

REPORT OF THE DEPARTMENT OF WATER AFFAIRS AND FORESTRY

1 April 2003 - 31 March 2004

To the Minister of Water Affairs and Forestry

I have pleasure in presenting this report on the work of the
Department for the Financial Year ending March 2004.



Mike Muller
Director-General
Department of Water Affairs and Forestry

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PART A: GENERAL INFORMATION



PART A: GENERAL INFORMATION

INTRODUCTION

10 Years Of A Better Life For All.

As South Africa prepared to celebrate the first decade of democracy, the Department of Water Affairs and Forestry continued its decade-long programme to help achieve a better life for all through practical action in its three functional areas: Water Services, Water Resources and Forestry.

During this reporting period the Department celebrated the delivery of water to the 9 millionth recipient of water services served by the Department's rural programme, a major contribution in the struggle for human dignity and the well being of our people. Supply to 10 million people will be commemorated during 2004.

Water services and indeed much of the economy cannot function without effectively managed water resources, particularly not in a country which has as little water available per person as South Africa does. The ongoing implementation of the National Water Policy is thus essential to enable social and economic development on a sustainable basis and to protect it from the vagaries of the climate.

In the forestry sector, the Department has continued to reposition itself for its future role. The transfer of the state's plantation forests to appropriate management agents has proceeded with considerable effort made to ensure that poor rural communities benefit from the process. In line with the emphasis on an integrated approach to government, good progress has also been made with the transfer of the management of indigenous forests to national and provincial conservation agencies. This process is informed by the objective of making the management of conservation areas more effective and efficient through this consolidation.

Cooperative Government At Work

Progress in all three functional areas has been greatly assisted by the cluster approach which has enabled the Department to work together with other departments and spheres of government in pursuit of common goals.

The Department's Water Services Programme is part of the overall programme of support to Local Government which is coordinated by the Department of Provincial and Local Government. This cooperation is exemplified by the Masibambane programme, implemented with DPLG, SALGA and a coalition of donors. The first phase of this has supported local government water services providers both through capital grants for infrastructure provision and through technical assistance to ensure the long term sustainability of water services provision. A second phase is currently under negotiation and it is expected that the major agreements to be signed in 2004 will ensure its continuation.

While sanitation delivery in poor, rural communities is now occurring at scale, this is another area in which inter-Departmental cooperation has been vital in order to achieve and maintain delivery momentum.

The Water Resources programme has cooperated with Departments of Agriculture to put in place an effective support programme for agriculture, focusing on the needs of emerging farmers.

Impact In Africa And The World

Beyond our borders, the Department has worked with a range of partners during 2003/04 to support the African Renaissance by the strengthening the capability of African countries to manage their natural resources. Important developments have included confirmation of the core funding for the thousand million Euro (R8 billion) European Water Facility. This is expected to provide resources for the African Water Facility, a fund proposed by the African Ministers Council of Water to support programmes to meet basic water and sanitation needs in Africa, which will be administered by the African Development Bank. This is a milestone for the Department's international work programme which started at the 3rd World Water Forum in the Hague and continued through the World Summit on Sustainable Development to last year's 4th World Water Forum in Kyoto where the South African delegation made a major impact. Cooperation with our SADC partners has been key to international success.

Another milestone has been the widespread adoption of a policy approach, epitomised by our domestic Free Basic Water policy, which recognises that basic water services are a basic human need and that economic principles should only be applied to their provision once access to basic needs has been assured.

On the Lesotho Highlands Water project whose management is overseen jointly with the Government of Lesotho, we have succeeded in demonstrating that corruption can only be controlled if action is taken against bribe-givers as well as bribe-takers. The trials of companies accused of corrupt practices during Phase

IA of the project have continued in Lesotho during the year and are having an impact well beyond the water sector and the borders of Southern Africa.

The successful conclusion of Phase IB of the project, which was opened by President Thabo Mbeki and King Letsie III on the 16th of March 2004 was further testimony to the practical performance of the Department and its partners. Unusually for a major civil engineering project of this nature, it was completed within 2% of its initial budget and on time – enabling it to protect the central areas of South Africa from the worst impacts of drought.

Challenges Of Drought And Transition

The 2003/4 financial year was not without its challenges. The water sector had to face severe drought conditions in many parts of the country although, fortunately, late rains averted what could otherwise have become a serious situation particularly in the Komati and Olifants River catchments. Extra efforts were required to implement drought emergency works, particularly in the Western Highveld area, and the allocation of additional funds late in the financial year has necessitated roll-overs for work that will only be completed during the 2004/05 year.

The drought was preceded by a particularly severe fire season for forestry and agriculture. Overall, the forest industry lost 30 176 hectares of plantation to fire, resulting in a loss of 4,5 million tons of direct production valued at R695,7 million and a loss of an estimated R3 Billion worth of “downstream” timber products. The costs of firefighting and replanting amounted to R227 million. Departmental losses represented about 15% of the total. Further damage was only averted by cooperation between all members of the forest industry family. In recognition of the losses suffered, the Department is working with organised forestry to find ways to temporarily exempt growers from water use charges for areas affected by the fires.

Other challenges included preparations for the implementation of the Municipal Infrastructure Grant (MIG). This grant, to be administered by the Department of Provincial and Local Government will consolidate a number of other conditional grants, notably the DWAF's Community Water Supply and Sanitation grant. While this should lead to a more predictable funding flow to local government, enabling them to plan more effectively, there have been concerns that the change in the system could disrupt funding flows. Particular attention has therefore been paid to transitional arrangements. An ongoing concern will be to ensure that the focus on meeting basic needs is not lost and that the targets set by Government are met.

These targets were confirmed by Cabinet in September 2003 when the Strategic Framework for Water Services was approved. The Framework updated the 1994 White Paper on Water Supply and Sanitation and ensured alignment between policy for water services and the evolving municipal policy framework. Extensive effort is underway to ensure that an amicable agreement is reached with local government on the future role of regional water services providers (water boards). Already, progress is being made with improving relations between the Water Boards and the relevant municipalities – the restructuring of Umgeni Water's balance sheet, achieved with assistance from the Trans Caledon Tunnel Authority, was an important step in this regard.

At the same time, the Department has had to deal with challenges to its policy. Allegations that millions of water users had had their supplies cut off gained wide-spread attention and were the focus of organised opposition to water payments in some municipalities. The Department sought to ensure that the debate was informed by an understanding of the challenges of service delivery and that a fair balance was kept between the need for effective management and the rights of, in particular, poor households and communities to basic services.

Census Supports DWAF's Monitoring

Contradictory claims about service delivery and cut offs highlighted the need for effective monitoring and evaluation of service delivery. The results of Census 2001 were encouraging in that they confirmed DWAF's estimates of the extent of coverage by service infrastructure – these are given in the “State of the Sector” reports for the water services function.

The Census did not address the quality and sustainability of services. For this reason, more detailed surveys were initiated with the Human Sciences Research Council to obtain a better understanding of how services are actually working. Preliminary results show that the reports of widespread cut-offs were indeed inaccurate. They indicate that water supply service interruptions affect less than two percent of users at any one time and are mostly related to management problems rather than to deliberate cut-offs. Detailed reports will be published during the course of 2004/05 and further survey work undertaken on a regular basis.

Corporate Services And Finances

The transformation of what is still one of the largest national Departments (in terms of staff numbers) from a mainly operational organisation to one focusing on policy, regulation and support continues to be a huge challenge.

As indicated in the 2002/03 Annual Report, the Departmental strategic planning process has produced a simplified programme structure which is reflected in this year's Report.

The Human Resources function focused on completing the internal restructuring of the Department in terms of Resolution 7 of the Public Service Bargaining Council and supporting the extensive external restructuring that is underway in all three functions.

Financial management remained a serious concern for the Department's management after a series of adverse audit reports. In some cases, the problems identified reflected the rapid changes in the organisation's structures as well as a dependence on the development and functioning of transversal systems such as PERSAL, FMS/BAS and LOGIS over which the Department had no direct control. This was highlighted by network capacity problems at the end of the financial year that delayed certain transactions.

There were however a number of fundamental issues which had to be addressed by the Department, notably the transition to accrual accounting from Government's traditional cash based systems.

Considerable efforts were made to introduce new accounting systems that enable the Department to comply with the requirements of Public Finance Management Act. Although ongoing functions were given priority, accounts still need to be produced in appropriate formats for functions that will shortly be transferred out of the Department into new structures.

A particular feature of the new look financial statements presented here for the first time is the balance sheet for the Water Trading Account. This demonstrates clearly the size of the business operations currently run within the Department with an asset base of over R50 billion and a nominal revenue (including transfers from the Exchequer) exceeding R5 billion.

The management of this substantial business continues to be a challenge and administrative weaknesses, particularly in the Department's regional offices, are being addressed on an ongoing basis. The size of the trading operation also highlights the need for the review, currently underway, of the appropriate organisational structure for the activities undertaken.

Conclusion: Coaching The Team For Victory

The governance of the department has evolved in tandem with the broader transformation processes. A formal meeting of senior management and the Minister, the Executive Committee, is held on a regular basis. The monthly Management Committee, chaired by the Director General, maintains oversight over the operations of the Department. Three MANCO sub-committees are responsible for detailed operations of each key functional area, supported by other specialised structures including a budget committee, a procurement committee, an IT committee and a Restructuring Coordinating Committee.

Good team work is essential if the management team is to work effectively in this complex environment. An innovative approach has been to appoint a MANCO "Coach" who, over the course of the next year, is assisting management to improve its performance at both individual and team level.

This will help DWAF to keep its side of the People's Contract. The challenge faced by the organisation is to keep its focus on practical delivery even as our role changes from implementer to regulator and supporter.

DWAF is recognised throughout the public service and beyond as a practical, down to earth, delivery Department. That we are also a happy Department was demonstrated by the success of the DWAF choir who were the clear overall winners of this year's inter-Departmental choir competition. With their help, we move forward into the second decade of democracy with renewed vigour and in close harmony!



Mike Muller
Director-General
Department of Water Affairs and Forestry

INFORMATION ON THE MINISTRY

Executive Authority

The Minister of the Department of Water Affairs and Forestry has Executive Authority over the 19 Water Boards, the Water Research Commission, the Trans-Caledon Tunnel Authority, the Irrigation Boards, Water Users Associations and Catchment Management Agencies:

Bills to Parliament

There were no Bills submitted to Parliament by the Minister of Water Affairs and Forestry during the financial year of 2003/04.

International Visits

The Minister undertook the following international visits between the period 1 April 2003 and 31 March 2004.

27 April – 7 May 2003

The Minister attended the meeting of the Commission for Sustainable Development (CSD 11) in New York.

22 – 26 May 2003

The Minister attended the Executive Meeting of the African Ministers' Council on Water (AMCOW) in Dakar, Senegal.

20 – 23 October 2003

The Minister attended the 5th Europe-Africa Convention on Urban Utilities in Africa held in Bordeaux, France.

24 – 26 October 2003

The Minister attended the South Africa and United Kingdom Solidarity Conference.

29 October – 01 November 2003

The Minister attended the Executive Committee of AMCOW

04 – 05 November 2003

The Minister attended the conference entitled Water for the Poorest – Responding to the Millennium Development Goals in Stavanger, Norway.

25 November 2003

The Minister visited Mozambique to sign the Inco-Maputo and the Limpopo Water Course Commission agreements

08 – 16 December 2003

The Minister attended the Pan African Water Conference and the AMCOW Executive Meeting in Addis Ababa, Ethiopia.

17 – 18 December 2003

The Minister attended the meeting of the Water Supply and Sanitation Co-ordinating Council.

10 – 12 February 2004

The Minister attended the meeting of Agriculture and Water Ministers convened by the African Union in Tripoli, Libya.

12 – 17 February 2004

The Minister visited Palestine to strengthen bilateral relations on water and forestry related matters.

Cabinet Memoranda

The Minister submitted the following Cabinet Memoranda:-

14 May 2003

Proposed Water Services Act Amendment Bill

Submission of a Co-ordinated Progress Report on the Government's National Sanitation Programme

June 2003

Proposed Forestry Amendment Act

15 September 2003

Strategic Framework for Water Services

30 September 2003

Water Resources Development in the Olifants River

LEGISLATIVE MANDATE

Policies

The Department is mandated –

- By the National Water Act (No. 36 of 1998): to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all persons. The Act establishes the National Government, acting through the Minister of Water Affairs and Forestry, as the public trustee of the nation's water resources, with power to regulate the use, flow and control of all water in the Republic.
- By the Water Services Act (No. 108 of 1997): to create a developmental regulatory framework within which water services can be provided. The Act establishes water services institutions, and defines their roles and responsibilities. Schedule 4 of the Constitution of the Republic of South Africa vests the responsibility for water and sanitation services, limited to potable water supply systems and domestic wastewater and sewage disposal systems, in Local Government. However, the National Government has a constitutional responsibility to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions, and also has the authority to see to their functions in respect of matters listed in Schedules 4 and 5 of the Constitution, by regulating the exercise by municipalities of their executive authority. The Water Services Act gives substance to these constitutional requirements and provisions, whilst acknowledging the authority of Local Government in respect of water services.
- By the National Forest Act (No. 84 of 1998): to ensure that South Africa's forest resources (indigenous and plantation) are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all. The administration of indigenous forest is however a concurrent competence between the National and Provincial Governments. When the Minister of Water Affairs and Forestry is certain that sufficient expertise, resources and administrative capacity exists in the Provinces, the Minister is empowered to assign or delegate to the Provinces the responsibility for managing indigenous forests.
- By the National Veld and Forest Fire Act (No. 101 of 1998): to create a framework to prevent and combat veld, forest and mountain fires throughout the country and thereby limit and reduce the damage and losses caused by fires to life, fixed property, stock, crops, fauna and flora and veld in South Africa. In terms of the Constitution, fire fighting is a local

government function, with Provincial and National Governments playing as facilitating role players, including Fire Protection Associations, which are established under the Act. The Department must also keep a record of fires, and develop a database capturing the statistics of fires and their impact on society.

Public entities reporting to the Minister of Water Affairs and Forestry

(a) Trans-Caledon Tunnel Authority

In terms of the 1986 treaty on the Lesotho Highlands Water Project (LHWP) between Lesotho and South Africa, South Africa was obliged to establish the Trans-Caledon Tunnel Authority (TCTA) to implement the project on the South African side. This was done under the 1956 Water Act. Since the completion of Phase 1A of the project, the TCTA's treaty functions have been limited to the operation and maintenance of the project on the South African side. This is a minor function, which does not require full-time staff. The main business of the TCTA is now to raise funds and manage liabilities on behalf of Government in respect of the project.

The establishment notice was completely revised by TCTA Government Notice 2017 of 24 March 2000 under the National Water Act of 1998, which empowers the Minister of Water Affairs and Forestry to direct the TCTA to undertake activities outside the scope of the Lesotho Highlands Water Project.

The TCTA is now also performing other functions related to the financing of water infrastructure in the context of specific projects and the Department's overall restructuring when so directed. Thus the TCTA was directed by the Minister in 2001 to undertake the treasury management function of Umgeni Water. In May 2002 the Minister directed the TCTA to implement the Berg Water Project (BWP), which will augment the water supply to the Western Cape Water System. TCTA will raise the funds required to finance the BWP and has appointed consultants for the design and supervision of the construction of this project. Agreements between the Department and TCTA as well as the Department and the City of Cape Town respectively were drafted for the implementation and the supply of raw water, and such agreements were signed in April 2003. Mechanisms to comply with the environmental requirements related to the BWP were established.

The TCTA is governed by a board of directors to whom the Chief Executive and management report. Government control of the TCTA is exercised through the Minister's power to appoint all board members. The Director-General is a

board member, as is an official of the Department of Finance. The TCTA is a public entity listed in schedule 2 of the Public Finance Management Act of 1999. In terms of section 3(b) of the Act, chapter 6 applies. In terms of section 49, the TCTA board is the accountable authority for purpose of the Act. The TCTA is authorised by the National Treasury to borrow R22,5 billion up to March 2005 for the LHWP and R1,5 billion up to March 2006 for BWP. The borrowing limits are reviewed on a regular basis.

(b) Komati River Basin Water Authority

The Komati River Basin development project is a joint development between South Africa and Swaziland in terms of the Treaty on the Development and Utilisation of the Water Resources of the Komati River Basin, ratified in 1992. The purpose of the project is to promote rural development and alleviate poverty in the lower Komati Valley by increasing the productivity of the land through irrigated agriculture. In terms of the Treaty, the Komati Basin Water Authority is the executive body charged with managing and financing the project. The main activity of the project was the construction of Driekoppies Dam near Malelane and the Maguga Dam in Swaziland and the associated resettlement of affected people. During the reporting period, the focus was on the operation and maintenance of the two dams with the objective of optimising the benefits from this shared water project. Transfers for 2003/04 amount to R178,4 million .

(c) Water Research Commission

The Water Research Commission (WRC), classified as a Schedule 3A Public Entity under the Public Finance Management Act, was established in terms of the Water Research Act (Act No 34 of 1971) with the mandate to co-ordinate, promote, encourage, finance and manage research in respect of the occurrence, preservation, utilisation, conservation, control, supply, distribution, purification, pollution or reclamation of water supplies or water resources. The WRC is given the further responsibility to accumulate, assimilate and disseminate knowledge in regard to the results of such research and the application thereof, and to promote development work for the purposes of such application. To enable the WRC to carry out its mandate, the Water Research Act makes provision for a Water Research Fund to be administered by the WRC, the income of which is composed of rates and charges levied either on land irrigated, or on water supplied to users by the State, water boards and local authorities. During this reporting period, the WRC funded research to the value of R55 million for research projects and research support services and R12 million for knowledge dissemination/ technology transfer. Research projects of 428 post graduate researchers were funded by WRC during the year, of whom 280 were Previously Disadvantaged Individuals (PDI's).

(d) Water Boards

Chapter Six of the Water Services Act (No 108 of 1997) provides the legislative framework in which Water Boards operate. In terms of the Act, the primary activity of a Water Board is to provide water services to other water services institutions within its service area. Water Boards must enter into formal service provision agreements with the water service authorities (municipalities) in their service areas.

The Act allows Water Boards to enter into other activities as long as these activities do not affect their ability to perform the primary activity and they should not jeopardize the financial viability of the Water Board and its ability to serve customers and users in its service area. Members of a Water Board are appointed by and are accountable to the Minister of Water Affairs and Forestry and they must ensure that the Board performs within the parameters defined by the Act and according to the Board's agreed policy statement and business plan.

Some difficulty has been experienced where municipalities have not been prepared to enter into service provision agreements with water boards. There has also been uncertainty as a result of Section 78 processes being undertaken in terms of the Municipal Structures Act. An institutional review of regional water services is currently being undertaken together with South African Local Government Association (SALGA), Department of Local Government (DPLG) and South African Association for Water Users (SAAWU) in order to clarify the future role of the Water Boards in relation to municipalities

List of Water Boards

1. Albany Coast Water Board
2. Amatola Water Board
3. Bloem Water
4. Botshelo Water
5. Bushbuckridge Water Board
6. Ikangala Water
7. Lepelle Northern Water
8. Magalies Water
9. Mhlathuze Water
10. Namakwa Water
11. Overberg Water
12. Pelladrift Water Board
13. Rand Water
14. Sedibeng Water
15. Umgeni Water

PART B: PROGRAMME PERFORMANCE



Estimates of National Expenditure

	2004/05	2005/06	2006/07
	To be appropriated		
MTEF allocations	R3 302 144 000	R3 542 412 000	R3 631 070 000
Statutory amounts	–	–	–
Responsible Minister	Minister of Water Affairs and Forestry		
Administering Department	Department of Water Affairs and Forestry		
Accounting Officer	Director-General of Water Affairs and Forestry		

Aim

The aim of the Department of Water Affairs and Forestry is to:-

- ensure the availability and supply of water at national level, to facilitate equitable and sustainable social and economic development;
- ensure the universal and efficient supply of water services at local level; and
- promote t



Programme I: Administration

Purpose: To provide financial, human resource, information and management services, and general administrative support to the department.

During the year under review, the department continued to reposition itself to deliver on its mandate, to its internal as well as the external clients. Business processes were developed and the process to implement the accounting systems required for the trading account to comply with PFMA is at an advanced stage.

The Department has promoted and enhanced public awareness and understanding of Departmental programmes, activities, opportunities and achievements. There has been continued promotion of transformation in the Department.

Aim

The programme provides for management of the Department, including: policy formulation by the Minister and senior management: centralised administrative, legal and office support services: departmental personnel management and financial administration: information technology (IT): determining working methods and procedures: and exercising control through head office and regional offices.

1.1. Corporate Services

The Department has made strides on the activities that help to support service delivery. Numerous efforts undertaken by the Corporate Services branch show the commitment of all managers to provide an excellent support function to other branches within the Department.

1.1.1. Main Achievements

The Legal Services sub-programme provides legal support to the Department. The sub-programme is a partner to the core business of the Department to ensure the achievement of service excellence within the boundaries of the law. Its mandate includes the drafting of legislation, regulations, delegations, government notices and assignments. It also negotiates and drafts international agreements and contracts to ensure that State interests are protected. It deals with claims and other legal action by and against the Department in cooperation with the State Attorney. It assists the Department in the enforcement of legislation administered by the Department. It also gives the Department legal opinions or advice on any matter.

The Transformation sub-programme initiates, monitors and evaluates transformation projects within the Department in line with the White Paper on the Transformation of Public Service. It is responsible for monitoring equity and fairness in all change processes of the Department, including restructuring

This structure provides guidance to other structures such as the Regional Transformation Fora, and also ensures that transformation activities are linked to the strategic planning process through organising the annual National Transformation Forum, which sets transformation priorities and monitor progress.

The Communication Services sub-programme is responsible for communication services within the Department. It support the Ministry and Department's key activities which involve event management, public relations, marketing, media liaison, corporate communications, internal communications, media production and communication advice.

During the period under review the chief directorate actively participated in Government related communication activities including participating in Government Communication Information Services and Government Imbizo programmes. All communications and marketing activities executed by the chief directorate during the year was underpinned by the State of Nation Address of 2003/4 and National Government's Communication Framework thereby contributing to Governments overall communication programme.

The Corporate planning unit sub- programme initiates and produce the Department's Strategic, Business planning plan and Annual Reports, and compiles MANCO Year Planner. It is also responsible for the Corporate Performance Assessment Mechanism as well as Annual Reporting. This unit directs and ensures compliance to planning and reporting by the Department. This includes processes with all other relevant stakeholders such as Human Rights Commission, and other external statutory agencies.

During the year under review it continued to advice managers and guiding them on the strategic planning processes. It formulated the strategic plan and business plan documents and was also instrumental in the designing and production of the strategic plan document.

The Human Resources sub-programme is responsible for four major functions namely; Human resource management, human resource development, labour relations and organisational management structure.

The Human Resource Development unit has seen the successful adoption of the HRD strategy, which is core to addressing the changing needs of the department in terms of human capital demands. The directorate has also succeeded in creating interfaces with the LGWSETA and PSETA. The implementation of the learnership and internships programme has begun and the department has made meaningful strides with the placement of interns in the Department.

The Human Resource Management unit has strengthened the pension management process, and has implemented the Performance Management and Development Strategy to its core. Recruitment and Selection have been strengthened to meet the ever changing HR demands of the department. There has been heightened HR support to the restructuring process in line with Resolution 7 of 2002. HR continues to provide high level support to managers, and a pocket policy guideline has been produced to assist them.

The Labour Relations subdivision has ensured that effective disciplinary measures are put in place, and has facilitated the training and development of managers to effectively address issues of discipline, fraud and corruption.

The Organisational Management Structure unit has streamlined the Job Evaluation Panel to address business needs more effectively. Efforts continue to develop an organisational structure that will reflect the evolving strategic intents of the department.

The Administrations sub-programme is sub-divided into distinct divisions namely: - provisioning services, office services, protection services, land matters, dam safety administration, government schemes, licensing, PAS policy and transport. A key activity during the year was to implement the Trading Account system integrate the BAS/LOGIS system.

Security awareness campaigns on Emergency Procedures/Occupational Health and Safety/Minimum Information Security Standards were conducted in order to sensitise officials on security and safety measures.

Land and servitudes were successfully acquired for the Mooi Mgeni G.W.S, Mearns Weir and Midmar Dam, outstanding servitudes were taken for the Lesotho Highlands Water Project and the Klein Karoo G.W.S. during the financial year 579 cases for the collection of debt was received and five hundred and fifty cases were handed over to the State Attorneys office for the collection of R947, 000. A total of R612, 000 was recovered.

1.1.2. Key Outputs and Service Delivery Trends

Sub- Programme	Key Outputs	Service Delivery Indicators	Actual Performance
Communication Services	To promote and enhance public awareness and understanding of departmental programmes, activities, opportunities and achievements	Development and implementation of a departmental communication strategy Development of a stakeholder engagement strategy Development and implementation of Branch communication strategies.	The departmental communication strategy was developed in line with the State of Nation Address and the Government Communication Framework. The departmental stakeholder framework was developed and distributed to the different Branches as guidelines. Branch communication strategies and the implementation thereof formed the focal point of the departmental communications programme and ensured an effective communications programme.
	To cultivate a communication culture conducive to ensuring effective communications	Review and adoption of departmental communication policy. Communication guidelines for key communication activities.	The departmental communication policy was developed and adopted by the Management Committee of the department. All communication activities are being implemented in accordance to the policy and guidelines. Communication guidelines were developed for media liaison, media production, internal communication and web management.
	To promote a good media profile of the Department and the Minister.	Ensure an effective process of engaging the media	An extensive media programme reflecting the Minister and the Department was implemented. This programme was successful in ensuring a positive profile. A media monitoring service is provided daily to the Minister and Department.
	The promotion of interaction between the Minister, Department and public.	Engagement with the public via various mediums	A multi-media approach was used for all communication campaigns thus ensuring a widest possible reach. Emphasis was also placed on Imbizo style engagement and community openings.
Legal Services	Maintenance of Legislation. Draft and process legislation.	Legislation to be drafted in accordance with applicable prescripts and processed timeously to Parliament.	Water Services Amendment Bill drafted and processed to Cabinet in time. General Authorisations in terms of Section 39 of the National Water Act drafted and approved. Forestry Amendment Bill drafted and currently awaiting introduction of “trust provisions”.
	Providing Legal Support in Law Enforcement	Ensure that legal actions are properly co-ordinated and take place within a month. Also ensure that rights and obligations of the Department are exploited in terms of the Constitution, laws and best legal practice	The Department continued with the Yellowwood prosecution. Criminal charges have been laid against a developer who removed protected trees. A number of directives were issued against illegal water users. The Department initiated a number of legal actions against illegal occupiers of state land, mainly state forests.

Sub- Programme	Key Outputs	Service Delivery Indicators	Actual Performance
	Legal advice and support to functions		The LMS arbitration was successfully concluded in favour of the Department. The Yokor-Evergreen contract cancellation arbitration was concluded with compensation awarded significantly lower than originally claimed.
Transformation	Continuation of the transformation process.	National Transformation Forum reviewed the implementation of the 5 R's and re-adopted the strategy for implementation for the year 2004. The following themes were adopted for 2004: Transformation of Water Management Institutions; Rural transformation, including Black Economic Empowerment; Improving service Delivery and, People Development	Programmes are being rolled out within the Department. In respect to the fight against racism and xenophobia the Department has made strides through its Anti-Racism campaigns. Industrial theatre shows titled "Survivor, Give Racism the boot" were held in all nine regions dissipating forms of racism and discrimination in the workplace and it was well received attended by most employees at various levels. The National Transformation Forum (NTF) 2003 was also marked with an Industrial theatre show titled "Museum of possibilities". The establishment of transformation structures and re-engineering of governance structures has been finalised. Work is in progress to do capacity building to ensure effectiveness and efficiency and maximum participation. The department has assessed transformation progress through suggestion boxes, hotline and direct enquiries to managers. A process has begun to conduct an impact assessment through a culture survey and establishment of a change management hub.
	Annual revision of the Employment Equity Plan as per the Employment Equity Act [1998].	Employment Equity Consultative Forum assesses progress made by Regions, Chief Directorates and Directorates quarterly.	Report submitted to the Department of Labour and the plan is being implemented by all Chief Directorates and Regional Offices
Human Resource Management	HRM policy Framework produced.	Standardised organisational practices applied	Policies communicated. Monitored implementation and compliance.
	Performance Management and Development Systems	All staff evaluated	1% assessment system implemented
	Recruitment and selection of staff	Staff recruited according to client specification	Turnaround time improved to 3 months
	Administer leave and benefits	Service benefits applied	Improvement of service delivery, less grievances and backlogs.
Human Resource Development	Skills Audit Project	Skills Audit Report	12400 employee profiles were analysed and a report provided

Sub- Programme	Key Outputs	Service Delivery Indicators	Actual Performance
	Bursary Programme	Facilitated the allocation of Bursaries and the administration processes for 2004. Maintenance of existing bursars	A total of 108 internal and 15 external bursaries were awarded. The total active bursary file maintained were: 64 External and 229 Internal Bursaries
		Placement of external bursars who have completed their studies Develop Bursary Policy and procedural guidelines The decentralisation of the Bursary Function	21 external students were placed in the Department on graduation. Advised Bursary Policy was developed and approved and launched on the 1 st December 2003. Files forwarded to Limpopo, Western Cape, Eastern Cape, KZN, North West, Gauteng, Free State, Northern Cape and Regional trainers were capacitated to deal with the task.
	Implement ABET programme	Partnership with other government stakeholders to deliver ABET programme	MoUs signed in the Eastern Cape, Western Cape, and Limpopo with 177 Learners in the Western Cape, 506 in the Eastern Cape.
	Implement computer training programme	Presented various computer courses	Total of 508 attended various courses.
	Establish Internship programme	Piloted programme implemented and rollout ready to commence in 2004 Developed an Internship policy.	5 Interns from PPP were trained for 1 year in DWAF. 50 more Interns to be trained in 2004/5 Internship Policy has been approved and implemented
	Short Courses Programme	Attendance of various generic and function specific courses	A total of 1740 attended various courses. 300 Attended the Generic courses arranged by HRD and 1440 attended the Function specific courses
	Induction programme	Induct and orientate new employees on the organisation	Capacitated Regional trainers in facilitating the courses. 4 Induction courses were presented at National Office for 2003
	Diversity Management Training	Heightened awareness of human diversity and its implications in workplace functioning.	14 training sessions co-facilitated by DWAF employees and the service providers. 201 employees on levels 5-8 have undergone an intensive 3-day diversity-training course.
	Leadership and Management Development	Trained competent leaders and manager within the department	80 employees at level 9-12 attended 5 separate strategic management-training sessions, each session had duration of 3 days. 9 employees at level 6-8 attended an Advance Management Development Programme co-facilitated by Pretoria University
	Social Plan for workers affected by restructuring.	Conducted workshops in all regions that are affected by the restructuring process	8 workshops were held in 4 regions, where the social plan was presented. Management, the affected employees and unions attended these workshops.

Sub- Programme	Key Outputs	Service Delivery Indicators	Actual Performance
Labour Relations	Labour Relations solutions and advisory services Conflict, grievance and dispute resolution services Negotiation and Collective Bargaining Disciplinary investigations, Presiding Officer Services and Employer representative services in misconduct hearings Restructuring / Transfer support services Labour Relations Policy Development and Implementation	To manage a service level agreement which underpin the Labour Relations Services and ensuring compliance with the standard and norms as stipulated by the Department of Public Service and Administration and the Public Service Commission. The service delivery trend also informed (and identifies) the collective requirements of the clients of Labour Relations and requires periodic assessments and where necessary alignment to the needs of Labour Relations' clients.	The services rendered by Labour Relations to enhance the quality of people management and management decisions affecting DWAF employees were fair and above average as compared with the overall Public Service Labour Relations Sector. No strike actions were recorded during this reporting period.
Organisational Management Support	Job evaluation	Complete all Job Evaluation cases within 6 - 8 weeks	Actual performance of 572 cases, 388 Completed 136 Incomplete 19 Postponed 21 Cancelled
	Restructuring	Completed reports	Eastern Cluster completed Other clusters continuing. P&R Branch nearing completion.
Restructuring	Co-ordinate the restructuring initiatives and processes.	Co-ordinate restructuring initiatives and processes	Facilitated all restructuring processes and initiatives managed through the Restructuring Core Committee (RCC) and in consultation with the Departmental Task Team (DTT) Departmental Bargaining Chamber (DBC) and line managers. Provided leadership in the facilitation of employer/ employee agreements. Co-ordinated the development of a social plan. Developed and maintained the restructuring scorecard.
	Conflict Management	Resolved disputes	Established, evaluated and facilitated the implementation of a change management programme
	Co-ordinate the Communication Strategy on Restructuring.	Informed members of the Department on restructuring	Conducted information sessions and consultative forums on restructuring. Developed the information manual on restructuring

Sub- Programme	Key Outputs	Service Delivery Indicators	Actual Performance
Administration	To ensure that procurement procedures are honoured and implemented according to PAS Policy	Adhere to contract agreements with suppliers	Payments done timeously for services rendered
	To ensure prompt response to messenger service, to maintain a clean environment, provide office accommodation and provide ongoing maintenance services. Ensure a well equipped library and access to telecommunication	To ensure a clean, well maintained, equipped and serviced working environment	Prompt, accurate and ongoing service provided by messengers, cleaners, food services aid, tradesman aid, drivers, operators, registry, library, typists and accommodations officers
	Protection Services to oversee a uniform implementation of security policies, rules and procedures to execute crime prevention and strategies	Minimized crime level and safe working environment	Effective Protection Services provided and incidents appropriately managed.
	Assisting Chief Users with provisioning activities and monthly cell phone accounts and PAS reports	Satisfied users and clients	98% achieved
	Acquisition of land and real rights	Other directorates within DWAF, other Departments, private professionals, landowners and other affected persons	Acquired land and rights timeously
	To manage and render effective, professional administrative support services to the dam safety office	Serving the public loyally in the spirit of Batho Pele	Done on time as agreed
	Administration of water use licenses in terms of Section 21 of the National Water Act (Act 36 of 1998)	Farmers, mines, forestry farmers, municipalities, water boards and industries Full operational systems	Performance in issuing the Stream Flow Reduction Activity licenses conformed to the set standards
	Information Services	Sustained Information Services Infrastructure	Availability of the IT Infrastructure Reliability of the IT Infrastructure Security of the IT Infrastructure

Sub- Programme	Key Outputs	Service Delivery Indicators	Actual Performance
	Sustained Application and Operational Systems environment	Enforceable Change Control Process, i.e. IS Governance.	A change control process was introduced in the Department that resulted in increased availability and reliability of the systems within the Department.
	Availability of the maintained Operational Systems	Continuous availability of the maintained Operational Systems	100% Availability of the Operational Software
	Availability of the Applications Systems	Continuous availability of the Application Systems	Availability of the critical applications has improved dramatically: WARMS, REGIS etc



I.2. Financial Administration

I.2.1. Main Achievements

The branch has restructured the Departmental budget from eight (8) programmes to four (4) and was able to implement the provisions of the PFMA, which include separating the trading account activities from the main Exchequer account activities, opening separate bank accounts for these different activities as well as implementing procurement processes in line with the Act.

The branch developed processes to implement accrual accounting including a full asset register. The risks affecting the department have also been assessed and strategies have been developed to address them.

I.2.2. Key Outputs and Service Delivery Trends

Sub Programme	Outputs	Service Delivery Indicators	Actual Performance
Finance	A list of possible risks that might affect the Departments operations Different mechanism and strategies developed for identified risks Compliance with set rules and regulations	A list of identified risks Availability of mechanisms and methods of addressing different risks Regular audit of Departmental operations	Risk assessment was carried out by the Internal audit Directorate. Potential risks were identified and strategies to address the risks were developed. Performance of Internal Audit fell behind plan due to staff shortages and related problems.
	A well documented record of receipts and payments A well documented record of debtors and creditors A system that identifies, records and helps to manage different accounts Payment of accounts within 30 days	Availability of a working system that is easy to operate and manage for both accounts Accounts paid within 30 days	Business processes have been developed and the process to implement the accounting systems for the trading accounts is at an advanced stage of completion.
	Accounting Officer's Procurement Procedures Procurement manual guidelines and policies Policies that encourage HDI and SMME participation in the procurement process	Effective implementation of the procedures and policies Reduced complaints in connection with procurement of goods and services Increased HDI and SMME participation	Regular training and awareness to procurement staff and project managers was given on procurement procedures regarding the use of PSP's and contractor's services. Procurement policies were developed and posted to the intranet for easy access

Sub Programme	Outputs	Service Delivery Indicators	Actual Performance
	<p>Timeous issuing of financial reports</p> <p>Sharing of financial information with managers</p> <p>Improved management of financial resources by managers</p> <p>Improved financial reporting by managers</p>	<p>Meeting of spending targets</p> <p>Reduced over/under expenditure</p> <p>Improvement in reports issued</p>	<p>Budget planning committee has been established to oversee budget process.</p> <p>Early warning system meetings are held on a monthly basis to monitor spending trends and take corrective action where necessary.</p> <p>Training provided to all managers on how to access reports on Departmental financial systems</p>
	<p>Established comprehensive asset management register</p> <p>Developed systems to record and manage all assets in the Department</p>	<p>Existence of operational asset management register</p>	<p>The process of asset recording is largely completed in terms of asset value.</p>
	<p>Improved accounting and reporting systems</p>	<p>Reports done in accordance with the PFMA</p>	<p>Reporting done in accordance with the requirements of the PFMA.</p>



Programme 2: Water Resources Management

State of Water Resources Report

A key function of the Department is to monitor and report on the state of the nation's water resources. In addition to information on water use and water storage, future reports will include data on the environmental condition of water resources, including water quality.

i) Water Use

Water uses, in terms of the National Water Act – Section 21 A and D, are grouped into four sectors in this report:

- Domestic / Industrial (including mining and energy use)
- Agriculture: Irrigation / Watering Livestock
- Forestry (Afforestation)
- Non-Billable

The Water Use Authorisation and Registration Management System (WARMS) has been implemented to manage water use information. At the end of the year under review the National Register of Water Use covered more than 63 987 water users. South Africa is one of the first countries in the world to achieve recording of information regarding water use at property level.

The water use reported represents the registered water use volumes on 31 March 2004, applicable to the water use period 1 April 2003 to 31 March 2004.

Table 1. Registered Water Use on 31 March 2004

Registered Areas				Registered Volumes (m ³) Applicable to 03/04			
NO.	Water Management Area	Area under irrigation (in hectares)	Area under afforestation (in hectares)	Forestry	Agriculture: Irrigation / Watering Livestock	Domestic / Industrial	Non-Billable
1	LIMPOPO	108,465	536	970,473	575,986,767	50,221,501	309,341
2	LEVUVHU LETABA	52,620	53,994	35,446,916	431,658,727	42,225,192	15,056,056
3	CROCODILE (W), MARICO	167,070	20	250,134	611,299,706	187,316,072	52,132,706
4	OLIFANTS	95,463	35,731	29,458,909	703,528,786	314,383,845	29,803,351
5	INKOMATI	56,624	258,513	259,035,632	1,051,110,367	292,977,576	1,707,258
6	USUTU-MHLATUZE	38,211	394,648	314,768,858	619,583,474	314,752,698	539,377
7	THUKELA	43,902	35,969	28,647,191	245,595,729	118,137,360	147,998
8	UPPER VAAL	87,346	20		512,668,453	1,732,116,249	576,443
9	MIDDLE VAAL	31,305	0		294,446,093	315,395,427	3,650
10	LOWER VAAL	22,205	0	3,660	583,259,252	137,061,947	3,565,199

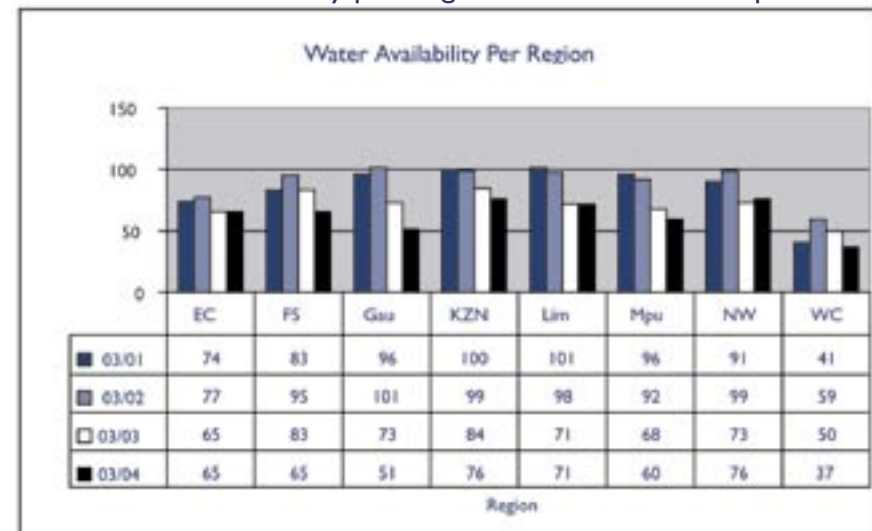
Registered Areas				Registered Volumes (m ³) Applicable to 03/04			
NO.	Water Management Area	Area under irrigation (in hectares)	Area under afforestation (in hectares)	Forestry	Agriculture: Irrigation / Watering Livestock	Domestic / Industrial	Non-Billable
11	MVOTI - UMZIMKHULU	42,215	257,458	190,463,989	214,236,102	462,239,097	3,779,486
12	MZIMVUBU-KEISKAMMA	14,909	54,675	33,669,768	98,733,968	133,877,762	71,151,132
13	UPPER ORANGE	66,685	63		741,136,767	97,093,218	
14	LOWER ORANGE	55,669	0		785,060,080	71,758,100	41,116
15	FISH-TSITSIKAMMA	127,196	35,214	12,837,768	1,151,017,116	139,541,188	10,226,882
16	GOURITZ	56,269	19,451	12,148,594	435,732,414	64,909,428	190,765
17	OLIFANTS /DOORN	30,614	76	134,025	362,256,037	8,372,193	935,600
18	BREEDE	64,072	20,175	5,083,863	795,983,485	53,594,961	3,220,401
19	BERG	48,767	2,182	4,843,598	307,200,451	417,315,511	34,791,760
	Total	1,209,606	1,168,726	927,763,376	10,520,493,772	4,953,289,327	228,178,521

ii) Water Availability

In Table 2 the storage in the major reservoirs of South Africa at the end of March 2004 is compared to the storage at the end of March 2003.

