

Programme Performance



PART B: PROGRAMME PERFORMANCE

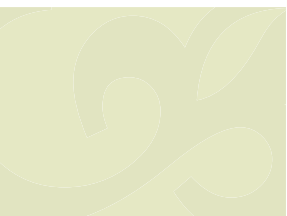
Vote 34: Estimates of national expenditure

	2006/07	2007/08	2008/09
R thousand	To be appropriated		
MTEF allocations: of which:	4 476 545	4 809 347	5 625 984
• Current payments	2 635 794	2 733 292	2 930 949
• Transfers and subsidies	1 632 808	1 731 020	2 479 586
• Payments for capital assets	207 943	345 035	215 449
Statutory amounts	-	-	-
Responsible Minister	Minister of Water Affairs and Forestry		
Administering Department	Department of Water Affairs and Forestry		
Accounting Officer	Director-General of Water Affairs and Forestry		

Aim

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

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



Programme 1



ADMINISTRATION

Part
B

PROGRAMME 1: ADMINISTRATION

This programme provides policy leadership, advice and core support services, including finance, information services, human resources, gender and disability, legal services, communication and strategic coordination.

Corporate services:

During the reporting period the following strategic interventions were implemented in Corporate Services Branch.

Information services:

Considerable progress has been made with practical implementation of Virtual Private Network and the development of business continuity framework and disaster recovery plan. Improved operational efficiency has been achieved with the introduction and implementation of systems development framework.

Human Resource

The Department has implemented the following strategic interventions as a response to the need to build the capacity of the State:

- Initiated partnership with Tshwane University of Technology (TUT) and the University of Western Cape (UWC), Free State University and the University of Cape Town to develop learning interventions to improve skills base of the Department and create a pool of young Technicians and Engineers.
- A third agreement was negotiated with the People Republic of Cuba in terms of which Engineers from Cuba will be seconded to the Department to facilitate effective service delivery.

Challenge

The challenge is to find a balance between providing HR support to the line functionaries on the one hand whilst striving for developing HR functional excellence on the other. The two

pronged approach is required if HR is to maximise its contribution to the performance of the department.

Transformation

A review of governance structures was undertaken. The purpose was to improve alignment, streamlining decision making and promote sound corporate governance practices.

In order to reposition the department for accelerated service delivery, we have undertaken internal restructuring and reorganisation. This led to the establishment of the Forestry Branch, Gender and Disability Directorate and high level configuration of Human Resources: Chief Directorate, Legal Services and Administration Directorates.

The department continues to improve its employment equity profile in terms of appointing women in senior management positions. For this reporting period women constitute 25% of the Senior Management Service Cadre.

Legal Services

The following significant progress was made in terms of new legislation and amendments:

- The draft National Water Resource Infrastructure agency Bill was produced. As soon as Ministers approval has been obtained it will be circulated for comment outside the Department.
- The National Water Act Amendment was further revised, but is not as yet ready for circulation for comment outside the Department.
- The Forestry Laws Amendment Act, 2005 was published in the Government Gazette on 9 March 2006.
- National Water Services Bill was drafted and circulated for comment to other Government Departments and selected stakeholders.
- Regulations that deal with water use for recreational purposes were submitted to the Chief State Law Advisers, the Committee for Environmental Coordination,

and are ready to be published for public comment.

- Regulations that deal with the requirements for operators of waterworks were published for public comment.
- Regulations pertaining dam safety were circulated for internal comment, they were also sent to selected stakeholders, the committee for environmental coordination and again to the Chief State Law Advisers. They will be published for public comment soon.
- Forestry regulations were submitted to the Chief State Law Advisers. It is expected that they will promulgated soon.

Challenges

The Department identified an urgent need for regulations that deal with financial assistance for Resource Poor Irrigation Farmers, as well as for dam safety measures.

Furthermore the Department is also busy with the formulation on policies and strategies pertaining to the institutional arrangements and regulation of water services, which may have the effect that the Water Services Bill.

Communications

The department continues to improve its media profile and public understanding of its programmes through the use of multi media communication campaigns.

Challenge

As the support function Corporate Services has to improve its knowledge and understanding of the business of the department and skill base to enhance the ability of the department to deliver on its strategic goals. There is a need to focus on building strategic partnership, client orientation and technical capabilities.

FINANCE

This programme is responsible for providing financial leadership in the department in line with PFMA, MTEF as well as MTSF

requirements. The programme aims to achieve this by providing effective financial management, restructuring of finance branch as well as proper supply chain management.

Financial Management

The department is currently operating two accounts i.e. Exchequer and Trading Account. Separation of operations on the two accounts was executed successfully, however there are still limitations posed by the current business information system (BAS) which is cash accounting based. In trying to circumvent the limitations posed by BAS the department is implementing SAP business information system which will support the trading entity's accrual accounting system. SAP implementation project was at least 80% ready at the end of the financial year. Approximately 94% of the total budget of the department as spent during the financial year and 70% of the projected revenue was collected during the financial year.

Restructuring of Finance Branch

Separate cash and accrual accounting were established and skills audit was done to prepare for the resourcing of the two components. High level structures in line with the new organization were approved.

Challenges

The introduction of SAP as a preferred business information system as well as the introduction of accrual accounting system posed a new challenge in terms of the current skills levels. Training in both SAP and accrual accounting started towards the end of the financial year in preparation for the SAP go live date.

Supply Chain Management

Accounting officer's procurement guidelines and policies were developed and approved by Manco. An asset management strategy and plan was also developed and approved. A project charter on the Enterprise Wide Asset Management model aimed at maximising return on infrastructure operated by the department to be line with industry norms was also developed



and approved. Implementation of the charter is expected to commence during the 2006/7 financial year.

Challenges

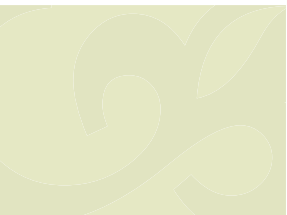
The issue of assets has contributed a lot towards the department's adverse audit report which calls for an accelerated asset management approach in addressing the current situation. The challenge that is facing the department is matching the enormous asset base with the lean capacity of the department. Measures are to be put in place to address the problem of adequate capacity.

Annual Audit

In trying to curb the recurring adverse audit opinion from the Auditor General, the department has established a steering committee comprising of departmental officials and officials from the Auditor General. The steering committee's main responsibility is to ensure that all the queries are dealt with in time and appropriately for the AG report.

Internal Audit

A risk assessment project was commissioned and the outcome of the report which was highlighting all risk areas and recommendations on how to address risk areas was tabled at MANCO. All planned investigations as well as those stemming from the hotline register were executed.



Programme 2



WATER RESOURCES MANAGEMENT

Part
B

PROGRAMME 2:

WATER RESOURCES MANAGEMENT

The purpose of Water Resource Management is to ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of all people. The programme's measurable objective is to ensure that water resources are allocated to promote social and economic development, maintain the reliable availability of water in sufficient quantities and of an appropriate quality to meet the needs of all consumers and meet international water-sharing agreements, while ensuring that water resources are protected to enable sustainable water use.

STATE OF WATER RESOURCES SECTOR REPORT

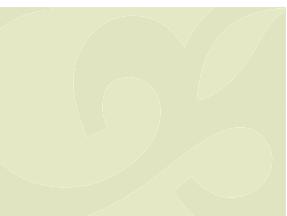
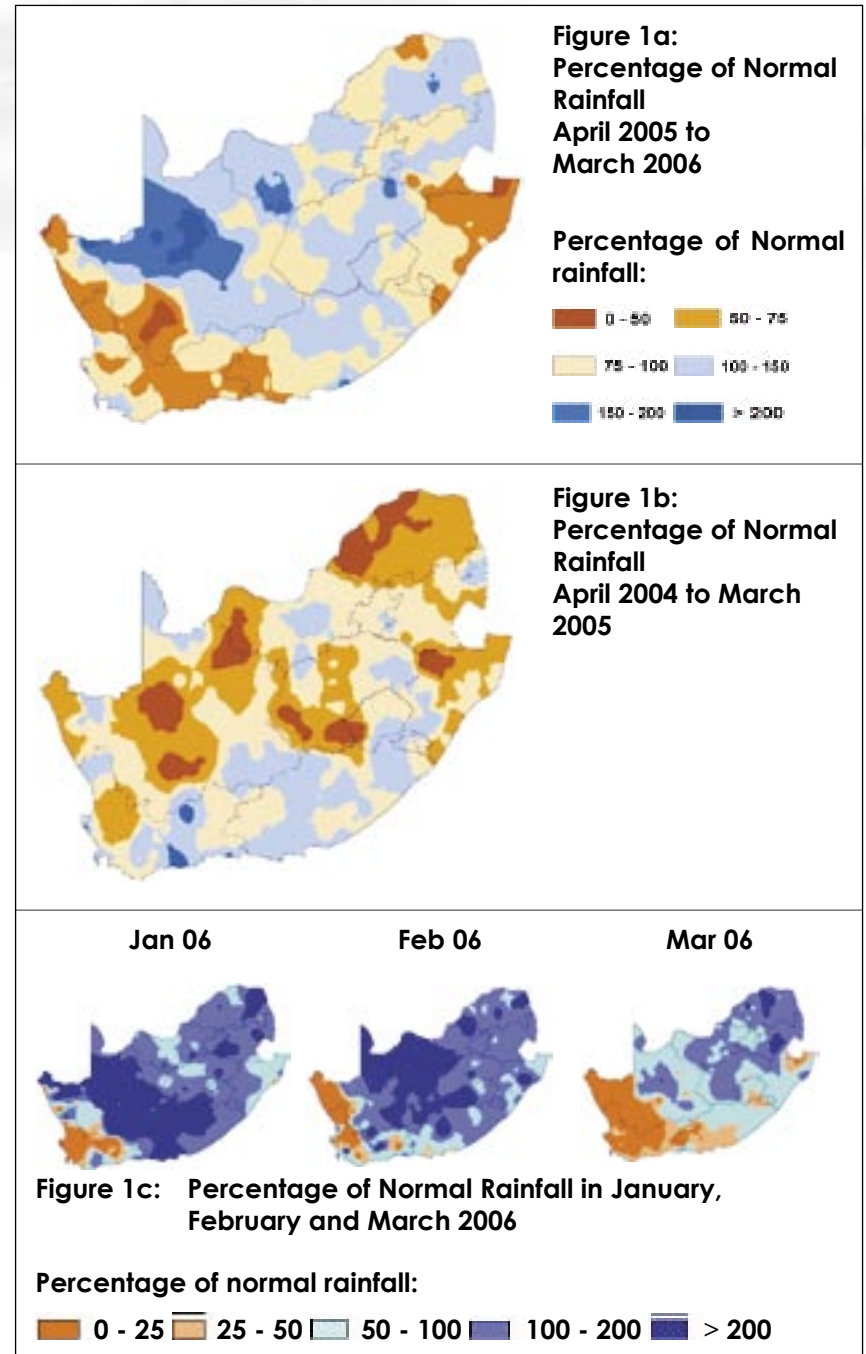
Rainfall

Lower-than-average rainfall continued to prevail over much of the country until October 2005, with most areas experiencing less than 75% of the long-term average. The situation began to improve in November and rainfall over much of the country for the last five months of the year was average or better than average. January and February 2006 were very wet months for all but the far western areas, with most areas recording rainfall between 100 and 200% of the long-term average for these months.

The Western Cape, the western parts of the Northern Cape and Eastern Cape, and northern KwaZulu-Natal were the exceptions to the general wetter trend during the last quarter of the period. The result was that, for the year as a whole, these areas experienced at best average rainfall, but in most areas 75% or less of the long-term average rainfall.

Figure 1a shows the percentage of normal rainfall over the country for the 12 month period April 2005 to March 2006, while Figure 1b shows the same information for the previous year - April 2004 to March 2005 - for comparison.

Figure 1c shows the situation for the last three months of the period, during which most parts of the country - the far western areas were a notable exception - experienced above-average rainfall. (Note that the colour coding in the legend differs slightly from Figures 1a and 1b.)



Water availability

Generally improved rainfall, especially during the last three months of the period, compared with the previous year, saw dam levels in most parts of the country at the end of the reporting period rise to their highest levels in three to four years - see Figure 2.

The end-of-March situation in the Western Cape, where dam levels stood at 40% of full supply capacity, is an improvement on the 28% in March 2005. However, this is a winter rainfall area, and mid-year water-in-storage data is more meaningful than information at the end of March. Water in storage at end-October 2005 stood at 78%, compared with 55% the previous year. Nevertheless, widespread restrictions on water use continued to be necessary in many parts of the area to ensure ongoing availability of water to users in the long-term.

For most of the year groundwater levels in most parts of the country continued to decline, as they have done during the last few years of sub-normal rainfall. However, after the widespread and above-average rains during the last three months there were encouraging indications that water levels in many aquifers were stabilising, and in some cases significant recovery was observed. Once again the exception was the Western Cape, where the general trend was for a continuing decline in groundwater levels resulting from lower-than-average rainfall and few significant recharge events. This is cause for concern and the situation is being closely monitored.

Despite late-season improvements in rainfall many municipalities, especially those in which dependence on groundwater is high, have continued to experience difficulties in maintaining water supply to their domestic consumers and ongoing drought relief efforts have focused on emergency water provision in many parts of the country.

Water use

The ultimate intention of the National Water Act is that all water use should be formally authorised, that is, by licence, general authorisation, or in terms of Schedule 1 of the Act. Importantly, the authorising authority - the Department or a catchment management agency (CMA) - will verify and validate the

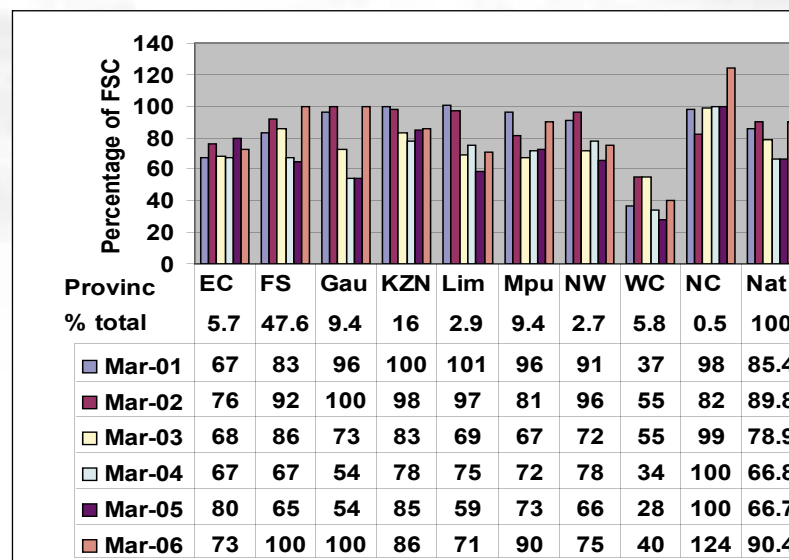


Figure 2: Water in Storage as percentage of full supply capacity (2001 - 2006)

registered use as part of the authorisation process and will therefore have a reliable record of the actual use at the end of the process. However, until such time as this goal is achieved, the principal source of information on water use will continue to be data on registered water use captured on the Department's Water Authorisation and Registration Management System (WARMS).

Volumes of water registered on WARMS at the end of March 2006 in the three user sectors - forestry (stream flow reduction), agriculture (irrigation and livestock watering) and domestic/ industrial - are shown in table 1. Also shown are volumes registered for use in terms of Schedule 1 of the National Water Act, for which no charge is made. It is important to note that the table shows only volumetric use in terms of abstraction of water, either directly or as a result of estimated stream flow reduction caused by commercial timber plantations. The more-than-70 000 registered users recorded on WARMS also include data on the storage of water. In due course WARMS will include data on discharges into the resource.



