

# DEPARTMENT OF WATER AFFAIRS AND FORESTRY



# ANNUAL REPORT 2005



water & forestry

Department:  
Water Affairs and Forestry  
REPUBLIC OF SOUTH AFRICA

## OUR VISION

We have a vision of a democratic, people-centred nation working towards human rights, social justice, equity and prosperity for all. We have a vision of a society in which all our people enjoy the benefits of clean water and hygienic sanitation services. We have a vision of water used carefully and productively for economic activities, which promote the growth, development and prosperity of the nation.

We have a vision of a land in which our natural forests and plantations are managed in the best interests of all.

We have a vision of a people who understand and protect our natural resources to make them ecologically stable and safeguard them for current and future generations.

We have a vision of a Department that serves the public loyally, meets its responsibilities with energy and compassion and acts as a link in the chain of integrated and environmentally sustainable development. We have a vision of development and co-operation throughout our region; of playing our part in the African Renaissance.

## OUR MISSION

The mission of the Department of Water Affairs and Forestry is to serve the people of South Africa by:

- Conserving, managing and developing our water resources and forests in a scientific and environmentally sustainable manner in order to meet the social and economic needs of South Africa, both now and in the future;
- Ensuring that water services are provided to all South Africans in an efficient, cost-effective and sustainable way;
- Managing and sustaining our forests, using the best scientific practice in a participatory and sustainable manner;
- Educating the people of South Africa on ways to manage, conserve and sustain our water and forest resources;

- Co-operating with all spheres of Government, in order to achieve the best and most integrated development in our country and region;
- Creating the best possible opportunities for employment, the eradication of poverty and the promotion of equity, social development and democratic governance.

## OUR VALUES

The Department of Water Affairs and Forestry is a loyal servant of the Government and the people of South Africa.

As public servants, our skills will, at all times, be used for the benefit of the people and for the reconstruction and development of our country in the spirit of Batho Pele (People First).

As management, our responsibility is to provide high quality transformational leadership and a disciplined work ethic and to promote a working culture for motivated, accountable and committed teamwork.

As citizens of the African continent, we are dedicated to long-term integrated regional security and co-operation, and to the spirit of the African Renaissance.

Our working environment is governed by the principles of representivity, equality, mutual respect and human development.

## CORE VALUES FOR TRANSFORMATION

We recognise that people are the cornerstone of the Department's success. Diversity is valued as a source of strength. We strive for a Department that fosters personal and professional growth and achievement.

We have the courage to change.

# REPORT OF THE DEPARTMENT OF WATER AFFAIRS AND FORESTRY

1 April 2004 – 31 March 2005

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 31 March 2005.

A handwritten signature in black ink, appearing to read 'Mike Muller', with a stylized, cursive script.

Mike Muller  
Director-General  
Department of Water Affairs and Forestry

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## General Information

# INTRODUCTION

## The Department of the future emerges

The transformation of the Department of Water Affairs and Forestry reached a critical stage in the past year. The Department of the future is being born, with implementation of vital new functions such as water allocation reform, the regulation of municipal water services and the oversight of forestry ownership gaining momentum. The delivery has progressed well, with many operational functions such as water service delivery and indigenous forest management, transferred to more appropriate organisations during the year.

Nonetheless, the Department continued to take care of many of its older functions, still providing water services in some rural communities, operating government water schemes that serve commercial farmers and managing industrial plantations.

But staff can finally see an end in sight to the long process of restructuring and, despite its "triple tasks", the Department performed well, spending over 99% of its budget and contributing to many of the key priorities that were outlined by President Mbeki in his State of the Nation address.

## Investing in the first economy

One priority has been to contribute to the growth of the first economy through an R8 billion programme of investment to develop water resources infrastructure that will ensure water security in key areas. This is part of Government's drive to invest in infrastructure in support of economic growth and development.

Nandoni Dam in Limpopo was commissioned and construction began on the Berg River Water Project which will increase water supply to the Cape Peninsula. A major project to supply water for ESKOM and Sasol's expansion in Mpumalanga has also been started. The first phase of the Olifants River Development Programme, the raising of the Flag Boshielo Dam in Limpopo, is progressing well while design of the next phase, the construction of a dam on the Steelpoort

tributary to supply mining developments and meet community needs, is well advanced and financing negotiations are underway.

Water resource management is guided by the 20 year view of the National Water Resource Strategy, which recognises the lengthy time needed to implement water resource development projects. As an example, following the conclusion of Phase 1B of the Lesotho Highlands Water Project, the Department immediately began preliminary work with our Lesotho counterparts on the feasibility of a possible Phase 2 to ensure water security for Gauteng and surrounding provinces beyond 2020.