- Below average rainfall during the first part of the 2003/2004-summer rainfall season resulted in a decrease in storage of reservoirs. On 31 March 2003 the volume of water stored in South African dams was 79% of their total capacity.
- This declined by 13% to only 66% on 31 March 2004. (The corresponding total storage on 31 March 2002 was 91%, which provides further perspective to the storage situation).
- Only four of the nineteen Water Management Areas, namely the Limpopo, Crocodile West to Marico, Olifants and Mzimvubu to Keiskamma CMAs showed an improvement in storage levels compared to the previous season.
- In the remaining 15 Water Management Areas, storage declined due to the drought conditions.

Table 2: Water Availability per Region from March 2001 up to 2004.



iii) Water Restrictions

Water restrictions were implemented during the reporting year in the following systems(areas of supply):

Bronkhorstspuit:

- Irrigated: 100% Reduction
- Domestic 50% Reduction

Komati River

- Irrigated 60% Reduction
- Domestic None

Mooi River

- Irrigated 100% Reduction
- Domestic None

Crocodile East

- Irrigated 75% Reduction
- Domestic None

Purpose: Ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of all people.

2.1 Main Achievements

Below average rainfall during the year under review resulted in drought conditions in large parts of the country. This required emergency response from the Department in many areas. Despite the diversion of attention towards managing the drought impacts, most of the targets outlined in the strategic plan of the Department were achieved. Late rains relieved the worst drought impacts and increased the average level of storage in dams. In order to optimise water use during the drought period, operating rules for a number of state owned dams were reviewed and the new rules brought into action where necessary.

Emergency infrastructure development included a pipeline to take water from Rand Water to the Western Highveld Region. This will be completed during 2004/5. An emergency pipeline to link Morgenstond and Jericho dams has also been initiated to ensure appropriate assurance of supply to Eskom.

Consultations were held with provincial government representatives in Limpopo, Eastern Cape, Western Cape and the Free State to ensure the alignment of water resources planning with provincial growth and development strategies.

A number of actions were undertaken to ensure the protection of water resources across the country. An agreement for the raising of Flag Boshielo

Dam, to be implemented as a Public Private Partnership Project valued at R234 million, was signed in March 2004. The project will be financed by the Lebalelo Water Users Association. The design work was completed during 2004, and the construction will start in June 2004. The project will be completed in the next two years.

Nandoni Dam was closed in March 2004 and partial storage commenced. The affected households were relocated to new houses of a markedly better standard.

For the Berg River Water Scheme an Environmental Monitoring Committee was established drawn from interested and affected parties to ensure that the potential environmental impacts of the dam are dealt with appropriately and effectively. Substantial work was done on developing a framework for the classification of water resources, and preliminary reserve determinations were done for over 200 water resources.

The establishment of Catchment Management Agencies was taken forward by the establishment of the first one, the Nkomati CMA in March 2004. The transformation of irrigation boards and government water schemes to Water User Associations did not proceed as fast as expected, as a result of the challenges of ensuring racial and gender transformation of these structures as well as due to issues of protection of workers transferred from the public service to these institutions.

Communication tools were developed in order to communicate the implications of the National Water Act to stakeholders and to explain the concepts of integrated water resources management. National Water Week 2004 was held under the theme Water: Washing Away Poverty.

Monitoring of the state of the water resources continued for both quantity and quality.

Under the Working for Water Programme, approximately 10 000 person years of work were created with 55% of the work going to women, 24% to youth and 1% to the disabled. 191 622 training days were completed. 161 250 hectares of invasive alien vegetation were cleared.

The Minister and the Department continued to play an active role in the promotion of integrated water resources management in Africa (largely through African Ministers Committee on Water) and in other international forums. Bilateral relations with other neighbouring states over shared water resources were enhanced.

The Key Focus Areas of the Water Resources Programme are:
KFA 6: Ensure reliable and equitable supply of water for sustainable economic and social development including the eradication of poverty;
KFA 7: Ensure the protection of water resources;
KFA 8: Develop effective Water Management Institutions;
KFA 9: Align staff, stakeholders and general public to a common vision for Integrated Water Resources Management (IWRM) and develop, capacitate and empower them to best practices thereof;
KFA 15: Promote IWRM in Africa in support of NEPAD

The aim of the Water Resources Management programme is to assess and monitor the reliable and equitable supply of water and the protection of water resources, support the development management institutions, ensure the empowerment and skilling of staff and stakeholders to achieve integrated water resource management and promote international water resource management programmes. The achievement of the aims of the programme is measured through the provision of an adequate supply of water of appropriate quality to meet the social economic and environmental needs of South Africa.

The aim of the Water Resource Development programme is to convert conceptual plans for water projects into viable, operational water schemes and it renders support services in respect of the operation and maintenance of these schemes.

The Proposed National Water Resource Strategy, published for comment in August 2002, was reviewed in the light of the approximately 2 300 comments received during the six month consultation period. The Proposed NWRS was amended and augmented where necessary to reflect valid public concerns and developments since publication for comment were also incorporated. It will be submitted to the Minister and Cabinet for approval in 2004.

Good progress was made on the Berg River Water Scheme, Nandoni dam and the dam on the Olifants River. Mohale Dam, Phase 1b of the Lesotho Highlands Water Scheme was officially opened by President Mbeki and King Letsie of Lesotho having been completed within 2% of its budget cost.

International relations in the water sector were strengthening with bilateral relations with China, Algeria, Russia and Cuba receiving particular attention. Participation by the Minister of Water Affairs and Forestry in the African Ministers Committee on Water (AMCOW) contributed to the growth and effectiveness of this organisation and to the direction taken by AMCOW. The Department continued to participate actively in water matters under SADC and

to foster bilateral relations with neighbouring states with whom we share water resources.

Minister Ronnie Kasrils was appointed to the UN Advisory Board on Water and Sanitation, which will aim to galvanise global action on achieving the Millennium Development Goals and WSSD targets on water and sanitation.



2.2. Key outputs and service delivery trends

Key Focus Area	Outputs	Service Delivery Indicators	Actual Performance
6. Ensure reliable and equitable supply of water for sustainable economic and social development including the eradication of poverty	500 new resource poor farmers granted financial support for agricultural infrastructure	Subsidy spent effectively	Financial support given to 454 resource poor farmers, 3 water user associations and 9 groups of resource poor farmers
	Water use applications considered and evaluated for authorisation/refusal according to set standards	Annual report to Water Resource Functional Management Committee (WRFMC) Statistics on Water Use Authorisation and Registration Management Systems (WARMS)	47 (2095 ha) afforestation licence applications approved. General authorisations for water use revised and published. 245 licence applications considered
	Development of policy and procedures for compulsory licensing commenced	ToR approved by Water Resource Management Committee (WRFMC)	Draft “toolkit of methodologies for water allocations under the National Water Act:” developed; draft document “Towards a policy for water allocation reform in South Africa” completed.
	Reconciliation options commenced for compulsory licensing in 3 catchments	Approved by WRFMC	Projects initiated in Mhlatuze, Inkomati and Olifants catchments.
	Existing lawful use verified in 8 areas	Approved by delegated authority	1200 water use registrations verified for correctness and legality of use;
	Procedures for authorisation of groundwater abstraction completed	Approved by WRFMC	Draft guidelines completed;
	Water trading taking within agreed policy and guidelines	Annual report of responsible authority	Guidelines on trading of water use revised.
	Plan for ensuring compliance and enforcement in place	Approved by WRFMC	Approved; inspections, monitoring and auditing done within resource constraints, to address compliance issues
	Asset maintenance plan in place and implemented	Approved by MANCO	State dams maintained to required standards.
	Operating rules reviewed and followed	Approved by WRFMC	Operating rules reviewed for Western Cape, Orange River, Vaal, Umgeni and KOBWA systems and for a further 30 stand alone dams.
	Water supplied as per agreements with users	Reconciliation of supply against agreements	Commitments to bulk water users and water boards met. Water supplied as per drought conditions to agricultural water users.
Completed draft Waste Discharge Chargers Systems (WDCS)	Draft WDCS submitted to Water Resource Functional Management Committee (WRFMC)	Phase 2 document submitted to WRFMC. Phase 3 initiated according to plan.	

Key Focus Area	Outputs	Service Delivery Indicators	Actual Performance
	Water quality guidelines for use revised	Approved by WRFMC	Various guidelines revised or developed. Toxicity and radio-activity guidelines under development.
	Tools and guidelines for water conservation promotion developed	Annual report on actions taken	Water conservation strategies for key sectors approved by WRFMC; water management plan for hospitality industry under development;
	Joint pre-commitment study on LHWP further phases 50% completed	Satisfaction of both countries	Lower growth in water demand provided time for continuing negotiations with Lesotho on scope of study. Agreement reached at Ministerial level.
	Lower Orange River study completed	Accepted by PWC RSA/Namibia	Study well advanced. Project extended to include additional dam sites for investigation as well as socio-economic investigation of the Vioolsdrift-Noordoewer Joint Irrigation Authority.
	4 IWRM feasibility studies completed	Reports tabled at WRFMC	Three studies, the Breede River Basin Study, the Clanwilliam Dam Raising Reconnaissance Study, and the Requirement Scenarios for the Dilokong Corridor, were completed. The study on the Crocodile (West) Return Flows was substantially completed. A situation assessment of the water resources in the Albany catchments started during the year.
	16 out of 40 ISPs completed	Approved by WRFMC	9 ISP's were completed and further 11 were well advanced. (Number of ISP's reduced to 24.)
	Inter-WMA/international water sharing options investigated	Terms of Reference approved by WRFMC; Active participation by all 4 countries	TOR of the scoping phase of the Joint Maputo Basin Study was agreed and the PSP appointed. Problems with the funding arrangements of the other basin states delayed the Limpopo Joint Basin Study.
	Management options for Vaal System under investigation	Progress report	Scope of work drafted but delayed due to prioritisation of drought activities. Study in progress to augment the Eastern Subsystem by means of a pipeline from Vaal Dam to Trichardsfontein Dam.
	Thukela Water Project decision phase completed	Approved by WRFMC	All component reports completed and final report in the process of being completed.
	12 pre-feasibility and feasibility reports on reconciliation solutions completed	Reports approved by WRFMC	18 studies were either completed or substantially progressed. Completed studies included the raising of Flag Boshielo Dam, the Augmentation of the Eastern Vaal Sub-system, the Mooi-Mgeni Transfer Scheme (Springgrove Dam), and the Klein/Middle Letaba Augmentation Reconnaissance Study. The second phase of the important Oliefants River Water Resource Development Project (ORWRDP) was started and good progress made.



Key Focus Area	Outputs	Service Delivery Indicators	Actual Performance
	200 000 hectares cleared of invasive alien vegetation	According to implementation plans	161 250 hectares of invasive alien plants cleared.
	Follow up work on areas already cleared	According to implementation plans	557 945 hectares of cleared areas followed up.
	Implementation of government water schemes: <ul style="list-style-type: none"> • Berg River Water Project • Completion LHWP Phase I (b) • Commissioning of Nandoni Dam • Raising of Flag Boshielo Dam • Commissioning of Mooi-Mgeni transfer scheme • Continuing with Sabie River G.W.S (WTW) 	Compliance with implementation plans and budgets	Advance infrastructure for Berg River initiated. Engineering components of Phase IB of the LHWP completed and commissioned. Construction started on emergency pipeline between Morgenstond and Jericho Dams to mitigate drought impacts on Eskom. Raising of Flag Boshielo initiated Mooi-Mgeni commissioned.
	Water Conservation and Demand Management implemented by 20 institutions through DWAF	Agreements with bulk water users	Agreement concluded between Rand Water and DWAF; Public education programmes launched with local government in Buffalo City, Mbombela, Atteridgeville. Water management plans developed by 3 water user associations.
	Existing dams operated safely	Reports on compliance with dam safety legislation submitted. Adherence to flood operating rules prescribed for state dams	147 dam safety inspection reports received. Report on measures to be taken on state dams to ensure compliance with dam safety legislation submitted to Dam Safety Office. 92% of registered dams classified for dam safety purposes.
	New dams designed and constructed to acceptable standards	Licence conditions met	28 dam safety licences issued. 24 licences not issued due to water use licences not yet issued.
	Emergency pollution incidents remediated	Directives met	222 pollution incidents dealt with.
	Policy and guidelines on drought management developed	Approved by WRFMC and internally applied	Development of Drought Operating Rules for various Kwazulu-Natal Dams completed and methodology employed in other drought stricken areas of the country.
	Departmental compliance with the requirements of the National Disaster Management Centre (NDMC) ensured	(NDMC) directives met	First draft of flood and drought management strategies complete and incorporated into first draft National Disaster Management Framework. Local floods and widespread drought managed in co-operation with NDMC. Continuing support provided in developing and maintaining information management systems.
	3 disaster management plans prepared in accordance with National Disaster Management Act	Plans submitted to National Disaster Management Centre	Development of guidelines for the preparation of disaster management plans in progress

Key Focus Area	Outputs	Service Delivery Indicators	Actual Performance
	Departmental public safety unit established	Approved by MANCO	Disaster management information systems established in DWAF.
7. Ensure the protection of water resources	WQM catchment study guidelines developed	Approved by WRFMC	Two studies in progress for developing catchment management studies;
	Draft classification system developed	Gazetted for public comment	Draft framework developed
	Mhlatuze reserve determination expanded for compulsory licensing purposes	Approved by Minister after public consultation process	Situational assessment completed.
	Reserve assessments for compulsory licensing started	Terms of Reference approved by WRFMC	4 studies currently active
	Riverine vegetation policies developed and pilot tested	Approved by WRFMC	Draft procedure developed
	Methodology for estuary reserve determination developed	Internally applied	Developed and internally applied
	Preliminary reserves determined	Approved by Director General	201 preliminary reserve determinations approved
	Guideline document for RQO determination developed	Approved by WRFMC	Project delayed due to resource constraints.
	Scientific and technical support provided for the WRM function	Summary of supporting activities	Water quality committee with CSIR established in the Free State; officials reassigned to strengthen WRM function.
	Policy for protection of terrestrial ecosystems developed	Approved by WRFMC	Policy delayed due to impacts of internal restructuring
	Permits issues in accordance with latest edition minimum requirements	Permit register maintained to reflect status of permit issuing	138 EIAs, 86 EMPRs and 70 permit applications attended to.
	3 rd edition minimum requirements developed	Approved by WRFMC	Draft 3 rd edition of minimum requirements developed.
	Construction of 2 pollution control works on schedule and within budget	Compliance with implementation plan	Upgrading of abandoned Corly Rock coal mine completed. Progress slower than expected on 8 abandoned mines, due to staff capacity constraints.
Impact of land based activities on water resources assessed	Number of assessments completed	138 EIAs, 86 EMPRs assessed	
Additional or potential controlled activities addressed.	Gazetted	No controlled activities identified for gazetting	



Key Focus Area	Outputs	Service Delivery Indicators	Actual Performance
8. Develop effective water management institutions	Regional offices restructured	Compliance with restructuring implementation plan	Restructuring of regional offices well advanced
	Implementation of regional office transitional plans commenced in all four clusters	Approved by MANCO	Implementation well underway
	Detailed structure for developing and managing WRM infrastructure developed	Approved by relevant body	Post created at level 15 for management of water resources infrastructure and development of future management options; ring-fencing of this function factored into regional office restructuring plans
	O&M of 2 schemes delegated to WUAs with contracts in place	Approved by Minister	O&M delegated to three WUAs (Vaalharts, Boegoeberg and Kakamas) and interim contracts in place.
	70% of potential revenue of WRM charge collected and action taken against defaulters	Income utilised	Above 70% of potential revenue collected; follow up action taken against defaulters
	3 CMAs established (Nkomati, Crocodile Marico and Mvoti)	Approved by Minister	Nkomati CMA established; Crocodile Marico and Mvoti proposals submitted for approval;
	New WUAs established for resource poor farmers according to demand	Financial viability established and constitutions approved by Minister	In Limpopo province DWAF is co-ordinating a project under the Department of Agriculture to establish new WUAs in a range of rehabilitated schemes.
	Irrigation boards transformed into WUAs	Constitutions approved	1 irrigation board transformed into a Water User Association. Proposals from another 5 under consideration. Process for streamlining transformation approved.
	Limpopo Basin Commission established	Agreement signed by 4 countries	Agreement to establish Limpopo River Commission signed by South Africa and Mozambique (November 2003). Botswana and Zimbabwe have not yet signed.
Performance criteria for WMIs developed	Approved by WRFMC	Criteria developed	

Key Focus Area	Outputs	Service Delivery Indicators	Actual Performance
9.Align staff, stakeholders and general public to a common vision for Integrated Water Resource Management (IWRM) and develop, capacitate and empower them in best practices thereof.	NWRS established	National Water Resources Strategy (NWRS) gazetted	Amendments to Proposed NWRS against public comments and preparation of responses to comments substantially complete.
	Consolidated Environmental Implementation Management Plan(CEIMP) implemented	Reports to WRFMC	2 nd Annual report on CEIMP approved by Director General and submitted to Committee for Environmental Co-ordination.
	National Water Quality Management (WQM) framework policy, strategy and guidelines developed	Approved by WRFMC	Draft Resource Directed Water Quality Management Policy and draft Prototype Protocol produced.
	Awareness on new development in IWRM maintained	Reports approved by WRFMC	Studies progressed to improve understanding of the implications of global climate change and the effects of desertification on water resources, and to develop the potential for rainfall augmentation as a water resources management tool.
	Implementation of the NWA co-ordinated	Approved by WRFMC	No progress due to secondment of staff to other key priorities, including drought management.
	CMS guidelines completed	Approved by WRFMC	The following Water Quality Catchment Assessment Study and Catchment Management Strategy documents were printed and distributed: <ul style="list-style-type: none"> • A conceptual Introduction to the Nature and Content of the Water Quality Management and Assessment Component of a Catchment Management Strategy • A Guide to Conduct Water Quality Catchment Assessment Studies.
	Framework for land owner agreements on the clearing of alien plants developed	Approved by Working for Water (WfW) EXCO	Framework under review.
	WC/DM catchment model for all sector	Approved by WRFMC	Sector strategies approved but models delayed due to staff constraints
	Guidelines and standards developed for spatial information	Internally applied	Participated in SABS committee on national standards and standards committee under Spatial Data Infrastructure Act. Reviewed spatial data standard in DWAF.
	Maintained and upgraded surface and groundwater quantity and quality monitoring systems	User satisfaction	National, regional and local systems in place. Increased number of boreholes providing information to groundwater database; cell phone modems in place in some areas to provide near real time flow data. Draft 5 year plan for resource quality monitoring developed.



Key Focus Area	Outputs	Service Delivery Indicators	Actual Performance
	National river health monitoring developed at 20% coverage.	Data collected	Gauging stations and sites established and state of rivers report published.
	Information systems maintained and upgraded	Data collected	Gauging stations upgraded. WMS and WARMS maintained. Upgrading of National Meteorological Network initiated with other relevant institutions.
	Water resource monitoring assessment and information strategy developed (15%)	Progress report approved by WRFMC	Work begun on priority elements of system.
	Improved systems for monitoring status of and impacts on groundwater developed	Approved by steering committee	Monitoring of various projects conducted regularly
	Computerised decision support systems for water resources planning developed implemented and supported	Internally applied	Project plan for implementation of complex waste management developed. Draft inventory of models used for water resources management decision making produced.
	Effective flood management system developed	System developed and approved by WRFMC	23 gauging stations equipped with real time data capturing devices in Limpopo.
	Skills development and acquisition plan in place	Approved by WRFMC	Part of annual business plans.
	Training conducted according to skills development plan (10% of plan covered)	Number of staff undergoing training	Training of officials ongoing including: Water quality management training given to relevant personnel. 4 training sessions on RDM conducted;
	Concrete new initiative for achieving representivity and employment equity plans implemented	Improved representivity w.r.t race, gender and disability particularly in management and technical positions	Improved representivity achieved. Statistics given in HR section of report. EEP plans updates and implemented
	Guidance to stakeholders and generators of waste and/or water containing waste provided	Material produced	Video: "Integrated Water Quality Management" developed. Draft policy on "Treatment and disposal of land-derived water and water containing waste in the coastal areas of South Africa" produced.
	Informed stakeholder participation in catchment management forums	Quality of stakeholder input	85 forums in place with good stakeholder participation. Guidelines for participation of marginalized groups developed.

Key Focus Area	Outputs	Service Delivery Indicators	Actual Performance
15. Promote IWRM in Africa in support of NEPAD	Improved regional co-operation	Active participation in SADC and AMCOW activities	Participated in SADC and AMCOW activities, including Pan-African Implementation and Partnership Conference on Water (PANA FCON) in Ethiopia (December 2003) and SADC Meeting on Water Supply, Sanitation and Hygiene in Gaborone, Botswana (August 2003). Revised Protocol on Shared Watercourses in SADC ratified in 2003. Minister participated in AU Extraordinary Summit on Agriculture and Water in Libya (February 2004). Minister elected as Member of AMCOW Executive Committee.
	Trans-boundary river basin organisations supported	Informed River Basin Organisations	Agreement to establish Limpopo River Commission signed by South Africa and Mozambique (November 2003). Botswana and Zimbabwe have not yet signed.
	Regional WRM institutions supported i.e. SADC water sector partnership	Effective functioning of WRM institutions	An agreement was signed between South Africa and the European Union to support the SADC Water Sector (4 contracts) over the next 4 years with R 58 million.
	Four agreements completed for sharing technical information and resources with other African countries	Signed by Minister	No formal agreement has been signed but one joint declaration was signed on co-operation with Kenya. Co-operation with Algeria and Nigeria was strengthened.
	One agreement completed for sharing technical information and resources with other developing countries	Signed by Minister	Letter of Intent signed with China to co-operate on water and forestry. Water Sector Exchange programme with Cuba was extended for 3 years.
	One agreement completed for sharing technical information with other developed countries	Signed by Minister	Letter of Intent signed with Russia to co-operate on water and forestry.
	Four donor funding agreements signed	Signed by Minister	Donor funding agreements were finalised in the year with Japan (Eastern Cape Rural Water Supply Project), UNESCO (World Water Assessment Programme), Flanders (Hand Pumps for Limpopo), and European Union (Support to SADC Water Sector).
	Contributions made towards Kyoto WWF3	Concepts appear in subsequent documentation	The Department participated in the 11th meeting of the UN Commission on Sustainable Development in New York in April 2003 and a country progress report on implementation was submitted to the UN CSD Secretariat in December 2003. Minister Ronnie Kasrils was appointed to the UN Advisory Board for Water and Sanitation in his personal capacity. The DG participated in the UN Millennium Project Task Force on Water and Sanitation. The DG continued to participate in the UN Millennium Project Task Force on Water and Sanitation.

Programme 3 : Water Services

State of Water Services Report

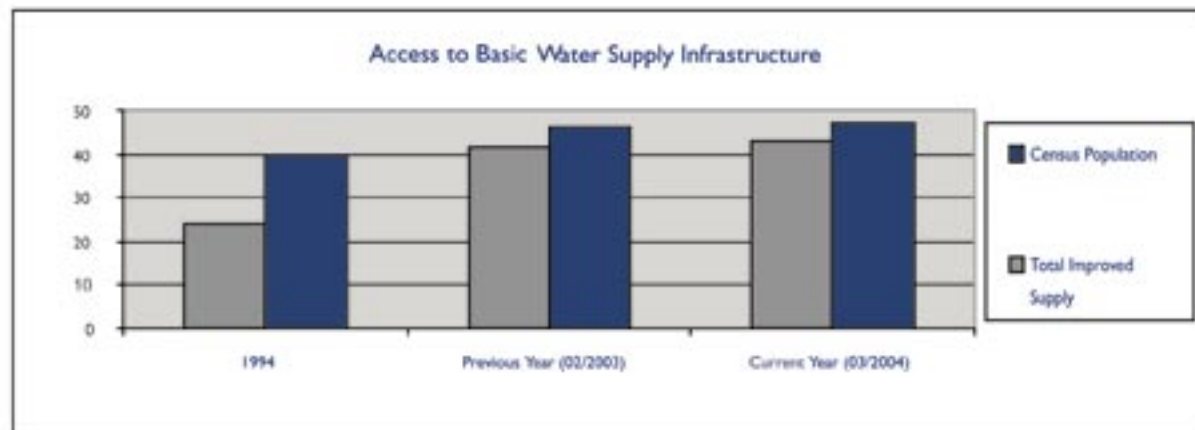
In its role of regulator of water services, the Department collates service provision data which reflects the State of the Sector.

i) Access to Basic Services

During the year under review, water supply was provided to a further 1,65 million people, and sanitation to a further 1 million people. There are currently 4.4 million people with no access to basic water supply, and a further 5,7 million who have access to a water supply that does not meet the RDP service levels. There are still 17,1 million people without access to basic sanitation infrastructure.

Table I.1 Access to Basic Water Supply Infrastructure (millions)

Period	Census Population	Total Improved Supply	With Access to Infrastructure at Basic level or Higher	With Access to Basic Services but below RDP service levels	No Access to Infrastructure	% Access to services
Current (03/2004)	47.4	43.0		5.7	4.4	91%
People served April '03 - March '04		1.65	0.85	0.4	0.4	
Previous Year (03/2003)	46.4	41.5		6.1	4.9	89%
People served 1994 - March 2004		13.4	4.4	4.0	5.0	
1994	39.8	23.9			15.9	60%



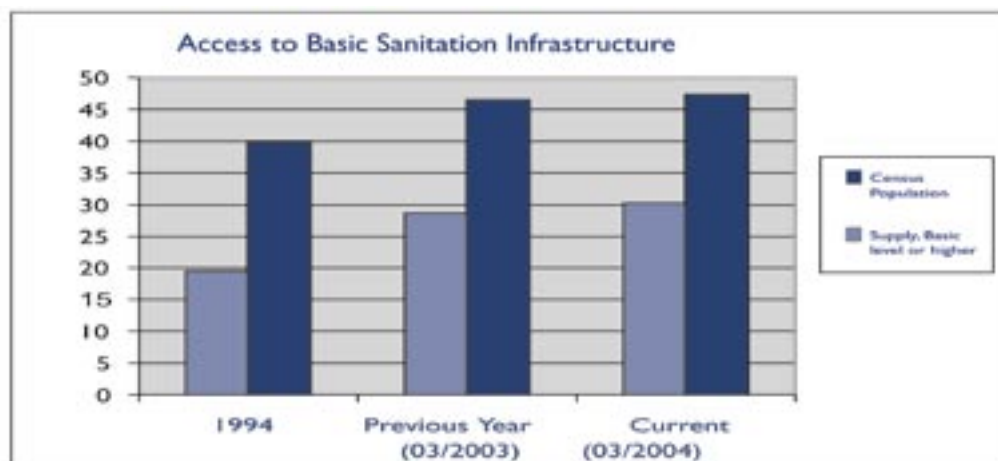
Please note that the 2003/2004-year figures in this report differ from the figures as per the Annual Report 2002/2003 as an adjustment was made based on the Census 2001 results

Comments:

- Water Supply backlog & people served figures were re-adjusted based on Census 2001 results.
- Population figures given are based on Statistics South Africa (STATS SA) mid year estimate (July 2003) of 46.4m and have been adjusted by 2% to reflect annual population growth
- Information provided is based on data from DWAF, Department of Housing, DPLG & estimates from NGO's & Local Government
- Access to basic water supply services improved from 60% of population in 1994 to 91% of population in March 2004
- Figures reflect infrastructure provided and do not reflect availability of service. (See service quality data below.)

Table 1.2 Access to Basic Sanitation Infrastructure (millions)

Period	Census Population	Supply, Basic level or higher	No Access to Infrastructure	% Access to services
Current (03/2004)	47.4	30.3	17.1	64%
People served April '03 - March '04		1.0		
Previous Year (03/2003)	46.4	28.6	17.8	62%
People served 1994 - March 2004		6.9		
1994	39.8	19.4	20.4	49%

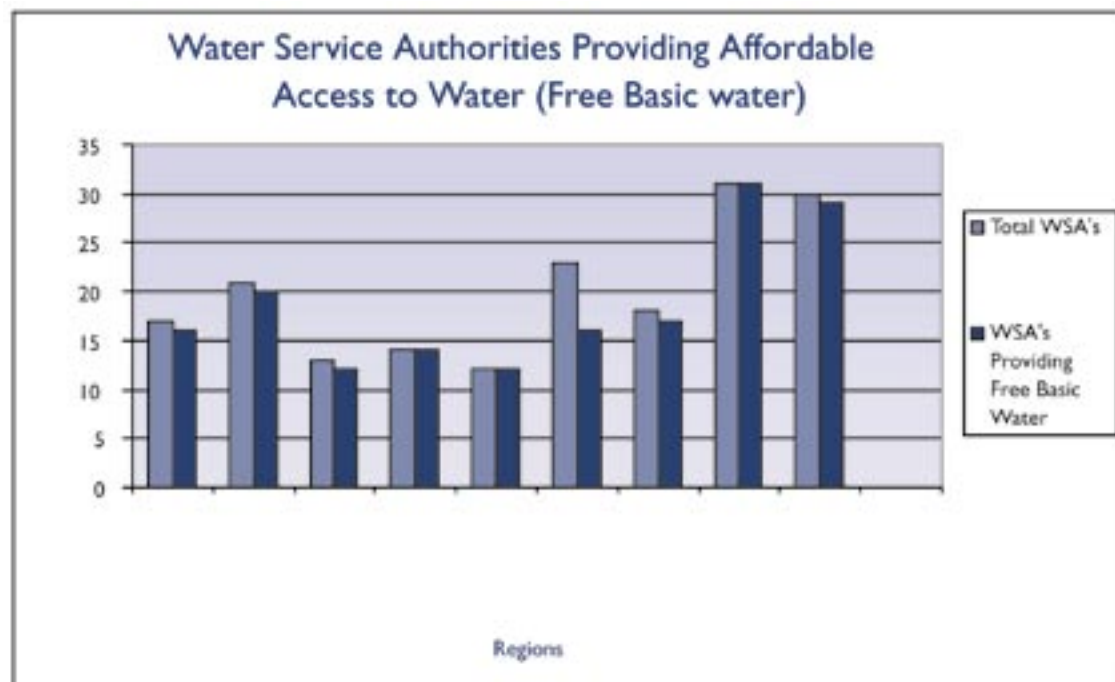


Comments:

- Sanitation Supply backlog figures were re-adjusted based on Census 2001 results
- Population figures given are based on STATS SA mid year estimates (July 2003) of 46.4m and include growth at a rate of 2% per annum
- Information provided is based on data from DWAF, Department of Housing, DPLG & estimates from NGO's & Local Government
- Access to services improved from 49% of population in 1994 to 64% of population in March 2004
- Figures reflect infrastructure provided and do not reflect actual use of service provided.

Table I.3. Affordable Access to Water (Free Basic water)

Institution	Total WSA's	Total Population (millions)	WSA's Providing Free Basic Water	Population with Free Basic Services (millions)	Population with Access to Infrastructure with Free Basic Water (%)
Eastern Cape	17	6.8	16	2.8	91.0
Free State	21	2.7	20	2.8	54.0
Gauteng	13	9.7	12	8.0	72.0
KwaZulu-Natal	14	10.0	14	5.8	98.0
Limpopo	12	5.5	12	2.7	75.0
Mpumalanga	23	3.3	16	1.4	60.0
North West	18	3.8	17	2.4	99.0
Northern Cape	31	0.8	31	0.6	43.0
Western Cape	30	4.8	29	3.9	46.0
National	170	47.4	161 (95%)	30.5 (65.6%)	73.0



Comments:

- Reporting is focussed on the municipalities that are Water Services Authorities (WSA) and have been allocated the water and sanitation function which includes the responsibility of implementing Free Basic Water, rather than municipalities in total (284).

ii) Service Quality

Table 2: Service quality as reported by local government

Perspective	National
Percentage Municipalities Meeting Service Quality	72%
Percentage Municipalities achieving Reliability of Service	69%
Percentage Municipalities adhering to Water Quality Requirements	43%

Comments:

- It is a matter for concern that only 43% of Local Government report that they are adhering to Water Quality Requirements as per SABS241 (class I - Green)
- Information is based on feedback from 65% (155) of 237 Municipalities. At this stage it reflects the perceptions of municipalities rather than a comprehensive external survey. However the figures for water quality show a good correlation with information from other surveys.
- "Reliability of service" refers to the achievements of the standards set out in the Strategic Framework for Water Services and relevant regulations.
- "Service Quality" refers to the municipality's ability to respond to customer's complaints e.g. help desk.

iii) Economic and Financial Indicators

Table 3.1. Water Tariffs

Perspective	Tariff 20-60 kl			Tariff > 60 kl			Target Sample Size	% Returns	Comments
	Average	Min	Max	Average	Min	Max			
RSA	R 3.60	R 0.00	R 15.57	R 3.94	R 0.00	R 15.57	237	65%	
Eastern Cape	R 2.89	R 0.59	R 4.79	R 3.07	R 0.59	R 6.84	39	64%	
Free State	R 4.45	R 1.41	R 13.71	R 4.59	R 1.51	R 12.70	20	80%	See Note (2)
Gauteng	R 5.71	R 1.82	R 11.15	R 6.87	R 5.39	R 8.79	12	75%	
KwaZulu-Natal	R 4.12	R 0.00	R 15.57	R 4.46	R 0.00	R 15.57	51	67%	See Note (3)
Mpumalanga	R 3.55	R 0.00	R 11.40	R 4.03	R 0.00	R 11.40	19	79%	
Northern Cape	R 2.75	R 0.00	R 5.70	R 2.87	R 0.00	R 6.38	26	73%	See Note (2)
Limpopo	R 2.86	R 0.00	R 5.80	R 3.19	R 0.00	R 6.98	24	58%	See Note (4) & Note (5)
North West	R 4.79	R 2.05	R 7.10	R 5.18	R 2.71	R 7.35	21	52%	See Note (1) & (5)
Western Cape	R 3.45	R 0.91	R 7.41	R 3.96	R 1.32	R 9.55	25	84%	

- The tariffs reported here are Population Weighted Averages of Municipal Retail Tariffs adjusted/escalated to 2004

Comments:

- 1 Changes in target sample size have affected the calculation of average tariffs. See also Note (3) below.
- 2 2003 (May) Survey has not captured latest Tariff increases. Information is currently being updated.
- 3 Current Survey has been expanded to include new roles and responsibilities of Local Government. Previous Survey focussed on Regional Councils only.
- 4 Many Rural Communities in former homeland areas are still being served by DWAF schemes at no charge. This influences the average tariff of specific provinces (e.g. Limpopo Province)
- 5 Increased Mining demands and related infrastructure expansion have increased bulk supply tariffs (e.g. NW)
 - a No average Industrial Tariffs are presented since comprehensive surveys are still being conducted.

Table 3.2. Capital Expenditure on basic services infrastructure (R millions)

Program	Water		Sanitation	
	Projects 1994 to 2004 - Budget	Projects 2003 / 2004 - Budget	Projects 1994 to 2004 - Budget	Projects 2003 / 2004 - Budget
DWAF-CWSS	R 6,350.4	R 780.1	R 910.2	R 351.4
DPLG-CMIP	R 3,578.8	R 759.0	R 1,264.5	R 277.0
DH-Housing	R 1,219.5	R 188.0	R 1,238.5	R 207.0
DPW-Schools & Clinics	R 107.7	R 2.2	R 142.7	R 5.2
TOTAL SECTOR	R 11,256.4	R 1,729.3	R 3,555.9	R 840.6

Comments:

- Figures are based on the assumption that 75% of CMIP funding is allocated to basic services and 25% for the provisioning of Higher Levels of Service than basic.
- Figures are based on the assumption that 50% of Housing funding is allocated to Higher Levels of Service than basic.

Table 3.3 Estimated Water Services Operating Expenditure (R millions) by National, Provincial and Sector

Perspective	Total Domestic Water Services Operating Expenditure	
	March 2004	March 2003
TOTAL SECTOR	R 9,679	R 9,218
Self-Funded Operating Expenditure	R 8,612	R 8,201
National Grants	R 1,067	R 1,017
PROVINCIAL	R 9,679	R 9,218
Eastern Cape	R 731	R 696
Free State	R 644	R 614
Gauteng	R 3,336	R 3,177
Kwazulu Natal	R 1,111	R 1,058
Limpopo	R 735	R 700
Mpumalanga	R 367	R 350
Northern Cape	R 159	R 152
Western Cape	R 1,603	R 1,526
North West	R 993	R 945
Sector	R 9,679	R 9,218
Metropolitan Councils	R 5,548	R 5,284
Local Authorities	R 1,056	R 1,005
Water Boards	R 2,198	R 2,093
DWAF	R 877	R 836

Comments:

- Municipal figures have been estimated and are not actual expenditure records (most municipalities do not yet have clear accounting of expenditure for each of their services)
- Estimation is based on water consumption and tariffs of respective municipalities and Metropolitan Councils, assuming actual cost to be 70% of charged consumption
- Inflation of 13% is assumed for calculation of previous year cost of Non-DWAF services
- Non-DWAF sanitation expenditure is based on number of households using flush and chemical toilets at an average municipal rate (70% of household sewage tariff)
- Split of operating cost for rural towns (excluding main towns and Metros) is based on population served
- Water Boards expenditure is mostly derived from payment by Municipalities and these are not shown under the respective municipalities to avoid double counting.

Table 4. Water Boards for the reporting period

Water Boards: Income and Expenditure Data (in R'000s)																
Name of Water Board	Revenue		Capital Expenditure				Operating Expenditure					Fixed Assets	External Debt	Population Served in 2002/3	Number of Staff	Personnel Costs 2002/3
	2001-02	2002-03	2001-02		2002-03		2001-02		2002-03							
	Actual	Projected	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total						
Albany Coast	2,115	1,968	1,358	0.2%	1,966	0.3%	1,448	0.1%	1,347	0.1%	180	2 256	10	6	447	
Amatola	54,321	62,139	5,252	0.9%	13,989	2.1%	30,378	1.6%	45,462	2.2%	253 080	21 911	1 200	231	25 832	
Bloem Water	92,692	114,656	4,750	0.8%	2,300	0.3%	55,798	3.0%	69,156	3.4%	344 819	343 352	800	223	24 731	
Botshelo	79,907	85,000	-	0.0%	-	0.0%	80,077	4.3%	82,000	4.0%	10 683	0	821	388	32 892	
Bushbuckridge	9,351	102,901	44,916	7.6%	22,856	3.4%	15,962	0.9%	38,095	1.9%	47 355	0	1 200	262	9 022	
Ikangala	1,920	79,869	-	0.0%	56	0.0%	2,054	0.1%	79,749	3.9%	38 306	0	1 530	6	1 080	
Lepelle	132,431	135,146	-	0.0%	-	0.0%	73,382	4.0%	79,565	3.9%	393 298	353 486	1 000	261	22 088	
Magalies	86,818	86,132	-	0.0%	27,400	4.1%	37,957	2.1%	46,720	2.3%	483 643	146 895	800	281	14 504	
Mhlathuze	124,166	144,200	60,500	10.3%	119,600	17.9%	84,842	4.6%	101,600	5.0%	159 011	205 248	380	147	28 895	
Namakwa	8,866	9,753	-	0.0%	-	0.0%	6,769	0.4%	7,446	0.4%	92 266	12 259	45	26	-	
Overberg	12,284	14,206	512	0.1%	1,172	0.2%	11,435	0.6%	12,290	0.6%	38 574	8 389	62	70	6 093	
Pelladrift	5,149	5,786	-	0.0%	-	0.0%	5,045	0.3%	5,774	0.3%	9 200	674	7	-	-	
Rand Water	2,513,342	2,616,000	276,100	47.0%	266,400	39.8%	1,031,534	55.9%	1,077,400	52.9%	3 721 738	1 935 817	10 000	3 108	469 700	
Sedibeng	239,631	260,053	1,857	0.3%	11,103	1.7%	122,712	6.6%	143,162	7.0%	278 841	277 449	1 600	595	15 755	
Umgeni	738,503	802,446	192,266	32.7%	202,248	30.2%	287,414	15.6%	247,848	12.2%	2 844 555	2 182 800	4 302	1 098	165 215	
Total	4,101,496	4,520,255	587,511	100.0%	669,090	100.0%	1,846,806	100.0%	2,037,614	100.0%	8 715 549	5 490 536	22 227	6 702	816 254	

Purpose: Ensure that effective, efficient, sustainable and affordable water and sanitation services are provided to the people of South Africa, as well as economic users.

3.1. Main Achievements

Once again, the Department managed a very successful CAPEX programme to provide infrastructure for the supply of water for basic needs in rural areas. This programme which had an all time high allocation of R1 498 million including draught allocations and donor funding. By the end of the year the total number served with safe drinking water since 1994 was approaching 10 million.

The Department placed a high priority on sanitation and allocated an amount of R347 million for this purpose, the highest ever, for basic sanitation. Of this, R319 million was spent and 97135 households were provided with sanitation services, and 510 337 people benefited from the health and hygiene programme which goes hand in hand with the provision of the infrastructure.

The year (2003/04) marked the first year of implementation of the programme to replace the bucket system of sanitation with a more appropriate type of service. R62 million has been allocated to pilot bucket eradication programmes in some regions. Implementation of some of these projects has just started and there has not been separate reporting between bucket eradication and household programmes. Households are being provided with a more acceptable service that vary from VIPs to full water borne sanitation. The challenge ahead is to eradicate approximately 430 000 bucket systems during the next three to four years.

This reporting period (2003/04) was the last year in which DWAF had direct responsibility for the capital programme. In future, capital funds for basic services will be allocated directly to municipalities under the Municipal Infrastructure Grant (MIG). The basic principles for the MIG programme were approved in March 2003 and during the course of the year DWAF negotiated details and conditions of the grant as well as the strategy for its implementation. The Department as well as other sector departments will be responsible to ensure compliance with the water and sanitation conditions, and to ensure that municipalities maintain their focus on ending the water supply and sanitation backlog.

Good progress was also made to transfer departmental water services schemes to the relevant municipalities. These comprised treatment plants, and other bulk and reticulation infrastructure. In most cases staff were also transferred to Local Government or relevant service providers institutions.

These transfers take place within a transfer policy framework developed jointly by DWAF, DPLG, the South African Local Government Association (SALGA) and National Treasury (NT).

As the Department is moving out of direct implementation and operations it can in future focus on its future role as the national institution responsible for policy, regulation, information and support.

The collation, analysis and dissemination of information on the state of water services at national, provincial and municipal level will be a high priority for

DWAF as responsibility for the operational function Information Services (IS) transferred to municipalities.

The Strategic Framework For Water Services (SFWS) was approved by Cabinet on 17 September 2003 after extensive consultation with relevant sector stakeholders. The 1994 White Paper on Community Water Supply & Sanitation played a key part in creating an enabling policy framework, but since 1999 the municipal context has changed significantly. This is reflected in the Strategic Framework which provides a comprehensive policy summary with respect to the total water services sector in South Africa and sets out the framework for its implementation over the next ten years. The key challenges are to address inequality where it still persists, the provision of basic services, providing higher levels of service and sustainable provision of services (including sustainability of the institutions responsible). The Strategic Framework is forward looking, setting out the vision, targets and policy framework for the next ten years. The development process is seen as an excellent example of cooperative governance between all the major sector stakeholders and is therefore a sector framework.