Water Management Area		Water Use Sector			
No	Name	Forestry	Agriculture: Irrigation/Livestock Watering	Domestic/ Industrial	Schedule 1 use
1	Limpopo	970	537 032	53 499	390
2	Luvuvhu/Letaba	35 298	425 812	42 215	15 195
3	Crocodile West- Marico	20	684 449	226 529	48 247
4	Olifants	27 299	690 212	282 859	31 615
5	Inkomati	247 454	982 406	203 383	1 702
6	Usutu-Mhlathuze	348 535	600 689	261 590	1 592
7	Thukela	29 899	251 331	117 938	444
8	Upper Vaal	11	497 673	1 668 077	582
9	Middle Vaal	-	305 413	316 745	4
10	Lower Vaal	-	593 589	132 569	3 798
11	Mvoti-Mzimkulu	195 361	224 037	482 311	4 513
12	Mzimvubu-Keiskamma	37 325	119 169	152 162	76 467
13	Upper Orange	-	768 315	96 298	-
14	Lower Orange	-	928 795	80 633	69
15	Fish-Tsitsikamma	15 843	1 137 823	139 505	10 115
16	Gouritz	13 905	400 060	65 770	216
17	Olifants/Doorn	117	419 978	4 539	760
18	Breede	8 506	927 207	76 939	3 373
19	Berg	8 321	346 126	375 576	35 428
Sector Totals		974 864	10 840 117	4 779 137	234 510
Total					16 828 628

**Table 1: Annual registered water use at end-March 2006
(thousands of cubic metres)**

Although the total use for each sector is comparable to the equivalent figures for 2004/5, there are some differences at water management area level, arising from refinements to previously-collected data. While some variations are to be expected in future years it is anticipated that there will be increasing year-on-year consistency as the system matures. As noted last year, the actual registered volumes exceed equivalent figures in the National Water Resource Strategy. However, the use per sector as proportions of the total are similar and the differences arise mainly from the standardisation of assurance of supply in the Strategy at 98%, while data on WARMS does not reflect assurance of supply.

Water Restrictions

Restrictions on water use from surface water sources, widespread on agricultural use, but also on domestic and industrial use in some places, continued throughout the period, as follows -

Eastern Cape: Agricultural use from the Gamtoos River was restricted by 25%.

Free State: Restrictions were imposed on water use from dams on rivers draining to the west. Industrial, domestic and agriculture were restricted by 85% of their allocations from Allemanskraal Dam. A 100% restriction on agricultural use was imposed at Kalkfontein, Armenia, Erfenis, Krugersdrift and Egmont

dams. Water for domestic and industrial use supplied to local municipalities from Erfenis, Krugersdrift and Armenia dams were restricted to 60% of their normal allocation. From Kalkfontein dam domestic and industrial water use was restricted to 50% of the allocation and for Koffiefontein, Jacobsdal and De Beers Mine at Koffiefontein water supply was augmented from the Orange-Riet Canal from Vanderkloof dam.

Gauteng: No restrictions were imposed on users.

KwaZulu-Natal: A 50% restriction was placed on the use of water for agricultural purposes from Hluhluwe Dam.

Limpopo: In the Limpopo water management area agricultural water use from the Nzhelele Government Water Scheme (GWS) was restricted by 30%, but no restrictions were imposed on domestic or industrial use in the area. Agricultural water use from the Albasini GWS was restricted by 80%, by 95% from the Great Letaba Dam and by 50% from the Middle Letaba, Nsami and Magoebaskloof dams. A 50 % restriction was imposed on domestic and industrial use from the Thabina and Thapani dams, 30% from the Albasini, Great Letaba and Dap Naude dams and 20% from the Magoebaskloof, Middle Letaba, Nsami and Modjadji dams.

Mpumalanga: The restrictions imposed in the Olifants River catchment in 2004/2005 - 40% restriction on agricultural use and 20% on industrial and domestic use from Bronkhorstspuit Dam and 20% elsewhere in the catchment - remained in force throughout the period. In the Inkomati Water Management Area a 60% restriction on agricultural water was applicable but, due to the ongoing severe drought, irrigation boards in this catchment imposed restrictions of between 70% and 80% on the taking of irrigation water from the lower Komati, Lomati (Driekoppies and Maguga Dams) and Crocodile rivers (Kwena Dam). Agricultural water use from Witklip Dam was restricted by 60%.

North West: Restrictions on water supply for irrigation, imposed in January 2005, at Lindleypoort (40%), Marico-Bosveld (60%), Kromellenboog (100%) and Klein Maricopoort (55%) dams, and in April 2004 at Koster dam (100%), remained in force for most of the period. In addition, in terms of the Tswasa Agreement with Botswana, it was necessary to impose restrictions on water

supply from the Molatedi Dam in November 2005 (75% on irrigation and 50% on the supply to Gaborone). At the end of the period, after very good rainfall over most of the area for the last three months, most dam levels had recovered sufficiently to enable the total lifting of restrictions on irrigation water supply. The exceptions were Koster Dam where the 100% restriction remained in force and Klein Maricopoort Dam where the restriction was reduced to 40%.

Northern Cape: No restrictions were imposed on users from surface water storage.

Note: Storage volumes in the North West and the Northern Cape are very small (see Figure 2).

Western Cape: A 20% restriction on all uses in the Berg and Breede WMAs, including the Greater Cape Town area, was in place for the first half of the year, subsequently reduced to 10% in the second half of the period. Restrictions ranging from 20% to 50% were in place in several areas in the Olifants-Doorn and Gouritz WMAs.

Regular drought reporting ensured that the situation was continuously reviewed throughout the period.

Ecological Condition of Rivers

The National Aquatic Ecosystem Health Monitoring Programme - better known as the River Health Programme (RHP) - is a water resource quality monitoring programme that offers an overall picture of the condition, or health, of South Africa's rivers. The health of a river indicates its ability to support a natural array of plants and animals and this relates directly to the ability and capacity of a system to provide a variety of goods and services to people.

A key objective of the RHP is to ensure the ecologically sound management of the country's rivers. The RHP primarily uses biological indicators, such as the condition of fish communities, aquatic invertebrate animals and riparian vegetation that integrate the cumulative effects of variations in flow rate and water quality over extended periods of time, to assess the rivers' health.



Between 1998 and 2005, 13 river systems have been assessed and reported on in the State of Rivers report series. Currently 189 rivers are being monitored, ranging from normally healthy mountain upper catchments, through highly-impacted urbanised catchments, to estuaries or confluences with bigger river mainstreams. The programme is also being linked up with wetlands and estuaries to give a holistic picture of the condition of water resources.

The analysis of the data collected thus far shows that 1,6% of the rivers studied are in a Natural state, 26,6% in a good condition, 42,8% in a fair condition and 29% in a poor state. The main driving forces, called "stressors", of river health are water abstractions that do not take account of ecological reserve requirements, the destruction of in stream habitat and riparian vegetation and invasion by alien species

Challenges

One of the key challenges facing the department during the year under review was the recruitment and retention of staff, particularly in scarce occupational classes such as engineers and technicians. A number of units operated without their full complement of personnel during the year.

The transformation of irrigation boards to Water User Associations progressed slower than expected, and challenges remain around the transfer of staff to Water User Associations, and the transformation of Water User Associations to include historically disadvantaged individuals and communities in an effective manner.

The processing of water use licences speedily remained a challenge during the year, as did the issue of ensuring that water is made available to historically disadvantaged communities and individuals.

While there were effective actions taken with regard to the control of illegal water use in some areas, this remains a challenge in many areas. Another challenge is ensuring that local authorities meet their effluent discharge standards from waste water treatment works.

Water boards were not able to advise local authorities of proposed increases in bulk water tariffs by mid-March 2006, as

required by section 42 of the Municipal Finance Management Act. This has highlighted the urgent need for the Department to accelerate the process of setting tariffs for the supply of bulk water to water boards to give the boards sufficient time to undertake the consultation process required by the Act, and for the Department, the boards and National Treasury to streamline the consultation and approval process.

MAIN ACHIEVEMENTS

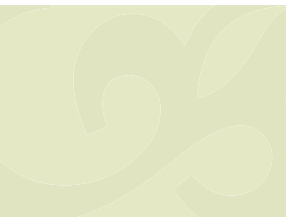
Water Allocation Reform, access to water and support for resource poor farmers

The Water Allocation Reform programme was formally launched by the Minister in April 2005. Extensive public consultation on the position paper, *Towards a Framework for Water Allocation Planning*, occupied the remainder of the year, together with the development of tools to facilitate water allocation and planning and the compilation of regional implementation plans. In addition, the process of linking the programme with complementary programmes in the departments of Agriculture (agricultural support) and Land Affairs (land redistribution) was initiated.

The process of confirming the correctness and legality of registered water use has continued, focusing on catchments scheduled for piloting the Water Allocation Reform programme. This information is necessary prior to the reallocation of water under the WAR programme.

During the course of the year 254 water use licences were issued for abstraction, impeding or diverting the flow of water in a watercourse, and for afforestation. The table below sets out which provinces the licences were issued in, for what purpose, and the number of licences issued to historically-disadvantaged individuals (HDIs).

Implementation of the new policy on financial assistance and support to resource-poor irrigation farmers began with a pilot project to construct 68 rainwater harvesting tanks in 26 villages in Limpopo, Free State, KwaZulu-Natal and the Eastern Cape. Ten tanks were completed, with the remainder being at various stages of construction. Figure 3 shows a



LICENCES ISSUED IN TERMS OF THE NATIONAL WATER ACT, 1998					
FROM 1 APRIL 2005 - 31 MARCH 2006					
REGION	WATER USES			HDI	TOTAL
	Abstraction	Impeding and diverting	Afforestation		
EASTERN CAPE	36	1	17	6	54
GAUTENG	2	7	0	0	9
KWAZULU NATAL	40	0	12	5	52
LIMPOPO	7	0	0	0	7
MPUMALANGA	43	1	0	0	44
NORTH WEST	6	1	0	0	7
NORTHERN CAPE	17	0	0	0	17
WESTERN CAPE	33	1	1	0	35
FREE STATE	29	0	0	0	29
TOTAL	213	11	30	11	254

typical 30 cubic metre capacity reinforced concrete tank, to which the roof has still to be added, while Figure 4 shows a vegetable garden, which illustrates the scale of household food production that will benefit from the tanks. A rainwater

harvesting programme was also implemented in the Free State in conjunction with the CSIR and the Department of Agriculture.



Figure 3: Typical 30 m³ rainwater tank



Figure 4: Vegetable garden



Establishment of new institutions

Progress with the establishment of water management institutions gathered momentum during the period. This was particularly so in respect of Catchment Management Agencies (CMAs), but Cabinet also approved the establishment of a National Water Resources Infrastructure Agency to take responsibility for the development, operation and maintenance of national water resources infrastructure. This includes infrastructure such as the Vaal Dam, the Tugela-Vaal transfer system, the Orange River Scheme and the Western Cape system. The expertise of the parastatal Trans-Caledon Tunnel Authority in financial systems, funding models and risk management will be integrated into the Agency. Drafting of the National Water Agency Bill is in progress.

During the year under review the Governing Board and Chief Executive Officer were appointed for the Inkomati CMA and its first business plan was submitted to the Minister. Representation on the Board covers commercial agriculture, industry, mining and power generation, productive use of water by the poor, civil society, tourism and recreation, existing agriculture by HDIs (emerging farmers), Local Government – integrated planning, (represented by the South African Local Government Association - SALGA), potential agricultural water use by HDIs, conservation, Traditional Leaders, streamflow reduction (forestry), Office of the Premier Mpumalanga, Office of the Premier Limpopo, Local Government Water Services (SALGA). The Chairperson is Ms T P Nyakane-Maluka, and the Vice-Chairperson is Ms N Govender. The Board is 57% male and 43% female with 86% black and 14% white members.

After public consultation, CMAs for the Breede, Crocodile (West)-Marico and Mvoti-Mzimkulu water management areas were established by Government Notice and advisory committees appointed to recommend Governing Board membership to the Minister. Establishment proposals were gazetted for public comment for agencies in the Usutu-Mhlathuze, Thukela, Gouritz and Olifants/Doorn water management areas, while public engagement began towards the development of a proposal to establish an Agency in the Berg water management area in the Western Cape.

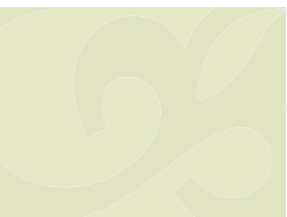
A further nine water user associations (WUAs) were established, six of which were new associations and three were transformed from irrigation boards. The new WUAs are Spruit River and Houdensbeks River WUAs in the Western Cape, Nzhelele, Mutale and Mutshimbwe WUAs in Limpopo and uPhongolo Dam WUA in KZN. The Western Cape WUAs include commercial and resource-poor farmers, while the Limpopo WUAs are made up of resource poor farmers only. The transformed irrigation boards are Vanwyksdorp and Groenland in the Western Cape and Umlaas in KwaZulu Natal. All three include resource-poor farmers and local government is represented on all three management committees.

International matters

Internationally, the department continued to contribute to the establishment and operationalisation of shared watercourse institutions for the four river systems (Orange, Limpopo, Incomati and Maputo) that South Africa shares with its neighbours. The first Orange Senqu River Commission Ministerial meeting was held in Lesotho in September 2005. The Limpopo River Commission will be formally established as soon as the governments of the four basin-sharing countries, Botswana, Mozambique South Africa and Zimbabwe, have ratified the agreement to establish the Commission.

The Tripartite Permanent Technical Committee between Mozambique, South Africa and Swaziland made good progress with the implementation of the water sharing agreement on the Incomati and Maputo river systems, and also with the Maputo Basin Study. Ongoing drought conditions in Southern Africa reduced the flows in all four shared rivers to such an extent that it was not possible to maintain flows to Mozambique in the Incomati River at agreed levels at all times. Drought planning and cross-border flows are therefore among the priorities to be addressed by the shared watercourse institutions.

South Africa also signed an agreement on co-operation in water matters with the People's Republic of China in September 2005, and the African Ministerial Conference on Hydropower and



Sustainable Development was co-hosted in South Africa with the Department of Minerals and Energy in March 2006.

Water conservation and water demand management

There are encouraging indications that South Africans are beginning to accept the importance of water conservation and water demand management and to support measures to achieve efficient and sustainable use of water. Situation assessments of water use efficiency have been undertaken in a number of municipalities throughout the country, business plans prepared and interventions initiated. Appropriate conditions have been included in licence conditions, such as for Sasol Synfuels in Secunda. Among other ongoing projects, the extent of awareness and use of water-efficient devices is being studied in Hermanus and Cape Town, education and awareness programmes are being conducted in schools and communities country-wide and mechanisms are being investigated to secure assured funding streams for implementing supply-side interventions.

Working for Water and Working on Fire

During 2005/06 the Working for Water programme treated a total of 880, 521 ha of invasive alien plants (101% of what was planned for the year). Of this 205, 849 ha were initial clearing and 674, 671 ha were follow-up treatments: follow-up on initial clearing is critically important for sustainable invasive alien plant control. The programme spent R416.743 million during the financial year, resulting in an overall investment of a little more than R470 per treated ha. The work resulted in 2,094,028 person days of employment (103% of planned) at an overall cost of R199 per person day. A total of 29,470 people directly benefited from the creation of 11 150 jobs: 54% to women; 18% to youth; and 1% to people with disabilities.

The programme is steadily increasing its investment into the development of value-added industries. Some of these are starting to pay off. Three of the initial five pilot value-added industries projects are running independently with an estimated 54 people permanently employed and 34 more getting temporary employment. The outcomes of an economic assessment to test the viability of a pilot natural resource

restoration project, in which cleared areas are replanted with thatch reed after clearing Rooikrans (*Acacia cyclops*) at Cape St. Francis in the Eastern Cape, have shown that such projects can contribute to improving access to productive land for historically disadvantaged communities. The project is still being developed, with alternative business models being evaluated. The department has also revived an investigation into the establishment of a Public / Private Partnership or other appropriate agreement for the harvesting of biomass after the clearing of dense stands of invasive alien plants. It is estimated that there are some 10 million tons of utilisable biomass available on the West Coast and Aghulhas plains in the Western Cape and the Eastern Cape coastal plains.