The Department has sought to ensure that all these investments are aligned with Provincial Growth and Development Strategies and the Integrated Development Plans of local government as well as the National Spatial Development Framework.

Water management is as much about institutions as about infrastructure and this dimension has also received attention. The operation and development of the Department's major water resource infrastructure is being organised in a ring-fenced Branch, which may lead to the establishment of a stand-alone Water Resource Agency, a proposal for which will be tabled during 2005.

In a further step to implement the National Water Resource Strategy, the first Catchment Management Agency was formally proclaimed during the year for the Komati Water Management Area. This will enable water users and other stakeholders to take increasing responsibility for decisions on the management and allocation of water in their area and to ensure that it contributes optimally to social and economic development and equity.

## Meeting needs and creating opportunities in the second economy

In this focus on supporting the growth of the first economy, sight has not been lost of the other element of the Department's mandate, meeting the basic needs of all South Africans and creating opportunities for those in the second economy.



In the tiny hamlet of Soverby on the banks of the Orange River in the Northern Cape, we commemorated the supply by the Department of safe clean water to the 10 millionth recipient since 1994. The "Ten million in ten years" celebration was an historic moment in the Government's record of service delivery; it also symbolised the end of the Department's direct role in water service delivery as this responsibility has now been transferred to local government.

Working with other organs of Government, the Department achieved the President's target of 300 000 households served by improved sanitation, including the replacement of bucket toilets in 12 000 households. This will be further accelerated after the announcement of a special Municipal Infrastructure Grant (MIG) allocation to eradicate the remaining 220 000 bucket toilets by 2008. In addition, the clinic sanitation programme was substantially completed, 5 273 toilets were built to improve sanitation in 502 schools and, as important, health and hygiene programmes were incorporated into school curricula from grades 0 to 6.

The challenge of the second economy is not just to meet social needs. As important is to create opportunities for all those formerly excluded from the fruits of our society to participate fully in the country's economy.

Here, the Department has identified many opportunities, for productive livelihoods in farming and forestry. Less progress has been made in turning these opportunities into real activity. Many obstacles need to be overcome, working with other organs of state, notably a resolution to land tenure uncertainty, the provision of technical and financial support and ensuring that production opportunities for small-scale producers are matched by access to markets.

An encouraging step was the approval of the framework for supporting irrigation development by emerging farmers. A revised policy to assist historically disadvantaged households/farmers was approved by the Minister on 29 September 2004, and is being implemented. An important example was the Limpopo Government's initiative to rehabilitate and expand over 100 irrigation schemes, supported by the Department.

There has been a similar focus in forestry with ongoing work, in collaboration with provincial government agencies and the private sector, to develop afforestation opportunities in KwaZulu/Natal and the Eastern Cape. The initiation by Minister Sonjica of a Forestry Sector Charter process will contribute further to Broad Based Black Economic Empowerment in the sector.

In support of the second economy and poverty eradication, the Working for Water programme continued its impressive work. The programme, which is aligned with the Expanded Public Works Programme, provided 12 000 person years of temporary employment opportunities. Similarly, on the Department's water resource development projects, local communities are involved through systematic training and job creation efforts

### Building a strong and efficient democratic state that serves the interests of the people

Government's target is to ensure that everyone in South Africa has access to at least a basic water supply by 2008 and to basic sanitation by 2010. The challenge is not just to provide infrastructure but to achieve long term sustainability of services as well as healthy behaviour at the household level.

Since the actual delivery of the services is now done by Local Government, the Department's success depends on the effectiveness of municipalities. After funds for water supply and sanitation infrastructure were consolidated in the MIG, the Department has worked closely with national and provincial departments of Local Government to monitor and support municipalities and ensure that funds were used effectively and for the intended purpose.

The ongoing challenge is to help municipalities to plan the use of the resources they have for infrastructure programmes as well as for ongoing operation and maintenance of reliable, safe services. Detailed evaluation has showed that it will be difficult for many municipalities to meet targets for basic service provision as well as to maintain adequate services with the financial and human resources they have available. The situation is aggravated by community demands for higher levels of service than have been budgeted for in the Division of Revenue Act.

The task of supporting the municipalities requires Departmental staff to work with the plethora of programmes that seek to support local government. These include Project Consolidate, the Municipal Infrastructure Grant, the local government Capacity Building Grant, the Free Basic Services Programme, the Integrated Strategic Rural Development Programme/Urban Renewal Programme with its focus on the 21 key rural and urban development nodes as well as generic programmes such as the Expanded Public Works Programme and the Sustainable Human Settlements Programme.

