269,547,192**	141,587,182
Non-distributable reserve		**57,509,494**	61,274,577
Accumulated surpluses		**212,037,698**	80,312,605
TOTAL NET ASSETS AND LIABILITIES		**357,840,778**	239,118,297
Total Net Assets		**269,547,192**	141,587,182

PART 3

Statement of Financial Performance

for the year ended 31 March 2010

	Notes	2010 R	2009 R
Government grant - operational expenditure		**133,367,000**	124,916,000
Government grant - capital expenditure		**139,869,949**	-
Commercial Revenue		**61,864,663**	63,069,840
Other income		**4,478,306**	5,721,880
Total revenue	15	**339,579,918**	193,707,720
Administrative expenses		**(5,055,904)**	(11,818,992)
Employee costs		**(114,779,933)**	(108,153,642)
Amortisation	5	**(2,352,368)**	(2,425,637)
Depreciation	4	**(11,921,906)**	(12,800,283)
Other operating expenses		**(59,212,765)**	(60,396,818)
Finance costs	16	**(431,949)**	(1,001,627)
Total expenses		**(193,754,825)**	(196,596,999)
Operating surplus / (deficit) for the year		**145,825,093**	(2,889,279)
(Losses) / Gains from fair value adjustments	6	**(14,100,000)**	(1,321,544)
Surplus / (Deficit) for the Year		**131,725,093**	(4,210,823)

Statement of Changes in Net Assets

as at 31 March 2010

	Non-distributable Reserve R	Accumulated Surpluses / (Deficits) R	Total R
Balance at 1 April 2008	61,434,528	84,594,924	**146,029,452**
Property valuation	209,039	-	**209,039**
Aircraft valuation / Impairment	(368,990)	-	**(368,990)**
Depreciation adjustment to buildings	-	(71,496)	**(71,496)**
Net surplus / (deficit) for the year	-	(4,210,823)	**(4,210,823)**
Balance at 31 March 2009	61,274,577	80,312,605	**141,587,182**
Property valuation	(4,806,412)	-	**(4,806,412)**
Aircraft valuation	1,041,329	-	**1,041,329**
Net surplus / (deficit) for the year	-	131,725,093	**131,725,093**
Balance at 31 March 2010	57,509,494	212,037,698	**269,547,192**

Cash Flow Statement

for the year ended 31 March 2010

	Notes	2010 R	2009 R
Cash Flow from Operating Activities			
Receipts		**340,836,412**	195,332,860
Government grant		**273,236,949**	124,916,000
Commercial and other income		**65,303,429**	66,995,943
Income from investments		**2,296,034**	3,420,917
Payments		**(186,340,896)**	(212,753,297)
Employee benefits expense		**(114,779,933)**	(108,153,642)
Suppliers		**(71,129,014)**	(103,598,028)
Finance costs		**(431,949)**	(1,001,627)
Net cash flows from / (used in) operating activities	18	**154,495,516**	(17,420,437)
Cash Flow from Investing Activities			
Proceeds on disposal of property, plant and equipment and intangible assets		**76,182**	642,045
Acquisition of property, plant and equipment and intangible assets		**(139,869,950)**	(16,735,696)
Net cash flows from / (used in) investing activities		**(139,793,768)**	(16,093,651)
Cash Flow from Financing Activities			
(Decrease)/increase in long-term liabilities		**908,285**	1,954,411
(Decrease)/increase in short-term liabilities		**-**	-
Net cash flow from / (used in) financing activities		**908,285**	1,954,411
Net increase/(decrease) in cash and cash equivalents		**15,610,033**	(31,559,677)
Cash and cash equivalents at the beginning of the year		**68,438,845**	99,998,522
Cash and cash equivalents at end of the year	9	**84,048,878**	68,438,845

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010

1. PRESENTATION OF FINANCIAL STATEMENTS

Basis of Preparation of the Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board.

Standard of GRAP

GRAP 1:	Presentation of financial statements
GRAP 2:	Cash Flow Statements
GRAP 3:	Accounting policies, changes in accounting estimates and errors
GRAP 4:	The effects of changes in foreign exchange rates
GRAP 5:	Borrowing costs
GRAP 6:	Consolidated and separate financial statements
GRAP 7:	Investments in associates
GRAP 8:	Interest in joint ventures
GRAP 9:	Revenue from exchange transactions
GRAP 10:	Financial reporting in hyperinflationary economics
GRAP 11:	Construction contracts
GRAP 12:	Inventories
GRAP 13:	Leases
GRAP 14:	Events after the reporting date
GRAP 16:	Investment property
GRAP 17:	Property, plant and equipment
GRAP 19:	Provisions, contingent liabilities and contingent assets
GRAP 100:	Non-current assets held for sale and discontinued operations
GRAP 101:	Agriculture
GRAP 102:	Intangible assets

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP statements has resulted in the following significant changes in the presentation of the financial statements:

1.1 Terminology differences:

Standard of GRAP
Statement of Financial Performance
Statement of Financial Position

Statement of Changes in Net Assets
Net assets
Surplus / deficit for the year
Accumulated surplus / deficit
Contributions from owners
Distributions to owners
Reporting date

1.2 The cash flow statement can only be prepared in accordance with the direct method.

1.3 Specific information has been presented separately on the statement of financial position such as:
(a) receivables from non-exchange transactions, including taxes and transfers;
(b) taxes and transfers payable; and
(c) trade and other payables from non-exchange transactions.

1.4. The amount and nature of any restrictions on cash balances is required to be disclosed.

The financial statements are presented in South African rand since that is the functional currency in which the majority of the South African Weather Service's transactions are denominated. The annual financial statements have been prepared on the going concern basis. All accounting policies have been consistently applied to all the periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the South African Weather Service have been prepared in accordance with South African Statements of Generally Accepted Accounting Practices (GAAP) and with South African Standards of Generally Recognised Accounting Practices (GRAP). The preparation of financial statements in conformity with GAAP and GRAP require the use of certain critical financial statements accounting estimates. It also requires management to exercise its judgment in the process of applying the Entity's accounting policies.

2.1 Revenue Recognition

Revenue comprises of fees levied for the supply of weather related information to the aviation industry as well as other users. Revenue from information fees levied is recognised when the information is supplied to the customer.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable. Other income, mainly the letting of aircraft, is recognised when the service is rendered to the customer.

Project income received is recognised together with the respective expenses in the Statement of Financial Performance.

Monies received from donors are recorded as a liability against which expenses are charged, surpluses are either paid back or recognised in the Statement of Financial Performance depending on terms of the particular contract.

2.2 Government and Other Grants

Government grants are recognised when it is probable that future economic benefits will flow to the organisation and when the amount of the grant can be measured reliably. Government grants are recognised as revenue to the extent that there is no further obligation arising from the receipt of the transfer payment. A liability is recognised to the extent that the grant is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

2.3 The South African Weather Service as a Lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

2.4 Foreign Currencies

Transactions in currencies other than the functional currency (Rands) are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the Statement of Financial Position date. Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded are recognised as income or expenses in the period in which they arise.

The South African Weather Service did not enter into forward contracts and options in order to hedge its exposure to foreign exchange risks, during the financial period under review.

2.5 Property, Plant, Equipment and Depreciation

Land and buildings and aircraft are shown at fair value.

Revaluations of aircrafts and land and buildings are performed annually using fair values at the Statement of Financial Position date. Any revaluation increase arising on the revaluation is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the Statement of Performance to the extent of the decrease previously charged.