The Working on Fire programme is run in partnership with the Department of Provincial & Local Government, and is partly funded by DWAF. The vision for Working on Fire is to protect life, livelihoods, ecosystem services and natural processes through integrated fire management in order to contribute to economic empowerment, skills development, social equity and accelerated service delivery. During 2005/06 Working on Fire was involved in the suppression of 805 fires, 390 and 415 in the summer and winter rainfall regions respectively, covering 356, 789 ha (91, 863 and 264, 926 ha respectively). The programme did a further 230 controlled burns, of which 211 were in the summer rainfall areas and 19 in the winter rainfall areas covering 24, 041 and 456 ha respectively. Working on Fire created 277, 791 person days of employment with 1, 037 people benefiting directly from it. The programme was further successful in changing fire fighting from being a 100% male-dominated function to having 27% of female workers. The programme spent R36.36 million on ground operations. The Department of Provincial & Local Government, the programme's partner department on aerial support, spent a further R10.888 million. During February – March 2006 a further R10.25 million was spent on aerial support by DWAF to help local authorities, Cape Nature and SANParks suppress disastrous fires in the Western Cape.

Addressing illegal water use

A Compliance Monitoring and Enforcement Unit has been established in the department to ensure that water use is in



accordance with legal requirements. The unit dealt with about 100 cases of unlawful water use during the period throughout the country, issued a number of directives and undertook prosecutions and other appropriate enforcement actions. Most of the cases involved unlawful abstraction and the unlawful construction of dams, but some instances of unlawful discharge of waste water were also dealt with. The Unit has developed close working relationships with the South African Police Services, the Directorate of Public Prosecutions and the department of Environmental Affairs and Tourism and encouragingly, receives active support from Agri-SA and the Chamber of Mines in its work. The Unit has also been involved in collecting outstanding charges for water use from defaulters.

Planning for the future

On the planning front 16 multi-year studies were undertaken. Of particular importance are the four studies that will form the basis of water management strategies to ensure continued water supply to four large metropolitan areas - the system serving Cape Town and the Vaal River, Crocodile West and Amatole systems. The resulting draft strategies will, once finalised, be thoroughly discussed with stakeholders.

An investigation of measures to improve the management of the Lower Orange River identified the need to assess the feasibility of constructing a dam on the common border between South Africa and Namibia, and the scope of the feasibility study was subsequently approved by the Namibia-South Africa Permanent Water Commission. A feasibility study of options to augment the Mgeni Water Supply System in KwaZulu-Natal, involving *inter alia* the construction of a dam at Spring Grove on the Mooi River, was largely completed.

The integration of surface- and groundwater management was advanced by the completion of the second phase of the Groundwater Resource Assessment programme. The assessment provides data, information and methodologies in respect of aquifer recharge, groundwater use, interaction of groundwater and surface water, total availability of groundwater and classification of groundwater resources

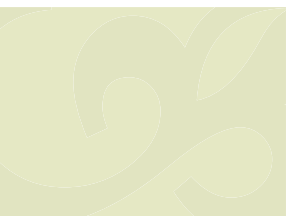
Building for the future

Work continued on a number of major infrastructure projects. On the Berg River Project in the Western Cape all advanced infrastructure contracts (access road, village services and housing) were substantially completed, while at the dam site the river diversion was completed in November 2005, placing of rockfill on the dam wall was about 70% complete, and concrete work was in progress on the intake structure (about 65% complete) and the spillway (about 30% complete). Construction of the Berg Water Supplement scheme, whereby additional water is pumped back into the Berg River Dam from the Drakenstein Weir about 10km downstream of the main dam, was commenced in July 2005 and is about 35% complete.

Design work on the Olifants River Water Resources Development Project and preparations for construction of the De Hoop Dam on the Steelpoort River have progressed, but construction work cannot begin until appeals against the Department of Environmental Affairs and Tourism's Record of Decision, by which the project was approved in terms of environmental legislation, have been resolved.

Completion of the raising of Flag Boshielo Dam in Limpopo Province, scheduled for completion in March 2006, was delayed by higher-than-normal flows in the river causing spills over the dam wall, and work will now be completed in October 2006. Nandoni Dam was finally completed in September 2005 (the reservoir was 89% full at end-March 2006), while construction of the associated water treatment works and bulk distribution system was progressed. The first phase of the water treatment works at Injaka Dam was completed in June 2005 and work on the second phase commenced. Construction work on the pipeline from Vaal Dam, to improve assurance of supply to Eskom power stations and the SASOL complex in Mpumalanga, was in progress.

On departmental construction projects, the majority of the work force is sourced from the nearby communities, and during the year such projects provided 2 500 person-years of employment. For these sites the procurement of goods and



materials are procured in accordance with the Preferential Procurement Policy Framework Act and the Broad-Based Black Economic Empowerment policy, which requires preference to be given to local enterprises. For the two major construction projects implemented by the Trans-Caledon Tunnel Authority (TCTA) under direction of the Minister (the Berg Water Project and the Vaal River Eastern Subsystem Augmentation Project), the contracts include targets for local employment and the procurement of goods and services from identified groups of enterprises, which include Black Empowered Enterprises, Black Enterprises, Small, Medium and Micro Enterprises, and Local Enterprises. On the Berg Water Project this provision resulted in procurement to the value of R109 million from targeted enterprises. In addition the main TCTA contracts were awarded to Black Empowered enterprises. For the year, payments made to such companies amount to R717 million for work done on behalf of DWAF.

Charging for water

The revision of the 1999 Water Pricing Strategy was published for public comment in June 2005, and after consideration of the more-than 400 comments, appropriate amendments were made to the draft. Once it is approved by the Ministers of Water Affairs and Forestry and Finance, the revised strategy will be established by Government Notice.

The revised Water Pricing Strategy incorporates the Waste Discharge Charge System, which gives direct effect to the polluter pays principle and aims to promote the sustainable development and efficient use of water resources. The system is designed to promote the internalisation of environmental costs by dischargers, as well as the creation of financial incentives for them to reduce waste and use water resources in a more optimal way. Once all necessary arrangements are in place to implement the system it is envisaged that funds will be available to, among other things, assist municipalities to upgrade and maintain the infrastructure of their waste water treatment works. As a first step towards implementing the system the process of registering dischargers as water users was initiated.

Protection of water resources

Development of the system for classifying water resources, the central feature of measures to protect water resources, was progressed with the preparation of a draft position paper for stakeholder comment. In addition, a framework for the conservation of freshwater biodiversity was completed and accepted by major partner departments. This sets out a systematic and strategic approach to ensure that biodiversity conservation is achieved in South Africa.

Comprehensive, high confidence Reserve determinations were completed in two priority catchments, Letaba and Komati and were 80% complete for the Olifants/Doorn and Kromme/Seekoei systems, whilst approximately 180 *ad hoc* preliminary Reserve determinations were completed to facilitate licence applications.

The quality of discharges into rivers from municipal waste water treatment works continued to give cause for concern. In cases where discharges do not comply with standards the Department's Regional Offices have established joint committees with Local Government to assist with identifying appropriate interventions to improve the situation. Interventions can relate to the need to improve or expand infrastructure, creating awareness of the implications of poor discharge quality, and improving institutional capacity to operate and manage treatment facilities.

With regard to capacity building, two guideline documents were developed. The first is to assist local authorities who are applying for a license for a sewage treatment works that discharges into a water resource, the aim is being to assist in compiling a water quality management report, in accordance with established approaches and acceptable to all the regulating authorities concerned. The second is an illustrated guide to basic sewage purification operations, and complements the draft regulations on water care works operators. (The regulations are close to finalisation.)



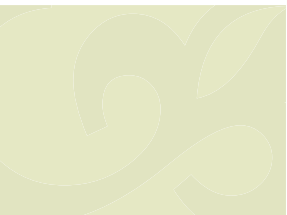
In addition to issuing 13 licences to discharge, an emergency discharge licence was issued to Ingwe Collieries to manage the decant from the defunct Roy Point section of Kilbarchan Colliery. The release was controlled through a Directive which allowed the mine to discharge 330 000 cubic metres of affected mine water into the Ngagane River. Dilution water from the Ntshingwayo Dam ensured that in-stream water quality objectives were not prejudiced.

DWAF's Regional Offices also provided a support and advisory service in respect of pollution incidents such as tanker spills, fish kills in rivers and spills in industrial compounds. In December 2005 waste water contaminated with chromium was spilled from the Madibeng Sewage Treatment Works into the Crocodile River. The waste water originated from the African Chrome plant that had been pumped into the sewer system as part of a groundwater remediation plan. Fortunately, heavy rains at the time lessened the impact of the spill on the receiving environment. The Department also coordinated intervention

support to Delmas Municipality to address the outbreak of typhoid during the period.

Water resources monitoring

In the area of water resources monitoring the National Microbial Monitoring Programme, which aims to provide an early warning - particularly to water services providers - of the potential occurrence of water-borne diseases such as cholera, was expanded to operate in 15 water management areas and will be further expanded to cover all local and high risk areas. Eutrophication, the excessive growth of plants and algae in dams, can also render water unfit for use and the National Eutrophication Monitoring Programme has been expanded to cover 17 water management areas. Designs for programmes to monitor the radiological (radioactivity) and toxicological (poisons) quality status of South African water resources were completed, the development of toxicants and radioactivity guidelines was close to completion, and the design of a sediment monitoring programme commenced.



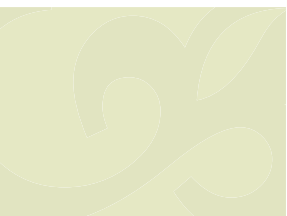
Water Resources Management: Key Outputs and Service Delivery Trends

Key Focus Area 6. Ensure reliable and equitable supply of water for sustainable economic and social development including the eradication of poverty

Outputs	Service Delivery Indicators	Actual performance
Strategic Objective 6.1 - Ensure equitable allocation and authorisation of water use		
Support to resource-poor farmers	Improved availability of water for small-scale agriculture	Pilot project in progress to develop and deliver 68 rain water harvesting tanks in 26 villages in the Eastern Cape, Kwazulu Natal, Free State and Limpopo: ten tanks completed, remainder under construction
Development and implementation of water Allocation Reform (WAR) Programme for poverty eradication and rural development	Equitable access to water for productive livelihoods	Water Allocation Reform (WAR) programme launched by Minister, April 2005. Draft Position Paper - Towards a Framework for Water Allocation Planning - published for public comment: national consultation process completed, March 2006. Draft Regional Implementation Plans compiled - aligned with DoA (agricultural support) and DLA (land redistribution) programmes
Water use licence applications evaluated and use authorised where approved	Reduced turnaround times for licence applications	Ad hoc applications assessed and 254 licences issued Departmental processes reviewed and measures to streamline applications under development
Strategic Objective 6.2 - Ensure effective and efficient use of water		
Existing lawful use validated and verified	Existing lawful use certified	Validation of registered use completed in Inkomati, Olifants and Upper Vaal water management areas, and in the catchments of the Mhlathuze, Jan Dissels (Olifants-Doring), Mokolo (Limpopo) rivers and verification in progress.
Actions taken for non-compliance with conditions with water use authorisations	Compliance with conditions of water use authorisations visibly enforced via site inspections, directives and prosecutions	Approximately 100 cases of unlawful water use dealt with throughout the country
Existing infrastructure operated and maintained effectively	Interruptions in supply to users minimised, and water used optimally	30 projects in progress to improve operational efficiency, safety standards and yield, and extend supply area where possible
Strategic Objective 6.3 - Investigate water balance and to find national / international reconciliation solutions		
Joint Studies on international rivers	Studies progressed in accordance with agreements with neighbouring, basin-sharing states	Joint LHWP Phase II Feasibility Study (RSA, Lesotho): Inception Report completed.
		Joint Feasibility Study of a Storage Dam in Lower Orange River (RSA, Namibia): Scope of Work agreed
		Joint Management Plan for Lower Orange River (RSA, Lesotho, Namibia, Botswana): Draft Reports on database, infrastructure and groundwater prepared. Progress slow.
		Flood release from Pongolapoort Dam (RSA, Mozambique): Release successfully undertaken.
National and catchment-level reconciliation strategies	Information available to facilitate balancing availability of and requirements for water	Studies to set up water resource models for six catchments continued on programme. Strategy development for four large systems (supplying metropolitan areas) and six catchments continued on programme.
Pre-feasibility and feasibility studies on water resources reconciliation solutions	Optimal solutions to balance availability of and requirements for water	Feasibility Study Reports completed for Mooi-Mgeni Transfer Scheme Phase II Spring Grove Dam, KwaZulu-Natal), and Olifants River Water Resource Development Project (De Hoop Dam, Limpopo) Pre-Feasibility Study Reports completed for Use of low level storage at Van der Kloof Dam (Free State), and Viability of irrigation schemes for resource-poor farmers (Eastern Cape)



Outputs	Service Delivery Indicators	Actual performance
Strategic Objective 6.4 - Implement solutions for reconciling water supply and demand		
Prioritised invasive alien plant species treated and cleared: 800 000 ha - initial and follow-up	Improved runoff from catchments Creation of employment and skills development opportunities	205 849 ha of invasive alien vegetation cleared Follow-up clearance of 674 671 ha 2 094 028 person-days of employment provided, 11 150 jobs created.
Design and construction of water resources infrastructure	Progress in accordance with agreed schedules	Berg River Water Project: Advanced works (access road, village works, housing) - substantially complete. Rockfill placing to wall - 70% complete. Intake - 65%, spillway - 30% complete.
		Raising of Flag Boshielo Dam: Construction 94% complete. Completion delayed by heavy rains and spills
		Olifants River Water Resources Development Project (De Hoop Dam): Detailed design 85% complete. Commencement of construction delayed until appeals against DEAT Record of Decision resolved.
Vaal River Eastern Subsystem Augmentation Project: Design completed and construction commenced.		
Water conservation and WDM developed, implemented and supported in Water Management and Service Institutions	Improved efficiency and effectiveness of water use	Water use efficiency situation assessments undertaken in a number of municipalities - business plans prepared and interventions initiated. Water use efficiency and water loss surveys in progress. Pilot study in Hermanus and Cape Town Appropriate conditions included in licence conditions (eg Sasol Synfuels) Secure funding mechanisms under investigation Education and awareness programmes conducted in municipalities, communities and schools
Strategic Objective 6.5 - Ensure water related disaster preparedness and safety of dams		
Dam safety legislation administered and dam safety programme managed	Improved compliance with dam safety legislation	92.6% of registered dams with a safety risk classified to date. All licence application assessments completed within reasonable time. Development of information systems progressed 34 departmental dams inspected and safety assessed; 15 Operations Manuals completed; refurbishment of 20 dams initiated; deformation surveys completed at 15 dams including Mohale, Gariiep, Katse and Van der Kloof
Water-related disasters managed effectively	Disaster risk management polices, strategies and guidelines developed and implemented	Generic guidelines for drought and normal conditions completed Operating rules for 30 stand-alone dams completed and being implemented
	Disaster relief activities effectively coordinated	Ongoing support to South African local authorities and co-ordination of drought relief activities Co-ordination of South Africa Water Sector activities in The Maldives and Sri Lanka in respect of December 2004 Tsunami relief activities