This requires effective cooperation with other government agencies and Departmental officials have worked under the coordinating umbrella of the Department of Provincial and Local Government in a range of cooperative structures. Equally important has been the involvement of the regional offices in particular in local IDP and provincial PGDS processes.

### Contributing to the African Renaissance and a better life for the peoples of Africa

While the focus of the Department's work has been within the country, the Department continued to support Government's broad objectives beyond our borders.

In the SADC region, apart from continued operational cooperation with neighbours on shared river management, progress has been made with the SADC Hydrological Programme; SADC Hycos which the Department is implementing and for which a project manager has been appointed.

On the continent, the Department continued to support the Minister in her active role in the African Ministers Committee on Water (AMCOW). The African Water Facility, designed to channel funds to water projects in Africa under African political guidance, has been established at the African Development Bank. The WASH campaign continued to gain broad acceptance and support for the promotion of sanitation, including health and hygiene education.

Internationally, the Department worked closely with sister Departments in the UN Commission on Sustainable Development whose 12th and 13th sessions have focused on water supply and sanitation. The Department also contributed, through our

membership of the UN Millennium Project Task Team on Water and Sanitation and involvement with other global organisations, to place African water challenges firmly on the global development agenda.

### Transforming the way we work - Support Services

Although considerable improvements were made to financial management systems during the course of the year, the Department has still not fully implemented accrual accounting as required by National Treasury. The relevant business processes have been developed but, since no accrual enabled accounting system has yet been implemented for Government, the Department has had to develop an in-house SAP based accounting system to enable the trading accounts to comply with Generally Accepted Accounting Principles. This should have come on line on the 1st April 2005 but training of staff in the regional offices to implement the more demanding accrual system will only be completed at the end of 2005.

There have also been challenges in Corporate Services. Aside from the loss of DDG:Corporate Services – who was promoted to an HoD post in the Gauteng administration – the Human Resources Chief Directorate has suffered from a high turnover of senior managers over a period of years. This reflects, at least in part, the human resource challenges that face a large and complex department (with over 17 000 staff, the third largest in national government) while it undergoes significant restructuring.

To address the stresses and tensions caused by restructuring, the Transformation programme has paid particular attention to Change Management. As part of this, an extensive culture survey was conducted independently across the organisation. This found that the Department compared favourably against the other organisations (both public and private) that had been surveyed using the same methodology. While, as in any large organisation, there is obviously room for improvement, the results reflect the hard work that has been done by managers across the organisation to keep staff informed and engaged about the strategic direction that the Department is taking.

While concern has been expressed that staff turnover is too high as it is in some areas, particularly in key management functions:

- the figures show that generally, the reverse is the case. Table 5.3 of the Oversight Report shows that the overall turnover rate is just 7.3%, mostly due to retirement and death with only 2% due to actual resignations. This goes some way to explain a finding of the culture survey that younger people tended to be more frustrated by and negative about the organisation.

This has emphasised the need to continue with team building and management development. In this regard, the team building process which last year focused on senior management members of the Department's MANCO is now being expanded to middle management as well.