Following the approval of the Strategic Framework for Water Services by the Cabinet, DWAF and SALGA had a very successful water summit in October 2003 where a joint declaration was signed committing both parties to co-operate to give effect to the SFWS. Work has commenced on various, more detailed strategies to give effect to the implementation of the SFWS, including:

- Institutional Reform Strategy
- Regulatory Strategy
- Legislative review (amendments to the Water Services Act, 1997)
- "Strategic Assessment of the sector" reporting.

This institutional reform is important to ensure that the capacities of regional service providers such as the water boards are optimally used in delivering efficient water services.

The implementation of FBW services went well and approximately 95% of municipalities are providing FBW either in total or to part of their municipal population. Approximately 66% of the national population now benefits from Free Basic Water. Further policy development has taken place and all municipalities have been provided with copies of the revised policy, guidelines and tools necessary for the provision of Free Basic Water. The Department has also appointed provincial support units to assist municipalities with the implementation of the policy.

The joint programme with other role players such as the Department of Health to combat the spread of water borne diseases such as cholera has contributed to the decline of the epidemic. The number of cases and deaths has decreased relative to previous years.

3.2. Key Outputs & Service Delivery Trends

KEY FOCUS AREA	OUTPUTS	SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE
Ensure provision of basic Water Supply and Sanitation for improved quality of life and poverty alleviation	Backlog of 6 million people without water services reduced by 1m	Reliable monthly Monitoring & Evaluation (M&E) reports.	The basis for identifying backlog in the country for 2003/04 was the 2001 census.
	Sustainable water supply delivered through effective management & financial accountability of delivery programs.	Donor funding sought and committed	The department implemented 577 water supply projects through Water Services Authorities (WSA) and Implementing Agents. When completed these projects will serve 1 261 659 people to RDP standard and 310 000 people below RDP standard
	Sufficient resources allocated in all Govt. spheres to meet the basic water supply needs of the country (at least R 2 billion per annum in all spheres)	Adequate Government budget allocation to Basic Water Supply	Budget for DWAF WSS infrastructure R1 498 million in 2003/4
		Adequate Govt Budget allocation to Basic Water Supply	95% of municipalities now have a FBW policy but FWB only reaches 30 million people (66% of population)
	FBW policy implemented by 70% of municipalities	FBW monthly reports	MIG Framework negotiated and included in DoRA (2004)
	300 000 households provided with basic sanitation	Reliable monthly M&E reports to MANCO (DWAF & other govt. depts.)	The Sanitation backlog was addressed by implementing 440 projects and delivering 97 100 VIP's, 1 400 toilets were upgraded. Through health and hygiene education, 510 000 people were impacted. 9 100 Bucket type toilets were replaced by either VIP's or water borne units in the Free State Clinic sanitation programme delivered 76 toilet blocks translating to 330 toilet seats. Farm dweller sanitation pilots in the Western cape delivered 1 150 toilet units.
Ensure effective & sustainable delivery of water services to underpin economic & social development	Finalise WS Strategic framework as comprehensive sector policy. Co-ordinate with other national dept's and sector stakeholders and align policies within sector.	Policy documents approved	Strategic Framework for Water Services as policy for the water services sector approved by Cabinet. Work was started on strategies to give implementation the Strategic Framework as well as a joint communication process with SALGA.
	Institutional clarity & formal understandings with other role players	Agreements, approvals & confirmation of alignment of policies; agreed at DG level	The improved co-ordination between sector players in water services has been one of the main achievements of the past year. Engagements at local, provincial and national task team levels have taken place to clarify, debate and jointly agree on implementation. The joint National Water Summit between DWAF and SALGA was an example of one of these initiatives.



KEY FOCUS AREA	OUTPUTS	SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE
	Improve quality of 20 district WSDP's in order to meet key objectives and give written reports to all 20 councils. WSDPs developed as part of the IDPs in 47 district municipalities and 6 metropolitan councils. Promote development of planning culture in LG, project planning and programmes	Monitoring system in place, regular reports. WSDPs submitted to DWAF Projects in local Govt. sphere reflect sustainable WS business approach	Out of a total of 170 Water Service Authorities (WSA) 153 had developed their water services development plans although 93 are still in draft form. 60 have had the plans formally approved by council. Other specific outputs include the alignment of WSDPs to IDPs including memoranda of understanding on sanitation project implementation.
	Design of regulatory framework completed and approved.	Approved by DG and Minister	A dedicated directorate was created in the Policy and Regulation branch to take full time responsibility for Water Services Regulation. A framework for regulation was approved as part of the WS Strategic Framework.
	State of the Water Services Sector report completed.	Report published	Summary "State of Sector" report produced and quality of information improved and more accessible
	Well populated Macro Management Information Systems (MIS) Phase 2 developed & maintained	System in place and information accessible	
Ensure effective Water Institutions	Improved monitoring of Water Boards performance	Annual report submitted to Minister	The monitoring and oversight role of DWAF for Water Boards continued through a formal evaluation process including appraisal of Policy Statements and Business Plans
	DWAF WS restructured to fulfil long term custodian role	Stage of restructuring	Restructuring 80% complete. A dedicated directorate was created in the Policy and Regulation branch to take full time responsibility for Water Services Sector Development.
	DWAF to support municipalities	Annual reports submitted	Many activities related to support happened over a range of focus areas
	Identify key competencies needed for DWAF WS staff. After restructuring.	Spend at least 5% of personnel budget on training	Training of staff took place in all provinces to maintain the core competencies of WS within the department.
Ensure effective local-level operations and management of DWAF water services schemes	Fully inclusive transfer policy (incl. Assets, resources and responsibilities) reviewed & amended as necessary	Policies accepted & implemented by stakeholders.	To ensure an enabling environment, the fully inclusive transfer policy was reviewed and amended as necessary and was approved by the Inter Departmental Transfer Committee.
	HR strategy dealing with affected staff reviewed and amended as necessary	Agreements with Bargaining Chamber and Unions on staff transfer issues & labour mechanisms established.	The HR strategy for dealing with affected staff was reviewed and amended as necessary. A draft policy position for dealing with any potential excess staff once transfer process is completed prepared for DPSA consideration.

KEY FOCUS AREA	OUTPUTS	SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE
	DORA Framework 2004-5 on Water Services operating subsidy agreed	Gazette DORA Framework 2004-5	The transfer of Water Services schemes to WS institutions continued in line with the approved policy and framework developed for the Division of Revenue Act. 67 schemes with a present day value of R 848 million, in most cases with the associated staff have been transferred together with some 394 completed Water Service projects. 17 transfer agreements were concluded with a further 14 in progress.
	90 Schemes Transferred to WSI's according to plan (30%)	Transfer progress reported	Ongoing support was provided to WS institutions to ensure the continuity of effectiveness and efficiency of services. The transfer process was monitored and evaluated and there were significant improvements in cost recovery for schemes on the operating subsidy.
	Improved efficiency and management achieved on schemes operated by DWAF in terms of WSP agreements and measured against KPI's in annual water audit	Annual evaluation of schemes based upon KPI's as reflected in annual audit.	There was improved efficiency on schemes operated by DWAF in terms of WSP agreements.
	90 DWAF Schemes Rehabilitated to meet minimum safety requirements and achieve 100% functionality	Evaluation based upon details in agreement of transfer	90 schemes were rehabilitated to meet minimum safety requirements and achieve 100% functionality as part of the process to facilitate and strengthen the efficiency and effectiveness of WS providers.
Promote and support sound policy and practice of WS to achieve a millennium targets in Africa	Develop plan on participation in activities to share knowledge, experiences and lessons with other developing countries especially in Africa	Plan developed and approved by Minister.	Negotiations started on three focus areas for greater integration in the SADC Water Division: To promote the use of Best Practice for sustainable water supply and sanitation projects within the SADC Region; To promote Capacity Building of NGOs/CBOs in Water and Sanitation Sector in SADC; To promote Capacity Building of technicians, technologists and professionals in Water & Sanitation Sector in SADC;

3.3. Regional Operations and Water Trading Account

The Water Trading Account covers many of operational activities in Water Resources Management (sub accounts 1-3) and Water Services (sub account 4)

3.3.1 Water Trading sub -Account 1: Integrated Catchment Management

Aim / Objective

To promote the equitable allocation, beneficial use and sustainability of water resources and to develop and implement catchment management plans, thereby ensuring the effective integration of water quality, water utilisation and water conservation objectives.

Policy Implementation

Work continued with the establishment of Catchment Management Agencies (CMAs). Proposals for the establishment of the Nkomati CMA have been approved and the implementation phase will be rolled out during 2003/04. Proposals for the establishment of Crocodile West/ Marico and the Mvoti / Mzimkulu are still under consideration.

Draft Proposals for the establishment for the Breede and Gourits Water Management Areas are complete. The proposals for the Olifants - Doorn CMA will be completed during the next financial year as part of the Integrated Water Resources Management (IWRM) projects, which is well advanced in this catchment. A directorate, has been established to take the lead in developing processes and procedures for compulsory licensing.

Water Quality Management

A key function is the development and implementation of water quality management plans to regulate water quality and waste management for surface and ground water resources.

Dedicated attention has been given to the monitoring and control of pollution and other measures related to water quality management. Support was given in the Eastern Cape, Northern Cape and Kwazulu-Natal to Cholera control programmes from December 2002 until March 2003.

Water Utilisation

Implemented Strategies for equitable allocation, efficient and sustainable utilisation of water resources in the agricultural, industrial and municipal sectors. This role is critical for facilitation of water user registration.

Water Conservation and Working for Water

Great strides have been made in implementing strategies aimed at reducing water demand. The operational activities of the Working for Water (WfW) Programme, which, inter-alia, focuses on the eradication of invasive plants, accounts for the bulk of expenditure in the sub account.

266,147 hectares of invading alien plants have been cleared and 523,613 hectares were revisited for follow up activities.

Dam Safety Control

Annual and quarterly dam safety inspections are carried out to ensure good monitoring of structures are carried out. Operation and Maintenance manuals and Emergency Preparedness Plans for various dams have been produced, and we are continuing with dam classification and registration.

3.3.2 Water Trading Sub-Account 1: Integrated Systems

Aim:

To manage, operate and maintain Government Water Schemes of National importance e.g. for the transfer of water from donor catchments to supplement the water resources in recipient catchments.

Policy Implementation

The Regions infrastructure is operated to ensure that water is available at acceptable levels of assurance.

The Integrated Systems Programme consists of:

Operations and Maintenance

This unit is responsible for:-

- Supplying treated and untreated water to users in bulk e.g. Sasol, Eskom etc., other bulk or reticulation suppliers such as water boards and municipalities or other users.
- Supplying raw water in bulk to WUAs and existing irrigation boards for distribution to individual irrigators.

Betterment Works and Flood Control

This unit is responsible for the upgrading or improvement of water supply works, water control works, flood monitoring, as well as the repair of flood damages. The abnormal drought conditions caused the dam level in the supply system to Eskom and Sasol to drop to unacceptably low levels, and the risk of not being

able to meet the demands became very high. Steps had to be taken to construct an improved supply link between Morgenstand and Jericho dams. The actual construction will be completed during the new financial year.

Drought relief funds were also provided to a large number of Municipalities which were severely effected by the drought to prevent a breakdown in water service delivery.

3.3.3 Water Trading Sub-Account 3: Bulk Water Supply

Aim:

To manage, operate and maintain Regional Bulk Water Supply Infrastructure.

Policy Implementation

Section 98 of The National Water Act makes provision for the establishment of Water Users Associations (WUAs) and Regions have been tasked to convert existing irrigation boards into WUAs, which are intended to be more representative of the communities being served. It is also the intention to transfer the Operations and Maintenance (O&M) functions of certain bulk water schemes to WUAs and good progress is being made in this regard.

There are currently 285 Irrigation Boards Water User Associations, of which 38 rely on government owned infrastructure for the distribution of bulk water. The remainder have developed their own infrastructure. There are also still 21 government water schemes, where the management of the maintenance functions is being transferred to WUAs.

Transfer has already been implemented on the Oranje Riet, Lower Olifants River, Vaalharts, Boegoeberg and Kakamas schemes; The latter three having taken place during 2003/04 In the case of Boegoeberg, Kakamas and Vredendal, staff have not yet been transferred. Interim contracts for the maintenance of infrastructure are also in place.

Since the infrastructure of certain WUA's remains state-owned, a systematic process of monitoring and oversight is being established as an exchequer-funded activity.

The Bulk Water Supply Programme consists of:

Operation and Maintenance

The responsibilities of this unit are:-

Supplying bulk raw water to WUAs (irrigation boards) for distribution to individual irrigators within an irrigation district as defined by the National Water

Act, and the supply of raw water to individual irrigators within Government Water Schemes.

Betterment Works, Flood Control and Drainage

The responsibilities of this unit are:-

- Upgrading or improvement of water supply works, water control works purification works and related structures.
- Flood monitoring, flood control activities, flood warnings, and the repair of flood damages to government water works.
- Constructing or improving water drainage works and related structures.

The extensive and very severe drought compelled the department to introduce water restrictions for irrigation purposes which varied between from the low of 5% in the Umgeni area to a high of 100% restrictions in the Bronkhorstspruit river. The restrictions had to be introduced in Limpopo, Mpumalanga, KZN and Free State Provinces. These restrictions not only caused hardship to the customers we serve, but also had a negative effect on the collection of revenue due to reduced water sales.

The drought also had a severe impact on the supply of water for basic human needs. The Department was forced to introduce drastic measures to curb usage through an extensive demand management programme in the Western Highveld area of Mpumalanga. The construction of an emergency scheme to augment the existing supply from Bronkhorstspruit dam to this area was initiated. Water obtained from Rand water in Mamelodi will be used to augment the existing supplies to parts of Nokeng, Tembisile, Kungwini and other municipalities.

3.3.4 Water Trading Sub-Account 4: Water Services

Aim:

To manage, operate and maintain Regional Water Services infrastructure.

The Water Services Programme consists of:

Operation and maintenance

It is responsible for:-

- Operating and maintaining the infrastructure necessary to supply potable water to consumers.
- Operating and maintaining the infrastructure for the treatment of sewage.
- Supplying bulk (raw and treated) water to Water Services Institutions, other bulk suppliers or other water users.

Betterment

Is responsible for:-

- Upgrading or improvement of water supply works, water control works sewage work, purification works and related flood damages to government water structures.
- Flood monitoring, flood control activities, flood warnings and the repair of works

Crisis intervention

Is responsible for:-

- Providing alternative water supply in case of water supply failure or due to lack of infrastructure. E.g. provision of water tankering services.

Transfers

The Department is implementing a comprehensive programme to transfer the water services works (comprising wastewater treatment plants, and other bulk and reticulation infrastructure) that it currently owns and/ or operates to the relevant water services authorities/institutions. These transfers take place within a transfer policy framework developed jointly by DWAF, DPLG, the South African Local Government Association (SALGA) and National Treasury (NT). In terms of the programme which is included in a framework of the Division of Revenue Act, all transfers will be effected by June 2005 with all conditional grants (subsidies) phased out by June of 2011 at which stage the conditional grants will be incorporated into the equitable share allocations to local government. Provision is also made for the funding of the refurbishment of infrastructure as a component of the transfer agreements.

Good progress was made on the transfer programme with 17 agreements being concluded since inception of the programme. Assets with a present day value of R846 million have been transferred. In most cases associated staff were also transferred or seconded to Local Government or relevant receiving institutions. A further 67 agreements have to be concluded by June 2005.



REGIONAL OPERATIONS - EXCHEQUER FUNDED

	North West	Limpopo	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Management										
Strategic Plans per Region	1	1	1	1	1	1	1	1	1	9
Hydrometry										
Data collection at gauging stations	Done by Gauteng Region	319	132	195	137	342	319	105	243	1792
Data sets processed		460	132	247	196	366	360	72	360	2193
Operate and maintain gauging stations		313	120	195	137	326	297	56	243	1687
Construction of New gauging stations		3	0	3	3	3	0	0	1	13
Flood repairs to gauging stations		0	0	0	0	2	0	0	0	2
Survey Services										
Geodetic Surveys	Done by Gauteng Region	240	4	8	7	13	26	0	0	298
Hydrographical surveys		11	9	2	6	8	2	0	17	55
Cadastral surveys		182	6	2	2	0	3	0	1	186
Topographical surveys		50	40	21	4	4	2	0	18	139
Photogrammatic ground surveys		0	1	1	1	13	0	0	3	19
Water Drilling Services										
Boreholes drilled	N/A	204	16	17	0	22	14	119	0	392
Geotechnical Drilling Services										
Drilling in meters	N/A	1693	1152	552	0	0	1755	9536	0	14688 m
Geotechnical Services										
Monitoring and siting of boreholes	0	166	80	53	160	61	3736	540	234	5030
Assessment and licensing of landfill sites	0	5	0	0	20	3	11	7	7	53
Compile hydro-geological maps	0	1	0	0	0	0	1	0	0	2

Regional Water Services Planning	North West	Limpopo	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
WSA authorities with draft WSDPs	10	7	12	3	20	1	18	16	6	93
WSA with approved WSDPs	1	5	5	11	0	14	8	16	0	60
Implementation of Water Services Projects										
Projects implemented										
Water Supply	24	79	65	215	10	169	8	7	0	577
Sanitation	18	14	33	166	30	156	11	6	6	440
People served with water RDP standard	60870	26505	20269	412762	0	718617	2748	2360	0	1261659
Below RDP standard				304702		25595				310021
People Served with sanitation	71149	43227	50498	206800	56148	172350		18980	16200	656550
People reached by improved health through sanitation and hygiene awareness campaigns (People impacted by Health & Hygiene)	70	150917	37103	106754	4320	177837	6912	26424	0	510337
Completed VIP's/Latrines										
Toilets build	13735	6932	4316	27114	9092	25103	1197	5841	3805	97135
Upgraded	94	150	22	47	0	0	0	1073	0	1386
Implementation of cholera projects	0	0	0	0	0	2	0	0	0	2
Sustainable Development										
Improved knowledge and skills at local government level	20	9	17	14	15	38	5	9	0	127
Capacity building of communities	0	109	80	406	28	210	6912	43	0	7788
Transfer of schemes/projects to local government	15	68	74	0	26	178	19	13	1	394

WATER TRADING SUB ACCOUNT I
INTEGRATED CATCHMENT MANAGEMENT

Planning & Implementation of Catchment Plans	North West	Limpopo	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Catchment Liaison Forums	8	1	3	10	4	2	44	30	26	128
Water User Associations created	0	0	2	0	1	0	24	4	0	31
Dam Safety										
Dam safety routine inspections on State dams	90	36	15	4	22	82	288	42	145	724
Operational manuals prepared for state dams	26	1	3	68	4	20	31	1	9	163
Dams registered for dam safety purposes	0	3	0	2	15	21	25	23	0	89
Water Quality Management										
Licenses issued	3	2	8	50	3	20	0	0	10	96
Discharges registered	0	0	47	16	0	20	0	0	20	103
Old mines properly maintained	0	0	15	2	0	0	0	0	1	18
Monitoring of ground water and river sites	450	0	248	28	195	182	1890	98	255	3346
Water Allocation										
Water use licenses assessed	20	24	30	22	11	91	211	201	100	710
Identify unlawful water users	10	12	25	123	2	25	11	17	100	325
Water accounts sent out	4490	0	14400	18672	1035	9000	16000	8769	20800	93166
Water Use Control										
Water use registration forms completed	4636	0	4129	1063	1889	500	9700	2204	200	24321

WATER TRADING SUB ACCOUNT 2 INTEGRATED SYSTEMS

	North West	Limpopo	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
O&M										
The operation and maintenance of schemes in line with national standards for raw water	0	6	0	6	2	7	5	0	6	32
Maintenance of pump stations	0	0	0	2	1	0	0	0	17	20
General maintenance of km's canals	0	145	0	1	0	140	0	0	100	386
General maintenance of km's pipelines	0	6	0	30	85	25	20	0	550	716
Dam inspections carried out for the year	0	24	0	26	10	170	20	0	29	279
Betterment Works										
Upgrading of houses	0	0	0	2	14	0	0	0	20	36

WATER TRADING SUB ACCOUNT 3 BULK WATER SCHEMES

	North West	Limpopo	Mpumalanga	KwaZulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
O&M										
The operation and maintenance of schemes in line with national standards for raw water	27	16	7	5	53	89	28	0	2	227
Maintenance of pump stations	1	0	92	2	0	6	2	9	0	112
General maintenance of km's canals	760	123	0	0	731	207	40	0	70	1931
General maintenance of km's pipelines	210	0	800	14	22	84	0	427	0	1557
Dam inspections carried out for the year	0	64	15	20	56	285	132	0	2	574
Betterment Works										
Upgrading of houses	5	0	12	2	45	0	0	0	0	64

WATER TRADING ACCOUNT 4 WATER SERVICES

Functional Support	North West	Limpopo	Mpumalanga	Kwazulu-Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Schemes and Water Works transferred to Local Government	1	24	0	44	1	0	0	0	0	70
O&M										
The operation and maintenance of schemes in line with national		79	7	44	0	123	3	0	1	257
Maintenance of pump stations		1545	92	(incl)	0	82	0	0	2	1721
General maintenance of km canals		284	0	0	0	0	0	0	0	284
General maintenance of km pipelines		4363	800	0	0	1710	0	0	5	6878
Scheme inspections carried out for the year		1973	12	45	0	36	3	0	12	2081
Betterment Works										
Upgrading of houses		12	8	0	0	96	0	0	0	108



Programme 4: Forestry

4.1. State Of Forestry Sector Report

As part of its regulatory role, the Department is required under the National Forests Act, 1998 (Act No 84 of 1998), to provide an overview of the state of the forestry sector in South Africa. The State of the Forests report, which is required under the National Forests Act, has been in draft for some time and is available, but as from 2004-2005, will be generated against the Criteria and Indicators for sustainable forest management. This will provide understandable and useful information for monitoring, assessment, and management, and furthermore provide a standardised framework, against which year on year comparisons can be made more clearly.

Table 6. Commercial Plantations

Period	Extent Public Ha	Extent Private Ha	Total Ha	Sustainable Forestry Certification	Number of people directly employed in plantation sector ⁵
2001-2002 ¹	322 525 ⁷	1 028 877	1 351 402 ⁶	1 006 500 ha	164 800 ⁴
2000-2001 ²	380 663	971 097	1 351 760	1 006 500 ha	164 800
1995 ³	421 100	1 065 900	1 487 000	-	Figures not comparable – employment data does not include former homeland areas

Comments:

- ¹ 2001-2002 Timber and Roundwood Statistical returns, DWAF 2003
- ² 2000-2001 Timber and Roundwood Statistical returns, DWAF 2002
- ³ National Forestry Action Plan State of Forestry Report, DWAF 1997
- ⁴ LHA – Sector Survey 2003
- ⁵ Four additional service and support jobs are created for each person in direct employment meaning 490 000 jobs in service and support to commercial forestry in this reporting year.
- ⁶ Total Plantation Forest areas have decreased due to the effect of improved environmental management, conversion to other land uses and fires.
- ⁷ DWAF managed forest areas have decreased due to conclusion of plantation transfers

Table 7. Natural Forest and Woodland Areas

Period	Natural Forests Extent		Natural Woodlands Extent		No of people employed in State forest and woodland management
	State	Privately or Communally owned	State	Private or Communally owned	
2003/04 ¹	287 845 ³ ha	245 824 ha	6 956 152	22 346 164	5 000 ⁴
2002/03	287 845 ha	245 824 ha	6 956 152	22 346 164	5 000
1994 ²			6 956 152	22 346 164	Figures not comparable – employment data does not include former homeland areas

Comments:

- ¹ Due to the high costs involved, national surveys of the extent of forest and woodlands cover occur only every 5 to 10 years.
- ² No national data collection had occurred in 1994: only data for former RSA was available
- ³ Natural Forests area extent is based on the latest National Forest Inventory data and the National Forest Type Classification
- ⁴ Includes DWAF and other State institutions involved in natural forest and woodland management. The State establishment for natural forest and woodland management has not changed over the past 24 months.

Table 8. Lease Areas

Period	No	Extent	Rentals	Money Distributed To Land Owners
2003/04	Tenants	106 333.0500 ha	11 223 616.80	None ¹
2002/03	Tenants	106 333.0500 ha	10 932 271.05	
1994	SAFCOL	-	-	

Comments:

- ¹ Money held in trust pending the clarification of tenure through the land reform process

Lease areas Specified:

1. Siyaqhubeka (KwaZulu-Natal)
2. Singisi (Eastern Cape North)

Comments on change in extent of areas or management regimes:
SiyaQhubeka lease was entered 1 October 2001 and Singisi 1 August 2001. These plantations were managed by SAFCOL prior to the entering of the leases.

Other leases to be entered include:

- Amatole (Eastern Cape South)
- Komatiland (Limpopo & Mpumalanga)
- MTO (Western & Southern Cape)

Note: These figures are collated from the DWAF 2003 Annual Statistical Returns from the Commercial Forest Industry. They are conservative, as many smaller growers and small processors are not yet reporting.

Table 9. Value of Timber and Timber Product Sales (Millions of Rand)

Product	2000/1	2001/2
Sawn and Planed Timber	2 078.72	1 867.73
Wooden Poles	246.81	164.37
Mining Timber	140.77	108.47
Wood-based Panel Products	626.38	594.67
Wood pulp, Paper and Paper Products	6 838.37	8 641.73
Firewood	0.13	0.10
Wood Chips	1 248.13	1 479.36
Mill residues	23.06	28.73
Charcoal	64.74	101.03
Other Products	599.33	820.56
Total	11 866.33	13 806.75
Unprocessed Roundwood sales	4 147.79	6 277.91

Table 10. Capital Invested in Primary Round wood Processing Plants (including pulp & paper, board and panel manufacturing, chipping plants)

Period	Capital Invested
2003/4	R 18 597 000 000
2002/3	R 17 831 000 000
1994	No records from 1994

Comments of Forestry Sector

- In recent years the rate of new afforestation in South Africa has declined considerably due to a number of factors, such as suitable forestry land becoming increasingly less available and a tightening of the procedures for the granting of the necessary water licences. A reported 6500 ha of new planting occurred during 2001-2002.
- However, this was counteracted by conversion of existing plantations to other land uses. A large portion of the area converted from timber to agriculture and other uses relate to the introduction of environmental audits, FSC certification, etc. which ensures that riverine areas, river valleys and wetlands are restored to their natural vegetation.
- The private sector was responsible for 90 % of the reported new afforestation. 54% of the newly afforested area comprised areas planted to Eucalyptus trees, 31 % to softwoods, 11% to wattle trees and the balance of 4 % to other hardwood species.

National Veld & Forest Fire Act

Table 11. Number of registered FPA's.

Period	No of FPA's Registered fully	No of FPA's Currently being evaluated	No of FPA's Deregistered	Extent of area over which a FPA is operated
2003/4	4	10 ¹	0	711 700
2002/3	0	0	0	0
1994	FPA Legislation did not exist in 1994			

Comments:

¹ DWAF has received over 120 intentions for registration as FPAs. Most of these are currently drawing up their business plans (containing veldfire management strategies), which are required for registration purposes

Impact of veldfires on commercial forestry sector to 1 September 2003

- Loss of plantation area: 30 176 hectares.
- Loss in plantation production: 4,5 million tons.
- Value of plantation loss: R695,7 million.
- Value of timber products loss: R3 billion.
- Additional costs (e.g. firefighting): R227 million.
- Loss of life: 1 Forester.

Comments On Veld & Forest Act Implementation

There is no National database for veldfire incidents in the country at this point in time. DWAF is now in the process of developing this database as the National Veldfire Information System (NVIS). National veldfire statistics will only be available for all areas once the development of NVIS is completed and the system is fully operational. The Development phase is expected to be completed by December 2004.

4.2. Main Achievements

The Forestry function in the Department is in the process of transition; from being the manager of commercial plantations and indigenous forests, to being the regulator of the forestry sector in South Africa. This process will see the transfer of all forests and plantations out of the Department to other authorities including the private sector. Internal restructuring has positioned the Department well to take on the increasing role of regulator and promoter of the forestry sector.

To this end a new Vision for Forestry has been developed and approved and focuses on the department's long term role and puts people at the centre of forestry. A change management process and structures are in place to implement the changes necessary to achieve this vision. The process of transfer of the category A plantations (or large, commercially viable estates) has been largely completed. Preparations are now in place for the transfer of the remaining smaller estates, either to commercial enterprises or to local communities or authorities.

The transfer of indigenous forests has been slower due to necessary negotiations between national and provincial Departments of Environment and Conservation, but a number of transfers are now ready to take place. Management of the remaining plantations has been reinforced after an independent review analysing problems areas and possible solutions, although management reporting is not yet adequate. The finalisation and roll-out of the criteria and indicators for sustainable forest management, and the development of the forests information system, are important steps in the development and monitoring of a sustainable forest sector.

The key focus areas of the forestry programme are:

KFA 1: Ensure the sustainable development and management of plantation forestry to optimise equitable economic benefit, particularly in rural areas.

KFA 2: Ensure the sustainable development and management of indigenous forests to optimise their social, economic and environmental benefits

KFA 3: Ensure sustainable forest management in South Africa by developing effective oversight of the sector and facilitating co-operative government.

KFA 4: Promote sustainable forest management in Africa and internationally.

KFA 5: Ensure that communities and disadvantaged groups are empowered to make use of tree and forest resources to support sustainable livelihoods.

DWAF has contributed and played a leading roles in international processes relating to forestry and particularly in SADC and Africa generally.

Forestry has been identified as a development focus for the first time in the Eastern Cape and Limpopo Provincial Growth and Development Strategic/Plan.

Many of the licensing backlogs which were restricting expansion of forestry, particularly by small growers in the Eastern Cape and Kwazulu-Natal have been dealt with. Policies for the transfer of DWAF managed forests and for forestry expansion have been developed and approved. Linkages with the private sector, through which the increased participation of historically disadvantaged groups in forestry, can best be mobilised, have been strengthened.



4.4. Key Outputs And Actual Service Delivery Trends

Key Focus Areas	Strategic Objective	Output	Measures	Actual achievements
1. To ensure the sustainable development and management of plantation forestry to optimise equitable economic benefits, particularly in rural areas	1.1 To manage DWAF's remaining plantation forests and processing plants effectively	Current planting backlog reduced by 1 500 Ha	Quarterly reports to Forestry Management Committee	Delegations were revised, plants were ordered and delivered and contracts in place for planting.
		270 000 m3 roundwood, 4 500 sawn timber sold at market related prices;	Quarterly reports to Forestry Management Committee	Targets exceeded in terms of volumes due to increased volumes from fire-damaged timber.
		Fire damage limited to max. of 5% of planted area;	Quarterly reports to Forestry Management Committee	10% of total commercial estate burnt. Highest in Mpumalanga and KZN, due largely to extreme fire danger (worst year in 20 yrs in places) and possible staff insecurities brought about through external restructuring.
		200 hectares of Category C restocked; 20 km of roads upgraded .	Quarterly reports to Forestry Management Committee	122 ha re-planted in the E Cape. Roads target exceeded.
		Existing legal disputes resolved with minimal cost to DWAF;	Quarterly reports to Forestry Management Committee	One arbitration settled in favour of DWAF in the order of R2,5 million. Another arbitration ruling against DWAF in the order of R37 million (claimant was seeking R119m)
		Routine operations maintained according to prescribed standards	Quarterly reports to Forestry Management Committee	Annual Plans of Operation's in place for most estates. A comprehensive analysis was completed for commercial forestry operations, with concrete recommendations to address the problems, which are currently being implemented.
	1.2 To transfer plantations to beneficiaries through public private partnerships and other instruments	One third of Cat B plantations transferred with labour agreements in place 10% of C plantations transferred	Transfers approved by Director General Transfers approved by Director General	Policy position for the transfer of Category B and C plantations under review. Progress made on a joint DLA/DWAF process to identify beneficiary communities and prepare for community consultations. No Category B or C transactions finalised. Advanced stage of negotiations for two estates in KZN comprising 26 000 ha. Clear felling of 9 000 ha of forest in progress in Lowveld to be returned to natural state by 2006.



Key Focus Areas	Strategic Objective	Output	Measures	Actual achievements
2. Ensure the sustainable development and management of indigenous forests to optimise their social, economic and environmental benefits	2.1 To ensure that indigenous forests are managed sustainably in a participatory manner	Management plans developed for 80% of estates	Quarterly reports to Forestry Management Committee	Plans in place on all estates. Quarterly meetings held regularly.
		PFM forums established in 80% of estates	Quarterly reports to Forestry Management Committee	Forums in place for participation by communities and other stakeholders in management and benefit sharing on all estates
		Infrastructure backlog reduced by 15%	Quarterly reports to Forestry Management Committee	80% of housing and office backlog reduced in KZN plus some extension done. 25% of backlog reduced in Eastern Cape
		Weeding backlog reduced by 10%	Quarterly reports to Forestry Management Committee	20% of weeding backlog reduced.
		Rehabilitation of 15% of degraded areas	Quarterly reports to Forestry Management Committee	No figures available.
	2.2 To transfer the management of DWAF indigenous forests (plus plantations for conversion) to specialised national and provincial conservation agencies in consultation with Department of Environmental Affairs and Tourism	40% of DWAF managed forests transferred	Transfer approved by Director General	Policy on transfer of natural forests and non-forest state forest land finalised. Delegation approved for the transfer of management functions for 97 000 in the Southern Cape (Knysna). Transfer of functions not effected due to labour dispute. Negotiations in progress for assignment of 413 000 ha of state forests to Eastern Cape Province. Department legally responsible for land originally assigned to provincial authorities, assignments repealed in terms of Constitution in 1994. Negotiations in progress for the re-assignment of approximately 733 000 ha of state forest land and Wilderness areas to the Western Cape Provincial conservation agency.

Key Focus Areas	Strategic Objective	Output	Measures	Actual achievements
3. Ensure sustainable forest management (SFM) in South Africa by developing effective oversight of the sector and facilitating co-operative government	3.1 To report accurately on the state of forestry to support local and international forest monitoring processes	Forest Information System (FIS) live and accurate;	System used by department and relevant stakeholders;	FIS architecture completed and roll-out in clusters in progress. Criteria and Indicators framework has been incorporated into Forestry Information System. Commercial timber resources and roundwood processing statistics published with great improvement of report returns from sector.
		Work on State of Forest Report initiated;	Criteria and indicators in use;	Contract signed for production of State of Forestry pilot report for KZN and work commenced.
		Criteria and indicators of sustainable forest management published	Criteria and indicators in use;	Criteria and indicators published and piloted in range of forests of different scale, type and ownership. Roll-out underway in all DWAF managed forests. Legal opinion on publication imperatives has been received.
	3.2 To ensure that management agencies manage relevant forests in an effective and sustainable manner	100% of leased plantation forests managed in terms of lease;	Annual reports from relevant managers;	Clause 15 reports received and analysis of performance of lessees done. Audits of lessees completed in all cases.
		100% rentals collected;	Management reports obtained from agencies and corrective actions implemented	100% collected (+/- R40 million)
		Timeous payments to land claim beneficiaries;	Management reports obtained from agencies and corrective actions implemented	Not yet possible - land reform process still in progress, but funds held in suspense account pending the outcome of land rights enquiry. NFA is currently being amended to provide for a Trust which will hold such rentals pending identification of beneficiaries.
		90% delegated indigenous forests managed in terms of agreements	Management reports obtained from agencies and corrective actions implemented	Not yet applicable - no indigenous forest areas transferred (see2.2)



Key Focus Areas	Strategic Objective	Output	Measures	Actual achievements
	3.3 To ensure optimal sustainable management of forest sector as a whole	Regulations and support strategies for community management of indigenous forests developed and communicated	Regulations published;	Ready to be published, but an amendment to the principal Act is deemed necessary before publication. Terms of Reference drafted for a PSP to investigate mechanisms for implementing community management. Extensive collaboration with National Treasury on establishment of PPP's is ongoing.
		National system developed to regulate utilisation including licensing, prosecutions of offences, access arrangements, with training offered to relevant institutions.	Applications processed timeously	Applications processed timeously, national system developed to regulate utilization. Licence application forms developed and awaiting publication. Draft list of Protected Trees in place. Criteria and nomination forms for declaring Champion Trees is in place. Recommendation have been made for national Forest Protected Areas. Draft enforcement policy has been developed. Maps and rules for access under the NFA in place for all DWAF managed State Forests and leased State Forests. Training provided to 240 forest officers in DWAF and provincial agencies. Training on rights given to communities. Training on project management provided to communities and DWAF staff. Lessees and National Forestry Advisory Council trained in provisions of NFA.
	3.4 To contribute to the prevention of wild fires in non-urban forest and non-forest areas	Fire Danger Rating system and firebreak regulations developed	Regulations published	Fire Protection Association regulations published Fire Danger Rating System developed, implementation plan in place and implementation taking place.
		60 Fire Protection Associations registered	Registration completed for 60 FPAs	4 FPA's registered: 120 applications received which require amendment to meet required standards for registration.
		Statistical reporting system developed	Statistical system in place	Prototype of system developed. Implementation plan in development.

Key Focus Areas	Strategic Objective	Output	Measures	Actual achievements
4. Promote sustainable forest management in Africa and internationally	4.1 To ensure that forestry contributes to sustainable development internationally and particularly in Africa	Co-operation with SADC formalised.	SADC protocol signed and adopted	<ul style="list-style-type: none"> • Protocol ratified by Parliament. • DWAF hosting Forest Governance Learning Group to investigate issues of mutual interest and concern in Africa. • DWAF participated in, -the World Forestry Congress VI held every 6 years. -United Nations Forum on Forests, Technical Committee -UNFF Global Workshop on the Transfer of Environmentally Sound Technologies and Capacity Building for SFM. (DWAF co-sponsored this global workshop.)
5. Ensure that communities and disadvantaged groups are empowered to make use of tree and forest resources to support sustainable livelihoods	5.1 To promote expansion of forestry where appropriate in consultation with other players	Strategy for expansion of forestry in Eastern Cape developed;	Strategy approved by relevant management structures	Strategy approved
		Three pilot wattle jungle projects licensed;	Licences approved	Guidelines for approval, endorsed by provincial competencies, which lays the foundation for accelerated license approvals Wattle management plan for a pilot catchment done and approved by the LAAC.
		Three pilot community afforestation projects licensed	Licenses approved;	70 license applications received and 30 licenses approved
	5.2 To promote forest and tree based enterprise development in rural areas	Eastern Cape Forest Enterprise Development Initiative 30% initiated	Reports from relevant managers	Policy for new afforestation approved.
		Integration of forestry into local planning processes	Forestry featured in IDP's and PGDS's	Appointment of PSP to conduct S.E.A. in E Cape approved. Support to small millers initiated. Inclusion of forestry as a development node in both the EC and Limpopo PGDS/P.
		Agreements reached for DWAF support to Food and Tree for Africa (FTFA) projects; Mine Workers Development Agency (MDA) Marula project, mine dump greening;	Agreements signed	Food and Trees for Africa (FTFA) projects: agreements signed; Marula project and mine dump greening: work ongoing Support secured from mining sector. Community nursery established. Trials of indigenous and exotic species established for appropriate site-species matching on dumps.

Key Focus Areas	Strategic Objective	Output	Measures	Actual achievements
	5.3 To support urban greening	Workshops on urban greening held in 2 districts per province	Urban greening support activities initiated in targeted districts	National preparatory planning workshops held with local government in Free State as pilots for national roll-out.
	5.4 To provide support for firewood strategies in rural areas	Report on policy and support gaps with recommendations on DWAF's role.	Report adopted by Forestry Management Committee	Not yet adopted, work in progress

PART C: REPORT OF THE AUDIT COMMITTEE



PART C: REPORT OF THE AUDIT COMMITTEE

I. Overview

We present our report for the financial year ended 31 March 2004.

I.1 Audit Committee Members

The Audit Committee consists of the members listed hereunder. During the year under review, two meetings were held.

Members of the committee are :

Mr J A Boyd (Chairperson) and Messrs J Pema, W J du Preez and A M Muller (Director-General : DWAF).

Mr B J Mahlangu resigned as a member on 8 March 2004

I.2 Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has attempted to discharge its responsibilities as contained therein.

The Audit Committee has addressed itself to the financial statements of the following units during the period under review :

- Department of Water Affairs and Forestry – Vote 34
- Water Trading Account
- Equipment Trading Account
- National Forest Recreation and Access Trust

I.2.1 The effectiveness of internal control

Whilst the various reports of the Internal Auditors as well as the Audit Reports on the Annual Financial Statements and management letter of the Auditor General indicates that the system of internal control has shortcomings, the Audit Committee has noted the progress being made in this regard, especially in view of the significant and material non-compliance with prescribed policies and procedures that was reported on during the previous two financial years and the resultant adverse audit opinions.

An independent review of the Internal Audit function was commissioned and a report thereon furnished on the 8 May 2004. The review findings were, inter alia, that the overall quality of Internal Audit is good, with generally a high level of compliance with the standards of the Institute of Internal Auditors. This finding is at variance with that of the Auditor-General, who is of the opinion that audits were not conducted in accordance with the afore-mentioned standards.

The Audit Committee has noted these differences of opinion, and due to the serious nature of the matter, will look into it as a matter of urgency. Internal Audit completed only two of the thirteen focus areas that were identified and approved in the annual operational plan. This is a low level of coverage and reflects the capacity constraints within Internal Audit.

I.2.2 Risk Management

Following the comprehensive risk assessment exercise undertaken during 2002/3, the Department of Water Affairs and Forestry has developed risk database profiles, and the regular updating of the risk assessment process is facilitated by the Directorate: Internal Audit

I.2.3 Aspects requiring specific mention

For the current year, the Auditor-General has rendered a Qualified Audit Opinion on the financial statements due to certain shortcomings in record keeping and the failure to provide supporting documentation for certain transactions.

During the previous financial year, the Auditor-General rendered an Adverse Opinion on the financial statements due to significant shortcomings and differences in balances recorded in the trading entities of the department.

The Audit Committee has taken note of the findings and opinions of the Auditor-General, and is monitoring the steps being taken by management to address each of the issues raised.

1.2.4 Evaluation of Financial Statements

The Audit Committee concurs and accepts the conclusions of the Auditor-General 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.