Key Focus Area 7. Ensure the protection of water resources

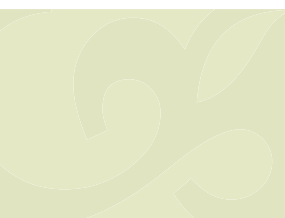
Outputs	Service Delivery Indicators	Actual performance
System for classifying water resources	Classification system Gazetted for comment	Draft position paper developed and being revised for external comments by targeted stakeholder groups. Framework for conservation of freshwater biodiversity completed and accepted by key role-players (DWA, DEAT, NDA, DME, and DPLG).
Reserves determined	Information available to facilitate authorisation of water use	Comprehensive Reserves for compulsory licensing: Completed in Letaba and Komati catchments; 80% completed in Olifants/Doorn and Kromme/Seekoie catchments. Approximately 180 preliminary reserves determined to facilitate ad hoc licence applications.
Guidelines for resource protection	Enhanced capability to implement resource protection measures	Wetland/ Riparian Area Delineation Guideline completed and implementation initiated Feasibility study completed for quantifying the dependency of terrestrial ecosystems on groundwater Technical feasibility assessed for groundwater protection zoning for important/ vulnerable groundwater systems
Policies, strategies, guidelines and standards for water resource quality management	Enhanced capability to implement measures to protect water resource quality	National Water Quality Management (WQM) Framework policy: Development of operational policies and best practice guidelines for mining, industrial, agriculture and local government and water services sectors at various stages of completion
		Remediation Strategy, policy and guidelines: Development in progress
		Source Management Strategy: Finalised for implementation
		Strategy for Waste Discharge Charge System (WDCS): Incorporated in Water Pricing Strategy. Registration of discharges initiated.
		Dense Settlements Strategy: Implementation ongoing.
		Best Practice Guidelines (BPG) for Nutrient Management: Guidelines and Framework Strategy in preparation
		Diffuse Source Policy: Strategy (agricultural water quality management): Classification of impacts of land-based activities completed
		Cleaner Production in Industry Strategy: In preparation
		Strategy for financial security (NWA s30): In preparation
		Regulations for industrial activity: Operational Policies and Best Practice Guidelines in preparation
		Comprehensive Framework for water management in the mining sector; Policy and Best Practice Guidelines finalised
		Waste Discharge Standards: Draft finalised
		Industrial water use licensing operational guideline: Draft Guideline in preparation
Water use licence applications evaluated and use authorised where approved	Licence applications processed within reasonable time	20 applications received: 13 licences issued; 7 returned for additional information
Investigation, design and construction of water pollution control measures at abandoned mines	Reduced threats to water resource quality	Rehabilitation at two abandoned mines in Dundee area ongoing, and initiated at Arbor Mine, Witbank. Terms of reference prepared for health risk assessment at Hammersdale



Emergency pollution incidents remedied	Reduced threats to human health and welfare, and water resource quality	Draft Emergency Protocol for waterborne diseases 100% complete and out for public comment Intervention support co-ordinated to address Delmas typhoid outbreak
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Key Focus Area 8. Develop effective water management institutions and provide support

Outputs	Service Delivery Indicators	Actual performance
Criteria for managing and developing national water resources infrastructure and develop institutional arrangements	Progress with establishment of National Water Resource Infrastructure Agency	Establishment of the National Water Resource Infrastructure Agency approved by Cabinet, August 2005 Drafting of the National Water Agency Bill in progress
Catchment Management Agencies established	Progress towards functional, effective, representative and financially-viable institutions	Inkomati governing board and CEO appointed, first business plan submitted. Breede, Crocodile (West)-Marico and Mvoti-Mzimkulu CMAs established, and advisory committees appointed. Establishment proposals gazetted for comment for Usutu-Mhlatuze, Thukela, Gouritz, and Olifants/Doorn WMAs Development of Financial Viability Model completed
Existing irrigation boards transformed to Water User Associations (WUA), and new WUAs established, and responsibility for operation and maintenance of schemes delegated to WUAs	Enhanced opportunities for user involvement in water management. Improved access to water for previously disadvantaged individuals and groups	Seven irrigation boards transformed Three new water user associations established Transfer process continued for Kakamas, Boegoeberg, Vaalharts (Memoranda of Understanding signed), Sand-Vet and Lower Olifants River WUAs; progress slow
Strategic Objective 8.4 - Ensure sufficient revenue is generated to support water management institutions		
80% of potential revenue collected from water use charges	Funding available to support CMA activities	More than 80% of potential revenue collected
Complete review and consolidation of Water Pricing Strategy	Approved by Minister and Minister of Finance	Proposed revision of the 1999 Water Pricing Strategy published for public comment June 2005 More than 400 comments considered, Draft amended appropriately for submission to Minister



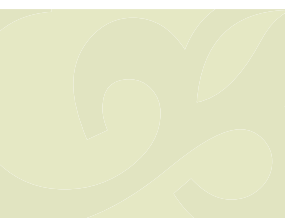
Key Focus Area 9. Align staff, stakeholders and general public to a common vision for Integrated Water Resource Management (IWRM) and develop, capacitate and empower them in best practices

Outputs	Service Delivery Indicators	Actual performance
Awareness of strategic issues affecting water resources management and generation of new knowledge and approaches	Enhanced awareness of developments affecting water resources management	Compilation and dissemination of information on climate change, desalination, sustainable development, and instruments for environmental fiscal reform Coordination of involvement in research with Water Research Commission
Framework for addressing historical social and economic impacts of existing dams	Adverse impacts addressed	Framework completed and approved, and social audit of ten existing dams in progress
WRM policies and strategies internally consistent and consistent with the requirements of other relevant laws and policies	Consistent approach to WRM within the Department and with partner departments.	Interactions with partner departments on all initiatives in water resources management, as well as climate change, sustainable development, natural resource accounts, and research and development
		Coordination of activities to implement the National water Act.
Guidelines for Catchment Management Strategies (CMS)	Guidelines reviewed and implemented	Guidelines in advanced stage of preparation
Surface and ground water quantity and quality monitoring systems network operated, fully maintained and coverage increased	Data collected to facilitate regular reporting on the status of water resources at the national level	All monitoring networks operational and properly maintained. Data from the networks collected, quality screened and made available to users National Microbial Monitoring Programme expanded into four more WMAs (total now 15) National Eutrophication Monitoring Programme expanded into two more WMAs (total now 17) River Health Programme expanded to 638 sampling sites
New and special water resources monitoring programmes	New and special water resources monitoring programmes implemented	Designs for radiological (radioactivity) and toxicological (poisons) monitoring programmes completed and for sediment in progress National Chemical Monitoring Programme linked to Global Environmental monitoring System, Canada Groundwater monitoring stations in new Uitvalgronde aquifer operational
Information management systems operated, maintained, interlinked and enhanced	Reliable information available to water resources managers and users	Information systems have maintained, operational and enhanced Flood and drought situations monitored and managed and relevant information generated and disseminated
Representative staff complement	Improved representivity I terms of race, gender and disability	Employment Equity Plans in place and implemented in recruitment processes
		Development of targeted recruitment campaign in progress
		BBBEE implemented in procurement processes for service providers
Capacitated and empowered staff	Improved competence	Skills development and Personal Development Plans in place and being implemented
		Wide range of relevant technical and management training interventions undertaken in all disciplines at all levels in all organisational units
		Gender mainstreaming training for senior managers in progress
Guidelines for stakeholder participation implemented through programmes of consultation, awareness creation and communication	Informed stakeholders, empowered to participate in water resources management	Stakeholders involved in all ongoing initiatives (such as creation of institutions, water allocation reform, development of infrastructure), supported by awareness creation, capacity building and educational programmes and dissemination of information



Key Focus Area 15. Promote Integrated Water Resources Management globally, particularly in Africa in support of NEPAD

Outputs	Service Delivery Indicators	Actual performance
Support to existing Shared Watercourse Institutions and establishment of new ones.	Effective and viable international institutions for shared watercourses	First Orange-Senqu River Commission Ministerial meeting held Limpopo River Commission Agreement ready for ratification
Improved regional co-operation in Africa, with developing and developed countries, and with international and multilateral organisations	Improved capacity to manage water resources via information and expertise sharing	Agreement on co-operation in water matters signed with the People's Republic of China Continuing interactions with the Russian Federation towards a co-operation agreement Exchanges of information and expertise with The Netherlands Implementation of real-time hydrological monitoring network in Lesotho progressed Led SA water sector delegation to the first Regional United Nations Educational, Scientific and Cultural Organisation (UNESCO) International Hydrological Programme (IHP) meeting in Nigeria. SA elected to IHP Council for a four year term and will host the 2007 UNESCO Southern Hemisphere Symposium Contributed to UNESCO Map of Trans-boundary Aquifer Systems of the World
Input to international debates	Effective participation in global forums	Effective participation in global and African debates on water and forestry in various forums, including the Fourth World Water Forum
Access to funding from Official Development Assistance	Increased financial resources for water resources management	Continued access to donor funding from the European Union, UK Department for International Development, France, (Belgium (Flanders), Switzerland, Norway and China



Programme 3



WATER SERVICES

Part
B

PROGRAMME 3: WATER SERVICES

The purpose of Water Services is to ensure that effective, efficient, sustainable and affordable water and sanitation services are provided to the people of South Africa. In its role as sector leader of water services, the Department has four core responsibilities: policy, support, regulation, and information management.

STATE OF THE SECTOR

Business Management

Municipal Tariffs

The 2005/2006 municipal tariffs reflect the outcome of a survey that focussed on 221 out of a total of 231 local municipalities. All tariffs quoted are all VAT inclusive. Contrary to previous surveys the tariff information included the actual volume blocks used by municipalities.

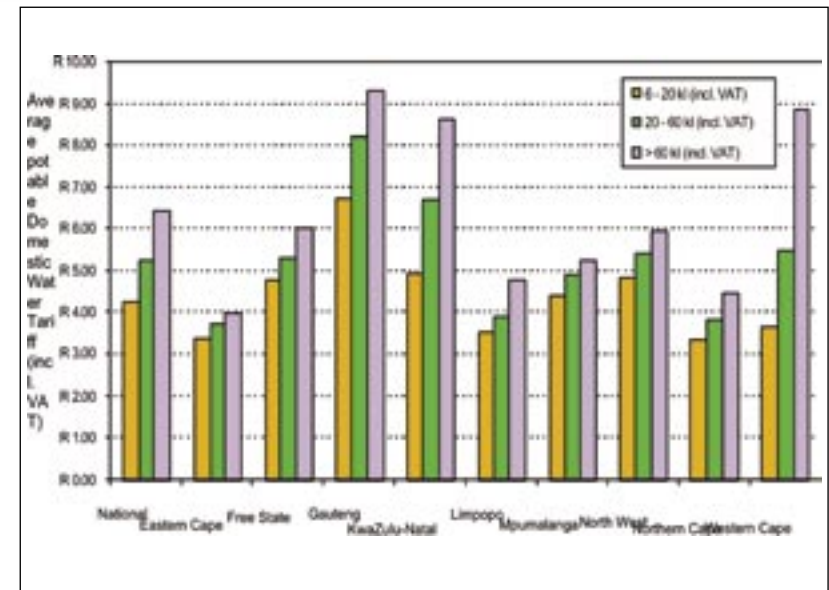
1 Domestic Water Tariffs

In comparison to the 2004/2005 survey the average tariffs in the six to 20kl tariff block increased by 8%, the 20 to 60kl tariffs increased by 14%, while the >60kl tariffs increased by 23% on average. The proportionally higher increase in the upper blocks indicates an increased cross-subsidisation of free basic water (the 0 to 6kl block) from high income users and possibly also an introduction of demand management within the municipality. A comparison of urban and rural tariffs shows that urban tariff increases have on average been five to ten percent higher than tariffs in rural areas, specifically in the higher blocks.

The Eastern Cape, Free State, Limpopo and Northern Cape Provinces had lower average tariff increases compared to the other provinces (mostly within CPI). Gauteng, Mpumalanga and North West Province had moderate tariff increases (10% in middle to 20% in higher blocks), while KwaZulu-Natal and the Western Cape showed relatively high increases (30% to 60%, specifically in the higher blocks). Specific examples of municipalities

with high tariffs in the upper blocks include the City of Cape Town, Umkhanyakude District Municipality, City of Johannesburg, Mohokare Local Municipality and Matjhabeng Local Municipality. This may be due to increased cross-subsidisation, or either as a result of water shortages or poor raw water quality. Generally most local municipalities increased their rates above the CPI.

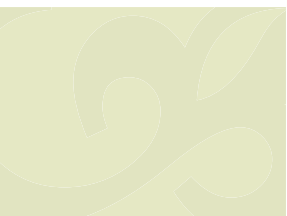
The average tariffs from a national as well as provincial perspective are shown below.



2 Commercial and Industrial Water Tariffs

The commercial tariffs increased by 14%, 10% and 11% in the 6 to 20 kl, 20 to 60 kl, and >60 kl tariff blocks respectively. The industrial tariffs increased by 19%, 18% and 21% and average bulk and raw industrial water tariffs increased by 23%, 25% and 10%.

All increases were above CPI and this indicates the effects of water demand management and cross-subsidisation.



Sector Capital and Operating Expenditure

1 Sector Capital Expenditure for basic services infrastructure

Total funding allocated to the basic Water Services programme with the Municipal Infrastructure Grant (MIG) was R2,7-billion of which an estimated R1,6-billion was allocated for basic water supply and R1,1-billion for basic sanitation. A lack of implementation capacity within

many municipalities hampered the sector's efforts to meet the annual delivery targets - only 72% of the financial allocations have thus far been spent by municipalities.

Figures provided below are based on the DWAF, DPLG (MIG) and Housing budgets, are not actual expenditure and exclude Local Government's own capital budgets, and are based on the assumption that 50% of Department of Housing funding is allocated to Higher Levels of Service.

Table 1: Budgeted Capital Expenditure on basic services infrastructure (R millions)

Program	Water		Sanitation	
	Projects 1994 to 2005/6 - Budget	Projects 2005 / 2006 - Budget	Projects 1994 to 2005/6 - Budget	Projects 2005 / 2006 - Budget
DWAF	R 7 130,5		R 1 261,6	
DPLG (MIG)	R 5 952,9	R 1 615,1	R 2 618,2	R 1 076,7
Housing	R 1 843,9	R 435,9	R 1 930,3	R 484,3
Department of Public Works & Health (Schools & Clinics)	R 109,9		R 147,9	
TOTAL SECTOR	R 15 037,2	R 2 051,0	R 5 958,1	R 1 561,1

2 Sector Operating Expenditure

The total Sector Operating Expenditure is estimated at R 17,4 billion with R 11,4 billion for water supply and R 6 billion for sanitation. Operating expenditure is calculated using the Municipal Services Model and various other information sources, such as the Division of Revenue Act (DoRA), Municipal budgets and National Treasury and specific case studies undertaken for the DWAF. R 13,7 billion of this amount comes from user charges including cross-subsidisation, R 0,8 billion from the DoRA Schedule 7 conditional grant, and the remaining R 2,9 billion from the Water Services portion of the Equitable Share. Half of the expenditure (R 8,6 billion) is used by the six Metros where as the remainder is roughly split evenly between District and Local Municipalities (R 4,7 billion and R 4,1 billion respectively). The expenditure can be split between distribution services (R8,4 billion; 48%), bulk services (R6,3 billion; 36%) and capital charges for maintenance (R2,7 billion; 16%)

Table 2: Estimated Annual Water Services Operating Expenditure (R millions)

Perspective	Water Supply	Sanitation	Total for 2005/2006
National	R 11 364	R 6 033	R 17 397
Eastern Cape	R 754	R 786	R 1 539
Free State	R 1 033	R 812	R 1 845
Gauteng	R 4 118	R 1 032	R 5 151
KwaZulu-Natal	R 1 953	R 660	R 2 613
Limpopo	R 578	R 232	R 810
Mpumalanga	R 577	R 379	R 956
North West	R 658	R 456	R 1 113
Northern Cape	R 231	R 176	R 407
Western Cape	R 1 463	R 1 500	R 2 962



MAIN ACHIEVEMENTS

Progress and challenges in meeting the targets

1 Basic Water Supply

During the year under review, basic water supply was provided by local government to a further one million people. Out of a population of 48,6 million people (based on an updated 2001 Census figure to the end of March 2006) there are currently 3,3 million people with no access to a basic level of water supply and a further 4,9 million people have access to a water supply which does not meet the basic service levels. Since 1994 access to water supply infrastructure in the sector has improved from 59% to 93% of the population. This percentage includes all people that are benefiting from access to infrastructure, even those that do not receive services at basic supply levels, and is based on inputs from DWAF, Housing and DPLG estimates. 83% of the population has access to basic services at least at a RDP level.