A decrease in the carrying amount arising on the revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to accumulated surpluses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

All other items of property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

	2010 (Years)	2009 (Years)
Buildings - lease improvements	**10**	10
Fence	**10**	10
Houses	**50**	50
Commercial property	**-**	-
Aircraft - airframes	**20**	20
Aircraft - engines	**5400 hrs**	5400 hrs
Aircraft - propellers	**5**	5
Motor vehicles	**5**	5
Meteorological instruments - other	**10**	10
Meteorological instruments - radar	**25**	10
Office equipment	**10**	10
Computer equipment	**5**	5
Computer software and website development	**5**	5
Library books and equipment	**10**	10
Furniture and fittings	**10**	10
Tools and other equipment	**10**	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

2.6 Intangible Assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Acquired computer software and website development are capitalised on the basis of the costs incurred to bring to use the specific software or website and armortised over the useful lives (five years) using the straight-line method.

2.7 Investment Property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the entity, and the cost of the investment property can be measured reliably.

Investment property is shown at fair value based on periodic but at least annual valuations by external independent valuers. The investment property is held for capital appreciation. A gain or loss arising from a change in the fair value of investment property is recognised in surplus or deficit in the year in which it arises.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated cost to completion and cost to be incurred in marketing, selling and distribution. Inventory consists of consumable goods and goods held for resale.

Cost is determined on the following basis:
Consumable goods are valued using the weighted average cost basis.
Redundant and slow moving stocks are identified and written down with regard to their estimated economic or realisable values.

2.9 Impairment

At each Statement of Financial Position date, the South African Weather Service reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment.

The recoverable amount is the higher of the assets less cost to sell or the value in use.

2.10 Financial Instruments

Recognition

Financial assets and liabilities are recognised on the entity's Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument. All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

Measurement

Financial instruments are initially measured at cost, which include transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Financial Assets

- ***Trade and Other Receivables***

  Trade and other receivables are recognised initially at fair value and subsequently measured providing for the time value of money and impairment of receivables.

- ***Writing Off of Debts***

  Prior to writing off debts, management assess the recoverability of the debt. If it is determined that the debt is irrecoverable, the debt is written off if management is convinced that the recovery of the debt would be uneconomical or the recovery would cause undue hardship to the debtor or his or her dependants, or it would be to the advantage of the state to effect a settlement of its claim or to waive the claim.

- ***Cash and Cash Equivalents***

  Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Cash and cash equivalents are measured at fair value.

Financial Liabilities

The entity's principal financial liabilities are trade and other payables. Trade and other payables are stated at fair value of money.

Gains and Losses on Subsequent Measurement

Gains and losses arising from a change in the fair value of financial instruments, are included in the net surplus or deficit for the period in which it arises.

Derecognition

A financial asset or a portion thereof is derecognised when the entity realises the contractual rights to the benefits specified in the contract, the rights expire, the entity surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustments to reflect the fair value of the asset that were reported in equity is included in net surplus or deficit for the period.

Fair Value Considerations

The fair values at which financial instruments are carried at the Statement of Financial Position date were determined using available market values. Where market values were not available, fair values were calculated by discounting expected future cash flows at prevailing interest rates. The fair values were estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that the entity could realise in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

2.11 Provisions

Liabilities

Provisions for liabilities are recognised when the South African Weather Service has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

Impairment of Receivables

Impairment of receivables are recognised when the South African Weather Service outstanding debtors are above 120 days and debts which on merit appear to be irrecoverable.

Post Retirement Medical Aid Benefit

The entity has a defined benefit obligation. The obligation is generally funded by payments from the entity and employees, taking account of the recommendations of independent qualified actuaries. For defined benefit obligation the related current service cost, and where applicable the past service cost are determined by using projected unit credit method.

A defined benefit obligation is an obligation that defines an amount of benefit to be provided, usually as a function of one or more factors such as inflation, discounting and demographic factors both before and after retirement.

Actuarial gains and losses are recognised as income or expense in the statement of financial performance. The entity contribution to defined benefit obligation are charged to the Statement of Financial Performance in the year to which they relate. Once the contribution has been paid, the entity has no further payment obligations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

Short-term Employee Benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

2.12 Comparative Figures

Where necessary, comparative figures were adjusted to conform to changes in the presentation in the current period.

2.13 Taxation

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act No. 58 of 1962).

2.14 Value Added Taxation (VAT)

The Revenue Laws Amendment Act, 2003 (Act No. 45 of 2003) commenced on 22 December 2003. Previously, the definition of enterprise placed the South African Weather Service listed in Schedule 3 A within the scope of VAT. The Amendment Act, however has amended this definition of enterprise and effectively places the entity outside the scope of VAT. The amended definition of enterprise came into operation on 1 April 2005.

2.15 Related Parties

All transactions and balances with national departments of Government and state-controlled entities are regarded as related party transactions and are disclosed separately in the notes to the financial statements (refer note 22).

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

2.16 Fruitless, Wasteful and Irregular Expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in acordance with, a requirement of the Public Audit Act, 2004 (Act No. 25 of 2004). Fruitless and wasteful expenditure means expenditure that was incurred in vain and would have been avoided should reasonable care have been exercised. All irregular, fruitless or wasteful expenditure is charges against income in the period it was incurred.

3. Significant Accounting Judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

3.1 Useful Lives of Property, Plant and Equipment

For the financial period under review, management applied judgement in determining the extended useful lives of fixed assets in terms of GRAP 17 Property, Plant and Equipment and the results was that the useful lives of Computer Equipment and Computer Software was extended (refer to note 27).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

4. Property, Plant and Equipment

2010 Cost or Valuation	Opening Balance R	Reclassification* R	Additions R	Revaluation R	Disposals R	Closing Balance R
Building lease improvements	2,742,445	-	-	-	-	**2,742,445**
Commercial property	16,800,000	-	-	(5,040,000)	-	**11,760,000**
Fence	1,172,728	-	-	-	-	**1,172,728**
Bethlehem houses	1,220,039	-	-	233,588	-	**1,453,627**
Irene property	-	-	2,100,000	-	-	**2,100,000**
Aircraft airframes	3,980,312	-	-	(461,704)	-	**3,518,608**
Aircraft engines	5,546,190	-	-	1,271,445	-	**6,817,635**
Aircraft propeller	532,008	-	-	231,585	-	**763,593**
Motor vehicles	72,322	-	-	-	(10,600)	**61,722**
Meteorological instruments - other	50,668,808	-	1,129,802	-	-	**51,798,610**
Meteorological instruments - radar	22,744,730	-	135,687,869	-	-	**158,432,599**
Office equipment	1,428,156	-	148,971	-	-	**1,577,127**
Computer equipment	27,651,797	-	802,707	-	(70,985)	**28,383,519**
Library books and equipment	156,795	-	600	-	-	**157,395**
Furniture and fittings	4,862,854	-	-	-	-	**4,862,854**
Tools and other equipment	3,338,713	-	-	-	(15,584)	**3,323,129**
	142,917,897	**-**	**139,869,949**	**(3,765,086)**	**(97,169)**	**278,925,591**

2010 Accumulated Depreciation and Impairment Losses	Opening Balance R	Reclassification* R	Depreciation R	Additions R	Disposals / Impairments R	Closing Balance R
Building lease improvements	1,874,267	-	410	-	-	**1,874,677**
Commercial property	-	-	-	-	-	**-**
Fence	90,235	-	107,440	-	-	**197,675**
Bethlehem houses	95,039	-	24,400	-	-	**119,439**
Irene property	-	-	-	-	-	**-**
Aircraft airframes	1,021,816	-	176,009	-	-	**1,197,825**
Aircraft engines	2,382,357	-	-	-	-	**2,382,357**
Aircraft propeller	290,299	-	119,649	-	-	**409,948**
Motor vehicles	57,861	-	14,461	-	(10,600)	**61,722**
Meteorological instruments - other	16,583,139	-	5,546,160	-	-	**22,129,299**
Meteorological instruments - radar	10,064,054	-	1,353,161	-	452,486	**11,869,701**
Office equipment	676,558	-	100,185	-	-	**776,743**
Computer equipment	14,621,519	-	3,863,929	-	65,768	**18,551,216**
Library books and equipment	71,512	-	10,511	-	-	**82,023**
Furniture and fittings	2,447,930	-	321,501	-	1,155	**2,770,586**
Tools and other equipment	1,087,042	-	284,090	-	(9,840)	**1,361,292**
	51,363,628	**-**	**11,921,906**	**-**	**498,969**	**63,784,503**

4. Property, Plant and Equipment (continued)

2009 Cost or Valuation	Opening Balance R	Reclassification* R	Additions R	Revaluation R	Disposals R	Closing Balance R
Building lease improvements	1,880,429	738,729	123,287	-	-	2,742,445
Commercial property	16,751,000	-	-	49,000	-	16,800,000
Fence	-	-	1,172,728	-	-	1,172,728
Bethlehem houses	1,060,000	-	-	160,039	-	1,220,039
Aircraft airframes	3,466,565	-	-	513,747	-	3,980,312
Aircraft engines	6,460,481	-	-	-	(914,291)	5,546,190
Aircraft propeller	500,453	-	-	31,555	-	532,008
Motor vehicles	72,322	-	-	-	-	72,322
Meteorological instruments - other	67,076,556	(21,146,641)	4,738,893	-	-	50,668,808
Meteorological instruments - radar	-	21,146,641	1,598,089	-	-	22,744,730
Office equipment	1,140,544	(24,443)	322,903	-	(10,848)	1,428,156
Computer equipment	28,645,775	(714,286)	3,217,349	-	(3,497,040)	27,651,797
Library books and equipment	132,222	-	24,573	-	-	156,795
Furniture and fittings	4,229,439	-	635,736	-	(2,321)	4,862,854
Tools and other equipment	3,272,819	-	239,733	-	(173,839)	3,338,713
	134,688,605	-	12,073,291	754,341	(4,598,339)	142,917,897

2009 Accumulated Depreciation and impairment losses	Opening Balance R	Reclassification* R	Depreciation R	Additions R	Disposals / Impairments R	Closing Balance R
Building lease improvements	942,557	738,729	192,981	-	-	1,874,267
Commercial property	-	-	-	-	-	-
Fence	-	-	90,235	-	-	90,235
Bethlehem houses	-	-	23,543	71,496	-	95,039
Aircraft airframes	884,579	-	137,237	-	-	1,021,816
Aircraft engines	2,330,097	-	52,260	-	-	2,382,357
Aircraft propeller	184,785	-	105,514	-	-	290,299
Motor vehicles	57,861	-	-	-	-	57,861
Meteorological instruments - other	19,311,545	(7,949,390)	5,220,984	-	-	16,583,139
Meteorological instruments - radar	-	7,949,390	2,114,664	-	-	10,064,054
Office equipment	632,240	(24,443)	79,607	-	(10,846)	676,558
Computer equipment	14,578,698	(714,286)	4,190,439	-	(3,433,332)	14,621,519
Library books and equipment	63,013	-	8,499	-	-	71,512
Furniture and fittings	2,152,873	-	297,262	-	(2,205)	2,447,930
Tools and other equipment	834,076	-	287,058	-	(34,092)	1,087,042
	41,972,324	-	12,800,283	71,496	(3,480,475)	51,363,628

* During the current financial year management decided to split Meteorological Instruments into two categories, namely 'Radar' and 'Other'. This was done due to the fact that these two categories have materially different usefull lives. Refer to note 27, change in accounting estimate. It was also decided to re-allocate certain items of computer equipment to leasehold improvements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

4. Property, Plant and Equipment (continued)	**2010 R**	2009 R
Net Book Value		
Building lease improvements	**867,768**	868,178
Commercial property	**11,760,000**	16,800,000
Fence	**975,053**	1,082,493
Bethlehem houses	**1,334,188**	1,125,000
Irene property	**2,100,000**	-
Aircraft	**7,109,706**	6,364,038
Aircraft airframes	**2,320,783**	2,958,496
Aircraft engines	**4,435,278**	3,163,833
Aircraft propeller	**353,645**	241,709
Motor vehicles	**-**	14,461
Meteorological instruments - other	**29,669,311**	34,085,669
Meteorological instruments - radar	**146,562,898**	12,680,676
Office equipment	**800,386**	751,598
Computer equipment	**9,832,303**	13,030,278
Library books and equipment	**75,372**	85,283
Furniture and fittings	**2,092,268**	2,414,924
Tools and other equipment	**1,961,837**	2,251,671
	215,141,091	91,554,269

Aircraft

The Entity's aircrafts were revalued at 31 March 2010 by independent valuers, Skycare Maintenance. Valuations were made on the basis of open market value. The revaluation deficit was debited to the non-distributable reserve. If aircrafts were stated on the historical cost basis, the amounts would be as follows:

Cost	**9,811,735**	9,811,735
Accumulated depreciation	**(9,811,735)**	(9,811,735)
Net book value	**-**	-

Bethlehem Houses

The houses were revalued at 31 March 2010 by an indepenent valuer, Johan Breytenbach. Valuations were made on basis of open market value. The revaluation surplus was credited to the non-distributable reserve. If the houses were stated on the historical cost basis, the amounts would be as follows:

4. Property, Plant and Equipment (continued)	**2010 R**	2009 R
Cost	**600,000**	600,000
Accumulated depreciation	**(84,000)**	(72,000)
Net book value	**516,000**	528,000

The property includes Erf 1997 and Erf 2064 in the town of Bethlehem.
Erf 1997, also known as 8 Dr Clark Street, Bethlehem has an area of 1997 square meters and includes a house and outbuildings.
Erf 2064, also known as 19 Gordon Dreyer Street, Bethlehem has an area of 1568 square meters and includes a house and outbuildings.
The title deed of the Bethlehem property has not been registered in the name of South African Weather Service at financial year end however the Minister of Public Works passed all the rights, obligations and liabilities of the properties to South African Weather Service on the commencement of the South African Weather Service Act No.8 of 2001.

Irene Property
The property consists of Portion 110 of the Farm Doornkloof 391 JR. Improvements on the property consist of two interconnected offices, workshop, storage wings and some supporting outbuildings and carports. In accordance with the registration of ownership of the property, the property may only be used for scientific purposes, and may not be transferred. Due to this restriction the Municipal Value was used as the most accurate value of the property.

Commercial Property
The Entity's commercial and investment property were revalued at 31 March 2010 by independent valuers, Griffiths Valuations. (Refer to note 6 for further information).

Valuations were made on the basis of open market value. The revaluation deficit for commercial property was debited to the non-distributable reserve. The property was brought into the books for the first time in 2003 year end. The valuation from independent valuers was accepted to also reflect the fair value at 31 March 2002. If the property was stated on the historical cost basis, the amounts would be as follows:

Net Book Value		
Fair value of commercial property	**8,960,000**	8,960,000
Net book value	**8,960,000**	8,960,000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

5. Intangible Assets

2010 Cost or Valuation	Opening Balance	Additions	Revaluation	Disposals	Closing Balance
Computer software	**13,128,556**	**-**	**-**	**-**	**13,128,556**
	13,128,556	**-**	**-**	**-**	**13,128,556**

Accumulated Amortisation	Opening Balance	Amortisa-tion	Additions	Disposals / Impairments	Closing Balance
Computer software	**4,408,608**	**2,352,368**	**-**	**1,175,189**	**7,936,165**
	4,408,608	**2,352,368**	**-**	**1,175,189**	**7,936,165**

2009 Cost or Valuation	Opening Balance	Additions	Revaluation	Disposals	Closing Balance
Computer software	8,466,151	4,662,405	-	-	13,128,556
	8,466,151	4,662,405	-	-	13,128,556

Accumulated Amortisation	Opening Balance	Amortisation	Additions	Disposals / Impairments	Closing Balance
Computer software	1,982,971	2,425,637	-	-	4,408,608
	1,982,971	2,425,637	-	-	4,408,608

Net Book Value	2010 R	2009 R
Computer software	**5,192,391**	8,719,948

6. Investment Property

2010 Cost or Valuation	Opening Balance	Additions	Fair Value Adjustment	Disposals	Closing Balance
Remaining extent of portion 264 of the farm Garstfontein 374	**63,800,000**	**-**	**(19,140,000)**	**-**	**44,660,000**
Less: Commercial property	**(16,800,000)**	**-**	**5,040,000**	**-**	**(11,760,000)**
	47,000,000	**-**	**(14,100,000)**	**-**	**32,900,000**

2009 Cost or Valuation	Opening Balance	Additions	Fair Value Adjustment	Disposals	Closing Balance
Remaining extent of portion 264 of the farm Garstfontein 374	65,072,550	-	(1,272,550)	-	63,800,000
Less: Commercial property	(16,751,006)	-	(48,994)	-	(16,800,000)
	48,321,544	-	(1,321,544)	-	47,000,000

The property was valued at 31 March 2010 by an independent valuator, Griffiths Valuations. The valuator used the market data valuation approach, whereby similar properties' valuations are used as a motivation to value the property, which is an acceptable method to determine the value of this type of property.

Based on the existing rights of the property, it is considered that this property can only be used for residential zoning with only one house being built on each site. The value of the property based on similar types of development in the same area has been valued at between R6.2 million and R11 million. This value is subject to an Environmental Impact Assessment. The Valuators acknowledge that pending an environmental assessment analysis and its results, the value of the property can be adjusted upwards taking into account market conditions for commercial purposes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

6. Investment Property (continued)	**2010 R**	2009 R

An environmental scoping for the land has been performed by an independent company which determined that the land can be subdivided into various parts, one for commercial purposes and the other as "Open Space" (ecological). About 23 hectares of the total 37.1116 hectares can be used for commercial purposes based on this environmental scoping.

The finalisation of the value of the property can only be concluded once the EIA process is completed, followed by a rezoning process. A decision was then taken that it would be premature to use the above-mentioned valuation whilst the scoping exercise indicates that there is high probability that the land could be developed for commercial purposes.

However, having considered current market conditions and consulted the previous company that valuated this land over the last three years, T.I. Lehobye Valuations, it was deemed prudent to use the 2008/9 value and apply a 30% discount.

The fair value adjustment for the investment property was debited to the statement of financial performance. The property was brought into the books for the first time in 2003 year end the valuation from independent valuers was accepted to also reflect the fair value at 31 March 2002. If the property were stated on the historical cost basis, the amounts would be as follows:

Net Book Value		
Fair value of investment property	**26,890,000**	26,890,000
Less fair value of commercial property	**(8,960,000)**	(8,960,000)
Net book value	**17,930,000**	17,930,000

The investment property includes Portions 411, portion of portion 412, portion 423 and 424 (which are portions of the remaining extent of portion 264) of the farm Garstfontein 374, Registration Division JR, Gauteng. The property consists of 37,1116 ha and is located immediately west of the N1 National Freeway to the Northern Province and immediately north of Rigel Avenue.

7. Inventory

		2010 R	2009 R
Bolepi	Consumables and maintenance	**378,070**	321,355
Irene	Maintenance and parts	**4,666,310**	7,537,618
Irene work-in-progress	Automatic weather stations	**1,844,901**	595,533
		6,889,281	8,454,506

8. Trade and Other Receivables

	2010 R	2009 R
Trade receivables	**17,354,313**	16,785,355
Discounting of receivables	**(124,553)**	(145,016)
Provision for impairment of receivables	**(5,619,954)**	(5,877,051)
Prepayments	**1,363,235**	3,508,974
Other receivables	**696,096**	678,467
	13,669,137	14,950,729

Interest is charged on any long outstanding trade debtor accounts. The carrying amount of trade and other receivables approximate their fair value.

Trade and other receivables are stated at fair value providing for the time value of money and impairment of receivables.

Trade and Other Receivables Past Due but not Impaired

Trade and other receivables which are under 3 months past due are not automatically considered to be impaired. Judgement is used to impair amounts under 3 months past due. At 31 March 2010, R6,165,456 (2009: R9,271,351) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	31-60 days	61-90 days	91-120 days	Over 120 days
Trade receivables	5,310,149	818,690	36,617	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

8. Trade and Other Receivables (continued)	**2010 R**	2009 R
Reconciliation of Provision for Impairment of Trade and Other Receivables		
Opening balance	**(5,877,051)**	(4,533,990)
Provision raised/(utilised)	**-**	(1,343,061)
Reversal of provision not utilised	**257,097**	-
Closing balance	**(5,619,954)**	(5,877,051)

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The entity does not hold any collateral as security.

9. Cash and Cash Equivalents

Bank balances and cash	**70,486,447**	65,037,309
Short-term investment	**13,562,431**	3,401,536
	84,048,878	68,438,845

Cash and cash equivalents consists of cash and short-term investments.

10. Commitments

Operating Leases

The following lease payments are related to the operating lease for computer equipment, furniture and fittings, the rental of premises and motor vehicles.

SAWS leases 22 premises from various lessors. The rental agreements for the premises include escalations of between 8% and 11% per year. The duration of the rentals varies between two and ten years.

10. Commitments (continued)

Operating Leases (continued)

There is no fixed escalation for the rental agreements relating to the computer equipment, equipment and furniture and fittings. The duration of the rentals varies between eighteen months and five years.

SAWS entered into an operating lease agreement with ABSA vehicle management solutions (Pty) Ltd on 26 November 2007. The agreement includes a full maintenance plan. Ownership in and to all or any of the vehicles comprising of the fleet shall at all times, during and after termination of the agreement, remain vested in ABSA vehicle management solutions (Pty) Ltd.

	Equipment	Premises	Motor Vehicles	Total
Rent commitment: 0 - 1 year				
Minimum lease payments - 2011	1,703,693	10,875,055	1,422,689	**14,001,437**
	1,703,693	10,875,055	1,422,689	**14,001,437**
Rent commitment: 2 - 5 year				
Minimum lease payments - 2012	675,690	11,796,974	-	**12,472,664**
Minimum lease payments - 2013	-	12,782,511	-	**12,782,511**
Minimum lease payments - 2014	-	2,763,479	-	**2,763,479**
Minimum lease payments - 2015	-	613,343	-	**613,343**
	675,690	27,956,307	-	**28,631,997**
Rent commitment: 5+ year				
Minimum lease payments - 2016	-	-	-	**-**
Minimum lease payments - 2017	-	-	-	**-**
Minimum lease payments - 2018	-	-	-	**-**
Total commitment	**2,379,383**	**38,831,362**	**1,422,689**	**42,633,434**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

	2010 R	2009 R
10. Commitments (continued)		
10.1 Deferred Rental Obligations		
Opening balance	**8,517,117**	8,711,034
Deferred rental utilised	**(673,731)**	(193,916)
Closing balance	**7,843,386**	8,517,118
11. Retirement Benefit Obligations		
Amounts Recognised in the Statement of Financial Performance		
Post-employment medical benefits:		
Current service cost	**990,000**	1,185,000
Interest cost	**2,230,000**	2,275,336
Expected return on plan assets	**-**	-
Net actuarial losses / (gains) recognised in the year	**(1,120,000)**	(820,000)
Past service cost	**-**	-
Total included in 'employee benefits expense'	**2,100,000**	2,640,336
Actual return on plan assets	**-**	-
Amounts Recognised in the Statement of Financial Position		
Post-employment medical benefits:	**-**	-
Present value of funded obligations	**-**	-
Fair value of plan assets		
Present value of unfunded obligations	**27,090,000**	25,440,000
Unrecognised actuarial gains/(losses)	**-**	-
Unrecognised past service cost	**-**	-
Net Liability in the Statement of Financial Position	**27,090,000**	25,440,000
Less: current liability	**560,000**	492,016
Long-term provision	**26,530,000**	24,947,984
Amounts in the Statement of Financial Position		
Liabilities	**27,090,000**	25,440,000
Assets	**-**	-
Net liability in the Statement of Financial Position	**27,090,000**	25,440,000
Current provision	**560,000**	492,016

11. Retirement Benefit Obligations (continued)	**2010 R**	2009 R
Movements in the Net Liability in the Statement of Financial Position:		
Post-employment medical obligation:		
Net liability at start of year	**25,440,000**	23,070,000
Net expense recognised in the Statement of Financial Performance	**2,100,000**	2,640,336
Contributions	**(450,000)**	(270,336)
Net liability at end of year	**27,090,000**	25,440,000
Less: Current portion	**560,000**	492,016
Long-term provision	**26,530,000**	24,947,984
Principal Actuarial Assumptions at Statement of Financial Position Date:		
Discount rate 31 March (%)	**9%**	8.5%
General increases to medical aid subsidy (%)	**7%**	7%
Proportion continuing membership at retirement (%)	**100.0**	100.0
Proportion of retiring members who are married (%)	**90.0**	90.0
Retirement age (years)	**60**	60

The projection of the results from 31 March 2010 to 31 March 2011, assuming that future events follow the assumptions exactly, is as follows :

	R
Post-employment medical obligation:	
Net liability at start of year	**27,090,000**
Interest cost	2,500,000
Current service cost	910,000
Benefit payments	(560,000)
Projected accrued services liability at end of year	**29,940,000**

Sensitivity Analysis

The results are dependent on the assumptions used. The table below shows how the past service cost as at 31 March 2010 would be impacted by changes to these assumptions:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

11. Retirement Benefit Obligations (continued)	**Accrued Service Liabilities as at 31.3.2010 (R million)**	**% Increase**
In-Service and Continuation Members		
Assumptions as above	**27.09**	
Discount rate - increases by 1% p.a.	23.15	(15%)
Discount rate - reduces by 1% p.a.	32.11	19%
Subsidy inflation - increases by 1% p.a.	32.02	18%
Subsidy inflation - reduces by 1% p.a.	23.16	(15%)
Retirement age - 55	33.61	24%

The tables below show how the current service cost and interest cost for the year to 31 March 2010 would be impacted by changes to the assumptions:

	Current Service Cost 1.4.2010 to 31.3.2011 (R million)	**% Increase**
In-Service Members		
Assumptions as above	**0.91**	
Discount rate - increases by 1% p.a.	0.73	(20%)
Discount rate - reduces by 1% p.a.	1.16	27%
Subsidy inflation - increases by 1% p.a.	1.16	27%
Subsidy inflation - reduces by 1% p.a.	0.73	(20%)
Retirement age - 55	1.06	16%

	Interest Cost 1.4.2010 to 31.3.2011 (R million)	**% Increase**
Interest Cost		
Assumptions as above	**2.5**	
Discount rate - increases by 1% p.a.	2.36	(5%)
Discount rate - reduces by 1% p.a.	2.64	6%
Subsidy inflation - increases by 1% p.a.	2.96	19%
Subsidy inflation - reduces by 1% p.a.	2.12	(15%)
Retirement age - 55	3.09	24%

12. Trade and Other Payables	2010 R	2009 R
Trade payables	**9,033,498**	8,775,555
Discounting of payables	**(41,447)**	(42,823)
Employee related accruals	**12,412,200**	8,769,074
Other payables	**4,450,059**	3,437,901
	25,854,310	20,939,707

The carrying amount of trade and other payables approximate their fair value. Unrealised foreign exchange profit and loss is calculated using the spot rate at year-end.

Included in the Trade Payables are Foreign Creditors:

	2010 Foreign Currency	2009 Foreign Currency	2010 R	2009 R
Proton Energy Systems	USD 8,914	USD 0	**65,675**	-
EUMETSYS	EUR 72,205	EUR 0	**716,027**	-
Proquest LLC	USD 0	USD 4,650	**-**	45,201
Vaisala Inc.	USD 4,341	USD 0	**31,983**	-
World Meteorological Organisation	USD 0	USD 7,505	**-**	72,953
Ernest Bassler and Partner	EUR 6,509	EUR 0	**64,547**	-
National Weather Association	USD 0	USD 140	**-**	1,361
CLS	EUR 0	EUR 7,381	**-**	94,688
Swedish Meteorological	EUR 1,031	EUR 874	**10,224**	11,212
	.		**888,456**	225,415

Spot Rates at Year-End	***Spot Rates at Year-End***
2010 - USD = R7.36757	2009 - USD = R9.72054
2010 - EUR = R9.91658	2009 - EUR = R12.82863
2010 - GBP = R11.10124	2009 - GBP = R13.81629

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

13. Provisions

2010	Opening Balance R	Additional Provision R	Utilised R	Closing Balance R
Capped leave provision	**676,061**	**(140,562)**	**(38,198)**	**497,301**
	676,061	**(140,562)**	**(38,198)**	**497,301**

2009	Opening Balance R	Additional Provision R	Utilised R	Closing Balance R
Capped leave provision	1,234,192	111,101	(669,232)	676,061
	1,234,192	111,101	(669,232)	676,061

Capped Leave Provision

Capped leave provision was calculated based on the working days due to each employee, as at 15 July 2001 from the Persal system. Adjustments to this provision relate to increases in salary rates, days claimed or paid out through retirement or death and employees resigning. It should be noted that employees resigning forfeit their claim.

14. Donor Funding

	2010 R	2009 R
Radar recapitalisation project	**23,589,513**	38,947,626
Donor funds available	**3,419,076**	3,010,603
	27,008,589	41,958,229

15. Revenue	2010 R	2009 R
Government grant - operational expenditure	**133,367,000**	124,916,000
Government grant - capital expenditure	**139,869,949**	-
Aviation income	**49,031,180**	52,148,957
Aviation Instruments maintenance income	**259,275**	302,727
Information fees	**4,198,362**	2,985,974
Letting aircraft	**-**	3,098,906
Lightning detection network sales	**5,282,660**	3,157,718
Project/Automatic weather stations income	**3,093,186**	1,375,558
Other income:	**4,478,306**	5,721,880
Other income	**682,959**	55,324
Profit on disposal of assets	**25,100**	253,547
Donations received	**45,433**	17,357
Interest received from debtors	**416,862**	537,187
Interest due to discounting of receivables	**1,011,920**	1,437,542
Income from investments	**2,296,032**	3,420,923
	339,579,918	193,707,720

Government Grant

Operational Expenditure: Grant was received from the Department of Environmental Affairs and was an operational grant for the 12 month period ending 31 March 2010. The grant is made subject to compliance to PFMA reporting requirements, an achievement of 40% target for procurement from historically disadvantaged individuals (HDI) companies excluding procurement from sole suppliers and other specific requirements from the department which SAWS has adhered to during the year under review. SAWS must also have a cost recovery plan in place in case of a potential increase in revenue. Infrastructure funds must be preceded by a three year business and implementation plan, and the CFO of DEA should attend Audit Committee meetings as an ex-officio member.

Capital Expenditure: Treated as revenue as a consequence of applying the GRAP reporting framework to Government grants. Refer to note 26. This treatment creates the false impression that SAWS has a material surplus. It is worth noting that the R140 million is a book entry that has no bearing on available funds for the organisation as the money was used to purchase assets that have already been capitalised. Users of the financial statements will also note that this perceived surplus will wind down as the underlying assets are depreciated.

Income from Investments

The amount of income from investments is made up of interest received from banks.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

	2010 R	2009 R
16. Finance Costs		
Interest due to discounting of payables	**431,949**	1,001,627
	431,949	1,001,627
17. Surplus for the Year		
Net surplus has been arrived at after charging (crediting):		
Foreign exchange realised	**(428,887)**	(315,481)
Foreign exchange unrealised	**5,594**	445,749
Auditor's remuneration	**1,499,393**	948,394
Bad debts	**-**	911,548
Inventory expensed: equipment expensed	**5,725,808**	8,353,020
Impairment losses	**1,720,245**	-
Fair value adjustment on investment property	**14,100,000**	1,321,544
Legal fees	**1,100,351**	1,509,993
Impairment of receivables	**(256,297)**	1,343,061
Communication cost/(refund)	**9,056,862**	8,805,997
Surplus on disposal of assets	**(25,100)**	(253,547)
Operating lease payments	**14,225,017**	12,951,356
Inventory adjustment	**23,313**	(157,459)
Depreciation:		
Building lease improvements	**410**	192,981
Commercial property	**-**	-
Fence	**107,440**	90,235
Bethlehem houses	**24,400**	23,543
Aircraft airframes	**176,009**	137,237
Aircraft engines	**-**	52,260
Aircraft propeller	**119,649**	105,514
Motor vehicles	**14,461**	-
Meteorological instruments - other	**5,546,160**	5,220,984
Meteorological instruments - radar	**1,353,161**	2,114,664
Office equipment	**100,185**	79,607
Computer equipment	**3,863,929**	4,190,439
Library books and equipment	**10,511**	8,499
Furniture and fitting	**321,501**	297,262
Tools and other equipment	**284,090**	287,058
	11,921,906	12,800,283
Amortisation: Intangible assets	**2,352,368**	2,425,638

18. Net Cash Flows from / (Used in) Operating Activities	2010 R	2009 R
Surplus / (Deficit)	**131,725,093**	(4,210,823)
Non-Cash Movements		
Depreciation	**11,921,906**	12,800,283
Amortisation	**2,352,368**	2,425,638
Fair value adjustment	**14,100,000**	1,321,544
Impairment	**1,720,245**	-
(Surplus) / deficit on disposal of property, plant and equipment	**(25,100)**	(253,538)
Decrease / (increase) in inventories	**1,565,225**	(218,410)
Decrease / (increase) in receivables	**1,281,592**	1,878,692
Increase / (decrease) in donor funding	**(14,949,640)**	(19,690,354)
Increase / (decrease) in payables	**4,914,603**	(11,137,008)
Increase / (decrease) in provisions	**(178,760)**	(558,141)
Increase / (decrease) in current portion retirement obligation	**67,984**	221,680
	154,495,516	(17,420,437)

19. Contingent Liabilities

19.1 The South African Weather Service assists qualifying officials to obtain 100% housing loans from financial institution without a cash deposit. For this purpose agreements have been entered into with approved financial institutions to the effect that the South African Weather Service will guarantee a maximum of 20% of the housing loan for which a person qualifies. The maximum amount is based on the official's basic salary. The South African Weather Service guaranteed 59 loans at 11 financial institutions with 3 remaining. The maximum contingent liability amounts to R55 000 (2009: R91 000).

19.2 SAWS v 1 Time: SAWS initiated legal action against 1 Time Airlines for outstanding monies due for non payment of tariff fees to the value of R1 922 067 plus interest at 15.5% per annum a tempore morae. Legal expenses incurred during the year amounted to R84,682 (2009: R350,000).

19. Contingent Liabilities (continued)

19.3 Dr J Mphepya v SAWS: Dr J Mphepya took SAWS to the CCMA for unfair dismissal. The case will go to arbitration on the 12th to 15th July 2010. Estimated legal costs amount to R1,650,000.

20. Risk Management

In the course of the entity's operations it is exposed to interest rate, foreign exchange, credit and liquidity risk. The entity has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The entity does not use derivative financial instuments to hedge risk exposures. Risk management is performed by management under policies approved by the executive committee. Management identifies, evaluates and hedges financial risks in close co-operation with the entity's operating units.

Liquidity Risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation. Management monitors monthly performance with budgets (reviewing receipt of government grants, and cash and cash equivalents) on the basis of expected cash flow.

20. Risk Management (continued)

Prudent liquidity risk management implies maintaining sufficient cash and obtaining the continued commitment from the Department of Environmental Affairs for the government grant and the collection of the aviation income from respective airlines.

Due to the nature of the business, management maintains flexibility in funding by maintaining expenses below budget and continuously pursuing additional income via donor funding, information fees, letting of aircraft and the sale of Lightning Detection Networks.

The table below analyses the entity's financial liablilities at statement of financial position date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Period end 31 March 2010				
Trade and other payables	**25,854,310**	-	-	-
Year end 31 March 2009				
Trade and other payables	20,939,707	-	-	-

Interest Rate Risk

The entity manages its interest rate risk by obtaining competitive rates from approved financial institutions on a monthly basis. The entity policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus (deficit). The entity's exposure to interest rate risk and the effective interest rates on financial instruments at the statement of financial position date are as follows:

20. Risk Management (continued)

	Floating rate		
	Amount R'000	**Effective interest rate**	**TOTAL R'000**
YTD 31 March 2010			
Assets			
Cash	84,048,878	9.14%	**84,048,878**
Accounts receivable	13,669,137	2.50%	**13,669,137**
Total financial assets	97,718,015	11.64%	**97,718,015**
Total financial assets	97,718,015	-	**97,718,015**
Total financial liabilities	52,862,899	-	**52,862,899**
	150,580,914	-	**150,580,914**

Credit Risk

Financial assets, which potentially subject the entity to the risk of non performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

Credit risk consist mainly of cash deposits, cash equivalents and trade debtors. The entity managed to limit its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation. The entity's exposure is continuously monitored by the Accounting Authority.

The entity does not have any material exposure to any individual or counter-party. The entity's largest concentration of credit risk is limited mainly to the aviation industry. No events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Credit risk with regard to accounts receivable in the aviation industry is limited as the fees are charged in terms of legislation.

Due to the nature of the entity's financial instruments it is highly unlikely that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

20. Risk Management (continued)

Foreign Currency Risk

The entity does not operate internationally but undertakes certain transactions denominated in foreign currencies, and is exposed to foreign exchange risk arising from fluctuations in foreign currencies. The entity does not hedge against its exposure to foreign exchange risk.

Foreign currency exposure at financial year-end relates to trade payables and is disclosed under note 12.

Summary:	Foreign currency	Foreign currency	**2010 R**	2009 R
Euro payables	EUR 79,745	EUR 8,255	**790,798**	105,900
USD payables	USD 13,255	USD 12,295	**97,658**	119,515

Foreign Currency Sensitivity Analysis

The entity is mainly exposed to the Euro and US dollar currencies.

The following table details the entity's sensitivity to a 5% increase and decrease in Rand against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at financial year-end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the Rand strengthens 5% against the relevant currency. For a 5% weakening of the Rand against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be negative.

	Euro Impact		**USD Impact**	
	2010 R	2009 R	**2010 R**	2009 R
Profit or loss	**39,540**	5,295	**4,883**	5,976

In management opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the period end exposure does not reflect the exposure during the period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

22. Related Party Transactions	2010 R	2009 R
Relationships		
The listed related parties are public entities on the national level of government with the exception of Department of Environmental Affairs being the parent department of the South African Weather Service.		
Transactions		
Government Grant		
Department of Environmental Affairs	**273,236,949**	159,916,000
Purchases		
Air Traffic and navigation Services Company	**747,185**	718,452
Airports Company SA	**1,900,344**	1,712,490
Council for Scientific and Industrial Research	**202,428**	107,314
Eskom	**52,762**	36,831
SA Broadcasting Corporation Ltd	**12,380**	8,325
ARC	**140,433**	-
ICASA	**6,104**	-
SA Post Office	**41,003**	47,540
South African Airways	**359,259**	374,563
South African Revenue Services	**-**	13,689,782
Telkom	**6,491,477**	5,902,406
Sales		
Airports Company SA	**114,030**	197,797
Denel Avia (Military)	**1,144**	1,644
Eskom	**2,405,293**	2,021,036
S.A Civil Aviation Authority	**21**	2,318
Sanparks Garden Route Regional	**-**	10,737
South African Airforce	**244,530**	226,590
South African Airways	**16,201,432**	17,702,820
South African Police	**33,192**	27,445
Transnet	**2,280,758**	720,000
Water Research Commission	**-**	15,592

22. Related Party Transactions (continued)	**2010 R**	2009 R
Balances		
Accounts Payable		
Air Traffic and Navigation Services Company	**147,475**	92,097
Airports Company SA	**15,619**	47,982
Council for Scientific and Industrial Research	**25,069**	1,803
Eskom	**10,027**	5,836
ARC	**140,433**	-
SABC	**4,680**	-
South African Revenue Services	**-**	3,267,180
Telkom	**734,780**	241,197
Accounts Receivable		
Airports Company SA	**125,648**	64,217
Denel Avia (Military)	**625**	1,644
Eskom	**2,374,257**	1,990,218
S.A. Civil Aviation Authority	**2,339**	2,318
SA National Roads Agency	**-**	(150)
Sanparks Garden Route Regional	**-**	10,057
South African Airforce	**72,724**	77,895
South African Airways	**1,395,091**	1,487,478
South African Police	**6,271**	5,316
Transnet	**2,281,515**	61,537

During the period under review members of the Board and employees were required to disclose their interest in any contracts that SAWS is entering into with an outside party. As a result the SAWS did not enter into the transactions with related parties.

23. Material Losses

No material losses through criminal conduct expenditure was incurred during the period ended 31 March 2010.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

24. Irregular Expenditure

	2010 R

During the period under review, management did not detect any irregular expenditure.

25. Events After the Reporting Period

Management is not aware of any matter or circumstance arising since the end of the financial period.

26. Reconciliation between Accounting and Budgeted Profit

Net surplus as per Statement of Financial Performance	**131,725,093**
Government grant - capital expenses - not budgeted	**(139,869,949)**
Government grant - operational expenses - over budget	**(2,830,004)**
Commercial revenue - regulated - under budget	**9,004,816**
Commercial revenue - non regulated - over budget	**(3,521,798)**
	(5,491,842)
Administrative expenses - under budget	**(1,199,854)**
Employee benefits expense - under budget	**(4,460,888)**
Depreciation - under budget	**(4,078,090)**
Amortisation - under budget	**(247,636)**
Other operating expenses - under budget	**(1,053,639)**
Finance costs - over budget	**431,949**
Revaluation surplus - over budget	**16,100,000**
Budgeted profit	**-**

The GRAP Reporting Framework prescribes that grants received for capital expenditure has to be taken to the Statement of Financial Performance once the requirements of the grant have been satisfied. A new accounting policy was developed to deal with with this situation during the current financial year. This accounting policy is based on GRAP 23. This standard is approved but not effective, but in terms of Directive 5 and GRAP 3 this standard must be used to develop an accounting policy in case no policy exists in the current GRAP framework that addresses a certain situation or event.

27. Change in Accounting Estimate

Based on experience gained in practice, the South African Weather Service changed the depreciation period of Meteorological Instruments - Radar. The new depreciation period is believed to more fairly represent the consumption of economic benefits embodied in the assets. The depreciation pattern change is as follows:

	2010 (Years)	2009 (Years)
Meteorological instruments - radar	**25**	10

The impact on depreciation expense for the period is as follows (decrease)/increase:

	2010 R	
Meteorological instruments - radar	**(1,659,845)**	

The Weather Service performs an annual evaluation of assets with a zero book value. The purpose of the evaluation is to determine whether these zero book value items are still being used, and if they are, to re-evaluate the useful lives of these assets. Out of this process it emerged that certain items were still in use, and the useful lives of these items were extended based on the best available information. The accounting impact of the re-evaluation was that amounts of R229 359 and R87 610 of depreciation were written back on Computer Equipment and Computer Software respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010 (continued)