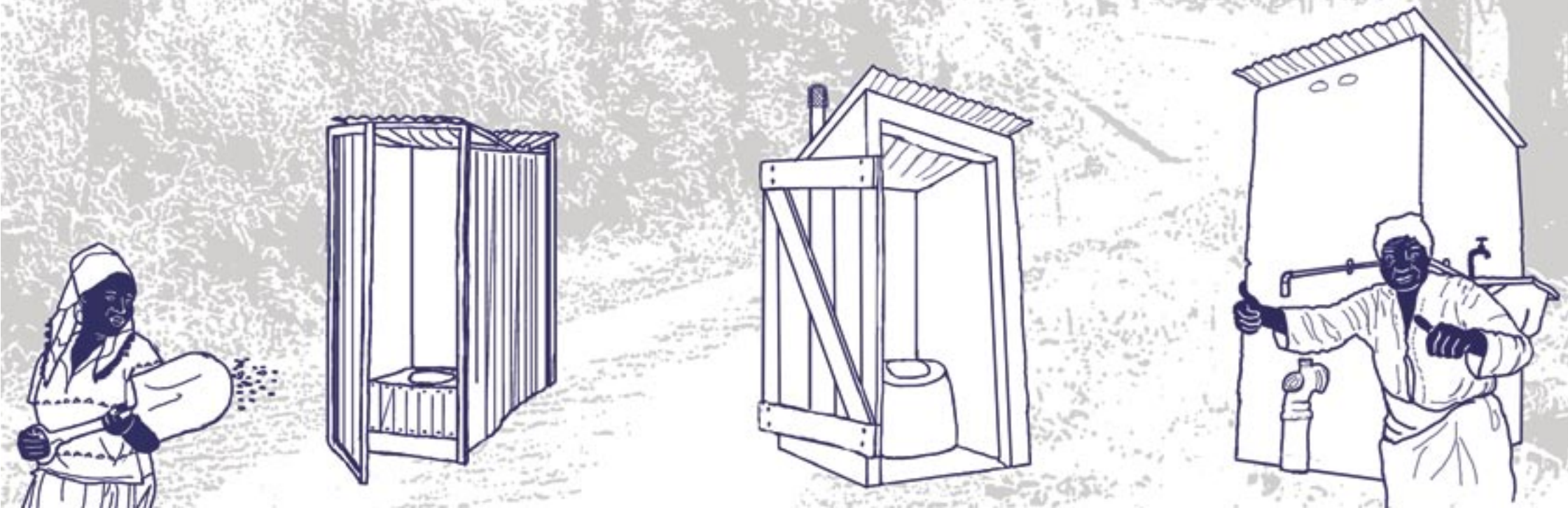


MR J A BOYD

Chairperson of the Audit Committee



PART D: ANNUAL FINANCIAL STATEMENTS



PART D: ANNUAL FINANCIAL STATEMENTS

MANAGEMENT REPORT FOR THE YEAR ENDED 31 MARCH 2004

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

I. General review of the state of financial affairs

• Important policy decisions and strategic issues facing the department

The Department of Water Affairs and Forestry continues to work towards building a better life for all. It seeks to ensure that the country has reliable supplies of water, for sustainable social and economic development. It encourages water conservation and manages demand. It also manages and expands the national water resource infrastructure where necessary. To address poverty, the Department continues to promote the provision of the infrastructure required to reduce the backlog in access to basic water supply and sanitation. It also regulates and promotes the provision of efficient and sustainable water services at municipal level and still runs substantial water services operations which are to be transferred to local government. In forestry, the Department continues to manage some plantation and indigenous forests but the emphasis is on transferring direct management responsibilities to more appropriate organizations in both public and private sector. A key area is the restructuring of plantations run by the Department, with an emphasis on ensuring black economic empowerment and economic benefits to the communities that rely on the forests. After 1994 the Department's agenda was dominated by the development of new policies, legislation and implementation programmes for its three functional areas: water resources management, water services and forestry. By the end of 1998, the Department had put in place three new policies and four new laws, which introduced fundamental changes and created the framework for the Department to give effect to the Constitution.

Water resources management

The National Water Act (36 of 1998) replaced previous legislation with an equitable system of administrative authorisations to use water, and Government became the public trustee of the nation's water resources. The Department is responsible for administering all aspects of the new Act, and for the development and implementation of related policies, strategies and regulatory instruments. It is also responsible for planning, developing, operating and maintaining the water resources management infrastructure

owned by the state, and for overseeing the activities of all water management institutions. This role will change over time, as 19 new regional water management institutions – catchment management agencies – are established. The creation of a national water utility is also being considered, to manage national infrastructure and to develop new infrastructure.

Water services

The 1994 water and sanitation White Paper determined that the role of the Department was a direct delivery function on behalf of Government: to rapidly provide basic water and sanitation services to people living primarily in rural areas. This function came to an end at the end of the 2003/04 financial year and in future local government will assume responsibility for delivery, operation and maintenance of water and sanitation services as provided for in the Constitution. The role of the Department will change from direct provider to sector leader, supporter and regulator. Important new government policies have been developed and implemented since the 1994 White Paper and these have been reflected in the Water Services Strategic Framework, approved by Cabinet in September 2003. The new approach may lead to some amendments to the Water Services Act (108 of 1997).

The financial framework for water and sanitation services has changed significantly. In the past the Department has been an important financier of water investments, but this responsibility came to an end at the end of March 2003. As from the beginning of the 2004/05 financial year financing of basic water supply and sanitation will be through the Municipal Infrastructure Grant, under the auspices of the DPLG. Operating funds and functions will be transferred to local government over a multi-year period.

Forestry

The Department promotes the sustainable management of South Africa's indigenous and commercial forest resources.

It aims to ensure that commercial plantations are regulated and managed in a sustainable manner to promote investment, employment, competition and black empowerment, as well as rural development. It seeks to ensure that there is an effective system to monitor, regulate and manage the protection and use of South Africa's indigenous state forests. The 1996 White Paper on Sustainable Forest Development focused on the transformation of the forest sector to serve the needs of South Africa and its people. The National Forests Act (84 of 1998) and the National Veld and Forest Fires Act (101 of

1998), which followed, impact on the Department's work, and on all players in the sector. A great deal of attention has been focused on the restructuring of the forests and plantations run by the Department. The process of disposing of the category A or large and economically viable plantations is largely complete. The emphasis has been on ensuring black empowerment, and that the communities that rely on the forests benefit economically. The Department's efforts have ensured that private companies and communities engage in innovative partnerships to their mutual benefit.

- **Significant events that have taken place during the year**
In 1994 the Department became the owner and operator of water services infrastructure transferred from the former homeland administrations. In addition, the Department has continued to operate some basic water services capital projects implemented through the Community Water Supply and Sanitation Capital Programme. In order to give effect to the constitutional and other legal frameworks regulating water services provision, the Department

Comment on major projects undertaken or completed during the year

is implementing a comprehensive programme to transfer the water services works that it currently owns and/ or operates to the relevant water services authorities/institutions over three years.

In terms of the programme which is included in the Division of Revenue Act, all transfers should be effected by June 2005 with all conditional grants (subsidies) phased out by June 2011 at which stage the conditional grants will be incorporated into the equitable share allocations to local government. By the close of financial year transfers had been made to Mangaung Local Municipality, Bloem Water, Ethekweni Metro, Umhlatuze District Municipality, Amajuba District Municipality, Zululand District Municipality, Ugu District Municipality, Ilembe District Municipality, Umkanyakude District Municipality, Newcastle Local Municipality, Utukela District Municipality, Lephalale Local Municipality. The present day value of the assets transferred to these institutions is R 610 million.

Water Services Projects completed during 2003/04

Project Code	Region	Project Name	Project Type	End of Construction	FMS 02/03	BAS 03/04
EC513	Eastern Cape	Mdina SAN	S	30-05-03	446 644	981 064
KN046	KwaZulu Natal	Sidinsi	W	01-10-03	36 742	210 424
KN082	KwaZulu Natal	Mbonambi	W	30-05-03	1 507 659	504 300
KN123	KwaZulu Natal	Kholweni	W	25-09-03	0	6 669 116
KN124	KwaZulu Natal	Bhekumthetho	W	15-07-03	2 094 945	905 498
KN232	KwaZulu Natal	Vutshini	W	30-04-03	2 462 525	300 741
KN236	KwaZulu Natal	Mthimude	W	12-04-03	-1 213 000	13 037
KN261	KwaZulu Natal	Shemula San	S	30-07-03	1 356 864	44 049
KN325	KwaZulu Natal	Ophuzane San	S	30-10-03	580 288	104 394
KN355	KwaZulu Natal	Ufasimba	W	30-09-03	1 271 289	1 333 944
KN404	KwaZulu Natal	Nkonjeni	W	14-04-03	856 242	1 882
KN463	KwaZulu Natal	Kransdraai San	S	31-10-03	284 621	78 332
KN544	KwaZulu Natal	Mvazane	W	28-10-03	191 972	1 522 084
KN548	KwaZulu Natal	Nteneshana	W	28-10-03	702 487	2 289 442
KN549	KwaZulu Natal	Ndlovu	W	22-08-03	1 061 061	1 717 542
NW032	North West	Ga-Mopedi, Ntsweng and Sedibeng Water Supply	W	01-09-03	3 175 736	579 544
NW037	North West	Bulk Water Supply to Oskraal and Environs	W	04-07-03	3 527 846	1 976 989
		Totals (Values)			18 343 921	19 232 380

Projects started during 2003/04

Project Code	Region	Project Name	Project Type	Start of Construction	FMS 02/03	BAS 03/04
EC601	Eastern Cape	Qoqodala Sanitation	S	06-01-04	0	1 450 000
EC707	Eastern Cape	Klipplaat Bulk Water Supply	W	01-10-03	0	300 000
KN424	KwaZulu Natal	Springvale	W	25-08-03	0	2 984 039
KN528	KwaZulu Natal	Ndelu	W	23-01-04	0	125 939
KN546	KwaZulu Natal	Ompentsheni	W	04-08-03	0	357 651
KN547	KwaZulu Natal	Hlabathini	W	18-08-03	0	687 585
KN550	KwaZulu Natal	Zigagayi	W	14-08-03	0	562 284
KN556	KwaZulu Natal	Vukuzithatha San	S	05-01-04	0	34 721
MP203	Mpumalanga	Water provision to rural areas	W	28-02-04	0	1 000 000
MP207	Mpumalanga	Water Reticulation for Sisulu/Isipingo -430 stands	W	03-02-04	0	1 330 000
MP211	Mpumalanga	Water to 3060 stands in Govan Mbeki Municipality	W	30-09-03	0	2 000 000
MP212	Mpumalanga	Stand connections in Govan Mbeki Municipality	W	20-10-03	0	1 000 000
MP215	Mpumalanga	Phasing out buckets with VIP toilets	S	13-10-03	0	3 000 000
MP220	Mpumalanga	Bulk WWS upgrade to Magonong incl Reticulation	W	23-11-03	0	2 000 000
MP233	Mpumalanga	Witbank: Internal water network (1500 x stands)	W	16-02-04	0	1 950 000
MP267	Mpumalanga	Ericsville Network	W	12-02-04	0	850 000
MP287	Mpumalanga	eMjindini: Reservoir	W	02-12-03	0	1 400 000
NW035	North West	Lower Mayeakgoro Water Supply	W	15-05-03	0	3 904 685
NW132	North West	Central Rural Water Supply Programme	W	26-05-03	0	13 461 494
NW134	North West	Southern DM RWSP	W	01-07-03	0	2 588 535
NW135	North West	Kgalagadi Rural Water Supply Programme	W	01-04-03	0	7 772 183
NW136	North West	Bojanala DM Rural Water Supply	W	01-10-03	0	4 940 916
WC042	Western Cape	Weltevrede RWS	W	12-05-03	0	2 061 000
		Totals (Values)			0	55 761 033

Spending trends

- Reasons for under/(over) spending:
Please see notes to the Appropriation Statement.

Programme 1:Administration: Underspending R23,162 million.

Impact on programmes and service delivery:

There should be no impact on service delivery.

Actions taken to prevent recurrence:

Actions have been taken to improve the reporting of expenditure through BAS, e.g., training the personnel responsible to capture information timeously.

In relation to transfer expenditures, a multi disciplinary Joint Response Facility (JRF) has been established to give support to municipalities in respect of both transfers and section 78 assessments. The JRF will identify capacity gaps and recommend interventions to ensure that we are able to achieve the target dates for the programme. Unions have now committed to the establishment of a Water Sector Transformation and Restructuring Committee which should facilitate negotiations on staff transfers.

Programme 2:Water Resource Management: Underspending: R77,372 million.

Impact on programmes and service delivery:

The impact of the underspending has been slight since it resulted largely from an increase in available funds. Most of the activities for which the funds were allocated (drought relief) have commenced and the funds are already committed.

Actions taken to prevent recurrence:

In the event of severe and unforeseeable natural events, such as floods and droughts, the planned work of the Department is always likely to be affected. None the less, certain actions have been taken to prevent a recurrence of the underspending for 2003/04, e.g. a request has been made to the Minister of Finance to enhance the systems for provision of emergency funds to avoid the delays which resulted in the late release of funds to the Department.

A plan is in place to ensure the effective spending of any increase in revenue in the current financial year.

Programme 3:Water Services: Underspending: R341,405 million.

Impact on programmes and service delivery:

If the request for roll-overs are successful, the impact of the underspending would be negligible. However, if it is not granted, the Department will be faced with major problems of claims for not honouring contractual commitments which could lead to fruitless expenditure of legal actions and paying of interest. In the case of transfer of payments for drought relief which could not be done to Local Authorities, a similar situation will arise.

There should be no impact on service delivery due to the delay in transfers as the Department retains the responsibility for management, operation and maintenance of the functions up to the point that transfer agreements have been concluded and migration of the function takes place.

The fact that the Trading Account was not augmented by a similar amount than budgeted for will have no impact on the 03/04 budget no on 04/05 budget. It must be emphasised that this was a once off situation caused by the drought which will not provide a sustainable trend.

Actions taken or planned to avoid recurrence:

Actions have been taken to improve the reporting of expenditure through BAS, e.g., training the personnel responsible to capture information timeously. Systems will also be put in place to prevent the pile-up of transaction during the last month of the financial year.

A multi disciplinary Joint Response Facility (JRF) has been established to give support to municipalities in respect of both transfers and section 78 assessments. The JRF will identify capacity gaps and recommend interventions to ensure that we are able to achieve the target dates for the programme. Unions have now committed to the establishment of a Water Sector Transformation and Restructuring Committee which should facilitate negotiations on staff transfers.

National Treasury has been asked not to transfer funds at the end of the financial year in future.

Programme 4: Forestry: Underspending R15,154 million.

Impact on programmes and service delivery:

The Treasury has already been requested to roll-over the unspent funds to the 2004/05 financial year. If this request is approved it will have no impact on the budget or service delivery.

Actions taken or planned to avoid recurrence:

The Department is currently undertaking negotiations to SAFCOL and if successful there might not be any future payments to SAFCOL.

2. Services rendered by the Department

2.1 The following services are rendered by the Department:

The main services rendered by the Department are to ensure that water is provided to all South Africans in an efficient and cost-effective and sustainable way and to manage and sustain our forests, using the best scientific practice in a participatory and sustainable manner. Details of these services are covered under the different Key Performance Areas within the programmes.

2.2 Tariff policy

Water Services:

Water Service tariffs should in all cases be set/approved by the WSA.

In determining tariffs the following items are taken into account (as per regulations in terms of section 10(1) of the WSA Act 108 of 1997):

- a) the cost of water purchases;
- b) overhead, operational and maintenance costs;
- c) cost of capital not financed through any grant, subsidy or donation;
- d) replacement, refurbishment and extension of water services works; and
- e) ensuring that all households have access to basic water supply and basic sanitation.

Where this Department still providing water to end users, (i.e. retail water), it acts as Water Service Provider for the Water Service Agencies and needs to submit tariffs to the Water Service Agencies for approval. These tariffs are either:

actual costs of supply, or

where actual costs cannot be determined, then the latest "WS tariffs in the absence of scheme specific tariffs," as approved by our Minister, are applied.

(Note that if Water Service Authorities do not enter into an agreement with the Department, no tariff can be levied and in a number of cases tariffs do not fully reflect cost of supply and tariff increases are necessary, but that in line with government policy, tariff increases are kept as low as possible and gradually phased in).

Water Resources:

The policy framework for water resources is stipulated in chapter 5 of National Water Act, 1998. The raw water pricing strategy was established on 12 November 1999 by a notice in the Government Gazette.

Contents of pricing strategy

The Pricing Strategy contains the objectives, methodology and implementation strategy for setting water use charges for purposes of:

funding water resource management by water management institutions

funding water resource development and use of waterworks by:

- the Department
- Water management institutions

achieving the equitable and efficient allocation of water (economic charge)

Water uses subject to pricing

Section 56 of the National Water Act, 1998 empowers the Minister of Water Affairs and Forestry to establish a pricing strategy for charges for any water use described in section 21:

taking water from a water resource;

storing water;

impeding or diverting the flow in a watercourse;

engaging in a stream flow reduction activity;

engaging in a controlled activity;

discharging waste or water containing waste into a water resource by means of a conduit;

disposing of waste in a manner which may detrimentally impact on a water resource;

disposing of water which is heated by and/or contains waste from any

industrial or power generation process;
altering the bed, banks, course or characteristics of a watercourse;
removing, discharging or disposing of water found underground; and
using water for recreational purposes.

Water uses to be priced in terms of published strategy

The pricing strategy currently only covers the following three consumptive water uses:

taking water from a water resource (underground or surface water);
storing water. Abstraction from dam or recharged aquifer will constitute the use. The annual refilling of dams constructed to enhance property values or for recreation, and which are located in important water-courses, will constitute the use and will be based on an estimation of evaporation losses; and
engaging in a stream flow reduction activity, such as afforestation.

The proposed pricing strategy for waste discharges and return flows will be the subject of a separate publication. Only authorised, licensed or registered water uses can be priced.

Allowable water uses not subject to pricing

Schedule 1 of the National Water Act states the following uses need no authorisation and are thus not subject to pricing:

water for reasonable domestic use;
water for small gardening not for commercial purposes;
the watering of animals within the grazing capacity of the land;
storage and use of run-off water from a roof;
water use in emergency situations;
non-consumptive use of water for recreational purposes, under certain conditions; and
discharging of water containing waste into a communal conduct controlled by another authorised person.

2.3 Free services

Free basic water:

The Department renders support to the provision of Free Basic Water through Provincial Support Units. According to the Free Basic Water implementation reports, Water Services Authorities benefited tremendously from this service

and it is the intention to extend this into a One-Stop-Shop service which will also assist with the implementation of Free Basic Sanitation. This service will also provide Water Sector related information to all on request.

Implementation of Free Basic Water by Water Services Authorities is on track with 65,6% of the South African population and 51,4% of the Poor enjoying Free Basic Water. Even though the Department is aware of some Water Service Authorities who have provided Free Basic Sanitation to those in their supply-zone, no official implementation figures on Free Basic Sanitation are available at this stage.

Other services:

Various technical support services were provided to water institutions particularly, in poor rural communities. Water services were provided free in the absence of any financial cost recovery or local government subsidisation system.



Inventories:

Inventories on hand at year end

	“Costing method used”	2002/03	2003/04
		R'000	R'000
Stores on hand	Average price	35 223	35 409
Equipment on hand (A-class accountable items)	per item type	<u>183 355</u>	<u>85 017</u>
Total		<u>218 577</u>	<u>120 426</u>

3. Capacity constraints

The department has seen a flight of skills from the department to other institutions due to financial incentives, uncertainty arising from restructuring, and other factors.

Where the Department has been unable to recruit the necessary skills, secondment or employment of professional service providers has been undertaken.

There remain significant challenges in filling posts in scarce occupational classes, such as engineering, hydrology, water resources planning. Meeting employment equity targets in these scarce occupational classes is particularly difficult.

It is important to note that the entire department is engaged in ‘triple tasks’, i.e.

- maintenance of old functions
- restructuring to move to the future
- operating some future functions

This places a heavy work load on functions such as Human Resources which have not been able to undertake all tasks due to lack of systems and skilled people and have resorted to the use of professional service providers as a result.

4. Utilisation of donor funds

During the 2003/04 financial year an amount of R229,157 million was spent on projects funded through donor funds.

Donor funds were received from the following countries.

	R'000
European Union	249 997
Ireland	31 017
Netherlands	13 969
Norway	12 700
DFID	<u>19 025</u>
Total	<u>326 708</u>

5. Trading entities / public entities

5.1 Trading entities

The department operates the following trading entities:

Water trading account.

Equipment trading account.

These trading entities were established in terms of the old Exchequer Act, 1975 (Act 66 of 1975) and the Director-General is the Accounting Officer of both entities.

5.1.1 Water trading account

The aim of this trading account is to develop and implement catchment management plans and manage, operate and maintain government water schemes, regional bulk water supply and water services infrastructure.

5.1.2 Equipment trading account

Functions

The equipment trading account provides equipment for construction and maintenance of government water schemes.

5.2 Public entities

The following public entities report to the department.

5.2.1 Trans-Caledon Tunnel Authority (PFMA Schedule 2 Major Public Entity)

The Trans-Caledon Tunnel Authority (TCTA) was established in 1986 to undertake certain tasks emanating from the treaty on the Lesotho Highlands Water Project on behalf of the South African government. The project aims to augment water supply to the Vaal system and to generate hydroelectric power in Lesotho. The Authority was directed by the Department to fund all costs incurred in the water delivery component of the Lesotho Highlands Water Project, and to undertake financial risk management on behalf of South Africa.

Following revisions to the protocol for the implementation of the project, new governance arrangements have been introduced to improve operational efficiency. In terms of its revised establishment agreement, the Authority may be required to perform additional responsibilities in other areas. These need not be related to the Lesotho Highlands Water Project – the Department of Water Affairs and Forestry may require specific expertise on other projects as well. In accordance with this provision, the Authority has been tasked to assist Umgeni Water Board with the management of its treasury function. It has also been tasked with the construction and raising of funds for the Berg River Project.

No grants are made to the Authority, as it is funded from income on tariffs levied on the sale of water and other loans. Where other parties benefit from services provided, the TCTA is empowered to recover the costs of such services.

5.2.2 Water Research Commission (PFMA National Public Entity Schedule 3 – Part A)

The Water Research Commission was established in terms of the Water Research Act, 1971 (Act 34 of 1971). Its terms of reference are to promote co-ordination, communication and co-operation in the field of water research, to establish water research needs and priorities from a national perspective, to fund research on a priority basis, and to promote the effective transfer, dissemination and application of research findings. The Commission plays an important role in developing high-level human resources in the sector.

No grants are made to the Commission as its work is funded by a levy on water users.

Accountability arrangements

In terms of the Public Financial Management Act, the Minister of Water Affairs

and Forestry is responsible for the approval of the Commission's budget.

5.2.3 Water Boards (PFMA National Government Business Enterprises Schedule 3 – Part B)

Functions

The water boards were established as water service providers that report to the Minister of Water Affairs and Forestry. The primary function of these boards is bulk water service provision within their supply areas. They also manage other water services, and supply potable water at cost-effective prices and have been used by the Department as implementing agents for water services projects.

The Water Boards

Albany Coast Water	Ikangala Water	Overberg Water
Amatola Water	Lepelle Northern Water	Pelladrift Water
Bloem Water	Magalies Water	Rand Water
Botshelo Water	Mhlathuze Water	Sedibeng Water
Bushbuckridge Water	Namakwa Water	Umgeni Water

Accountability arrangements

The water boards were established in terms of the Water Act, 1956 (Act 54 of 1956) and the Water Services Act, 1997 (Act 108 of 1997).

These boards are currently administered by the Water Services Act, 1997 (Act 108 of 1997). The Water Services Act requires water boards to submit Policy Statements, Business Plans and Annual Reports to the Minister of Water Affairs and Forestry, in terms of sections 39, 40 and 43 respectively.

In terms of this Act the Minister may direct a water board to amend its business plan or policy statement if aspects are not consistent with the Act or are deemed not to be in the best interests of the general population. The review of business plans takes place annually during which time each water board has to respond to issues raised in the Department's appraisal of their business plan.

In furtherance of the regulatory requirements, the Department monitors governance of water boards. The Act requires the Minister to consider the need for representation of Water Services Authorities, other interest groups and expertise required on the Board when appointing members to the Board. The primary purpose of the Board is to ensure the water board's compliance with

the Act, and to promote and ensure that the water board's business plan and policy statement are implemented (section 38(1)).

In terms of section 32(b) water boards are required to enter into service provision agreements when performing its primary or other activities. These agreements are also intended to serve as regulatory mechanism, to regulate the relationship between the institutions.

In terms of the Public Finance Management Act, (PFMA) 1999, (Act 1 of 1999), Water Boards, as Schedule 3, Public Entities, must submit audited financial statements to National Treasury for each financial year in accordance with the generally accepted accounting practice. Further, in terms of the PFMA the accounting authority is the Board and its fiduciary responsibilities are spelt out in section 50 and 51 of the PFMA.

Water Boards have been set up to be financially independent institutions. In terms of section 34(1) of the Water Services Act water boards must strive, amongst others, to be financially viable. In this respect, they are required to repay and service their debts; recover their capital, operational and maintenance costs; make reasonable provision for depreciation of assets; recover the costs associated with the repayment of capital from revenues over time; and make reasonable provision for future capital requirements and expansions.

The impact of their financial performance on the Department has therefore been limited. Apart from providing seed funding for some of the newly formed water boards and operating subsidies, where they have undertaken specific functions on behalf of the Department, the Department has only in exceptional circumstances had to provide financial assistance to some of the water boards.

5.3 Other entities

5.3.1 Komati River Basin Water Authority:

The Komati River Basin Development Project is a joint development between South Africa and Swaziland in terms of the treaty on the development and utilisation of the water resources of the Komati River basin, ratified in 1992. The purpose of the project is to promote rural development and alleviate poverty in the lower Komati Valley by increasing the productivity of the land through irrigated agriculture. In terms of the treaty, the Komati River Basin Water Authority (KOBWA) was established as a special purpose vehicle charged with managing and financing the project. The main focus of the project was the construction of the Driekoppies Dam in South Africa and

the Maguga Dam in Swaziland. Both have been completed.

In terms of the treaty, funding of project costs is guaranteed by the South African government and the Department is responsible for payment of these costs.

5.3.2 National Forest Recreation and Access Trust:

The object of the National Forest Recreation and Access Trust is to promote access to and the use of forests for recreation, education, culture or spiritual fulfillment. In terms of section 41(2) of the National Forests Act (84 of 1998), the Minister is the sole trustee of the Trust. The only source of revenue for the Trust is interest earnings.

6. Organisations to which transfer payments have been made

	R'000
<hr/>	
Conditional grant transfers to Municipalities	
Alfred Nzo	20 182
Amatole	39 460
Cacadu	10 393
Chris Hani	24 263
O.R.Tambo	54 573
Provincial	11 156
Ukhahlamba	21 890
Lejweleputswa	7 758
Motheo	18 773
Northern Free State	1 225
Thabo Mofutsanyane	23 918
Xhariep	2 880
West Rand	3 000
Bohlabela	29 000
Capricorn	28 637
Mopani	16 973
Sekhukhune	18 224
Vhembe	11 441
Waterberg	17 997
Ehlanzeni	48 054
Gert Sibande	29 320
Nkangala	26 467
Provincial	217

	R'000
Frances Baard	5 031
Karoo	2 378
Kgalagadi	13 086
Namakwa	1 919
Siyanda	5 417
Bojanala	4 400
Bophirima	13 990
Central	6 100
Kgalagadi	1 614
Southern	6 100
Boland	600
Central Karoo	1 572
City of Cape Town	2 837
Eden	4 901
Overberg	1 512
Provincial	100
West Coast	3 561
Water User Associations	
Lower Blyde River WUA	50 561
Impala WUA	55 970
Great Fish River WUA	13 561
Water Boards	
Umgeni	60 000
Bushbuckridge Water Board	1 500
Ikangala Water Board	2 000
Sedibeng Water Board	15 870
Other Transfers	
Equipment Trading Account	2 500
Water Trading Account	1 360 927
SAFCOL	15 960
Grand Total	<u>2 119 768</u>

Reasons for Transfer Payments

Grants to Municipalities:

Transfer payments are made to municipalities in accordance with the exit strategy of the Community Water and Sanitation Programme (CWSS-P) from the department to Local Government (LG) as detailed in the Division of Revenue Act, i.e. the framework for conditional grants to local authorities for the department capital projects. Transfer payments are made to ensure that LG have funds to implement those projects identified in Water Service Development Plans (WSDPs).

The ultimate endeavour of transfer payments is to ensure that sustainable water and sanitation infrastructure is delivered to rural communities.

Accountability Arrangements

Funds are transferred on the basis of a "Transfer Agreement" contract between the department and the receiving institution. The transfer agreement process is lengthy and time consuming, but the final outcome ensures the effective and sustainable delivery of infrastructure in accordance with the required accountability aspects of the Public Finance Management Act. This process includes (and not limited to) the following accountability aspects of project implementation:

- An approved feasibility and Business Plan;
- Council resolution that the infrastructure and/or monies will be transferred for sustainable water and sanitation development in rural communities;
- An effective workplan that constitutes:
 - a feasible implementation plan; and
 - a feasible operations plan;
- A clear time schedule detailing when funds will be spent and infrastructure will be delivered; and
- Sustainability, revenue and longevity processes.

Water User Associations:

Lower Blyde River Water User Association (WUA)

Payments of interest on the portion of the Land Bank loan allocated to Blyde 800 project which will provide opportunities for high value irrigation farming

for historically disadvantaged farmers. Included also is an amount of R48 million that was paid to Rand Merchant Bank to acquire the future ownership (in 20 years) of the pipeline in order to reduce the interest burden on water users.

Impala Water User Association (WUA)

Payments represent the additional subsidy on the increased subsidisable cost of the Bivane Dam and DWAF's payment of R36.7 million to Land Bank to cover the portion of Impala's Land Bank loan not covered by the government guarantee transferred to Rand Merchant Bank and which supports the establishment of historically disadvantaged farmers.

Kalahari East Water User Association (WUA)

Payments represents DWAF's portion of the Land Bank loan for the Kalahari East WUA in terms of a MOU between DWAF and Kalahari East WUA.

Great Fish River Water User Association (WUA)

Payments in terms of a government guarantee to Land Bank after the Great Fish River WUA defaulted on its debt and legal advice indicated that the amount would not be recoverable.

Water Boards:

Bushbuckridge Water Board

Provision of bridging funds as municipalities were unable to pay debts owing to the water board.

Inkangala Water Board

Provision of seed funding to the newly established water board.

Umgeni Water Board

Umgeni provided water supplies to rural and peri-urban communities around Pietermaritzburg through projects partially supported by the Department using RDP funds. The Umgeni contribution to the project was funded by way of long-term loans and the capital expenditure incurred by Umgeni was R457 million.

Due to socio economic problems in the area where these schemes have been constructed, as well as governments tariff policies, Umgeni could not generate sufficient revenue from these rural schemes to repay the loans. This placed Umgeni in serious financial difficulties. They therefore approached the department for assistance in contributing to the costs of the project which qualified for 100% capital support in terms of Departmental policy. The department contributed R60 million during 2002/03 and R60 million during the current financial year with the remainder of the obligations met by the relevant municipalities.

Sedibeng Water Board

Sedibeng water invested their own financial resources into basic water and sanitation services in their region to speed up reduction of the backlog.

The Department paid Sedibeng for these services. The transfer payment to Sedibeng in terms of national policy in 2003/04 amounted to R15.87 million.

Other transfers:

Trading Accounts

Both trading accounts, namely, the Water Trading Account and the Equipment Trading Account are operating within the department and any losses must be made good from the Exchequer.

SAFCOL

The department entered into an agreement to pay SAFCOL an annual subsidy for the period 2002/03 until 2005/06. The payments were made to cover costs associated with conversion of plantations to other land use in the Southern and Western Cape as well as phasing out of loss making operations.

SAFCOL is in the process to finalise the transfer of ownership of the plantations in the Southern and Western Cape to private entities. Funding associated with land conversion has also been resolved between the department and the receiving agencies.

7. Public / private partnerships (PPP)

An evaluation has been made of a Public Private Partnership to extend the clearing of invasive alien plants in certain coastal areas to incorporate secondary industries to process the cleared biomass to commercial products, principally high-grade charcoal. The expectation is that more job opportunities will be created through this partnership without increasing the expenditure. Procurement documents were prepared and Treasury approval was obtained. Since there is a requirement for a twelve-year financial commitment from Government, consultation is underway with other Departments to determine whether such a commitment would be appropriate in view of the fact that similar activities are undertaken without subsidy in other areas.

8. Corporate governance arrangements

- Risk management approach

The risk assessment process has been concluded and risk facing the department have been identified. This was achieved by holding discussions with the Branches Managers within the department. Risk database profiles which were developed were also updated. The respective Branch Managers have the responsibility to manage the risk areas relevant to their areas of work. The regular updating of the risk assessment process is facilitated by the Directorate: Internal Audit.

- Fraud prevention policies

The fraud prevention policy which is a key element of effective and efficient internal control systems has been developed and is being implemented in the Department.

- Effectiveness of internal audit and audit committee

The Directorate: Internal Audit conducts its activities in accordance with the standards as laid down by the Institute of Internal Auditors. It provides assurance to management that internal controls are effective and that the identified risks are properly managed. The Audit Committee is functioning effectively. Members of the Audit Committee were appointed in terms of the Public Finance Management Act and are discharging their duties in accordance with the prescribed policies.

- Other governance structures, including management processes to

minimise conflict of interest

Other committees such as the Management Committee (MANCO), Executive Committee (EXCO), Departmental Control Committee (DCC), etc are functioning effectively and are achieving their objectives.

The Department has sound management structures in place to deal with flow of information and issues of conflict of interest.

- Implementation of the code of conduct:

The code of conduct has been developed and procedures are in place to deal with cases where irregularities occur.

- Safety, health and environment issues facing the organisation.

Issues of Health and Safety in the Department are being co-ordinated by a formally established structure and reports quarterly.

9. Discontinued activities / activities to be discontinued

The Department has been engaged in funding and operating community water supply and sanitation since 1994 in the Re-construction and Development Programme and Community Water Supply and Sanitation programmes. The responsibility for direct funding and operation is being transferred to local government and the Department will in future focus on monitoring, support in technical assistance and capacity building, regulation and policy.

The Department will continue over the next two years to complete those contractually committed projects which the department or its agents, other than local government are implementing using Medium Term Expenditure Framework and donor funds. The major portion of the department's Medium Term Expenditure Framework allocation for the Community Water Supply and Sanitation programmes has been reallocated to the MIG programme, which is managed by Department of Provincial and Local Government with effect from 1 April 2004. The Department of Provincial and Local Government and MIG have undertaken to honour contractually committed projects that were under the Community Water Supply and Sanitation programmes, with the balance of funds going into an "uncommitted" amount which will be dealt with by Department of Provincial and Local Government. The Department will start focussing on its role as sector leader and monitor the performance of municipalities in meeting the backlog eradication targets.

10. New / proposed activities

Since, in terms of policy, the management and development of the national water infrastructure for economic purposes should be self-funding and the funding and planning of such activities occurs over longer periods than are covered by the Medium Term Expenditure Framework, proposals are being developed for the establishment of a National Water Infrastructure Agency which would be equipped to undertake these responsibilities under the supervision of the Department.

11. Events after the reporting date

None.

12. Progress with financial management improvement

Since 1 April 2003 the Financial Management System (FMS) was replaced by the Basic Accounting System (BAS). The BAS has been fully implemented in the Department and training has been offered to officials on the use of the new system. As reported elsewhere the Department is currently busy with the implementation of new software in respect of the Management of the Financial Affairs of the Trading Accounts to enable its reporting in accordance with GAAP.

The Department regularly reports and monitors its financial position through the Early Warning Reports and the Quarterly Reports. The Executive Authority is also monthly informed about the financial position.

13. Performance information

The performance information is outlined in paragraph 4.4 of the annual report.

Approval

The annual financial statements have been approved by the Accounting Officer.

A.M. Muller



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 34 — DEPARTMENT OF WATER AFFAIRS AND FORESTRY FOR THE YEAR ENDED 31 MARCH 2004

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 81 to 135, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:-

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. QUALIFICATION

3.1 Misallocation of transactions amongst the Vote and Trading entities

The Basic Accounting System (BAS) of the Department contains the chart of accounts of the Vote, the Water Trading account and the Equipment trading account.

Due to internal control weaknesses regarding the allocation of transactions

amongst these three entities, material, expenditure transactions that should have been allocated to the entities, were detected in the accounts of the Department.

Due to the volume of transactions, I was unable to determine the extent of the potential misstatements.

3.2 Insufficient supporting documentation

Certain transactions selected for testing lacked sufficient or complete documentation to substantiate the validity, accuracy, completeness and accounting treatment of the relevant items. The nature of most of these transactions also limited the application of alternative procedures to provide the required audit assurance. Of the amounts initially investigated and resolved by management, certain transactions were not cleared to my satisfaction, at the reporting cut-off date of 24 July 2004.

Payments for goods and services

Tender contracts could not be provided for 22 payments to the amount of R31 million because sufficient references were not available to trace the payment transaction to the tender contracts.

This is a result of a poorly designed accounting system.

4. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the Department of Water Affairs and Forestry at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

5. EMPHASIS OF MATTER

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 Audit of financial statements

The accuracy of the comparative figures on the appropriation statement could not be determined due to the change in programmes as well as the conversion to the Basic Accounting System (BAS).

5.2 Recovery of loans from water boards, irrigation boards, municipalities and the Land and Agricultural Development Bank

As previously reported the department administers state loans to various entities. The total outstanding capital and interest of R200 million as at 31 March 2004



includes potentially irrecoverable loans of R20 million disclosed as such in note 19.1 to the financial statements. The department requested approval from the National Treasury to write off these loans in applying the 2003-04 roll over funds.

5.3 Internal audit

An internal audit function had been established but it was not functioning as envisaged by section 38(1)(a)(i) and (ii) of the PFMA and section 3.2 of the Treasury Regulations. My review indicated non-compliance with section 3.2.6 of the Treasury Regulations which requires that an internal audit must be conducted in accordance with the standards set by the Institute of Internal Auditors.

Only one internal audit was completed compared to the total of thirteen audits planned and approved in the annual operational plan.

5.4 Movable assets

In terms of section 38(1)(d) of the PFMA the accounting officer is responsible for the safeguarding of assets. An asset management policy including an updated register of movable assets was not in place for the year under review. Control over the physical existence of movable assets was not efficient.

6. PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

The department reacted favourably to the SCOPA Resolutions. For more detail refer to Annexure A.

7. APPRECIATION

The assistance rendered by the staff of the Department of Water Affairs and Forestry during the audit is sincerely appreciated.

SA Fakie

Auditor-General

Pretoria

27 July 2004

ANNEXURE A

PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
Audit report: Paragraph 5.1.5; page 107 SCOPA Recommendation	Risk management and internal control weaknesses	The accounting officer reports to the audit committee on the work done by the Financial Inspection Unit. No non-compliance with the PFMA was noted during the year under review.
Audit report: Paragraph 5.1.7; page 107 SCOPA resolution:	Late submission of financial statement due to supporting evidence not submitted	Resolved. Financial statements for 31 March 2004 was received on 31 May 2004.
Audit report: Paragraph 5.1.1; page 106 SCOPA resolution:	Clearing of suspense accounts	The suspense accounts were satisfactorily cleared.
Audit report: Paragraph 3.1, page 105, par 3.2, page 139, 143 and 147	Separation of accounts	The accounts were separated as from 1 April 2004 on the Basic Accounting System. However, challenges still exists in separating transactions between the Vote account and the Trading Accounts.

DEPARTMENT OF WATER AFFAIRS AND FORESTRY

VOTE 34

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS FOR THE YEAR ENDED 31 MARCH 2004

The financial statements have been prepared in accordance with the policies below, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosures. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National / Provincial Expenditure. Unspent voted funds are surrendered to the National/Provincial Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the National/Provincial Revenue Fund.

3. Donor aid

Donor Aid is recognised in the income statement in accordance with the cash basis of accounting.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

- the overspending of a vote or a main division within a vote, or
- expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or funded from future voted funds.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act,
- the State Tender Board Act, or any regulations made in terms of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from future voted funds.

6. Debts written off

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of surplus funds available to the department. No provision is made for irrecoverable amounts.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2004 to be consumed in the following financial year, is written off in full when they are received and

are accounted for as expenditure in the income statement.

8. Investments

Non-current investments are shown at cost and adjustments are made only where in the opinion of the accounting officer, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

9. Investments in controlled entities

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
- To appoint or remove the entity's chief executive officer;
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

10. Receivables

Receivables are normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that have been recovered from another party.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

11. Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts

that are due to the Provincial/National Revenue Fund or another party.

12. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

13. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as part of the disclosure notes to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

14. Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at year end, OR an invoice has been received but uncaptured at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed as part of the disclosure notes.

15. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period when the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a disclosure note to the financial statements and are not recognised in the income statement.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Retirement benefits

The department provides retirement benefits for its employees through a

defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

Medical benefits

The department provides medical benefits for (certain/all) its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Post retirement medical benefits for retired members are expensed when the payment is made to the fund.

16. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

17. Recoverable revenue

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

18. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.