2 Basic Sanitation

During the year under review, basic sanitation was provided to a further 200 000 households. Out of a population of 48,6 million people (based on an updated 2001 Census figure to end of March 2006), there are currently 15,3 million people with no access to basic sanitation facilities. Since 1994 access to sanitation infrastructure in the sector improved from 49% to 69% of the population.

DWAF continued its programme to eradicate the bucket system and replace it with more dignified and appropriate types of sanitation services such as waterborne toilets. R1-billion of the total R 1,2-billion will be spent in the next financial year to ensure that the bucket system is eradicated completely by the end of 2007. Households are being provided with a level of service that varies from Ventilated Improved Pit Latrines (VIP) to full water-borne sanitation.

3 Free Basic Water and Free Basic Sanitation

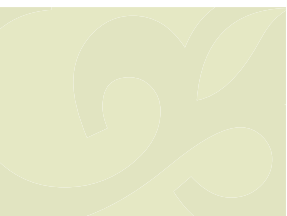
Currently, 80% of the population with access to water infrastructure enjoy access to Free Basic Water which translates to 74% of the South African population and represents a 5% increase from the previous reporting period. 97% of WSAs are implementing the Free Basic Water (FBW) services programme (compared to 95% for the previous reporting period). Presently 68% of the poor population are benefiting from this service (where poor is defined as a household earning less than R 800/month). This represents a 3% increase from the previous reporting period. Of the 23 million poor people in South Africa 15,6 million receive FBW.

The Free Basic Sanitation programme has not started and Free Basic Sanitation Policy is still in the process of being approved.

4 Challenges

The Department and the Water Services sector faced the following challenges:

- Achieving the basic water supply and sanitation targets within the specified time frames at current funding levels;
- Ensuring that all rural schools & clinics are provided with appropriate levels of service within the specified target;
- The provision of Free Basic Services, particularly the lack of implementation of free basic sanitation in specific areas;
- Lack of institutional capacity in Water Services Authorities which is hampering effective planning, service delivery, effective decision-making, and O&M capacity;
- Transformation in SETA which is hampering the accreditation of training programmes;
- The provision of sustainable services not just infrastructure;



- The slow rate of project implementation in certain Provinces that is exacerbated by current implementation models, procurement and contract management processes;
- Appropriate service levels;
- “Historic” versus “new” backlogs. The new backlogs include revisits to failed schemes, scheme rehabilitation etc;
- The provision of waterborne sanitation in areas where there are severe water resource availability constraints;
- Service quality within Water Services Authorities (customer relationship management, water demand management, asset management, effective water use, financial management etc.);
- Integrated management that focuses on the role of water services in economic growth and development, the alignment of integrated planning processes, gender and children imbalances, as well as associated programmes of social development, housing, education, environment and health.

Drinking Water Quality and Service Quality

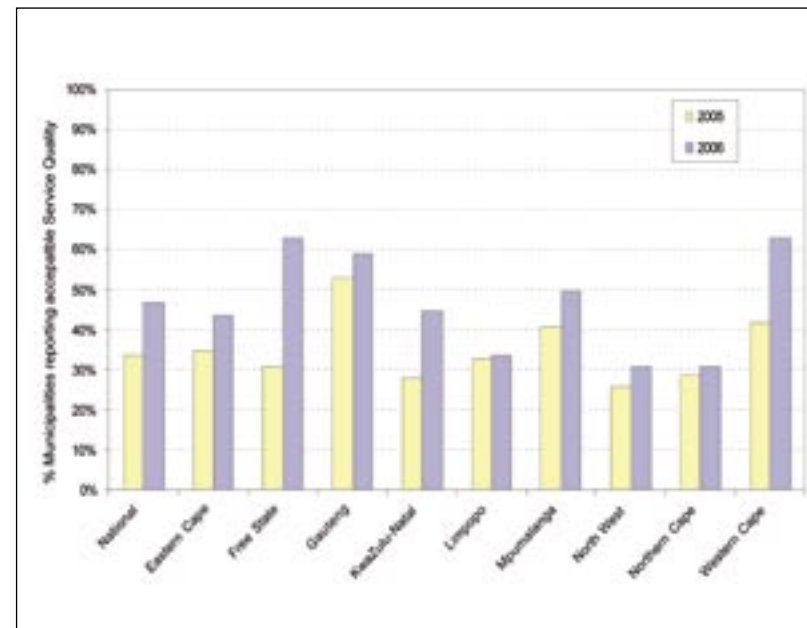
Based on concerns over the quality of domestic water supply at a municipal level, the Department began a phased rollout of a Drinking Water Quality Management system for Water Services Authorities. This system is fully operational in the Free State Province and was piloted within a number of metros with the support of the Institute of Municipal Engineers of South Africa. At a higher level, a process to formalise the DWAF Water Services Monitoring and Evaluation Framework within the Sector was inaugurated.

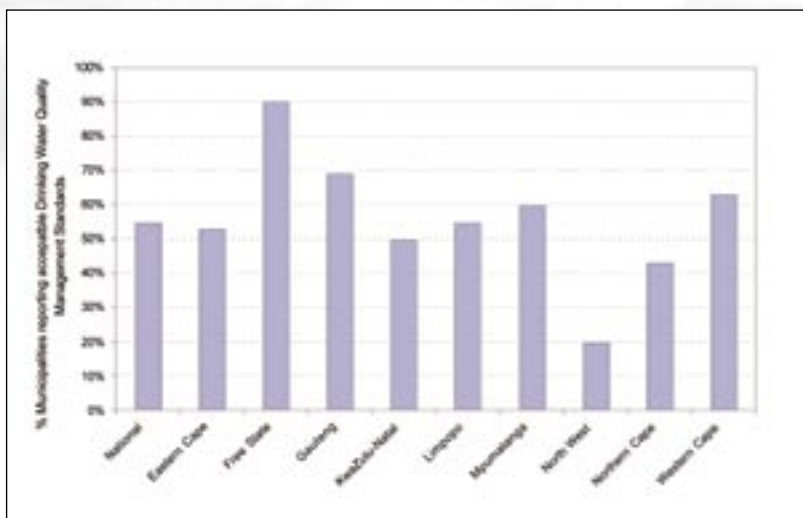
During this reporting period, 55% of WSAs reported that they are achieving acceptable Drinking Water Quality (according to SANS 241, Class 1), and as part of this self assessment, 47% reported that they achieved acceptable Service Quality. This shows an important improvement of 5% nationally in this reporting period (using the same sample) for Drinking Water

Quality and 13% for Service Quality. This can be attributed to the role that DWAF is playing in ensuring that both these issues receive top priority.

The Local Government self-assessment survey, which started in 2004, reflects WSA views on service quality and drinking water quality and is based on feedback from 98%, (or 166 out of 170), Water Services Authorities. The lowest compliance to Drinking Water Quality occurred in the Northern Cape and North West Provinces mainly due to consistent non-compliance to the SANS 241 (Class 1) standards. It is, however, important to note the high compliance in the Free State, where the Drinking Water Quality Management system is operational. It is also important to note that the Free State has also experienced a significant increase in Service Quality.

For a Provincial breakdown for both Service Quality and Drinking Water Quality, see the figures below (the values quoted reflect a combination of outcomes not just the adherence to standards alone):





Indicators for Service Quality include “the existence of a customer service system; appropriate levels of staffing, equipment, resources, funding and most importantly the ability to respond to customer call-outs within 24 hours”. The lowest compliance to Service Quality occurred in the Northern Cape, North West and Limpopo provinces

The self-assessment indicated that only 31% of WSAs are adequately staffed. Only 50% of the labour force is skilled and a further 39% are semi-skilled. 55% of WSAs indicated that they do not have an institutional development plan and 23% have no management reporting system on water and service quality. Financial planning and management of water services is unsatisfactory as 48% of WSAs indicated that they do not have a five year capital investment programme and only a minority of WSAs have confirmed that they use proper operational budgeting.

Water Boards

The Department continued to create an enabling environment for Water Boards to operate effectively and efficiently. This was largely done through ensuring implementation of policy and regulation of Boards by legislative compliance monitoring. Initiatives were launched by the Department to provide financial and technical assistance in certain instances. A major challenge

is ensuring that Boards enter into appropriate long term service level agreements with their customers as required by Section 78 of the Municipal Structures Act. At present most agreements are not in place or are short term in nature. Out of fifteen Water Boards, seven provide retail services to municipalities in their supply area and have service delivery agreements in place. The Institutional Reform Process, which is continuing, with representation from the Department of Provincial and Local Government, the South African Local Government Association and the South African Association of Water Utilities will determine a structure and a future role of Boards within the sector.

During this reporting period the financial performance of Water Boards has generally been good, however Bushbuckridge Water, Ikangala Water, and Botshelo Water are still dependant on operational grants from the Department. The Department is considering more financially viable options for these Boards.

Water Boards: Medium-term Capital Expenditure (in R'000s)				
Period under review: 2004/05				
Name of Water Board	Capital Expenditure		Capital Expenditure	
	2004-05 (Actual)	2005-06 (Projected)	2004-05 (Actual)	2005-06 (Projected)
	Amount	% of Total	Amount	% of Total
Albany Coast	11	0.0%	180	0.0%
Amatola	8,424	1.3%	11,115	1.9%
Bloem Water	14,600	2.3%	579	0.1%
Botshelo	0	0.0%	0	0.0%
Bushbuckridge	790	0.1%	28,000	4.9%
Ikangala	0	0.0%	0	0.0%
Lepelle	99,747	15.4%	620	0.1%
Magalies	35,587	5.5%	44,300	7.8%
Mhlathuze	6,306	1.0%	68,600	12.0%
Namakwa	0	0.0%	0	0.0%
Overberg	0	0.0%	5,700	1.0%
Pelladriest	0	0.0%	0	0.0%
Rand Water	459,069	70.8%	241,400	42.2%
Sedibeng	2,516	0.4%	694	0.1%
Umgeni	21,000	3.2%	170,350	29.8%
Total	648,050	100.0%	571,538	100.0%

- water and sanitation delivery by water boards (no input received)

Support to Local Government and the sector

As part of its program to accelerate delivery, DWAF provided extensive planning support to Local Government through the implementation planning feasibility study guidelines, planning training sessions, the development of planning reference frameworks for all district municipalities. This resulted in a much improved quality of Water Services Development Plans (WSDPs).

DWAF was actively involved in the Integrated Strategic Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP) within the identified nodes with other Government Departments to ensure that the relevant water supply, sanitation and forestry perspectives were understood and applied. DWAF via Project Consolidate also provided focussed capacity building and training in needy Municipalities. A water plant operators training programme was started for staff in the process of being transferred with DWAF owned water schemes to municipalities in the Eastern Cape and Limpopo Provinces.

DWAF provided direct assistance to municipalities in crisis. For example, DWAF with the Water Services Provider, formulated a phased turnaround plan for the Emfuleni Local Municipality in order to prevent further effluent spillages into the Vaal River. As part of the turnaround DWAF contributed approximately R2m to the development of a Water Conservation and Demand Strategy and Water Services Development Plan for the municipality and ensured that as an interim measure, portable generators and pumps were purchased by the municipality to prevent further spillages from occurring. Phase 1 (upgrading of existing pump stations) will start in the next financial year.

Significant progress was made with the implementation of the Strategic Framework for Water Services (SFWS). Initial drafts of

the National Regulatory and Institutional Reform strategies were completed and widely discussed with stakeholders while the final draft of the Sector Support Strategy is almost complete. The drafting process of the National Water Services Bill, which replaces the Water Services Act of 1997, is well underway. A strategic assessment of the Sector was initiated to identify strengths, weaknesses and future strategic direction and a Municipal Guideline for "Ensuring Water Services to Residents on Privately Owned Land" was completed.

The Department, together with the Department of Health, embarked on a project to develop a National Health and Hygiene Strategy for Water and Sanitation Services. This was accomplished through a consultative process with all the stakeholders. The final draft is awaiting approval by the Department of Health.

A national initiative was launched with the WRC and the South African Local Government Association (SALGA) to benchmark the performance of WSAs. An annual National Water Services Consumer Opinion Survey was conducted by the Human Sciences Research Council (HSRC) on behalf of DWAF to assess consumer satisfaction and identify gaps in service levels. A project, aimed at raising awareness of the citizens with regard to regulation and encouraging them to voice their concerns, was also launched and is being piloted in the Western Cape.

Health and Hygiene continued to be part of the Department's Water and Sanitation programme and efforts were made to also incorporate these into the MIG projects implemented at municipal level. Health and Hygiene promotion is now incorporated into the Housing Programme. The Departments of Health, Housing and the DWAF have developed a health and hygiene package, which is an educational programme for new homeowners, that is part of the Housing Customer Care programme.



Table 3: Key Outputs & Service Delivery Trends

Outputs 2005/06	Measures	Actual Performance
KFA 10: Ensure provision of sustainable basic Water Supply and Sanitation for improved quality of life and poverty alleviation.		
Backlog reduced by a further 1,5 million people. DWAF monitor and support municipalities to achieve target.	Reliable sector reports indicating people served measured against agreed KPI.	Backlog reduced by approximately one million people.
At least R2-billion allocated in all government spheres to meet the basic water supply needs of the country.	Annual MIG allocation and donor funding for Basic Water Supply. Regular reporting and strategic assessment.	R 1,6-billion allocated to sector via the MIG program.
Guide and support the development and roll out of a functional MIG process and ensure that MIG projects meet sector targets and KPIs.	Implementation of water supply projects according to MIG principles and national water services goals.	Participated in process but implementation capacity constraints within Local Government delayed roll-out.
Sector Target: Backlog reduced by a further 300 000 households per annum towards meeting the 2010 sector target.	Quarterly monitoring and evaluation reports to Water Services. Functional Management Committee and biannual reports to Cabinet.	Backlog reduced by approximately 200 000 households.
At least R1,6-billion per annum allocated in all government departments to meet the basic sanitation needs of the country.	Annual Exchequer Budget allocation and donor funding for Basic Sanitation. Regular reporting and strategic assessment.	R 1,1-billion allocated to sector with the MIG program.
Guide and support the development and roll out of a functional Municipal Infrastructure Grant process and ensure that MIG projects meet sector targets and KPIs.	Implementation of sanitation projects according to MIG principles and national water services goals.	Participated in process but implementation capacity constraints within Local Government delayed roll-out.
Replace bucket system of 476 000 households with full waterborne toilets by 2005/06 .	Monthly National Sanitation Task Team (NSTT) and sector monitoring and evaluation reports.	35 108 buckets replaced.
Free Basic Water accessible to 78% of people served.	Free Basic Water reports from provincial Support Units (PSU).	Free Basic Water accessible to 74% of population.
Free Basic Sanitation policy approved by Minister by June 2005. Strategy approved and rolled out in consultation with stakeholders.	Targets and reports based on approved strategy.	FBS strategy to be submitted to Minister for approval and its implementation will commence soon after approval. Provincial support units are in the process of transforming to Provincial one stop shop for Water Services.
All water services institutions supported by Provincial Support Units to implement free basic water and sanitation sustainability.	Free Basic Water and Sanitation reports from PSU.	Provincial Support Units support provided to Local Government.
Better sanitation practices communicated to at least 300 000 households.	Official hygiene education sector KPIs agreed on by the National Sanitation Task Team. Health and hygiene strategy rolled out.	Health and Hygiene strategy developed collaboratively with sector partners and awaiting approval by Department of Health.
100% eradication of school sanitation backlog. Health and hygiene programmes incorporated into school curricula and rolled out to 50% of schools.	Health and hygiene in school curricula.	Health and Hygiene material developed, piloted and will be included in the curriculum of Grade 0 to 5.
KFA 11: Ensure effective and sustainable delivery of water services to underpin economic and social development		
Gap analysis for both policy and legislation completed.	Amendment Bill published.	Sector consultation completed. Bill submitted to State Law advisor in March 2006.
Water Services Amendment Bill put through Parliament by March 2006.		Second draft of Bill produced. Various issues still to be addressed in both Regulatory and institutional reform strategies.

