

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	15 282 014	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	23 (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	23 (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	19.1 10 820	53 974
	Other payables	19.2 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.