APPROPRIATION STATEMENT

for the year ended 31 March 2004

Programme								
	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1. Administration								
Current	275 407	0	275 407	256 470	18 937	93%	215 150	219 422
Capital	10 585	0	10 585	6 360	4 225	60%	10 767	9 765
2. Water Resource Management								
Current	957 350	0	957 350	792 041	165 309	83%	507 908	507 908
Capital	236 230	0	236 230	324 167	(87 937)	137%	653 577	566 084
3. Water Service								
Current	2 111 233	(12 912)	2 098 321	1 335 356	762 965	64%	1 324 549	1 324 549
Capital	621 614	0	621 614	1 043 174	(421 560)	168%	649 606	649 606
4. Forestry								
Current	419 784	0	419 784	408 378	11 406	97%	397 124	399 260
Capital	6 977	0	6 977	3 229	3 748	46%	4 010	4 031
Special Function					0			
Current		12 912	12 912	12 912	0	100%		
Total	4 639 180	0	4 639 180	4 182 087	457 093	90%	3 762 691	3 680 625
<u>Reconciliation with Income Statement</u>								
Add : Local and foreign aid assistance (incl. RDP Funds)			326 708	229 157			289 113	309 371
Add : Other Receipts			160 591	-			89 342	-
<u>Actual Amounts per income Statement</u>								
			5 126 479	4 411 244			4 141 146	3 989 996

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	3 782 195	0	3 782 195	2 777 675	1 004 520	73%	2 435 381	2 358 857
Personnel	685 624	0	685 624	598 203	87 421	87%	643 416	646 645
Transfer payments	1 698 165	0	1 698 165	1 490 880	207 285	88%	1 187 376	1 103 679
Other	1 398 406	0	1 398 406	688 592	709 814	49%	604 589	608 533
Capital	856 985	0	856 985	1 404 412	(547 427)	164%	1 327 310	1 321 768
Transfer payments	621 980	0	621 980	628 888	(6 908)	101%	3 408	0
Acquisition of capital assets	235 005	0	235 005	775 524	(540 519)	330%	1 323 902	1 321 768
Total	4 639 180	0	4 639 180	4 182 087	457 093	90%	3 762 691	3 680 625

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	685 624	0	685 624	677 276	8 348	99%	643 416	646 661
Administrative	176 825	0	176 825	223 087	(46 262)	126%	419 565	420 400
Inventories	100 784	0	100 784	139 892	(39 108)	139%	69 827	73 387
Equipment	62 401	0	62 401	70 392	(7 991)	113%	1 063 268	1 061 134
Land and buildings	5 888	0	5 888	9 357	(3 469)	159%	4 054	2 344
Professional and special services	1 289 253	(12 912)	1 276 341	920 780	355 561	72%	370 997	372 344
Transfer payments	2 317 625	0	2 317 625	2 119 768	197 857	92%	1 190 784	1 103 679
Miscellaneous	780	0	780	8 623	(7 843)	1106%	780	676
Special functions	0	12 912	12 912	12 912	0	100%	0	0
Total	4 639 180	0	4 639 180	4 182 087	457 093	90%	3 762 691	3 680 625

DETAIL PER PROGRAMME:ADMINISTRATION

for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
I.1 Minister								
Current	746		746	981	(235)	132%	654	809
Capital								
I.2 Management								
Current	14 151		14 151	30 107	(15 956)	213%	14 578	14 066
Capital	156		156	430	(274)	276%	156	182
I.3 Corporate Services								
Current	196 853		196 853	147 287	49 566	75%	144 780	148 866
Capital	7 124		7 124	2 156	4 968	30%	6 742	6 827
I.4 Information Services								
Current	63 657		63 657	78 095	(14 438)	123%	55 138	55 681
Capital	3 305		3 305	3 774	(469)	114%	3 869	2 756
Total	285 992		285 992	262 830	23 162	92%	225 917	229 187

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	275 407		275 407	256 470	18 937	93%	215 150	219 422
Personnel	145 840		145 840	102 844	42 996	71%	98 580	101 767
Transfer payments								
Other	129 567		129 567	153 626	(24 059)	119%	116 570	117 655
Capital	10 585		10 585	6 360	4 225	60%	10 767	9 765
Transfer payments			0	0	0			
Acquisition of capital assets	10 585		10 585	6 360	4 225	60%	10 767	9 765
Total	285 992		285 992	262 830	23 162	92%	225 917	229 187

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	145 840		145 840	102 856	42 984	71%	98 580	101 783
Administration	42 264		42 264	35 882	6 382	85%	33 564	31 540
Inventories	5 300		5 300	11 926	(6 626)	225%	5 153	8 713
Equipment	10 585		10 585	14 019	(3 434)	132%	10 767	9 765
Land and buildings	2 500		2 500	20	2 480	1%	2 500	790
Professional and special services	78 723		78 723	97 929	(19 206)	124%	74 573	75 920
Transfer payments			0	0	0		0	
Miscellaneous	780		780	198	582	25%	780	676
Total	285 992		285 992	262 830	23 162	92%	225 917	229 187

DETAIL PER PROGRAMME: WATER RESOURCE MANAGEMENT

for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
2.1 Equitable Supply								
Current	232 096		232 096	202 338	29 758	87%	91 550	91 550
Capital	1 047		1 047	34 242	(33 195)	3271%	33 861	33 861
2.2 Protection Policies			0		0			
Current	32 443		32 443	12 057	20 386	37%	22 590	22 590
Capital	1 060		1 060	414	646	39%	8 355	8 355
2.3 Institutional Regulations			0		0			
Current	8 554		8 554	535	8 019	6%	7 050	7 050
Capital	106		106		106	0%	2 608	2 608
2.4 Strategic Alignment			0		0			
Current	90 232		90 232	63 723	26 509	71%	62 183	62 183
Capital	6 656		6 656	6 167	489	93%	22 999	22 999

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Capital	68		68		68		1 377	1 377
2.6 Water Resource Administration								
Current	3 425		3 425	6 273	(2 848)	183%	8 196	8 196
Capital	164		164	158	6	96%	3 031	3 031
2.7 Sustainable Supply								
Current	81 787		81 787	75 267	6 520	92%	192 440	192 440
Capital	215 309		215 309	245 927	(30 618)	114%	71 177	71 177
2.8 Protection Measures								
Current	442		442		442		898	898
Capital	13		13		13		332	332
2.9 Institutional Development								
Current	6 963		6 963	10 889	(3 926)	156%	1 540	1 540
Capital	74		74	107	(33)	145%	570	570
2.10 Stakeholder Empowerment								
Current	84 840		84 840	78 929	5 911	93%	67 064	67 064
Capital	7 800		7 800	33 622	(25 822)	431%	24 804	24 804
2.11 Water Resource Support								
Current	47 424		47 424	63 460	(16 036)	134%	50 674	50 674
Capital	1 433		1 433	1 030	403	72%	18 743	18 743
2.12 Operations of Water Resources								
Current	364 607		364 607	270 998	93 609	74%		
Capital							463 220	375 727
2.13 Capital Equipment								
Current								
Capital	2 500		2 500	2 500		100%	2 500	2 500
Total	1 193 580		1 193 580	1 116 208	77 372	94%	1 161 485	1 073 992

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	975 771		975 771	792 035	183 736	81%	851 606	767 521
Personnel	225 537		225 537	185 729	39 808	82%	200 588	200 588
Transfer payments	396 178		396 178	385 810	10 368	97%	487 688	403 603
Other	354 056		354 056	220 496	133 560	62%	163 330	163 330
Capital	217 809		217 809	324 173	(106 364)	149%	309 879	306 471
Transfer payments	2 500		2 500	8 511	(6 011)	340%	3 408	
Acquisition of capital assets	215 309		215 309	315 662	(100 353)	147%	306 471	306 471
Total	1 193 580		1 193 580	1 116 208	77 372	94%	1 161 485	1 073 992

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	225 537		225 537	260 178	(34 641)	115%	200 588	200 588
Administrative	62 305		62 305	90 215	(27 910)	145%	61 312	61 312
Inventories	68 038		68 038	104 949	(36 911)	154%	64 674	64 674
Equipment	42 705		42 705	48 395	(5 690)	113%	45 837	45 837
Land and buildings	1 193		1 193	8 871	(7 678)	744%	1 554	1 554
Professional and special services	397 624		397 624	205 337	192 287	52%	296 424	296 424
Transfer payments	396 178		396 178	394 308	1 870	100%	491 096	403 603
Miscellaneous				3 955	(3 955)			
Total	1 193 580		1 193 580	1 116 208	77 372	94%	1 161 485	1 073 992

DETAIL PER PROGRAMME :WATER SERVICES

for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
3.1 Provisioning Policies								
Current	8 901		8 901	6 822	2 079	77%	3 719	3 719
Capital	270		270	1 787	(1 517)	662%	3 870	3 870
3.2 Water Sector Policies			0		0			
Current	37 157		37 157	31 343	5 814	84%	11 265	11 265
Capital	298		298	4 005	(3 707)	1344%	11 724	11 724
3.3 Institutional Policies			0		0			
Current	14 953		14 953	6 332	8 621	42%	5 704	5 704
Capital	106		106	4 400	(4 294)	4151%	5 937	5 937
3.4 Transfer Policies			0		0			
Current	415		415	224	191	54%	380	380
Capital	4		4	0	4	0%		
3.5 Africa Initiative			0		0			
Current	3 571		3 571	111	3 460	3%	931	931
Capital	28		28	2	26	7%	970	970
3.6 Water Service Administration			0		0			
Current	4 578		4 578	5 112	(534)	112%	7 262	7 262
Capital	32		32	100	(68)	313%	7 559	7 559
3.7 Water and Sanitation Service			0		0			
Current	532 487		532 487	88 650	443 837	17%	465 659	465 659
Capital	619 507		619 507	933 232	(313 725)	151%	484 666	484 666
3.8 Water Sector Support			0		0			
Current	17 222		17 222	36 647	(19 425)	213%	12 036	12 036
Capital	190		190	25 266	(25 076)	13298%	12 527	12 527
3.9 Institutional Support			0		0			
Current	20 553		20 553	23 581	(3 028)	115%	7 885	7 885
Capital	424		424	23 689	(23 265)	5587%	8 207	8 207

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Capital	1		1	12 944	(12 943)	1294400%	941	941
3.11 African Participation			0		0			
Current	385		385		385		350	350
Capital	4		4		4			
3.12 Water Service Support								
Current	232 998	(12 912)	220 086	48 830	171 256	22%	108 766	108 766
Capital	750		750	37 749	(36 999)	5033%	113 205	113 205
3.13 Operations of Water Services								
Current	1 235 966		1 235 966	1 089 929	146 037	88%	699 687	699 687
Capital								
Special functions		12 912	12 912	12 912				
Total	2 732 847		2 732 847	2 391 442	341 405	88%	1 974 155	1 974 155

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	2 111 233	(12 912)	2 098 321	1 307 879	790 442	62%	974 109	974 109
Personnel	60 760		60 760	49 910	10 850	82%	68 224	68 224
Transfer payments	1 285 986		1 285 986	1 087 890	198 096	85%	699 687	699 687
Other	764 487	(12 912)	751 575	170 079	581 496	23%	206 198	206 198
Capital	621 614		621 614	1 070 651	(449 037)	172%	1 000 046	1 000 046
Transfer payments	619 480		619 480	620 377	(897)	100%	0	0
Acquisition of capital assets	2 134		2 134	450 274	(448 140)	21100%	1 000 046	1 000 046
Total	2 732 847	(12 912)	2 719 935	2 378 530	341 405	87%	1 974 155	1 974 155

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	60 760		60 760	54 976	5 784	91%	68 224	68 224
Administrative	17 882		17 882	28 946	(11 064)	162%	206 198	206 198
Inventories	1 577		1 577	3 910	(2 333)	248%		
Equipment	2 134		2 134	2 535	(401)	119%	1 000 046	1 000 046
Land and buildings	38		38	163	(125)	429%		
Professional and special services	745 010	(12 912)	732 098	578 504	153 594	79%		
Transfer payments	1 905 446		1 905 446	1 709 474	195 972	90%	699 687	699 687
Miscellaneous				22	(22)			
Total	2 732 847	(12 912)	2 719 935	2 378 530	341 405	87%	1 974 155	1 974 155

DETAIL PER PROGRAMME : FORESTRY

for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
4.1 Plantation Restructuring								
Current	811		811	27	784	3%	743	743
Capital				14	(14)		7	7
4.2 Indigenous Forest Restructuring								
Current	208		208	2	206	1%	198	198
Capital							2	2
4.3 Forestry Oversight								
Current	13 901		13 901	5 827	8 074	42%	13 114	13 114
Capital	443		443	(48)	491	-11%	132	132
4.4 African Forestry Liaison								
Current	678		678	291	387	43%	643	643
Capital				17	(17)	0%	7	7

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Capital				21	(21)	0%		
4.6 Forestry Management Support								
Current	4 630		4 630	5 024	(394)	109%	4 237	4 237
Capital	40		40	76	(36)	190%	43	43
4.7 Plantation Management								
Current	281 990		281 990	270 375	11 615	96%	283 620	285 756
Capital	3 091		3 091	2 467	624	80%	2 865	2 886
4.8 Indigenous Forest Management								
Current	48 579		48 579	58 627	(10 048)	121%	44 038	44 038
Capital	2 449		2 449	113	2 336	5%	445	445
4.9 Forestry Governance								
Current	2 012		2 012	80	1 932	4%	1 822	1 822
Capital						0%	18	18
4.10 Community Empowerment								
Current	24 332		24 332	17 090	7 242	70%	23 265	23 265
Capital	359		359	52	307	15%	235	235
4.11 Forestry Support Services								
Current	42 539		42 539	50 830	(8 291)	120%	25 344	25 344
Capital	595		595	517	78	87%	256	256
Total	426 761		426 761	411 607	15 154	96%	401 134	403 291

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	419 784	0	419 784	408 379	11 405	97%	394 516	397 805
Personnel	253 487		253 487	259 720	(6 233)	103%	276 024	276 066
Transfer payments	16 001		16 001	17 180	(1 179)	107%	1	389
Other	150 296		150 296	131 479	18 817	88%	118 491	121 350
Capital	6 977	0	6 977	3 228	3 749	46%	6 618	5 486
Transfer payments	0	0			0			
Acquisition of capital assets	6 977		6 977	3 228	3 749	46%	6 618	5 486
Total	426 761	0	426 761	411 607	15 154	96%	401 134	403 291

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/ Underspend (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	253 487		253 487	259 266	(5 779)	102%	276 021	276 066
Administrative	54 374		54 374	68 044	(13 670)	125%	118 491	121 350
Inventories	25 869		25 869	19 107	6 762	74%		
Equipment	6 977		6 977	5 443	1 534	78%	6 618	5 486
Land and buildings	2 157		2 157	303	1 854	14%		
Professional and special services	67 896		67 896	39 010	28 886	58%		
Transfer payments	16 001		16 001	15 986	15	100%	1	389
Miscellaneous			0	4 448	(4 448)	0%		
Total	426 761	0	426 761	411 607	15 154	96%	401 131	403 291

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2004

1. Detail of current and capital transfers as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 9 (Transfer payments) and Annexure I to the annual financial statements.

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

Detail of these transactions can be viewed in note I (Annual Appropriation) to the annual financial statements.

3. Detail of special functions (theft and losses)

Detail of these transactions per programme can be viewed in note II (Details of special functions (theft and losses)) to the annual financial statements.

4. Explanations of material variances from Amounts Voted (after Virements):

- 4.1 Per programme:

Programme 1: Administration

The saving can mainly be attributed to an additional R46 million which was allocated to the Department for the personnel costs relating to the transfer of forestry, water services and water resources functions. The funding was made available to cover the “once off” personnel related costs to effect transfers in terms of Section 197 of the Labour Relations Act. These costs relate directly to the preparation, planning and implementation of the transfer/restructuring programme in order to ensure that all functions are transferred in such a manner that will promote and ensure the long term financial viability and sustainability of the receiving institutions.

The estimate of R46 million for the 2003/04 was based on the assumption that 1318 staff would be transferred of the 10844 staff, which will ultimately be affected by the transfer/restructuring programme. This target was not achieved as a result of:

- ⊙ The protracted negotiations with receiving municipalities and the

impact that the S78 Assessment process has on transfers.

- ⊙ The transfer of staff to 3 WUA's was not implemented due to delays with concluding agreements with Labour.
- ⊙ The transfer of forestry staff did not take place as a result of a “deadlock” in the negotiations with labour on the conditions relating to housing for staff to be transferred. This “deadlock” is being dealt with through the dispute resolution procedures of the Labour Relations Act.

Programme 2: Water Resource Management

The under-spending is attributed to the following major issues:

- ⊙ When most parts of the country experienced severe drought, R315 million was made available during the adjustment estimates. These funds could not be utilised and transferred to the local municipalities in time because the gazetting thereof happened on the last day of the financial year.
- ⊙ There has been marked improvement in the revenue collected by the Department over this period. The increased revenue collection resulted in a reduction in the augmentation of the Trading Account, which meant that funds were not transferred from the Exchequer Account.

Programme 3: Water Services

The under-spending can be attributed to the following:

- ⊙ As indicated under Programme 2, funds allocated for drought relief could not be spent or be transferred to municipalities before the end of the financial year and this resulted in an under-spending.
- ⊙ Towards the end of the financial year, the financial management system (BAS) of government was not able to cope with and process payments amounting to millions of rands in terms of projects that were completed and that needed to be paid for. This resulted in large amounts of money not being spent, although commitments were already made.

Programme 4: Forestry

The under-spending is attributed to the fact that payment of R17 million that was to be made to SAFCOL could not go through when the financial management system used to make payments could not cope with the volume of submissions. This amount remains unspent in the current financial year and will still have to be made.

4.2 Per standard item:

Personnel

Funds were allocated for the restructuring of forestry and water service function. By the end of the financial year, the restructuring was not completed but will be continued within the current financial year.

Administrative

The migration from FMS to BAS as well as increased travel costs (Imperial) related to restructuring resulted in additional costs which were not anticipated and hence the over-expenditure.

Inventories

The overspending can be mainly ascribed to work done by the Department, which was planned to be outsourced and to be done under professional services. As a result of this there is a saving under Professional and Special Services.

Equipment

The overspending is due to the implementation of the new accounting systems, BAS, which resulted in the acquisition of new software and hardware.

Land and buildings

The overspending is due to payments for the expropriation paid to small farmers, a traditional authority and agriculture colleges in the Nondweni Dam basin.

Professional and Special Services

The saving is due to invoices that could not be processed before the end of the financial year.

Transfer payments

The under-spending is due to the collection of more revenue that anticipated with the result that the augmentation of the Water Trading Account had to be reduced.

Miscellaneous

The overspending is a result of claims against the Department



INCOME STATEMENT (Statement of Financial Performance)
for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
REVENUE			
Voted funds			
Annual Appropriation	1	4 639 180	3 762 691
Other revenue to be surrendered to the revenue fund	2	160 591	89 342
Local and foreign aid assistance (incl. RDP funds)	3	326 708	289 113
TOTAL REVENUE		<u>5 126 479</u>	<u>4 141 146</u>
EXPENDITURE			
Current			
Personnel	4	598 203	573 846
Administrative		205 884	186 221
Inventories	5	64 880	55 591
Land and buildings	7	1 485	2 497
Professional and special services	8	398 662	405 466
Transfer payments	9	1 490 880	1 099 456
Miscellaneous	10	4 769	1 226
Special functions: authorised losses	11	12 912	3 687
Local and foreign aid assistance (incl. RDP funds)	3	14 969	6 938
Total Current Expenditure		<u>2 792 644</u>	<u>2 334 928</u>
Capital			
Personnel	4	79 073	88 037
Administrative		17 203	23 165
Inventories	5	75 012	58 307
Machinery and Equipment	6	70 392	64 287
Land and buildings	7	7 872	930
Professional and special services	8	522 118	871 344
Transfer payments	9	628 888	246 564
Miscellaneous	10	3 854	1
Local and foreign aid assistance (incl. RDP funds)	3	214 188	302 433
Total Capital Expenditure		<u>1 618 600</u>	<u>1 655 068</u>
TOTAL EXPENDITURE		<u>4 411 244</u>	<u>3 989 996</u>
NET SURPLUS FOR THE YEAR		<u>715 235</u>	<u>151 150</u>
Reconciliation of Net Surplus for the year			
Voted funds to be surrendered to the Revenue Fund	16	457 093	82 066
Other Revenue to be surrendered to the Revenue Fund	17	160 591	89 342
Local and foreign aid assistance (incl. RDP funds)	3.1	97 551	(20 258)
NET SURPLUS FOR THE YEAR		<u>715 235</u>	<u>151 150</u>

BALANCE SHEET (Statement of Financial Position)

at 31 March 2004

ASSETS	Note	2003/04 R'000	2002/03 R'000
Current assets		663 518	335 450
Unauthorised, and fruitless and wasteful expenditure	12	14 889	14 889
Cash and cash equivalents	13	453 205	28 472
Receivables	14	173 940	188 916
Loans	15	7 862	29 514
Local and foreign aid assistance (including RDP funds) receivable from the RDP fund/donors	3	13 622	73 659
Non-current assets		274 152	266 643
Loans	15	274 152	266 643
TOTAL ASSETS		937 670	602 093
LIABILITIES			
Current liabilities		651 988	305 370
Voted funds to be surrendered to the Revenue Fund	16	457 093	82 066
Other revenue funds to be surrendered to the Revenue Fund	17	74 543	21 706
Bank overdraft	18	-	104 699
Payables	19	69 513	83 574
Local and foreign aid assistance (including RDP funds) repayable to the RDP fund/donors	3	50 839	13 325
TOTAL LIABILITIES		651 988	305 370
NET ASSETS/LIABILITIES		285 682	296 723
Represented by:			
Capitalisation reserve	15.2	282 014	276 106
Recoverable revenue		3 668	20 617
TOTAL		285 682	296 723

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
Capitalisation reserve			
Opening balance		276 106	264 655
Transfers		5 908	11 451
Closing balance	15.2	<u>282 014</u>	<u>276 106</u>
Recoverable revenue			
Opening balance		20 617	5 240
Net movement in balance	22	(16 949)	15 377
Closing balance		<u>3 668</u>	<u>20 617</u>
TOTAL		<u>285 682</u>	<u>296 723</u>

CASH FLOW STATEMENT

for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	21	2 322 259	1 807 482
Cash generated (utilised) to (increase)/decrease working capital	22	4 017	(15 709)
Voted funds and Revenue funds surrendered	23	(189 820)	(139 390)
Net cash flow available from operating activities		<u>2 136 456</u>	<u>1 652 383</u>
CASH FLOWS FROM INVESTING ACTIVITIES		<u>(1 618 600)</u>	<u>(1 655 068)</u>
Purchase of equipment	21	(70 392)	(64 287)
Purchase of land and buildings	21	(7 872)	(930)
Purchase of capital items	21	(1 540 336)	(1 589 851)
Net cash flows from operating and investing activities		<u>517 856</u>	<u>(2 685)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		<u>11 576</u>	<u>(1 264)</u>
Proceeds from loans	21	(7 172)	(8 431)
Repayment of borrowings or loans	21	18 748	7 167
Net increase/(decrease) in cash and cash equivalents		<u>529 432</u>	<u>(3 949)</u>
Cash and cash equivalents at beginning of period		(76 227)	(72 278)
Cash and cash equivalents at end of period	13	<u>453 205</u>	<u>(76 227)</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2004

1. Annual Appropriation
 1.1 Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted funds) Programmes

	Total Appropriation 2003/04 R'000	Actual Appropriation received R'000	Variance over/ (under) R'000	Total Appropriation 2002/03 R'000
Administration	285 992	285 992	-	222 230
Water Resource Management	1 193 580	1 193 580	-	1 161 485
Water Services	2 719 935	2 719 935	-	1 974 155
Forestry	426 761	426 761	-	401 134
Special functions: Authorised losses	12 912	12 912	-	3 687
TOTAL	4 639 180	4 639 180	-	3 762 691

2. Other revenue to be surrendered to revenue fund

Description	2003/04 R'000	2002/03 R'000
Cheques written back	(479)	493
Interest received	15 488	24 953
Recoveries of housing rent	319	1 409
Refund on State loans	18 748	7 167
Subsidised transport	3	1 514
Repay of previous years' income	390	2 729
Administration fees: Insurance	709	1 969
Lease income on equipment	60	2 387
Forestry related products	35 690	36 485
Miscellaneous	89 663	10 236
	160 591	89 342

- 2.1 Gifts, donations and sponsorships received in kind excluding RDP funds by the department (Total not included above)
 Nature of gift, donation and sponsorship
 T-shirts and caps from Total S.A.

	-	500
	-	500

3. Local and foreign aid assistance (including RDP funds)

3.1 Assistance received in cash	Opening Balance	Revenue	Expenditure	Closing Balance	
Name of Donor and purpose			Current	Capital	
Local					
Umpumelelo Award	(120)	-	-	-	(120)
Foreign					
Denmark	(639)	-	14	398	(227)
European Union	57 971	(249 997)	3 503	166 650	(21 873)
DFID	-	(19 025)	(270)	-	(19 295)
Finland	7 605	-	-	-	7 605
France	97	-	-	-	97
Ireland	(9 436)	(31 017)	2 461	32 263	(5 729)
Netherlands	(2 934)	(13 969)	4 551	14 890	2 538
Norway	4 613	(12 700)	4 700	(13)	(3 400)
Republic of China	(195)	-	-	-	(195)
United Kingdom	3 372	-	10	-	3 382
	<u>60 334</u>	<u>(326 708)</u>	<u>14 969</u>	<u>214 188</u>	<u>(37 217)</u>

Analysis of balance

Amounts owing by the RDP fund/donors
 Amounts owing to the RDP fund/donors

	2003/04 R'000	2002/03 R'000
Amounts owing by the RDP fund/donors	13 622	73 658
Amounts owing to the RDP fund/donors	(50 839)	(13 324)
	<u>(37 217)</u>	<u>60 334</u>

3.2 Assistance received in kind

Foreign aid assistance

Flemish Trust Fund

Unesco

Attendance of meetings and workshops	-	136 000
Attendance of meetings and workshops	-	109 600
	<u>-</u>	<u>245 600</u>

4. Personnel

4.1 Current expenditure

Basic salary costs

Pension contributions

Medical aid contributions

Other salary related costs

Basic salary costs	394 709	371 545
Pension contributions	64 948	59 735
Medical aid contributions	29 188	24 676
Other salary related costs	109 358	117 890
	<u>598 203</u>	<u>573 846</u>

		2003/04	2002/03
		R'000	R'000
4.2	Capital expenditure		
	Basic salary costs	48 520	59 043
	Pension contributions	6 520	7 216
	Medical aid contributions	2 803	3 366
	Other salary related costs	21 230	18 412
		<u>79 073</u>	<u>88 037</u>
	Total Personnel Costs	<u>677 276</u>	<u>661 883</u>
	Average number of employees	7853	8983
5.	Inventories		
5.1	Current expenditure		
	Inventories purchased during the year		
	Stationary	10 185	10 515
	Uniforms and protective clothing	5 387	3 701
	Consumables	42 482	21 675
	Printing	4 724	4 605
	Other	2 102	15 095
		<u>64 880</u>	<u>55 591</u>
5.2	Capital expenditure		
	Inventories purchased during the year		
	Stationary	531	588
	Uniforms and protective clothing	786	543
	Consumables	71 918	56 801
	Printing	315	72
	Other	1 462	303
		<u>75 012</u>	<u>58 307</u>
	Total cost of inventories	<u>139 892</u>	<u>113 898</u>
6.	Machinery and Equipment		
	Current (rentals, maintenance and sundry		
	Capital	6.1	70 392
	Total capital and current expenditure		<u>64 287</u>
			<u>70 392</u>
6.1	Capital machinery and equipment analysed as follows:		
	Computer equipment	18 447	16 926
	Furniture and office equipment	5 348	6 207
	Other machinery and equipment	19 916	41 094
	Transport	-	60
	Rental	26 681	-
		<u>70 392</u>	<u>64 287</u>

		2003/04 R'000	2002/03 R'000	
7.	Land and buildings			
	Current expenditure			
	- Rental	1 485	2 497	
	Total current expenditure	1 485	2 497	
	Capital expenditure	7 872	930	
	Total current and capital expenditure	9 357	3 427	
7.1	Capital land and building expenditure analysed as follows:			
	Land	7 872	694	
	Non-residential buildings	-	236	
		7 872	930	
8.	Professional and special services			
8.1	Current expenditure			
	Auditors' remuneration			
	Regulatory	3 967	4 213	
	Performance	700	-	
	Other audits	825	-	
	Contractors	14 068	59 254	
	Consultants and advisory services	278 444	174 547	
	Computer services	19 535	59 523	
	Other	81 123	107 929	
		398 662	405 466	
8.2	Capital expenditure			
	Contractors	133 537	86 592	
	Consultants and advisory services	383 460	225 933	
	Computer services	51	698	
	Other	5 070	558 121	
		522 118	871 344	
	Total Professional and special services	920 780	1 276 810	
9.	Transfer payments			
	Conditional grants	Annexure IB	537 856	166 490
	Transfers to public entities and institutions	Annexure ID	170 931	82 844
	Other transfers	Annexure IE	1 363 427	1 096 686
			2 072 214	1 346 020
	Analysis of transfer payments			
	Capital	628 888	246 564	
	Current	1 490 880	1 099 456	
		2 119 768	1 346 020	

		2003/04	2002/03
		R'000	R'000
10.	Miscellaneous		
10.1	Current Expenditure		
	Remissions, refunds and payments made as an act of grace	10.3 4 400	27
	Bank costs	-	646
	Interest and penalties	2	6
	Other	367	547
		<u>4 769</u>	<u>1 226</u>
10.2	Capital Expenditure		
	Remissions, refunds and payments made as an act of grace	10.3 48	-
	Other	3 806	1
		<u>3 854</u>	<u>1</u>
	Total miscellaneous expenditure	<u>8 623</u>	<u>1 227</u>
10.3	Remissions, refunds and payments made as an act of grace		
	Nature of remissions, refunds and payments		
	Compensation payments	4 426	-
	Ex gratia payments	22	27
		<u>4 448</u>	<u>27</u>
10.4	Gifts, donations and sponsorships made in cash by the Department		
	Current		
	Award to SA youth water price winner	5	-
		<u>5</u>	<u>-</u>
10.5	Gifts, donations and sponsorships made in kind (items expensed in previous periods - Total value not included above)		
	Current		
	Gifts to foreign officials	Various 6	10
		<u>6</u>	<u>10</u>
11.	Special functions: Authorised losses		
	Material losses through criminal conduct	11.1 1 357	77
	Other material losses written off in income statement	11.2 66	917
	Debts written off	11.4 11 489	2 693
		<u>12 912</u>	<u>3 687</u>
11.1	Material losses through criminal conduct		
	Nature of losses		
	Warrant vouchers fraudulently cashed	222	77
	Fraud and misconduct	1 135	-
		<u>1 357</u>	<u>77</u>

11.2	Other material losses written off in income statement		2003/04	2002/03
	Nature of losses		R'000	R'000
	Vehicle accidents		18	59
	Salary claims		-	36
	Supplier disallowance		-	34
	Dishonoured cheques		-	45
	Other		48	743
			<u>66</u>	<u>917</u>

11.3 Other material losses of items expensed in previous periods (Total not included above)
Nature of losses

	Current expenditure	Capital expenditure		
Stolen laptops	-	109	109	-
Stolen cell phones	10	-	10	14
Stolen radios	1	-	1	1
Stolen vehicles	-	334	334	-
Stolen camera	1	-	1	-
Loss of tools	204	-	204	6
Bicycle	-	-	-	1
Household	7	-	7	3
Diesel engine and generator	-	1	1	4
Calculators	-	-	-	1
Garden tools	18	-	18	-
Fax machine	-	2	2	-
Other	1	-	1	-
	<u>242</u>	<u>446</u>	<u>688</u>	<u>30</u>

11.4 Debts written off
Nature of debts written off

Salary overpayments		3 149	2 523
Tax debt		83	41
Study debt		464	60
State guarantees		327	-
Other		7	1
Subsidised vehicles		65	59
Subsistence and transport		10	9
GG accidents		30	-
Kalahari East		7 172	-
Suppliers		124	-
Dishonoured cheques		58	-
		<u>11 489</u>	<u>2 693</u>

		2003/04	2002/03
		R'000	R'000
11.5	Details of special functions (theft and losses)		
	Administration	-	3 687
	Water Services	12 912	-
	Total	<u>12 912</u>	<u>3 687</u>
12.	Unauthorised and fruitless and wasteful expenditure disallowed		
	Unauthorised expenditure	12.1	
		<u>14 889</u>	<u>14 889</u>
12.1	Reconciliation of unauthorised expenditure balance		
	Opening balance	<u>14 889</u>	<u>14 889</u>
	Closing balance	<u>14 889</u>	<u>14 889</u>
13.	Cash and cash equivalents		
	Paymaster General Account	410 627	
	Cash on hand	66	66
	Short term investments	<u>42 512</u>	<u>28 406</u>
		<u>453 205</u>	<u>28 472</u>
14.	Receivables - current		
	Amounts owing by other departments	Annexure 6	1 047
	Staff debtors	14.3	7 101
	Other debtors	14.4	123 521
	Advances	14.5	42 271
		<u>173 940</u>	<u>188 916</u>
14.1	Amounts of R5 347564 (2003: R9 433 885) included above may not be recoverable, but has not been written off in the income statement.		
14.2	Age analysis – receivables current		
	Less than one year	138 921	170 944
	One to two years	25 491	2 901
	More than two years	<u>9 528</u>	<u>15 071</u>
		<u>173 940</u>	<u>188 916</u>

	2003/04	2002/03
	R'000	R'000
14.3 Staff debtors		
Salary overpayments	2 456	3 978
Tax debt	120	66
Study debt	1 165	1 557
Subsidised vehicles	617	641
State guarantees	294	750
Salary disallowance account	67	1 438
Travel and subsistence: Persal	2 163	1 463
GG Accidents	47	88
Subsidy overpayments	24	18
Misconduct	86	302
Telephone debt	62	49
Criminal act.	-	1 307
Losses	-	63
	<u>7 101</u>	<u>11 720</u>
14.4 Other debtors		
Disallowance suppliers	474	456
Dishonoured cheques	2 426	1 851
Persal control accounts	1 711	1 787
Disallowance miscellaneous	623	952
Debits recoverable: Other	23 385	(540)
Disallowance damage vehicles	679	697
Claims rec. National departments	629	-
Claims rec: Eastern Cape	16	-
Claims rec: Gauteng	10	-
Claims rec: Major Public Entities	613	-
Claims rec: National Public Entities	18	-
Claims rec: National Governm. Bus. Ent.	51 930	-
Claims rec: Telcom	6 757	-
Imperial control account	29 832	-
Unpaid/Recall BAS EBT control account	4 418	-
	<u>123 521</u>	<u>5 203</u>

		2003/04 R'000	2002/03 R'000
14.5	Advances		
	Nature of advances		
	Water Trading Account: Mooi-Umgeni	8 919	56 262
	VAT clearing account	213	106 307
	Advances issued: National departments	-	521
	Advances issued: Implementing agents RDP	5 133	133
	Advances issued: Companies	4 030	4 031
	Advances issued: Alien plants	1 800	2 800
	Ash river: TCTA: Expenditure	-	746
	Salaries/wages: Cash advance	-	5
	VAT input account	19 466	-
	VAT output account	2 163	-
	Advances issued: T & S: Other indiv.	10	-
	WFW Hartbp. Expenditure	537	-
		<u>42 271</u>	<u>170 805</u>
15.	Loans		
	Granted to		
	Water Boards	15.1 200 537	211 196
	Irrigation Boards	15.1 52 140	54 933
	Municipalities	15.1 29 337	30 028
		<u>282 014</u>	<u>296 157</u>
	Less amount repayable within 12 months included in current assets	7 862	29 514
		<u>274 152</u>	<u>266 643</u>
15.1	Loans granted to Water Boards		
	Albanie Coast	Building of a stock drinking scheme	310 318
	Bloem Water Board	Purchase of the Caledon/Bloemfontein (Welbedacht Dam) Water Scheme	78 329 79 030
	Kalahari East Water	Interest free government loan to create additional capacity in pipeline	3 554 3 554
	Kalahari-West Water	Loan to construct a stock drinking scheme	12 837 12 837
	Lepele N/W (Duiwelskloof)	Purchase of the Duiwelskloof Scheme	779 798
	Lepele N/W (Eben-Nezer)	Purchase of the Pietersburg Water Supply Scheme	22 987 23 170
	Magalies	Purchase of the Wallmanstal and Temba purification works	5 550 6 050
	Namakwa Water	Purchase of the Springbok Regional Water Supply Scheme	37 37
	Namakwa - De Beers	Namakwa Water split into 3 different parties responsible for their own shares	2 206 2 215
	Namakwa - Occ/Metorex	Namakwa Water split into 3 different parties responsible for their own shares	1 578 1 578

		2003/04 R'000	2002/03 R'000
Namakwa - Private Consumers	Namakwa Water split into 3 different parties responsible for their own shares	4 082	4 082
Overberg Water	Purchase of the Duiwenhoks, Ruensveld East and Ruensveld West Schemes	32 630	33 824
Sedibeng Water (Balkfontein)	Purchase of the Balkfontein and Sand River Government Water Schemes	6 546	6 865
Sedibeng Water (Sand River)	Purchase of the Balkfontein and Sand River Government Water Schemes	6 907	7 406
Umgeni 1	Purchase of Mooi Umgeni Pipeline Scheme	1 376	1 998
Umgeni 2	Purchase of Hammarsdale Sewage Scheme	-	6 571
White River Valley	Purchase of Primkop Dam and Longmere Dam	778	812
Kalahari East	Guaranteed payments	20 051	20 051
Irrigation Boards		<u>200 537</u>	<u>211 196</u>
Bossieveld 2	Loans granted by Dept Agriculture for irrigation purposes	1 427	1 453
Cogmanskloof	Loans granted by Dept Agriculture for irrigation purposes	3 982	5 213
Groenland 1	Loans granted by Dept Agriculture for irrigation purposes	529	617
Groenland 2	Loans granted by Dept Agriculture for irrigation purposes	2 099	2 154
Haarlem	Dam and pipeline	7 908	8 081
Hex Valley	Purchase of the Sanddrift Government Water Scheme	5 816	6 170
Injambili	Pumpstation and pipeline	256	256
Kanoneiland 3	Loans granted by Dept Agriculture for irrigation purposes	1 578	1 611
Manchester Noordwyk 2	Loans granted by Dept Agriculture for irrigation purposes	1 945	1 945
Noord-Agter-Paarl	Loans granted by Dept Agriculture for irrigation purposes	2 680	2 710
Perdeberg 1	Loans granted by Dept Agriculture for irrigation purposes	3 282	3 282
Sterkspruit	Loans granted by Dept Agriculture for irrigation purposes	1 053	1 065
Suid-Agter-Paarl	Loans granted by Dept Agriculture for irrigation purposes	1 311	1 361
White Waters Major IR	Purchase of Da Gama Dam	2 035	2 078
Other	Loans granted by Dept Agriculture for irrigation purposes	11 450	12 148
Great Fish River	Guaranteed payments	4 789	4 789
		<u>52 140</u>	<u>54 933</u>

		2003/04 R'000	2002/03 R'000
Municipalities			
Ngwathe (Heilbron)	Purchase of the Heilbron pipeline	61	65
Oudtshoorn	Loan in respect of Municipal Dam	92	115
Saldana Bay	Purchase of the Stompneusreservoir	229	240
Amajuba District Municipality	Purchase of a portion of the Ngagane Regional Water Supply Scheme	22 442	22 691
eThekweni	Purchase of the Hammersdale Water Distribution Scheme	739	787
West Coast District Municipality	Purchase of Berg River (Saldanha) and Berg River (Swartland) Water Supply Scheme	5 774	6 130
		<u>29 337</u>	<u>30 028</u>

Water Boards

Albanie Coast. This represents a loan to Albanie coast for the purpose of Building of a stock drinking scheme. The loan is not secured. The interest rate is fixed at 15% per annum and is repayable by 31 December 2016 in annual instalments of R55 143,69 as from 31 December 1987 to 31 December 2016.

Bloem Area. This represents a loan to Bloem area for the purpose of purchase of the Caledon/Bloemfontein (Welbedacht Dam) Water scheme. The loan is not secured. The interest rate is fixed at 13,5% per annum and is repayable by 31 March 2025 in annual instalments of R11 370 355 as from 31 March 1991 to 31 March 2025.

Kalahari East. This represents a loan to Kalahari East for the purpose of an Interest free government loan to create additional capacity in pipeline. Repayment of the loan only starts when the additional capacity is utilised. A actuarial table for the repayment of the loan will then be calculated.

Kalahari West Water User Association's (KWWUA) This represents a loan to Kalahari west for the purpose of constructing a stock drinking scheme. Kalahari West Water User Association (KWWUA) future instalments be subject to a fixed 5% annual increase on the rate per large stock unit for a remaining loan period of 16 years at an interest rate as determined from time to time by National Treasury. The portion to be redeemed by these payments, constitutes the future portion of KWWUA's State loan. The remaining portion of the loan will be written off.

Lepelle Northern. (Ebenezer) This represents a loan to Lepelle Northern for the purpose of purchase of the Duiwelskloof scheme. The loan is not secured. The interest rate fixed at 15.75% per annum and is repayable by 31 March 2019 in annual instalments of R3 950 000,00 as from 31 March 1991 to 31 March 2019.

Lepelle Northern. (Duiwelskloof) This represents a loan to Lepelle Northern for the purpose of purchase of the Pietersburg water supply scheme. The loan is not secured. The interest rate fixed at 10.4% per annum and is repayable by 31 March 2020 in annual instalments of R102 000,00 as from 31 March 1993 to 31 March 2020.

Magalies. This represents a loan to Magalies for the purpose of purchase of the Wallmanstal and Temba purification works. The loan is not secured. The interest rate is fixed at 15% per annum and is repayable by 31 March 2027 in annual instalments of R250 000 as from 31 March 1994 to 31 March 2027.

Namakwa Water. This represents a loan to Namakwa water for the purpose of purchase of the Springbok Regional water supply scheme. This loan is not secured. The interest rate is fixed at 10.66% per annum and is repayable by 28 February 2037 in annual instalments of R 8 025 000,00 as from 28 February 2001 to 28 February 2037. The loan did however split into 3 different parties responsible for their own shares from 2001/02/28.

Namakwa de Beer. This represents a loan to Namakwa (De Beer). The loan is not secured. The interest rate is fixed at 10,66% per annum and is repayable by 28 February 2037 in annual instalments of R 245 000,00 as from 28 February 2001 to 28 February 2037.

Namakwa Occ/Metorex. This represents the loan to Namakwa (Occ/Metorex). This loan is not secured. The interest rate fixed at 10.66% per annum and is repayable by 28 February 2037 in annual instalments of R172 925,00 as from 28 February 2001 to 28 February 2037.

Namakwa (Private consumers). This represents the loan to Namakwa (Private consumers). This loan is not secured. The interest rate is fixed at 10.66% per annum and is repayable by 28 February 2037 in annual instalments of R 447 075,00 as from 28 February 2001 to 28 February 2037.

Overberg Water. This represents a loan to Overberg water for the purpose of purchase of the Duiwenhoks, Ruensveld East and Ruensveld West scheme. This loan is not secured. The interest free loan is repayable by 31 March 2031 in annual instalments of R1 188 800,00 as from 31 March 1993 to 31 March 2031.

Sedibeng Water (Sand River). This represents a loan to Sedibeng water for the purpose of purchase of the Bulkfontein and Sand river Government water scheme. This loan is not secured. The interest rate is fixed at 9,92% per annum and is repayable by 1 July 2012 in annual instalments of R 610 804,92 as from 1 January 1983 to 1 July 2012.

Sedibeng Water (Balkfontein). This represent a loan to Sedibeng water for the purpose of purchase of the Bulkfontein and Sand river Government water scheme. This loan is not secured. The interest rate is fixed at 9,92% per annum and is repayable by 1 July 2010 in annual instalments of R659 626,92 as from 1 January 1981 to 1 July 2010

Kalahari East. This represents a loan to Kalahari East for the purpose of Guaranteed payments by the department. The Kalahari East Water User Association is experiencing problems with regard to the repayment of their Land Bank loan. The loan is guaranteed by Government. The Land Bank called up the guarantee and the Department accepted responsibility for the payment of the difference between the Association's actual instalments and that which the Association can afford to pay annually. This will continue until the Land Bank loan is fully redeemed, where after the Association will have to repay the Department's capitalised contributions over negotiated periods at an interest rate determined by the Department.