Outputs 2005/06	Measures	Actual Performance
Enabling environment for gender mainstreaming created within the DWAF and broader sector in all the provinces. Incremental attainment of 50% women in all structures through participation and co-ordination of stakeholders.	The DWAF human resources and monitoring and evaluation reports per gender KPIs.	Gender training programme initiated for senior managers Gender mainstreaming strategy developed for the sector and is in the process of rolling out with the sector players.
Provincial sector forums functioning with inter-departmental coordination and programme alignment.	Stakeholder analysis surveys. Membership reflective of sector. Sector reports. Water Services Sector Leadership Group fulfilling its role.	Seven of the provinces have established provincial Water Services (WS) Forums and Mpumalanga has opted for District WS Forums. These forums meet on a quarterly basis to discuss the sector progress and challenges .
Provincial sector strategies developed (targeting KwaZulu-Natal, Limpopo and Eastern Cape) and municipalities accessing funds for water services (MIG, CBG).	Guidelines and tools used by local government Municipal water services plans and budgets. Reporting on sector, not only the DWAF but other governmental departments as well.	Draft guideline to support provinces on developing provincial WS Plans was developed. Reporting per province is happening on a quarterly basis.
Water Services Development Plans (WSDP) developed by all Water Services Authorities; improvement on quality and monitoring of WSDPs and written reports by the DWAF to 80% of Water Services Authorities.	Water Services Development Plans submitted to the DWAF; status report submitted to Water Services Functional Committee.	154 of the 155 Water Service Authorities (WSA) are actively working on their plans.
WSDP development, project planning and programmes in local government supported and water services business approach reflected.	Annual report reflects achievement.	WSDP, planning, and training programmes in local government underway and reflected in the business approach.
The DWAF planning reference frameworks improved for all district municipalities to facilitate local planning, WSDP assessment and population of the information system.	Consistent and reliable knowledge sharing on all related WSDP topics.	Planning reference frameworks produced for all district municipalities.
Alignment of the DWAF actions to support ISRDP and URP nodes.	Alignment with other planning initiatives such as Integrated Development Plans (IDP), Integrated Sustainable Rural Development Programme (IRDP), Urban Renewal Programme (URP) and Water Resource.	DWAF actions aligned to support all ISRDP and URP nodes.
Implementation and improvement of regulatory strategy.	Draft regulatory strategy submitted.	A third draft of the National Water Services Regulation Strategy completed. Comments received from international experts on regulation.
Development and implementation over 70% of sector of a regulatory system linked to water services information systems. Verification framework developed.	Functional system able to provide accurate assessment of water services sector performance.	A national initiative launched with SALGA and WRC to benchmark the performance of water service authorities. Consumer Toll-free line established. The Citizen's Voice Project was launched to raise the voice of the citizen in regulation and is being piloted in the Western Cape. Annual National Water Services Consumer Survey to assess the consumer's satisfaction level with water and sanitation services completed.

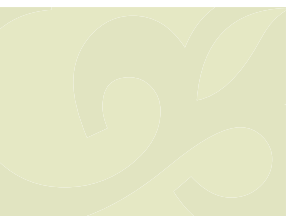


Outputs 2005/06	Measures	Actual Performance
Maintenance and progressive further development and improvement of National Information System.	Accessible key information and key reports produced.	Maintenance, progressive development and improved functionality of National Information System Phased roll-out of Drinking Water Quality Management system in various provinces and metros. Monitoring and Evaluation Framework in process of being formalised with Sector through active engagement with Water Services Authorities. Key reports generated and information available to sector.
Internal and external stakeholders were informed of water services legislation. Stakeholders were also informed of policies and programmes and sector challenges. Information to stakeholders focussed on the regulatory framework, institutional reform, Local Government support and free basic services. Information also included Water and Sanitation Hygiene (WASH) and meeting sector targets.	Campaigns held and plans, materials and reports developed Stakeholders reached. Water Services Information Centre established.	Technical guidelines compiled and distributed . Web page established for technical innovation and technical guidance. Improved functionality of centre.
Water Services knowledge network further developed by relevant sector partners with implementation strategy started by May 2005 and initial network operational by early 2006.	Capacity and resources in place. Develop water services component in other local government programmes.	Water services components developed in other local government programmes and Water Information Network (WIN). Ongoing liaison and Government Departments with the M&E process.
KFA 12 To ensure effective Water Services Institutions		
70% of water boards have favourable performance.	Annual performance measured against set criteria.	The DWAF continued with a formal evaluation process including appraisal of Policy Statements, Annual Reports an Business Plans Reports quarterly on key performance indicators.
50% of Water Services Authorities (WSA's) functioning effectively.	Set of basic Key Performance Indicators (KPI) as defined by the Strategic Framework for Water Services.	47% of municipalities meet the service quality performance indicators.
60% of Water Services Providers functioning effectively. 10% reduction of complaints.	Set of basic KPIs	WSP Support Framework developed
Overall water services support strategy by June 2005 agreed by all key stakeholders.	Water Services support strategy in place for the sector.	Sector Support Strategy discussed with six of the provincial sector partners.
Municipalities supported to reach funding agreement by January 2006 for the Division of Revenue Act (DoRA) 2006/07.	Funding agreement reflected in DoRA.	Funding allocation determined from business plans.
Accelerated and expanded accredited training and education programmes to meet the needs of the sector.	National Qualifications Framework (NQF) compliance. Unit standards in place. Improved sector skills plan. Number of municipal trainees.	Restructuring of the Water Chamber over the past year delayed the completion of the MOU. Unit standards developed. Sector skills development plan completed.
Masibambane Non-Government Organisation (NGO) and Community-based Organisation (CBO) training targets met. NGO participation in sector skills development strategy.	Accreditation of NGO training providers. Nine NGOs/CBOs trained.	NGO capacity building and training completed in KwaZulu-Natal and it is extended to other provinces. Interaction with MIG process to mainstream NGO's in the delivery programme.

Outputs 2005/06	Measures	Actual Performance
DWAF advocacy and training programme for managers and staff implemented and all women in DWAF have access to training.	25 women trained Course curricula developed.	Needs analysis completed. In the process of developing training material.
Key competencies defined for DWAF water services and staff training; re-skilling planned; five percent of personnel budget spent on training.	Training programme approved.	Induction programme for new staff developed and implemented. Economic literacy course for WS staff presented.
Structure 70% resourced as minimum Redeployment of staff.	Population of structure. Decrease in resignations.	Staff turnover placed serious limitations on delivery.
Final national institutional reform strategy agreed by all participating parties by June 2005 and priority areas addressed.	Strategy approved by sector. Some priority areas implemented Lessons learnt on best practices in each activity documented.	Draft Institutional Reform strategy approved by the National Institutional Reform Task Team (NIRTT) subject to review once background studies, such as governance review, boundary study and reform investigations are completed.
DWAF, SALGA and SAWU collaboratively driving programme and informing members.	Communications materials, reports and monitoring and evaluation developed.	Ongoing stakeholder consultation.
KFA 13: Ensure effective local-level operations and management of water services schemes		
Schemes scheduled for refurbishment transferred to Joint Transfer Policy standards.	The DWAF Quarterly Refurbishment Progress reports.	Refurbishment progress reports completed and submitted on a quarterly basis.
Cost recovery improvement progressively achieved.	Increased revenue as reflected in trading operations and cost recovery reports to Treasury of Water Services Institutions in compliance with DoRA Section 5.	Reports completed and submitted on an ongoing basis.
Operation and maintenance plans for each water services works and scheme completed.	Plans completed.	Operations and Maintenance plans for signed agreements given to affected municipalities.
Infrastructure maintained to 100% compliance in accordance with completed operations and management plans.	Annual audits against maintenance procedures.	Audits commenced in the year under review and reasonable progress has been made.
Agreed transfer policies implemented by stakeholders.	Monitoring and evaluation.	Fully achieved .
Staff transferred in accordance with Transfer Implementation Plan.	Agreements with Bargaining Chamber and Unions on staff transfer issues and labour mechanisms. Quarterly monitoring of reports.	MOU still to be signed off by unions from SALGA and DWAF.
DoRA Framework for Water Services operating and transfer subsidy accessed by WSAs.	DoRA framework gazetted. Quarterly reports on DoRA framework agreements.	Fully achieved.
Receiving WSI's are kept informed on progress .	Quarterly reports against Communications plan.	Have structured meetings on quarterly basis with receiving agencies for communication purposes.
Transfer of schemes progressively achieved.	Transfer agreements approved by all parties.	48 agreements signed so far. Remaining ten will be finalised by September 2006.
Policies and strategies for effective and sustainable operations and management of schemes developed.	Policies and strategies.	Obtained reports on monthly basis regarding O&M status of the assets.
Progressive improvement of financial management for sustainable operations and management of schemes.	Ring fenced scheme accounts.	Address apparent problems identified from reports.



Outputs 2005/06	Measures	Actual Performance
Progressive improvement of asset management for sustainable operations and management of schemes.	Maintenance expenditure and reliability KPIs.	Quarterly reports on performance of assets.
Refurbishment strategies for sustainable operations and management of schemes developed and implemented.	Refurbishment expenditure and reliability KPIs.	Refurbishment business plans in place where municipalities are refurbishing the schemes themselves.
Performance assessment of operations and management of schemes developed and implemented to be aligned with Monitoring & Evaluation system.	Performance assessments.	An operations and management assessment will start after all agreements are signed.
KFA 14. To promote and support sound policy and practice of water services to achieve water services and sanitation Millennium Development Goals and WSSD targets in Africa.		
Plan refined and approved by Minister for participation in activities to share knowledge, experiences and lessons with other developing countries especially in Africa.	Millennium target progress reports.	MDG progress report completed.
Inputs delivered to World Water Assessment and report published.	Reporting Framework.	Draft World Water Assessment report completed.
Proactive engagement with NEPAD and SADC on water services initiatives.	Involvement in SADC and NEPAD initiatives.	Successful implementation of SADC Programmes on Capacity building of NGOs, Best Practice Promotion and training of Engineers and Technicians. The process is ongoing.
Co-operation with and participation in international water services forums strengthened.	Reports and feed back of information and knowledge.	Participated in Aguasan Workshop on invitation from Swiss Government. Institutional reform in Sri Lanka under Tsunami Support Programme. Participation in Fourth World Water Forum (WWF) in Mexico. Convened sessions on M&E, Sector Wide Approach Policy (SWAP), Gender mainstreaming and Financing.
Increased political commitment and resources for sanitation in Africa achieved.	Participate in process to set target in Africa.	Working with the water services plan (WSP) to promote accelerated sanitation delivery and monitoring in SADC as a follow-up of workshop held with WSP, Water Supply and Sanitation Collaborative Council (WSSCC), United States Agency for International Development (USAID) and the DWAF.



Programme 4



FORESTRY

Part
B

PROGRAMME 4: FORESTRY

STATE OF FORESTRY SECTOR REPORT

The National Forests Act (Act 84 of 1998) promotes and enforces the sustainable management and development of forests as well as the provision of special measures for the protection of forests and trees, for the benefit of all peoples. To balance the protection of forests with sustainable use, the Act stipulates a wide range of uses and sets out the right of everyone to have reasonable right of access to State forests. The rights to the use, management, control and operation of State forests and its products are vested in the Minister of Water Affairs and Forestry and are regulated by the Department through this Act.

The National Veld and Forest Fire Act (Act 101 of 1998) provides for the prevention and combating of veld, forest and mountain fires. In terms of the Constitution, fire fighting services are a local government function, with Provincial and National Governments playing a facilitating role. The Minister of Water Affairs and Forestry must prepare and maintain a fire danger rating system for the country, in consultation with affected role players, which is to include the Fire Protection Association, to be incorporated into the Act. The Department must also keep a record of fires and develop a database to capture the statistics of fires occurring and the impact it has on society.

Forestry's vision states that forests are managed for people and we need to create an enabling environment for people. It is necessary to create an enabling environment for economic and social development through sustainable forestry, especially at the local level.

The focus of Forestry is to optimise the contribution of forests for the socio-economic development and poverty eradication by ensuring the sustainable management and development of the nation's forests, through policy development, regulation, facilitation, monitoring and evaluation. Forestry also remains responsible for the sustainable management of State indigenous forests and plantations until these forests can be transferred to more suitable management authorities.

Extent of Forests still managed by DWAF

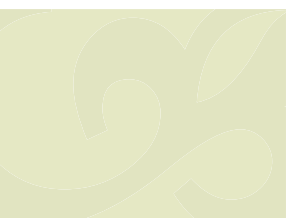
Mountain Catchment and other		
Province	Number of State Forests	Area in Hectares
Limpopo	1	22 009 ha
KwaZulu Natal	14	256 167 ha
Eastern Cape	19	326 027 ha
Total	34	604 203 ha

Natural Forests managed by DWAF		
Province	Number of State Forests	Area in Hectares
Limpopo	16	10 550 ha
Mpumalanga	15	16 491 ha
KwaZulu Natal	7	16 138 ha
Eastern Cape	1499	112 213 ha
Total	1537	155 392 ha

Plantations managed by DWAF		
Province	Number of State Forests	Area in Hectares
Limpopo	16	4 328 ha
Mpumalanga	1	1 950 ha
KwaZulu Natal	6	52 984 ha
Eastern Cape	119	28 739 ha
Western Cape	6	60 000 ha
Northwest	1	200 ha
Total	149	148 201 ha

Employment

Programme	No posts	Post filled	Vacancy rate	Post add
Forestry	7802	4243	45.6 %	201



MAIN ACHIEVEMENTS IN FORESTRY

The Forestry BBBEE Charter

The Broad Based Black Economic Empowerment (BBBEE) Charter for the forestry sector will be instrumental in achieving the objectives of the scorecard as suggested by the Department of Trade and Industry. The Forestry BBBEE Charter process was launched at the Forestry Indaba in April 2005. On 18 May 2005, the Minister announced the members of the Steering Committee that would manage the BBBEE Charter process.

During the year, the Steering Committee and subsector working groups met frequently to develop a draft charter. Three sets of consultative workshops were held in several provinces to receive input into the charter from a wide range of stakeholders. Separate workshops were also held for women to ensure that their voices were heard in the process. By the end of the financial year significant progress had been made on the development of this charter.

Forest Enterprise Development

Forestry Enterprise Development (FED) relates to the concept of using forests and forest-based resources as a vehicle for economic growth, employment and socio-economic upliftment that takes people from a subsistence livelihood system into a market economy. The concept is also central to Government's poverty eradication agenda and a key component of BBBEE in the forestry sector.

A number of initiatives have already been taken by the DWAF in support of FED. This includes the transfer of state forests, the development of an afforestation strategy for the Eastern Cape and KwaZulu-Natal and the inclusion of Forestry as a key sector in Provincial Growth and Development strategies.

The directorate Forestry Development is supporting the establishment of community projects by regional Forestry staff. An estimated R2-million has already been spent from the Community Facilitation Fund to support the establishment of projects on the ground. The current projects include Beekeeping, in partnership with the Agricultural Research Council and the establishment of medicinal nurseries, in partnership with various stakeholders.

Access to benefits from State Forests

Other participatory forestry projects include medicinal gardens and nurseries initiated to promote sustainable job opportunities and socio-economic upliftment include:

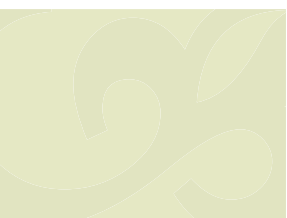
- In Mpumalanga, the Beekeepers' Association (Bushbuckridge Association) was established in March 2000, with a composition of 9 members (bee keeping is ideal as a resource for poor farmers, as it requires low input costs and skills levels, minimum infrastructure and provides health products, and possible cash income opportunities). This project is supported by the Danish International Developmental Agency (DANIDA);

Medicinal gardens and nurseries were established with Traditional healers associations in Mpumalanga (the Vukuzenzele and Bophelong) supported by DWAF, DANIDA, Mpumalanga Parks Board and the Agricultural Research Council. Medicinal products such as creams, teas, powders, and capsules are packaged and marketed by the associations. DWAF also supports training to traditional leaders in business and leadership skills;



Specific information on each of the special opportunities is presented below:

Type of special opportunity	Region	Province	Stakeholders
Beekeeping	Thathe Vondo	Limpopo	DWAF/DANIDA/DST/ARC/com
	Gaba-Tshaulu	Limpopo	DWAF/DANIDA/DST/ARC/com
	Umzimkulu	KZN	DWAF/DANIDA/DST/ARC/com
	Mbazwana 1	KZN	DWAF/DANIDA/DST/ARC/com
	Mbazwana 2	KZN	DWAF/DANIDA/NDA/ARC/com
	Mt Coke	Eastern Cape	DWAF/DANIDA/DST/ARC/com
	Sweet Honey	Eastern Cape	DWAF/DANIDA/DST/ARC/com
	Piet Retief	Mpumalanga	DWAF/DANIDA/NDA/ARC/com
	Tarlton	Gauteng	DWAF/DANIDA/NDA/ARC/com
	Ramatlabama	North West	DWAF/DANIDA/NDA/ARC/com
	Ficksburg	Free State	DWAF/DANIDA/NDA/ARC/com
Medicinal Plant Nurseries	Sehlaré & Thulamahashe	Mpumalanga	DWAF/DANIDA/AWARD/com
	George	Western Cape	DWAF/DANIDA/CNC/DA/com
	Phindulwandle	Mpumalanga	DWAF/Mpumalanga Parks Board/com
	Nqabara	Eastern Cape	DWAF/DANIDA/com
	Izeleni	Eastern Cape	DWAF/DANIDA/com
Medicinal Plant Nurseries	Mentz	Limpopo	DWAF/DANIDA/com
Community Nurseries	Bushbuck ridge	Limpopo	DWAF/DANIDA/ARC/com
	Modula qhoa	Free State	Botshabelo Community
Olive Tree Plantation	Bophirima: Vryburg	North West	DWAF/FTFA
Wild Silk Worm	Bophirima: Ganyesa	North West	CSIR
Alien Invader Species - 'Working for Water' Program	Bojanala: Hartebeespoort	North West	DWAF/WFW
	Farleigh	Western Cape	DWAF
Type of special opportunity	Region	Province	Stakeholders
Guided Tours	Tsitsikamma	Western Cape	DWAF/Vaaltyn
Tree top Canopy Tours	Tsitsikamma	Western Cape	DWAF/Stormsriver Adventure
Marula Products	Bushbuck ridge	Mpumalanga	DWAF/DANCED/com
Timber Products	Makhulakacane	KZN	Sokhula Chieftancy
	Vhembe woodlots	Limpopo	DWAF/com
	Mooifontein woodlot	North West	DWAF/com



Type of special opportunity	Region	Province	Stakeholders
	Soekmekaar woodlots	Limpopo	DWAF/LDA
Mushroom collecting	Piet Retief	Mpumalanga	DWAF/ARC
Fern harvesting	Tsitsikamma	Eastern Cape	DWAF/com
Essential oils	Piet Retief	Mpumalanga	DWAF/com

Plantation forests

State owned plantations transfers

A financial analysis of the plantations remaining with the DWAF was completed, the main recommendations were:

- refurbishment of re-defined estate packages,
- consolidation of management of the plantations into a single business environment, and
- transfer the plantation packages as a viable business opportunity to communities in partnership with the Forestry sector

The transfer business model for Mbazwana and Manzenywa received approval from local stakeholders. This model addresses issues such as management of land on behalf of land claimants and Ngonyama Trust and the management of the forest assets.

Temporary Unplanted Areas (TUP) in previous reporting period was 8416 ha in current reporting period 7291 ha which means a reduction of 13, 4 % (1125 ha) also refer to key outputs and actual service delivery table.

The transfer of the Department's remaining plantations has not progressed due to a number of challenges posed by the need to reach agreement with key stakeholders. The plantations must be disposed of in a manner that recognises the role of the rightful owners of the land on which the forests have been established. The plantations have been re-grouped into management clusters reflecting their forestry potential in the context of their transfers to communities.

Following a recently published supply and demand study on softwood saw logs in South Africa, the Department commissioned a similar study for round wood to establish the supply and demand on regional and national levels. Based on the Spatial Environmental Assessment (SEA) done for areas in the Eastern Cape and KwaZulu-Natal for new afforestation of 130 000 ha, the Department has produced afforestation guidelines and development protocols.

Based on the Spatial Environmental Assessment for KZN, maps were drawn up based on the SEA for KZN with the aim of potentially afforestable land with the aim to streamline or fast-track streamflow reduction applications from those prioritised areas on communal lands. All relevant stakeholder departments were involved and were in agreement on these areas and maps. Similar agreements and designation of priority areas for new afforestation were formalised for the Eastern Cape.

Indigenous Forests

Indigenous Forest transfers :

DWAF has successfully completed the restructuring of non-forestry state forest land in the Western Cape. The partial transfer of functions to SANParks in the southern Cape (on account of a delegation on 01 April 2005) will be concluded through deepening of the arrangement on the basis of an assignment to DEAT during the course of 2007/08.

The most important factors impacting on the pace of implementing the transfer of functions regarding the management of natural forest areas pertain to –

- Having to transfer some 980 officials affected by the relocation of functions to other entities (in some



instances government to government and in other instances government to entity, with the requirement of having to resolve disparities in service benefits); and

- The need to negotiate with the receiving departments the content of legal and functional arrangements for the ongoing administration of the affected areas in terms of the National Forest Act through agencies that has to absorb this new function into their operations.

DWAF's policy remains to relocate the ongoing administration of natural forest areas in terms of the National Forest Act to provincial government entities. Where appropriate, non-forestry state land is released from the provisions of the Act, allowing the State to re-allocate the management of the land areas to other government departments. More detail on progress in this regard is provided in the attached schedule.

The Department is currently engaged in a programme to transfer the management and control of all State natural forests by the end of the 2008/09 financial year to other competent management agencies, primarily to Provincial Government Departments or National or Provincial Conservation agencies.

Official handover, affecting the management control of about 97 000 ha of State Forest land in the Southern Cape and Tstikamma areas to SANParks took place as from April 2005. Progress was made with the release of State Forest land which was no longer required for Forestry purposes as part of the process to de-proclaim State Forests in mountain catchment areas. The total area released in the Western Cape in the Cedarberg and De Mond areas was 146 888 ha.

The process to transfer natural forests in the Eastern Cape continued. A steering committee is engaging with relevant stakeholders to get agreement on draft assignment to possible recipients.

A final report for the systematic planning of protected forest areas was produced for the first time in South Africa. This report has identified all the indigenous forests which will require strict protection through the provisions listed in the National Forests Act.

Challenges faced by DWAF

The major challenges faced by the department revolves around the management of its commercial plantations, especially fire fighting, attracting and retaining skilled staff and finalisation of the Charter. South Africa 's national forestry programme (NFP) has been in need of review and approval was obtained to revise the NFP and workshops were held together with the Forest Sector.

In order to raise the profile of Forestry, a number of initiatives were launched during the reporting year. A new forestry website was developed and linked to an online resource centre and a Forestry video was produced.

Important conferences and symposia, such as the National Climate Change Conference, were supported highlighting the implications of Climate Change for Forestry and the contribution of Forestry to Climate Change mitigation. The International Precision Forestry Symposium was also held in South Africa.

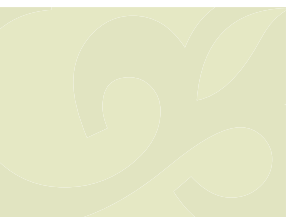
Specific programmes, such as Arbor Week to promote tree planting and raise awareness around the importance of trees, forests and the sector, were conducted. And the Department initiated the first of its kind Champion tree programme to identify and protect individual trees or groups of trees of importance to national conservation. A notice of the first short list of 27 trees was published in December 2005 for public comment.

International engagements

To support and meet the obligations of the international community the Department produced the Final Country Report for the Global Forest Resource Assessment 2005 and submitted it to the Food and Agricultural Organisation (FAO).

Several international delegations during their visits to South Africa made detailed presentations. This led to the signing of an agreement with the Russian Federation on Forestry in terms of which the exchange of expertise and information between the countries was agreed on.

A number of international visits took place during the year. A Forestry delegation participated in the Sixth United Nations Forum on Forests (UNFF-6) that was held from 13 to 24 February



2006, at the United Nations headquarters in New York. The two-week session addressed unfinished business from the Fifth United Nations Forum on Forests (UNFF-5) in connection with the development of the international arrangement on forests and resolutions on many of the actions were achieved. A Forestry delegation also served on core as well as expert groups that deal with planted forests and co-presented with FAO draft code at African Forestry Wildlife Commission, FAO Mozambique.

The Forest Sector

The Plantation Forestry Sector

Globally, South Africa has the highest proportion of its plantations environmentally certified, with 81% of planted forests certified by international certification bodies. There are approximately 1,3 million ha of plantation in South Africa, of which over 80% are situated in Mpumalanga, KwaZulu-Natal and the Eastern Cape.

These forests produced more than 22 million m³ of commercial roundwood, worth an estimated R5 100 million in 2004. In these forests, employment is provided for about 107 000 people, of which 67 500 are in formal employment, 30 000 are contract workers and 39 500 small growers with their staff that they employ .

Table 1. Outgrower Timber Schemes in South Africa, Extend of emerging timber grower activity coverage in South Africa

Company	No. of growers	No. of hectares	Average hectares
SAPPI - Project Grow	9 810	15 000	1.5
MONDI - Khulanathi	3 000	7 000	2.3
NCT Forestry Coop	1600	25 000	15.6
TWK Agriculture Ltd	500	1800	3.6
SAWGA - Phezukomkhono	2 860	4 560	1.6
Independent growers	200	809	4.0
Government supported projects	6 200	2 584	0.4
Total	24 170	56 753	4.1

The extent of these plantations is shown in table 3. Importantly, plantation forestry provides the raw material for downstream activities such as pulp milling, paper manufacturing, saw milling, wood chip exports, timber board, mining timber and treated poles, which in turn represented an income of around R15 025 million in 2005.

Table 2. Commercial Plantations

Period	Extent Public Ha ⁴	Extent Private Ha	Total Ha ⁵	Sustainable Forestry Certification	Number of people directly employed in plantation sector
2004 - 2005 ¹	312 175	997 546	1 309 720	1 091 420 ha ²	69 556 ³
2003 -2004 ⁹	305962	1033 320	1339 282	1 088 071 ha	67 469

Comments:

- 1 2004/2005 Timber and Roundwood statistical returns, DWAF 2005
- 2 Estimated at 82 % of Total Area
- 3 Calculated from productivity norms, FES

Through the restructuring program of the State, the Department has entered into four leases and is ensuring compliance to the leases by regular inspection.

Table 3 shows the extent of land already leased to private consortiums made up of existing forestry role players and empowerment partners.

Table 3. Land Leased to Private Consortiums

Period	No. of tenants	Extent (ha)	Rentals (Money distributed to land owners ¹
2005/06	4	117 770	60 368 900	None
2004/05	2	10 6126,	11 223 625	None



Comments:

¹ These lease rentals are being held in trust pending the clarification of tenure through the land reform process. After these processes are complete the money will be distributed to the identified beneficiaries.

ECONOMIC AND FINANCIAL

The total value of reported sales of timber based products in 2004/05 amounted to R15 025-million, which is an increase of 1,4% on the value of R14 761-million reported for the 2003/04 period. Woodpulp and paper products continued to dominate the industry, accounting for R6 820-million or 45,5% of the industry. More than 63 000 people are employed in the wood processing sector.

Note: These figures are collated from the DWAF 2004-2005 Annual Statistical Returns from the Commercial Forest Industry and Forestry South Africa. They reflect the situation for 90% of the commercial forestry estates in South Africa.

Table 4. Value of timber and timber product sales (Millions of Rand)

Product	2003/4	2004/5
Sawn and planed timber	2098,3	2 251,89
Wooden poles	194,53	219,52
Mining timber	178,54	240,38
Wood-based panel products	906,73	926,48
Wood pulp, paper and paper products	8 857,58	6 819,94
Firewood	0,18	0,23
Wood chips	1 716,08	1 848,06
Mill residues	147,85	35,46
Charcoal	57,42	59,40
Other products	604,378	2 624,09
Total	14 761, 588	15 025,45

Report on commercial timber resources and primary roundwood processing in South Africa

Changes in the Forestry Sector

Plantations are generally grown for a specified purpose, as this will dictate the appropriate practice of silviculture. Notwithstanding the intended purpose for which the plantations are grown, the actual sales mix at the time of harvesting will invariably include other forest products. This reflects a small change in the intended purpose for which certain softwood and hardwood plantations are grown as shown in the table 5 below.

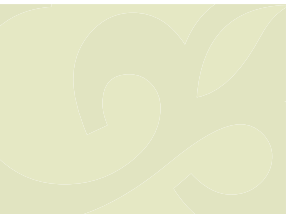
Table 5 . Change in purpose

Purpose	2005		2004	
	Softwood	Hardwood	Softwood	Hardwood
	%	%	%	%
Sawlogs	70	3	69	3
Pulpwood	29	85	30	81
Mining timber	0	7	0	12
Other	1	5	1	4
Total	100	100	100	100

The sale of timber for mining purposes has experienced a decrease over the past reporting period and this has been reflected in this report by showing a decrease of 27%. The sale of to chip manufacturers, who sell hardwood pulpwood chips to Far Eastern markets, has remained more constant.

In recent years the rate of new afforestation in South Africa has declined considerably due to a number of factors, such as suitable forestry land becoming increasingly scarce and the sometimes-prohibitive costs of obtaining a licence to plant timber, given that most new planting is aimed at promoting new entrants into the sector. New planting increased in 2004/05 by 4 071 hectares, compared to 1995 hectares the previous year.

The private sector was responsible for 99,2% of the reported new afforestation. Of the newly afforested area 44,3% comprised areas planted with eucalyptus trees, 49% with softwoods and 6,7% with wattle trees.



Impact of fires on Commercial Forestry Sector

Annually large plantations areas are lost to fire, climatic factors, insects and diseases, which will have a negative impact on future logs supply. See table 4. Insect damage severely affected and caused damage to 15 846 ha of softwoods in 2005, while only 3 619 hectares was effected during the previous year. The increase in infection can be attributed to the Sirex wasp.

The total number of fires that was reported was 3657 and the damage caused amounted to 22 444 hectares, compared to 28 326 hectares for the previous year. A total area of 15 860 ha of softwood (pine) and 6 585 ha of Hardwood (Gum) were lost. 36 % of fires were caused by arson. Most of the fires occurred in Southern Mpumalanga with the biggest area damaged namely 4 473 hectares.

Table 4. Damage to plantations in hectares

Impact	2004	2005
Fire	28 326	22 444
Other causes	12 903	19 520
Total	41 229	41 964

DWAF 2002 – 2005 figures from annual Timber and Roundwood Statistical returns, DWAF; DWAF Sub – Directorate: Fire Regulation statistics.

NATURAL FORESTS AND WOODLANDS

Natural forests cover less than one percent of the country's land surface, harbouring a diversity of plant and animal species. The average national occurrence of species per hectare in natural forests is 418 species per hectare. According to a baseline study on woodlands in South Africa, 2003, woodlands occur on 29 302 316 ha or some 24% of the land area.

While natural forests and woodlands make a massive contribution to the economy primarily through eco-tourism ventures associated with these forests, an even greater contribution is made by the informal sector through the provision of fuel wood, building materials, food, natural medicines, craft raw materials and a host of other non-timber forest products.

The management of the Knysna indigenous forest complex was delegated to the South African National Parks Board (SANParks) in 2005 to promote the further unlocking of economic opportunities for communities living in the area as well as the development of tourism in the area. As with the plantation leases, this transfer of management will be monitored to ensure that the anticipated benefits will materialise.

Table 8. Natural Forest and Woodland Areas

Natural Forests Extent		Natural Woodlands Extent	
State	Privately or Communitally owned	State	Private or Communitally owned
	287 845 ha ¹		245 824 ha
		6 956 152	22 346 164

Comments:

¹ Due to the high costs involved, national surveys of the extent of forest and woodlands cover occur only every 5 years and no new information has been collected in the past year.

THE NATIONAL VELD & FOREST FIRE ACT

Protection of life and property is a basic human need and the Department has been moving swiftly ahead with the implementation of the National Veld and Forest Fire Act.

Due to the high incidents of fires during extreme weather condition for 2005 it was a priority for the Department to ensure that the registration of Fire Protection Associations (FPA) took place. Currently 59 FPAs are registered. The Department has advised and assisted 36 of these FPAs with the compilation of business plans included in which were the principles of risk assessment. The effectiveness in combating fires depends largely on the resources that is available to the FPA and this will have to be addressed to ensure more effectiveness

The Department plans to review the performance of the FPAs on a regular basis. In addition there has been ongoing awareness campaigns relating to the National Veld and Forest Fire Act to role players.

The National Fire Danger Rating System (NFDRS), an early warning system for veldfires, was launched during Arbor Week



in September 2005. The DWAF has delegated the operation of this system to the South African Weather Service (SAWS), who will operate the system and give veldfire warnings on a daily basis.

KEY OUTPUTS AND ACTUAL SERVICE DELIVERY

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

Outputs 2005/06	Service Delivery Indicators	Actual Performance
Service level agreement with transitional management agent in place and audited six monthly	Level of compliance with Service level agreement measured six monthly and evaluated by Forestry Functional Management Committee (FFMC)	Post of planning advisor was filled
Plantation management revenue increased by at least five percent	Five percent increase in revenue	Revenue for 05/06 was reported to be R46,735-million that however included State Forest areas now managed by SanParks. The correct figure for plantation revenue for 04/05 was R39,259- million and it increased by 3,6% to R 40,709-million in 2005/06.
Temporary Unplanted Areas (TUP) reduced by at least 15%	Number of hectares of TUP Temporary Unplanted Areas	13,5 % of TUP (7291ha) was planted, but due to the high incidence of fires the TUP area increased Temporary Unplanted Areas
Damage caused by fires limited to a maximum of one percent of estate	Number of hectares damaged	5 575 ha of plantation was damaged by fires. 11,4% of total plantation area.
Operating productivity improved by at least ten percent	Ten percent increase in productivity Ten percent decrease in operating cost	4,2% decrease in operating costs.
Defined process to report against Criteria and Indicators (C&I) in state plantations by June 2005 and reporting implemented by September 2005	Number of C&I audit queries addressed within agreed time periods	95% of standard operating practices manual and guidelines and checklists finalised. System for reporting against C&I fully operational. Limpopo and Eastern Cape staff mentored KwaZulu-Natal and Mpumalanga staff reporting progress as "good"
Finalised transfer plans for each package	Approved project plans for class A and B transfers	Financial analysis of DWAF plantations completed.
National Transfers implementation structures established	Implementation structures in place in all the provinces	Finalised Terms of Reference (TOR) for implementation structures

Outputs 2005/06	Service Delivery Indicators	Actual Performance
Mbazwana and Manzengeya and Sokhulu and Mthunzini Packages transferred	Official hand over of Mbazwana and Manzengeya to the successful bidder and signed off and de-proclamation in terms of Sokhulu and Mthunzini	In principal approval for the proposed transfer model obtained from local stakeholders. A growing stock management plan for the affected plantations was completed. Work commenced on the compilation of a TOR for the appointment of a transaction advisor.
Identify state forest land areas not suitable for forestry purposes by the DWAF De-proclaim the immediately available land as and when it is made available	Extent of area identified De-proclamation Notices	Cederberg Mountain catchment area: 145 346 ha and De Mond: 1 542 ha Government Notice Number 554 of 17 June 2005: Release of State Forests Sederberg, Grootvadersbosch, Hawequas and Kogelberg. Government Notice Number 925 of 23 September 2005: Release of State Forest land at De Mond.

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

Outputs 2005/06	Service Delivery Indicators	Actual Performance
Existing and potential economic opportunities on the DWAF-managed State forests developed to contribute to BBBEE	Number of opportunities taken up by communities and PDI's	14 PFM committees with adjoining communities established to ensure participation in forest management process
Defined process to report against C&I in state indigenous forests by the end of the first quarter of 2005 and started implementing reporting by second quarter of 2005	Number of C&I Audit Queries addressed within agreed time periods	Process of self auditing started..
Remaining State indigenous forests managed sustainably according to the DWAF's management classification system	Number of hectares of forest type in formally protected areas 50% reduction in alien invasive plants Extent of degraded forest (ha)	Systematic forest protected area planning final report completed. 86 902 hectares of indigenous forests types in formally protected areas. 100% reduction of alien plants in 775 Ha. Monitoring system to be developed.



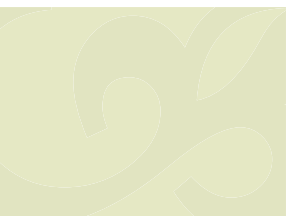
Outputs 2005/06	Service Delivery Indicators	Actual Performance
Blyde Complex Exit Strategy in place	Approved Exit Strategy	A socio-economic impact analysis has been completed to inform the finalisation of an exit strategy.
Assignment/ delegation of State natural forest packages to appropriate conservation agencies	Delegation or assignment agreements in place with relevant agents Increased number of opportunities taken up by communities and PDIs in State natural forest Degree to which all relevant indicators for sustainable forest management and measures are being met by new management agency	Official handover 97 000 ha of State Forests to SANParks. Steering committee established for transfer of Eastern Cape uncontested indigenous forests. Draft assignment considered by all the parties. Agreement reached about transfer of contested areas
Legal mandate for management of State natural forest currently managed by Provinces in place	Signed off delegations/assignments to provincial authorities	Last draft of property list and maps printed.
Identify state forest land areas not suitable for forestry purposes by DWAF and de-proclaim	Project plans and business plans in place De-proclamation Government Notices published	Submission for the Minister 's release of remaining mountain catchment areas submitted. Cape conversion process final report submitted. Recommendation for retaining about 50% of areas earmarked for conversion
KFA 3: To ensure the sustainable forest management in South Africa by developing an effective overview of the sector and facilitating co-operative governance		

Outputs 2005/06	Service Delivery Indicators	Actual Performance
Forestry information system developed	System live and linked to other forestry information systems Will be live by April 2005 but not linked	Analysis conducted on requirements for migration of system and recommendations made. Need to re -evaluate system
2005 State of Forestry Report published	Triennial State of Forest Report prepared for Parliament	Process started to compile report to be made available by September 2006
Research and development framework agreed with the sector	Agreed Forestry sector research framework approved by MANCO in place	Report emanating from Stakeholder consultations delivered. Phase 2 of report provides the Basis for sector Research and Development Plan
National Forest Plan (NFP) drafted in consultation with the Sector	Draft sector strategic development plan	Forestry Sector Plan submitted to Forestry Functional Management Committee. NFP workshops conducted.
Strategy to combat long-term timber supply shortages developed in partnership with the sector	MANCO approved strategy in place	Reports on timber shortage submitted to Department and tabled at FFMC A position paper was drafted and needs to be taken forward.

Outputs 2005/06	Service Delivery Indicators	Actual Performance
Leased plantation forests and delegated/assigned natural forest managed in terms of the relevant agreement	Bi-annual reports on all State Forests (only for plantations) Audit and management systems in operation and corrective actions implemented, especially natural forests	All four leases inspected and report was prepared C & I 's manual, checklists, guidelines produced system is operational
Timeous payments of lease rentals to land beneficiaries	Distribution of rentals to beneficiaries in terms of agreed service standards	No beneficiaries identified. Processes to be finalised by DLA
Amendment Bill passed by Parliament, regulations promulgated and communicated	Regulations published in Government Gazette	Amendment Bill not passed and promulgated in time
White Paper on Sustainable Forest Development reviewed in light of National Government priorities on development of strategy	Review of White Paper approved by FFMC Strategy approved by FFMC	Consultant to undertake review of White Paper Completed
Implementation of Forestry Skills Development strategy initiated	Relevant training courses for Forestry training in place to suit needs of the sector DWAF participation in Forestry-related SETA	Liaison FIETA and development of interim training strategy and training of trainers. Finalise affiliation and inputs for sector skills plan, develop induction course(s). Process initiated to review the training requirements for forestry scientists. Affiliation to FIETA not completed yet.
Criteria, indicators and standards published in the form of regulations by March 2006	Criteria, indicators and standards used in management and monitoring processes in forestry	Regulations not published
Cooperative government partnerships in place to support certification schemes and other incentives for sustainable forest management (SFM), especially for small growers.	National Certification Initiative based on criteria, indicators and standards Number of co-operative governance partnerships supporting SFM Number of forestry initiatives incorporated into PGDSs and IDPs need clearer, more strategic idea of measures and whether they relate to project consolidate	Forestry Stewardship Council to accept and register National Certification Initiative.
Finalised the DWAF's Woodlands strategy	FFMC approved strategy in place for woodlands	Framework strategy approved by FFMC
Forestry Profile Raised to give forestry more public exposure and to create more awareness on forestry issues	Number of promotional campaigns on Forestry published	New Forestry website and resource center, Climate Change Conference, Precision Forestry Symposium support, Arbor Week, Champion Trees of South Africa, 13 part Television Series inputs on trees. Held four Eduplant workshops in collaboration with FTFA at Tshwane, Sedibeng, Johannesburg and West Rand. Supported National Call Centre.



Outputs 2005/06	Service Delivery Indicators	Actual Performance
National Fire Danger Rating System (NFDRS) implemented as the early warning system (launched in September)	Number and impact of unplanned veld and forest fires (not a measure of NFDRS)	15 Major Fires totaling 31 260 ha reported
Establishment of all FPAs in priority fire risk areas	Number of Fire Protection Associations established and registered	37 FPAs registered
Support provided to established FPAs	Veld fire management strategies effectively developed by FPAs (strategies in place)	Mpumalanga FPA 's assessed. Started with Eastern Cape
Communication and awareness strategy on National Veld and Forest Fire Act implemented	Number and form of awareness raising initiatives	Quarterly bulletin produced and distributed. Launch of FPA 's in North West Province. Communication and Awareness Plan approved.
Establish partnership agreements with DPLG and SAWS	Approved MoU in place	MoU with South African Weather Services in action.
Finalise development of National Veld Fire Information System (NVFIS)	NVFIS live and active for monitoring and predicting fire risk	Reports from Fire advisors and FPO 's received. Further enhancements planned for the system to increase effectiveness.
Monitor and report on incidence and impact of fires	Monthly reports published in quarterly Veldfire bulletin and Annual Report tabled in Parliament by Minister	Gathering and analysis of statistical returns on fire provided by Fire Protection Associations have started.
Responsibilities in accordance with the National Veld and Forest Fire Act enforcement implemented	Extent of compliance with various requirements of National Veld and Forest Fire Act (operational issue)	Enforcement policy implemented. Training and communication on the policy started.



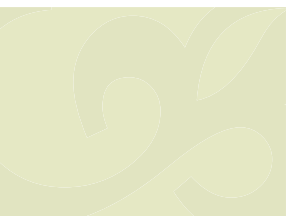
KFA 4: To promote sustainable forest management in Africa and internationally

Outputs 2005/06	Service Delivery Indicators	Actual Performance
Enhanced Co-operation with SADC.	Report on co-operation in and strengthening of SADC forestry institutions	Presentation to Ugandan delegation on SFM in South Africa. Participation in various core and expert groups and co-presented with FAO draft code at African Forestry Wildlife Commission.
The contribution of forestry to NEPAD and other international initiatives promoted	Regional collaboration on Forestry potential study agreed to	Made inputs into NEPAD report on Forestry. Final country report on Forest Resource Assessment 2005 (FRA) submitted to FAO.
Active participation and leadership in United National Forum on Forests (UNFF) and Africa Forest Law Enforcement and Governance (AFLEG)	UNFF Resolutions on sustainable Forestry development in Africa	Forestry inputs into DWAF report on Millennium Development Goals (MDG). Inputs on Convention on Biological Diversity (CBD), Convention on Desertification and to FAO. Participated in UNFF-6
Conclusion of bi-lateral agreement with China that supports SFM	Technical exchange programme implemented	Agreement not yet signed and no further go-ahead received for technical co-operation
Enhancement of ongoing bilateral agreements that support SFM	Report on progress with bilateral agreements	Signed agreement with Russian Federation on Forestry.
Negotiation on management of cross-border fires initiated	MoU on cross-border fires	Meeting held between DWAF and the Department of Foreign Affairs on guidelines to deal with cross border fires through Diplomatic channels



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

Outputs 2005/06	Service Delivery Indicators	Actual Performance
Process for development of Forestry BBBEE Charter agreed by end April 2005	Approved process by Minister	BBBEE process on track. Steering committee in place as well as working groups. Working on Draft Charter.
A Forestry Sector BBBEE Charter drafted in conjunction with industry by end March 2006	Approved BBBEE Charter developed and implemented in partnership with Sector	Progress delayed by requirement for consultation
Afforestation promoted to support community empowerment	Reported levels of community-based afforestation	Afforestation guidelines and development protocols produced and circulated for comments by stakeholders
Streamlined processing of SFRA licenses supported	Time taken for processing SFRA licenses (task team established to make recommendations)	Two new Afforestation licence applications submitted in Eastern Cape. Four licences approved in Mpumalanga. Strategy presented to FFMC.
Priority areas of future afforestation potential identified	Set of afforestation potential maps in at least two provinces	Completed for KwaZulu-Natal and Eastern Cape.
Appropriate structures established to support new afforestation in National office and DWAF clusters	Number of afforestation structures established	Forum established in Mpumalanga. Initiate discussions with Transvaal Wattel Kwekers (TWK) for assistance to emerging forest owners in the Piet Retief Area
Contribution to research and knowledge on best practice plantation establishment and management	Best practice publications and guidelines on sustainable forest management	Criteria, indicators and standards manual and guidelines are based on best operating practices (BOP) for the Forestry Sector and are implemented in DWAF Plantations & Participatory Forestry management guidelines developed
Assisted provincial authorities to incorporate forestry expansion into PGD plans and strategies	Number of Provincial Development Plans (Eastern Cape, Limpopo and Mpumalanga) incorporated forestry issues and District Integrated Development Plans incorporating forestry expansion	Held one workshop and contacted a number of municipalities
DTI, the DWAF and DEAT forestry growth and expansion initiative developed with DWAF support	Forestry initiative findings incorporated into NFP	Final report analysed and incorporated into NFP.
The DWAF's national FED framework finalised and implemented in alignment with ISRDP	FFMC Approval of FED Framework	Strategy Framework approved by FFMC



Outputs 2005/06	Service Delivery Indicators	Actual Performance
At least three be specific Forestry enterprise initiatives completed as per project plans	Seven community owned forest enterprises	Firewood project has been started at Vaaldam with WFW. Syringa project – Dennilton Beekeeping Inyosi Honey project with spin-off of 49 small projects. Four Medicinal Plant Nurseries established.
Three new strategic FED partnerships identified and existing partnerships maintained	One new FED Partnership Agreement signed with DWAF and implemented (NDA on bees, negotiating with ARC on bees)	Contract signed for Bee forage study
Monitoring systems and framework in place to ensure participation of Forestry in State forest	Monitoring Reports from State forest managers	System for reporting in place.
Monitoring systems and framework in place to ensure FED in Forestry sector	FED Reporting Framework Produced	Completed
At least three provincial authorities plan for and support forestry small, medium and micro enterprises (SMMEs) and urban greening initiatives with assistance from DWAF	Number of Provincial Development Plans and District Integrated Development Plans incorporating forestry	All the IDP's for the 53 district and metropolitan municipalities were reviewed to extract any related forestry programme. This is available in Final report "Integrating Forestry Programmes into Integrated Development Plans" .
DWAF's role with respect to wood energy clarified	DWAF's role with respect to wood energy approved by FFMC	Comments received from Department of Mineral and Energy on key information paper (KIP)
National Strategy on wood energy developed with DWAF support	Number of wood energy delivery plans developed and implemented	Not achieved due to capacity constraints.