### Conclusion: the challenges of the second decade of democracy

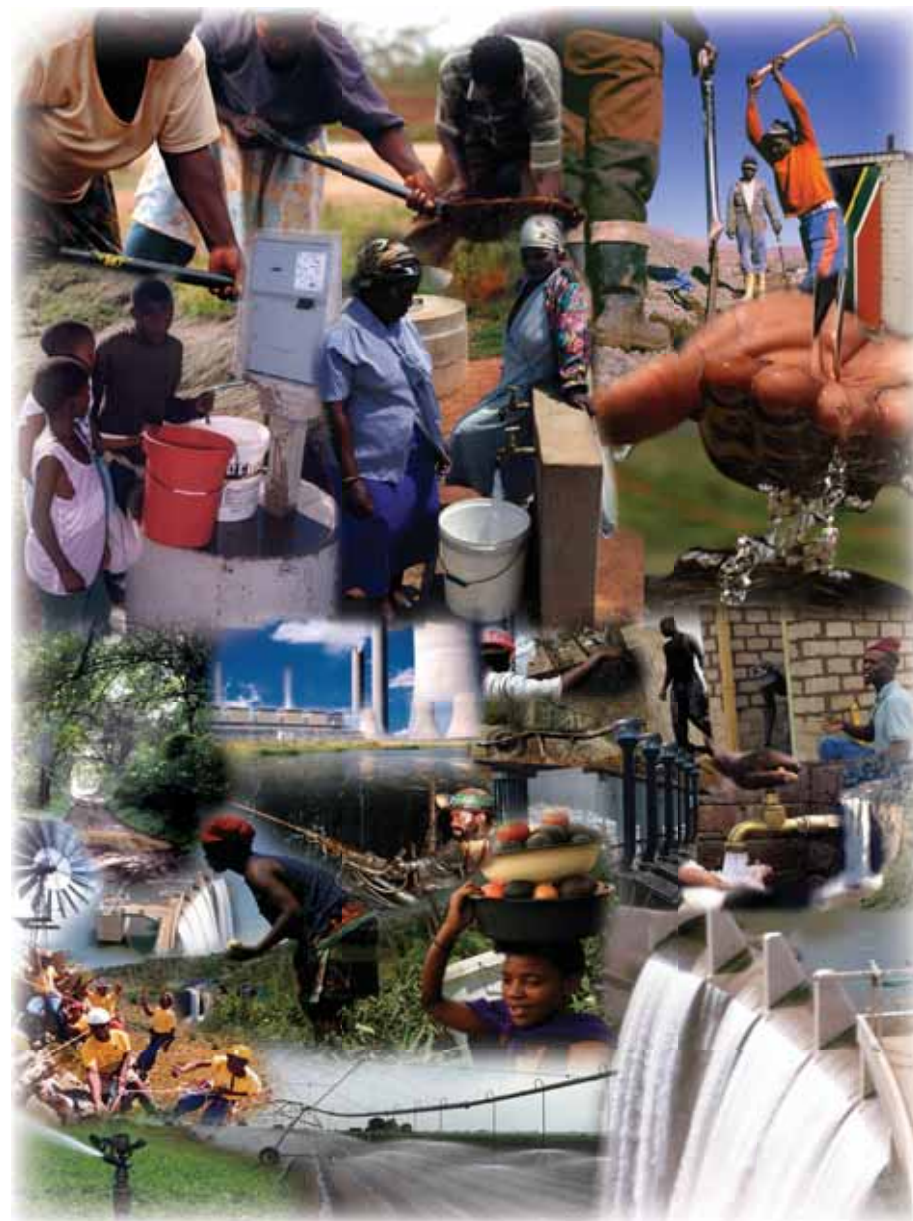
DWAF faces many challenges as sector leader in ensuring a common vision and approach in each of the three sectors for which it is responsible. To achieve water supply and sanitation targets and ensure that sustainable services are accessible to all will require massive efforts from all organs of government to support local government. The sanitation sector remains a particular challenge and there will have to be political mobilisation if the 2010 target is to be reached and the potential health benefits realised by the communities concerned.

Similarly, unleashing the potential that has been identified for plantation forestry and irrigated agriculture to contribute to improving the livelihoods of poor rural communities will require that we overcome the institutional and financial barriers.

This will require the Department to work in close harmony, internally and externally. So, in addition to thanking all managers and staff for another year of hard work, it is thus relevant to conclude by congratulating the Departmental choir who are, once again, National Champions.



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 15 Water Boards, the Water Research Commission, the Trans-Caledon Tunnel Authority, the Irrigation Boards, Water Users Associations and Catchment Management Agencies.

## Bills to Parliament

One Bill was passed through both Houses of Parliament, namely the Water Services Amendment Bill which expands the area of operation of Water Boards to outside the borders of South Africa under certain conditions.

## Cabinet Memoranda

The Minister submitted the following Cabinet Memoranda:-

- 1 Water Resource Development in the Olifants River Catchment (Limpopo and Mpumalanga Provinces) in June 2004
- 2 Establishment of the National Water Resource Strategy in September 2004
- 3 Proposed Augmentation of the Eastern Sub-System of the Vaal River System in October 2004
- 4 Progress Report on the Proposed Establishment of a National Water Resource Infrastructure Agency in November 2004

## International Visits

Table 1

The Minister undertook the following international visits between the period 1 April 2004 and 31 March 2005:

DATE	VISIT
28 June – 3 July	The Minister attended the African Ministers' Council on water in Tunisia
11 – 18 September	The Minister attended The world urban forum in Barcelona
25 –30 September	The Minister undertook a Forestry visit to China
19 – 20 October	The Minister attended AMCOW in Gaborone - Botswana. She also attended the full AMCOW meeting that was also held in October in Uganda
26 - 27 November	The Minister attended the World Economic Forum's 14 <sup>th</sup> Africa Economic Summit in Mozambique
27 November – 06 December	The Minister attended the water sanitation hygiene (WASH) Global Forum in Senegal
4 – 7 January	Indonesia Tsunami disaster
29 January – 03 February	The Minister attended the FAO Conference on water for food and ecosystems in the Netherlands
4 – 5 February	The Minister attended the 2 <sup>nd</sup> Summit of heads of state on the conservation and sustainable management of central Africa's forest ecosystems in Brazzaville/Republic of Congo