Umgeni 1. This represents a loan to Umgeni for the purpose of purchase Mooi Umgeni pipeline scheme. This loan is not secured. The interest rate is fixed at 6,95% per annum and is repayable by 1 July 2005 in annual instalments of R760 595,30 as from 1 July 1976 to 1 July 2005. Umgeni 2. This represents a loan to Umgeni for the purpose of purchase Hammarsdale sewage scheme. This loan is not secured. The interest rate is fixed at 11,2% per annum and is repayable by 1 July 2005 in annual instalments of R735 000,00 as from 1 July 1985 to 1 July 2005.

White River Valley. This represents a loan to White river valley for the purpose of purchase of Primkop Dam and Longmere dam. This loan is not secured. The interest rate is fixed at 7,83% per annum and is repayable by 31 March 2017 in annual instalments of R97 529,00 as from 31 March 1993 to 31 March 2017.

Irrigation Boards

Bossieveld 2. This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 10.916% per annum and is repayable by 01 July 2020 in half yearly instalment of R72 381.95 as from 01 Jan 1991 to 01 July 2020.

Cogmanskloof. This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 13.260% per annum and is repayable by 01 July 2017 in half yearly instalment of R309 280.30 as from 01 Jan 1992 to 01 July 2017.

Groenland 1. This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 11.237% per annum and is repayable by 01 July 2008 in half yearly instalment of R75 232.83 as from 01 Jan 1979 to 01 July 2008.

Groenland 2. This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 16.119% per annum and is repayable by 01 July 2019 in half yearly instalment of R158 412.07 as from 01 Jan 1990 to 01 July 2019.

Haarlem. This represents a loan to Haarlem for the purpose of Dam and pipelines. This loan is not secured. The interest rate is fixed at 16.50% per annum and is repayable by 1 July 2026 in annual instalments of R 309 664,26 as from 1 July 1997 to 1 July 2026.

Hex Valley. This represents a loan to Hexvallei for the purpose of purchase of Sanddrift government water scheme. The loan is not secured. The interest rate is fixed at 8,88% per annum and is repayable by 31 March 2014 in annual instalments of R901 474,00 as from 31 March 1995 to 31 March 2014.

Injambili. This represents a loan to Injambili for the purpose of purchase of a pump station and pipeline. The loan is not secured. The interest rate 16,18% per annum and is repayable by 1 January 2030 in annual instalments of R 12 806,46 as from 1 January 2000 to 1 January 2030.

Kanoneiland 3. This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 16.860% per annum and is repayable by 01 July 2029 in half yearly instalment of R84 746.98 as from 01 Jan 2000 to 01 July 2029.

Manchester Noordwyk 2. This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 17.083% per annum and is repayable by 01 July 2022 in half yearly instalment of R149 789.57 as from 01 Jan 1995 to 01 July 2022

Noord-Agter-Paarl 1. This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 16.970% per annum and is repayable by 01 July 2024 in half yearly instalment of R164 630.61 as from 01 Jan 1995 to 01 July 2024.

Perdeberg 1. This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 13.593% per annum and is repayable by 01 Jan 2019 in half yearly instalment of R193 725.99 as from 01 July 1989 to 01 Jan 2019.

Sterkspruit This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 17.466% per annum and is repayable by 01 Jan 2017 in half yearly instalment of R97 580.15 as from 01 July 1987 to 01 Jan 2017

Suid-Agter-Paarl 1. This represents a loan granted by Dept of Agriculture for irrigation purposes. This loan is not secured. The interest rate is fixed at 12.630% per annum and is repayable by 01 July 2018 in half yearly instalment of R81 715.64 as from 01 Jan 1989 to 01 July 2018.

White Waters Major. This represents a loan to White Water Major for the purpose of purchase of Da Gama Dam. This loan is not secured. The interest rate is fixed at 8,5% per annum and is repayable by 31 March 2023 in annual instalments of R221 785,00 as from 31 March 2001 to 31 Mar 2023.

Others. This represents various loans granted by Dept of Agriculture for irrigation purposes. These loans are not secured. Various fixed interest rates per annum applies and are repayable over different periods and dates.

Great Fish River. This represents a loan to Great Fish River for the purpose of Guaranteed payments. This Great Fish River Water User Association is failing to meet their obligations with regard to the repayment of their four Land Bank Loans. The loans are guaranteed by Government. The Land Bank called up the

guarantee and the Department has been obliged to pay the instalments since 15 June 2000.

Municipalities

Ngwathe (Heilbron). This represents a loan to Ngwathe Heilbron for the purpose of purchases of the Heilbron pipeline. This loan is not secured. The interest rate is fixed at 8,7% per annum and is repayable by 1 March 2013 in annual instalments of R9 428,00 as from 1 March 1984 to 1 March 2013.

Oudtshoorn. This represents a loan to Oudtshoorn for the purpose of loan in respect of Municipality dam. This loan is not secured. The interest rate is fixed at 6,75% per annum and is repayable by 1 July 2007 in annual instalments of R14 694,08 as from 1 January 1978 to 1 July 2007.

Saldanha Bay. This represents a loan to the Saldanha Bay for the purpose of purchase of Stompneus reservoir. This loan is not secured. The interest rate is fixed at 8.2% per annum and is repayable by 31 March 2016 in annual instalments of R15 142.00 as from 31 March 1998 to 31 March 2016.

Amajuba District Mun. This represents a loan to Amajuba district for the purpose of purchase of a portion of the Ngagane Regional water supply scheme. This loan is not secured. The interest rate is fixed at 14,82% per annum and is repayable by 31 March 2027 in annual instalments of R 3 470 500,00 as from 31 March 1993 to 31 March 2027.

Ethekwini. This represents a loan to eThekweni for the purpose of purchase of the Hammersdale water Distribution scheme. This loan is not secured. The interest rate is fixed at 8,9% per annum and is repayable by 1 April 2013 in annual instalments of R58 488,00 as from 1 April 1983 to 1 April 2013.

West Coast District Municipality. This represents a loan to the West Coast District Municipality for the purpose of purchase of Berg river (Saldanha) and Berg river (Swartland). This loan is not secured. The interest rate is fixed at 15,58% per annum and is repayable by 30 June 2011 in annual instalments of R 1 311 000,00 as from 30 June 1992 to 30 June 2011

		2003/04 R'000	2002/03 R'000
15.2	Total loan amount	282 014	296 157
	Less: Payments to Kalahari East	-	20 051
		<u>282 014</u>	<u>276 106</u>
15.3	The amount of R25 096 192 included above may not be recoverable but has not been written off in the Income statement.		
16.	Voted funds to be surrendered to the Revenue Fund		
	Opening balance	82 066	47 731
	Transfer from income statement	457 093	82 066
	Paid during the year	(82 066)	(47 731)
	Closing balance	<u>457 093</u>	<u>82 066</u>
17.	Other revenue funds to be surrendered to the Revenue Fund		
	Opening balance	21 706	24 023
	Transfer from income statement for revenue to be surrendered	160 591	89 342
	Paid during the year	(107 754)	(91 659)
	Closing balance	<u>74 543</u>	<u>21 706</u>
18.	Bank overdraft		
	Paymaster General Account (Exchequer account)	-	104 699
19.	Payables - current		
	Description		
	Advances received	10 820	53 974
	Other payables	58 693	29 600
		<u>69 513</u>	<u>83 574</u>
19.1	Advances received		
	Mooi Umgeni	10 820	53 540
	Advance paid water (Water users)	-	434
		<u>10 820</u>	<u>53 974</u>

	2003/04	2002/03
	R'000	R'000
19.2 Other payables		
Tender deposits	14	87
Sundry/miscellaneous deposits	13 823	560
Salary deduction disallowance account	26	-
Advance rec: Gauteng	1 840	-
Advance rec: Mpumalanga	150	-
Procurement reversal control	92	-
Working for water deposits	50	50
Forestry leases	39 741	25 878
Persal control accounts	84	336
Persal ACB recalls	6	
Cancel cheque/re-issue (Persal)	94	86
Mess suspense	-	73
Irrigation Boards: CPD: Cap. Res.	18	17
Nas. Forestry Recr.& Acc. Trust: Available	2 755	2 513
	<u>58 693</u>	<u>29 600</u>
20. Amounts owing by controlled entities		
Total amounts owing by controlled entities	Annexure 2C <u>282 014</u>	<u>296 157</u>
21. Net cash flow generated by operating activities		
Net surplus as per Income Statement	715 235	151 150
Adjusted for items separately disclosed	1 607 024	1 656 332
Purchase of equipment	70 392	64 287
Purchase of land and buildings	7 872	930
Purchase of capital items	1 540 336	1 589 851
Loans granted	7 172	8 431
Repayment of loans	(18 748)	(7 167)
Net cash flow generated by operating activities	<u>2 322 259</u>	<u>1 807 482</u>
22. Cash generated (utilised) to (increase)/decrease working capital		
(Increase)/decrease in receivables - current	(93 506)	11 803
(Increase) in prepayments and advances	128 533	(85 582)
(Increases)/decrease in other assets	-	125 692
Increase in payables	(14 061)	(82 999)
Increase in recoverable revenue	(16 949)	15 377
	<u>4 017</u>	<u>(15 709)</u>
23. Voted funds and revenue funds surrendered		
Voted funds surrendered	16 (82 066)	(47 731)
Revenue funds surrendered	17 (107 754)	(91 659)
	<u>(189 820)</u>	<u>(139 390)</u>

24. Re-statement of comparatives

Note 13. The total amount of (R67 291 000) published in the 2002/03 financial year has been adjusted to (R76 227 000) to reflect amounts only relevant to the Exchequer Account, due to the split between the Exchequer, Water Trading Account and Equipment Trading Account.

Note 14. The total amount of R194 206 000 published in the 2002/03 financial year has been adjusted to R188 916 000 to reflect amounts only relevant to the Exchequer Account, due to the split between the Exchequer, Water Trading Account and Equipment Trading Account.

Note 14.1 The total amount of R11 823 822 published in the 2002/03 financial year has been adjusted to R9 433 885 to reflect amounts only relevant to the Exchequer Account, due to the split between the Exchequer, Water Trading Account and Equipment Trading Account.

Note 15. The total amount of R262 598 000 published in the 2002/03 financial year has been adjusted to R296 157 000 due to the incorrect calculation of interest.

Note 19. The total amount of R228 349 000 published in the 2002/03 financial year has been adjusted to R83 574 000 to reflect amounts only relevant to the Exchequer Account, due to the split between Exchequer, Water Trading Account and Equipment Trading Account.

Note 22. The total amount of (R15 407 000) published in the 2002/03 financial year has been adjusted to (R15 709 000) to reflect amounts only relevant to the Exchequer Account, due to the split between Exchequer, Water Trading Account and Equipment Trading Account.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2004

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

25. Contingent liabilities

Liable to	Nature		2003/04 R'000	2002/03 R'000
Motor vehicle guarantees	Employees	Annexure 3	247	373
Housing loan guarantees	Employees	Annexure 3	9 464	12 448
Other guarantees		Annexure 3	19 854 334	17 887 337
			<u>19 864 045</u>	<u>17 900 158</u>

26. Commitments

Capital expenditure				
Approved and contracted/ordered			1 661 026	1 575 707
Approved but not yet contracted			156 997	1 154 156
			<u>1 818 023</u>	<u>2 729 863</u>

		2003/04 R'000	2002/03 R'000
27.	Accruals		
27.1	Listed by standard Item		
	Administrative expenditure	60	789
	Inventories	104	1 224
	Equipment	110	307
	Professional and special services	16 362	9 292
		<u>16 636</u>	<u>11 612</u>
27.2	Listed by programme level		
	Administration	690	354
	Water Resource Management	2 660	5 612
	Water Services	12 647	5 626
	Forestry	639	20
		<u>16 636</u>	<u>11 612</u>
28.	Employee benefits		
	Leave entitlement	161 018	167 718
	Thirteenth cheque	20 436	20 560
	Performance bonus	123	-
		<u>181 577</u>	<u>188 278</u>
29.	Leases		
29.1	Operating leases	Equipment	
	Naledi Office Outomation		
	Not later than one year	568	491
	Later than one year and not later than three years	910	488
	Nashua		
	Not later than one year	591	876
	Later than one year and not later than three years	242	719
	Minolta		
	Not later than one year	797	1 567
	Later than one year and not later than three years	901	1 844
	Total lease commitments	<u>4 009</u>	<u>5 985</u>
30.	Receivables for services delivered		
	Nature of services		
	Other	-	2 072
		<u>-</u>	<u>2 072</u>
31.	Irregular expenditure		
31.1	Movement Schedule of irregular expenditure		
	Opening balance	40	-
	Irregular expenditure - current year	15	-
	Irregular expenditure - prior year	-	40
	Expenditure awaiting condonement	<u>55</u>	<u>40</u>

		2003/04 R'000	2002/03 R'000
	Analysis		
	Current year	15	-
	Prior years	40	40
		<u>55</u>	<u>40</u>
32.	Key management personnel		
32.1	Remuneration		
		Number of officials	
	Minister	1	875
	Director-General	1	1 023
	Deputy Director-General.	3	2 110
	Chief Financial Officer	1	638
	Chief Information Officer	1	745
			<u>5 391</u>
			<u>4 671</u>
32.2	Other remuneration and compensation provided to key management and close members of the family of key management personnel		
	Minister		16
	Director-General		5
	Deputy Director-General.		18
	Chief Financial Officer		18
	Chief Information Officer		3
			<u>60</u>
			<u>57</u>
33.	Biological/Cultivated assets		
	Biological/Cultivated assets on hand		
	Biological assets		
	Trees in plantation forest: 50 000 hectares @ R1 000 /ha	50 000	50 000
	Agricultural produce: Logs	28 609	-
	Products after harvesting: Lumber	2 938	-
		<u>81 547</u>	<u>50 000</u>
34.	Re-statement of comparatives		

Note 30. The total amount of R806 249 000 published in the 2002/03 financial year has been adjusted to R2 072 000 to reflect amounts relevant to the Exchequer Account, due to the split between Exchequer, Water Trading Account and Equipment Trading Account.

Note 31. The total amount of R105 000 published in the 2002/03 financial year has been adjusted to R40 000 to reflect amounts relevant to the Exchequer Account, due to the split between Exchequer, Water Trading Account and Equipment Trading Account.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2004

ANNEXURE 1B

STATEMENT OF CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES BY NATIONAL DEPARTMENTS AS AT 31 MARCH 2004

NAME OF MUNICIPALITY	GRANT ALLOCATION				EXPENDITURE				
	Division of revenue Act R'000	Adjustments Estimates R'000	Roll Overs R'000	Total Available R'000	Actual Transfer R'000	Amount not transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Alfred Nzo	20 182			20 182	20 182			20 182	
Amatole	39 460			39 460	39 460			39 460	
Cacadu	10 394			10 394	10 394			10 394	
Chris Hani	24 263			24 263	24 263			24 263	
O.R. Tambo	54 573			54 573	54 573			54 573	
Provincial	11 156			11 156	11 156			11 156	
Ukhahlamba	21 890			21 890	21 890			21 890	
Lejweleputswa	7 758			7 758	7 758			7 758	
Motheo	18 773			18 773	18 773			18 773	
Northern Free State	1 225			1 225	1 225			1 225	
Thabo Mofutsanyane	20 854			20 854	20 854			20 854	
Xhariep	2 880			2 880	2 880			2 880	
West Rand	3 000			3 000	3 000			3 000	
Bohlabela	29 001			29 001	29 001			29 001	
Capricorn	28 637			28 637	28 637			28 637	
Mopani	16 973			16 973	16 973			16 973	
Sekhukhune	18 224			18 224	18 224			18 224	
Vhembe	11 441			11 441	11 441			11 441	
Waterberg	17 997			17 997	17 997			17 997	
Ehlanzeni	48 054			48 054	48 054			48 054	
Gert Sibande	29 320			29 320	29 320			29 320	
Nkangala	26 467			26 467	26 467			26 467	
Provincial	217			217	217			217	
Frances Baard	5 031			5 031	5 031			5 031	
Karoo	2 378			2 378	2 378			2 378	
Kgalagadi	13 086			13 086	13 086			13 086	

NAME OF MUNICIPALITY	GRANT ALLOCATION				EXPENDITURE				
	Division of revenue Act R'000	Adjustments Estimates R'000	Roll Overs R'000	Total Available R'000	Actual Transfer R'000	Amount not transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Namakwa	1 919			1 919	1 919			1 919	
Siyanda	5 417			5 417	5 417			5 417	
Bojanala	4 400			4 400	4 400			4 400	
Bophirima	13 990			13 990	13 990			13 990	
Central	6 100			6 100	6 100			6 100	
Kgalagadi	1 614			1 614	1 614			1 614	
Southern	6 100			6 100	6 100			6 100	
Boland	600			600	600			600	
Central Karoo	1 572			1 572	1 572			1 572	
City of Cape Town	2 837			2 837	2 837			2 837	
Eden	4 901			4 901	4 901			4 901	
Overberg	1 512			1 512	1 512			1 512	
Provincial	100			100	100			100	
West Coast	3 561			3 561	3 561			3 561	
TOTAL	537 856			537 856	537 856			537 856	

ANNEXURE 1D

STATEMENT OF TRANSFERS TO PUBLIC ENTITIES AND INSTITUTIONS BY NATIONAL DEPARTMENTS AS AT 31 MARCH 2004

Public Entity / Institution)	TRANSFER ALLOCATION				EXPENDITURE				
	Appropriations Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Irrigation Boards									
Great Fish River		19 000		19 000	13 561	5 439	71%		13 561
Impala Water Use Association		30 000		30 000	30 000		100%		30 000
Lower Blyde River Water Use Association		48 000		48 000	48 000		100%		48 000
Water Boards									
Umgeni Water Board		60 000		60 000	60 000		100%	60 000	
Sedibeng Water		15 870		15 870	15 870		100%	15 870	
Inkangala Water Board	2 000			2 000	2 000		100%		2 000
Bushbuckridge Water Board	1 500			1 500	1 500		100%		1 500
Total	3 500	172 870		176 370	170 931	5 439		75 870	95 061

ANNEXURE 1E
STATEMENT OF OTHER TRANSFERS BY NATIONAL DEPARTMENTS AS AT 31 MARCH 2004

Entity / Institution	TRANSFER ALLOCATION				EXPENDITURE				
	Appropriation Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Equipment Trading Account	2 500			2 500	2 500		100%	2 500	
Water Trading Account	1 600 573			1 600 573	1 360 927	239 646	85%		1 360 927
Total	1 603 073			1 603 073	1 363 427	239 646		2 500	1 360 927



ANNEXURE 2C
STATEMENT OF OTHER CONTROLLED ENTITIES AS AT 31 MARCH 2004

Name of Entity	Nature of entities business	Relevant Act	Entity's PFMA Schedule type (state year end if not 31 March)	Amounts owing to		Amounts owing by		Audit Report Status U/Q/ A/D*
				R'000		R'000		
				2003/04	2002/03	2003/04	2002/03	
WATER BOARDS								
Albany Coast Water Board						310	318	
Bloem Water Board						78 329	79 030	
Kalahari East Water						3 554	3 554	
Kalahari West Water						12 837	12 837	
Lepelle(Duiwelskloof)						779	798	
Lepelle(Eben-Nezer)						22 987	23 170	
Magalies						5 550	6 050	
Namakwa Water						37	37	
Namakwa -De Beers						2 206	2 215	
Namakwa Occ/Metorex						1 578	1 578	
Namakwa Private Consumers						4 082	4 082	
Overberg Water						32 630	33 824	
Sedibeng Water (Balkfontein)						6 546	6 865	
Sedibeng Water (Sand River)						6 907	7 406	
Umgeni 1						1 376	1 998	
Umgeni 2						-	6 571	
White River Valley						778	812	
Kalahari East						20 051	20 051	
IRRIGATION BOARDS								
Agterkliphoogte (3)						121	126	
Bossieveld (2)						1 427	1 453	
Zandrif						11	14	
Buffelsjagts (1)						29	38	
Buffelsjagts (2)						62	80	
Buffelsjagts (3)						15	20	
Calitzdorp (2)						2	1	
Ceres Rooikloof (1)						74	82	
Ceres Rooikloof (2)						163	181	
Ceres Kockedouw (2)						22	27	

Name of Entity	Nature of entities business	Relevant Act	Entity's PFMA Schedule type (state year end if not 31 March)	Amounts owing to		Amounts owing by		Audit Report Status U/Q/ A/D*
				R'000		R'000		
				2003/04	2002/03	2003/04	2002/03	
Ceres Kockedouw (1)						95	124	
Cogmanskoof						3 982	5 213	
Groenland (1)						529	617	
Groenland (2)						2 099	2 154	
Grooteiland Klipdrift (3)						-	1	
Grooteiland Klipdrift (2)						-	2	
Grooteiland Klipdrift (1)						6	1	
Grooteiland Klipdrift (4)						20	23	
Grooteiland Klipdrift (5)						2	3	
Groothoek (4)						31	32	
Groothoek (2)						9	9	
Groothoek (1)						1	2	
Groothoek (3)						9	12	
Groothoek (5)						6	9	
Hexrivier (1)						24	1	
Hoekoe (3)						9	11	
Hoekoe (4)						3	4	
Hoekoe (1)						10	14	
Hoekoe (2)						6	9	
Klaasvoogds (2)						79	89	
Klaasvoogds (1)						182	204	
Klaasvoogds (3)						25	29	
Kingna (2)						77	82	
Nooitgedacht (1)						1	1	
Nooitgedacht (2)						35	37	
Nooitgedacht (3)						34	35	
Noord Agter Paarl (2)						1	1	
Noord Agter Paarl (3)						10	11	
Noord Agter Paarl (1)						2 680	2 710	
Palmiet (1)						87	101	
Palmiet (2)						82	97	
Perdeberg (1)						3 282	3 282	
Perdeberg (2)						163	163	
Riebeeck-kasteel (1)						19	26	
Riebeeck-kasteel (2)						9	13	

Name of Entity	Nature of entities business	Relevant Act	Entity's PFMA Schedule type (state year end if not 31 March)	Amounts owing to		Amounts owing by		Audit Report Status
				R'000		R'000		U/Q/
				2003/04	2002/03	2003/04	2002/03	A/D*
Suid Agter Paarl (1)						1 311	1 361	
Uitnood (1)						666	684	
Uitnood (2)						12	13	
Vier-en-twintigiviere (1)						14	15	
Vier-en-twintigiviere (3)						77	89	
Vier-en-twintigiviere (4)						12	14	
Kanoneiland (3)						1 578	1 611	
Sondagsrivier (1)						67	86	
Sondagsrivier (2)						1	1	
Sondagsrivier (3)						4	6	
Sondagsrivier (4)						15	18	
Sondagsrivier (5)						8	9	
Illovo						277	292	
Ixopo						885	917	
Sterkspruitrivier						1 053	1 065	
Umlaas (2)						536	550	
Burgershall (1)						-	8	
Burgershall (2)						-	1	
Burgershall (3)						1	1	
Curlews (3)						2	5	
Curlews (4)						1	2	
Low's Creek						60	77	
Malelane (1)						297	301	
Sabierivier (2)						42	42	
Sabierivier (1)						21	32	
Sabierivier (3)						11	11	
Sabierivier (4)						7	8	
Sabierivier (5)						1	1	
Sandrivier (1)						70	81	
Sandrivier (2)						34	38	
White River Est.						25	33	
Georges Valley (2)						-	9	
Georges Valley (1)						-	9	
Georges Valley (3)						1	2	

Name of Entity	Nature of entities business	Relevant Act	Entity's PFMA Schedule type (state year end if not 31 March)	Amounts owing to R'000		Amounts owing by R'000		Audit Report Status U/Q/
				2003/04	2002/03	2003/04	2002/03	A/D*
Pusela						7	9	
Bellair						40	42	
Bleshoek						13	19	
Bo-Doornrivier						13	14	
Bossieveld (1)						64	65	
Brandwag						90	115	
Buffelskloof (2)						121	125	
Buffelskloof (1)						13	17	
Calitzdorp (1)						54	56	
Dwariga						34	39	
Doornrivier (3)						9	9	
Elandskaroo						29	37	
Gamkarivier (1)						24	26	
Gamkarivier (3)						83	86	
Gamkarivier (2)						12	13	
Hexrivier (2)						-	1	
Hooprivier (1)						29	32	
Hooprivier (2)						-	25	
Jan du Toits (2)						4	5	
Jan du Toits (1)						9	9	
Keurkloof						58	64	
Krommerivier (1)						24	27	
Krommerivier (2)						2	2	
Krommerivier (4)						60	62	
Krommerivier (3)						24	25	
La Motte (1)						5	5	
La Motte (2)						2	1	
La Motte (4)						2	2	
Langeberg						23	30	
Leeu Gamka						4	4	
Matroosberg (2)						1	1	
Matroosberg (1)						-	1	

Name of Entity	Nature of entities business	Relevant Act	Entity's PFMA Schedule type (state year end if not 31 March)	Amounts owing to		Amounts owing by		Audit Report Status U/Q/A/D*
				R'000		R'000		
				2003/04	2002/03	2003/04	2002/03	
Nonnarivier						1	3	
Noree (2)						1	3	
Noree (3)						10	11	
Nuyrivier (1)						91	114	
Opzoek						34	34	
Overhex (2)						15	16	
Riebeeck kasteel (4)						30	38	
Stettyn						6	8	
Suid Agter Paarl (2)						195	202	
Vier-en-Twintigrivier (2)						96	98	
Van Wyksdorp						109	112	
Kanoneiland (2)						307	318	
Kanoneiland (1)						16	17	
Louterwater (1)						13	17	
Renfield						39	41	
Gluckstadt (2)						416	416	
Gluckstadt (1)						59	59	
Tierpoort						945	953	
Mzalanyoni						189	201	
Sondagsrivier (Eland)						349	359	
Umlaas (1)						148	151	
Umlaas (3)						247	256	
Curlews (Manchester)						389	389	
Curlews (5)						4	6	
De Rust						198	199	
Eureka						662	672	
Komatirivier (1)						195	198	
Komatirivier (3)						159	162	
Komatirivier (2)						211	214	
Manchester Noordwyk (2)						1 945	1 945	

Name of Entity	Nature of entities business	Relevant Act	Entity's PFMA Schedule type (state year end if not 31 March)	Amounts owing to R'000		Amounts owing by R'000		Audit Report Status U/Q/
				2003/04	2002/03	2003/04	2002/03	A/D*
Malelane (2)						144	146	
Ranch Karino (4)						366	405	
Ranch Karino (1)						90	94	
Ranch Karino (2)						41	44	
Ranch Karino (3)						40	47	
Trans Elands						78	79	
Buffelshoek (1)						2	5	
Buffelshoek (2)						1	2	
Schweizer Reneke						19	20	
Sterkwater (2)						1	1	
Injambili						256	256	
White water major						2 035	2 078	
Haarlem						7 908	8 081	
Hexvalley						5 816	6 170	
Great fish river						4 789	4 789	
MUNICIPALITIES								
Amajuba District Municipality						22 442	22 691	
eThekweni						739	787	
Ngwathe (Heilbron)						61	65	
Oudtshoorn						92	115	
Saldanha Bay						229	240	
West Coast District Municipality						5 774	6 130	
TOTAL						282 014	296 157	

Great Fish river and Kalahari East are Guaranteed payments made to the Land Bank.

The total amount of R16 895 000 published in the 2002/03 financial year, as amounts owing to, has been adjusted to zero to reflect only amounts relevant to the Exchequer Account, due to the split between the Exchequer account and Water Trading account.

ANNEXURE 3
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004
DOMESTIC

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 01/04/2003 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed interest outstanding as at 31/03/2004 R'000	Closing Balance 31/03/2004 R'000	Realised losses i.r.o. claims paid out R'000
VS Mutual Bank	Housing loans	154	154				154	
Old Mutual (NEDB/PERM)	Housing loans	1 132	1 132	190	52		1 270	
Old Mutual Fin.Ltd	Housing loans	101	101				101	
Peoples Bank (NBS)	Housing loans	516	516				516	1
Peoples Bank (FBC) (FID)	Housing loans	261	261				261	79
Green Start H/Loans	Housing loans	31	31				31	
Nedbank (Boe)	Housing loans	66	66			17	49	
Nedbank LTD	Housing loans	86	86	124			210	
NP Dev. Corp	Housing loans			16			16	
Ithala Bank	Housing loans	46	46	23			69	
Hlano Fin. Serv.	Housing loans	4	4				4	
Meeg Bank	Housing loans	4	4				4	30
Standard Bank	Housing loans	1 652	1 652	98	166		1 584	40
ABSA	Housing loans	3 360	3 360	515	625		3 250	50
Mpumalanga	Housing loans			16			16	
African Bank	Housing loans	93	93			8	85	
Saambou	Housing loans	965	965			65	900	104
Stanbo	Housing loans	6	6				6	
FNB	Housing loans	802	802	146	53		895	23
Free State Development Corp.	Housing loans	43	43				43	
Total		9 322	9 322	1 128	986	-	9 464	327

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 01/04/2003 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed interest outstanding as at 31/03/2004 R'000	Closing Balance 31/03/2004 R'000	Realised losses i.r.o. claims paid out R'000
KOBWA (18)	DBSA Driekoppies Dam	488 401	465 920	-	10 482	-	455 438	-
KOBWA (21)	Hambros bond issue Maguga Dam	380 000	405 313	-	25 313	25 313	405 313	-
KOBWA (27)	Gensec Bank Maguga Dam	165 000	181 222	-	16 222	11 251	176 251	-
KOBWA	Rand Merchant bank Maguga Dam	380 000	400 046	-	20 046	11 080	391 080	-
KOBWA	Nedcor Bank - Maguga Dam	233 000	223 991	31 000	21 991	13 957	246 957	-
Land Bank (31)	Grain silo loans to co-operatives	200 000	12 164	-	5 068	383	7 479	-
Land Bank (32)	Cash credit account to Northern Transvaal Cooperative Limited	80 000	50 487	7 168	-	17 632	75 287	-
Land Bank (33)	1988 Drought relief scheme for planting areas of the summer rainfall regions	800 000	-	-	-	-	-	-
Land Bank (30)	Financing of water projects by WUA's	300 000	316 942	-	170 366	51 253	197 829	-
Land Bank (28)	Kalahari East Water Board	77 400	56 348	-	4 842	2 242	53 748	-
Land Bank (29)	Umzinkulwana WUA	500	347	-	38	9	318	-
Loan to LHDA (1) Repayment phase	Development Bank of Southern Africa (DBSA)-Contract 2484/1 Butha-Buthe Village engineering works	22 700	14 563	-	2 319	-	12 244	-
Loan to LHDA (2) Repayment phase	DBSA-Contract 2744/1 Civil Construction training	910	250	-	149	-	101	-
Loan to LHDA (3) Fully repaid	DBSA-Contract 2744/3 Civil Construction training	248	-	-	-	-	-	-
Loan to LHDA (4) Fully repaid	DBSA-Contract 3729/1 Accounting and Financial Management Systems	3 050	-	-	-	-	-	-

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 01/04/2003 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed interest outstanding as at 31/03/2004 R'000	Closing Balance 31/03/2004 R'000	Realised losses i.r.o. claims payout R'000
Loan to LHDA (5) Repayment phase	DBSA- 9589/1 Planning and Construction Of LHWP entrance roads and Reservoir crossing	8 854	5 963	-	2 597	-	3 366	-
Loan to LHDA (6) Fully repaid	DBSA- 2653/1 Basic infrastructure for communities Affected by Construction	1 840	-	-	-	-	-	-
Loan to LHDA (7) Drawdown phase	(a) ABSA Bank Ltd CMA Phase 4	100 000	24 549	8 410	320	279	32 918	-
Loan to the TCTA (8) Fully repaid	(Sechold Ltd) Investec Money Market	200 000	-	-	-	-	-	-
Loan to the TCTA (9) Fully repaid	ABSA Money Market	350 000	-	-	-	-	-	-
Loan to the TCTA (10) Fully repaid	Standard Bank Of S.A. Limited Money Market	350 000	-	-	-	-	-	-
Loan to the TCTA (11) Fully repaid	Nedperm Bank	100	-	-	-	-	-	-
Loan to the TCTA (12) Fully repaid	RMB Money Market	100	-	-	-	-	-	-
Loan to the TCTA (13) Repayment phase and drawdown phase	Call bills & Capital project bills Issued in the money market Money Market	4 000 000	1 614 502	412 700	10 202	6 325	2 023 325	-

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 01/04/2003 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed interest outstanding as at 31/03/2004 R'000	Closing Balance 31/03/2004 R'000	Realised losses i.r.o. claims paid out R'000
Loan to LHDA (15) Fully repaid	DBSA-Contract 9589/2	145 443	-	-	-	-	-	-
Loan to LHDA (16) Fully repaid	DBSA-Contract 10753	58 379	-	-	-	-	-	-
Loan to LHDA (17) Drawdown phase	CMA-V RMB	100 000	36 391	-	25 391	73	11 073	-
Loan to the TCTA (14) Repayment phase and drawdown phase	Holders of Lesotho Highlands Water Project Bonds (New Consolidated Guarantee)	21 000 000	13 085 978	1 506 514	354 170	416 745	14 655 067	-
Loan to LHDA Repayment phase	DBSA - 2868/1	2 700	2 535	-	268	-	2 267	-
TOTAL		29 448 625	16 897 511	1 965 792	669 784	556 542	18 750 061	-

FOREIGN

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 01/04/2003 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed interest outstanding as at 31/03/2004 R'000	Closing Balance 31/03/2004 R'000	Realised losses i.r.o. claims paid out R'000
Loan to LHDA (OSL 23) Repayment phase	HSBC Investment Bank (Commercial loan)	222 233	146 869	20 720	29 241	573	138 921	-
Loan to LHDA (OSL 24) Drawdown phase	HSBC Investment Bank (Export Credit)	120 718	81 060	6 022	15 528	650	72 204	-
Loan to LHDA (OSL 27) Drawdown phase	EIB	86 379	-	-	-	-	-	-

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 01/04/2003 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed interest outstanding as at 31/03/2004 R'000	Closing Balance 31/03/2004 R'000	Realised losses i.r.o. claims paid out R'000
Loan to LHDA (OSL 26) Repayment phase	EIB	380 069	95 488	-	13 475	410	82 423	-
			100 000	-	-	5 370	105 370	
		OSL 26 Contract A	-	107 949	-	5 009	112 958	
		OSL 26 Contract B	-	81 371	-	3 897	85 268	
Loan to LHDA (OSL 25) Drawdown phase	World Bank	357 300	146 738	12 096	40 698	282	118 418	-
Loan to LHDA (OSL 22) Repayment phase	HSBC Investment Bank (Commercial loan)	50 419	50 600	-	50 600	-	-	-
Loan to TCTA (FXL 01) Repayment phase	AKA Ausfuhrkredit-Gesellschaft mbH (Export credit)	324 358	62 902	-	34 218	-	28 684	-
Loan to TCTA (FXL 02) Repayment phase	Kreditanstalt fur Wiederaufbau (Export credit)	162 179	28 875	-	15 708	-	13 167	-
Loan to TCTA (FXL 08) Drawdown phase	EIB	388 707	377 294	-	38 293	7 859	346 860	-
TOTAL		2 092 362	1 089 826	228 158	237 761	24 050	1 104 273	-

Note: Guarantees released during the year are more due to a increase of currency.

DOMESTIC

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening balance as at 01/04/2003 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed interest outstanding as at 31/03/2004 R'000	Closing Balance 31/03/2004 R'000	Realised losses i.r.o. claims paid out R'000
Stannic	Motor vehicle for Snr. Officials	553	373	-	126	-	247	-
Total		553	373	-	126	-	247	-

ANNEXURE 4
PHYSICAL ASSET MOVEMENT SCHEDULE

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
LAND AND BUILDINGS	1 590 781	1 574 889	-	-	-	3 165 670
Other structures (Infrastructure Assets)	395 190	214 188	-	-	-	609 378
Capital work in Progress	1 195 591	1 360 701	-	-	-	2 556 292
MACHINERY AND EQUIPMENT	64 287	43 711	446			108 444
Computer equipment	16 926	18 447	109	-	-	35 482
Furniture and office equipment	6 207	5 348	2	-	-	11 557
Other machinery and equipment	41 094	19 916	335	-	-	61 345
Transport assets	60	-	-	-	-	60
	1 655 068	1 618 600	446	-	-	3 274 114

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03

	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
LAND AND BUILDINGS	-	1 590 781	-	-	-	1 590 781
Other structures (Infrastructure Assets)	-	395 190	-	-	-	395 190
Capital work in Progress	-	1 195 591	-	-	-	1 195 591
MACHINERY AND EQUIPMENT		64 287				64 287
Computer equipment	-	16 926	-	-	-	16 926
Furniture and office equipment	-	6 207	-	-	-	6 207
Other machinery and equipment	-	41 094	-	-	-	41 094
Transport assets	-	60	-	-	-	60
	-	1 655 068	-	-	-	1 655 068

ANNEXURE 5

INTANGIBLE ASSET MOVEMENT SCHEDULE (Not including inventories)

INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	2 485	6 521	-	-	-	9 006
Utility rights	616	7 492	-	-	-	8 108
	<u>3 101</u>	<u>14 013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17 114</u>
INTANGIBLE ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	-	2 485	-	-	-	2 485
Utility rights	-	616	-	-	-	616
	<u>-</u>	<u>3 101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3 101</u>

ANNEXURE 6
INTER-DEPARTMENTAL RECEIVABLES - CURRENT

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
National Department of Public Enterprises			6	6
National Department of Environmental Affairs and Tourism			16	-
Limpopo Legislature: Office of the Secretary			15	-
Provincial Government: Premier Eastern Cape			7	7
National Department of Correctional Services			6	6
Department of Justice: Regional of KZN			8	23
National Department of Public Works			105	-
South African Police Services: Upington			15	-
Office of the President			19	-
National Department of Defence			22	15
Provincial Government: Agriculture & Land Affairs: Eastern Cape			10	11
Provincial Government: Agriculture, Conserv & Dev: North West			45	36
Provincial Government: Agriculture: Eastern Cape			7	7
Provincial Government: Welfare: Eastern Cape			16	3
Provincial Government: Agriculture, Conserv, Environm: Gauteng			13	13
Provincial Government: Health: KZN			14	14
Provincial Government: Traditional & Local Affairs: KZN			3	3
Provincial Government: Finance: Limpopo			8	8
Provincial Government: Local Government & Housing: Limpopo			22	-
Provincial Government: Public Works: Limpopo			7	17
Provincial Government: Education: Mpumalanga			21	-
Provincial Government: Local Gov & Traffic: Mpumalanga			12	-
Provincial Government: Community Safety: Western Cape			14	-
National Department of Housing			-	8
Trans Caledon Tunnel Authority			-	251
KOBWA			-	1
Provincial Government: Premier of North West			-	31
Provincial Government: Premier of Limpopo			-	7
National Department of Trade and Industry			-	11
National Department of Minerals and Energy			600	600
Provincial Government: Agriculture, Environment Affairs: KZN			-	24
Provincial Government: Welfare: Eastern Cape			-	13
Provincial Government: Health: Gauteng			4	24
Provincial Government: Agriculture & Environm: Limpopo			-	2
Provincial Government: Social Service & Population: Mpumalanga			-	18
National Department of Statistics			10	-
Provincial Government: Culture, Sport and Recreation			10	-
Provincial Government: Tourism and Environment			11	-
National Department of Agriculture			-	29
National Department of Home Affairs			1	-
TOTAL			1 047	1 188

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE WATER TRADING ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 141 to 152, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Water Trading Account at 31 March 2004 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matter:

Separate accounting records for the Vote and the Water Trading Account

As previously reported the department established a bank account and a warrant voucher series for the Water Trading Account which were separate from those of the Vote. The accounting records were separated with effect from 1 April 2003 with the implementation of the Basic Accounting System (BAS).

The trading account's financial statements need to be prepared in accordance with Statements of Generally Accepted Accounting Practice, but the recording of transactions is done on the Basic Accounting System, which is a cash recording system. This system does not provide for any accrual accounting and normal journal entries and as a result, information from other sources is used to compile the financial statements.

Control Weaknesses

The following weaknesses in controls were noted during the audit:

- Ineffective controls over the procurement process was noted, as expenditure was incorrectly allocated, payments not properly authorised, payments not being made within 30 days from receipt of an invoice and incomplete/no supporting documentation available.
- Consultants are currently implementing a new asset register. At some offices assets have not been bar-coded yet. The new asset register was also not reconciled with the old asset register as only assets physically verified were included in the register. The consultants confirmed that some of Water Trading Account's assets are still on the department's asset register.

5. WATER ADMINISTRATION AND REGISTERING MANAGEMENT SYSTEM (WARMS)

Significant control weaknesses exist in the controls surrounding the newly implemented system. The weaknesses in the security settings and administration of the SAP system as well as the sharing of the WARMS database administrator accounts may compromise the data integrity and should be addressed as soon as possible. The controls to ensure completeness, accuracy and validity of the data captured on the WARMS system should also be improved.

6. PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

The Water Trading Account has reacted favourably to the SCOPA Resolutions, however, corrective actions to resolve the issues may take more than one year. For more detail refer to Annexure A.

7. APPRECIATION

The assistance rendered by the staff of the Water Trading Account during the audit is sincerely appreciated.

SA Fakie
Auditor-General
Pretoria
29 July 2004

ANNEXURE A
PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

Reference to previous audit report And SCOPA resolutions	Subject	Findings on progress
Audit report: Paragraph 3.1, page 139,143 and 147 SCOPA Recommendation	Basis of preparing annual financial statements	The Water Trading Account did submit financial statements that comply with Statements of Generally Accepted Accounting Practice (GAAP). The Trading Account is however challenged as the Basic Accounting System (BAS) is used for accounting purposes, which is a cash system and GAAP required full compliance with the accrual principles.
Audit report: Paragraph 5.1.1; page 140 SCOPA resolution:	Debtors Management System	A paragraph on the Water Authorisation and Registration Management System (WARMS) is included in the audit report.



Management Report for the Year Ended 31 March 2004. Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

I. General review of the state of financial affairs.

The purpose of the Water Trading Account of the Department of Water Affairs and Forestry is to provide water to key water users in South Africa in an efficient, cost-effective and sustainable way. This is done by managing infrastructure which has been planned and built using Departmental and other resources to meet evolving water use to deliver water to users in terms of national policy.