28. Executive Members' Remuneration

Executive management 2010

Name	Status	Salary R	Perform-ance Bonus R	Medical & UIF R	Pension R	Travel Allowance R	Acting Allowance R	Cellphone Allowance R	Lumpsum and Leave Pay R	Total R
Dr. L Makuleni	-	1,458,174	411,231	1,497	74,364	120,000	-	-	-	2,065,266
Dr. J Mphepya	Resigned July 09	268,591	-	10,480	-	35,918	-	10,775	39,551	365,315
Mr. G Schulze	-	573,512	160,619	26,273	65,801	101,026	-	36,000	-	963,231
Ms. M Makoela	-	659,012	149,598	16,159	10,742	43,620	-	36,000	-	915,131
Mr. L Gcwensa	Appointed June 09	720,104	85,553	1,497	11,970	72,000	12,100	34,000	-	937,225
Mr. S Mda	Appointed June 09	619,686	-	8,293	4,600	83,218	-	27,000	-	742,797
		4,299,078	807,001	64,200	167,476	455,782	12,100	143,775	39,551	5,988,965

Executive management 2009

Name	Status	Salary R	Perform-ance Bonus R	Medical & UIF R	Pension R	Travel Allowance R	Acting Allowance R	Cellphone Allowance R	Lumpsum and Leave Pay R	Total R
Dr. L Makuleni	-	1,368,807	301,536	1,497	34,269	120,000	-	-	-	1,826,109
Ms. H Grobler	Resigned Feb 09	660,318	171,010	21,035	-	38,500	-	25,200	12,012	928,075
Dr. J Mphepya	-	818,432	183,821	31,065	-	120,000	-	27,150	-	1,180,468
Mr. G Schulze	-	513,599	167,492	26,273	55,272	114,972	-	28,200	141,724	1,047,532
Ms. S Bokwe	Resigned Oct 08	431,531	162,500	11,610	-	58,357	-	13,200	45,736	722,934
Ms. M Makoela	-	602,156	70,000	15,721	-	43,620	-	28,200	-	759,697
		4,394,843	1,056,359	107,201	89,541	495,449	-	121,950	199,472	6,464,815

Board Members

Name	Status	2010 Fees R	2010 Travel R	2010 Total R	2009 Total R
Prof. L M Magi		53,530	1,800	55,330	42,613
Mr. S Makhaye		25,380	1,536	26,916	43,809
Dr. T N Mali		34,650	3,136	37,786	26,986
Rev. L W Mbete		70,752	3,621	74,373	45,553
Ms. M M Mokuena		60,655	1,653	62,308	62,728
Mr. T W Msomi		53,950	2,680	56,630	40,609
Ms. K Njobe		59,058	771	59,829	57,640
Mr. L R Williams		55,235	1,938	57,173	51,026
Prof. H Winkler		10,210	556	10,766	13,807
Mr. M C Ntumba	Appointed July 09	14,850	964	15,814	-
		438,270	18,653	456,925	384,771

Mr. M C Ntumba is a co-opted member of the Audit and Risk committee.

PART 3

SUPPLEMENTARY SCHEDULE

30 June 2010

Disclosure of expenditure relating to the Soccer World Cup™: Tickets and World Cup apparel

	2010 Quantity	2010 R	2009 R
Tickets acquired	-	-	-
Purchase of other Soccer World Cup™ apparel:			
Soccer T-Shirts with SAWS Logo - Effective cost	**-**	**11,112**	-
- Purchased on behalf of employees	**170**	**28,112**	-
- Sold to employees at discounted price	**(170)**	**(17,000)**	-
	-	**11,112**	-
Total World Cup expenditure		**11,112**	-

The office of the Accountant-General, in National Treasury, requested all public entities and provincial departments to disclose Soccer World Cup™ expenditure. This supplementary schedule aims to comply with the disclosure requirements as recommended by the Accountant-General.

Note that this schedule does not form part of the notes to the Annual Financial Statements.

LIST OF ACRONYMS

ACAMS	Committee for Aeronautical Meteorological Services
ADAS	Aircraft Data Acquisition System
AFS	Audited Financial Statement
AG	Auditor-General
AGM	Annual General Meeting
AMDAR	Aircraft Meteorological Data Relay
AMSED	Africa Monitoring of the Environment for Sustainable Development
AQ	Air Quality
ARC	Agricultural Research Council
ARS	Automatic Rainfall Systems
AWS	Automatic Weather Station
BCP	Business Continuity Planning
BOM	Bureau of Meteorology - Australia
BSc	Bachelor of Science
CAeM	Commission for Aeronautical Meteorology
CAP	Corrective Action Plan
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
CSRP	Cloud Seeding Research Project
DPLG	Department of Local Government
DEA	Department of Environmental Affairs
DEAT	Department of Environmental Affairs and Tourism
DMC	Drought Monitoring Centre
DWA	Department of Water Affairs
EMC	Executive Management Committee
ENE	Estimated of National Expenditure
ENSO	El Niño /Southern Oscillation
ESA	European Space Agency
EUMETSAT	European Organisation for the Exploitation of Meteorological Satellites
GAAP	Generally Accepted Accounting Principles
GAW	Global Atmosphere Watch
GPC	Global Producing Centre
GPRS	General Packet Radio Services
GRAP	Generally Recognised Accounting Practices
HCM	Human Capital Management
IAS	International Accounting Standard
ICAO	International Civil Aviation Organisation
ICT	Information Communication Technology
IFRS	International Financial Reporting Standards
INEWS	Integrated National Early Warning System
IR	International Relations
IRF	International Relations Framework
IPPC	Intergovernmental Panel on Climate Change
ISO	International Standards Organisation
LDN	Lightning Detection Network
LRF	Long-Range Forecasting
MANCO	Management Committee
MASA	Meteorological Association of Southern Africa
METARS	Meteorological Aerodrome Reports
MET	Meteorological
MoU	Memorandum of Understanding
MSG	Meteosat Second Generation
NAQMN	National Air Quality Monitoring Network
NCCC	National Committee for Climate Change
NDMC	National Disaster Management Centre
NMISA	National Metrology Institute of South Africa
NMS	National Meteorological Service
NOAA	National Oceanic and Atmospheric Administration
NT	National Treasury
NWP	Numerical Weather Prediction
NWRN	National Weather Radar Network
OD	Organisational Development
OHSA	Occupational Health and Safety
PFMA	Public Finance Management Act
PR	Permanent Representative
PMS	Performance Management System
RADAR	Radio Detection and Ranging
RSMC	Regional Specialised Meteorological Centre
R&R	Reward and Remuneration
SAAQIS	South African Air Quality Information System
SAASTA	South African Agency for Science and Technology Advancement
SACAA	South African Civil Aviation Authority
SADC	Southern African Development Community
SAFFG	South African Flash Flood Guidance System
SANERI	South African National Energy Research Institute
SAWS	South African Weather Service
SOLAS	Safety Of Life At Sea
SPECI report	Special Meteorological report
SUMO	Software for the Utilisation of Meteosat in Outlook Activities
SLA	Service Level Agreement
SWFP	Severe Weather Forecasting Project
SWFDP	Severe Weather Forecast Demonstration Project
TAF	The Aerodrome Forecast
TETA SETA	Transport Education and Training Authority – Sector Education and Training Authority
TQM	Total Quality Management
Trend forecast	Landing forecast
UM	Unified Model
UPS	Uninterrupted Power Supply
USA	United States of America
WMD	World Meteorological Day
WMO	World Meteorological Organisation

Communications.
design & layout
012 349 2811

South African Weather Service

www.weathersa.co.za

Weatherlines: 082 162 Dial: *120*555# 083 123 0500

442 Rigel Avenue South, Erasmusrand, 0181 Private Bag X097, Pretoria, 0001
Tel: +27 (0) 12 367 6000 Fax: +27 (0) 12 367 6200

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