# LEGISLATIVE MANDATE

## Policies

The Department is mandated –

- By the National Water Act, 1998 (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, 1997 (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 Forests Act, 1998 (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, 1998 (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 a facilitating role, 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.
- By section 20 of the Environment Conservation Act, 1989 (Act No. 73 of 1989), which gives DWAF the mandate to permit all landfill sites. Under the Environment Conservation Amendment Act, 2003 (Act No. 50 of 2003) this function is to be administered by the Department of Environmental Affairs and Tourism but transfer of the function has not yet taken place.



# PUBLIC ENTITIES REPORTING TO THE MINISTER OF WATER AFFAIRS AND FORESTRY

## (a) Trans-Caledon Tunnel Authority

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 R24 billion up to March 2006 for the LHWP and R1, 5 billion up to March 2006 for BWP. The borrowing limits are reviewed on a regular basis.

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 was then 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 27 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 has secured the funding facilities 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 were signed in April 2003. Mechanisms to comply with the environmental requirements related to the BWP were established. Construction of the dam commenced in July 2004 with the roads infrastructure being completed in January 2005.

In May 2004, TCTA was issued with a revised mandate to provide financial and treasury management services to Umgeni Water, other Water Boards, Water Management Institutions and the Department of Water Affairs and Forestry.

On 26 November 2004, TCTA was issued a mandate to implement and fund the Vaal River Eastern Sub-system Augmentation Scheme. Cabinet also approved assigning TCTA the task of advising on funding options for Phase 2 of the Olifants River Water Resource Development Projects (ORWRDP).

One of the options under consideration in a study on institutional options for the management of national water resources infrastructure is the phased integration of the resources of the TCTA and the Infrastructure Branch of DWAF into an Agency. Clarity on the way forward will be obtained during the next year.

## (b) Komati River Basin Water Authority

The Komati River Basin Authority (KOBWA) is a bi-national water authority of the Kingdom of Swaziland and the Republic of South Africa formed under the Treaty on the Development and utilization of the Water Resources of the Komati River Basin, ratified in 1992. KOBWA is tasked with the implementation of phase 1 of the Komati River Basin Development Project, which comprises the Driekoppies Dam (phase 1a) near Schoemansdal in South Africa and the Maguga Dam (phase 1b) near Pigg's Peak in Swaziland. 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. 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 while meeting the international obligations to Mozambique. Storage levels reached only 30% during the season due to drought in the catchment area. Low assurance water use had to be rationed.

Following a request from DWAF KOBWA took over the implementation of the Driekoppies Dam relocation program during 2004. KOBWA continued with the implementation of the monitoring and development programmes for the people who were affected by resettlement at the two dams. Development programmes included preparations for tourism related activities around the dams through the development of sustainable land utilisation plans. Transfers for 2004/2005 amounted to R173 million. An amount of R158.6 million was utilised to service the long term loans and R14.4 million for operational and maintenance expenses.

## (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 further responsibility to accumulate, assimilate and disseminate knowledge with 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 R77 million was made available for research projects and research support services, including knowledge dissemination and technology transfer. Research projects of the WRC supported 465 post graduate students, of whom 274 were previously disadvantaged individuals (PDIs).

## (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 role of Water Boards has transformed significantly since their inception. The changes brought about by various pieces of legislation have established Water Boards as public sector water service providers whose primary activity is to support municipalities, in meeting their constitutional mandate to provide water services to all South Africans.

This requires the Water Boards to enter into service provision agreements with municipalities, a process which requires agreement between both parties. Many Water Boards have developed good

relations with local municipalities but others have still not established formal agreements and there was continuing uncertainty as a result of Section 78 processes being undertaken in terms of the Municipal Structures Act. While, in general, financial performance and governance of Water Boards was good, problems have been experienced in Botshelo Water, Bushbuckridge, Ikangala and Bloem Water and interventions are ongoing.

The review of regional water services institutions continued during the year together with South African Local Government Association (SALGA), Department of Local Government (DPLG) and South African Association for Water (SAAWU) in order to clarify the future role and structure of Water Boards.

#### 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 Pelladri Water Board
- 13 Rand Water
- 14 Sedibeng Water
- 15 Umgeni Water