The water trading account is divided into four components. These are designed to reflect the type of service provided and also the probably future institutional home of the activity concerned. The four sub-accounts are:

- Integrated Catchment Management,
- Integrated Systems,
- Bulk Water Supply and
- Water Services,

In terms of the National Water Act, 1998 (Act 36 of 1998), the registration of water use is continuing which provides the basis for the allocation of water resources and charging for their supply. Bulk water users pay for these services through the Water Trading Account which has been developed to manage and account for revenue generated through these operations.

The water resource management charge, introduced in terms of the National Water Act to fund specific non-supply water management activities has been applied and has begun to generate significant revenue.

The operation of water services schemes in former homeland areas is also conducted under the Water Trading Account. Those served are in the vast majority poor domestic water users who are, in terms of policy, entitled to a free basic water supply. This is now reflected in the funding of this component of the Water Trading Account which is provided mainly by a "Grant in Kind" to Local Government, provided, in terms of municipal finance policy with conditions set out in the Division of Revenue Act. In the absence of formal agreements with Municipalities which, as Water Services Authorities must authorize any tariffs

for water service, very little revenue is collected on this component. In terms of policy, these schemes are being transferred to the relevant municipalities.

Major projects undertaken or completed during the year

No major resource development projects were undertaken on the Water Trading Account during the year under review although a number of projects are underway on the exchequer account which will be transferred to the Water Trading Account in the future.

The introduction of the Water Authorisation and Registration Management System (WARMS) which links the registration and authorization of water use to the billing process has proceeded well and has produced a significant increase in revenue.

Water services schemes whose construction is funded by the Department were handed to the relevant municipality on completion and did not become part of the assets of the Water Trading Account.

Revenue collection trends

Revenue is collected and accounted for both manually and through the Water Authorisation and Registration Management System (WARMS). There has been a substantial increase in the amount of revenue collected through the WARMS, notably for the water resource management charge. Although a number of shortcomings associated with the implementation of this system have been identified, processes have been put in place to address the identified gaps and ensure continuous improvement.

With the formalization of the "Grant in Kind" in the Division of Revenue Act, no increase in retail collections has been registered under the water services component and the activity is almost entirely funded by this single budgetary allocation.

Spending and Augmentation of the trading account

Currently, only the Integrated Systems sub-account generates a surplus. The Water Services sub-account was primarily funded by a conditional Local Government grant in terms of the Division of Revenue Act which is accounted for as an augmentation of the trading account.

Revenue collected by the sub-account Integrated Catchment Management was supplemented by an earmarked allocation to fund for the Working for Water programme's activities which are carried out under this sub-programme since it is the intention of government that water users should contribute to the costs of controlling alien vegetation that impacts on water resources.

Because of the poor level of revenue collection in the other accounts, the difference between collections and spending comes through augmentation from the Exchequer account. In the year current year, an improvement in the level of revenue collections through WARMS, particularly in the Integrated Systems, has resulted in less augmentation from the exchequer.

Revenue in the Bulk Water Supply sub-account, which comes principally from agricultural water users is limited by the National Water Pricing Policy which, although it has set a long-term goal of achieving full coverage of operating costs by revenue, has set a ceiling on annual price increases.

Utilisation of donor funds

Donor funds have been used in the establishment of the Water Authorisation and Registration Management System (WARMS) but these have been accounted for in the Exchequer Account.

Other organisations to whom transfer payments have been made

Transfer payments in respect of drought relief were made to the municipalities during this period. Transfers were also made to other entities like Water Boards and KOBWA.

Progress with financial management improvements

The Department has migrated from the Financial Management System (FMS) to the Basic Accounting System (BAS) at the beginning of the financial year. This has enabled it to move from cash accounting to accrual accounting and to begin to implement generally accepted accounting principles. This is the first set of accounts to be prepared in terms of this policy.

2. Services rendered by the Water Trading Account of the Department

2.1 The following services are rendered under the Water Trading Account of the Department:

Integrated Catchment Management: The provision of water resource management services, including but not limited to water allocation and control of use, water resource protection and pollution control, clearing of waterweeds and alien vegetation that impacts on the water resource and other functions that in terms of the National Water Act will eventually be delegated to statutory Catchment Management Agencies.

Integrated Systems: The supply of bulk raw water from integrated systems which together comprise the National Water Infrastructure at agreed levels of reliability

to bulk water users and the funding, in terms of agreements, of the construction of major water resource projects such as the Lesotho Highlands Water Project Phase I, the Komati Basin Water Development Project, the Berg River Water Project, the Olifants River Development Project and others.

Bulk Water Supply: The provision of bulk raw water from independent systems which do not form part of the National Water infrastructure to major water users, at agreed levels of reliability to bulk water users; and the provision of raw water to individual water users on Government Water Schemes which will in future be managed by statutory Water User Associations or related autonomous agencies.

Water Services: The provision of basic water services in predominantly rural areas where municipalities have not yet taken over this function and the provision of bulk potable water supplies to certain municipalities.

2.2 Tariff policy

Water Resources:

The pricing policy for water resources is established in terms of Chapter 5 of the National Water Act, 1998. The raw water pricing strategy provided for by the Act was established on 12 November 1999 by a notice in the Government Gazette.

Water uses subject to pricing

- taking water from a water resource;
- storing water;
- impeding or diverting the flow in a watercourse;
- engaging in a stream flow reduction activity;
- engaging in a controlled activity;
- discharging waste or water containing waste into a water resource by means of a conduit;
- disposing of waste in a manner which may detrimentally impact on a water resource;
- disposing of water which is heated by and/or contains waste from any industrial or power generation process;
- altering the bed, banks, course or characteristics of a watercourse;
- removing, discharging or disposing of water found underground; and
- using water for recreational purposes.

Water uses for which charges are levied in terms of published strategy

The pricing strategy currently covers the following three consumptive water uses:

- taking water from a water resource (underground or surface water);

- storing water. While abstraction from dam or recharged aquifer will normally constitute the use, the annual refilling of dams constructed to enhance property values or for recreation, and which are located in important water-courses, constitutes the use. Charges are based on an estimation of evaporation losses; and
- engaging in a stream flow reduction activity, such as afforestation.

A pricing strategy is being developed for waste discharges and return flows. Only authorised, licensed or registered water uses can be charged for.

Water Services:

Water Service tariffs are determined and approved by the Municipality which is the Water Services Authority (WSA) for the area concerned in terms of regulations promulgated under section 10(1) of the Water Services Act 108 of 1997). As indicated above, in the absence of agreements with Municipalities and the intention to transfer these services to Municipalities, tariffs are not normally levied by the Department for Water Services although the Municipalities may levy charges and retain payments for their own account.

Where Municipalities require the Department to continue to provide water to end users, (i.e. retail water), it will do so acting as the Water Service Provider to the Water Service Agency and will do this by Agreement. In this case, tariffs will be set either:

- a) to meet the actual costs of supply. or
- b) where actual costs cannot be determined, by application of an average "Water Service tariff in the absence of scheme specific tariffs," as approved by the Minister.

2.3 Free services

Free basic water:

In terms of Government policy, all South Africans are entitled to access to a minimum of 6 000 litres of water per household per month free of charge. This policy is implemented through Municipalities with the support of the Department through Provincial Support Units.

Where the Department is responsible for direct supply of retail water supplies, charges are not normally made and the costs of the supply are funded by the "grant in kind" to Local Government provided in terms of the Division of Revenue Act..

Other services: Working for Water

The Working for Water Programme which is undertaken under the Integrated Water Resource Management sub-account undertakes a number of functions in addition to removing alien vegetation that impacts on water resources. These include the promotion of biodiversity and nature conservation and the provision of certain welfare services, as well as research and policy formulation. The appropriate institutional home for this Programme is currently under review since it is clear that it cannot be funded by water users sustainably.

Approval

The annual financial statements have been approved by the Accounting Officer.



A.M. Muller
DIRECTOR-GENERAL

Accounting Policy

1. Basis for preparation

The financial statements have been prepared in accordance with South African Statement of General Accepted Accounting Practise using historical cost except where indicated otherwise. The financial statements are prepared on going concern basis.

2. Accounting policies

The financial statements incorporate the following principal accounting policies that were incorporated during the current financial year

2.1 Revenue

The department trades through the provision of a variety of water services to different customers. Sales which exclude value added taxes are recorded when services have been rendered and invoice issued. Commission from Water Research Levy collection is recognised when cash is being collected by the Department on behalf of the Water Research Commission.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the department.

2.2 Government grants

Government grants are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate.

2.3 Property, plant and equipment

All property, plant and equipment are initially recorded at cost or replacement cost. Property, plant and equipment are carried at cost or replacement less accumulated depreciation. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets. The estimated useful lives of the assets are as follows:

Infrastructure assets: Roads	15 – 25 years
Infrastructure assets: Water	45 years
Dwellings: Mobile homes	4 – 5 years
Buildings:	25 – 30 years
Computer equipment:	3 years
Office equipment and furniture	5 years
Appliances	5 years
Machinery and equipment	5 years

Replacement cost is based on valuations which are done every five years. Increases in carrying value arising on revaluation are credited directly to a revaluation reserve. On disposal of the previous re-valued property, any amount relating to that asset remaining in the revaluation reserve is transferred to profit or loss for the period.

Repairs and maintenance are generally charged to expenses during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the trading entity. Major renovations are depreciated over the remaining useful life of the related asset.

Only acquisitions from 1 April 2003 onwards have been capitalised. All fixed assets relating prior to 1 April 2003 have been included in the fixed assets register at replacement cost and movable at fair value.

2.4 Financial Instruments

Receivables are carried at the original invoice amount less provision made for impairment of these receivables. The provision for impairment of receivables is established to reflect objective evidence that the Department will not be able to collect all amounts due according to the original terms of receivable. Receivables for services delivered are recognised in the balance sheet as a current asset and as income in the income statement as the financial statements are prepared on an accrual basis of accounting and supported by a separate disclosure in the notes to enhance the usefulness of the financial statements.

Payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. Payables for services delivered are recognised in the balance sheet as a current liabilities and as expenditure in the income statement as the financial statements are prepared on an accrual basis of accounting and supported by a separate disclosure in the notes to enhance the usefulness of the financial statements.

2.5 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Water that is sold is classified as a service rendered and not as inventory since this reflects the principal

activity of the Department which is to manage infrastructure to ensure access to a given quantity of water at an assured level of reliability.

2.6 Provisions

A provision is a liability of uncertain timing or amount which is recognised when trading entity has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

2.7 Contingent liabilities

The amount of contingent liabilities represents all outstanding litigation against the trading entity at the end of the financial year. Where the trading entity expects part of the provision to be reimbursed under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

2.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a note to the financial statements and are not recognised in the income statement.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Retirement benefits

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department. Post-retirement medical benefits for retired civil servants are expensed when the payment is made to the fund.

2.9 Intangible assets

Intangible assets are measured initially at cost. Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably.

2.10 Comparative figures

No comparative figures have been disclosed during the current financial year since this is the first time that accounts have been presented on an accrual basis in terms of Generally Accepted Accounting Principles and the presentation of comparative figures would thus be misleading.

WATER TRADING ACCOUNT

Income Statement For the Year Ended 31 March 2004

	Note	2004 R'000
Revenue	3	3 731 066
Direct operating expenditure		(2 009 895)
Operating expenses		(2 702 543)
Administrative expenditure		(271 671)
Deficit from trading activities	4	(1 253 043)
Investment Income	5	2 561
Net deficit for the period		(1 250 482)

WATER TRADING ACCOUNT

Balance Sheet at 31 March 2004

	Note	2004 R'000
ASSETS		
Non-current assets		52 793 264
Intangible assets	9	19
Property, plant and equipment	10/10.1/10.2	52 793 245
Current assets		226 170
Inventory		26 988
Accounts receivable	8	199 182
TOTAL ASSETS		53 019 434
LIABILITIES		
Non-current liabilities		
Current liabilities		810 191
Bank overdraft	7	218 603
Provisions	11	244 804
Accounts payable	12	346 179
Prepayments	13	605
EQUITY		52 209 243
Capitalisation reserve	19	53 459 725
Accumulated deficit		(1 250 482)
TOTAL EQUITY AND LIABILITIES		53 019 434

WATER TRADING ACCOUNT

Statement of Changes in Equity For the Year Ended 31 March 2004

	Note	2004 R'000
Retained Profit		
Opening balance		-
Deficit for the period		(1 250 482)
Closing balance		<u>(1 250 482)</u>
Revaluation reserve		
Revaluation reserve on valuation of assets		54 280 577
Reserve realised on transfer of scheme assets		(820 852)
	19	<u>53 459 725</u>
TOTAL EQUITY AND RESERVES		<u><u>52 209 243</u></u>

WATER TRADING ACCOUNT

Cash Flow Statement For the Year Ended 31 March 2004

	Note	2004 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers		2 203 374
Government grant		1 360 928
Cash paid to suppliers and employees		(3 772 513)
Cash generated from operations	14	<u>(208 211)</u>
Interest received	5	2 561
Net cash flows from operating activities		<u>(205 650)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property plant and equipment	9/10	(12 953)
Proceeds from sale of property plant and equipment		-
Net cash flows from investing activities		<u>(12 953)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans		-
Net (decrease) in cash and cash equivalents		<u>(218 603)</u>
Cash and cash equivalents at beginning of period		
Cash and cash equivalents at end of period	7	<u><u>(218 603)</u></u>

WATER TRADING ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

3. Revenue

Revenue comprises the following:

	Note	2004 R'000
Sale of water		2 243 434
Water research fund		1 506
Water resource management cost		105 868
Government grants		1 360 928
Other income		19 330
		<u>3 731 066</u>

Government grants were unconditionally granted to the department in order to cover operating expenditure. The department did not receive any other form of assistance from the state during the period under review.

4. Deficit from trading activities

The following were (added)/deducted in arriving at the deficit from operations:

Personnel expenditure	695 843
Professional and special services	440 106
Transfer payments	425 813
Repairs and maintenance	141 474
Consumable stock	101 840
Bad debts written off	2 071
Operating lease expenses	13 306
Depreciation:	679 414
Vehicles	15
Scientific instruments	40
Furniture	518
Computer equipment	391
Office equipment	65
Appliances	79
Boreholes	20
Buildings	56
Depreciation on water resources assets	395 670
Depreciation on water services assets	282 079
Machinery and equipment	473
Amortisation – Computer software	8
Loss on transfer of fixed assets	793 441
Audit fees	44
Current year audit fees	44
Impairment of receivables	64 364
Internal receivables impairment	1 070
External receivables impairment	63 294
Realised revaluation reserve	(820 852)

5. Investment Income

Investment income comprises the following:

	Note	2004 '000
Interest received		(2 631)
Interest paid		70
		<u>(2 561)</u>

6. Operating Leases

The company's future minimum lease payments under non-cancellable operating leases are as follows:

	Not later than 1 year	2 - 5 years	Later than 5 years
Photocopiers	1 855	2 831	-
Property	4	-	-
	<u>1 859</u>	<u>2 831</u>	<u>-</u>

7. Cash and cash equivalents

Bank overdraft	(218 603)
	<u>(218 603)</u>

8. Receivables – current

Trade receivables		118 469
Amounts owing by other departments	8.1	5 870
Staff debtors		2 122
Other debtors	8.2	21 353
VAT debtor		50 903
Advances		465
		<u>199 182</u>

8.1 Amounts owing by other departments

Nature of Advance	Department	Note	2004 R'000
Services rendered	National Departments		<u>148</u>
Services rendered	Eastern Cape		4 405
Services rendered	Western Cape		1 243
Services rendered	Northern Cape		74
			<u>5 870</u>

8.2 Other debtors

	Notes	2004 R'000
Cash receipts		126
Disbursements		1 128
Disallowance account		372
Advances granted		91
Payroll deduction debtors		372
Other debtors		19 264
		<u>21 353</u>

9. Intangible assets-Computer software

At year end:	Externally acquired	
Cost		27
Less: accumulated amortisation		(8)
Net book value		<u>19</u>

Movement for the period can be summarised as follows:

Opening net book value	Externally acquired	
Additions		27
Amortisation charge		(8)
Closing net book value		<u>19</u>

10. Property, plant and equipment

	Cost R'000	Accumulated Depreciation R'000	Net book Value R'000
Owned assets			
Appliances	311	(79)	232
Boreholes	1 268	(20)	1 248
Buildings	1 452	(56)	1 396
Computer equipment	2 305	(391)	1 914
Furniture	1 253	(518)	735
Machinery and equipment	5 105	(473)	4 632
Office equipment	441	(65)	376
Scientific instruments	645	(40)	605
Vehicles	146	(15)	131
Total assets	<u>12 926</u>	<u>(1 657)</u>	<u>11 269</u>

A summary of fixed assets movements during the year is set out below:

Year ended	Opening net book value	Additions R'000	Disposals R'000	Depreciation R'000	Notes	2004 R'000
31 March 2004						Closing net book value R'000
Owned assets – Measured at cost						
Appliances	-	311	-	(79)		232
Bore-holes carried at cost	-	1 268	-	(20)		1 248
Buildings	-	1 452	-	(56)		1 396
Computer equipment	-	2 305	-	(391)		1 914
Furniture	-	1 253	-	(518)		735
Machinery and equipment	-	5 105	-	(473)		4 632
Office equipment	-	441	-	(65)		376
Scientific instruments	-	645	-	(40)		605
Vehicles	-	146	-	(15)		131
Total assets	-	12 926	-	(1 657)		11 269

10.1 Property plant and equipment – Water Resources

This is a summary of the water resources items of property, plant and equipment that were revalued at the beginning of the 1999 financial year. These fixed assets were brought into the current financial period at their depreciated net replacement cost on 1 April 2003. The summary of these assets is as follows:

	Opening net cost R'000	Accumulated Depreciation R'000	Net book value R'000
Dams and weirs	21 229 372	(62 115)	21 167 257
Pump stations	243 734	(4 327)	239 407
Steel pipelines	4 342 456	(146 277)	4 196 179
Canals	11 678 879	(137 604)	11 541 275
Reservoirs	211 513	(6 315)	205 198
Water treatment works	167 276	(1 166)	166 110
Buildings: Residential	306 145	(10 313)	295 832
Tunnels	4 285 966	(12 540)	4 273 426
Buildings: Office	96 478	(3 250)	93 228
Concrete pipelines	1 334 185	(11 763)	1 322 422
Total assets	43 896 004	(395 670)	43 500 334

A summary of property, plant and equipment movements during the year is set out below

Description	Opening balance	Additions	Disposals	Notes Depreciation	2004 Net book value
	R'000	R'000	R'000	R'000	R'000
Dams and weirs	21 229 372	-	-	(62 115)	21 167 257
Pump stations	243 734	-	-	(4 327)	239 407
Steel pipelines	4 342 456	-	-	(146 277)	4 196 179
Canals	11 678 879	-	-	(137 604)	11 541 275
Reservoirs	211 513	-	-	(6 315)	205 198
Water treatment works	167 276	-	-	(1 166)	166 110
Buildings: Residential	306 145	-	-	(10 313)	295 832
Tunnels	4 285 966	-	-	(12 540)	4 273 426
Buildings: Office	96 478	-	-	(3 250)	93 228
Concrete pipelines	1 334 185	-	-	(11 763)	1 322 422
Total assets	43 896 004	-	-	(395 670)	43 500 334

In 1999, Africon and KPMG, professional engineers and accountants respectively revalued water resources assets a replacement value of R37 million. These firms are independent in relation to the client. The carrying value of these assets at revaluation date was R'nil. The producer price index was used in revaluation of these assets. Furthermore, in subsequent years, the department used PPI to determine the replacement value of water resources infrastructure assets.

10.2 Property plant and equipment – Water Services

This is a summary of the water services items of property, plant and equipment that were revalued at the beginning of 2003/2004 financial year.

	Net cost 2004 R'000	Accumulated Depreciation 2004 R'000	Net book Value 2004 R'000
Boreholes	504 537	(20 562)	483 975
Bulk distribution pipes	2 368 694	(47 395)	2 321 299
Pump stations	1 114 386	(27 860)	1 086 526
Reservoirs	1 996 282	(39 926)	1 956 356
Reticulation	2 821 629	(100 894)	2 720 735
Sewage treatment plant	623 401	(31 591)	591 810
Surface water (Weir/run-of-river)	66 996	(2 233)	64 763
Water treatment plant	67 796	(11 618)	56 178
Total assets	9 563 720	(282 079)	9 281 642

10.2 Continued

A summary of fixed assets movements during the year is set out below

Description	Opening balance	Additions	Disposals	Note	2004
	2004 R'000	2004 R'000	2000 R'000	Depreciation 2004 R'000	Net book value 2004 R'000
Boreholes	514 063	-	(9 526)	(20 562)	483 975
Bulk distribution pipes	2 369 753	-	(1 059)	(47 395)	2 321 299
Pump stations	1 114 386	-	-	(27 860)	1 086 526
Reservoirs	1 996 282	-	-	(39 926)	1 956 356
Reticulation	3 026 824	-	(205 193)	(100 894)	2 720 737
Sewage treatment plant	947 724	-	(324 323)	(31 591)	591 810
Surface water (Weir/run-of-river)	66 996	-	-	(2 233)	64 763
Water treatment plant	348 545	-	(280 751)	(11 618)	56 176
Total assets	10 384 573	-	(820 852)	(282 079)	9 281 642

In April 2003, internal professional engineers revalued water resources assets a replacement value of R10 318 million. The carrying value of these assets at revaluation date was R'nil. The producer price index was used in revaluation of these assets.

11. Provisions

Opening balance		-
Raised during the period		244 804
Leave pay provision	18	224 264
Bonus provision	18	20 540
Utilised during the period		-
Closing balance		244 804

12. Accounts payable

Description	
Amounts owing to other departments	26 432
Other trade payables	23 026
Telkom claims payable	2 032
Other payables	2 920
WRF payables	3 532
TCTA	288 237
	346 179

13. Prepayments

	Note	2004 R'000
Advances received		421
Deposits received		184
		<u>605</u>

14. Cash flows utilised in operations

Net deficit as per Income Statement		(1 250 482)
Adjusted for items separately disclosed		<u>(2 561)</u>
Interest received		(1 253 043)
Adjusted for:		716 367
Impairment of receivables		64 364
Realised revaluation reserve		(820 852)
Depreciation and amortisation		679 414
Loss on transfer of schemes		793 441
Adjusted for non-cash items		519 400
Working capital changes		<u>(190 935)</u>
Net cash flow generated by operating activities		<u>(208 211)</u>

15. Cash generated (utilised) to (increase)/decrease working capital

(Increase) in receivables – current		(199 467)
Increase payables		35 520
Increase in inventories		<u>(26 988)</u>
		<u>(190 935)</u>

16. Contingent liabilities

The contingent liabilities relate to various claims that had been instituted against the department for civil claims.

Liable to	Nature	
Various		8 020
		<u>8 020</u>

17. Commitments

Note	2004 R'000
Capital expenditure	
Approved and contracted/ordered	-
Approved but not yet contracted	56 634
Total Commitments	<u>56 634</u>

18. Employee benefits

Leave entitlement	224 264
Thirteenth cheque	20 437
Performance bonus	103
	<u>244 804</u>

19. Revaluation reserve

Opening balance	-
Revaluation reserve raised on revaluation of assets	54 280 577
Revaluation reserve realised on transfer of assets to municipalities	(820 852)
Closing balance	<u>53 459 725</u>

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE EQUIPMENT TRADING ACCOUNT FOR THE YEAR ENDED 31 March 2004

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 155 to 159, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Equipment Trading Account at 31 March 2004 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matter:

Separate accounting records for the Vote and the Equipment Trading Account

As previously reported the department established a bank account and a warrant voucher series for the Equipment Trading Account which were separate from those of the Vote. The accounting records were separated with effect from 1 April 2003 with the implementation of the Basic Accounting System (BAS).

The trading account's financial statements need to be prepared in accordance with Statements of Generally Accepted Accounting Practice, but the recording of transactions is done on the Basic Accounting System, which is a cash recording system. This system does not provide for any accrual accounting and normal journal entries and as a result, information from other sources is used to compile the financial statements.

5. PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

The Equipment Trading Account has reacted favourably to the SCOPA Resolutions, however, corrective actions to resolve the issues may take more than one year. For more detail refer to Annexure A.

6. APPRECIATION

The assistance rendered by the staff of the Equipment Trading Account during the audit is sincerely appreciated.

SA Fakie

Auditor-General

Pretoria

30 July 2004

ANNEXURE A
 PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND
 SCOPA RESOLUTIONS

Reference to previous audit report And SCOPA resolutions	Subject	Findings on progress
Audit report: Paragraph 3.1, page 139,143 and 147 SCOPA Recommendation	Basis of preparing annual financial statements	The Equipment Trading Account did submit financial statements that comply with Statements of Generally Accepted Accounting Practice (GAAP). The Trading Account is however challenged as the Basic Accounting System (BAS) is used for accounting purposes, which is a cash system and GAAP required full compliance with the accrual principles.

EQUIPMENT TRADING ACCOUNT

31 March 2004

Basis of preparation

I Accounting policies

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements have been prepared on a historical cost basis.

The financial statements incorporate the following principal accounting policies, which were incorporated during the current financial year:

I.1 Revenue

Rental income and maintenance fees are recognised and accrued to the Equipment Trading Account, on rental of equipment by a third party. Rental income and maintenance revenue excluding Value Added Tax are recorded in the financial statements on the date the service is rendered to a customer.

Interest received is recognised in the financial statements when due. An accrual is made for interest from the last receipt date to the end of the reporting date.

Vote funds are the amounts appropriated to the trading entity in accordance with the final budget known as capital augmentation.

I.2 Net profit from sales of equipment.

Net profit from sales of equipment is recognised in the income statement. Profit is recognised in the income statement in the year in which the sale is recognised.

I.3 Plant and Equipment

Plant and equipment are shown at book value while industrial and synthetic drilling diamonds are shown at market value. The revaluation of drilling diamonds is done by a professional valuator on an annual basis.

I.4 Depreciation

Depreciation on plant and equipment is written off at an hourly rate, based on usage. Drilling diamonds are depreciated at a rate of 50% per annum.

I.5 Revaluation surplus

Surplus on valuation of equipment is transferred directly to a revaluation reserve. Valuation surplus realised on sale is transferred from the revaluation reserve to the Income Statement.

I.6 Financial Instruments

Receivables are carried at the original invoice amount less provision made for the impairment of these receivables. Such provision for the impairment of receivables is established if there is objective evidence that that the Equipment Trading Account will not be able to collect the amounts due according to the original terms of the receivables. Receivables for services rendered are recognised in the balance sheet as a current asset and as income in the income statement as the financial statements are prepared on an accrual basis of accounting and supported by separate disclosure in the notes to enhance the usefulness of the financial statements.

Payables are carried at the fair of the consideration to be paid in future for services that have been supplied and invoiced or formally agreed with the supplier. Payables for services delivered are recognised in the balance sheet as a current liabilities and as expenditure in the income statement as the financial statements are prepared on an accrual basis of accounting and supported by a separate disclosure in the notes to enhance the usefulness of the financial statements.

Investment deposit is classified as current asset as they can be realised anytime within twelve months of the balance sheet date.

I.7 Impairment Loss

At each balance sheet date, the Equipment Trading Account reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the

recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of the asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its carrying amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

1.8 Investment Income

Interest receivable on the investment deposit with the Corporation for Public Deposits is not accounted for on the Equipment Trading Account. The interest receivable is paid directly to Treasury and is not recognised as revenue as it is not available for use on the Equipment Account.

1.9 Government Grant

Government grants are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate.

EQUIPMENT TRADING ACCOUNT
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	Note	2004 R'000	2003 R'000
Gross revenue		53 458	49 984
Revenue	1	50 930	49 984
Government Grant		2 500	-
Interest received		28	-
Expenditure		45 781	41 617
Operating expenses	7	45 781	41 617
Net Profit for the year		7 677	8 367

EQUIPMENT TRADING ACCOUNT
BALANCE SHEET AS AT 31 MARCH 2004

	Note	2004 R'000	2003 R'000
Assets			
Non-current assets			
Plant and equipment	4	137 993	130 549
Current Assets			
Cash and cash equivalents	3	2 732	8 961
Accounts Receivable	8	6 138	-
Total Assets		146 863	139 510
Equity and Liabilities			
Non-Current Liabilities			
Retained earnings		142 336	135 274
Revaluation Reserve		516	455
Capital Augmentation		-	2 500
Current Liabilities			
Accounts Payable		4 011	1 281
Total Equity and Liabilities		146 863	139 510

EQUIPMENT TRADING ACCOUNT
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

	Revaluation Reserve	Capital Augmentation	Retained Earnings	Total
Balance at 1 April 2002	-	-	129 295	129 295
Net profit for the year	-	-	8 367	8 367
Capital Augmentation	-	2 500	-	2 500
Revaluation on assets taken over	455	-	-	455
Capital Repayment	-	-	(2 388)	(2 388)
Balance at 31 March 2003	<u>455</u>	<u>2 500</u>	<u>135 274</u>	<u>138 229</u>
Balance at 1 April 2003	455	2500	135 274	138 229
Net profit for the year	-	-	7 677	7 677
Revaluation on assets	61	-	-	61
Capital Repayment	-	-	(615)	(615)
Balance at 31 March 2004	<u>516</u>	<u>2500</u>	<u>142 336</u>	<u>145 352</u>

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EQUIPMENT TRADING ACCOUNT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 R'000	2003 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	9	51 438	44 004
Cash paid to suppliers and employees		(23 220)	(14 413)
Net cash inflow from operating activities	5	<u>28 218</u>	<u>29 591</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets	6	(43 426)	(35 975)
Proceeds on sale of fixed assets	2	9 079	7 961
Net cash outflow from investing activities		<u>(34 347)</u>	<u>(28 014)</u>
CASH FLOWS FROM FINANCING			
Capital augmentation		-	2 500
Net cash inflow from financing activities			<u>2 500</u>
Net decrease in cash and cash equivalents		(6 129)	(6 299)
Cash and cash equivalents at the beginning of the year		<u>8 861</u>	<u>2 562</u>
Cash and cash equivalents at the end of the year		<u>2 732</u>	<u>8 861</u>

EQUIPMENT TRADING ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE ENDED 31 MARCH 2004

	Note	2004 R'000	2003 R'000
1			
Revenue			
Rental of Equipment with book value		32 412	43 432
Rental of Equipment without book value		13 167	
Profit from sale of equipment	2	4 933	5 979
Maintenance costs collected		418	573
		<u>50 930</u>	<u>49 984</u>
2			
Profit from sale of plant and equipment			
Sale proceeds		9 079	7 961
Book value of items sold		(4 146)	(1 982)
		<u>4 933</u>	<u>5 979</u>
3			
Cash with Paymaster-General			
Bank Account		2 632	8 861
Investment Deposit		100	100
		<u>2 732</u>	<u>8 961</u>
4			
Plant and equipment			
Equipment			
Carrying value at beginning of year		129 768	124 526
Assets (written off)\taken over		(190)	455
Disposals		(4 146)	(1 982)
Additions		43 426	36 360
Depreciation		(31 287)	(29 591)
		<u>137 571</u>	<u>129 768</u>
Carrying value at end of year			
In use		136 831	129 056
In sales account		740	712
Drilling diamonds			
Carrying value at beginning of year		781	1 166
Additions		31	-
Depreciation		(405)	-
Impairment		(31)	(385)
Revaluation of diamonds		46	-
		<u>422</u>	<u>781</u>
Carrying value at end of year			
Industrial diamonds		376	656
Synthetic diamonds		46	125
		<u>137 993</u>	<u>130 549</u>
Total carrying value			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE ENDED 31 MARCH 2004

	2004 R'000	2003 R'000
5		
Cash generated by operations		
Net profit	7 677	5 979
Adjusted for:		
Depreciation	31 692	29 591
Impairment of equipment	1 311	-
Proceeds on sale of plant and equipment	(9 079)	(5 979)
Increase in Debtors	(6 138)	-
Increase in creditors	2 730	-
Interest received (not operations)	(28)	-
Bank charges	18	-
Difference in assets purchased	35	-
	<u>28 218</u>	<u>29 591</u>
6		
Additions to plant and equipment		
Purchase of drilling diamonds	(31)	385
New equipment	(33 158)	(23 546)
Rebuilt equipment	(10 237)	(12 814)
	<u>(43 426)</u>	<u>(35 975)</u>
7		
Operating expenses		
Depreciation	31 692	29 591
Maintenance costs	12 791	12 026
Impairment of equipment	1 280	-
Bank charges	18	-
	<u>45 781</u>	<u>41 617</u>
8		
Accounts receivable		
Exchequer Account	2 954	-
Water Trading Account	684	-
Government Grant	2 500	-
	<u>6 138</u>	<u>-</u>
9		
Cash Received from customers		
Proceed from sale of equipment	9 079	-
Rental of equipment with book value	28 774	-
Rental of equipment without book value	13 167	-
Maintenance cost	418	-
	<u>51 438</u>	<u>-</u>

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL FOREST RECREATION AND ACCESS TRUST FOR THE YEAR ENDED 31 March 2004

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 163 to 164, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the National Forest Recreation and Access Trust at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matter:

4.1 Operation of the National Forest Recreation and Access Trust

In terms of the National Forest Act, 1998 (Act No. 84 of 1998) the National Forest Recreation and Access Trust was established with effect from 1 April 1999.

During the 1999-2000 financial year an amount of R1 669 293 was transferred from the National Hiking Way Fund, which was dissolved, to the trust. These funds were invested with the Corporation for Public Deposits. At 31 March 2004 there was a surplus of R2 754 648 in the trust.

During the 2003-04 financial year, the trust was still not operational. The formal approval of the Minister of Water Affairs and Forestry to start utilising the trust funds was still awaited.

4.2 Listing of the National Forest Recreation and Access Trust

Although the trust is not a public entity listed in terms of the PFMA, the definition of a public entity could extend to the trust, as the trust was established in terms of legislation and is accountable to Parliament. In those instances where there is doubt as to whether an entity is a public entity or not, PFMA requires that the entity should seek clarity from the National Treasury. Up to 26 July 2004 the trust had not consulted the National Treasury in this regard.

5. PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

The National Forest Recreation and Access Trust has acted on the SCOPA Resolutions, however, corrective actions to resolve the issues may take more than one year. For more detail refer to Annexure A.

6. APPRECIATION

The assistance rendered by the staff of the National Forest Recreation and Access Trust during the audit is sincerely appreciated.

A H Muller

for Auditor-General

Pretoria

24 July 2004

ANNEXURE A
 PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND
 SCOPA RESOLUTIONS

Reference to previous audit report And SCOPA resolutions	Subject	Findings on progress
Audit report: Paragraph 4.1.1, page 154 SCOPA Recommendation	Progress made with the utilisation of the trust funds	The Minister has been advised and a final decision is to be made by her.
Audit report: Paragraph 4.1.1; page 154 SCOPA resolution:	Listing of the Trust Fund as a public entity	Trust is still not listed as a public entity.

NATIONAL FOREST RECREATION AND ACCESS TRUST
BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2003/04 R	2002/03 R
Assets			
Current assets		2 754 648	2 513 321
Amounts immediately recoverable		2 751 919	2 510 592
Cash with Paymaster-General		2 729	2 729
		<u>2 754 648</u>	<u>2 513 321</u>
Equity			
Capital fund	2	2 754 648	2 513 321
		<u>2 754 648</u>	<u>2 513 321</u>

Department of Water Affairs
and Forestry,
Pretoria,

Dr.T.L. Simelane
Accounting Officer
National Forest Recreation
and Access Trust

NATIONAL FOREST RECREATION AND ACCESS TRUST
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	2003/04 R	2002/03 R
Income	241 327	269 348
Investment income	241 327	269 348
Expenditure	-	-
Net income for the year	<u>241 327</u>	<u>269 348</u>

NATIONAL FOREST RECREATION AND ACCESS TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	2003/04 R	2002/03 R
Cash flows from operating activities		
Interest received	241 327	269 348
Cash generated by operations	<u>241 327</u>	<u>269 348</u>
Cash flows from investing activities		
Increase in investment	(241 327)	(269 348)
Net cash outflow from investing activities	<u>(241 327)</u>	<u>(269 348)</u>
Net increase in cash and cash equivalent	-	-
Cash and cash equivalent at the beginning of the year	2 729	2 729
Cash and cash equivalent at the end of the year	<u>2 729</u>	<u>2 729</u>

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NATIONAL FOREST RECREATION AND ACCESS TRUST
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

	Accumulated profit R	Total R
Balance 1 April 2002	2 243 973	2 243 973
Interest received	269 348	269 348
Balance 31 March 2003	<u>2 513 321</u>	<u>2 513 321</u>
Balance 1 April 2003	2 513 321	2 513 321
Interest received	241 327	241 327
Balance 31 March 2004	<u>2 754 648</u>	<u>2 754 648</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policy

1.1 The financial statements are, unless indicated otherwise, prepared on an historical cost basis according to the undermentioned policy which, in all significant respects, is applied consistently.

1.2 Income is acknowledged on an cash basis.

1.3 Cash and bank

The Fund does not have a formal counter party policy, but the credit risk in respect of cash resources is limited as the counter party is a high quality credit institution with a sound reputation. Fund management consider that the carrying amount of cash and bank approximates to their fair value.

1.4 Investment risk management

The Corporation for Public Deposits (CPD) manages the investments of the Fund. The CPD is independent from the Fund and has a sound reputation. The investment strategy is to maximize long-term growth and return on the investment portfolio while maintaining a low level of risk within the portfolio. In order for this objective to be achieved, significant investments include government bonds, bills and securities, deposits and cash. Of the total investments, approximately 21% are held in deposits and cash.

1.5 Price risk

Due to the nature and extent of the Fund's investments, the Fund is not unduly exposed to price risks as investments are held to maturity or in cash and deposits.

1.6 Interest rate risk

Investments in the form of bills, bonds and securities held by the Fund will normally be exposed to interest rate risk. Since these investments are held to maturity, they are not unduly exposed to interest rate risk.

1.7 Other risks

Cash flow and liquidity risks of the Fund are minimal as the majority of investments are held in cash and deposits. The Fund does not have any foreign accounts receivables, foreign accounts payable or derivative market instruments.

2. Capital fund	2003/04 R	2002/03 R
Balance at the beginning of the year	2 513 321	2 243 973
Net income for the year	241 327	269 348
Balance at the end of the year	<u>2 754 648</u>	<u>2 513 321</u>

PART E: OVERSIGHT REPORT



PART E: OVERSIGHT REPORT

The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

PROGRAMME I

Table I.1 - Main Services Provided and Standards

	Main Services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
INFORMATION SERVICES	Information Systems Development	DWAF Staff	N/A	100% of Systems delivered on time	70%
	System Maintenance	DWAF Staff	DWAF	All maintenance completed on time	80%
	IT Infrastructure availability	DWAF Staff	N/A	99% availability	98%
	Promote Access to information Act	SA Citizens	N/A	100% compliance to the Act	80%
	Information Dissemination	Departmental Officials, South African Public, Foreign Stakeholders / Public	N/A	Prompt, timeous and accurate information provided Communication in preferred language wherever possible	Customer feedback has indicated very satisfactory service.
COMMUNICATION SERVICES					

	Main Services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
CORPORATE PLANNING	Strategic Planning Co-ordination	Management Structures at all levels and regions	N/A	Institutionalised strategic planning process of the Department which is aligned to the National Government policies	Successfully compiled the strategic plan document and submitted to Parliament & Treasury on time
	Annual Reporting	Department, Other Government Departments, Legislature, Statutory Bodies and Members of the Public	N/A	Annual Report Document in line with Treasury Regulations	Annual Report Document produced in line with the Strategic Plan and estimates of National Expenditure Documents.
ADMINISTRATION	Administration of water use licenses in terms of Section 21 of the National Water Act (Act 36 of 1998)	Farmers, Mines, Forestry Farmers, Municipalities, Water Boards and Industries.	N/A	Issuing of Stream Flow Reduction Activity License within 25 working days. Issuing of public water rights licenses within 20 working days. Issuing of water quality licenses within 10 working days	Performance in issuing the Stream Flow Reduction Activity licenses conforms to the set standards. Delay of further 10 working days happens in public water rights licenses due to factors such as capacity problems in the Regions of insufficient information like Reserve determination. Licenses in water quality are mostly delivered within the specified time frames.
	Provide services to internal (chief users) and external (Suppliers) clients.	Chief users and Suppliers	Chief users and Suppliers/	30 days external clients	Timeous payment of accounts with suppliers and timeous delivery of requested stock to chief users.
FINANCE	Performance of risk assessment	All branches within the department	All branches within the department	80% of audits completed as per approved audit plan on time and within budget.	80% of audits completed as per approved audit plan on time and within budget
	Management of accounts receivables and accounts payables	Debtors Suppliers and service providers	Debtors Suppliers and service providers	Payments of accounts within 30 days Payment of remuneration in due date	In 70% of the payment transactions, payments were made within 30 days of the payment due date
	Budgeting, planning and control	Program managers Managers National Treasury Public	Program managers Managers National Treasury Public	Adhere to budget and planning guidelines of the PFMA Meet guidelines	Monthly early warning systems meetings were held The dept spent only more than 91.5% of the allocated budget due to IT system failure at year-end.
	Accounting and reporting management	National Treasury Auditor-general Public Management Audit Committee	National Treasury Auditor-general Public Management Audit Committee	Reporting and accounting in terms of the PFMA Reporting in terms of stake holder requirements e.g. DPSA	Financial statements drawn largely in accordance with the PFMA

Table 1.2 - Consultation arrangements with customers

INFORMATION SERVICES	Type of arrangement	Actual Customers	Potential Customers	Actual achievements
	IT Service SLA negotiations	DWAF	N/A	All SLA negotiated with customers
	Regular review of SLA between DWAF and Service Providers	DWAF	N/A	All SLA are reviewed with Service Providers on regular basis
RESTRUCTURING	Departmental Bargaining Council. Restructuring meetings and workshops	Trade Unions, employees of the Department receiving institutions e.g. Water Boards.	Receiving institutions e.g. Water Boards, Water User Associations and Municipalities.	Formal feedback not sought from stakeholders.

Table 1.3- Service delivery access strategy

INFORMATION	Access Strategy	Actual achievements
	Performance Monitoring of the Service Level Agreement with the Service Provider	All Service Level Agreements Performance with Service Providers are monitored on regular basis.
	Satisfaction Survey	Satisfaction Survey is conducted annually with the Service Provider.
	Penalties and Incentives	This will be used in the near future to encourage the delivery of good service by the Service Provider
	Website enquires page	Daily response to queries
	After hours telephonic message system	Every telephone in the unit has after hours service
	24 Hour cell phone response	All managers comply with ensuring cell phones are on. Regular spot checks implemented.

	Access Strategy	Actual achievements
CORPORATE PLANNING	To access the regions in order to transfer strategic and business planning skills.	None - still to implement the access strategy
LEGAL SERVICES	Website of Legal Services to post our products and answers for frequently asked questions	The project is underway a view to introducing website in 2004.
	Access on e-mail and response thereto within an hour	Target achieved and many more managers utilize e-mail to reach Legal Services.
	Cellphone: Contactable at all times	Proved successful means of accessing our services when managers needed our legal advice/opinion on the spot.
FINANCE	Hotline	A free hotline number to report areas, which need to be looked at by Internal audit. All special cases brought to internal audit for investigation were attended to
	Database of PSP's	Database for PSP's regularly updated
	Intranet	Financial policies and guidelines posted to the intranet and updated regularly

Table I.4 - Service information tool

	Types of information tool	Actual achievements
INFORMATION	Monthly SLA Performance Reports	All reports are discussed on monthly basis and continuous improvement strategy is adopted
COMMUNICATION	Website	Daily management and updating of website
	Publications and other visual material	Publications printed as per branch/ministerial requests

	Internet	Website Available
	Strategic and Business Planning manuals	Draft Manual is in place.
	Reports	Annual Reports done regularly.
RESTRUCTURING	Restructuring related information	Road shows were held to the whole Department on restructuring. The Restructuring pamphlets brochures and booklets were developed, translated in all official languages and circulated in the entire Department.
LEGAL SERVICES	Written legal opinions	Managers were able to use the opinions to take management decisions
	Workshops on legislation administered by DWAF	These continued although there were few requests during the year under review.
	Legal Advice given at meetings	Very effective
	Legal opinions and advice provided on e-mail	Very effective and convenient to managers
FINANCE	E-mails, phones Intranet	Information was disseminated through emails, phones, briefing session and meetings Financial policies and guidelines were posted to the intranet
	Audit reports SCOPA reports Letters Financial reports	Audit reports were issued for each audit completed Annual reports on the compliance with the PFMA was done Financial report were given to management on a monthly basis and when requested

Table 1.5 - Complaints Mechanism

INFORMATION SERVICES	Complaints Mechanism	Actual achievements
	Service Desk	95% of incidents/problems are resolved within 4 hrs
	Monthly SLA meetings	All service complaints are dealt with during this meetings and resolved at this level.
COMMUNICATION	Website page	Responded to daily
	Telephonic process	Responded to within 24 hours
	Written/verbal complaints	Written response within 7 days Verbal within 24 hours
RESTRUCTURING	The Departmental Bargaining Council serves as structure to receive and address complaints. The Restructuring Office also serves to receive and attend to Restructuring related complaints.	Resolution 7 of 2002 related complaints were addressed successfully. Concerns from Trade Unions on how the Department is involved in Restructuring have been resolved by establishing a task team to work on issues. The Restructuring road shows came up with the frequently asked questions and answers booklet to address complaints.
FINANCE	Hotline	A free hotline available to report complaints 57 complaints were received via the hotline.
	Help desk	Help desks established for payments enquiries Approximately 6600 enquiries were successfully handled.

PROGRAMMES 2 – 4.

Table 1.1 - Main services provided and standards

	Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
WATER SERVICES	Sanitation	Households Institutions	% outstanding of our backlog per financial year to be serviced	VIP's 85 000 for year	64 043
	Water	Households Institutions	% outstanding of our backlog per financial year to be serviced	1 000 000 to be served	518 107
WATER RESOURCE MANAGEMENT	Provision of raw water	Water users	New water users	Agreed levels of assurance	Drought impacted negatively in many areas and water restrictions were imposed particularly on the agricultural sector.
	Resource Protection	Water Resource Stakeholders	Interested and affected parties		201 reserve determinations approved
	Provision of hydrological, resource quality and spatial data and information	National, provincial, local government, water management institutions, academic institutions, general public	Future Catchment Management Agencies and Fora		Parts of service in big demand; Not sufficient knowledge amongst stakeholders of the service.
FORESTRY	Information on forestry	Forestry stakeholders	General public with an interest in forestry		2003 State of Forests Report Produced 2005 State of Forest Report initiated 35 Community Forestry Forums established for information exchange Statistical Report on Commercial Timber Resources and Roundwood Processing in South Africa

Table 1.2 Consultation arrangements with customers

	Type of arrangement	Actual Customers	Potential Customers	Actual achievements
WATER RESOURCE MANAGEMENT (WRM)	Consultations on raw water tariffs through workshops	National and local Stakeholders	National and local stakeholders	National and local stakeholders consulted. National consultation: one Sector consultation: two per user sector for Agriculture and Forestry, one year per user sector for Domestic/industrial.
	Consultations on water resources development options through meetings and workshops	Provincial government and key stakeholders	Provincial government and key stakeholders	Consultations held with Limpopo and Mpumalanga provincial governments on siting of the dam on the Olifants River
	Consultations on establishment of catchment management agencies	Stakeholders in water management areas	Stakeholders in water management areas	Successful consultation led to the establishment of the Nkomati CMA
	Consultation on impacts of dams under development	Local affected communities and individuals	Local affected communities and individuals	Consultations held with affected communities downstream of Berg Water Project
	Meetings with stakeholders to obtain input for resource protection	WUA's, public workgroups	Other interested and affected parties	Tosca, Sandveld, Thukela, Berg, Breede, Inkomati

Table 1.3- Service delivery access strategy

	ACCESS STRATEGY	ACTUAL ACHIEVEMENT
WRM	Equitable access to raw water	Compulsory licensing procedures under development.
	Public Participation Guidelines	Guidelines for participation of marginalized communities developed
FORESTRY	Equitable access to forestry opportunities	Forest Enterprise Development Strategy and Participatory forestry strategy being developed.

Table I.4 - Service information tool

	TYPES OF INFORMATION TOOL	ACTUAL ACHIEVEMENTS
WATER SERVICES	Brochure, Sanitation kit, Road shows, Toolbox and Shotha	Available on the website
WATER RESOURCE MANAGEMENT	Web-based access	Web-sites in place; Dam level information updated weekly on web-site
	Posters, brochures and toolkit on the National Water Act	Posters, brochures and toolkit developed and training given to regional office staff.
	Training material	RDM Introductory module completed. Groundwater draft completed
	Information posters and brochures for IEM in water use	Posters and first information brochure on the IEMF distributed
	RDM Website with overall DWAF Website	Website populated with RDM related information
FORESTRY	Posters, brochures and guidelines on the National Forest act and the National Veld and Forest Fire Act	Posters, brochures and toolkit developed and training given to regional office staff.

Table 1.5 - Complaints Mechanism

	COMPLAINTS MECHANISM	ACTUAL ACHIEVEMENTS
WATER SERVICE	Ministerial Hotline	Investigations are done to address queries and solutions are put forward.
WRM	Water Tribunal	Cases referred by affected parties to the Water Tribunal and adjudicated by the Tribunal
FORESTRY	National Forests Advisory Council Ministerial enquiries	NFAC advice given to the Minister acted upon Ministerial enquiries responded to, acted upon

HUMAN RESOURCE OVERSIGHT STATISTICS FOR THE PERIOD APRIL 2003 TO MARCH 2004

Table 2.1 - Personnel costs by Programme

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as percent of Total Expenditure	Average Personnel Cost per Employee (R'000)	Employment
P1: Administration	291,447	77,661	83,588	35.4	108,921	713
P2: Water Resource	798,958	205,627	168,312	25.7	159,524	1,289
P3: Integrated Water Services	1,379,914	29,156	511,877	2.1	41,474	703
P4: Forestry	290,444	195,954	21,977	67.5	43,857	4,468
Water Trading Account	2,245,115	488,798	1,424,998	21.8	45,356	10,777
Z = Total as on Financial System (BAS)	4,933,878	997,196	2,210,752	20.2	55,554	17,95

Table 2.2 – Personnel costs by salary band

Salary Bands	Personnel Expenditure (R'000)	Percentage of Total Personnel Cost	Average Personnel Cost per Employee (R)	Number of Employees
Lower skilled (Levels 1-2)	380,572	38.2	37,410	10,173
Skilled (Levels 3-5)	212,541	21.3	48,703	4,364
Highly skilled production (Levels 6-8)	239,664	24	91,580	2,617
Highly skilled supervision (Levels 9-12)	124,239	12.5	183,786	676
Senior management (Levels 13-16)	40,180	4.0	334,833	120
TOTAL	997,196	100	55,554	17,950

Table 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
P1: Administration	70,282	90.5	706	0.9	1,927	2.5	4,746	6.1	77,661
P2: Water Resource	177,617	86.4	13,141	6.4	3,333	1.6	11,536	5.6	205,627
P3: Integrated Water Services	25,922	88.9	818	2.8	730	2.5	1,686	5.8	29,156
P4: Forestry	179,755	91.7	4,267	2.2	910	0.5	11,022	5.6	195,954
Water Trading Account	449,083	91.9	12,726	2.6	4,253	0.9	22,736	4.7	488,798
TOTAL	902,659	90.5	31,658	3.2	11,153	1.1	51,726	5.2	997,196

Table 2.4- Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
Lower skilled (Levels 1-2)	349,845	91.9	11,256	3	2,040	0.5	17,431	4.6	380,572
Skilled (Levels 3-5)	190,352	89.6	9,863	4.6	1,882	0.9	10,444	4.9	212,541
Highly skilled production (Levels 6-8)	212,320	88.6	7,630	3.2	4,244	1.8	15,470	6.5	239,664
Highly skilled supervision (Levels 9-12)	112,547	90.6	2,903	2.3	2,564	2.1	6,225	5	124,239
Senior management (Levels 13-16)	37,595	93.6	6	0	423	1.1	2,156	5.4	40,180
TOTAL	902,659	90.5	31,658	3.2	11,153	1.1	51,726	5.2	997,196

Table 3.1 - Employment and Vacancies by Programme at end of period

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
P1: administration	957	713	25.5	92
P2: water resource	1,488	1,289	13.4	417
P3: interg. water services	1,359	703	48.3	25
P4: forestry	7,008	4,468	36.2	763
Water trading account	12,619	10,777	14.6	480
TOTAL	23,431	17,950	23.4	1,777

Table 3.2 - Employment and Vacancies by Salary Band at end of period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	13,502	10,175	24.6	948
Lower skilled (Levels 1-2), Temporary	52	49	5.8	2
Skilled (Levels 3-5), Permanent	5,078	4,087	19.5	506
Skilled (Levels 3-5), Temporary	65	62	4.6	50
Highly skilled production (Levels 6-8), Permanent	3,443	2,357	31.5	81
Highly skilled production (Levels 6-8), Temporary	173	132	23.7	143
Highly skilled supervision (Levels 9-12), Permanent	947	634	33.1	5
Highly skilled supervision (Levels 9-12), Temporary	56	64	-14.3	35
Senior management (Levels 13-16), Permanent	97	82	15.5	2
Senior management (Levels 13-16), Temporary	18	18	0	5
TOTAL	23,431	17,660	24.6	1,777

Table 4.1 - Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	17,265	243	1.4	234	96.3	0	0
Skilled (Levels 3-5)	6,119	43	0.7	37	86	0	0
Highly skilled production (Levels 6-8)	4,308	82	1.9	61	74.4	2	2.4
Highly skilled supervision (Levels 9-12)	1,094	53	4.8	27	50.9	0	0
Senior Management Service Band A	87	8	9.2	0	0	0	0
Senior Management Service Band B	19	1	5.3	1	100	0	0
Senior Management Service Band C	8	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
TOTAL	28,901	430	23.3	360	407.6	2	2.4

Table 5.1. Reasons why Staff are leaving the Department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment
Death, Permanent	251	25.6	1.3
Death, Temporary	1	0.1	0
Resignation, Permanent	146	14.9	0.8
Resignation, Temporary	5	0.5	0
Expiry of contract, Temporary	65	6.6	0.3
Dismissal-operational changes, Permanent	2	0.2	0
Discharged due to ill health, Permanent	36	3.7	0.2
Discharged due to ill health, Temporary	1	0.1	0
Dismissal-misconduct, Permanent	71	7.3	0.4
Dismissal-inefficiency, Permanent	2	0.2	0
Retirement, Permanent	385	39.3	2.1

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment
Retirement, Temporary	4	0.4	0
Other, Permanent	3	0.3	0
Other, Temporary	7	0.7	0
TOTAL	979	100	5.2

Table 5.2 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	58	1	1.7	9	15.5
Agricul animal oceanography forestry & other scien	24	1	4.2	0	0
Agriculture related	55	2	3.6	6	10.9
All artisans in the building metal machinery etc.	381	0	0	78	20.5
Artisan project and related superintendents	25	0	0	5	20
Auxiliary and related workers	568	2	0.4	122	21.5
Biochemistry pharmacol. zoology & life scie.techni	1	0	0	0	0
Biologists botanists zoologists & rel professional	26	0	0	4	15.4
Boatswains and coxswains	1	0	0	0	0
Building and other property caretakers	348	0	0	30	8.6
Bus and heavy vehicle drivers	332	1	0.3	16	4.8
Cartographers and surveyors	6	0	0	2	33.3
Cartographic surveying and related technicians	31	0	0	12	38.7
Chemical and physical science technicians	4	0	0	3	75
Civil engineering technicians	319	13	4.1	42	13.2
Cleaners in offices workshops hospitals etc.	251	0	0	55	21.9
Client inform clerks (switchboard recept inform clerks)	10	0	0	3	30
Communication and information related	8	1	12.5	3	37.5
Community development workers	53	4	7.5	3	5.7
Computer programmers.	2	0	0	0	0
Economists	2	1	50	1	50

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Electrical and electronics engineering technicians	1	0	0	1	100
Engineering sciences related	152	14	9.2	29	19.1
Engineers and related professionals	136	5	3.7	22	16.2
Farm hands and labourers	64	0	0	1	1.6
Farming forestry advisors and farm managers	56	2	3.6	1	1.8
Finance and economics related	28	0	0	5	17.9
Financial and related professionals	21	1	4.8	13	61.9
Financial clerks and credit controllers	222	1	0.5	51	23
Food services aids and waiters	13	0	0	6	46.2
Forestry labourers	3524	0	0	6	0.2
General legal administration & rel. professionals	9	0	0	4	44.4
Geologists geophysicists hydrologists & relat prof	121	10	8.3	23	19
Handcraft instructors	1	0	0	0	0
Head of department/chief executive officer	1	0	0	0	0
Horticulturists foresters agricul.& forestry techn	119	0	0	1	0.8
Household and laundry workers	6	0	0	0	0
Human resources & organisat developm & relate prof	41	0	0	10	24.4
Human resources clerks	175	4	2.3	29	16.6
Human resources related	53	3	5.7	12	22.6
Inspectors of apprentices works and vehicles	1	0	0	0	0
Language practitioners interpreters & other commun	9	0	0	1	11.1
Legal related	2	0	0	1	50
Librarians and related professionals	2	0	0	0	0
Library mail and related clerks	38	0	0	16	42.1
Light vehicle drivers	147	0	0	22	15
Logistical support personnel	30	3	10	8	26.7
Material-recording and transport clerks	215	4	1.9	43	20
Mathematicians and related professionals	1	0	0	0	0

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Mechanical engineering technicians	5	0	0	2	40
Messengers porters and deliverers	255	0	0	56	22
Mining geology & geophysical & related technicians	21	1	4.8	2	9.5
Motor vehicle drivers	197	0	0	11	5.6
Motorised farm and forestry plant operators	1695	4	0.2	36	2.1
Natural sciences related	111	17	15.3	22	19.8
Nature conservation and oceanographical rel.techni	3	0	0	1	33.3
Other administrat & related clerks and organisers	893	3	0.3	113	12.7
Other administrative policy and related officers	68	0	0	16	23.5
Other information technology personnel.	4	0	0	0	0
Other machine operators	2	0	0	0	0
Other occupations	622	10	1.6	4	0.6
Printing and related machine operators	2	0	0	0	0
Quantity surveyors & rela prof not class elsewhere	2	0	0	2	100
Rank: Forestry services aid ii	1	0	0	0	0
Risk management and security services	2	0	0	2	100
Road workers	4	0	0	0	0
Safety health and quality inspectors	1	0	0	0	0
Secretaries & other keyboard operating clerks	96	1	1	28	29.2
Security guards	801	0	0	19	2.4
Security officers	104	0	0	18	17.3
Senior managers	65	0	0	0	0
Social sciences related	26	1	3.8	4	15.4
Social work and related professionals	0	1	0	0	0
Trade labourers	5225	0	0	463	8.9
Trade related	1	0	0	1	100
Trade/industry advisers & other related profession	3	0	0	0	0
Unknown	1	0	0	0	0
Water plant and related operators	794	2	0.3	36	4.5
TOTAL	18697	113	0.6	1535	8.2

Table 5.3 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	10900	0	0	631	5.8
Lower skilled (Levels 1-2), Temporary	17	0	0	0	0
Skilled (Levels 3-5), Permanent	4287	18	0.4	300	7
Skilled (Levels 3-5), Temporary	69	2	2.9	0	0
Highly skilled production (Levels 6-8), Permanent	2509	38	1.5	466	18.6
Highly skilled production (Levels 6-8), Temporary	111	1	0.9	2	1.8
Highly skilled supervision (Levels 9-12), Permanent	629	43	6.8	136	21.6
Highly skilled supervision (Levels 9-12), Temporary	61	3	4.9	0	0
Senior management (Levels 13-16), Permanent	99	7	7.1	0	0
Senior management (Levels 13-16), Temporary	15	1	6.7	0	0
TOTAL	18697	113	0.6	1535	8.2

Table 6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Perm.	12	2	5	19	26	3	0	0	3	2	50
Legislators, senior officials and managers, Temp.	9	1	0	10	4	3	0	0	3	1	18
Professionals, Permanent	897	118	33	1,048	501	295	18	17	330	187	2,066
Professionals, Temporary	18	2	0	20	16	14	1	2	17	5	58
Clerks, Permanent	498	25	5	528	35	688	30	19	737	237	1,537
Clerks, Temporary	29	3	1	33	2	49	6	1	56	16	107
Service and sales workers, Permanent	858	3	1	862	6	112	2	0	114	1	983
Craft and related trades workers, Permanent	271	9	1	281	113	0	0	0	0	0	394
Craft and related trades workers, Temporary	0	0	0	0	3	0	0	0	0	0	3
Plant and machine operators & assemblers, Perm.	3,059	57	0	3,116	102	279	1	0	280	1	3,499
Plant and machine operators & assemblers, Temp.	30	11	0	41	71	3	0	1	4	26	142
Elementary occupations, Permanent	5,161	309	1	5,471	32	3,539	12	0	3,551	1	9,055
Elementary occupations, Temporary	29	2	0	31	0	4	1	0	5	0	36
Other, Permanent	2	0	0	2	0	0	0	0	0	0	2
TOTAL	10,873	542	47	11,462	911	4,989	71	40	5,100	477	17,950
Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	28	0	0	28	6	7	0	0	7	3	44

Table 6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	1	0	0	1	1	1	0	0	1	1	4
Top Management, Temporary	1	0	0	1	1	0	0	0	0	0	2
Senior Management, Permanent	16	3	6	25	65	3	0	1	4	3	97
Senior Management, Temporary	9	1	0	10	3	3	0	0	3	1	17
Prof qualified & exp. specialists & mid-man, Perm.	163	5	9	177	293	65	6	5	76	72	618

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female White	Total
Prof qualified & exp. specialists & mid-man, Temp.	11	2	0	13	33	6	1	1	8	4	58
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1,115	52	28	1,195	366	542	19	18	579	305	2,445
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	35	7	0	42	43	51	2	2	55	31	171
Semi-skilled and disc decision making, Permanent	3,326	234	2	3,562	79	540	23	12	575	44	4,260
Semi-skilled and discretion decision making, Temp.	49	9	1	59	15	12	5	1	18	12	104
Unskilled and defined decision making, Permanent	6,135	229	1	6,365	11	3,765	15	0	3,780	4	10,160
Unskilled and defined decision making, Temporary	10	0	0	10	1	1	0	0	1	0	12
Not Available, Permanent	2	0	0	2	0	0	0	0	0	0	2
Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female White	Total
TOTAL	10,873	542	47	11,462	911	4,989	71	40	5,100	477	17,950

Table 6.3 - Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Temporary	1	0	0	1	0	1	0	0	1	0	2
Professionally qualified and experienced specialists and mid-management, Temporary	2	1	0	3	3	0	0	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	10	2	0	12	0	8	0	2	10	2	24
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	15	2	0	17	2	31	1	0	32	12	63
Semi-skilled and discretionary decision making, Permanent	9	1	0	10	1	2	0	0	2	0	13

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female White	Total
Semi-skilled and discretionary decision making, Temporary	34	5	1	40	3	36	5	0	41	3	87
Unskilled and defined decision making, Permanent	32	0	0	32	0	2	0	0	2	0	34
Unskilled and defined decision making, Temporary	3	0	0	3	0	0	0	0	0	1	4
TOTAL	106	11	1	118	9	80	6	2	88	18	233

Table 6.4 - Promotions (including Job Evaluations)

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Africans	Female, White	Total
Senior Management, Permanent	1	0	0	1	4	0	0	1	1	1	7
Senior Management, Temporary	1	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	34	2	1	37	100	15	0	2	17	26	180
Professionally qualified and experienced specialists and mid-management, Temporary	3	0	0	3	0	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	142	13	4	159	97	92	5	4	101	154	511
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	0	0	0	0	2	1	0	0	1	0	3
Semi-skilled and discretionary decision making, Permanent	160	41	2	203	8	79	3	3	85	15	311
Semi-skilled and discretionary decision making, Temporary	2	0	0	2	0	0	0	0	0	1	3

Unskilled and defined decision making, Permanent	463	79	0	542	3	106	2	0	108	2	655
TOTAL	806	135	7	948	214	293	10	10	313	199	1674
Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Africans	Female, White	Total
Employees with disabilities	0	0	0	0	1	1	0	0	1	2	4
Unskilled and defined decision making, Temporary	3	0	0	3	0	0	0	0	0	1	4
TOTAL	106	11	1	118	9	80	6	2	88	18	233

Table 6.5 - Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Blacks	Female, White	Total
Top Management, Permanent	1	0	0	1	1	0	0	0	0	0	2
Senior Management, Permanent	1	0	0	1	0	1	0	0	1	0	2
Senior Management, Temporary	1	0	0	1	0	2	0	0	2	1	4
Professionally qualified and experienced specialists and mid-management, Permanent	5	1	0	6	9	7	0	0	7	4	26
Professionally qualified and experienced specialists and mid-management, Temporary	2	0	0	2	6	0	0	0	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	34	3	5	42	22	13	1	1	15	19	98
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	13	1	0	14	1	23	0	0	23	12	50
Semi-skilled and discretionary decision making, Permanent	118	40	1	159	5	8	2	1	11	2	177
Semi-skilled and discretionary decision making, Temporary	4	0	1	5	1	8	0	0	8	0	14

Unskilled and defined decision making, Permanent	404	43	0	447	2	142	0	0	142	0	591
Unskilled and defined decision making, Temporary	6	0	0	6	0	0	0	0	0	1	7
TOTAL	589	88	7	684	47	204	3	2	209	39	979
Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	2	0	0	2	0	0	0	0	0	1	3

Table 6.6- Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Demotion	1	0	0	1	0	0	0	0	0	0	1
Final written warning	1	0	0	1	1	0	0	0	0	0	2
TOTAL	2	0	0	2	1	0	0	0	0	0	3

Table 6.7 - Skills Development

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials and Managers	15	1	3	19	12	7	2	1	10	6	47
Professionals	224	8	3	235	46	131	11	0	142	19	442
Technicians and Associate Professionals	845	4	5	854	44	34	15	0	49	12	959
Clerks	233	31	0	264	44	293	48	0	341	100	749
Service and Sales Workers	17	0	0	17	0	4	4	0	8	0	25
Skilled Agriculture and Fishery Workers	194	0	0	194	9	258	0	0	258	5	466
Craft and related Trades Workers	22	4	0	26	40	4	0	0	4	5	75
Plant and Machine Operators and Assemblers	99	8	0	107	13	20	20	0	40	2	162
Elementary Occupations	430	28	0	458	11	258	4	0	262	1	732
TOTAL	2079	84	11	2174	219	1009	104	1	1114	150	3657
Employees with disabilities	1	0	1	2	4	2	0	0	2	1	9

Table 7.1 - Performance Rewards by Race, Gender and Disability

Occupational Categories	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	309	4,982	6.2	1,896	6,136
African, Male	379	10,845	3.5	2,667	7,037
Asian, Female	7	40	17.5	73	10,482
Asian, Male	4	47	8.5	77	19,314
Coloured, Female	11	71	15.5	100	9,101
Coloured, Male	51	542	9.4	347	6,799
Occupational Categories	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Total Blacks, Female	327	5,093	6.4	2,069	6,328
Total Blacks, Male	434	11,434	3.8	3,091	7,122
White, Female	193	474	40.7	1,911	9,900
White, Male	235	905	26	3,539	15,058
TOTAL	1,194	17,950	6.7	10,641	8,912
Employees with a disability	5	44	11.4	32	6,305

Table 7.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	265	10,173	2.6	922	3,479
Skilled (Levels 3-5)	242	4,364	5.5	1,218	5,033
Highly skilled production (Levels 6-8)	438	2,617	16.7	4,146	9,466
Highly skilled supervision (Levels 9-12)	185	676	27.4	3,192	17,254
TOTAL	1,130	17,830	6.3	9,478	8,388

Table 7.3 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

Senior Management Service Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	42	94	44.7	740	1,762	2.6	28,617
Band B	11	20	55	185	1,682	2.5	7,415
Band C	5	5	100	170	3,400	6	2,828
Band D	1	1	100	37	3,700	5	745
TOTAL	59	120	49.2	1,132	1,919	2.9	39,605

Table 7.3 - Performance Rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	24	61	39.3	427	17,792
Agricul animal oceanography forestry & other scien	1	22	4.5	12	12,000
Agriculture related	7	54	13	109	15,571
All artisans in the building metal machinery etc.	30	370	8.1	265	8,833
Artisan project and related superintendents	2	25	8	26	13,000
Auxiliary and related workers	49	546	9	285	5,816
Biologists botanists zoologists & rel professional	6	21	28.6	76	12,667
Building and other property caretakers	7	305	2.3	20	2,857
Bus and heavy vehicle drivers	3	307	1	11	3,667
Cartographers and surveyors	1	6	16.7	10	10,000
Cartographic surveying and related technicians	4	30	13.3	32	8,000
Chemical and physical science technicians	2	5	40	10	5,000
Civil engineering technicians	37	300	12.3	499	13,486
Cleaners in offices workshops hospitals etc.	40	211	19	125	3,125
Client inform clerks(switchb receipt inform clerks)	2	9	22.2	13	6,500
Communication and information related	1	10	10	12	12,000
Community development workers	3	62	4.8	48	16,000
Engineering sciences related	28	151	18.5	537	19,179
Engineers and related professionals	39	127	30.7	645	16,538
Farming forestry advisors and farm managers	4	60	6.7	30	7,500

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Finance and economics related	10	26	38.5	160	16,000
Financial and related professionals	13	23	56.5	153	11,769
Financial clerks and credit controllers	74	218	33.9	509	6,878
Food services aids and waiters	7	11	63.6	24	3,429
Forestry labourers	46	3078	1.5	147	3,196
General legal administration & rel. professionals	3	7	42.9	57	19,000
Geologists geophysicists hydrologists & relat prof	15	131	11.5	130	8,667
Horticulturists foresters agricul.& forestry techn	6	115	5.2	65	10,833
Human resources & organisat developm & relate prof	13	39	33.3	185	14,231
Human resources clerks	51	223	22.9	514	10,078
Human resources related	14	52	26.9	233	16,643
Language practitioners interpreters & other commun	1	9	11.1	17	17,000
Legal related	1	2	50	36	36,000
Library mail and related clerks	21	41	51.2	92	4,381
Light vehicle drivers	6	127	4.7	28	4,667
Logistical support personnel	9	25	36	134	14,889
Material-recording and transport clerks	36	212	17	259	7,194
Mechanical engineering technicians	2	3	66.7	31	15,500
Messengers porters and deliverers	47	254	18.5	180	3,830
Mining geology & geophysical & related technicians	2	22	9.1	18	9,000
Motor vehicle drivers	3	172	1.7	13	4,333
Motorised farm and forestry plant operators	11	1607	0.7	39	3,545
Natural sciences related	25	104	24	507	20,280
Nature conservation and oceanographical rel.techni	1	3	33.3	9	9,000
Other administrat & related clerks and organisers	131	853	15.4	950	7,252
Other administrative policy and related officers	17	68	25	188	11,059
Quantity surveyors & rela prof not class elsewhere	1	2	50	13	13,000
Rank:Artisan a-group (construction)	1	0	0	5	5,000
Rank:Artisan a-group (construction) senior	3	0	0	19	6,333
Rank:Artisan a-group principal/chargehand (construction	1	0	0	8	8,000

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Rank: Artisan b-group (construction)	5	0	0	25	5,000
Rank: Artisan foreman (construction)	2	0	0	16	8,000
Rank: Artisan foreman (construction) senior	2	0	0	19	9,500
Rank: Director : personnel practitioner (construc) asst	1	0	0	14	14,000
Rank: Director: provisioning admin (constr) assistant	1	0	0	14	14,000
Rank: Driver (construction) senior	1	0	0	4	4,000
Rank: Factotum (construction)	2	0	0	6	3,000
Rank: Factotum (construction) principal	6	0	0	26	4,333
Rank: Factotum (construction) senior	1	0	0	4	4,000
Rank: Ganger (construction) chief	2	0	0	10	5,000
Rank: Ganger (construction) control	1	0	0	6	6,000
Rank: Industrial technician (construction) control	4	0	0	58	14,500
Rank: Laboratory assistant (construction) senior sr4	1	0	0	4	4,000
Rank: Laboratory assistant (construction) principal sr5	1	0	0	9	9,000
Rank: Labourer grade ii (construction)	1	0	0	3	3,000
Rank: Operator (construction) principal	2	0	0	10	5,000
Rank: Operator (construction) senior	4	0	0	17	4,250
Rank: Operator grade i (construction)	2	0	0	6	3,000
Rank: Operator grade ii (construction)	2	0	0	7	3,500
Rank: Provisioning admin clerk (construction) chief	4	0	0	31	7,750
Rank: Provisioning admin clerk (construction) control	1	0	0	10	10,000
Rank: Provisioning admin clerk gr i (construction) senior	1	0	0	4	4,000
Rank: Provisioning admin clerk gr ii (construct) senior	1	0	0	9	9,000
Rank: Provisioning admin clerk gr iii (construct) senior	2	0	0	18	9,000
Rank: Safety officer (construction) assistant	1	0	0	4	4,000
Rank: Supplies officer (construction) control	2	0	0	26	13,000
Rank: Supplies officer (construction) chief	1	0	0	10	10,000
Rank: Works accountant (construction) control	6	0	0	84	14,000
Rank: Works accountant (construction) senior	1	0	0	8	8,000
Rank: Works foreman/workshop superintendent (construction)	3	0	0	43	14,333
Rank: Works inspector (construction) control	1	0	0	14	14,000

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Safety health and quality inspectors	1	1	100	17	17,000
Secretaries & other keyboard operating clerks	37	92	40.2	333	9,000
Security guards	21	868	2.4	68	3,238
Security officers	4	113	3.5	41	10,250
Senior managers	40	66	60.6	846	21,150
Social sciences related	2	23	8.7	56	28,000
Social work and related professionals	1	1	100	6	6,000
Trade labourers	113	5152	2.2	504	4,460
Trade related	1	1	100	14	14,000
Trade/industry advisers & other related profession	3	3	100	44	14,667
Water plant and related operators	40	815	4.9	244	6,100
TOTAL	1189	17244	6.9	10607	8921

Table 7.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	42	94	44.7	740	1,762	2.6	28,617
Band B	11	20	55	185	1,682	2.5	7,415
Band C	5	5	100	170	3,400	6	2,828
Band D	1	1	100	37	3,700	5	745
TOTAL	59	120	49.2	1132	1918.6	2.9	39605

Table 8.1 - Foreign Workers by Salary Band

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period
Lower skilled (Levels 1-2)	6	17.6	6	18.8	0	0	34	32
Skilled (Levels 3-5)	7	20.6	7	21.9	0	0	34	32
Highly skilled production (Levels 6-8)	6	17.6	3	9.4	-3	150	34	32
Highly skilled supervision (Levels 9-12)	13	38.2	14	43.8	1	-50	34	32
Senior management (Levels 13-16)	2	5.9	2	6.3	0	0	34	32
TOTAL	34	100	32	100	-2	100	34	32

Table 8.2 - Foreign Workers by Major Occupation

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period
Administrative office workers	3	8.8	3	100	0	0	34	32
Craft and related trades workers	2	5.9	1	50	-1	-3.1	34	32
Elementary occupations	3	8.8	3	100	0	0	34	32
Professionals and managers	21	61.8	22	104.8	1	3.1	34	32
Social natural technical and medical sciences+supp	1	2.9	0	0	-1	-3.1	34	32
Technicians and associated professionals	4	11.8	3	75	-1	-3.1	34	32
TOTAL	34	100	32	94.1	-2	-6.3	34	32

Table 9.1 - Sick Leave

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	19 370	96.5	2 725	47.9	7	2 469	5 690	18 691
Skilled (Levels 3-5)	9 058	92.1	1 280	22.5	7	1 459	5 690	8 338
Highly skilled production (Levels 6-8)	8 524	82.5	1 280	22.5	7	2 582	5 690	7 032
Highly skilled supervision (Levels 9-12)	1 939	78.3	344	6	6	1 177	5 690	1 518
Senior management (Levels 13-16)	317	77.9	61	1.1	5	487	5 690	247
TOTAL	39 208	91.4	5 690	100	7	8 174	5 690	35 826

Table 9.2 - Disability Leave (Temporary and Permanent)

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	2 271	99.8	164	53.2	14	294	2266	308
Skilled (Levels 3-5)	568	98.9	44	14.3	13	97	562	308
Highly skilled production (Levels 6-8)	1 477	99.7	86	27.9	17	468	1472	308
Highly skilled supervision (Levels 9-12)	235	99.6	13	4.2	18	154	234	308
Senior management (Levels 13-16)	15	100	1	0.3	15	23	15	308
TOTAL	4 566	99.6	308	99.9	15	1,036	4549	308

Table 9.3 - Annual Leave

Salary Band	Total Days Taken	Average per Employee	Employment
Lower skilled (Levels 1-2)	129,684	15	8,560
Skilled (Levels 3-5)	55,145	15	3,661
Highly skilled production (Levels 6-8)	33,246	13	2,471
Highly skilled supervision (Levels 9-12)	8,637	13	683
Senior management (Levels 13-16)	1,403	12	115
TOTAL	228,115	15	15,490

Table 9.4 - Capped Leave for Mar 2003 to Mar 2004

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee	Number of Employees	Total number of capped leave available	Number of Employees
Lower skilled (Levels 1-2)	4,953	5	95	8,560	924,289	9,728
Skilled (Levels 3-5)	1,482	1	126	3,661	472,381	3,758
Highly skilled production (Levels 6-8)	1,236	1	114	2,471	238,787	2,090
Highly skilled supervision (Levels 9-12)	598	1	93	683	54,394	582
Senior management (Levels 13-16)	36	0	116	115	10,080	87
TOTAL	8,305	8	105	15,490	1,699,931	16,245

Table 9.5 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2003/04 due to non-utilisation of leave for the previous cycle	474	108	4,389
Capped leave payouts on termination of service for 2003/04	4,919	223	22,058
Current leave payout on termination of service for 2003/04	0	1	0
TOTAL	5,393	332	16,244

Table 10.1 - Steps Taken to Reduce the Risk of Occupational Exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Will be determined by impact and risk assessment currently conducted.	Awareness raising
	Condom distribution
	Newsletters
	Posters, leaflets

Table 10.2 - Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		CD:HR
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		DD:OD + 1 Asst.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	x	x	Only in 3 regions and still needs to be rolled out.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	x		10 people, 9 from the Regions and 1 from HQ
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x	x	Currently doing risk and impact assessment
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		Raising awareness and policy implementation
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		Yes, through the policy, but nothing is currently happening.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	x	x	Currently doing risk and impact assessment to have a costed strategy in place

Table 11.1 - Collective Agreements

Subject Matter	Date
None	N/A

Table 11.2 - Misconduct and Discipline Hearings Finalised

Outcomes of disciplinary hearings	Number	Percentage of Total
Counselling	1	2.4
Demotion	4	9.5
Dismissal	19	45.2
Final Warning	5	11.9
Suspension without pay & final warning	1	2.4
Warning	8	19.0
Charges dismissed	4	9.5
TOTAL	42	100.0

Table 11.3 - Types of Misconduct Addressed & Disciplinary Hearings

Type of misconduct	Number	% of total
Absenteeism	2	2.3
Alcohol abuse	2	2.3
Assault	2	2.3
Attempted robbery	1	1.1
Damage to State Property	2	2.3
Discrimination	1	1.1
Fraud	9	10.3
Illegal Strike	1	1.1
Incapacity	3	3.4
Insubordination	5	5.7
Loss of State Property	1	1.1
Misuse of State Property	6	6.9
Negligence	1	1.1
Participation in unlawful behaviour	1	1.1
Theft	5	5.7
Desertion	45	51.7
TOTAL	87	100.0

Table 11.4 - Grievances Lodged

Number of grievances addressed	Number	% of total
Resolved	13	34.2
Not resolved	25	65.8
Total	38	100

Table 11.5 - Disputes Lodged

Number of disputes addressed	Number	% of total
Upheld	1	5
Dismissed	4	20
Withdrawn	4	20
Outstanding	11	55
Total	20	100

Table 11.6 - Strike Actions

Strike Actions	–
Total number of person working days lost	0
Total cost(R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 11.7 - Precautionary Suspensions

Precautionary Suspensions	–
Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	353
Cost (R'000) of suspensions	R 83 734

Table 12.1 - Training Needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training
Legislators, senior officials and managers	Female	15	0	6	5
	Male	31	0	6	5
Professionals	Female	161	0	12	5
	Male	281	0	12	5
Technicians and associate professionals	Female	61	0	12	6
	Male	898	0	12	6
Clerks	Female	441	0	10	7
	Male	308	0	10	7
Service and sales workers	Female	8	0	2	2
	Male	17	0	2	2
Skilled agriculture and fishery workers	Female	263	0	2	2
	Male	203	0	2	2
Craft and related trades workers	Female	9	0	10	5
	Male	66	0	10	5
Plant and machine operators and assemblers	Female	42	0	4	3
	Male	120	0	4	3
Elementary occupations	Female	258	0	4	5
	Male	469	0	4	5
Gender sub totals	Female	1258	0	62	40
	Male	2393	0	62	40
Total		3651	0	124	80



Table 12.2 - Training Provided

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training
Legislators, senior officials and managers	Female	15	0	6	5
	Male	31	0	6	5
Professionals	Female	161	0	12	5
	Male	281	0	12	5
Technicians and associate professionals	Female	61	0	12	6
	Male	898	0	12	6
Clerks	Female	441	0	10	7
	Male	308	0	10	7
Service and sales workers	Female	8	0	2	2
	Male	17	0	2	2
Skilled agriculture and fishery workers	Female	263	0	2	2
	Male	203	0	2	2
Craft and related trades workers	Female	9	0	10	5
	Male	66	0	10	5
Plant and machine operators and assemblers	Female	42	0	4	3
	Male	120	0	4	3
Elementary occupations	Female	258	0	4	5
	Male	469	0	4	5
Gender sub totals	Female	1258	0	62	40
	Male	2393	0	62	40
Total		3651	0	124	80

Table 13.1- Injury on Duty

Nature of Injury on Duty	Number	% of Totals
Required basic medical attention only	187	98.9
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	2	1.1
Total	189	100



GLOSSARY

ABBREVIATION	DESCRIPTION
AMCOW	AFRICAN MINISTER COMMITTEE ON WATER
APO	ANNUAL PLANS OF OPERATIONAL
BAS	BASIC ACCOUNTING SYSTEM
CEIMP	CONSOLIDATED ENVIRONMENTAL IMPLEMENTATION MANAGEMENT PLAN
CMS	CATCHMENT MANAGEMENT STRATEGY
CMIP	CONSOLIDATED MUNICIPAL INFRASTRUCTURE PROGRAMME
CSIR	COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH
DPLG	DEPARTMENT OF LOCAL GOVERNMENT
DWAF	DEPARTMENT OF WATER AFFAIRS AND FORESTRY
DCB	DEPARTMENTAL BARGAINING CHAMBER
DTT	DEPARTMENTAL TASK TEAM
DORA	DIVISION OF REVENUE ACT.
EWS	EARLY WARNING SYSTEM
EXCO	EXECUTIVE COMMITTEE
FTFA	FOOD AND TREES PROJECT FOR AFRICA
FPA	FIRE PROTECTION ASSOCIATION
FBW	FREE BASIC WATER
HRD	HUMAN RESOURCE DEVELOPMENT
HRM	HUMAN RESOURCE MANAGEMENT
IS	INFORMATION SYSTEM
IT	INFORMATION TECHNOLOGY
IRWM	INTERGRATED WATER RESOURCE MANAGEMENT
KFA	KEY FOCUS AREAS
LHWP	LESOTHO HIGHLAND WATER PROJECT
MANCO	MANAGEMENT COMMITTEE
MDA	MINE WORKERS DEVELOPMENT AGENCY
MIS	MANAGEMENT INFORMATION SYSTEM
MITT	MUNICIPAL INFRASTRUCTURAL TASK TEAM



MIG	MUNICIPAL INFRASTRUCTURE GRAND
NT	NATIONAL TREASURY
NWRS	NATIONAL WATER RESOURCE STRATEGY
NEPAD	NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT
NGO	NON GOVERNMENT ORGANISATION
ORWRDP	OLIFANT RIVER WATER RESOURCE DEVELOPMENT PROJECT
PDI	PREVIOUSLY DISADVANTAGED INDIVIDUALS
PSP	PROFESSIONAL SERVICE PROVIDERS
PFMA	PUBLIC FINANCE MANAGEMENT ACT
PSC	PUBLIC SERVICE COMMISSION
RCC	RESTRUCTURING CORE COMMITTEE
SAFCOL	SOUTH AFRICAN FORESTRY COMPANY LIMITED
SALGA	SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION
STATS	STATISTICS SOUTH AFRICA
SFM	SUSTAINABLE FOREST MANAGEMENT
TCTA	TRANS CALEDON TUNNEL AUTHORITY
WDCS	WASTE DISCHARGE CHARGERS SYSTEM
WQM	WATER QUALITY MANAGEMENT
WSA	WATER SERVICE ASSOCIATION
WSDP	WATER SERVICE DEVELOPMENT PLAN
WS	WATER SERVICES
WARMS	WATER USE AUTHORISATION AND REGISTRATION MANAGEMENT SYSTEM
WUA	WATER USER ASSOCIATION
WFW	WORKING FOR WATER
WSSD	WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT