

Department of Water Affairs and Forestry



Annual Report 2006/2007



water & forestry

Department:
Water Affairs and Forestry
REPUBLIC OF SOUTH AFRICA

REPORT OF THE DEPARTMENT OF WATER AFFAIRS AND FORESTRY

1 APRIL 2006 TO 31 MARCH 2007

To the Minister of Water Affairs and Forestry

It is my pleasure to present this report on the work of the Department of Water Affairs and Forestry for the financial year ending 31 March 2007.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Moshibudi Rampedi
Acting Director-General: Water Affairs and Forestry

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Abbreviations



AFWC	African Forestry and Wildlife Commission	MINMEC	Minister and Members of the Executive Council
AMCOW	African Ministers' Council on Water	MoU	Memorandum of Understanding
AMCOST	African Ministers' Council on Science and Technology	NDA	National Development Agency
Asgi-SA	Accelerated and Shared Growth Initiative for South Africa	NEPAD	New Partnership for Africa's Development
BAS	Basic Accounting System	NFA	National Forests Act
BBBEE	Broad-based Black Economic Empowerment	NFDRS	National Fire Danger Rating System
BWP	Berg Water Project	NGO	Non-Governmental Organisation
CBD	Convention on Biological Diversity	NPA	National Prosecuting Authority
CCT	City of Cape Town	NVFFA	National Veld and Forest Fire Act
CEIMP	Consolidated Environmental Implementation and Management Plan	NWA	National Water Act
C&I	Criteria and Indicators	NWRI	National Water Resources Infrastructure
CMA	Catchment Management Agency	NWRIA	National Water Resource Infrastructure Agency
CPI	Consumer Price Index	NWRS	National Water Resource Strategy
CWSS	Community Water Supply and Sanitation	NWSA	National Water Services Act
DCC	Departmental Control Committee	OD	Organisational Development
DEAT	Department of Environmental Affairs and Tourism	O&M	Operations and Maintenance
DoRA	Division of Revenue Act	ORASECOM	Orange-Senqu River Basin Commission
DPLG	Department of Provincial and Local Government	OSS	One Stop Shop
DST	Department of Science and Technology	OUG	Operational User Group
DWQ	Drinking Water Quality	PFMA	Public Finance Management Act
EC	Eastern Cape	PPP	Private Public Partnership
ESETA	Energy Sector Education and Training Authority	PSP	Professional Service Provider
EXCO	Executive Committee	PWSP	Provincial Water Sector Plan
ERP	Enterprise Resource Planning	RDP	Reconstruction and Development Programme
FBW	Free Basic Water	RPMS	Regional Performance Management System
FDI	Fire Danger Index	RP&W	Resource Protection and Waste
FED	Forestry Enterprise Development	RSA	Republic of South Africa
FPA	Fire Protection Agency	SADC	Southern African Development Community
FRA	Forest Resources Assessment	SALGA	South African Local Government Association
GAAP	Generally Accepted Accounting Principles	SAP	Systems Application Products
HDI	Historically Disadvantaged Individual	SAWS	South African Weather Services
HR	Human Resource	SCOPA	Standing Committee on Public Accounts
HRD	Human Resource Development	SEA	Spatial Environmental Assessment
ICMA	Inkomati Catchment Management Agency	SFM	Sustainable Forest Management
IDP	Integrated Development Plan	SMS	Senior Management Service
JIPSA	Joint Initiative on Priority Skills Acquisition	TCTA	Trans-Caledon Tunnel Authority
JPM	Joint Project Meeting	TUP	Temporary Unplanted Areas
KZN	KwaZulu-Natal	UNCCD	United Nations Convention of Combating Desertification
LHWP	Lesotho Highlands Water Project	UNESCO	United Nations Educational Scientific and Cultural Organisation
LM	Local Municipality	UNFF	United Nations Forestry Foundation
MANCO	Management Committee	VCT	Voluntary Counselling and Testing
MDG	Millennium Development Goal	VRESAP	Vaal River Eastern Sub-system Augmentation Project
M&E	Monitoring and Evaluation	WC	Western Cape

WC/WDM	Water Conservation and Water Demand Management
WfW	Working for Water
WIN-SA	Water Information Network
WMA	Water Management Area
WoF	Working on Fire
WRC	Water Research Commission
WRM	Water Resources Management
WS	Water Services
WSA	Water Services Authority
WSDP	Water Services Development Plans
WSI	Water Services Institution
WSNIS	Water Services National Information System
WSSLG	Water Services Sector Leadership Group
WSP	Water Services Provider
WUA	Water User Association

PART A: General Information



PART A: GENERAL INFORMATION

1. INTRODUCTION BY THE ACCOUNTING OFFICER

1.1 Meeting Water and Sanitation Targets

The Department of Water Affairs and Forestry has made a significant impact since 1994 in addressing the imbalances of the past, particularly with regard to access to water and sanitation services. Providing access to sanitation and clean water is undoubtedly a critical measure in reducing poverty in our country. We are now at a point where access to remote areas remains an impediment to the process. Nevertheless, our commitment intensified in the 2006/07 year and with the co-operation of provincial and local spheres of government we have been able to expand access to basic levels of water services to a further 1.25 million people and sanitation to a further 298 000 (incl. 71 747 buckets) households. Free Basic Water is now provided to 75% of the population of South Africa and to 68% of the poor sector of the country's poor population.

During the financial year, the Department invested considerable resources in terms of intergovernmental relations and took advantage of relevant legislation, this assisted in the progress made in the eradication of the bucket latrine system. I am pleased to report that Mpumalanga has already celebrated the eradication of all buckets.

National and Provincial water summits took place, they provided a better understanding of the water and sanitation needs and challenges in each province. Because of the recognition of the importance of these basic services to the lives of our people, particularly the poor, the Department committed itself to going beyond the Millennium Development Goals (MDGs), in providing universal access to water and sanitation. Achieving this target will see a further 7.2 million people having access to clean water by 2008. The Department is also targeting adequate sanitation for all by 2010.

Targets set towards the achievement of these goals include:

- Eradication of the bucket toilet system in the formal established settlements by December 2007;
- Eradication of the water and sanitation backlog in clinics by 2007 and in schools by 2008/9. To this end an agreement has been reached between the Department of Education and National Treasury for the Department of Water Affairs and Forestry to take responsibility for ensuring the delivery of water and sanitation to the 2 346 schools and 719 clinics that remain without adequate services;

- Eradication of the water supply backlog by 2008. With effective implementation of the plans in place, the Department should be able to reach the 14% of our population that remains without access to clean water; and
- Eradication of the general sanitation backlog by 2010. Lack of adequate sanitation still affects 27% of our population. Considerable resources and effort will be required to ensure the supply of an estimated 3.2 million toilets over the next four years.

To achieve these targets, an accelerated service delivery plan was developed; the plan was endorsed by the Cabinet Lekgotla.

1.2 Forestry and the Forest Charter

The Department has continued with the development of a new strategy for the Forestry Sector, both to raise the profile of forestry as an important contributor towards economic growth and to entrench it as part of the Accelerated and Shared Growth Initiative for South Africa (Asgi-SA) programme. To give effect to this increased importance of forestry, changes were made to the structure of the Department including the consolidation of the different forestry units into a single branch in the Department, and the appointment of a Deputy Director-General to lead the branch. The intention is to give a strategic profile to forestry with a view to further contributing towards transformation in the sector.

Substantial progress has been made in the process of establishing the Charter for the Forestry Sector. This Charter will drive further transformation of the ownership and control of the forestry industry.

Afforestation in the Eastern Cape, including the Umzimvubu Catchment and Timber Industries development initiative, has been included in the Asgi-SA programme. Work has been completed in terms of identifying priority areas for development in Kwaulu-Natal and the Eastern Cape.

1.3 Regulatory Reform and the Empowerment of Women

The Department is developing regulatory and institutional reform strategies to strengthen its regulatory and oversight role as sector leader, while a governance framework for water management institutions is in the process of being established to ensure that strategies for these institutions are aligned with the Department's strategic objectives. In this way the Department will ensure that its public entities fulfil the mandate for which they were established, whilst (also) maintaining high standards of corporate governance.

Against this background, and with (over) 16 000 employees, the Department requires extensive Human Resource support and administrative capacity. A concerted effort was made by the Department during the review period to appoint women to decision-making positions, to the extent of an 8% increase across the entire Senior Management echelon.

1.4 Capacity Building

The Department, like other organisations whose business is driven by scientists, engineers and technicians, is faced with a general skills shortage as these professions become more marketable with the growth in our economy and the build-up to the 2010 FIFA World Cup.

In this regard, a third agreement was negotiated with the People's Republic of Cuba in terms of which engineers from Cuba will be seconded to the Department to accelerate service delivery. The Department is also in the process of establishing a Learning Academy to accelerate the development of skills in the priority areas of engineering, science and finance. This academy will work closely with academic institutions, professional bodies and other departments to attract students to undertake experiential training, followed by employment opportunities in the water and forestry sectors. Working relationships have been established with a number of academic institutions to further extend the capacity and expertise of the Department.

1.5 Record of Decision on De Hoop Dam

The construction of the De Hoop Dam initially received a positive Record of Decision from the Department of Environmental Affairs and Tourism (DEAT) on 22 November 2005. Various appeals were lodged against this Record of Decision, mostly pertaining to the environmental impact of the project. A lengthy consideration process followed, culminating on 16 October 2006 in the issuing of a revised Record of Decision in terms of section 22 of the Environment Conservation Act, 1989 (Act No. 73 of 1989). This makes provision for the valid concerns raised and clears the way for the project to proceed.

1.6 Challenges Facing the Department of Water Affairs and Forestry

1.6.1 Equity and Scarcity

The National Water Act came into operation in 1998. The process of considering and issuing licences in terms of this Act has been a slow and methodical one and provinces alluded to this at the Cabinet Lekgotla.

Our legislation gives the Department a clear mandate to use water to redress the inequities of apartheid and to ensure that those who are historically disadvantaged have access to water for domestic and productive purposes, whilst ensuring that water is utilised in a responsible and sustainable manner. Against this background, the Water Allocation Reform Programme has focused its efforts on three Catchment Management Areas that form part of a pilot programme, namely Mhlathuze in KwaZulu-Natal, Inkomati in Mpumalanga and Jan Dissels in the Western Cape. This programme is comprehensive and therefore time and resource intensive. It has entailed validation and verification of the extent of existing lawful water use and the implementation of an empowerment programme. By the end of the reporting period, the Department was ready to start the formal compulsory licensing process. The programme will be monitored and evaluated on an on-going basis to ensure sustainability and to measure the long-term success of the impact of water re-allocation on the lives of the communities.

As it unfolds successfully, the Water Allocation Reform Programme will level the playing fields, allowing all South Africans who wish to use water for productive purposes (be these small-scale irrigation projects, small businesses or large commercial enterprises) to apply for water for productive purposes on an equal basis.

1.6.2 Operation and Maintenance of Infrastructure

There is growing concern that, whilst municipalities are focusing on meeting targets, less attention is being paid to the maintenance of existing infrastructure. This situation, if unattended to, could lead to a lack of sustainability and to the creation of moving targets, since people who are currently serviced would be left without services when infrastructure breaks down. The National Water Summit recommended that, due to the seriousness of the matter and the risks involved, maintenance of infrastructure should be made a National Priority and that the Department should lead the process in addressing the challenge.

1.6.3 Financial Management

The Department has received qualified audit reports in regard to its financial statements for the past five years. For the past two years, disclaimers were made in respect of some aspects of the financial statements, particularly the Equipment and Water Trading Accounts. The management of the Department is working hard to turn the situation around, in close co-operation with National Treasury and the office of the Auditor-General. One of the reasons for the qualified audits was the fact that the Department used Cash-based accounting in its Water Trading Account instead of the Accrual-based system.

We recognise that in order to achieve an unqualified report, the Department needs to understand all the causes of the qualified audits and address them. To this end, an analysis of the Auditor-General's report was undertaken to inform a turnaround plan.

1.6.4 Drinking Water Quality Management

Due to incidents like the one at Delmas during 2005, when lives were lost to typhoid due to the quality of drinking water, the problem of drinking water quality management by municipalities and the limited capacity at local government level remain matters of key concern to this Department. The development and implementation of a national strategy to support and build the capacity of Water Services Providers has continued to receive priority. Considerable progress has been made in the Free State where the Department partnered with Provincial Government and local authorities to pilot an electronic system to monitor water quality. This resulted in 95% to 98% of the authorities, including those in rural areas, collecting data and complying with quality requirements. It is the intention of this Department to replicate this best practice in other provinces. Robust water quality regulation remains a challenge and a priority area.

1.6.5 Stakeholder Relationships

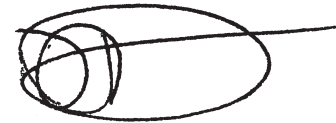
Judging by the turnout, participation and outcome of the Provincial and National Water Summits, there is no doubt that the water sector, including the provinces and municipalities, is united with this Department to ensure that we deliver to our people.

The relationship with our public entities, namely the Water Boards, the Water Research Commission and the Trans-Caledon Tunnel Authority is good, but we are aware that our governance of and support for those entities needs improvement. Our relationship with the forestry sector is also good and the progress made with the Forestry Charter serves as evidence in this regard. This process consists of a joint commitment to the achievement by the Department and industry in transforming of the Forestry Sector.

1.7 Conclusion

As we continue to increase access to basic services such as water and sanitation services we are creating job opportunities for our people. It is not only in the building of the infrastructure that opportunities exist, but also in the subsequent operation and maintenance that business opportunities and sustainable jobs will arise. Through the hard work of my Department, we look forward to supporting national efforts to eradicate poverty and create jobs.

I would like to commend the commitment of all officials who have contributed to achieving our objectives and contributed to making a better life for our nation. My appreciation is extended to the Portfolio Committee on Water Affairs and Forestry, the Select Committee on Land and Environmental Affairs and the Standing Committee on Public Accounts (SCOPA) for the oversight roles they have played. The assistance provided to my Department by National Treasury and the Office of the Auditor-General is also acknowledged.



Moshibudi Rampedi
Acting Director-General
Department of Water Affairs and Forestry

2. INFORMATION ON THE MINISTRY

The Minister of Water Affairs and Forestry has executive authority over the 15 water boards, the Water Research Commission (WRC), the Trans-Caledon Tunnel Authority (TCTA), the irrigation boards (IBs), Water User Associations (WUAs) and Catchment Management Agencies (CMAs).

2.1 Bills to Parliament

No bills were tabled in Parliament during the reporting period.

2.2 Cabinet Memoranda

The Minister submitted the following seven cabinet memoranda:

1. Appointment of the Deputy Director-General: Regions;
2. Appointment of the Deputy Director-General: National Water Resources Infrastructure;
3. Appointment of the Deputy Director-General: Forestry;
4. Appointment of the Board of Directors: Trans-Caledon Tunnel Authority;
5. Appointment of the Members of the National Water Advisory Council;
6. Appointment of the Members of the Board of the Water Research Commission; and
7. South Africa's Participation in the Zaragoza Expo 2008, Spain.

2.3 International Visits

The office of the Minister undertook the following international visits during the period 1 April 2006 and 31 March 2007:

Date	Destination	Purpose
06 - 12 April 2006	Havana, Cuba	Official Visit
09 - 12 June 2006	Cairo, Egypt	Attending Global Summit of Women
20 - 26 August 2006	Stockholm, Sweden	Participating in World Water Week and attending Junior Water Prize
21 - 23 November 2006	Cairo, Egypt	Attending African Ministers' Council on Science and Technology (AMCOST)/ African Ministers' Council on Water (AMCOW) meetings

3. BUSINESS DEFINITION

3.1 Our Vision

We have a vision of being:
a country that uses water and forests productively and in a sustainable manner for social and economic activities; in a manner that promotes growth, development and prosperity of all people to achieve social justice and equity.

3.2 Our Mission

As sector leader, our mission is to serve the people of South Africa by:

- guiding, leading, developing legislative framework, regulating and controlling the water and forestry sectors;
- conserving, managing and developing our water resources and forests in a scientific and environmentally sustainable manner in order to meet the social and economic needs of South Africa, both now and in the future;
- ensuring that water services are provided to all South Africans in an efficient, cost-effective and sustainable way;
- managing and sustaining our forests, using the best scientific practice in a participatory and sustainable manner;
- educating the people of South Africa on ways to manage, conserve and sustain our water and forest resources;
- co-operating with all spheres of Government, in order to achieve the best and most integrated development in our country and region; and
- creating the best possible opportunities for employment, the eradication of poverty and the promotion of equity, social development and democratic governance.

3.3 Our Values

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

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

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

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

3.4 Core Values for Transformation

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

4. LEGISLATIVE MANDATE

4.1 Acts of Parliament

The Department is legislatively mandated in terms of the following four Acts of Parliament:

No	Short Title of Act	Act Number	Purpose of Act
1.	The National Water Act	No. 36 of 1998	To ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all persons. The Act provides the National Government – acting through the Minister of Water Affairs and Forestry, who is the public trustee of the nation's water resources – with power to regulate the use, flow and control of all water in the Republic.
2.	The Water Services Act	No. 108 of 1997	To create a developmental regulatory framework within which water services can be provided. The Act establishes water service institutions, and defines their roles and responsibilities. Section 156, read in conjunction with Part B of Schedule 4 of the Constitution of the Republic of South Africa, 1996 vests the executive authority and responsibility for water supply systems and domestic wastewater and sewage disposal systems, in Local Government. However, National Government has a constitutional responsibility to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. It also has the authority to see to the effective performance by municipalities of their functions in matters listed in Schedules 4 and 5 of the Constitution, by regulating the exercise by municipalities of their executive authority. The Act gives substance to these constitutional requirements and provisions, whilst acknowledging the authority of Local Government in respect of water services.
3.	The National Forests Act	No. 84 of 1998	To promote and enforce the sustainable management and development of forests for the benefit of all; the promotion of sustainable use of forests as well as the provision of special measures for the protection of forests and trees. To balance the protection of forests with sustainable use, the Act regulates a wide range of uses, and sets out the right of everyone to have a reasonable right of access to State forests for non-consumptive purposes, such as recreation. The rights to the use, management, control and operation of State forests and the produce in them vest in the Minister of Water Affairs and Forestry and are regulated by the Department through this Act.
4.	The National Veld and Forest Fire Act	No. 101 of 1998	To prevent and combat veld, forest and mountain fires throughout the country and thereby limit and reduce the damage and losses caused by fires to life, fixed property, infrastructure, movable property, stock, crops, fauna and flora and veld in South Africa. 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, including Fire Protection Associations, which are to be established under the Act. The Department must also keep a record of fires and develop a database to capture the statistics of fires and their impact on society.

4.2 Public Entities Reporting to the Minister

4.2.1 Trans-Caledon Tunnel Authority (TCTA)

Enabling Legislation

The TCTA was established in terms of Government Notice 2631 of 12 December 1986 and promulgated in terms of Chapter 10 of the National Water Act, 1998 by the Minister of Water Affairs and Forestry, in consultation with the Cabinet, to implement international agreements. The TCTA is a state-owned liability management entity, responsible for bulk raw water infrastructure development. It is categorised as a Major Public Entity and listed in Schedule 2 of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).

Mandate

The TCTA is mandated to:

- Engage in liability management of raw bulk water infrastructure; and
- Provide an integrated treasury management and financial advisory service to water boards and water development infrastructure.

Relationship with the Minister

The Minister, as the executive authority, is responsible for exercising an oversight role in terms of the National Water Act, 1998 and the PFMA. The TCTA reports to the Minister of Water Affairs and Forestry on the performance of its functions within three months after the end of its financial year. This report is accompanied by audited financial statements.

Funding

Lesotho Highlands Water Project (LHWP)

The LHWP delivers clean water to the Vaal River System, improving the quality of water for the benefit of bulk water users and sustaining the economies of both South Africa and Lesotho, since 1998. Phase 1B of the LHWP has been completed and the focus has now moved from a construction phase to a financing phase. Emphasis is placed on more sophisticated debt management within a conservative risk management framework. Currently the stock of debt under management on this project is R19, 4 billion and this will grow to R23 billion by 2015, after which the debt will be repaid by 2026. LHWP remains the core focus area where specialisation, market developments, legislative changes and compliance as well as resource allocation are monitored and managed actively.

Berg Water Project (BWP)

The BWP is the first bulk water resource development project that is directly linked to water demand management. This project will increase the yield of the

Western Cape Water System by 18%. The BWP is governed by two agreements: an implementation agreement between the Department and TCTA and a raw water supply agreement between the Department and the City of Cape Town (CCT). These agreements enabled TCTA to secure R1, 6 billion financing without a government guarantee and the project was awarded a zaAA+ long-term credit rating by the Fitch Rating Agency. The project is on schedule to impound the Berg River in July 2007 and begin with the delivery of water to the CCT by end of 2007.

Vaal River Eastern Sub-system Augmentation Project (VRESAP)

VRESAP is a Government Water Work funded and implemented by TCTA, to meet the growing water demands of Sasol and Eskom. The scheme will transfer water from the Vaal Dam to the Knoppiesfontein diversion structure near Secunda in the Mpumalanga Highveld region. The project is 8 months behind schedule and water is expected to be delivered in May 2008. VRESAP costs are expected to be R2, 5 billion and the debt should be repaid by 2028.

Achievements for the Reporting Period

The new TCTA Board of Directors was appointed and assumed duty on 1 July 2006. Directors underwent induction into the company in terms of Director's duties and responsibilities, the legislative framework of TCTA and other corporate governance processes, the nature of TCTA's business processes as well as water and financial sector developments.

The core of TCTA's business is funding and project implementation and the following milestones were achieved:

- BWP and VRESAP: Strong relationships and confidence by rating agencies reflected in zaAA+ ratings being maintained;
- BWP: Water storage in Quarter 3: 2007 and water delivery in Quarter 1: 2008 on time and within budget of R1 553 million; and
- VRESAP: Delay of 8 months experienced, with water delivery estimated at May 2008 and completion of construction in August 2008 within budget of R 2 500 million.

TCTA achieved the following milestones in its support role to the Department:

- The Department and the Joint Water Forum (representing the mines) reached an accord on the Memorandum of Agreement regarding the Olifants River Water Resources Development Project Phase 2 and progress on the development of off-take agreements. In this process TCTA showed leadership through its involvement in the task team referred to as the "Institutional and Finance Committee" charged with

- reviewing the funding options of this project; and
- Although the LHWP Phase 1 has been completed, TCTA continues to perform operations and maintenance functions on the LHWP structures within South Africa, as well as manage the debt until final repayment in 2025.

4.2.2 Water Research Commission (WRC)

Enabling Legislation

The WRC was established in terms of section 2 of the Water Research Act, 1971 (Act No. 34 of 1971). It is subject to the PFMA and is categorised as a Schedule 3A entity: National Public Entity.

Mandate

The mandate of the WRC includes the promotion of co-ordination, co-operation and communication in the area of water research and development, funding water research according to priorities, promoting effective transfer of information and knowledge and ensuring capacity building in the water sector.

Relationship with the Minister

The powers of the Minister in respect of the WRC are derived from different sections of the Water Research Act, 1971 (Act No. 34 of 1971). In some instances the Minister is required to consult with the Minister of Finance and obtain his concurrence. The reporting requirements for the WRC are set out in the PFMA and Treasury Regulations. It must submit to the Minister for approval: quarterly reports, an annual report, including financial statements, a corporate plan and annual budget as well as the recommendation for the annual increase in the water research levy.

Funding

The WRC derives its income mainly from water research levies and investments. Income increased from R86.6 million in 2005/06 to R103 million in 2006/07.

Achievements for the Reporting Period

- The WRC continued its involvement in a number of existing national initiatives, e.g. the Water Sector Colloquium, the SA National Committee on Irrigation and Drainage, the National Freshwater Biodiversity Collaboration and the Water Information Network (WIN-SA);
- The Organisation spearheaded a new project 'Working for Sanitation', organised a capacity building initiative on planning and management of sanitation and presented courses in this regard;
- A database was initiated for water-related research projects for

agriculture in South Africa;

- During July 2006, the WRC underwent an Institutional Review, which was carried out by a group of local and international experts, addressing the organisation's relevance, effectiveness and efficiency. The Institutional Review found the WRC to be a relevant organisation with a sound and broad research portfolio. It indicated that the performance of the WRC improved continuously and that the WRC has an adaptive management, responding to national transformation imperatives. The WRC was found to be aligned to sustainable development and poverty eradication; its governance arrangements were found to be good and its capacity-building initiatives for research were found to be effective. The WRC has established extensive networks and partnerships in South Africa. The Institutional Review reported an overwhelmingly positive response from local stakeholders with regard to their relationships with the WRC. The WRC is viewed as responsive and receptive to new and innovative ideas as well as being an honest broker in the sector and a consensus builder among diverse views. It is seen as a reliable, objective, transparent and impartial organisation with a good degree of alignment to different stakeholder groups. In Africa, the WRC strongly supports both the New Partnership for Africa's Development (NEPAD) initiative and the Inter Academy Programme initiative (a global initiative of the association of Academies of Sciences), aimed at building capacity for water research and water resource management. The WRC is also a partner to a number of global coalitions and associations such as the Global Water Research Coalition;
- The WRC maintained its support to students, with special emphasis on historically disadvantaged students. About 580 students were supported by WRC projects, of whom about 66% were from historically disadvantaged backgrounds;
- The WRC led the WIN-SA which supports knowledge sharing and capacity building for local government; and
- Other national initiatives, lead by the Department, were supported by the WRC including Women in Water, the Sanitation and Forestry Awards and the SA Youth Water Prize.

4.2.3 Water Boards

Enabling Legislation

Water Boards are established in terms of the Water Services Act, 1997 as organs of State. They are categorised as National Government Business Enterprises, in terms of Schedule 3B of the PFMA and are therefore subject to the regulations of the relevant legislation.

Mandate

The primary activity of Water Boards is to provide water services to other water services institutions within their respective service areas. They may perform other activities under certain conditions set out in section 30 of the Water Services Act, 1997.

Relationship with the Minister

The Water Boards are regulated by the Minister in terms of the Water Services Act, 1997 and the PFMA. Water Boards submit to the Minister, on an annual basis, shareholder compacts (business plans) and policy statements a month before the beginning of the new financial year. For the planning period 2006/07 to 2010/11, Water Boards complied with this requirement and all the shareholder compacts were submitted on time to the Department.

At the end of the financial year, an annual report is submitted which includes the audited annual financial statements.

Shareholder compacts, policy statements and annual reports are analysed and any areas of concern are communicated to the Water Boards for rectification and further consideration. As far as business plans are concerned, the Minister may direct Water Boards to change them in order to meet all the requirements of the Water Services Act.

Funding

In terms of section 32(b) of the Water Services Act, 1997 a Water Board must enter into written contracts when performing its primary and other activities. These contracts form the basis of funding for a Water Board. A Water Board must set conditions for the provision of services in relation to the determination and structure of tariffs and the payment and collection of monies due.

The following Water Boards operate water schemes on behalf of the Department, mostly in rural areas which have not yet been transferred to municipalities. They received subsidies for operation and maintenance costs during the review period as follows:

Boards	Balance of Reconstruction and Development Programme (RDP) Grants, after Project Expenditure has been Deducted R' 000 000
Botshelo Water	32.8
Bushbuckridge Water	10.3
Magalies Water	(-4.0)
Sedibeng Water	26.5

Achievements for the Reporting Period

During the 2005/06 financial year the Department recorded that 70% of Water Boards performed favourably and a 10% target was set for improvement in the 2006/07 financial year. The Water Boards' annual performance was measured against set criteria and the Department is pleased to report that the 80% target was met during 2006/07.

The effectiveness and sustainability of the Water Boards improved as follows:

- Albany Coast Water made a net surplus of R1, 2 million on a turnover of R2, 7 million;
- Amatola Water's surplus, after finance charges but before subsidies, grew from a deficit of R25 million in 2002 to a surplus of R5, 6 million in 2006;
- Bloem Water, Namakwa Water and Pelladrift Water's overall financial performances were satisfying;
- Lepelle Northern Water broke even;
- Magalies Water performed reasonably well despite receiving a qualified audit report;
- The overall financial position of Mhlathuze Water improved considerably and the net operating surplus increased at an average of 9.1% over the past five years;
- Overberg Water improved its financial viability and is firmly on a path to sustainable service delivery and expansion of its services;
- Rand Water's financial statements reflected a sound and healthy financial position;
- Sedibeng Water performed well, although it depends heavily of subsidies; and
- Umgeni Water overcame its liquidity and solvency problems of the past five years. This Board's progress was satisfactory.

Water Boards performed well in the following fields:

- The Water Boards implemented tariff increases that were within Government inflation targets as set by National Treasury;
- Most of the Water Boards managed to remain financially viable as they were able to accumulate surpluses and repay their debts;
- Support was granted to Municipalities in terms of capacity building, conducting operations and the maintenance of water and reticulation schemes on their behalf. Support was also provided on the implementation of free basic water policies;
- Water Boards provided undisrupted supply of bulk water to the municipalities that they serve;

- All the Water Boards have preferential procurement policies in place and did well in the implementation thereof and the preferential procurement of goods and services; and
- A total bulk potable volume of approximately 2 067 million cubic meters per year is supplied by Water Boards across South Africa.

Challenges

Three of 15 Water Boards are not financially viable, namely Botshelo Water, Bushbuckridge Water and Ikangala Water. Botshelo Water is dependent on subsidies to cover approximately 55% of its operating expenses. Bushbuckridge Water made a surplus in the reporting period, representing a 334% increase on the previous financial year, however, this Board experienced great difficulty in collecting revenue from its customers. Although Ikangala Water is not yet financially viable, the financial statements showed an improvement over the previous financial year. The Board made a surplus of R137 025 despite receiving no subsidy from Department.

The following general challenges were faced by the Water Boards:

- Water Boards are facing difficulty in concluding bulk water supply agreements with Municipalities. Where they are concluded, they are on a short-term basis which means that they are not able to make long-term infrastructure capital projections;
- Water Boards are encountering a challenge in terms of the recovery of costs for services rendered to Municipalities, especially in the rural areas that were previously un-serviced;
- Some of the Water Boards are still experiencing weaknesses in their systems of internal control, particularly in terms of compliance with the PFMA.
- Most Water Boards are not demarcated in line with Municipal boundaries and hence their area of operation still excludes a number of Municipalities, the bulk of which are struggling financially and operationally;
- Governance at Water Boards needs to be improved to ensure transparency and accountability in terms of the King II Report; and
- There were isolated water quality problems that required attention.

In terms of section 42 of the Local Government Municipal Finance Management Act, 2004 (Act No. 56 of 2004), in adjusting their prices for bulk water, Water Boards should follow a consultative process with Municipalities in their service area, National Treasury and the South African Local Government Association (SALGA) and submit their applications to the Department by 25 January if the tariffs are to take effect in July of the same year. For the 2006/07 financial

year, constraints were met during the process, leading to late submission to the Department. Consequently, the Department did not provide raw water tariffs in time to allow Water Boards to consult with their customers.

4.2.4 Catchment Management Agencies

Introduction

Catchment Management Agencies (CMAs) are established to manage water resources at catchment level in co-operation with local stakeholders. The establishment of such agencies reflects a significant change in the approach to Water Resources Management (WRM) and represents the opportunity to give effect to the new paradigm captured in both government transformation and WRM policies and legislation. The intention is for local communities to be involved in the decision-making processes associated with water resource management at catchment level to the extent that they:

- Meet the basic human needs of present and future generations;
- Promote equitable access to water;
- Redress the results of past racial and gender discrimination; and
- Facilitate social and economic development.

Enabling Legislation

- The National Water Act, 1998 (Chapter 7) provides for the progressive establishment of CMAs throughout South Africa. CMAs are subject to the PFMA; and related Treasury regulations and are categorised as Schedule 3A entities: "service delivery public entity."

Mandate

Broadly, the mandate of a CMA is articulated in the Act as:

- Managing water resources in a water management area;
- Co-ordinating the functions of other institutions involved in water related matters; and
- Involving local communities in water resource management.

Reporting Mechanisms

CMAs are required to report through formal mechanisms outlined in the Act as follows:

Schedule 4 Part 4: Institutional planning – the main tool for formal oversight is the Business Plan, which must include among others:

- Organisational / institutional matters;
- Governance;
- Functions;
- Financial planning in terms of PFMA requirements;
- Transformation and Human Resources; and
- Employment Equity policy.

The catchment management strategy provides the mechanism to influence the vision, priorities and direction that the CMA takes. The Catchment Management Strategy is undoubtedly the most important instrument for the integrated management of water resources in a Water Management Area as well as the most important oversight tool for the Department in terms of auditing the CMA.

Schedule 4 Part 5: Outlines the monitoring and intervention by the Minister.

Schedule 4 Part 6: Outlines records and reports.

Funding

In terms of section 84 of the National Water Act, 1998 (Act No. 36 of 1998) CMAs may obtain funding from water use charges, parliamentary appropriation (through the Department) or any other lawful source.

Achievements for the Reporting Period

The Inkomati Catchment Management Agency (ICMA)

The ICMA was established in March 2004, in terms of section 78(1) of the National Water Act, 1998). The first Business Plan was approved in March 2006 and the Chief Executive Officer was appointed in May 2006. Seed Funds transferred in the reporting period include R500 000 transferred in October 2006 and R3 million transferred in November 2006.

The Breede-Overberg Catchment Management Agency

Established by Government Gazette Notice No. 27793 on 13 July 2005, the Breede-Overberg Advisory Committee made submission to the Minister in October 2006 recommending sectors to be represented on the Governing Board.

The Crocodile (West)-Marico Catchment Management Agency

This agency was established by Government Gazette notice No. 28053 on 30 September 2005. In October 2006 the Advisory Committee made submission to the Minister recommending sectors to be represented on the Governing Board.

The Mvoti to Mzimkulu Catchment Management Agency

Established by Government Gazette notice No. 27605 on 20 May 2005, this agency also made submission to the Minister in October 2006 recommending sectors to be represented on the Governing Board.

Other Catchment Management Agencies

The Usuthu to Mhlatuze, Thukela, Olifants/Doorn and Gouritz Catchment Management Agencies were established by Government Gazette notice No. 28053 on 30 September 2005. No significant progress is reported to date.

Challenges

All CMA establishment processes have, to a varying degree, attempted to involve and consult all stakeholders in the process leading to the development of the Proposal to the Minister. The National Water Act, 1998 provides that existing and potential water users, provincial and local government and environmental interests should be considered in the composition of the CMA Governing Board. This implies a focus on groups with a direct interest in using water resources, rather than all inhabitants in a Water Management Area. The process requirements in attempting to involve all individuals are enormous.

Resource requirements for the Department's Regional Offices in terms of personnel, financial and infrastructure resources, both for the establishment and the development of CMAs are greater than initially estimated.

Transformation in the water resources management sector is a priority for the Department, and includes ensuring demographically representative staffing of CMAs.

Future viability remains a challenge. Where the Department is providing money, it is critical that it maintains a close oversight role both financially (in terms of the PFMA and organisationally (in terms of CMA business planning). The once-off operational and capital set-up costs of establishing a CMA should be funded through transfer to the CMA from the Department in terms of the requirements specified in the Proposal to the Minister. The ultimate level of funding will depend upon the type of CMA, but will probably be between R5 million and R10 million over a three-year period.

Part B: Programme Performance



PART B: PROGRAMME PERFORMANCE

PROGRAMME PERFORMANCE IN TERMS OF VOTE 34

Programme performance is the non-financial performance of the Department which includes reports on the extent to which the Department has delivered on its strategic plan (2006/07) and budget (Vote 34 2006), focusing on the achievement of desired outcomes and the delivery of planned outputs. The reporting framework for programme performance is in accordance with the Strategic Plan and, the vote as tabled in parliament as follows:

Table 1: Vote 34

	2006/07	2007/08	2008/09
R '000	To be appropriated		
MTEF allocations, of which:	4 660 303	5 306 347	6 604 984
• Current payments	2 839 402	3 175 667	3 656 545
• Transfers and subsidies	1 719 844	2 030 204	2 733 132
• Payments for capital assets	101 057	100 476	215 307
Statutory amounts	-	-	-
Responsible Minister	Minister: Water Affairs and Forestry		
Administering Department	Department: Water Affairs and Forestry		
Accounting Officer	Director-General: 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; to ensure the universal and efficient supply of water services at local level; and to promote the sustainable management of forests.

The overall performance of the programmes enables the department to achieve its aim. The programmes performed under this vote are as follows:

Programme 1 : Administration; Programme 2 : Water Resources Management; Programme 3 : Water Services and Programme 4 : Forestry

Part B: Programme 1 Administration



PROGRAMME 1: ADMINISTRATION

Policy and strategic support was provided in line with the emerging clarity on roles and the repositioning of the Department as a regulator and to facilitate integrated water services management. The devolution of water services delivery to the local level of governance has seen the Department direct its energies to supporting local government. Major national programmes such as Project Consolidate and Masibambane were leveraged effectively by the Department to focus and give substance to its support to municipalities. A critical milestone in the transition was the signing and subsequent implementation of the Transfer Framework for water services. By the end of the financial year, four hundred and sixty five (465) employees had been transferred to Water Service Authorities.

1.1 Corporate Services

1.1.1 Organisational alignment

More attention was paid to developing and supporting the leadership team. Once alignment was achieved at the level of Top Management, it was important to review the governance structures and processes that facilitate decision making and department-wide communication.

1.1.2 Human Resources

(a) Organisational Development interventions

The reconfiguration and implementation of organisational structures for the Regions, Finance and Corporate Services Branches were critical to the alignment process. This process was complemented by the human resource capacity assessment that was conducted for the Branch: Regions.

A comprehensive Employee Wellness Programme was introduced and implemented during this period aimed at promoting employee wellbeing and empowerment.

As part of the programmes offerings, HIV and AIDS awareness and education workshops were rolled out across the regions. Employees could access trauma debriefing, counselling, life-skills training as well as Voluntary Counseling and Testing (VCT) services on a daily basis.

(b) Capability building

In light of the substantial challenge of retaining and growing the Department's technical human resource base, urgent attention was paid to developing and

implementing a dedicated Retention Strategy. This Strategy filled the void in the public sector system and allowed the Department to retain a critical mass of engineers, scientists and technicians. A Business case and Implementation Plan for a Water and Forestry Learning Academy were developed for implementation in the 2007/2008 financial year and this forms the long-term strategy for building and maintaining the technical corps that is critical to the Department's future access to the skills and knowledge required to deliver on its mandate.

A training manual on Performance Management and Development was developed to enhance and institutionalise the implementation of the Department-wide Performance Management and Development System. This was further strengthened by the training that was provided to Senior Management Service (SMS) on performance and financial management.

The procedure and guidelines for renewal of employment contracts were developed to better manage the employment relationship to further embed a culture of performance management in the Department.

A coaching programme has also been implemented as an effective tool for leadership, and competency development as well as support accessed by SMS members.

The learnership and internship programmes have become important vehicles for experiential learning and have increased their intake during this period. There were two hundred and three (203) learners enrolled in the learnership programme with learning tracks in Water Purification, Water Reticulation and Waste Water Process. Meanwhile the internship programme had sixty-one (61) interns placed in functional areas as varied as: forestry, environmental management, financial, legal, food technology, environmental health, water management, water and sanitation, Working for Water, information services, environmental science and studies, water quality and training management.

1.1.3 Legal Services

Two pieces of legislation were drafted and while one was submitted for the Minister's consideration, the other was published for comment. These were the National Water Services Act as well as the National Water Resources Infrastructure Agency Bill.

1.1.4 Information Services

Significant resources were invested in the refurbishment of the Information Technology (IT) infrastructure and this has had the effect of increasing customer

care satisfaction levels as well as enhancing the availability and continuity to 90% levels. This injection of resources was complemented by the governance structures which were established to streamline the role of the IT support service and consolidate the disparate IT systems, aligning service provision with Departmental needs.

1.1.5 Administration

New systems were installed and old systems were reviewed to create efficiencies and improve the turnaround time in the following areas: security services, fleet management, telephone system and video conferencing.

Some compliance was achieved with regard to the stipulated National Intelligence Agency (NIA) security standards.

1.1.6 External Transformation

The Department continues to make strides in achieving Government's transformation imperatives of creating jobs and alleviating poverty. The Department has identified a number of projects that have been reprioritised as part of the Accelerated and Shared Growth Initiative for South Africa (Asgi-SA). These projects include work currently taking place within the water and forestry resources. Five projects were identified as amenable to conversion and were duly registered as the Department's contribution to the National Youth Service Programme (NYSP). These include: Working for Water, Working on Fire, Sanitation, Health and Hygiene, and infrastructure development. The latter includes the construction of De Hoop Dam in Limpopo province.

A Memorandum of Agreement was signed between the Minister of Water Affairs and Forestry, the Premier of Limpopo Province and the Executive Mayor of Greater Sekhukhune District Municipality on the De Hoop Dam, specifically addressing Broad Based Black Economic Empowerment (BBBEE) with social economic development targets. The agreement, known as the "De Hoop Dam" Charter, seeks to create empowerment opportunities for local people through procurement, employment and training opportunities.

The Departmental Service Delivery Improvement Plan was finalised and submitted as per the requirements of the Department of Public Service and Administration (DPSA). The recommendations emerging from the Public Service Commission (PSC) Client Satisfaction Survey are being implemented as part of service delivery enhancement. In line with the Department's commitment to continuously improving its services, it also participated in the research conducted by the PSC on Monitoring and Evaluation. A comprehensive audit on the Department's contribution towards BBBEE was completed as was the draft strategic framework on Transformation and Youth development.

1.1.7 Women Empowerment

A series of Breakfast seminars, focusing on management and leadership, were facilitated to create awareness and build confidence among women employees. A major event was hosted in the Limpopo province to mark Women's Month with the aim of profiling and acknowledging women's contribution to sanitation and the water sector. Women and men in the Department participated in a two day 'strategic conversation' workshop aimed at determining the direction of the gender programme and the focus of the mainstreaming strategy. This resulted in the development of the draft strategic gender framework for the Department. International Women's Day was celebrated under the theme "Women and the Environment."

1.1.8 Communication Services

An Events Management framework was developed to ensure that the Department's events are not only geared towards awareness raising and education but are also leveraged for branding. The internal communications magazine was revamped and has since become an important tool for information sharing across the organisation, with the Department's employees being the primary contributors.

1.1.9 Challenges

Corporate Services has the following challenges:

- The working environment at the Department's Head Office remains a challenge with outdated facilities and parking and crime constraints in the area contributing to the problem;
- Attraction and retention of technical skills due to 2010 hype;
- Creating a performance management driven culture;
- Implementing a deliberate and targeted training and development programme that is informed by the strategic capability gaps of DWAF;
- Inadequate management capability;
- The improvement of public awareness, understanding and education on water and forestry issues remains a challenge.

1.2 Finance

Salient aspects of the review period included the appointment of a Professional Service Provider (PSP) to deploy a financial manager to the National Office and to Regional Offices. The Systems Application Products (SAP) User's forum was established and PSPs were appointed to fast-track the process by training power users and supplementing the existing Departmental capacity.

Most reporting requirements were met, including:

- Monthly expenditure reports (Main Account) to National Treasury, Head of Department and Executive Authority; and
- Quarterly Progress reports to the Portfolio Committee as required.

In terms of compliance with preferential procurement policy, policies on acquisition delegations, Supply Chain Management (SCM) and PSP procurement were approved by the Director-General. Training and workshops on SCM, PSP policies and delegations were successfully conducted and at least 60% of all SCM practitioners were reached.

The high level national and regional level structure was provisionally approved and subsequently submitted to the Office of the Accountant General for consideration. With the assistance of a PSP, a change management support strategy was prepared and an additional PSP was appointed to implement a change management programme.

Training programmes were aligned with accrual implementation, and partial alignment with the timelines of core departments' restructuring plans was achieved. In addition, the Audit Steering Committee was reconstituted.

Several workshops were conducted with Head Office and the Regions in preparation for the audit. Interim audits were completed and management responses were provided on all queries received.

1.2.1 Challenges

Monthly expenditure reports on the Trading Account were not submitted to the Head of Department and Executive Authority due to the cut over to the SAP system. The first report is expected to be available by the end March 2007. From a Finance perspective, systems and processes must be institutionalised to bring reporting in line with best practice.

PROGRAMME 1: ADMINISTRATION (CORPORATE SERVICES): KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Strategic Objective: To create a healthy and high performance culture to support and leverage the corporate strategy

Outputs	Service Delivery Indicators	Actual Performance
Satisfying work climate and environment	Improvement on communication 20% increase in customer satisfaction Final performance assessments for 2006/07 conducted	<ul style="list-style-type: none"> Governance structures reviewed and operationalised to facilitate effective communication between Top Management and Senior Management and between Managers and Employees. 55% customer satisfaction on Information Technology (IT) services achieved. Performance reviews conducted at regular intervals and final performance assessments completed after the close of financial year. Management and Development Training Manual developed.
Aligned and robust Human Resource (HR) architecture	Retention strategy developed Human resource policy frameworks developed and reviewed	<ul style="list-style-type: none"> Retention strategy developed, approved and implemented. Internship policy framework developed and implemented. Procedure for renewal of contracts framework developed and implemented.
Competent and adaptable workforce Leadership culture institutionalised	All employees exposed to 60 hours of training and development 2 accelerated development programmes implemented Leadership development programme	<ul style="list-style-type: none"> 1 932 Employees trained (11.5%). 1 Accelerated development programme for middle managers implemented. Executive coaching programme implemented for Senior Management Service (SMS) level.

Strategic Objective: To lead, facilitate and support the transformation and restructuring processes to meet the changing needs of organisation and transformation imperatives

Outputs	Service Delivery Indicators	Actual Performance
Aligned organisational structures Restructuring support provided Transformation support provided	Organisational alignment improved HR restructuring support provided Transformation support provided	<ul style="list-style-type: none"> Organisational structures for: Branch Regions, Finance and Corporate Services approved. Transfer Framework for the implementation of Water Services transfers signed and implemented. Transformation plan for De Hoop consulted and approved.
Improved Employment Equity (EE) profile	Improved EE profile	<ul style="list-style-type: none"> 20% EE improvement on SMS achieved.
Empowering and supportive environment	Awareness and education programmes implemented Communication platforms created Communities of practices implemented	<ul style="list-style-type: none"> Awareness and education programmes on HIV and AIDS, Wellness and Gender equality and equity implemented and on-going. Broad employee participation achieved through implementation of governance structures. Information and knowledge sharing platforms implemented and on-going.

Outputs	Service Delivery Indicators	Actual Performance
Self-disciplined and motivated staff	Chief Directorates' team building sessions held Monetary and non-monetary reward system implemented	<ul style="list-style-type: none"> Team building sessions undertaken for: <ul style="list-style-type: none"> Top Management Finance Branch Corporate Services Branch Policy and Regulation Branch. Long service recognition awards implemented. Monetary performance rewards implemented for non-SMS.

Strategic Objective: To improve the efficiency of systems and processes to promote customer-driven support services (protection, office services, facilities, fleet management) and adhere to compliance requirements

Outputs	Service Delivery Indicators	Actual Performance
Improved turn-around time	100% client satisfaction	<ul style="list-style-type: none"> A client satisfaction survey was conducted in regard to Information Services where it was found that a 20% improvement in client satisfaction had been achieved over the previous year. Surveys in regard to other services were not conducted.
Adherence to compliance	Full compliance achieved	<ul style="list-style-type: none"> An assessment with regard to general compliance was not conducted. However, some compliance was achieved with regard to NIA security standards (40%). There remains room for improvement.
Operational efficiency improved	All systems related to administration reviewed and implemented All policies related to administration reviewed and implemented	<ul style="list-style-type: none"> New systems reviewed and implemented: Security, fleet management, cell phone and video conferencing. Approximately 40% outstanding. Accommodation policy reviewed.

Strategic Objective: To develop policies and a legislative environment that effectively govern the relationship of the Department with associated institutions and support the strategic intent of the Department

Outputs	Service Delivery Indicators	Actual Performance
Development of legislative frameworks	National Water Resources Infrastructure Agency (NWRIA) Bill submitted to Parliament in August 2006	<ul style="list-style-type: none"> Draft NWRIA Bill published for comment. The process is approximately 70% complete.
Revised National Water Services Act (NWSA)	NWSA Bill submitted to Parliament in August 2006	<ul style="list-style-type: none"> Draft NWSA Bill developed and submitted for consideration by the Minister. The process is approximately 70% complete.
Relevant regulations drafted legislation	Regulations to facilitate support to poor resource farmers: <ul style="list-style-type: none"> Dam Safety; and Forest Criteria and indicators drafted 	<ul style="list-style-type: none"> Support to resource poor farmers: Regulations published and circulated for comment. Draft regulations on Dam Safety ready for publication. Forest criteria in the process of being published.

Strategic Objective: To strengthen the efficiency of information systems to serve operational and strategic requirements of the Department

Outputs	Service Delivery Indicators	Actual Performance
IT Infrastructure plan developed and implemented	20% increase in efficiencies	<ul style="list-style-type: none"> All areas of the infrastructure plan revised and 15% increase in efficiencies achieved.
IT policies, strategies and procedures related to policies and procedures	100% reductions in audit queries Strategies developed	<ul style="list-style-type: none"> Objective approximately 80% complete. Draft Information Technology enterprise architecture model developed. Minimum Master Systems Plan requirements introduced. Draft Information Services security policy developed.
IT Financial Management	100% Contract management and Service Level Agreement management	<ul style="list-style-type: none"> Master agreement and Service Level agreements reviewed. Objective approximately 70% complete.
Customer Relations Management	30% increase in customer satisfaction	<ul style="list-style-type: none"> Customer Relationship strategy developed. 55% increase in customer satisfaction.
System Availability	99.9% System Availability	<ul style="list-style-type: none"> 90% System Availability achieved.
IS Resource management (asset and facilities)	100% compliance to best practice, NIA and PFMA	<ul style="list-style-type: none"> Best practice interventions implemented on security issues and IT governance structures – 80% compliance achieved.
Business Continuity and Disaster Recovery planning	Business Continuity plan Disaster Recovery strategy developed	<ul style="list-style-type: none"> Business Continuity plans for all systems in production. Disaster Recovery Implementation framework for all systems- 90% complete.

Strategic Objective: To promote and enhance public awareness and understanding of departmental programmes, activities and achievements in support of Government's vision

Outputs	Service Delivery Indicators	Actual Performance
Departmental communication policies and strategy Improved public understanding of departmental projects and programmes	Communication policy Communication strategy Event support provided	<ul style="list-style-type: none"> Communication policy developed. Communication strategies and plans developed for Water Week, Arbour Week and Sanitation Week. 100% achieved. Event support provided for all National Events.
Positive media image	100% media coverage for programmes	<ul style="list-style-type: none"> 100% media coverage through: <ul style="list-style-type: none"> 11 TV interviews; 30 Radio interviews; and 4 Media briefings.
Effective branding and communication of departmental programmes	100% communication strategic support provided to branches	<ul style="list-style-type: none"> 60% communications support achieved through development of the following branding tools: <ul style="list-style-type: none"> 60 TV advertisements; 32 Print newspaper; and 13 Billboards.
Communication implementation strategies	Yearly calendar of events/programmes developed and approved by 31 March Communication implementation strategies developed	<ul style="list-style-type: none"> Year calendar developed. Communication implementation strategies developed for all 9 events.

PROGRAMME 1: ADMINISTRATION (FINANCE): KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Strategic Objective: To put in place an effective Financial Management system

Outputs	Service Delivery Indicators	Actual Performance
Compliance with PFMA, MTEF and MTSF requirements	<p>Monthly expenditure reports to National Treasury (NT), Head of Department (HoD) and Executive Authority (EA)</p> <p>Budget and funding requests to NT in terms of guidelines</p> <p>Develop and customise Systems Application Products (SAP) to suit needs</p>	<ul style="list-style-type: none"> • Monthly expenditure reports (Main Account) to NT, HoD and EA. • Monthly expenditure reports (Trading Account) to HoD and EA not submitted due to cut over to SAP. First report expected end March 2007. • Monthly requisitions to NT for funds and compliance certificates submitted on time. • Monthly reports on suspense accounts and internal debt prepared. • Budget planning meeting took place. • Internal debt balance and long outstanding Subsistence and Travel advances not yet reduced. Tenders were invited to secure the services of a Professional Service Provider (PSP) to assist with the task. • Clearance of unallocated deposits in suspense account not yet finalised. • 'Cut over' to SAP on 3 October 2006, Monthly meetings of Steering Committee and fortnightly meetings on Integration Committee to monitor and guide implementation. User forum established. • PSPs appointed to provide Trainers and Power Users to supplement existing Departmental capacity.
Under-spending on budget allocation maintained at less than 2%	Quarterly reports to HoD and Portfolio Committee	<ul style="list-style-type: none"> • Made inputs to and participated in Portfolio Committee and Select Committee annual report hearings. • Quarterly Progress reports to Portfolio Committee. • Departmental under-spending did not meet the target of 2%. Overall budget expended at 93%. • Oversight and support to Branch Heads to reduce under-expenditure not yet in place.

Outputs	Service Delivery Indicators	Actual Performance
Support to Regional Offices to ensure effective financial management	Bi-monthly meetings with business units Deploy capacity to Regions	<ul style="list-style-type: none"> • Adhoc meetings arranged. • PSP appointed to deploy Financial Managers to Regional Offices and at National Office. • Support from the Office of the Auditor-General finalised and commenced with recruitment of staff.
Ensure effective Supply Chain Management (SCM) for the Department	Compliance with preferential procurement policy	<ul style="list-style-type: none"> • Policies on acquisition delegations, SCM and PSP procurement approved by Director-General. • Broad-based Black Economic Empowerment (BBBEE) policy for the Department not in place. • Work progressing on preparation of a data-base for providers with the support of Chief Information Officer. Target date end May 2007. • Monthly HDI statistics provided to NT. • Monthly Regional Asset steering committee meetings held with Regions. • Training and workshops on SCM, PSP policies and delegations conducted, reaching at least 60% of all SCM practitioners. • Weekly meetings of Departmental Control Committee.
Improve revenue management of the Trading Account	Finalise tariffs and achieve collection targets	<ul style="list-style-type: none"> • Tariffs for 2008 finalised and approved. • Status quo report delivered on Revenue Management plans in preparation to deal with issues arising and development of an action plan to improve general revenue management.

Strategic Objective: To effectively restructure Finance Branch and Regional Finance components

Outputs	Service Delivery Indicators	Actual Performance
Cash Accounting and Accrual Accounting units established and resourced	<p>Cash Accounting and Accrual Accounting units separated</p> <p>National and Regional structures populated with resources and operationalised</p> <p>Training programmes aligned to accrual implementation</p>	<ul style="list-style-type: none"> • High level National and Regional level structure approved by the Director-General. • Ongoing training programmes aligned to SAP implementation. • With the assistance of a PSP, prepared a change management support strategy and a PSP appointed to implement a change management programme. • Partial alignment with the timelines of core departments restructuring plans. • Commenced the process of developing high level business processes. • Re-allocation of interim roles and responsibilities to existing management team pending approval of new structures. • New Finance structure not populated. Migration of staff into new structure not yet achieved – pending approval of structures. • Oversight responsibilities of finance and the relationship with institutional oversight under discussion.
Regional structures established to mirror the head office structure	National and Regional structures populated with resources and operationalised	<ul style="list-style-type: none"> • Segregation of duties not fully achieved in terms of Cash Accounting unit and Accrual Accounting unit in terms of dedicated resources and independent processes – interim arrangements in place. • New job descriptions and performance agreements per role not finalised. • Identification of resource gaps through a resource migration plan incomplete.

Strategic Objective: To put in place a functional Asset Management system

Outputs	Service Delivery Indicators	Actual Performance
Project Charter for 'enterprise wide' asset management	Project Charter approved by Management	<ul style="list-style-type: none"> • Draft Project Charter approved and Project Steering Committee established.
Develop and implement an asset management strategy and implementation plan	<p>Operational asset management data base</p> <p>Operational project plan and resources secured</p>	<ul style="list-style-type: none"> • Requirement analysis report completed. • PSP appointed following a public tender process to conduct a full verification and valuation of major water infrastructure assets.

Outputs	Service Delivery Indicators	Actual Performance
Comprehensive Asset Register for the Department (end November)	<p>Controls and procedures in place</p> <p>Completed asset register updated on a regular basis</p>	<ul style="list-style-type: none"> • PSP appointed to assist with training and capacitating the Department with daily management of assets including the review and updating of policy, 14 personnel deployed to Regions and Head Office. • PSP appointed to assist with full verification of assets – verification completed in all regions and Head Office with the exception of construction. • Capacitating of staff through on-the-job training and workshops. • Asset Forum established, monthly steering committee meetings held and information sessions conducted by way of road shows. • Comprehensive asset registers for the Department’s main and trading activities partially complete. • Work incomplete on updating of asset management strategy. • Policies on asset management for the trading and main account completed and due for sign off. • Strategies have been compiled for: Fixed Asset Funding, Fixed Asset Acquisition, Fixed Assets Operation and Maintenance, Fixed Assets Safeguarding and Maintenance, Fixed Asset Disposal. This represents some 10% of the task at hand.

Strategic Objective: To improve the Annual Audit

Outputs	Service Delivery Indicators	Actual Performance
General oversight and management of the annual external audit	<p>Audit plan agreed</p> <p>Regular meetings of the Audit Steering Committee</p> <p>Responses to audit queries in terms of the Service Level Contract (SLC)</p> <p>Annual Financial Statements (AFS) submitted by 31 May and audit completed by 31 July</p> <p>Establish Audit Steering Committee</p> <p>Responses to management letter on interim audit</p> <p>Submit AFS for the main and trading accounts</p> <p>Responses to management letter on the final audit</p> <p>Input to the Annual report</p>	<ul style="list-style-type: none"> • Audit Steering Committee reconstituted. • Audit strategy and budget for all accounts submitted by Auditor-General and accepted. • Analysis of 2005/06 audit compiled and documentation provided to National and Regional Offices. • Workshop conducted with Head Office and Regions in preparation for the audit. • Meetings held with the Audit Executive in preparation for the commencement of the audit. • Implementation commenced for the 2006/07 audit. • Preparation for and implementation of performance audit on sanitation and basic water supply. • Interim audit completed and management responses provided on all queries. • Work commenced on end of year procedures for the preparation of the AFS for all accounts. • Inputs to Annual report to be received during June and July 2007.

Part B: Programme 2

Water Resources Management



PROGRAMME 2: WATER RESOURCES MANAGEMENT

The aim of Water Resources Management (WRM) 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 objectives are:

- To ensure reliable and equitable supply of water for sustainable economic and social development, including poverty eradication;
- To ensure the protection of water resources;
- To develop effective water management institutions and provide support;
- To align staff and stakeholders toward a common vision for integrated water resource management and develop, capacitate and empower them in best practices; and
- To promote integrated water resource management globally, particularly in Africa in support of NEPAD.

WRM is managed within the framework of 12 sub-programmes, namely Equitable Supply; Sustainable Supply; Protection Policies; Protection Measures; Institutional Regulation; Institutional Development; Strategic Alignment; Stakeholder Empowerment; African Co-operation; Water Resource Administration; Water Resource Support; and Operations of Water Resources.

2.1 State of Water Resources

2.1.1 Rainfall and Water Availability

The average level of the 145 state dams monitored by the Department stood at 80.8% by the end of March 2007. This is about 10% less than the 90% for the corresponding period in 2006 and reflects an apparently healthy situation. It is important, however, that this conclusion be re-examined in context as set out below.

During January 2007, the reported average level of all monitored dams was at its second highest level in 27 years, with more than a quarter of the dams full or overflowing and more than half in excess of 90%. With the subsequent lack of rain and very high summer temperatures in February and March 2007, dam levels began to decline. **Figure 1** reflects the weekly dam levels as a percentage of the full supply for the last five months of the financial year (November 2006 - March 2007, depicted as "current" values), together with corresponding measurements for the same period in the previous year ("previous" values). Actual dam levels are reflected in **Table 1**. Trend lines for the current and previous years, depicted in the graph, reflect a marked difference in trends.

The lower line exhibits a rising trend, with the dams filling from around 60% at the beginning of November 2005 to around 90% towards the end of March 2006. The upper line reflects a falling trend, with dams starting off at relatively high levels of around 90% at the beginning of November 2006 and dropping by an average of about 0.5% per week to levels of around 80% by the end of March 2007. On 26 March 2007 only 12% of the dams were 100% full and only 37% were more than 90% full. At that stage, although still within the summer rainfall period when reserves should have been growing, the country had already begun to erode its reserves.

Figure 1: Weekly dam levels November 2006 to March 2007

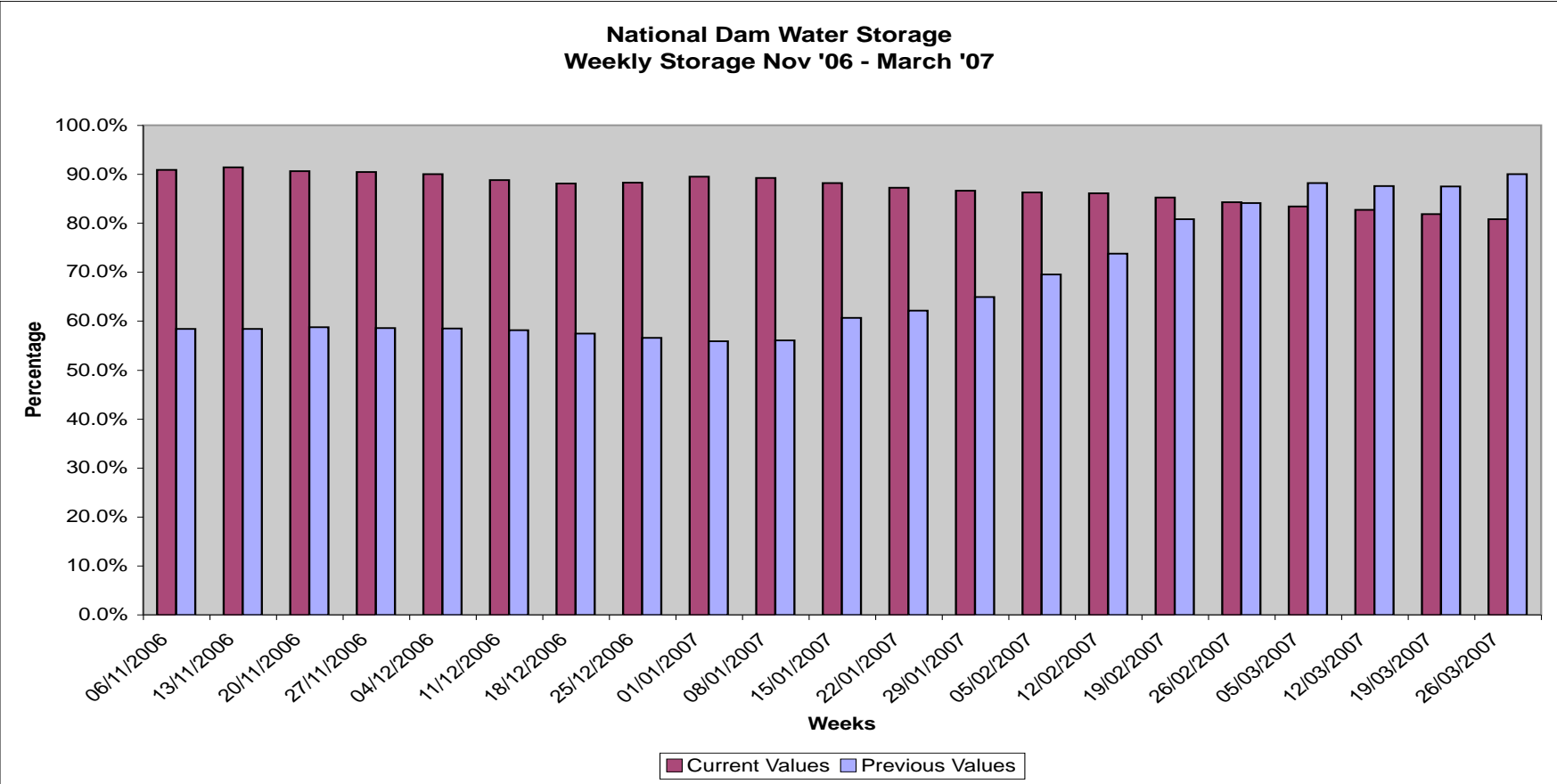
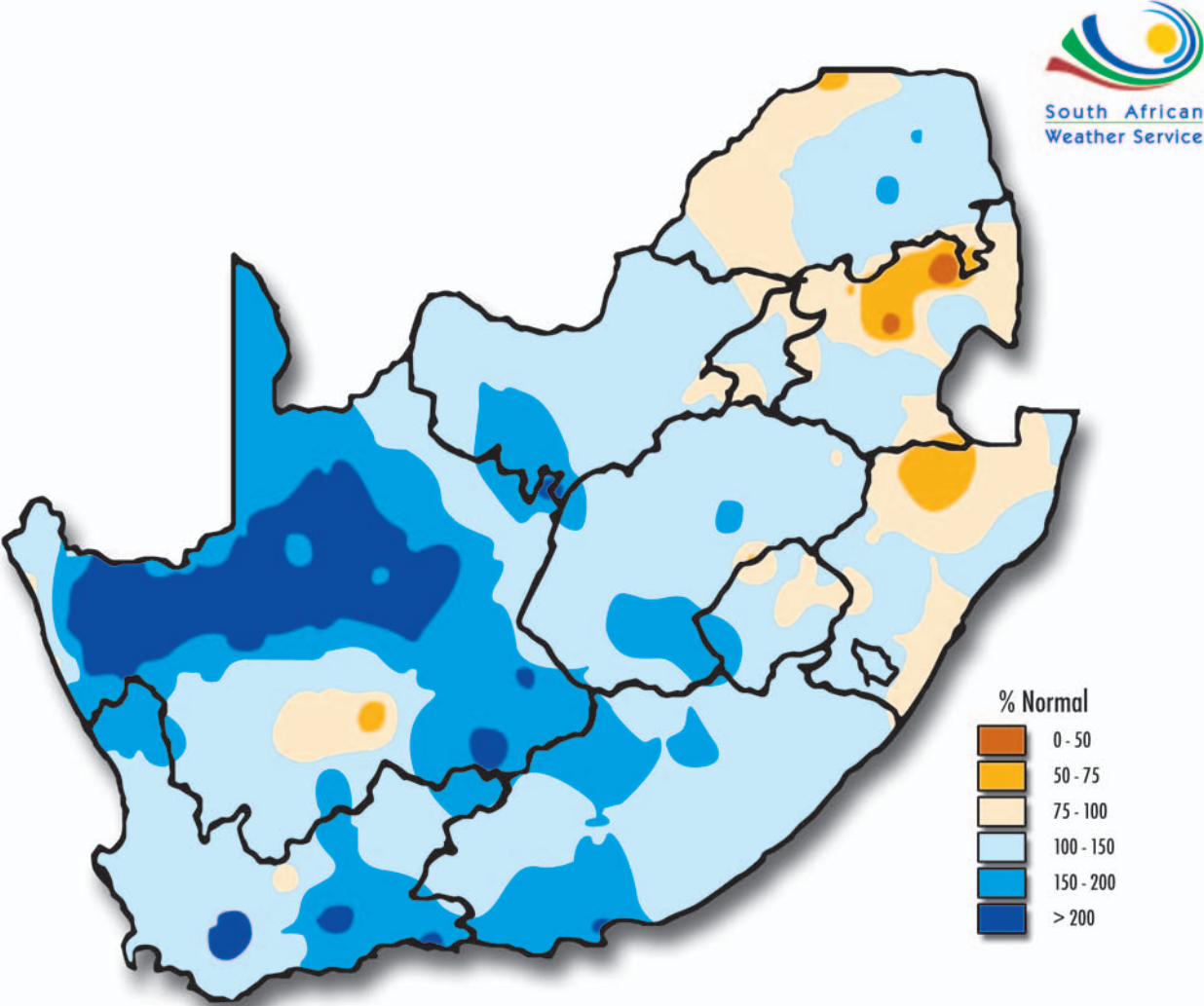


Table 1: National dam water levels November 2006 to March 2007

Date	Water levels for current year (2006/07) [Percentage of full supply level]	Water levels for previous year (2005/06) [Percentage of full supply level]
06 November 2006	90,9	58,4
13 November 2006	91,4	58,4
20 November 2006	90,6	58,7
27 November 2006	90,4	58,6
04 December 2006	90,0	58,5
11 December 2006	88,8	58,1
18 December 2006	88,1	57,4
25 December 2006	88,3	56,6
01 January 2007	89,5	55,9
08 January 2007	89,2	56,0
15 January 2007	88,2	60,6
22 January 2007	87,2	62,1
29 January 2007	86,6	64,9
05 February 2007	86,3	69,5
12 February 2007	86,1	73,8
19 February 2007	85,2	80,8
26 February 2007	84,3	84,1
05 March 2007	83,4	88,2
12 March 2007	82,7	87,6
19 March 2007	81,8	87,5
26 March 2007	80,8	90,0

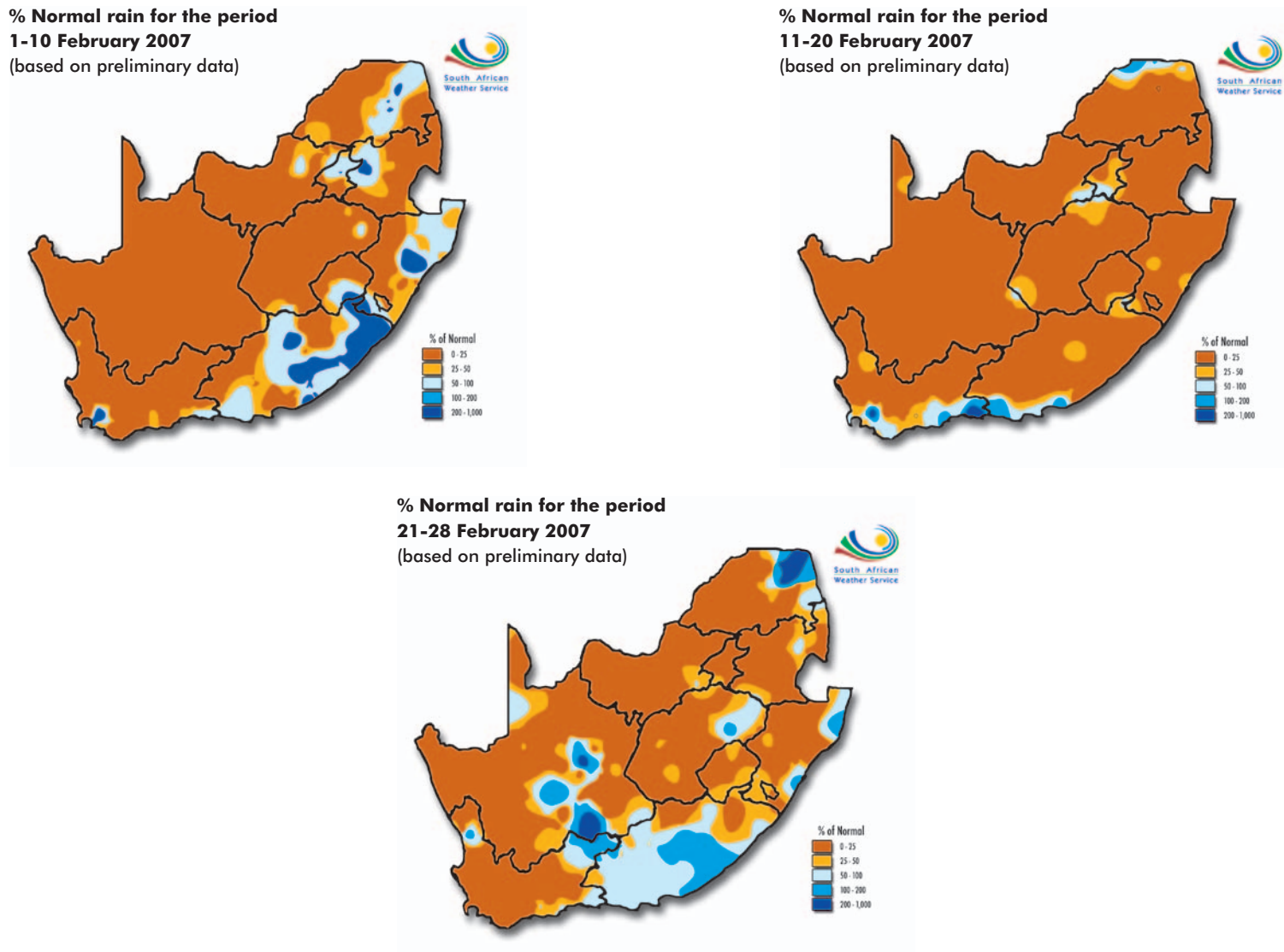
Against this background there is no reason to relax endeavours to conserve water. Although the majority of state dams are designed and operated to bridge drought periods which are longer than one year, the only reason for the “apparently healthy” position at year-end was the very good rains experienced during the previous year. These are reflected in the rainfall map for the period October 2005 to September 2006 (**Figure 2**), when the average rainfall was between 150% and 200% above normal.

Figure 2: Percentage of Normal for the Hydrological Season October 2005 to September 2006 (based on preliminary data)



The quarter of declining rainfall levels experienced in the last quarter of the reporting period are particularly evident in the rainfall maps of February 2007 (**Figure 3**), when large areas of the country received between 0 and 50% of the normal rainfall expected. This impacted on dams in the summer rainfall regions.

Figure 3: Percentage of Normal rainfall



Of the 145 dams monitored, 11 were below 30% in capacity by the end of March 2007. Since these dams are all situated in the summer rainfall area there was little likelihood that the situation would improve.

Figure 4 presents a comparative set of data on water in storage as a percentage of full supply capacity (FSC) from March 2003 to March 2007.

Figure 4: Water in storage as a percentage of full supply capacity

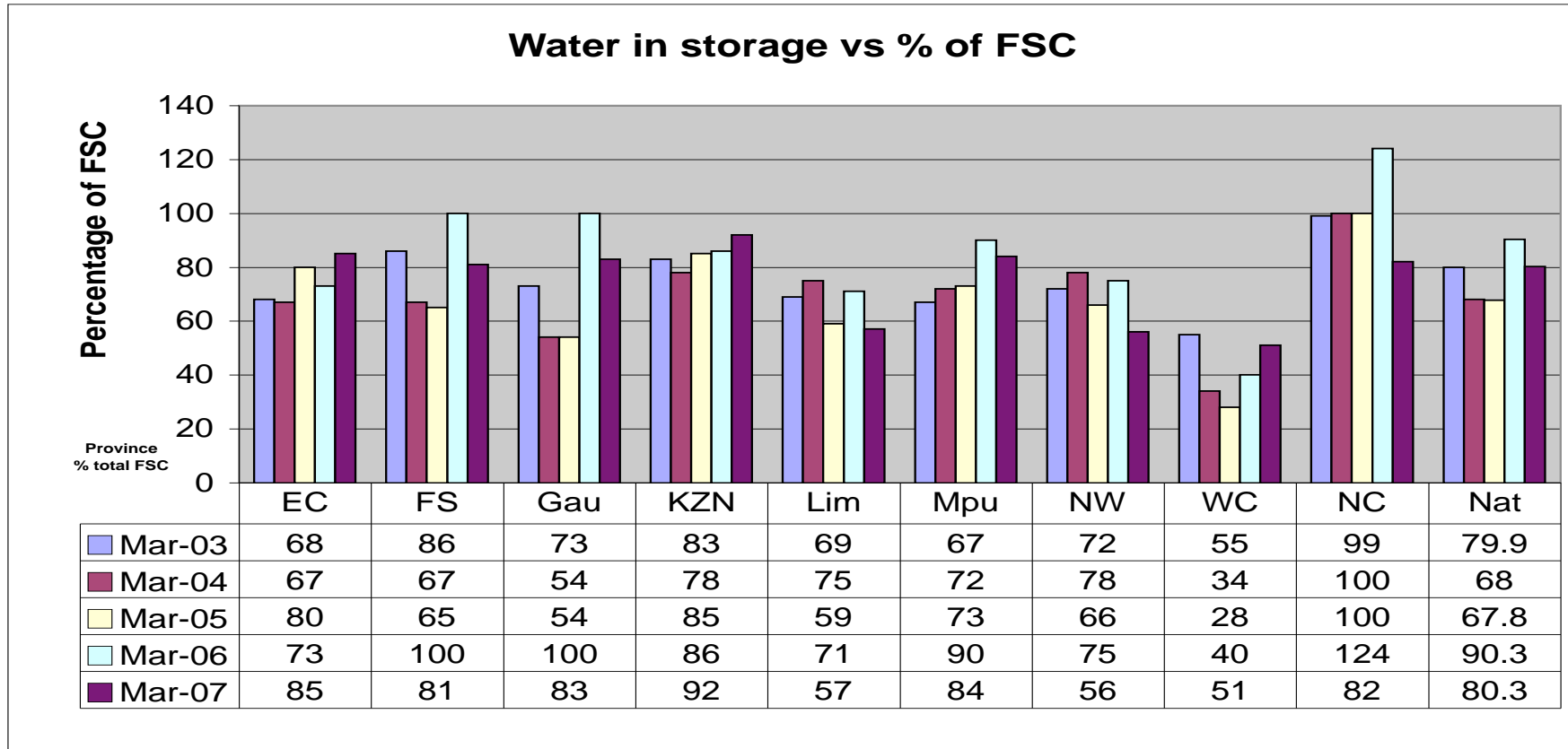


Table 2: Water in storage dams as a percentage of full supply capacity

Province	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	% of Normal Total	FSC
Eastern Cape	68	67	80	73	85	6.3	1807
Free State	86	67	65	100	81	56.2	16037
Gauteng	73	54	54	100	83	0.1	41
KwaZulu-Natal	83	78	85	86	92	15.9	4529
Limpopo	69	75	59	71	57	2.6	739
Mpumalanga	67	72	73	90	84	9.8	2805
North West	72	78	66	75	56	2.8	789
Western Cape	55	34	28	40	51	5.8	1650
Northern Cape	99	100	100	124	82	0.5	143
National	79.9	68.0	67.8	90.3	80.3	100.0	28540
	22815.99	19403.51	19350.84	25770.31	22904.66		
	79.9	68.0	67.8	90.3	80.3		

2.1.2 Water Restrictions

By the end of the reporting period water restrictions, in terms of agricultural use, had been imposed on the dams listed in **Table 3**. Re-evaluations are carried out in April/May, but it appeared likely that restrictions would be increased rather than lifted.

Table 3: Dams which had water restrictions on agricultural use, and still have

Dam	Province	Dam Level	Restriction on Agricultural Use
Nzehelele	Limpopo	69%	30%
Albasini	Limpopo	47%	70%
Groot+ Middle Letaba	Limpopo	26%	50%
Ebenezer	Limpopo	64%	50%
Tzaneen	Limpopo	60%	50%
Klein-Maricopoort	North West	31%	40%
Koster	North West	25%	100%
Kromellenboog	North West	22%	100%
Molatedi	North West	11%	75%
Allemanskraal	Free State	21%	60%

No water restrictions were applied in the metropolitan areas. However, since 2003, communities and towns in the rural areas, which rely largely on groundwater, have been severely impacted by drought conditions as a result of sub-normal rains over multiple rainfall seasons. Inhabitants of many rural towns have become so accustomed to water being available only during certain hours of the day, that these relatively low levels of water availability have become part of their lifestyles.

Those communities which have not yet been provided with basic water supplies are especially hard hit. Since 2003, the Department has been instrumental in obtaining around R800 million in additional funds for emergency water provision by municipalities in four allocations. No such additional allocation was made during the 2006/07 financial year, which compounded water supply problems to the affected areas. However, the Department has begun processing the request for further fund allocations for emergency water provision via the national disaster management structure, which should alleviate the situation in the year ahead.

2.1.3 Water Use

Water use must be formally authorised by a licence, general authorisation or in terms of Schedule 1 of the National Water Act, 1998. At the end of the reporting period, while the CMAs were in the process of being set up or, where established, were in the process of being delegated the relevant powers, the Department remained the only competent authority to deal with these authorisations.

The Department is in the process of verifying and validating water use in all catchments to ensure reliable data on water use in the country.

Water use for 2006/07 was captured on the Department's Water Authorisation and Registration Management System and is reflected in Table 4.

Table 4: Water use per Water Management Area (WMA) for 2006/07

WMA No.	WMA Name	Sum of Total Water Use per Sector (m3)				
		Agriculture: Irrigation/ Livestock Watering	Domestic/ Industrial	Forestry	Unbillable	Grand Total
1	Limpopo	528,916,194	51,245,807	1,459,659	467,912	582,089,571
2	Luvuvhu Letaba	396,761,896	41,873,712	35,985,257	15,204,417	489,825,282
3	Crocodile (W), Marico	679,042,703	260,684,293	13,529	46,677,764	986,418,289
4	Olifants	681,428,273	322,997,405	27,309,838	31,893,339	1,063,628,854
5	Inkomati	979,977,333	379,788,083	249,181,907	7,748,686	1,616,696,010
6	Usutu-Mhlatuze	529,547,484	365,578,559	349,026,379	1,633,853	1,245,786,275
7	Thukela	255,708,451	128,966,003	30,104,833	1,371,504	416,150,792
8	Upper Vaal	453,268,033	1,907,914,523	10,797	747,701	2,361,941,054
9	Middle Vaal	280,853,074	313,215,774	-	3,650	594,072,499
10	Lower Vaal	597,476,237	165,166,569	-	216,401	762,859,207
11	Mvoti-Umzimkulu	230,001,939	493,214,783	209,862,138	1,065,019	934,143,879
12	Mzimvubu-Keiskamma	120,914,188	149,759,131	49,692,740	78,103,292	398,469,350
13	Upper Orange	774,519,830	99,838,933	-	-	874,358,763
14	Lower Orange	925,054,240	80,663,008	-	52,716	1,005,769,964
15	Fish-Tsitsikamma	1,042,701,122	146,441,367	15,842,984	12,926,745	1,217,912,218
16	Gouritz	390,126,034	62,252,958	11,685,877	268,612	464,333,481
17	Olifants/Doorn	416,023,848	11,740,065	116,943	655,120	428,535,976
18	Breede	926,377,886	76,618,003	4,995,668	3,479,868	1,011,471,424

		Sum of Total Water Use per Sector (m3)				
WMA No.	WMA Name	Agriculture: Irrigation/ Livestock Watering				Grand Total
		Domestic/ Industrial	Forestry	Unbillable		
19	Berg	345,150,867	376,292,064	4,283,622	3,914,155	729,640,707
	Grand Total	10,553,849,632	5,434,251,038	989,572,171	206,430,754	17,184,103,595

Forestry Use

The decline in the volumes of water used by the Forestry sector in both the Breede and Berg Water Management Areas (WMAs) resulted from the validation process embarked on by the Department and MTO, the current commercial owner of forests previously owned by the Department. During this process, it was established that some of the forestry areas on the register no longer existed. These were removed from the National Register for Water Use. In Limpopo and the Western Cape, on the other hand, additional forestry related water use was registered as a result of the process.

Domestic/Industrial Use

Several other ad hoc validation processes took place throughout the country resulting in the increased volumes of water registered for Domestic/Industrial use in the Inkomati, Upper Vaal, Usutu-Mhlathuze and Olifants/Doorn. In most WMAs, the volume of unbillable water decreased due to the various data clean ups.

Unbillable Use

Irrespective of the WMA in which water use takes place, a "0" based Water Resources Management tariff is currently levied in respect of the following:

- Agriculture: aquaculture;
- Community woodlot;
- Evaporation loss;
- Indigenous forest;
- Industrial residue;
- Mine residue;
- Oxidation;
- Pollution control;
- Recreation;
- Schedule 1;
- Urban (excluding industrial and/or domestic);
- Wastewater disposal; and
- Windbreak.

These unbillable water use quantities will reduce once the Waste Discharge Charge is implemented as per the revised Pricing Strategy.

The effect of expending resources was observed after the water audit in the Breede and Berg Rivers where it was noted that subsequent to the clearing of invasive alien plant species in the riparian areas, the stream is flowing throughout the year and water levels have increased in the stream channel. As vegetation cover has developed there is little run-off, water is retained within the area by plant vegetation and the water quality has changed from 'muddy' to clear.

2.1.4 Ecological Condition of Rivers

South Africa operates one of the oldest water resource monitoring networks, particularly in terms of quantity or flow. The importance of qualitative information on South Africa's water resources was realised around 1972, leading to the establishment and maintenance of national monitoring programmes. These are further mandated in Chapter 14 of the National Water Act, 1998.

- The National Aquatic Ecosystem Health Monitoring Programme, better known as the River Health Programme (RHP), uses biological indicators (e.g. fish communities, riparian vegetation and aquatic invertebrate fauna) to assess the health of river systems. The ecologically sound management of South Africa's rivers is crucial since the health of a river impacts directly on its capacity to support the population and its activities in the vicinity in terms of goods and services.

The Ten-Year report of the RHP was released in the reporting period. Factors impacting most on the health of our rivers (stressors) are illegal water abstractions which result in modification of the in-stream habitat, the destruction of riparian vegetation, and invasion by alien species. Whilst not all South Africa's rivers have been covered yet, results based on biological indices are reflected in **Table 5**.

Table 5: River Health

State of River Health	% of Rivers Studied 2005/06	% of Rivers Studied 2006/07
Natural to good state	39	40
Fair state	33	32
Poor state	28	28

The improvement reflected in **Table 5** is not substantial. This is due primarily to:

- The fact that the programme is still expanding in an attempt to cover the 632 strategically selected sites in the country;
- The fact that recovery can be a lengthy process, depending on the cause of degradation;
- Inadequate or complete lack of intervention in some areas by those authorised to initiate recovery; and
- Inadequate capacity to assist with both the monitoring and the recovery process.

The RHP is operational in most WMAs and is currently expanding to include not just rivers, but wetlands and estuaries, so as to provide a holistic picture. The picture will be fully complete once aquifer-dependent ecosystems are also linked. WRC/CSIR funded studies to this effect have already begun.

- The *National Chemical Monitoring Programme* assesses and reports on the chemical status of water resources in South Africa. Based on the report produced in 2002, the main water quality challenges for domestic water users are high total dissolved salts and, in some places, high fluoride concentration.

Challenges facing irrigated agriculture are the high sodium absorption ratio, electrical conductivity, pH and chloride. Another challenge, not only in South Africa but globally, is eutrophication or excessive plant growth (including algae) in dams (e.g. Hartbeespoort dam). This growth is caused by high levels of nutrient inputs from single point sources of pollution (e.g. waste discharge from Waste Treatment Works) and diffuse sources of pollution (e.g. agricultural run-off, informal settlements, etc) in catchments. Currently annual reports indicate that 50% of dams in South Africa are seriously impacted (hypertrophic), while the rest range from good (oligotrophic) to poor (mesotrophic).

Cholera-causing bacteria are not monitored directly, but the Department, together with the Department of Health, monitors the risk indirectly through indicators such as *E Coli* and *Total coliform*. The sporadic outbreak of cholera and other water related diseases, due mainly to poor sanitation and poor hygiene at household level, remains a concern.

- The Department is currently designing the *National Toxicity Monitoring Programme* to assess and report on the radiological (radioactivity) and toxicological (poisons) quality status of South African water resources. This programme will also report on the status of DDT and other Persistent Organic Pollutants in South Africa. This information will be reported internationally at the Stockholm Convention through the DEAT.

Another international obligation is the reporting of chemical water quality to Glodatabase in Canada through the recently designed Global Environmental Monitoring Systems-Water Programme. This focuses on inorganic chemical data and is tightly linked to existing chemical monitoring programmes.

The water resource quality monitoring programmes mentioned above are conducted in trans-boundary water management agreements, such as the Komati River Basin Authority. With continued water resource monitoring, trends will be identified against which the outcome of management interventions will be measured.

2.2 Programme Policy Developments

2.2.1 Water Allocation Reform, Access to Water and Support for Resource-poor Farmers

The Water Allocation Reform position paper was approved by the Director-General and is awaiting Ministerial approval. The toolkit, Version 5, was updated and Regions were trained in its use.

During the period under review, a sum of 185 water use licences were issued for abstraction, impeding and diverting the flow of water in a water course and for afforestation. **Table 6** below sets out which provinces received the licences, for what purpose and the number of licences issued to Historically Disadvantaged Individuals (HDIs).

Regulations on the financial assistance and support to resource-poor farmers have been gazetted for public comments. In co-ordination with the Department of Agriculture, 69 rain harvesting tanks were erected in villages around Limpopo, Free State, North West, KwaZulu-Natal and the Eastern Cape.

Table 6: Licences issued in 2006/07 in terms of the National Water Act, 1998

Region	Water Use				
	Abstraction	Impending and diverting	Afforestation	HDI	Total
Eastern Cape	32	-	12	2	46
Gauteng	1	4	-	-	5
KwaZulu-Natal	15	1	58	8	82
Limpopo	1	-	-	1	2
Mpumalanga	6	2	2	1	11
North West	2	-	-	-	2
Northern Cape	13	-	-	-	13
Western Cape	8	-	-	-	8
Free State	16	-	-	-	16
Total	94	7	72	12	185

2.2.2 Establishment of Institutions

The Inkomati CMA, established previously, became functional and the Chief Executive Officer was appointed. Financial systems were put in place, the Department and the Inkomati CMA prepared the budget and money was transferred. The initial staff was appointed and an agreement to transfer staff from the Department was concluded.

Another seven CMAs, i.e. Breede, Mvoti-Mzimkhulu, Crocodile (West) and Marico, Usutu-Mhlathuze, Thukela, Gouritz and Olifants/Doorn have been established by Government Notice, the first three during the previous financial year and the latter four during the reporting period.

2.2.3 International Matters

During the last financial year the Department was able to achieve co-ordinated support for River Basin Organisations such as the Tripartite Permanent Technical Commission between South Africa, Mozambique and Swaziland and the Orange-Senqu River Basin Commission (ORASECOM). Some of the achievements are the implementation of the Masibambane Agreement, active participation in the African Ministerial Council on Water (AMCOW), signing of a number of bilateral co-operation agreements with Russia, Rwanda, and Tanzania and negotiating cross-border veld fire protection and veld fire fighting arrangements with Mozambique, Swaziland and Lesotho. Areas of co-

operation between South Africa and both India and Brazil were identified. The Department also played a leading role in negotiating a Non-Legally Binding Instrument for all types of forests at the United Nations.

2.2.4 Water Conservation and Water Demand Management (WC/WDM)

The Department successfully hosted a National WC/WDM Indaba for the entire water sector, wherein key decisions were taken on the need to develop and enforce national Water Conservation and Water Demand Management Regulations, a Water Use Efficiency information system, and a national WC/WDM Fund. The Department provided support to increase the implementation of WC/WDM within the Emfuleni Local Municipality, resulting in water savings in excess of 18 million cubic meters per annum with financial savings of close to R50 million to the municipality.

A WC/WDM strategy has been developed for the Vaal River System covering three WMAs and the re-use of industrial water is taking place on the Vaal system.

Five additional studies were commissioned to conduct detailed situation assessments for the Umvoti, Uthukela, Usuthu-Mhlathuze, Olifants and Inkomati WMAs.

A water conservation and demand management education and awareness campaign has been developed and a Blue Ribbon symbol, to be used as a national call to action for water conservation and demand management, has been lodged.

Community Water Efficiency Programmes were implemented in Gauteng, Free State, Eastern Cape and KwaZulu-Natal. A total of 1 400 schools registered for participation in the South African Youth Water Project in 2007.

2.2.5 Working for Water and Working on Fire

Working for Water (WfW) is an Extended Public Works Programme, administered by the Department on behalf of the Department of Environmental Affairs and Tourism (DEAT) and the National Development Agency (NDA), which is designed to effectively manage invasive alien plants in South Africa in order to protect our natural diversity. This is implemented in a labour intensive manner so as to optimise the socio-economic empowerment opportunities presented by the programme. The following are the key achievements in 2006/07:

- Employment opportunities were generated in all provinces through more than 300 projects;
- R470.8 million was spent at an average of R579 per hectare treated;
- A total of 813,471 hectares were treated of which 149,171 hectares were initial clearing and 664,300 hectares were follow up treatments;
- 29 470 people were employed and trained;
- 1,864,257 person days of work were achieved (97% of target);
- An average of 63 days of employment were provided per individual;
- Of the workers, 17,093 were women (58%), 6,778 were youths (23%) and 589 were disabled.

Over the last five years, WfW supported several value added industry projects through the development of capacity and exposure during WfW exhibitions at trade shows and other events. Of these, two projects, namely Vulindlela in Mpumalanga and Qolora in the Eastern Cape, are still being supported by the programme. Three other projects, Planet Wise and Genadendal Natural Products in the Western Cape and Invader Craft in Limpopo, are running as independent businesses. Planet Wise and Genadendal Natural Products employ more than 100 people in the projects producing garden products. These are not included in the WfW achievements above as they are independent businesses.

The programme experienced its first success in testing the true impact of improving the productive potential of land after the clearing of dense areas of Acacia at Cape St. Francis in the Eastern Cape. During the financial year,

five hectares of roofing thatch, established after clearing some five years ago, matured. It is estimated that as much as R64 800 per hectare can be recovered from the harvesting of the thatch. The equivalent of this should be reinvested in clearing to benefit the Sea Vista community through job creation in further clearing and the management of the thatch.

Working on Fire (WoF) utilised approximately R38.9 million from the Department's budget during 2006/7, representing its full budget plus additional funding provided by the Department. Additional amounts were allocated by the Department of Provincial and Local Government (DPLG) – approximately R13.5million for aerial fire-fighting, the KwaZulu-Natal Department of Agriculture and Environmental Affairs – R5.0 million, and SANTAM and other partners through Operation Firewatch to combat fires in informal settlements – over R1.5m. None of the additional amounts were administered by the Department and the figures below do not reflect these. The following are the key achievements in 2006/07:

- A total of 355 fires were fought;
- 314 fires involved initial attack, with 7,204 person-days (85% of total Fire Suppression efforts) utilised on 10,553 hectares (average of 34 hectares per fire);
- 43 fires involved extended attack, with 1,528 person-days (15% of total Fire Suppression efforts) utilised on 6,498 hectares (average of 151 hectares per fire);
- Employment and training was provided to 1,586 people;
- 321,632 person-days of work were provided (96% of target, and representing 202 person-days per person, on average);
- Of these person-days, 81,614 training days were provided (126% of target), focusing primarily on operational/fitness/drill (52%), Department of Labour training (7%), health and safety (14%), sport (12%), and other training (15%);
- Of the people employed, 79% were black, 19% were coloured, 0.1% were Indian, and 2% were white; and
- 29% were women and 95% were youths or under the age of 35.

Ground crews allocated their time as follows: training 27%; stand-by time (necessary on high-risk days) 17%; fire suppression 2%; manual fuel reduction 2%; clearing/burning of fire belts 10% prescribed burning 1%, social upliftment 2%, awareness activities 1%, post-fire rehabilitation 0.1%, general base duties 10%, supervision (i.e., crew-leaders) 10%, leave 7% and other (e.g. community awareness, clearing of weeds, clearing of litter) 10%. Greater focus will be placed on manual fuel reduction, clearing/burning of fire belts, and post-fire rehabilitation in the year ahead.

2.2.6 Addressing Illegal Water Use

The Department has become part of the Environmental Prosecuting Forum led by the National Prosecuting Authority (NPA). Successful prosecution was administratively implemented in 112 cases in the Free State, Northern Cape, North West, Limpopo and Mpumalanga. These cases involved unlawful abstraction, unlawful construction of dams and unlawful discharge of waste water. A desk-top review of backlogs in addressing illegal use was completed in all regions and an implementation plan was developed to inform and fast-track response.

2.2.7 Charging for Water

The revised Water Pricing Strategy was approved, established by Government Notice and is being implemented. It incorporates the Waste Discharge Charge System which gives effect to the principle that the polluter pays. This principle aims to promote the internalisation of environmental costs by waste dischargers as well as the creation of financial incentives for those who reduce waste and use water resources in an optimal way. Funds recovered will be used by municipalities to counteract the pollution caused.

2.2.8 Protection of Water Resources

The classification system for water resources was gazetted for public comment. In addition four Reserve studies and 25 Rapid Level Reserve studies were completed and a template was submitted for approval. This is being done to facilitate the issuing of water use licences.

2.2.9 Water Resource Monitoring

The expansion of the National Microbiological Monitoring Programme is 100% complete and continuous maintenance of the programme is being done in all the 19 Water Management Areas. This aims at providing early warning of the potential occurrence of water borne diseases such as cholera, particularly to water service providers.

2.2.10 Planning for the Future

Good progress was made with investigations to reconcile the country's projected water demands and possible water supply. A joint feasibility study on LHWP Phase II is progressing well and it was jointly agreed by technical experts representing Lesotho and South Africa that a detailed study be undertaken for a dam at Polihali, with a gravity tunnel to Katse Dam, before a final project layout can be presented for decision making.

Progress with other pre-feasibility and feasibility studies on water reconciliation solutions has been appreciable. These include the Olifants River Water Resources Development Project: De Hoop Dam and Associated Water

Distribution Infrastructure; Groot Letaba River Water Resource Development Project: Construction of Nwamitwa Dam and possible Raising of Tzaneen Dam; Mokolo River Augmentation Project; Clanwilliam Dam Raising and Phase 2 of Mooi-Mgeni Transfer Scheme: Construction of Spring Grove Dam and the Associated Water Distribution Works.

Various other studies were initiated to develop national strategies to reconcile water availability and use. In this regard two major reconciliation studies, namely the Vaal System Reconciliation Strategy Study and the Western Cape Reconciliation Strategy Study progressed well. A study to validate and verify water allocations in the Mokolo Catchment was completed during this reporting period.

2.3 Challenges

As reported in the 2005/06 State of Water Resources report, the sector-wide challenge of recruiting and retaining staff remains a concern. Most of the positions are of a technical nature and are classified by the Department as scarce skills. A number of units therefore operated without full staff complements.

Although the process of issuing water use licences is being streamlined to ensure efficiency and effectiveness, the transformation of Irrigation Boards to Water User Associations still remains a challenge.

The Compliance Monitoring and Enforcement Unit is functional and is progressing with the matter of illegal water use. Desktop studies were conducted to identify possible illegal use in all Regions. The unit is engaging in the verification of this information and enforcement of compliance.

PROGRAMME 2: WATER RESOURCE MANAGEMENT: KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Strategic Objective: Ensure equitable allocation and authorisation of water use

Outputs	Service Delivery Indicators	Actual Performance
500 new resource-poor farmers granted financial support via subsidy system	Measurable impact on establishment and development of resource-poor farmers	<ul style="list-style-type: none"> Final draft of regulations for financial support to resource-poor farmers completed. 69 Rain harvesting tanks constructed.
Implementation of Water Allocation Reform programme piloted in five catchments	Measurable impact on poverty eradication and rural development	<ul style="list-style-type: none"> Water Allocation Reform Position paper approved by Water Resource Functional Management Committee and Director-General and awaiting Ministerial approval. Toolkit Version 5 updated. Final draft of the Validation and Verification Guide completed. Subsidies given to 54 resource-poor farmers through Impala Water User Association. Validation completed in Moloko. 50 ha made available to resource-poor farmers. Started with project to develop a framework for water allocation to guide compulsory licensing in the Inkomati WMA.
Water use licence applications evaluated and use authorised where approved	Licence applications processed within a reasonable time, in co-operation with other departments where necessary	<ul style="list-style-type: none"> Guideline on external licensing process for all water uses and internal checklist on taking and storing completed. 26 Licence applications audited and referred back for corrections or passed on for submission to delegated authority. 24 Licences issued for existing water users. Draft authorisation protocol circulated to stakeholders for comment. Draft strategy and protocol developed. PPP pilots initiated and final agreement with NT not achieved. Consultation regarding Strategic Plan initiated. Gijima funding application submitted for Pongolapoort Dam Public Private Partnership, awaiting approval. With regard to the national roll-out of wetlands delineation policy guidelines and procedures it should be noted that a draft position paper was circulated to various stakeholders and departmental regions. A consultant was appointed for the roll-out process, training scheduled and material developed.
Existing lawful use verified in eight catchments	Use certified	<ul style="list-style-type: none"> Priority study areas were developed in the Inkomati WMA. In the Mhlathuze Catchment, water use proposals were finalised and water user workshops were arranged. With reference to verification of water use in Jan Dissels, comments were addressed and final letters sent off. Validation and verification in the Vaal catchment is 71% complete.

Outputs	Service Delivery Indicators	Actual Performance
Authorisations to use water (general authorisations and licences reviewed every five years)	Conditions of use revised where necessary	<ul style="list-style-type: none"> Development of draft Allocation plan initiated in Mhlathuze catchment. Announcement of Compulsory Licensing (CL) process initiated.
Trading of water use authorisations taking place	<p>Trades complying with policy</p> <p>Trades reported in annual reports of water management responsible authorities</p>	<ul style="list-style-type: none"> 32 Licences were audited in terms of S25 (2) of the National Water Act, 1998.

Strategic Objective: Ensure effective and efficient use of water

Outputs	Service Delivery Indicators	Actual Performance
Actions taken for non-compliance with conditions of water use authorisations	Visible interventions to promote compliance with conditions of water use authorisations including support, directives, and prosecutions where necessary	<ul style="list-style-type: none"> Local government support and Intervention Protocol in final stage. A project was mobilised to ensure the development and implementation of a generic Compliance Monitoring and Enforcement policy and guideline.
Water conservation/water demand management (WC/WDM) awareness and promotion programmes implemented	WC/WDM institutionalised in regional offices and water management and service institutions	<ul style="list-style-type: none"> 1 400 schools registered for participation in the South African Youth Water Project in 2007. Community Water Efficiency Programme Implemented in Gauteng, Free State, Eastern Cape (EC) and KwaZulu-Natal (KZN). The Department / SANParks Community Water Efficiency Projects: Permaculture Training course in three communities, completed ahead of schedule. Re-use of industrial water taking place on the Vaal. WC/WDM Indaba held in March 2007. Provided training to water control officers for WC/WDM awareness purposes.

Outputs	Service Delivery Indicators	Actual Performance
Existing infrastructure operated and maintained effectively	<p>Water supplied in accordance with agreements with users</p> <p>Interruptions in supply minimised</p>	<ul style="list-style-type: none"> • Water Care works processes and personnel registration and classifications are continuing and the function is in the process of being transferred to Water Services. • Bulk Raw Water was supplied in most cases in accordance with agreements and demands. • Strategic supply to Eskom met in full. • Domestic/Industrial and Agriculture demands not met in all instances due to drought conditions. Water restriction were implemented at the following schemes: <ul style="list-style-type: none"> – Hluhluwe Dam: 70% restriction on agriculture and 10% on Domestic and Industrial use. – Kouga dam: 25% water restriction on agricultural use (since lifted). – Western Cape Water Supply System: 10% Restriction on water supplied from system. – Koster Dam: 100% restriction on agricultural use. – Klein Maricopoort Dam: 40% restriction on agricultural use. – Nzhelele Dam: 30% restriction on agricultural use. – Albasini Dam: 70% restriction on agricultural use. – Middle Letaba and Nsami Dam: 50% restriction on agricultural and 20% Domestic and Industrial use. – Great Letaba: 50% restriction agricultural use.
Use of water from existing government water schemes optimised	<p>Water allocations taken up by users, in consultation with other relevant departments</p> <p>Government water schemes upgraded to improve performance where required</p>	<ul style="list-style-type: none"> • 50 ha made available to resource-poor farmers in the Western Cape (WC). • Refurbishment: <ul style="list-style-type: none"> – Gariep Dam Silt Outlet no.3. – Replace load cells on Dam Wall cranes. – Tugela/Mhlathuze Outlet Works. – Pongola Poort Dam Flood Gates. – Ngagane government water scheme, Ntshingwayo Dam Outlet Works. – Gamtoos Siphons - Manufacture siphon replacement section. • Rehabilitation: <ul style="list-style-type: none"> – Qamata Irrigation scheme – 4 Irrigation dams. – Shiloh Irrigation Scheme – Construction of pump station and rising main replacing defunct canal system.

Strategic Objective: Investigate water balance and find national (water management area level-, catchment level- or system level) and international reconciliation solutions

Outputs	Service Delivery Indicators	Actual Performance
Joint feasibility study on LHWP Phase II completed	Agreement between the Republic of South Africa (RSA) and Lesotho	<ul style="list-style-type: none"> Study delayed. Start of a Joint Feasibility Study. Study delayed to a later date in order to obtain baseline environmental information.
Joint feasibility study of a storage dam in Lower Orange River completed	Agreement between RSA and Namibia	<ul style="list-style-type: none"> Priority of study reassessed. Not to proceed.
Joint management plan for Orange River: investigations for further phases started	Agreement among RSA, Namibia, Lesotho and Botswana	<ul style="list-style-type: none"> Preparatory work for feasibility study according to schedule. On target for completion of Phase 1 of the Study during 2007/08.
Joint studies on international river basins undertaken	Reports at all project stages approved by relevant joint technical committee or commission	<ul style="list-style-type: none"> Participation in joint studies on Orange, Limpopo, Inkomati and Maputo rivers and Zambezi transfer to southern Mozambique on track.
National strategies developed to reconcile water availability and use	<p>Appropriate information available to facilitate compulsory licensing</p> <p>Alignment with provincial growth and development and other relevant strategies</p>	<ul style="list-style-type: none"> Commissioned WC/WDM Situation Assessment and Strategy Development studies in three KZN WMAs. The inception reports were received. Finalised WC/WDM assessment and implementation plan for Mokolo. Final reports for all sectors and the Lephalale municipality were received. Vaal study (Agricultural component) finalised. Collaborated with DPLG to implement measures identified in study. A meeting took place with DPLG to map out implementation and assessment of the other five municipalities.
Pre-feasibility and feasibility studies on water resources reconciliation solutions undertaken	<p>Recommendations for implementation of schemes</p> <p>Alignment with provincial growth and development and other relevant strategies</p>	<ul style="list-style-type: none"> Phase 2 of Mooi-Mgeni Transfer feasibility study is on track. The Mokolo/Lephalala (Ellisras) Water Resource Augmentation: Feasibility study was delayed after resignation of a senior staff member. The Groot Letaba River Water Resource Development: Construction of Nwamitwa Dam was delayed due to refinement of scope of work. The compilation of the Clanwilliam Dam Raising: Feasibility Study report is on schedule.

Strategic Objective: Implement solutions for reconciling water supply and demand

Outputs	Service Delivery Indicators	Actual Performance
Prioritised invasive alien plant species (terrestrial and aquatic) treated and cleared	<p>150 000 hectares initial clearance</p> <p>500 – 750 000 hectares follow-up</p> <p>10 -12 000 person years employment created for ± 30 000 people</p> <p>Measures to deal with aquatic weeds included in environmental management plans</p>	<ul style="list-style-type: none"> • 828 621 hectares of invasive alien plant species treated and cleared. • 10 – 12 000 person years employment created for 29 470 people.
Development and implementation of water conservation and water demand management measures by water management and water services institutions supported by the Department	Support provided to 20 institutions	<ul style="list-style-type: none"> • Facilitated implementation of model farm to pilot efficient irrigation systems and practices for improved water use in Mhlathuze area. Data collected and analysed. Irrigation farms evaluated and compared. Progress meeting held. • Initially four farms selected; but one farm under land claim. No irrigation taking place on this farm.
Design, construction and commissioning of new infrastructure progressed, including:	<p>Approved by Cabinet</p> <p>Social and Environmental issues accounted for</p>	<ul style="list-style-type: none"> • Support provided to: Olifants River Water Resources Development Project Phase II (De Hoop); Flag Boshielo; Amatole government water scheme; environmental planning, site inspections and rehabilitation: Luvuvhu River; Berg River; Sabie River; Hluhluwe government water scheme.
Berg River Water Project	Implementation as per plan	<ul style="list-style-type: none"> • Construction of the Berg Water Project (Supplement scheme) advanced to 88% complete.
Olifants River Water Resources Development Project (De Hoop Dam)	Implementation as per plan	<ul style="list-style-type: none"> • Phase 2 environmental appeals only resolved in October 06. Six months construction delay. With regard to the preparation of the site, the first graves were exhumed.. Tender design and tender documents completed. Detail design advanced to 40% complete.The tender for the realignment and reconstruction of Road P169-1 (R555) was advertised. The project was launched at the start of water week on 19 March 2007. • Signing of a BEE Charter for the implementation of the project focusing on local environmental development (LED), affirmative procurement and labour. The charter was signed between the Minister, Premier of Limpopo province and the Executive Mayor of the Greater Sekhukhune District Municipality. This is a first co-operative governance pact between the three spheres of government for the implementation of a government project of this magnitude.

Outputs	Service Delivery Indicators	Actual Performance
Nandoni water treatment works	Implementation as per plan	<ul style="list-style-type: none"> Water Treatment Works: Design advanced to 87%. Construction advanced to 79% complete. The requirement for an Administration/ Control building must still be resolved. Distribution Network: Design advanced to 53% complete. Construction advanced to 19% complete. Final design of pipeline Mavambe to Vuwane is being redone due to larger road reserve. NR6 pipeline started late.
Inyaka water treatment works	Implementation as per plan	<ul style="list-style-type: none"> Design advanced to 80% complete. Construction advanced to 23% complete.
Hluhluwe Dam (KwaZulu-Natal)	Implementation as per plan	<ul style="list-style-type: none"> Construction of RWS advanced to 75% complete.
Mooi-Mgeni transfer scheme Phase 2 (Spring-Grove Dam)	Implementation as per plan	<ul style="list-style-type: none"> Phase 2 – Mooi-Mgeni transfer feasibility study not completed, due to the fact that the response of users to agree to implementation was slow.
Eastern-Vaal Sub-system Pipeline	Implementation as per plan	<ul style="list-style-type: none"> Construction of works advanced to 46% complete. Abstraction works behind schedule. Pipe-laying behind schedule. Temporary abstraction works to be built to enable commissioning of pipe contract by March 2008. Eight months extension awarded for completion of works within the original budget.

Strategic Objective: Ensure water related disaster preparedness and safety of dams

Outputs	Service Delivery Indicators	Actual Performance
Policies, legislation, strategies and guidelines for water-related emergency and disaster management in place and updated as necessary	<p>Organisational structure, practices and procedures defined</p> <p>Proactive approach to emergency and disaster management adopted by water managers</p> <p>Preparation of disaster management plans promoted and managed</p> <p>International issues and requirements incorporated</p>	<ul style="list-style-type: none"> R160 million drought, R7.55 million flood and R6 million tsunami relief funds managed. Finished re-assessment of drought relief needs. 1st intake enrolled as Departmental interns. 2nd intake financed and enrolled.
Policies, legislation, strategies and guidelines for water-related emergency and disaster management implemented	<p>Organisational structure functional</p> <p>Coherence in approaches among water and disaster management sectors</p> <p>Emergencies and disasters effectively managed</p> <p>Preparation of disaster management plans progressed</p> <p>Effective participation in international forums</p>	<ul style="list-style-type: none"> Co-ordination of drought and flood relief activities achieved. Continued co-ordination of tsunami assistance to Maldives and Sri Lanka. Did not succeed in obtaining additional drought relief funds for municipalities.

Outputs	Service Delivery Indicators	Actual Performance
Multi/Inter-departmental information system to support water-related emergency and disaster management developed and maintained	Progressive improvement in availability and use of data and information from domestic and international sources to facilitate emergency and disaster management	<ul style="list-style-type: none"> Obtained access to highly skilled resources through partnership agreement with National Disaster Management Centre and United Nations.
Dam safety legislation administered and national dam safety programme managed	<p>Dams with a safety risk registered and classified</p> <p>Safety of dams evaluated by approved professional persons in terms of the National Water Act, 1998 (Act No. 36 of 1998)</p> <p>Construction, enlargement and alterations undertaken in accordance with regulations</p>	<ul style="list-style-type: none"> 100% Achieved. Drafted guidelines on dealing with illegal dams. Compiled draft dam safety regulations. The draft regulations must still be translated and published for public comment.
Safety of departmental dams assessed, and dams rehabilitated where necessary	Risk of operational and structural failure minimised	<ul style="list-style-type: none"> Ensured compliance with dam safety legislation. Appropriate steps were taken in cases of non-compliance. Compiled draft dam safety regulations. The draft regulations must still be translated and published for public comment. With regard to the rehabilitation of 150 dams it can be reported that the preparatory work for the rehabilitation work advanced to 11% complete.

Strategic Objective: Ensure the protection of inland and estuarine water-based ecosystems and groundwater in the context of impact on land-based ecosystems

Outputs	Service Delivery Indicators	Actual Performance
Classification of water resources: pilot testing of classification system	Major rivers classified in catchments to facilitate water allocation reform	<ul style="list-style-type: none"> Two stakeholder workshops were held. The 1st draft gazette of the Classification System was developed. Classification System gazetted for public comment.
Comprehensive Reserve determinations commenced in four priority catchments, and three more identified and initiated	Appropriate information available to facilitate compulsory licensing	<ul style="list-style-type: none"> Four Reserve studies were completed and templates submitted for approval. (Olifants/Doring template still to be finalised).
Ad hoc surface water reserves determined (by Desktop, Rapid and Intermediate methods)	Reserve determinations undertaken to facilitate individual licence applications	<ul style="list-style-type: none"> Templates for the Tongati/Mdhloti Intermediate study, as well as the ad hoc Low Confident Reserves were prepared and submitted to the Director-General.
Ad hoc groundwater resource Reserves determined	Reserve determinations undertaken to facilitate individual licence applications	<ul style="list-style-type: none"> 25 Rapid level Reserves completed.
Quantification of the dependency of terrestrial ecosystems on groundwater	Dependencies accounted for in- licensing decisions	<ul style="list-style-type: none"> Draft policy completed by PSP and submitted.
Determine the effectiveness of fish ladders as a mitigation measure for obstructions to the migration of aquatic species	Best practices model established	<ul style="list-style-type: none"> Project to commence in April 2007.

Strategic Objective: Ensure the minimisation of impacts of waste discharge and disposal and other land-based activities on water resources

Outputs	Service Delivery Indicators	Actual Performance
Further development and systematic implementation of Resource Protection and Waste (RP&W) policy	RP&W policy finalised, published and implemented	<ul style="list-style-type: none"> Phase III completed. Registration forms completed. Workshops held in Mpumalanga and North West.
Impacts of waste discharge and disposal activities assessed and interventions prioritised	Sectoral strategies and operational guidelines – to facilitate assessment of impacts of waste discharge and disposal activities and prioritisation of interventions – updated, finalised, published and implemented	<ul style="list-style-type: none"> Sectoral strategies and operational guidelines completed. Roll-out of local government intervention protocol initiated.
Further development of Remediation policy and strategy	<p>Integrated approach to addressing the impacts of historical or accidental waste discharge and disposal activities and water resources</p> <p>Methodologies and sectoral guidelines finalised and published</p>	<ul style="list-style-type: none"> Development of strategy and guidelines to remediate land-based activities to commence in April 2007.
Physical rehabilitation at abandoned mines and Departmental waterworks undertaken as required	Waterworks designed and constructed at prioritised abandoned mines and Departmental waterworks	<ul style="list-style-type: none"> Arbor Colliery: 95% complete. Fencing of Pit no 4 and 5. (Hydroseeding out on tender remains a challenge). KwaZulu-Natal: Kliprand Mine: 100% completion of rehabilitation. Indumeni Mine: Drawings for watercourse alteration not completed. Natal Navigation Colliery (NNC)4 Mine: Dam construction. Finalised 100% of planning for dump rehabilitation. The construction of the dam is however not complete.
Emergency pollution incidents remedied	Timely action taken to minimise effects on water resources	<ul style="list-style-type: none"> Ongoing support given with regard to emergency incident remedies.
Further development of financial instruments for waste discharge and disposal	<p>Waste Discharge Charge System finalised</p> <p>Development of Strategy for Financial Security by Industry (section 30 National Water Act, 1998)</p>	<ul style="list-style-type: none"> Implementation of Waste Discharge Charge System to promote waste reduction and water conservation in progress.

Outputs	Service Delivery Indicators	Actual Performance
Environmental best practice guidelines and specifications to mitigate the effects of land based activities, including infrastructure development on water resources implemented	Impacts of land based activities mitigated	<ul style="list-style-type: none"> Draft plan on involvement of RP&W Agric in small scale agricultural activities. Draft Implementation Strategy completed, but not implemented; Implementation of Environmental best practice guidelines and specifications and awareness and capacity building at the Department. Support to development of guidelines for peat mining extractions and wetland management; Saldanha Langebaan Groundwater government water scheme: Aquifer recharge; DEAT with regard to reviewing of Environmental Impact Assessment and Environmental Management Programme reports with regard to water resources impacts (6 reports reviewed); Evaluated 13 township establishment infrastructure projects. Development and implementation of operational policies and best practice guidelines for industrial sectors were not achieved. Approval of guidelines from Water Resources Functional Management Committee. PSP procurement process not completed. Draft Coastal Zone Management Bill and Memorandum of Understanding with DEAT finalised for marine outfall licence applications.

Strategic Objective: Develop and support institutional arrangements for national water resources infrastructure

Outputs	Service Delivery Indicators	Actual Performance
Functionality of the Department's Infrastructure Branch progressed	<p>Asset inventory updated</p> <p>Billing system and revenue management system functional</p> <p>Business processes to improve infrastructure management efficiency implemented</p> <p>The revised structure implemented</p>	<ul style="list-style-type: none"> Service provider appointed to re-assess value of assets. SAP system implemented in October 2006, and reconciliation between Basic Accounting System and SAP undertaken. Managerial posts were advertised. Deputy Director-General was appointed. Migration plan 60% completed. Not achieved because of delayed approval of establishment and appointment of managers.
Preparations to establish National Water Resource Infrastructure Agency (NWRIA) progressed	<p>Draft NWRIA Bill prepared</p> <p>Comprehensive organisational and implementation plans prepared</p> <p>Effective institutional oversight unit established in the Department</p>	<ul style="list-style-type: none"> Draft Bill completed and presented to Top Management and Minister for approval. Development of implementation plans delayed because of difficulties in finalising appointment of Project Manager, but internal workshops with Departmental officials and TCTA members were held. Steps are being taken to improve the institutional oversight capacity of the Department.

Strategic Objective: Develop and support institutions at water management area level

Outputs	Service Delivery Indicators	Actual Performance
Four catchment management agencies (CMAs) established: <ul style="list-style-type: none"> - Thukela (KZN) - Usuthu-Mhlathuze(KZN) - Gouritz (WC) - Olifants/Doorn (WC) 	Establishment proposals developed through public consultation Establishment approved by Minister Governing Boards appointed	<ul style="list-style-type: none"> • The process of nominations for members to serve on the Advisory Committee is under way for all four CMAs. • Development of Guidelines for Evaluation of Public Participation and Empowerment in establishment of Water Management Institutions 75% completed.
Financial, technical and capacity-building support provided to CMAs	Financially and technically viable institutions Extent of functional responsibilities delegated to CMAs	<ul style="list-style-type: none"> • Support provided to Inkomati CMA. R3.0 million transferred to Inkomati CMA. • Recommendations of Advisory Committees for Breede, Mvoti and Crocodile West submitted to Minister. • Development of Capacity Building and empowerment framework for participation of HDIs 75% completed. • IT governance issues outstanding - has systems implications. • Breede process to appoint Governing Board slower than originally surmised. • Transferred R6 853 million seed funding to Inkomati CMA. R3 353 of which is roll over from 2005/6 financial year.
Performance of CMAs monitored	Business Plans and Annual Reports (including Financial Statements) reviewed and approved	<ul style="list-style-type: none"> • Inkomati first business plan signed by Minister. Draft Operational roll-out plan received.

Strategic Objective: Develop and support institutions at local level

Outputs	Service Delivery Indicators	Actual Performance
New Water User Associations (WUAs) established, especially for resource-poor farmers, according to needs	Establishment proposal developed through public consultation Establishment approved by Minister	<ul style="list-style-type: none"> • Edikeni, Bushman River, Imfunda Yophongolo and Middle Letaba WUAs established. Draft proposals for Letsitela, N'wamitwa and Luvuvhu WUAs submitted to Limpopo Region. • Management committees elected for Zonderend and Maalgate WUAs. • Regional liaison meetings with Mpumalanga, Gauteng, Limpopo regions. • Meeting held with Management Committee and workforce in Lower Orange River Water User Association, Boegoeberg and Vaalharts.
Existing irrigation boards transformed to WUAs	Transformation proposal developed through stakeholder consultation Establishment approved by Minister	<ul style="list-style-type: none"> • Kabous, Hex Valley, Maalgate, Zonderend and Nkweleni WUAs established. Buffels, Korente-Vette, Hex Valley and Elandskloof re-submitted to Minister. • The process of establishment of other WUAs delayed due to the need to review the approach.
Responsibility for operation and maintenance of schemes delegated to WUAs	Contracts in place Staff transferred	<ul style="list-style-type: none"> • Not achieved.

Outputs	Service Delivery Indicators	Actual Performance
Financial, technical and capacity-building support provided to WUAs	Financial, technical and capacity-building support provided to WUAs	<ul style="list-style-type: none"> • Management committees elected for Zonderend and Maalgate WUAs. • Implementing Agent policy approved. • Billing Agent policy approved. • Management committees established for Mutshimbwe, Mutale and Nenzhelele WUAs.
Performance of WUAs monitored	Performance of WUAs monitored	<ul style="list-style-type: none"> • Draft Business plan received for Tosca/Molopo WUA. Business Plans for Kakamas and Boegoeberg reviewed. • Checklist for evaluation of proposals and business plans developed. • Reviewed business plans for uPhongolo, Mutshimbe and Mutale and upper Mlazi WUAs.

Strategic Objective: Provide Strategic Direction

Outputs	Service Delivery Indicators	Actual Performance
Compilation of information for National Water Resource Strategy, Second Edition	Details of latest developments in approach to managing water resources accounted for	<ul style="list-style-type: none"> • National Water Resource Strategy Second Edition due for publication in January 2010. • Awareness policies maintained. • Review protocol initiated.
State of Water Resources Report	Published in Annual Report	<ul style="list-style-type: none"> • Draft completed covering 2005/6 hydrological year.
First Progress Report on Consolidated Environmental Implementation and Management Plan (CEIMP) Second Edition compiled	Report approved by Committee for Environmental Co-ordination	<ul style="list-style-type: none"> • First edition of the audit report on the CEIMP was compiled. A sustainable indicator report was also compiled. Inputs incorporated into CEIMP Second Edition.
Awareness of strategic issues affecting water resources maintained, and generation of new knowledge and approaches	<p>New developments accounted for in management approaches</p> <p>The Department's research needs identified and met</p>	<ul style="list-style-type: none"> • Co-ordination up to date. • Papers prepared from time to time for presentations nationally and internationally. On-going. • Water sector colloquia held on two occasions.
Policies and strategies for managing water resources internally consistent with the requirements of other relevant laws and policies	Consistent approaches among all departmental units	<ul style="list-style-type: none"> • Internal: Participation in the development of most new WRM policies and strategies done. • External: Interactions with other government departments and institutions done. • Compilation of a catalogue for WRM policies and strategies had to be postponed due to other urgent priorities. • 70% WRM projects planning finalised.
Framework for addressing historical, social and economic impacts of existing dams systematically implemented	Social and economic impacts appropriately addressed	<ul style="list-style-type: none"> • Ongoing.
Activities to implement the National Water Act, 1998 co-ordinated	Progress monitored and regularly reported	<ul style="list-style-type: none"> • Planning information was completed for 70 of 100 projects. Quarterly progress reporting for October to December 2006 was initiated.

Strategic Objective: Co-ordinate the development and ensure the implementation of strategies for catchment management

Outputs	Service Delivery Indicators	Actual Performance
Catchment Management Strategies submitted by catchment management agencies reviewed and evaluated	Submitted Catchment Management Strategies prepared in accordance with approved guidelines in accordance with the National Water Act, 1998; not in conflict with the NWRS; and approved by the Minister	<ul style="list-style-type: none"> Catchment Management Strategy Guidelines finalised and print-ready. Three road shows completed.
Where no CMA exists, the Department's Internal Strategic Perspectives reviewed and updated where necessary	Internal Strategic Perspective reflects latest information and management approaches	<ul style="list-style-type: none"> Internal Strategic Perspectives reviewed and found to be up to date.
Development and application of tools to analyse and model water resources reviewed and evaluated	Consistent approach to analysing and modelling water resources at catchment scale	<ul style="list-style-type: none"> Advisory Committee on water resource modelling established to give guidance on which models to be developed and their applications.

Strategic Objective: Establish, implement and maintain the national monitoring and information management system

Outputs	Service Delivery Indicators	Actual Performance
Existing monitoring system for water resources operated, maintained and expanded where necessary	Relevant and sufficient data collected at prescribed intervals Rationalisation and integration of component monitoring systems Co-ordination of data collection with other water-sector role players	<ul style="list-style-type: none"> Monthly disposal reports checked. Record kept of water usage/loss.
New and special monitoring programmes for water resources developed and implemented	Integration of new programmes with existing monitoring system	<ul style="list-style-type: none"> Maintain the National River Health Monitoring Programme and continue with the national coverage phase.
Existing information systems for water resources operated and maintained, and further developed where necessary	Availability of relevant and sufficient information Adherence to relevant legislative requirements for information sharing Conformity with National Water Resource Information Standards Rationalisation and linking of component information systems	<ul style="list-style-type: none"> Ongoing support to Joint Project Meeting (JPM) and Operational User Group (OUG). Liaison with Water Resources Information Management (Water Management Systems implementation with regard to Water Discharge Charge System). Maintained the National Microbiological Monitoring Programme in 14 WMAs. 1-3 additional WMAs are being included in the monitoring programme and the expansion was completed as planned.
Information systems converted to facilitate decentralised use by water management institutions	Responsibility for aspects of information management progressively decentralised to CMAs and WUAs	<ul style="list-style-type: none"> Testing of restructured database now functioning from Structured Query Language server database and the database is being re-populated.

Strategic Objective: Ensure representative and capacitated staff for integrated water resource management

Outputs	Service Delivery Indicators	Actual Performance
Programmes of training, skills development and mentoring developed and implemented	Progressive improvements in staff capacity to undertake water resources management Skills Development Plans implemented Requirements of BBBEE met	<ul style="list-style-type: none"> Scientific and technical training continued and functional units were capacitated through courses/workshops. A Phase II agreement was negotiated with United Nations Educational Scientific and Cultural Organisation (UNESCO), Flemish Government and Water Research Commission, and documents were drafted. The capacity building and awareness project commenced.
Implementation of targeted recruitment campaign, within South Africa and elsewhere, for scarce occupational classes continued	Progressive improvements in staff capacity to undertake water resources management Requirements for employment equity met	<ul style="list-style-type: none"> Linked to HR plans.
Gender mainstreaming strategy implemented	Improved sensitivity to and understanding of gender issues among staff	<ul style="list-style-type: none"> Linked to HR plans.
Support for specialist training networks via Further Education and Training-Water continued	Effective targeted training via existing networks New networks established as required	<ul style="list-style-type: none"> Ongoing. Appointment of WRC as implementing Agent for Further Education and Training-Water Phase II.

Strategic Objective: Ensure capacitated and empowered stakeholders

Outputs	Service Delivery Indicators	Actual Performance
Implementation of programmes of stakeholder engagement, awareness creation and communication continued	Progressive improvements in capacity of water management institutions, water users, stakeholders and the general public to understand and participate in water resources management	<ul style="list-style-type: none"> Women were involved in the establishment of WUAs, and people were trained to prepare Business Plans. Inkomati CMA members were trained to develop the catchment management strategy.
Pilot implementation of the gender mainstreaming strategy	Improved sensitivity to and understanding of gender issues among management institutions, water users, stakeholders and the general public	<ul style="list-style-type: none"> Gender Audit on women empowerment completed. Engagement of the Department institutions and stakeholders on gender issues is ongoing. National Women's Month Event held at Kromhoek; Women in Water, Sanitation and Forestry Awards; Women Leadership sessions held in Pretoria; International Women's Day Function attended.

Strategic Objective: Promote integrated water resource management in shared watercourses

Outputs	Service Delivery Indicators	Actual Performance
Participation in and support to shared watercourse institutions	<p>Joint projects</p> <p>Basin studies</p> <p>New Agreements</p>	<ul style="list-style-type: none"> • ORASECOM and Limpopo Commission active in quarter. • ORASECOM Hosting Agreement signed. • Attended Southern African Development Community (SADC) River Basin Organisation Workshop and AMCOW River Basin Organisation Meeting.

Strategic Objective: Improve co-operation with other countries and external bodies

Outputs	Service Delivery Indicators	Actual Performance
Improved multilateral and bilateral regional co-operation in Africa	Support to and participation in SADC, AMCOW, African Union, NEPAD activities, and bilateral co-operation in Africa	<ul style="list-style-type: none"> • Participated in Bi-National Commission with Rwanda. • Hosted SADC Ministers of Water meeting. • AMCOW/AMCOST meeting in Egypt. • Meetings held to discuss Cross Border Veld Fire management issues between Lesotho and Mozambique. • Visit to Tanzania to finalise Memorandum of Understanding (MoU).
Improved co-operation with developing countries outside Africa	International visits, meetings, statements, agreements and exchange of information	<ul style="list-style-type: none"> • Feasibility study on Cuba Co-operation leading to Phase III of co-operation. • First draft of the Department International Strategy completed. • The Department won the bid to host UNESCO Hydrology for the Environment, Life and Policy Symposium.
Improved co-operation with developed countries	International visits, meetings, statements, agreements and exchange of information	<ul style="list-style-type: none"> • Meetings at Ministerial level with European Union and Netherlands on bilateral co-operation. • Russia Bilateral Agreement finalised. • Programme document signed with Netherlands. • Assistance from the US Forests Service on the National Fire Danger Rating System received.
Active participation in international and multilateral organisations	Active participation and effective inputs	<ul style="list-style-type: none"> • Actively participating in United Nations Forestry Foundation (UNFF) processes through UNESCO International Hydrological Programme and WRC and the Department of Science and Technology (DST) as well as DEAT links.

Strategic Objective: Influence the global agenda for integrated water resource management

Outputs	Service Delivery Indicators	Actual Performance
Input to the international debate on water resource management	Active participation and effective inputs in forums such as the United Nations Commission for Sustainable Development, the World Water Forum and the World Water Council	<ul style="list-style-type: none"> • Participated at the World Water Forum. • Meeting with Komati River Basin Water Authority in Swaziland on Water Resource Information exchange on international basins.
Facilitate access to Official Development Assistance	Official Development Assistance promoted, facilitated and co-ordinated	<ul style="list-style-type: none"> • Official Development Assistance Status Report finalised and Donor Assistance Co-ordinating Council meeting held. • Donor programmes under implementation. • UNESCO National commission budget on capacity building in Integrated Water Resources Management.

Part B: Programme 3

Water Services



3. PROGRAMME 3: WATER SERVICES

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

The responsibilities of the Water Services Programme are managed within the framework of the following 13 sub-programmes: Provisioning Policies; Water and Sanitation Services; Water Sector Policies; Water Sector Support; Institutional Policies; Institutional Support; Transfer Policies; Transfer of Functions; Africa Initiative; African Participation; Water Services Support; Operations of Water Services; and Water Services Administration.

3.1 State of Water Services

3.1.1 Access to Basic Water Supply

During the year under review (2006/07), water was supplied to a further 1.25 million people, and sanitation to a further 940 000 people. Currently, 2.9 million people have no access to a basic water supply and a further 4 million have access to a water supply that does not meet the set minimum standards.

Whilst the rate of delivery has improved compared to the previous financial year, considerable challenges lie ahead of the sector in order to meet the set targets. Insufficient funding and implementation capacity at local government level continue to be a challenge. It is estimated that in order for the sector to meet the targets, about 400% improvement in service delivery is required. Furthermore, the sustainability of existing infrastructure is becoming a threat to progress already made in providing water to communities. In the new financial year, the Department will take a lead in developing a strategy to ensure sustainable water services delivery. The Department will also continue to mobilise resources in and outside the country in order to deal with the shortage of technical expertise at municipal level.

Table 7: Access to Basic Water Supply Infrastructure (population, millions)

Period	Census Population	Total Improved Supply (not only RDP)	With Access to Basic Services but below RDP service levels	No Access to Infrastructure	% Access to services (infrastructure)
Current (March 2007)	48.9	46.0	4.0	2.9	94
People served April 2006 - March 2007		1.25			
Previous Year (March 2006)	48.6	45.2	4.8	3.4	93
People served 1994 - March 2007		17.43*			
1994	38.9	23.0		15.9	59

Notes:

- * Total improved supply also includes people served to higher than RDP levels of service
Figures only reflect infrastructure provided and do not reflect quality of ongoing service provision

Comments:

- Water Supply backlog figures are based on the 2001 Census and updated using the result of implemented projects across the sector.
- The population figures given are based on Stats SA mid year 2006 estimates and have been adjusted by 1.009% to reflect the annual population growth.

- The information on served people is based on input from the Department, the Departments of Housing and Local Government and estimates from Non-Governmental Organisations (NGOs) and Local Government.
- Access to basic (RDP) services improved from 59% of the population in 1994 to 94% of the population in March 2007.

3.1.2. Basic Household Sanitation

The 2006/07 financial year saw an increase in sanitation delivery, with 940 000 people receiving access to basic sanitation facilities. This figure excludes beneficiaries from the housing and bucket eradication programme. There are still 14.33 million people without basic sanitation infrastructure and if the 2010 targets are to be met, the rate of delivery has to be increased. Appropriate technology, unavailability of small contractors at community level and funding are amongst the challenges facing sanitation delivery.

Table 8: Access to Basic Sanitation Infrastructure (population, millions)

Period	Census Population	Supply, Basic level or higher	No Access to Infrastructure	% Access to services
Current (March 2007)	48.9	34.6	14.33	71
People served April 2006 - March 2007		.94		
Previous Year (March 2006)	48.6	33.3	15.3	69
People served 1994 - March 2006		9.9		
1994	38.9	18.5	20.4	48

3.1.3 Bucket eradication

Delivery during the 2005/06 financial year included both informal and formal areas due to lack of clarity on the definition of the bucket backlog by municipalities. In addition, the target for the financial year was 39 000 based on available funds, however, municipalities replaced 61 376 buckets through municipal funds. A total of 71 747 buckets were therefore removed during the 2006/07 financial year. The Free State continues to retain the largest sum of buckets (73%), followed by the Eastern Cape (16%), whilst the remainder of the backlog is shared between the Northern Cape (6%), the North West (3%) and finally the Western Cape (1%).

Table 9: Infrastructure Provided

Total Buckets Remaining at Beginning of Period	Total Buckets Eradicated during Period	Total Buckets Remaining
190 048	71 747	118 301

Note:

- Figures only reflect infrastructure provided and do not reflect quality of ongoing service provision

Comments:

- Sanitation supply backlog figures are based on Census 2001 and updated according to the result of implemented projects across the sector.
- The given population figures are based on STATS SA 2006 mid year estimates and have been adjusted by 1% to reflect the annual population growth.
- The information on people served is based on input from the following sectors: the Department, the Department of Housing, the DPLG and estimates from NGOs and Local Government.
- Access to services improved from 49% of the population in 1994 to 70% of the population in March 2007.

3.1.3 Free Basic Services

Table 10: Affordable access to water (Free Basic Water)

Period	Total WSAs	Total Population (millions)	WSAs Providing Free Basic Water	Total Population with Free Basic Water (%)	Population with Access to Infrastructure with Free Basic Water (%)
Current 2006/07	169	49	164 (97%)	74,4	80
Previous Year (2005/2006)	170	48.6	165 (97%)	74	80

Comment:

- The Report focuses only on municipalities which are Water Services Authorities (WSAs) that implement Free Basic Water.

Table 11: Poor people that benefit from Free Basic Water

Period	Poor as percentage of Total Population	Percentage of Poor served with Free Basic Water
Current Year (2006/07)	47	68.9
Previous Year (2005/06)	47	68

Comment:

- In this reporting period the definition of the poor changed to a household earning less than R800 per month as opposed to R1 000 per month.

3.1.4 Service Quality

The results in the table following are based on the Local Government "self assessment" survey which reflects Local Government's views on Service Quality and Drinking Water Quality (DWQ) Management. The figures quoted for both DWQ and Service Quality Management do not just reflect adherence to standards, but also to a combination of outcomes.

Table 12: Drinking Water Quality as reflected by Local Government

Perspective	Water Services Authorities reporting acceptable Drinking Water Quality Management Standards	
	2005/06 Overall %	2006/07 Overall %
National	55	60
Eastern Cape	53	42
Free State	90	71
Gauteng	69	75
KwaZulu-Natal	50	61
Limpopo	55	51
Mpumalanga	60	37
North West	20	71

Perspective	Water Services Authorities reporting acceptable Drinking Water Quality Management Standards	
	2005/06 Overall %	2006/07 Overall %
Northern Cape	43	36
Western Cape	63	59

Comments:

- The 2006 results are based on feedback from 98% (166) of 170 Water Services Authorities.
- The 2007 results are based on 56% (94) of the 169 WSAs reporting on drinking water quality, monitored at 2,068 sites.
- Last year's figures reported on WSAs, whilst this year's analysis is based on the number of sites monitored per province.
- 60% of sites adhered to Drinking Water Quality Requirements as per SANS 241 (Class 1 - Green). Compared to the 2006 adherence, this reflects an improvement of 5% (from 55% to 60%).
- The lowest compliance with Drinking Water Quality criteria is in the Northern Cape and Mpumalanga provinces where regular non-compliance with the SANS 241 standards is observed.

Table 13: Service Quality as reflected by Local Government

Perspective	Municipalities reporting acceptable service quality	
	2005/06 %	2006/07%
National	34	47
Eastern Cape	35	44
Free State	31	63
Gauteng	53	59
KwaZulu-Natal	28	45
Limpopo	33	34
Mpumalanga	41	50
North West	26	31
Northern Cape	29	31
Western Cape	42	63

Comments:

- The 2006 results are based on feedback from 98% (166) of 170 Water Services Authorities (WSAs) as opposed to the 2005 results which were based on feedback from 74% (126) WSAs.
- Last year's figures reported on all Local Government Institutions (not just WSAs) while this year's figures report only on WSAs.
- Indicators used are "the existence of a customer service system, levels of staffing, equipment, resources, funding and most importantly the capability to respond to call outs within 24 hours". There is an improvement of 15% in "Service Quality". However, the majority of this improvement can be attributed to the one in the reporting sample (from 74% to 98%).
- 69% of WSAs indicated that they have a callout system (consumer care) in place; however, based on the interruption figures received from these systems, only 37% respond effectively to customer requests.
- The self-assessment of municipalities indicates that only 31% are adequately staffed. This figure corresponds with other staffing indicators from performance assessments of water and waste-water treatment works.

- The actual skills levels of the staff are of great concern, with 50% unskilled and a further 39% semi-skilled. This is aggravated by the fact that 55% of WSAs indicated the lack of an institutional development plan, while 23% lack management reporting on water and service quality.
- Financial planning and management of water services is not satisfactory; with 48% of WSAs indicating the lack of a 5 year capital investment programme, and only a minority confirming proper operational budgeting.

3.1.5 Water Tariffs

Table 14: Domestic water tariffs: Various national weighted perspectives

Unit of Analysis	Tariff 6-20kl (incl. VAT) R	Tariff 20-60kl (incl. VAT) R	Tariff >60kl (incl. VAT) R	Sample Size	Actual Returns	Percentage Returns
Mathematical Average of Local Municipality (LM) tariffs	4.28	5.23	6.44	237	227	96
Population-weighted Average	5.71	10.67	16.58			
Volume-weighted Average	5.61	9.24	17.24			

Comments:

- The above tariffs are all VAT inclusive.
- The 2005/2006 tariff survey focussed on LMs as the lowest building block, from where the above national average tariffs were calculated according to three different methods:
 1. The mathematical average adds the tariffs of all municipalities within each block and then divides the sum by the total number of municipalities (returns). This represents the average tariff among the municipalities/institutions, regardless of their size.
 2. The population-weighted average considers the number of people affected within each LM and within each tariff block. This reflects the typical rates paid by a household for each block considering the fact that fewer people use the higher blocks due to limited affordability.
 3. The volume-weighted average considers people and their service levels, thus representing the average value of 1kl of water used in each of the blocks.
- Contrary to previous surveys, this survey collated the tariff information in the actual volume blocks used by each municipality and not in pre-defined block volumes. For comparison, the various blocks were proportioned back to the common block structure used in previous Annual Reports.
- Out of 231 LMs, 221 responded in time for this report. Two more LMs had been newly established and did not have tariffs. With the addition of the 6 Metropolitan Councils, the total response was 227 or 229 out of 237 (96% or 97%)
- These figures represent averages in line with previous Annual Reports and were analysed according to the Local Government tariffs. The percentage increases from 2004/2005 to 2005/2006 for each of the above blocks and averages are shown in the table below.

Table 15: Averages are in line with previous Annual Reports using the Local Government tariffs as units of analysis

Data	6 to 20 kl %	20 to 60 kl %	>60 kl %
Average of Tariff/Charge (R/kl, including VAT)	8	14	23
Total Population Weighted Av (R/kl, including VAT)	12	66	128

Volume Weighted Av (R/kl, including VAT)	4	32	120
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- From the above figures, it is evident that the upper blocks increased substantially (23% on mathematical average, >100% for weighted averages).
- While the above shift indicates cross-subsidisation of Free Basic Water (FBW) from high income users, it is specifically evident in the areas with a water shortage (e.g. Cape Town) as a measure of demand management. Due to fewer users in the upper blocks, the average tariffs rise exponentially in the people and volume weighted average calculations.
- Overall, 33 new LMs introduced free basic water (15% of total LMs).
- The proportion of LMs with increases within the Consumer Price Index (CPI) and above the CPI is shown below.

Table 16: Proportion of LMs with increases within the CPI and above the CPI

Data	6 to 20 kl %	20 to 60 kl %	>60 kl %
% of LMs with changes within or below CPI	31	27	26
% of LMs with changes above CPI	43	46	44
% of LMs that cannot be compared to previous yr (incl. R0 tariffs)	27	27	30

- Overall it can be stated that more LMs increased their rates above the CPI than within the CPI.

Table 17: Domestic water tariffs: Rural and urban perspectives

Perspective	Tariff 6-20kl (incl. VAT)			Tariff 20-60kl (incl. VAT)			Tariff >60kl (incl. VAT)			Sample Size	Actual Returns	Percentage Returns
	Average R	Min R	Max R	Average R	Min R	Max R	Average R	Min R	Max R			
Rural	4.18	1.48	11.10	5.03	1.58	11.90	6.19	1.60	21.53	108	101	94
Urban	4.36	0.96	11.05	5.38	1.04	27.67	6.64	1.41	57.00	129	126	98
Grand Total	4.28	0.96	11.10	5.23	1.04	27.67	6.44	1.41	57.00	237	227	96

Table 18: Domestic water tariffs: Provincial perspectives

Perspective	Tariff 6-20kl (incl. VAT)			Tariff 20-60kl (incl. VAT)			Tariff >60kl (incl. VAT)			Sample Size	Actual Returns	Percentage Returns
	Average R	Min R	Max R	Average R	Min R	Max R	Average R	Min R	Max R			
Eastern Cape	3.37	1.60	6.21	3.72	1.60	9.25	3.98	1.60	9.74	39	36	92
Free State	4.78	1.56	11.05	5.29	1.81	13.45	6.03	2.04	14.63	20	20	100
Gauteng	6.72	5.11	9.18	8.22	5.80	14.91	9.30	6.35	16.36	12	12	100
KwaZulu-Natal	4.96	2.28	11.10	6.68	2.63	11.90	8.63	2.63	21.53	51	50	98
Limpopo	3.51	1.55	6.16	3.93	1.61	6.93	4.77	1.71	11.11	26	24	92
Mpumalanga	4.41	1.71	6.82	4.92	2.95	8.76	5.24	3.00	8.97	17	15	88
Northern Cape	3.34	0.96	7.64	3.85	2.05	7.98	4.50	2.17	11.36	24	24	100
North West	4.85	1.48	8.38	5.40	1.58	8.77	5.96	2.29	9.33	23	21	91
Western Cape	3.68	1.04	6.13	5.48	1.04	27.67	8.88	1.41	57.00	25	25	100
Grand Total	4.28	0.96	11.10	5.23	1.04	27.67	6.44	1.41	57.00	237	227	96

Comments:

- The 2005/2006 tariff survey focused on LMs as the lowest building block for calculated roll-up to the above provincial average tariffs. (96% of LMs submitted their tariffs in time for this report)
- The 2005/2006 survey collated the actual blocks and tariffs from LMs. These were subsequently re-classified into above standard block sizes used in previous Annual Reports.
- In comparison to the 2004/2005 average tariffs the 6-20kl tariffs increased by 8%, the 20-60kl tariffs increased by 14%, while the >60kl tariffs increased by 23% on average.
- The proportionally higher increase in the upper blocks indicates increased cross-subsidisation for the 0-6kl block and possibly also for an introduction of demand management.
- The comparison of urban and rural tariffs shows that urban tariff increases have been on an average 5% to 10% higher than in rural areas, specifically in the higher blocks.
- Overall, it can be stated that Eastern Cape, Free State, Limpopo and Northern Cape had relatively low average tariff increases (mostly within CPI), compared to the other provinces. In comparison, Gauteng, Mpumalanga and North West had moderate tariff increases (10% in middle to 20% in higher blocks), while KwaZulu-Natal and Western Cape showed relatively high increases (30% to 60%, specifically in the higher blocks). Specific LMs with high tariffs in the upper blocks include the City of Cape Town, Umkhanyakude District Municipality, the City of Johannesburg, Mohokare LM, Matjabeng LM, and others. This may be due to increased cross-subsidisation, in the context of demand management, water shortage and poor raw water quality. Individual cases are discussed further in the survey report.

Table 19: Commercial and industrial tariffs: National perspectives

Perspective	Tariff 6-20kl (incl. VAT)			Tariff 20-60kl (incl. VAT)			Tariff >60kl (incl. VAT)			Sample Size	Actual Returns	Percentage Returns
	Average R	Min R	Max R	Average R	Min R	Max R	Average R	Min R	Max R			
Commercial	4.69	0.00	20.95	5.03	0.00	20.95	5.46	0.00	20.95	237	227	96
Industrial - potable	4.55	0.00	20.95	4.79	0.00	20.95	5.12	0.00	20.95	237	227	96
Industrial - bulk and raw water	4.37	0.00	11.05	4.62	0.00	12.48	4.96	0.00	17.69	237	227	96

Comments:

- The above tariffs are all VAT inclusive.
- These figures represent averages in line with previous Annual Reports according to Local Government tariffs.
- In comparison with the previous year, the average commercial tariffs increased by 14%, 10% and 11% for the respective rising blocks shown above.
- In comparison with the previous year, the average industrial (potable) tariffs increased by 19%, 18% and 21%, respectively.
- In comparison with the previous year, the average bulk and raw water tariffs increased by 23%, 25% and 10%, respectively.
- Above CPI inflation of the higher tariff blocks indicates that cross-subsidisation and water demand management are being applied.

3.1.6 Sector Capital and Operating Expenditure

Table 20: Budgeted Capital Expenditure on basic services infrastructure (R million)

Programme	Water		Sanitation	
	Projects 1994 to 2005/06 - Budget R	Projects 2006/07 - Budget R	Projects 1994 to 2005/6 - Budget R	Projects 2006/07 - Budget R
The Department -CWSS/WSS	7 130	1 622	1 261	
DPLG-CMIP/MIG	5 952	2 285	2 618	1 741
Department of Housing	1 843	635	1 930	
Department Public Works-Schools and Clinics	109	175	147	
Total Sector	15 037	4719	5 958	1741

Comments:

- Figures are based on the budgets of the Department, MIG and Housing budgets.
- The DPLG MIG figures are based on the 61.49% apportionment of the MIG funds (as per the Division of Revenue Act, 2006 (Act No. 2 of 2006) (DoRA)) to water and sanitation projects, plus R400m allocated to bucket eradication.
- The Housing, Schools and Clinics budget accounts for both Water and Sanitation projects.

- Figures exclude Local Government's own capital budgets.

Table 21: Estimated Annual Water Services Operating Expenditure (R million)

Perspective	Water Supply R	Sanitation R	Total for 2004/2005 R	
National Funding	11 364	6 033	17 397	Comment (1)
National Revenue from User Charges	8 787	4 931	13 718	Comment (2)
National Conditional Grants	580	248	828	Comment (3)
Equitable Share (water services portion)	1 999	853	2 851	Comment (4)
Provincial Expenditure	11 364	6 033	17 397	Comment (5)
Eastern Cape	754	786	1 539	
Free State	1 033	812	1 845	
Gauteng	4 118	1 032	5 151	
KwaZulu-Natal	1 953	660	2 613	
Limpopo	578	232	810	
Mpumalanga	577	379	956	
Northern Cape	231	176	407	
North West	658	456	1 113	
Western Cape	1 463	1 500	2 962	
Local Authority Overview	11 364	6 033	17 397	Comment (6)
Metropolitan Councils	5 645	2 997	8 642	
Local Municipalities	2 684	1 425	4 108	
District Municipalities	3 035	1 611	4 646	

Comments:

- Figures are calculated estimates and include both water supply and sanitation operating accounts (previously only water). Actual figures specific to water services are not readily available and it is therefore necessary to assess the national situation through modelling. Operating expenditure is calculated according to the Municipal Services Model and various other information sources (e.g. DoRA, Municipal budgets, NT) and specific case studies undertaken for the Department.
- Revenue estimates are based on the analyses of municipal accounts and budgets (2003 extrapolation using samples of subsequent years). Included is cross-subsidisation and other funding.
- The total figures were derived from DoRA Schedule 7 and thereafter proportioned to water supply and sanitation based on historical expenditure.
- The figures were derived from the total free basic services element of the equitable share and an "S" grant portion of 10%. The formula uses R800 per month as the poverty threshold.
- The expenditure can be split between distribution services (R8 billion; 48%), bulk services (R6 billion; 36%) and capital charges for maintenance (R2,5 billion; 16%).
- The split of total operating expenditure between authority types is derived from water supply revenues as the actual expenditures (e.g. salaries) are not ring-fenced by most municipalities.

3.2 Programme Policy Developments

The Department has played a significant role as the sector leader, regulator and provider of information, training and support, with the focus being at local government level. In this financial year, the Department developed a Sector-wide support strategy that seeks to address capacity constraints within all institutions in the sector. It is in this context that the Department has begun to forge closer relationships with Water Boards in order to maximise their role in improving service delivery. Total funding allocated to the basic water services programme via the Municipal Infrastructure Grant (MIG) was R3.5 billion (of which an estimated R1.8 billion was allocated for basic water supply and R1.7 billion for basic sanitation including R4 billion for bucket eradication). Implementation capacity within many municipalities is still not as desired, and has hampered the sector's efforts to meet the annual delivery targets. As a result, only 72% of the financial allocations were spent by Municipalities. Approximately 1,3 million additional people were provided with an improved basic water supply (against a target of 1.5 million people) and an overestimated 200 000 households with improved sanitation services (against a target of 350 000 households).

As part of its programme to accelerate delivery, the Department provided extensive planning support to Local Government through the implementation planning feasibility study guidelines, planning training sessions for officials and councillors, and the development of planning reference frameworks for all District Municipalities. This commitment resulted in a significant improvement in the quality of Water Services Development Plans (WSDPs) submitted by Water Service Authorities (WSAs). The Department explored the placement of interns; secondment of Department officials; mentorship agreements with water boards; and deployment of Cuban technical experts in municipalities to assist with project implementation. The new financial year will see intensification of support to local government, with the Department playing a leading role in mobilising resources in and outside the country.

Significant progress has been made with the implementation of the Strategic Framework for Water Services (SFWS). The initial drafts of the National Regulatory and Institutional Reform strategies have been completed and widely discussed with stakeholders, whilst the final draft of the Sector Support Strategy has been completed. The drafting process of the National Water Services Bill, which replaces the Water Services Act, 1997, is well underway. A strategic assessment of the Sector was initiated out to identify strengths and weaknesses, as well as to give both future strategic direction, and a Municipal Guideline for "Ensuring Water Services to Residents on Privately Owned Land" was completed.

Strategic support was provided to the adoption a local government support strategy aligned to the Local Government 5 Year Strategic Agenda: the councillor induction training and the development of the Provincial Water Sector Plans. As part of the Project Consolidate initiative, engineers have been deployed to expedite service delivery in municipalities. Local government has received support in different functional areas related to water services planning, infrastructure development, and monitoring and evaluation. This support was consolidated through municipal support plans.

A national initiative was launched with both the WRC and 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 the Department to assess consumer satisfaction and identify gaps on service levels. A project aimed at raising the voice and awareness of the citizen, with respect to regulation, was also launched and is being piloted in the Western Cape. A toll-free line for the general public has also been set up by the Department.

Based on concerns over the quality of domestic water supply at municipal level and also on the reliability of service provision, the Department began a phased roll-out of a DWQ Management system for WSAs. A process to formalise the Department's Water Services Monitoring and Evaluation Framework within the Sector also began. There are still a number of challenges related to improvement of drinking water quality management systems at local level and the Department is continuing to provide support to municipalities.

The implementation of Free Basic Water (FBW) services programme is ongoing, and approximately 97% of municipalities provided FBW translating to 74% of the total RSA population. About 15.4 million of the 23 million poor households i.e. those households with an income less than R 800/month receive FBW. It is important to note that the provision of this service is under threat unless there is an immediate intervention to resolve challenges related to the maintenance of existing infrastructure. Although the Department's provincial support units (PSUs) continued their support to municipalities with the implementation of the FBW policy, institutional and implementation capacity problems in many municipalities hampered any significant progress with the provision of FBW (especially to the poor) during the current reporting period.

The Department continues its programme to eradicate the bucket toilet system and replace it with more dignified and appropriate types of sanitation services. R400 million has been spent in the current financial year for the eradication of 71 747 bucket toilet systems (against an annual target of 80 000). Households are being provided with a level of service that varies from VIPs (Ventilated

Improved Pit Latrines) to full water-borne sanitation. The challenge ahead will be to eradicate the balance of about 118 000 bucket toilet systems in established settlements by the end of 2007. In this regard, the availability of bulk infrastructure and water resources has been a challenge. Significant lessons that have been learnt in the bucket eradication programme will be very useful to the sector as it moves towards meeting the 2008 and 2010 water and sanitation targets.

Health and Hygiene continues to be part of the Department's Water and Sanitation programme, and efforts are made to also embed this programme into the MIG projects implemented at municipal level. In the year under review, approximately 1,9 million people were made aware of the importance of good health and hygiene practices, through radio and print media. Health and Hygiene promotion is also incorporated into the Housing Programme now. The Departments of Health, Housing and the Department have developed a health and hygiene package that is part of Housing Customer Care programme.

The Department signed a Memorandum of Collaboration with 7 out of 9 provincial Departments of Education, through which a number of achievements have been made. A Public awareness and education programme has been successfully implemented in collaboration with the Department of Education and other sector stakeholders. This programme also incorporates water resource management and sanitation into the school curriculum for Grades R to 9. It has already reached 20 000 learners. In addition, Youth and Women Awards have been established, and aim at recognizing the role of women and youth in water and sanitation. Learners and schools receive cash prizes, computers, water pumps, bursaries, and international exposure in these awards.

Finally, 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 done through a consultative process with all the stakeholders. The final draft is awaiting approval by the Department of Health. It is also envisaged that pilot studies, undertaken during this financial year, will lead to the implementation of the HIV/AIDS strategy in the 2007/08 financial year.

3.3 Challenges

Whilst it is projected that bucket toilet systems will have been eradicated by the end of 2007, the achievement of universal access to basic water supply and sanitation within the targeted time frame will require a concerted and increased effort. Addressing the provision of water and sanitation facilities to schools and clinics is another area where specific attention is required.

The implementation of effective drinking water quality monitoring systems at municipal level remains a huge area of concern. This concern is further complicated by the limited human and technical resources to operate and manage the electronic drinking water quality management system that is being rolled out in order to rectify problems at municipal level.

The unavailability of sufficient technical expertise at municipal level continues to hamper effective implementation of institutional and infrastructure programmes. This is seen as the key contributing factor to the poor water services planning and to the existing slow pace of delivery in municipalities.

Linked to this challenge, is the unavailability of credible baseline information for planning at all levels, including monitoring and evaluation of service delivery. Sustainability of existing infrastructure is also emerging as a key challenge. This includes poor technology choices, poor integration of services, lack of trained staff for operation and maintenance, and also poor budgeting for post implementation costs. Asset management, water demand management and water conservation still require attention.

Limited integration of service delivery (especially the one related to alignment of sector and area planning) has also impacted on both sustainability and infrastructure development elements. The alignment of water resources and water services planning and (especially water services and housing development programmes), has hampered the eradication of bucket toilet systems, and water and sanitation backlogs in certain areas, especially urban settlements.

PROGRAMME 3: WATER SERVICES: KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Strategic Objective: To ensure that all people in South Africa have access to a functioning basic water supply facility

Outputs	Service Delivery Indicators	Actual Performance
Backlog reduced by a further 1,5 million people	Reliable sector reports indicating people served, measured against agreed KPIs	<ul style="list-style-type: none"> Backlogs were reduced by a further 1,25 million people.
At least R2 billion allocated to 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	<ul style="list-style-type: none"> MIG allocation for water and sanitation was R3,852 billion, which is 61.49% of total MIG allocation.
To 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	<ul style="list-style-type: none"> Participated in process but implementation capacity constraints within local government delayed roll out.
The Department monitors and supports municipalities to achieve targets	Regular reporting and assessment	<ul style="list-style-type: none"> Developed a comprehensive Local Government Support plan aligned to Department of Provincial and Local Government 5 year strategic agenda. Interviewed 155 WSAs and published 143 WSA Checklists (this programme was used as a tool to determine the ability of the WSAs to fulfil their legislative mandate). 80% of municipalities have municipal support plans which outline the interventions required to enable them to deliver the basic services. Deployed 21 engineers to provide hands-on support on the sanitation programme. Participated in Project Consolidate. Conducted Councillor Induction training for newly elected councillors. DWQ Management Electronic System developed and implemented – 2 068 sites monitored nationally. Hands-on support is provided to municipalities on drinking water quality. 55% of municipalities are providing monthly reports on DWQ.

Strategic Objective: To ensure that all people in South Africa have access to a basic sanitation facility

Outputs	Service Delivery Indicators	Actual Performance
Backlog reduced by a further 350 000 households per annum	Quarterly monitoring and evaluation reports to Water Services Functional Management Committee and biannual reports to Cabinet	<ul style="list-style-type: none"> About 305 000 households provided with basic sanitation. (incl. buckets) 8 clinics provided with water. 11 clinics provided with sanitation. Budget for eradication of schools sanitation backlog was allocated by NT and the remaining backlog will be eradicated by December 2008. 621 schools provided with sanitation facilities as at end September 2006.
At least R900 million per annum allocated in all government spheres to meet the basic sanitation needs of the country	Annual Exchequer Budget allocation and donor funding for Basic Sanitation Regular reporting and strategic assessment	<ul style="list-style-type: none"> R1,2 billion of MIG funds committed to sanitation funding for 2006/07.
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 sanitation projects according to MIG principles and National water services goals	<ul style="list-style-type: none"> Participated in process but implementation capacity constraints within local government delayed roll out.
Replace bucket toilet system of 80 000 households with appropriate sanitation using allocated funds of R400 million	Monthly National Sanitation Task Team (NSTT) and sector monitoring and evaluation reports	<ul style="list-style-type: none"> 71 747 bucket toilet systems eradicated, additional budget of R400 million was allocated for eradication of remaining backlog of 118 301 targeted for December 2007. Deployed 21 engineers to needy municipalities for the bucket toilet system eradication project. Revived functioning of National and District Sanitation Task Teams - sector plans and performance reports tabled. 27 698 bucket toilet systems eradicated in the Free State.

Strategic Objective: To ensure free basic water policy and free basic sanitation policy implemented in all water services authorities

Outputs	Service Delivery Indicators	Actual Performance
78% of population with access to Free Basic Water (FBW)	FBW reporting from municipalities and collated in the Departmental regions	<ul style="list-style-type: none"> 74.68% of total population served with FBW which is approximately to 37,49 million people. However the lack of basic infrastructure is limiting the provision of FBW to the neediest communities. The provision of infrastructure for the implementation of FBW was facilitated by the use of Chinese donor materials (water pipes and water meters). Chinese Development Aid grants, in the form of water supply pipes and water meters advanced the provision of potable water to indigent communities. To date 3,066km of pipes and 166,500 water meters were installed in provinces throughout South Africa.

Strategic Objective: To promote sanitation practices and minimise waterborne diseases and to ensure that all households with access to at least a basic sanitation facility know how to practice safe sanitation

Outputs	Service Delivery Indicators	Actual Performance
Better sanitation practices communicated to at least 300 000 households	<p>Official hygiene education sector KPIs agreed by the National Sanitation Task Team</p> <p>Health and hygiene strategy rolled out</p>	<ul style="list-style-type: none"> • Developed and launched National Health and Hygiene Strategy in collaboration with Department of Health. A comprehensive implementation plan is being developed which will be implemented in the next financial year. • Reached 515 261 households with health and hygiene education which is conducted through radio and door-to-door campaigns. • Rolled out WASH campaign.
60% eradication of school sanitation and water backlog	Number of schools served	<ul style="list-style-type: none"> • 621 schools provided with basic sanitation (for the period April to September 2006). • 324 schools provided with basic water (for the period April to September 2006).
Health and hygiene programmes incorporated into school curricula	Number of schools reached	<ul style="list-style-type: none"> • Integrated water, sanitation, health and hygiene into the school curriculum of grades R – 9. • Signed Memorandum of Collaboration with 7 out of 9 provincial departments of education. • Developed curriculum aligned educational resource materials for grades R – 9 as a tool that will enable educators to teach learners about water resource management, sanitation, health and hygiene and forestry. • Reached 20 000 learners through Baswa Le Meetse Award, and South African Youth Water Prize. Learners and schools received cash prizes, computers and water pumps, bursaries and international exposure.

Strategic Objective: To ensure Water Services Sector has a sound and enabling legislative and policy framework

Outputs	Service Delivery Indicators	Actual Performance
Water Services Amendment Bill tabled to Parliament	Amendment Bill available	<ul style="list-style-type: none"> Developed draft National Water Services Amendment bill.
Strategic Assessment of the Sector published	Strategic Assessment available	<ul style="list-style-type: none"> Developed Sector Performance Management Regulatory System for water services. Developed Sector Performance Report versus Strategic Framework for Water Services.
Policies, strategies and guidelines for implementation of Strategic Framework for Water Services (SFWS) identified, developed and aligned	Policies, strategies and guidelines available	<ul style="list-style-type: none"> Developed the Guideline for Provision of Basic Services on Private Land and piloted it to Cape Winelands and West Rand District Municipalities. Developed Draft Regulation Strategy. Developed tariff methodology. Seventh draft of raw water model contract drafted. National MoU seminar held; Co-ordination with Department of Agriculture. The MoU guideline still to be finalised.

Strategic Objective: To ensure an effective co-ordinated and organised Water Services Sector

Outputs	Service Delivery	Actual Performance
Provincial sector forums functioning with inter-departmental co-ordination and programme alignment	Stakeholder analysis surveys Membership reflective of sector Sector reports Water services Sector Leadership Group fulfilling its role	<ul style="list-style-type: none"> Established 9 Provincial Sector Forums composed of representatives from key sector partners. Developed 9 Provincial Water Sector Plans which respond to the key challenges identified by the sector. Secured donor funding for Masibambane 3 which will focus on water for growth and development as well as integrated water resource management. Intergovernmental Relations framework developed.

Strategic Objective: To establish and maintain an integrated and effective water services sector planning culture, process and systems

Outputs	Service Delivery Indicators	Actual Performance
Water Services Development Plan (WSDP) development, project planning and programmes in local government supported and water services business approach reflected	Status report on WSDPs submitted to and evaluated by the Department Appropriate project implementation lists secured	<ul style="list-style-type: none"> Reviewed 159 WSDPs which are used as a planning tool for WSAs.
Engage and support integrated socio-economic planning through Provincial Growth Development Strategy (PGDS), Integrated Development Plans (IDPs), Integrated Sustainable Rural Development Programme (ISRDP), Urban Renewal plans and inter-sectoral plans	Alignment with other planning initiatives (IDP, IRDP, UR Water Resource, etc.)	<ul style="list-style-type: none"> Participated in the IDP hearings.

Strategic Objective: To ensure performance and compliance via appropriate regulations and interventions

Outputs	Service Delivery Indicators	Actual Performance
National Water services Regulation and intervention strategies developed and implemented	Regulatory strategies approved	<ul style="list-style-type: none"> Developed draft Infrastructure Asset Management framework. Developed DWQ Management Monitoring System.
National compliance and monitoring reporting system developed and operational	Measurement against KPIs	<ul style="list-style-type: none"> 80% of WSAs supplied with DWQ Management Monitoring System. DWQ Regulation system 70% complete. Regional Performance Management System (RPMS) ready for roll out.
Appropriate regulatory interventions to ensure compliance effected	Report on improved compliance	<ul style="list-style-type: none"> Interacted with water boards to ensure compliance with Legislation and Corporate Governance principles. Established oversight framework for TCTA, Komati River Basin Water Authority and WRC; amended water board's guidelines to cover changing legislation. Implemented performance management system for Board Members.

Strategic Objective: To establish and maintain a National Information and Reporting system

Outputs	Service Delivery Indicators	Actual Performance
National Information and Reporting systems developed and operational	Key information accessible and key reports produced	<ul style="list-style-type: none"> Developed Framework Monitoring and Evaluation. Tariff system developed and implemented. Regulatory Performance Management System developed. DWQ Management Monitoring System implemented. Enhanced Water Services National Information System (WSNIS) website.

Strategic Objective: To promote water services knowledge sharing and ensure a knowledgeable sector

Outputs	Service Delivery Indicators	Actual Performance
Internal and external stakeholders informed of water services legislation, policies, programmes and sector challenges and achievements	<p>Campaigns held and plans, materials and reports developed</p> <p>Stakeholders reached</p> <p>Water Services Information Centre established</p>	<ul style="list-style-type: none"> Technical guidelines compiled and distributed. Web page established for technical innovation and technical guidance. Improved functionality of Centre. Technological options rollout prioritised for needy provinces with bucket sanitation backlog.
Water services knowledge network further developed by relevant sector partners with initial network operational	Water services Information shared amongst the sector	<ul style="list-style-type: none"> Developed and implemented Lessons learning project in collaboration with Water Information Network, where best practices are shared amongst municipalities, NGOs and the entire sector.

Strategic Objective: To support Water Services Institutions to become sustainable

Outputs	Service Delivery Indicators	Actual Performance
80% of Water Boards have favourable performance	Annual performance measured against set criteria, reports and business plans	<ul style="list-style-type: none"> Appraisal and evaluation process of annual reports and audited annual financial statements of water boards for 2006/07 financial year submitted to Minister for approval.
50% of Water Services Authorities (WSAs) functioning effectively	Annual reports by WSAs against WSDPs	<ul style="list-style-type: none"> Published By-laws model communicated and disseminated to all the Departmental Regions and Sector Stakeholders. Working in close partnership with regions to offer WSAs direct support. Finalising packaging of guidelines and tools for monitoring of effective functioning of WSAs. Analysed and reviewed Provincial Water Sector Plan (PWSP).
70% of Water Services Providers (WSPs) functioning effectively; 10% reduction of complaints	Annual Reports by WSPs against Business Plans and audits undertaken by the Department	<ul style="list-style-type: none"> Section 78 assessment of OR Tambo tender advertised in the Eastern Cape. Support to Ukhahlamba and Chris Hani District Municipality in place WSABP reviewed to encompass WSP in the final drafts for all WSAs. Business Plans for provisioning conducted. Developed WSP support implementation note in response to Sector Support Strategy.

Strategic Objective: To align and co-ordinate National Capacity Building, Training and Awareness programmes

Outputs	Service Delivery Indicators	Actual Performance
Overall water services support strategy aligned with Project Consolidate and agreed to by all key stakeholders	Water services support strategy in place for the sector	<ul style="list-style-type: none"> Joint National Water Services Sector Support Strategy developed and approved by Water Services Sector Leadership Group (WSSLG) in November 2006. Developed Sector Support Strategy. Developed skills development strategy.
Municipalities supported to access capacity-building grant funding	Funding accessed	<ul style="list-style-type: none"> Funding allocation determined from business plans.

Strategic Objective: To support a skills development strategy for the sector to ensure appropriately trained human resources

Outputs	Service Delivery Indicators	Actual Performance
Accelerated and expanded accredited training and education programmes to meet the needs of the sector	NQF compliance Unit standards in place Improved sector skills plan Number of municipal trainees	<ul style="list-style-type: none"> Developed Sector Skills Plan with Energy Sector Education and Training Authority (ESETA) – approved by the Director-General. Conducted councillor induction workshops in all nine regions.
Sector training and skills development needs addressed	Training and skills development provided	<ul style="list-style-type: none"> Needs analysis completed. In the process of developing training material.

Strategic Objective: To build the Organisational Development (OD) and Human Resource Development (HRD) of the Department's Water Services Programme to play its support role

Outputs	Service Delivery Indicators	Actual Performance
National Support Strategy for the Departmental Regions developed and implemented	Strategy approved, applied and implemented	<ul style="list-style-type: none"> Joint National Water Services Sector Support Strategy developed and approved by WSSLG in November 2006, including the training of Departmental staff through the Regional support Manager Training programme to be implemented in the 07/08 financial year. The Implementation of CM strategy Evaluation was completed in Limpopo. A draft support plan was developed for Mpumalanga province. A presentation on the draft Provincial Sector Support Implementation Plan was made to the MANCO meeting held in December 2006.
Key competencies defined for Departmental water services and staff training and re-skilling planned and 5% of personnel budget spent on training	Training programme approved	<ul style="list-style-type: none"> Restructuring planning done in Mpumalanga. In the Western Cape, Water Services (WS) personnel attended project management and financial management courses.

Strategic Objective: To ensure institutional reform for Water Services

Outputs	Service Delivery Indicators	Actual Performance
Institutional reform strategy approved	Strategy approved by Sector	<ul style="list-style-type: none"> The strategy was developed after consultation with other sector partners but not yet signed off as the technical Minister and Members of the Executive Council (MINMEC) committee of DPLG recommended that the strategy be tabled at MINMEC.
Reform commenced in targeted areas	Reformed institutional arrangements Lessons documented	<ul style="list-style-type: none"> Steering committees established and functioning well in Central Eastern Cape, Western Highveld and Southern Free State.

Strategic Objective: To facilitate and strengthen the efficiency and effectiveness of the Department as interim Water Services Provider

Outputs	Service Delivery Indicators	Actual Performance
Schemes scheduled for refurbishment rehabilitated to Joint Transfer Policy standards	Departmental Quarterly Refurbishment Progress reports	<ul style="list-style-type: none"> All transfer agreements in the Eastern Cape were signed. Transfer operation costs and refurbishment costs were paid to the affected municipality as per the Division of Revenue Act (DORA), 2006. The infrastructure that was transferred to Tshwane was refurbished. In the North West priorities were done for all the WSAs. Refurbishment project plans were submitted and are currently being evaluated.
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	<ul style="list-style-type: none"> Three Water Conservation and Water Demand Management (WC/WDM) projects were initiated for water loss to ensure cost recovery in the Eastern Cape. In Limpopo 3 WSAs developed cost recovery strategies. All money collected by the Department is transferred to WSAs.
Operation and maintenance plans for all water services works/schemes completed	Plans completed	<ul style="list-style-type: none"> All WSAs completed section 78 except OR Tambo which is revisiting it. Schemes transferred in KwaZulu-Natal.
Infrastructure maintained to 100% compliance in accordance with completed O&M plans	Annual audits against maintenance procedures	<ul style="list-style-type: none"> In Limpopo the alignment of policies and regulations is monitored.

Strategic Objective: To transfer the Departmental Water Services schemes to appropriate Water Service Institutions (WSIs)

Outputs	Service Delivery Indicators	Actual Performance
Agreed transfer policies implemented by stakeholders	Monitoring and evaluation	<ul style="list-style-type: none"> Implementation of MOA in Limpopo. Negotiations taking place with stakeholders in the North West. One Functional assessment in the Western Cape was not achieved and this had an impact on the Transfer Agreement of the other Community Water and Sanitation Services (CWSS) project.
Staff transferred in accordance with Transfer Implementation Plan	<p>Agreements with Bargaining Chamber and Unions on staff transfer issues and labour mechanisms</p> <p>Quarterly monitoring reports</p>	<ul style="list-style-type: none"> Framework agreement regulating transfer of employees to other institutions in terms of section 197 of the Labour Relations Act, 1995 (Act No. 66 of 1995) developed and adopted by Bargaining Chamber 7,463 staff was transferred from the Department to WSA water schemes. Quarterly reports are being submitted.
DoRA Framework for Water services operating and transfer subsidy accessed by WSAs	<p>DoRA framework Gazetted</p> <p>Quarterly reports on DoRA Framework agreements</p>	<ul style="list-style-type: none"> DoRA Framework for 2006/7 gazetted.

Outputs	Service Delivery Indicators	Actual Performance
Receiving WSIs are kept informed	Quarterly Reports against Communications Plan	<ul style="list-style-type: none"> Workshop with stakeholders in Limpopo successfully conducted.
Transfer of schemes progressively achieved	Transfer agreements approved by all parties	<ul style="list-style-type: none"> 53 (91%) Transfer Agreements concluded, representing 1 666 water schemes. The total asset value transferred is R5,932 billion, and the associated latest estimated refurbishment value is R843 million. 7 463 staff was transferred from the Department to WSA water schemes.

Strategic Objective: To ensure the effective operations and management of all schemes

Outputs	Service Delivery Indicators	Actual Performance
Policies and strategies for effective and sustainable operations and management of schemes developed	Policies and strategies	<ul style="list-style-type: none"> Developed Operations and Maintenance manual.
Progressive improvement of financial management for sustainable operations and management of schemes	Ring-fenced scheme accounts	<ul style="list-style-type: none"> A joint response team was appointed to provide support in the development of cost recovery plans.
Progressive improvement of asset management for sustainable operations and management of schemes	Maintenance expenditure and reliability KPIs	<ul style="list-style-type: none"> Ongoing.
Refurbishment strategies for sustainable operations and management of schemes developed and implemented	Refurbishment expenditure and reliability KPIs	<ul style="list-style-type: none"> Developed refurbishment plan for all schemes transferred.
Customer care practices developed and implemented on schemes	Customer complaints	<ul style="list-style-type: none"> WSAs were supported by providing Customer Care and motivational training. WSAs were provided with access to a One Stop Shop (OSS). WSAs were assisted to develop effective communications systems.
Performance assessment of operations and management of schemes developed and implemented (aligned with Monitoring and Evaluation (M&E) system)	Performance assessments	<ul style="list-style-type: none"> The WSAs are using the current Performance Assessment system of the WSAs.

Strategic Objective: To promote and support water services initiatives to achieve MDG and WSSD targets in Africa

Outputs	Service Delivery Indicators	Actual Performance
Develop a plan and programme for participation in activities to share knowledge, experiences and lessons with other developing countries especially in Africa	Millennium target progress reports	<ul style="list-style-type: none"> • Framework for engagement developed. • Established networks for Civil Society organisations in SADC. • Initiated a project on training of engineers and technicians in SADC region. Framework for prioritisation of needs has been developed. Established co-ordinating committee. • Initiated a Best Practice project in water sector. Developed a framework of engagement for 14 countries.
Inputs delivered to World Water Assessment and report published	Reporting Framework	<ul style="list-style-type: none"> • Participated in the development of World Water Assessment Report.
Proactive engagement with NEPAD and SADC water services initiatives	Involvement in SADC and NEPAD initiatives	<ul style="list-style-type: none"> • Developed concept paper on sustainable delivery of MDGs. • Established a co-ordinating committee.
Co-operation with and participation in international water services forums strengthened	Reports and feeding back of information and knowledge	<ul style="list-style-type: none"> • Ongoing.
Increased political commitment and resources for sanitation in Africa achieved	Participate in process to set target in Africa	<ul style="list-style-type: none"> • Not achieved.
Substantive contribution by RSA in identifying and prioritising projects and programmes on the continent as required by NEPAD Donor partners	Progress towards prioritised Africa water sector project and programming list	<ul style="list-style-type: none"> • Ongoing.

Part B: Programme 4 Forestry



4. PROGRAMME 4: FORESTRY

The Forestry Programme aims to promote the conservation and management of forests, woodlands and plantations and their commercial and community use, to achieve optimal and sustainable social and economic benefits.

The vision for Forestry is to create an enabling environment for economic and social development through sustainable forestry, especially at the local level. This involves a movement away from direct management, towards the development of policy, regulation, facilitation, monitoring and evaluation that will allow the Programme to focus on sustainability whilst the management of these assets is entrusted to other government management entities and communities. The forestry enterprise development programme, the planned expansion of the forest estate and the need to improve livelihoods through forestry-related enterprises, are the cornerstones of the Programme's activities.

4.1 State of the Forestry Sector

4.1.1 Natural Forest and Woodland Areas

Natural forests cover less than 1% of the country's land surface. They harbour 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 large contribution to the economy, primarily through eco-tourism ventures associated with these assets, an even greater contribution is made to livelihoods through the provision of fuel wood, building materials, food, natural medicines, craft raw materials and a host of other non-timber forest products.

Table 22: Natural Forest and Woodland Areas

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

Note¹:

- 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 was collected in the reporting period.

4.1.2 Indigenous forests

Table 23: Extent of Natural Forests Managed by the Department

Province	Number of State Forests	Area in Hectares
Eastern Cape	1 499	112 213
KwaZulu-Natal	7	16 138
Limpopo	16	10 550
Mpumalanga	15	16 491
Total	1 537	155 392

4.1.3 State owned commercial forests

Table 24: State Owned Commercial Forests (Area in Hectares)

Province	Pine	Gum	Other	Temporary unplanted areas (TUP)	Total
Eastern Cape (Matiwane East Griqualand)	3 788	5 896	940	5 404	16 028
Eastern Cape (Kei)	4 843	3 018	6 69	3 690	12 220
KwaZulu-Natal	8 870	9 237	9	6 832	24 948
Limpopo	170	3 613	-	444	4 227
Mpumalanga	474	1 433	-	65	1 972
North West	-	200	-	-	200
Total	18 145	23397	1618	16 435	59 595

4.1.4 Mountain catchment areas

Table 25: Mountain Catchment Areas

Province	Number of State Forests	Area in Hectares
Eastern Cape	19	326 027
KwaZulu-Natal	9	191 196
Limpopo	1	22 009
Total	29	539 232

4.1.5 Employment in state managed forestry operations

Table 26: Employment in State Managed Forestry Operations

	2005/06	2006/07
Number of Posts	7 802	7 802
Posts Filled	4 243	3 749
Vacancy Rate	45.6%	51.95%
Posts Additional	201	201

4.1.6 Plantation Forestry Production

Globally, South Africa has the highest proportion of its commercial plantations environmentally certified, with 82% 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 24 million cubic metres(m³) of commercial roundwood, worth more than R5 billion in 2006. In these forests, employment is provided for about 107 000 people, of which 69 556 are in formal employment, 13 274 are contract workers and 24 170 small growers.

4.1.7 Extent of emerging timber grower activity coverage in South Africa

Table 27: Outgrower Timber Schemes in South Africa

Company	No. of Growers	No. of Hectares	Average Hectares
SAPPI – Project Grow	9 810	15 000	1.5
Government supported projects	6 200	2 584	0.4
MONDI – Khulanathi	3 000	7 000	2.3
SAWGA – Phezukomkhono	2 860	4 560	1.6
NCT Forestry Coop	1 600	25 000	15.6
TWK Agriculture Ltd	500	1 800	3.6
Independent growers	200	809	4.0
Total	24 170	56 753	4.1

4.1.8 Extent and Ownership of Commercial Plantations

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 R16,123 billion in 2006. The extent and ownership of these plantations is shown in table 28.

Table 28: Extent and Ownership of Commercial Plantations

Extent Public Ha	Extent Private Ha	Total Ha	Sustainable Forestry Certification	Number of people directly employed in plantation sector
314 654	1 029 502	1 344 156	1 093 187	107 000

4.1.9 Afforestation

In recent years the rate of afforestation in South Africa has declined considerably due to a number of factors, such as the scarcity of suitable forestry land and the costs of obtaining a licence to plant timber. In this past year, however, due to the efforts of the Department in identifying potential areas with other affected departments and stakeholders the applications received for planting trees grew to 5 500 ha from just 800 ha in 2004.

The private sector was responsible for 99.2% of the reported afforestation. Of the newly afforested area 44.3% comprises areas planted with eucalyptus trees, 49% with softwoods and 6.7% with wattle trees.

4.1.10 Impact of Fire and Disease on Commercial Forestry Sector

Annually large plantations areas are lost to fire, climatic factors, insects and diseases which, in turn, has a negative impact on future log supply. Insect damage severely affected 17 135 ha of softwoods in 2005/2006, while only 3 619 ha was affected during the previous year. The increase in infection can be attributed to the Sirex wasp.

While 2 843 ha of temporary unplanted areas (TUP) were planted, the TUP increased due to the loss of 9 115 ha of plantations to fire.

4.1.11 Economic Contribution

The total value of reported sales of timber based products in 2005/06 amounted to R16,123 billion, which is an increase of 7.3% on the value of R15,025 billion

reported for the 2004/05 period. Wood pulp and paper products continued to dominate the industry, accounting for R6,891 billion or 42.7% of the industry. More than 63 000 people are employed in the wood processing sector.

Table 29: Value of Timber and Timber Product Sales (Millions of Rand)

Product	2003/04	2004/05	2005/06
Sawn and planed timber	2 098,30	2 251,89	2 280.3
Wooden poles	194,53	219,52	222.3
Mining timber	178,54	240,38	245.3
Wood-based panel products	906,73	926,48	934.5
Wood pulp, paper and paper products	8 857,58	6 819,94	6 891.1
Firewood	0,18	0,23	0.27
Wood chips	1 716,08	1 848,06	1 852.8
Mill residues	147,85	35,46	36.5
Charcoal	57,42	59,40	60.7
Other products	604,37	2 624,09	3 600.1
Total	14 814,88	15 025,49	16 123.8

The sale of timber for mining purposes experienced a decrease in the reporting period, due to a market preference to export chips to the Far East.

4.2 Programme Policy Developments

4.2.1 The Forestry Broad-based Black Economic Empowerment (BBBEE) Charter

During the past year, the Steering Committee tasked with the development of the BBBEE Charter for Forestry, together with the sub-sector working groups, held three sets of consultative workshops in several provinces to collate input for the Charter from a wide range of stakeholders. Separate workshops were held specifically for women, to ensure that their voices were heard in the process. The Steering Committee approved the Charter in March 2007 and recommended that it be launched for final stakeholder consultation and input from Parliamentary committees.

This Charter is a plan for both transformation, and growth and development of the Sector. The Charter is seen as a significant achievement in forestry, since it captures all the key national priorities for the sector, as identified in by Asgi-

SA, the Joint Initiative on Priority Skills Acquisition (JIPSA), and the last two State of the Nation addresses, which specifically called for a strategy for the forest, timber, and paper and pulp sectors. The Forestry Charter encapsulates detailed strategies that identify resources and roles for both government and the private sector to achieve objectives and targets.

4.2.2 Forestry Enterprise and Livelihood Development

Forestry Enterprise Development (FED) relates to the concept of using forests and forest-based resources as a vehicle for economic growth, as well as employment and socio-economic uplift that will take people from a subsistence livelihood system into a market economy. This concept is also central to Government's poverty eradication agenda and is a key component of BBBEE in the Forestry Sector. A number of initiatives have been taken by the Department in support of FED. These include 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.

Afforestation Guidelines and Development Protocols

Further progress was achieved in terms of afforestation, with the roles between the national Department and regional departments being clarified. Based on the Spatial Environmental Assessment (SEA) for areas in the Eastern Cape and KwaZulu-Natal regarding afforestation of 130 000 ha, the Department produced afforestation guidelines and development protocols.

Community Projects

The Department continues to support the establishment and support of community projects. An estimated R2-million from the Community Facilitation Fund has been spent in establishing community projects, which include bee-keeping (in partnership with the Agricultural Research Council) and medicinal nurseries (in partnership with various stakeholders). Studies were conducted to identify further FED opportunities in the following areas: bee-keeping and forage mapping in South Africa; and the potential of essential oils in enterprise development (still in progress).

A partnership was established and formalised with Gijima, KwaZulu-Natal, towards economic development and FED. Other partnerships discussions towards FED were held with LIBSA (Limpopo); Forestry South Africa, and Indigenous Knowledge Systems of South Africa.

Table 30: Projects Established or Supported by the Department

Type of Project	Region	Province	Other Stakeholders
Bee-keeping	Thathe Vondo	Limpopo	DANIDA/DST/ARC
	Gaba-Tshaulu	Limpopo	DANIDA/DST/ARC
	Umzimkulu	KZN	DANIDA/DST/ARC
	Mbazwana 1	KZN	DANIDA/DST/ARC
	Mbazwana 2	KZN	DANIDA/NDA/ARC
	Mount Coke	Eastern Cape	DANIDA/DST/ARC
	Sweet Honey	Eastern Cape	DANIDA/DST/ARC
	Piet Retief	Mpumalanga	DANIDA/NDA/ARC
	Tarlton	Gauteng	DANIDA/NDA/ARC
	Ramatlabama	North West	DANIDA/NDA/ARC
	Ficksburg	Free State	DANIDA/NDA/ARC
Medicinal Plant Nurseries	Sehlaré and Thulamahashe	Mpumalanga	DANIDA/AWARD
	George	Western Cape	DANIDA/CNC/DA
	Phindulwandle	Mpumalanga	Mpumalanga Parks Board
	Nqabara	Eastern Cape	DANIDA
	Izeleni	Eastern Cape	DANIDA
	Mentz	Limpopo	DANIDA
Community Nurseries	Bushbuck Ridge	Limpopo	DANIDA/ARC
	Modula qhoa	Free State	Botshabelo Community
Olive Tree Plantation	Bophirima: Vryburg	North West	FTFA
Wild Silk Worms	Bophirima: Ganyesa	North West	CSIR
Alien Invader Species – ‘Working for Water’ Programme	Bojanala: Hartbeespoort	North West	WFW
	Farleigh	Western Cape	Community
Guided Tours	Tsitsikamma	Western Cape	Vaaltyn
Tree Top Canopy Tours	Tsitsikamma	Western Cape	Storms River Adventure
Marula Products	Bushbuckridge	Mpumalanga	DANCED/com

Type of Project	Region	Province	Other Stakeholders
Timber Products	Makhulakacane	KZN	Sokhula Chieftaincy
	Vhembe Woodlots	Limpopo	Community
	Mooifontein Woodlots	North West	Community
	Soekmekaar Woodlots	Limpopo	LDA
Mushroom Collecting	Piet Retief	Mpumalanga	ARC
Fern Harvesting	Tsitsikamma	Eastern Cape	Community
Essential Oils	Piet Retief	Mpumalanga	Community

National Greening Strategy

The revised National Greening Strategy was approved by the Forestry Functional Management Committee (FFMC). The following regions were assisted to develop draft provincial greening strategies: Free State, KwaZulu-Natal, Mpumalanga and Limpopo. Municipalities were assisted to develop local authority greening plans and the programme will be piloted through the development of the greening strategy for Rustenburg Local Municipality which will be finalised during the next financial year. The 2010 Greening of Soweto has been supported with financial resources in order to make it a reality. This is a partnership between Johannesburg City Parks, the Department and other partners. A partnership with SANBI, “Greening the Nation”, will be concluded through an MoU early in the next financial year. The broader forestry greening programme will contribute to the readiness of South Africa to host the 2010 FIFA World Cup.

Forestry Sector Implementation Plan

The Department participated in DPLG/Integrated Development Plan (IDP) engagement sessions at national level, followed by provincial and district sessions, and bilateral meetings with District Municipalities to ensure that Forestry is included in the IDPs. Linked to this progress, a Forestry Sector Implementation Plan was drafted (and is currently being finalised) to assist Provincial and Local governments in the incorporation of Forestry into their planning processes.

4.2.3 Transfer of Assets

Plantation Transfers

Following an evaluation of the Department’s remaining plantations, initiatives were launched to:

- Convert the plantations into more viable forestry business packages; and
- Implement a strategy aimed at ensuring transferred packages that will contribute to social and economic development.

The transfer business model for Mbazwana and Manzengwenya received approval from local stakeholders and a transfer plan will be implemented in 2007/08.

The Department is committed to the transfer of its remaining plantations in a manner that recognises the role of the rightful owners of the land on which the forests have been established and the creation of viable forestry business opportunities. In this regard, it will navigate the transfers process with care, in partnership with businesses, communities and the Department of Land Affairs, to ensure the long-term sustainability of each project rather than simply reducing its obligations in the short-term.

Indigenous Forest Transfers

In terms of the National Forests Act, 1998 (Act No. 84 of 1998) the Department's policy objective is to decentralise the ongoing administration of natural forest areas 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. Some 98 000 ha at St Lucia was released during the course of 2006/07 for re-allocation to the DEAT and for incorporation into the Greater St Lucia Wetland Park.

Discussions took place regarding the transfer of functions affecting some 22 000 ha of natural veld and indigenous forest land areas in Limpopo. The partial transfer of functions to SANParks in the Southern Cape (through a delegation of 01 April 2005) will be finalised through assignment to DEAT during the course of 2007/08.

The following factors impact on the pace of implementing the transfer of management responsibility over natural forest areas:

- The transfer of some 980 officials affected by the relocation of functions to other entities. In some instances these transfers are government-to-government staff transfers, but in others they involve transfers to non-government entities where disparities in service benefits must be negotiated and resolved;
- 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 Forests Act, 1998 and

- The need to meet all legislative prescripts in terms of the form of the transfer documents.

The Department successfully completed the restructuring of non-forestry State Forest land in the Western Cape. This is land which neither has forests on it, nor is there an intention to plant trees on the land. Ministerial approval was granted for similar transfers in the Eastern Cape, in KwaZulu-Natal and in Mpumalanga with the transfer of functions over land that will be incorporated into the Blyde National Park.

A final report for the systematic planning of protected forest areas was produced for the first time in South Africa. This report identified all the indigenous forests which will require strict protection through the provisions listed in the National Forests Act, 1998.

4.2.4 Leases to Private Consortiums

Through the restructuring programme of the State, the Department entered into four commercial lease agreements. The Department ensures compliance with the leases by regular inspection. Table 30 shows the extent of land already leased to private consortiums made up of existing forestry role players and their empowerment partners as well as funds accrued through these agreements.

Table 31: Land Leased to Private Consortiums

No. of tenants	Extent (ha)	Rentals ¹
4	246 811	R100 039 823

Note¹:

- These lease rentals are being held in trust pending the clarification of tenure through the land reform process. Once the Department of Land Affairs has finalised the process, the money will be distributed to the identified beneficiaries.

4.2.5 Registration of Fire Protection Associations

In terms of the National Veld and Forest Fire Act, 1998 (Act No. 101 of 1998), the protection of life and property is a basic human need. Due to the high incidence of fires during extreme weather conditions in 2006 the Department made it a priority to ensure that the registration of Fire Protection Associations took place. Currently 80 Fire Protection Associations are registered and the Department has trained 150 stakeholders including Fire Protection Officers, Chief Fire Officers and local government officials.

4.2.6 The National Forests Act, 1998

The first amendment to the Act was passed in July 2001, followed by a further amendment in March 2006. The implementation and administration of the Act has been supported by the development of business processes and guidelines to ensure efficient implementation.

Training courses were developed to support both staff and other stakeholders involved in implementation of the Act. Improved Forest Officer training received particular attention and the existing Forest Officer training course was augmented with course materials from the National Prosecuting Authority and Justice College. Training on the Act was extended to Prosecutors and Magistrates to ensure greater understanding and appreciation of the challenges faced in the management, development and protection of forest resources.

The tariffs for forestry products and services were revised. The Champion Tree Programme was approved by the Minister, and a National List of 21 protected tree species was published in the Government Gazette in December 2006. The List was also published in newspapers and aired on various radio stations.

4.2.7 Promotion of Forestry

In order to raise the profile of Forestry, a number of initiatives were launched during the year. The Woodlands and Forest Symposium was held. The proceedings of the symposium are being finalised. Forestry career exhibitions were conducted through the SABC in all provinces, and school visits (for Grade 10 – 12 pupils) took place in regions. The Department participated in Forestry tertiary institutions' open days, and also participated in Edu Plant school programmes.

Implementation of specific programmes, such as Arbour Week and participation in the Arbour City awards, to promote tree planting and raise awareness around the importance of trees, forests and the sector, were managed.

4.2.8 International Engagements

In terms of international development and co-operation, the SADC Forestry Technical Committee was resuscitated resulting in a number of international visits. The UNFF process meetings were attended to prepare for United Nations Forum on Forests 7. The Department participated in UNFF initiatives such as the development of an International Code of Best Practice for planted forests, the Timber Working Group, Convention on Biological Diversity (CBD) reporting, United Nations Convention of Combating Desertification (UNCCD), African Forestry and Wildlife Commission (AFWC) and Forest Resources Assessment (FRA) 2010. Exploratory meetings were held with neighbouring SADC countries including Lesotho, Swaziland and Mozambique on the development of MoUs to combat cross-border fires.

4.3 CHALLENGES FACED BY FORESTRY

The major challenge which lies ahead for the Department is the implementation of the Forestry Charter since it includes numerous government commitments in terms of licensing for water use, fast tracking land reform, the transfer of the remaining government forestry assets and support to emerging historically disadvantaged individuals on skills, infrastructure development and access to finance. Most of these matters require co-operative governance and support.

Other challenges in terms of the successful implementation of the Charter relate to the management of its commercial plantations, especially in terms of fire fighting, attracting and retaining skilled staff and refurbishing these degraded assets.

South Africa's National Forestry Programme has been in need of review and approval was obtained to proceed. This is an immense task, which will require careful management and is likely to further stretch the already limited human resource base of the Forestry Programme.

PROGRAMME 4: FORESTRY: KEY OUTPUTS AND SERVICE DELIVERY TRENDS

Strategic Objective: To effect comprehensive policies and legislation that promote sustainable forest management

Outputs	Service Delivery Indicators	Actual Performance
Regulation of forest management with amendments as necessary	Regulations published in Government Gazette	<ul style="list-style-type: none"> • Draft Compliance and Enforcement Guidelines developed. Revised the National Forest Act course. • Drafted business processes for the implementation of various sections of the NFA e.g. licensing, fire regulation etc, especially where other departments and entities are involved in implementation. • Matrix developed showing linkages between international, national and provincial policies, legislation and strategies to best practice tools and guidelines developed in Forest Technical Information Services. • The Champion Tree list was published in the Government Gazette and the Management prescriptions for specific Champion Trees are in place. Technical review and evaluation of Protected Trees species List published. • Investigation of transgressions of NFA regarding protected trees. Thabazimbi case: samples of leadwood taken to assist prosecutor with case. Prosecution in progress. • Reached agreement with DEAT on approach to taking the National Environmental Management Biodiversity Act Regulations process forward in a manner that does not compromise NFA objectives. Comments on regulations obtained from Office of Chief State Law Advisor. • Two admissions of guilt fines issued in Northern Cape. • Impact assessments completed for two developments at Kathu. Approval received to declare Kathu forest a specially protected forest in accordance with NFA. • Successful prosecution in two cases in Douglas. • Revised Forestry Tariffs for new financial year. Developed Exemptions for sections 7 and 15 of the NFA. Consultation held with communities on exemptions. Submitted exemptions to National Forest Advisory Council for recommendation to Minister. • Business processes for administrative provisions in NFA developed.
	Licence applications processed according to agreed service standards	<ul style="list-style-type: none"> • Licensing business process implemented. • Licensing criteria and guidelines developed and approved. • Business Case for a forestry licensing database developed. • Business Analyst appointed to manage project and database development.
Implementation of White Paper review recommendations	Commission a review of the 1996 Forestry White Paper	<ul style="list-style-type: none"> • PSP was selected, appointment procedures in progress through Forestry and Agriculture Organisation. National Forest Plan (NFP) facility still to be finalised.

Outputs	Service Delivery Indicators	Actual Performance
Policy for provision of financial support through the NFA developed	Relevant policies approved by FFMC NFA Financial support policy approved by the Forestry Functional Management Committee (FFMC)	<ul style="list-style-type: none"> A Reference group was formed and some preliminary text was developed for discussion during the first meeting of the group. No further progress.

Strategic Objective: To establish systems and strategies for efficient and effective implementation of the National Forests Act, 1998 (Act No. 84 of 1998)

Outputs	Service Delivery Indicators	Actual Performance
Consultative National Forestry Plan that addresses Government imperatives agreed with the sector	Sector forestry development plan agreed and in place	<ul style="list-style-type: none"> Two consultants appointed and assigned to undertake projects on raising the profile/contribution of forestry in rural development and review the White Paper on Sustainable Forest Development in South Africa of 1996. Raising profile of Forestry (University Stellenbosch) Forestry and Poverty (Rhodes University)
Criteria, Indicators and Standards used as basis for oversight of the sector	Audit and management systems in operation and corrective actions implemented	<ul style="list-style-type: none"> Pilot auditing conducted using Criteria, Indicators and Standards Three pilot audits: Mathiwane East Griqualand - June 06; KZN - July 06; Limpopo - Sept.06. Training done on Criteria, Indicators and Standards: <ul style="list-style-type: none"> Submission for the appointment of a PSP to do the review of the Plan, Criteria, Indicators and Standards management framework. Initiated process on consultations to take the developing of minimum standards forward.
National Certification Initiative based on Criteria, Indicators and Standards launched	Draft minimum standards agreed with the sector	<ul style="list-style-type: none"> Participated in process of investigating and developing a National Initiative to develop minimum standards for Sustainable Forest Management (SFM) against the Criteria, Indicators and Standards. Addressed funding constraints in agreement with sector.

Outputs	Service Delivery Indicators	Actual Performance
Implementation and monitoring of NFA enforcement strategy	Recorded transgressions of the NFA	<ul style="list-style-type: none"> • Established a Compliance and Enforcement Co-ordinating Committee. • Task teams established for further development of enforcement operational specific plans. • Forest Officer course revised and piloted in four regions. • Convened task team to review final report on protected areas. • In process of investigating two cases for possible action one in Limpopo and one in Northwest. • Northern Cape four fines issued. • Eastern Cape/Western Cape four cases taken to court. • Eastern Cape/Western Cape four cases taken to court. <ul style="list-style-type: none"> – Gauteng: 3 – Free State: 19 – Northern Cape: 121 received, 8 turned down and 113 issued. – Limpopo: 36 – North West: 14 – Mpumalanga: 21 – Eastern Cape: 47 – Western Cape: Section 7 136 Applications received, 130 Site inspections undertaken, 129 Licences issued with conditions in prescribed time. – Section 15 680 Applications received, 505 Site inspections undertaken, 435 Licences issued with conditions. • 19 non-compliances with licence conditions found.
Implementation and monitoring of NFA enforcement strategy	Recorded transgressions of the NFA	<ul style="list-style-type: none"> • Held National Compliance and Enforcement Workshop. • Developed Framework for C&E Implementation Plan. • Developed Compliance and Enforcement Handbook. • Developed Transgressions Recording system. • Formal liaison with Prosecuting Authority, Justice College and DEAT Enforcement Directorate. • Compliance and Enforcement Policy presented to DEAT Environmental Management Inspectors, Prosecutors and Magistrates.

Outputs	Service Delivery Indicators	Actual Performance
Implementation and monitoring of NFA enforcement strategy	Ensure implementation of NFA	<ul style="list-style-type: none"> Organised and chaired the inter-governmental task team meeting on Co-operative Control of Development Affecting Natural Forests in KwaZulu-Natal, where the draft MoU and latest draft of the supporting guidelines were discussed. Assisted officials in several regions with advice on various cases relating to protected trees. Inputs on problem cases such as deforestation at Bloomberg in Limpopo. Assisted Northern Cape Region with inputs on impact assessment for two developments at Kathu. Produced forest map of area to give effect to special protection of Kathu forest.

Strategic Objective: To establish the appropriate competence for regulation of the forestry sector

Outputs	Service Delivery Indicators	Actual Performance
Training courses aligned to Forestry Skills Development Strategy	Relevant training courses for forestry training in place to suit the needs of the sector	<ul style="list-style-type: none"> Several courses implemented for all the regions – including the Geographical Information System (GIS), NFA, and induction course. The Department's Forest officer course is currently being up-dated and three pilot courses were rendered for the National office and the regions. The course is planned to go through NQF accreditation and unit standard alignment.
Forestry oversight function fully functional nationally and in clusters	Approved and filled Cluster Establishment for regulatory function	<ul style="list-style-type: none"> Draft organogram was prepared. One dedicated officer appointed in Free State.
Co-operative partnerships managed to support SFM, especially for small growers capacity	Number of co-operative partnerships supporting SFM FED, etc	<ul style="list-style-type: none"> Partnerships established with Limpopo Business Support Agency. Partnership with FSA (Emerging Growers).

Strategic Objective: To make available comprehensive information on forestry for promoting and monitoring sustainable forest management

Outputs	Service Delivery Indicators	Actual Performance
Forest Monitoring System in use	Updated forestry statistics	<ul style="list-style-type: none"> 2004/2005 commercial plantation statistics available on website. Abstract of South African Forestry Facts summarised in Z-fold.
2008 State of Forest Report initiated	2005 State of Forest Report tabled in Parliament	<ul style="list-style-type: none"> Draft 2005 reviewed presented to National Forest Advisory Council for comment. Report not completed. Process started for 2008 gathering of information.
Policy Research Framework implemented with the sector	A forestry sector research framework agreed with all stakeholders	<ul style="list-style-type: none"> Finalised Draft forestry sector research framework. Forest Science Technology and Innovation Strategy in process of development.

Outputs	Service Delivery	Actual Performance
Strategy to combat long-term timber supply shortages implemented in partnership with the sector	Alignment of long-range timber supply plan with forecasts	<ul style="list-style-type: none"> Stakeholder workshop was convened. Workshop report was circulated to participants in Nov/Dec 06. Study on experiences in Northern Europe to be conducted under the NFP Facility.
Forestry Profile raised	Number of Promotional Campaigns on Forestry	<ul style="list-style-type: none"> Latest forestry information regularly posted on Website and Resource Centre. Support to the Department Toll Free Line. Finalising proceedings from Forest and Woodlands symposium. Protected trees list posters done and distributed to the Regions. Developed additional small pamphlets requested by the Regions. Participation in Sabie Forest Fair. Forestry career exhibitions conducted through the SABC in all provinces. School visits conducted in regions for grade 10 -12. Participated in Forestry Tertiary institutions Open days. Participated in Edu Plant school programmes. Coverage on SABC Take 5 and radio station broadcasts for careers. More than 6 000 learners attended the launch of Arbor Week at the Johannesburg Zoo. The 2006 Arbor week celebrations ended on a high note when Minister Hendricks and Speaker of Parliament, Ms Baleka Mbete planted a tree in Parliament on the last day of Arbor week.

Strategic Objective: To engage in international processes that promote sustainable forest management (SFM), in particular SADC and NEPAD

Outputs	Service Delivery Indicators	Actual Performance
Co-operation and leadership within SADC	Regional collaboration on SFM studies	<ul style="list-style-type: none"> Provided technical support to SADC countries on systems and tools used in South Africa such as Criteria, Indicators and Standards, certification initiatives and Standard Operating Procedures. SADC Forestry Technical Committee resuscitated in March 2007.
Effective and active participation in UNFF, COFO, AFWC, Congo Basin partnership, UNCCD, UNCBD, UNCCC, AFLEG and NEPAD activities	UNFF and AFLEG Resolutions on sustainable forestry management in Africa	<ul style="list-style-type: none"> UNFF process meetings held to prepare for UNFF 7. Reported and participated in UNFF initiatives such as International Code of Best Practices for planted forests, Timber Working Group, CBD reporting, UNCCD, AFWC, FRA 2010.
Conclusion of bi-lateral agreements that support SFM	Technical exchange programme implemented	<ul style="list-style-type: none"> Visits to Brazil and Russia. Exploratory meetings held with neighbouring SADC countries on MoUs to combat cross-border fires.

Strategic Objective: To create an enabling environment for the sector to grow

Outputs	Service Delivery Indicators	Actual Performance
Priority areas with future afforestation potential identified	Phase 2 Eastern Cape SEA completed	<ul style="list-style-type: none"> Finalised SEA in Eastern Cape. Prepared maps to show forest resources for Premier of KZN. Started to identify afforestation potential in other provinces.
Afforestation promoted to support community empowerment	Set of afforestation potential maps	<ul style="list-style-type: none"> Afforestation maps produced for District Municipalities in WMA 12 (EC).
Streamlined processing of Stream Flow Reduction Activity licences supported	Reported levels of community-based afforestation	<ul style="list-style-type: none"> Eastern Cape government established Asgi-SA company to, inter alia, address afforestation. Applications received for 5 500 ha compared to 800 ha in 2005.
Appropriate structures established to support afforestation in National office and clusters	Time taken for processing Stream Flow Reduction Activity licences	<ul style="list-style-type: none"> Licence time decreased in Eastern Cape. Situation unchanged in KZN.
Sector growth strategy initiated in consultation with sector	Number of afforestation structures established Agreed sector growth strategy	<ul style="list-style-type: none"> A discussion paper on the sector has been produced and discussed internally. Forestry Transformation Charter, which captures strategies for the sector, agreed with stakeholders in March 2007.
Assist local and provincial authorities to incorporate forestry development into IDPs	Provincial Development Plans and District Integrated Development Plans incorporating forestry	<ul style="list-style-type: none"> PSP appointed and Sector plan to be finalised in first quarter of 07/08.
New strategic Forestry Enterprise Development (FED) partnerships identified and existing partnerships maintained	MoU in place with partners	<ul style="list-style-type: none"> Negotiated a new partnership with TWK. The MoU for FED intervention between LIBSA, the Department and FSA was approved by Legal Services. Gijima MoU sent to Legal Services for comments. Negotiated MoUs with Indigenous Knowledge Systems of South Africa and SANBI. Joint greening plan concluded with Department of Housing. A contribution to the development of the Bojanala District Municipality's greening strategy and the Soweto 2010 greening plan was made and donations of R100 000.00 in each case, was approved from the Department. Developed draft greening plans for Free State, KZN, Mpumalanga and Limpopo. FED targets and strategy agreed in Charter. FED fund to be established with support from NT.
Systems and framework in place to monitor FED in Forestry	Annual Status Reports on the Sector	<ul style="list-style-type: none"> Draft database in place and discussed with the regions. Monitoring system in place for Charter.

Strategic Objective: To increase equity for previously disadvantaged groups in the forestry sector

Outputs	Service Delivery Indicators	Actual Performance
Approved BBBEE charter developed and implemented in partnership with the sector	Compliance with BBBEE Charter	<ul style="list-style-type: none"> Chapter 6 of BBBEE charter finalised. Progress on BBBEE Charter User Guide and companion document. Consultation schedule for Indaba in May prepared. Liaison with DEAT and SANParks to participate in the Charter.
DTI and Department forestry growth and expansion initiatives implemented and linked to BBBEE charter	Forestry initiative findings incorporated into NFP	<ul style="list-style-type: none"> Forestry Transformation Charter with commitments by government and Industry sector agreed with stakeholders in March 2007. Charter incorporates DTI and Department's forestry growth and expansion initiatives. Recommendations received and accepted by stakeholders in Charter process. Roles for implementation agreed by stakeholders.
All existing and potential economic opportunities on state forests developed to contribute to BBBEE	Number of opportunities taken up by communities and PDIs	<ul style="list-style-type: none"> Completed Study on Bee-keeping potential. Developed business concept on eco-tourism potential at Ngome. Essential oils study to be finalised in first quarter of 2007/8. Baseline study on Amathole and Thathe Vondo forest completed.

Strategic Objective: To promote the livelihoods and service benefits of forestry in co-operation with other agencies

Outputs	Service Delivery Indicators	Actual Performance
Departmental responsibilities with respect to national wood energy strategy implemented	Extent of Departmental responsibilities executed according to strategy	<ul style="list-style-type: none"> Initiated evaluation of a pilot study on the contribution of Woodlands Rehabilitation. Produced an internal fuel wood discussion document.
Department's woodlands role implemented according to the policy	Extent of Departmental responsibilities executed according to policy	<ul style="list-style-type: none"> Advertised a Woodlands Specialist Ecologist post. One visit in the Gauteng Region related to Woodlands. Participated in the development of Agriculture policies on 'Wildlife Ranching' and 'Range and Forage Resources'. Fuel wood study in Gauteng: Phase 1 completed showing initial results of extent, second phase to start in 07/08.
Departmental responsibility with respect to livelihoods implemented	Extent of Departmental responsibilities executed according to policy	<ul style="list-style-type: none"> Produced discussion document on forestry livelihoods. PFM projects assessed in Limpopo and Mpumalanga.
Assist authorities to incorporate livelihoods and urban forestry into IDPs	Number of IDPs incorporating livelihoods and urban forestry	<ul style="list-style-type: none"> Supported KZN in the Growth and Development Summit engagement sessions. Forest-based livelihoods detailed in Forest Sector Implementation plan being finalised for incorporation of forestry in Provincial and Local government planning processes.

Strategic Objective: To support development through engagement in international processes and agreements, in particular through SADC and NEPAD

Outputs	Service Delivery Indicators	Actual Performance
The contribution of forestry to NEPAD and other international initiatives agreed	Number of international initiatives endorsed by the Department	<ul style="list-style-type: none"> SADC Forestry Technical Committee resuscitated in March 2007.
Conclusion of bilateral agreements that support forestry development	Number of ratified bilateral agreements	<ul style="list-style-type: none"> Exploring scope for forestry bi-lateral agreements with India, Brazil and Russia.

Strategic Objective: To ensure Fire Protection Agencies (FPAs) operate to reduce incidence of unplanned veld and forest fires

Outputs	Service Delivery Indicators	Actual Performance
Establishment of all FPAs in priority fire risk areas	Number of registered FPAs that report to the Department	<ul style="list-style-type: none"> Registered 80 FPAs. Compiled FPA Annual report (draft). Held meeting with Working on Fire to discuss the strengthening of FPAs through that programme.
Veld fire management strategies effectively implemented by FPAs	Number and impact of unplanned veld and forest fires	<ul style="list-style-type: none"> Registered FPA implementing fire management strategies. Conducted FPA performance assessments in NW and NC. Conducted M&E of 24 registered Fire protection Associations (Provinces visited: Northern Cape, Northwest, Eastern Cape, KwaZulu-Natal and Free State). Compiled a report on functioning of registered FPAs.
Capacity building for registered FPAs supported	Compliance of FPA with Business Plan and legislation	<ul style="list-style-type: none"> Approximately 150 Stakeholders including Fire Protection Officers, Chief Fire Officers and Local Government Officials trained. Approximately 70 prosecutors introduced to the Act.
Policy on financial support to FPAs developed	Approved FPA Support Policy	<ul style="list-style-type: none"> Draft policy discussed with DPLG and NT but approach disapproved. Communiqués sent to the South African Energy Services Institute and Fire Brigades Board to assist in the interim. As a long-term solution, the Department will be part of the committee to review Fire Brigades Services Act.

Strategic Objective: To establish systems and strategies for efficient and effective regulation of the National Veld and Forest Fire Act (NVFFA)

Outputs	Service Delivery Indicators	Actual Performance
National Veld Fire Information System in place to monitor and predict fire risk	National Veld Fire Information System Operational Fire Protection Associations Registration Management Systems operational	<ul style="list-style-type: none"> Linked with website and active. System improved and 50 users registered.
National Fire danger rating system implemented as early warning monitoring system	National Fire Danger Rating System Operational	<ul style="list-style-type: none"> The USA was visited to discuss technical problems. Technical report produced to identify problem areas. CIO office involvement requested relating to the National Fire Danger Rating System. All Fire Prohibition Notices were issued on time.
NVFFA compliance strategy implemented	Number of reported transgressions of the NVFFA	<ul style="list-style-type: none"> Held two information sessions with over 70 Prosecutors in collaboration with DEAT. Justice College briefed on the Act. 35 Fire Protection Officers and Chief Fire Officers trained. Evaluation of compliance with strategy in progress. Workshop held in May 2006. Law Enforcement Policy approved in October 06.

Strategic Objective: To manage co-operative governance partnerships to ensure prevention and management of veld and forest fires

Outputs	Service Delivery Indicators	Actual Performance
Partnership agreement with the South African Weather Services (SAWS) operational	MoU with SAWS concluded	<ul style="list-style-type: none"> MoU with SAWS signed and operational and National Fire Danger Rating System programmed. However, systems not live as yet due to problems encountered during the testing and validation phases.
Negotiations initiated regarding cross border fires	MoU on cross border fires	<ul style="list-style-type: none"> Several meetings aimed at concluding MoUs were held with: Mozambique, Swaziland and Lesotho. Draft MoUs prepared and discussed with the relevant countries. Date to meet Botswana and Namibia secured.

Strategic Objective: To establish sufficient competence for monitoring and enforcement of the NVFFA

Outputs	Service Delivery Indicators	Actual Performance
Gathering and analysis of annual statistical returns on fire provided by FPAs	Monthly reports published in quarterly Veld Fire bulletin and Annual Report	<ul style="list-style-type: none"> Information collected on fires. Annual reports received from 27 of the expected 47 FPAs. Draft annual report available for presentation to the Department's management.
Effective compliance with the requirements of the Act among all landowners in regions of High and Extreme wildfire risk	Extent of compliance with various requirements of NVFFA	<ul style="list-style-type: none"> Visits to FPAs serve as monitoring interventions and targets were achieved. Assessed 24 Fire Protection Associations and reports with recommendations were compiled.

Outputs	Service Delivery Indicators	Actual Performance
Capacity building for fire stakeholders	Relevant training courses for fire training in place to suit needs of the sector	<ul style="list-style-type: none"> • Three Forest Officer pilot courses were run in the regions and national Office • Trained 120 FPOs and CFOs • Reviewed the NFA Course which also contains issues relating to fire.

Strategic Objective: To promote fire awareness among stakeholders and public

Outputs	Service Delivery Indicators	Actual Performance
Communication and awareness strategy on NVFFA implemented	Number of fire campaigns implemented	<ul style="list-style-type: none"> • Communications Action Plan implemented mainly in the Western Cape during the fire season. • The following communication material was produced and distributed: Press release, Compliance and Enforcement Posters, Fire CDs, Newsletter, Mobile bill-boards, board games, two advertisements in Agri Magazine, Fire Act Booklet, radio advertisements, street-pole posters (W Cape), Fire Danger Index (FDI) cards, and FDI charts.

Strategic Objective: To create an enabling environment for transfers

Outputs	Service Delivery Indicators	Actual Performance
Cluster liaison structures in place for engagement with stakeholders	Liaison structures in place in all Departmental Clusters	<ul style="list-style-type: none"> • Developed draft framework for an implementation strategy for transfers.
Risk assessment for the enabling environment on transfers	Risk Assessment Report	<ul style="list-style-type: none"> • Financial risk assessment conducted for all remaining Category Bs and Cs and recommendations made for prioritisation of rehabilitation of those most suitable for transfer.

Strategic Objective: To transfer state forests to beneficiaries through appropriate vehicles or instruments that promote equity and empowerment at the local level

Outputs	Service Delivery Indicators	Actual Performance
Transfer plantation packages to communities and forestry enterprises according to approved transfer plan	<p>Number of opportunities taken up by communities and HDIs in State plantation forest</p> <p>National Implementation Strategy and management agency arrangement in place</p> <p>Concluded Stakeholder Agreement for transfer of Mbazwana and Manzengwenya</p>	<ul style="list-style-type: none"> Baseline information about affected nurseries collected to form the basis of a Terms of Reference for a PSP to develop a transfer strategy. Developed position paper on the future of Komati Land Forest and SAFCOL. Stakeholder Agreement endorsed by stakeholders.
Transfer the management responsibilities of the Department's remaining indigenous forests to new agencies according to approved transfer plan	<p>Delegation or assignment agreements in place with relevant agents</p> <p>Finalise release of land at St Lucia to KZN Wildlife</p>	<ul style="list-style-type: none"> Assignment agreement and presidential proclamations completed and submitted. Approved by Minister and letters sent to EC Premier. 98 000 ha released to the Ezemvelo KZN Wildlife.
Immediately available land rehabilitated and transferred	Land rehabilitation in terms of the set norms and standards (in hectares)	<ul style="list-style-type: none"> Rehabilitation performed in Southern and Western Cape. Land transfer to be done in 07/08.
State forest land not suitable for forestry de-proclaimed	De-proclamation Notices	<ul style="list-style-type: none"> Over 450 000 ha released to SANParks Management.

Strategic Objective: To provide for the effective administration and management of third party agreements

Outputs	Service Delivery Indicators	Actual Performance
Legal Mandate for management of State natural forest currently managed by Provinces monitored	Audited monitoring reports	<ul style="list-style-type: none"> Consultations with stakeholders (DEAT, SANParks, Cape Nature)
Level of continued regulation and support provided to new management agencies understood and implemented	Degree to which all relevant indicators and measures are being met by new management agencies	<ul style="list-style-type: none"> Consultations with stakeholders (DEAT, SANParks, Cape Nature)
Leased plantation forests and delegated/assigned natural forest managed in terms of the relevant agreement	Audit and management systems in operation and corrective actions implemented	<ul style="list-style-type: none"> Lease compliance audits done for medium-term objectives, Siyaghubeka Forests (SQF), Singisi and Amathole Forestry Company. Under-spending on operational costs for transport and accommodation noted. Meeting arranged with Amathole Forests Company (AFC) to resolve problems of non-compliance. Where other corrective action was required it was communicated to tenants.
Timeous payment of lease rentals to land beneficiaries	Distribution of rentals to beneficiaries in terms of agreed service standards	<ul style="list-style-type: none"> Not done. Rentals can only be paid once the Department of Land Affairs has identified the beneficiaries. Conducted regular follow-up with relevant Regional Land Claims Commission to ensure S42D settlement submissions.
Transfer aftercare responsibilities of the Department and DPE clarified	Approved aftercare policy	<ul style="list-style-type: none"> Roles clarified with DPE regarding those elements of post transfer for which they are responsible versus those of the Department.

Strategic Objective: To manage plantation forests effectively

Outputs	Service Delivery Indicators	Actual Performance
Ensure sustainable management of plantations	Audited Progress Reports approved by Forestry Functional Management Committee (FFMC)	<ul style="list-style-type: none"> Pilot self-audits using C+Is completed. Manual now in use.
20% decrease in temporary unplanted areas (TUP) by March 2007	Number of hectares of TUP	<ul style="list-style-type: none"> 2 843 ha or 18%.
Fire damage limited to a maximum of 1% of the Estate	Number of hectares damaged	<ul style="list-style-type: none"> 160 fires occurred damaging 9 115 ha or 20% of planted area.
Productivity increased by at least 5%	Percentage of productivity levels	<ul style="list-style-type: none"> Achieved set targets of 5%.
Management of state plantations in accordance with Criteria and Indicators (C&Is) for Sustainable Forest Management	Number of C&I Audit Queries addressed within agreed time periods	<ul style="list-style-type: none"> Self-audits were done in Mpumalanga on six Estates and in KZN on six Estates. Audits were done as mentoring exercises in Limpopo on two Estates, KZN on one Estate, in the Eastern Cape on two Estates and in North West on one Estate. Feedback was given on the audits and Corrective Action Requests discussed.

Strategic Objective: To ensure sustainable management of State indigenous forests in a participatory manner

Outputs	Service Delivery Indicators	Actual Performance
State natural forest managed according to criteria and indicators	Number of C&I Audit Queries addressed within agreed time periods	<ul style="list-style-type: none"> Two self-audits were done in KZN and Mpumalanga. Corrective Action Requests were noted for follow up.
Remaining State indigenous forests managed in a sustainable manner according to the Department's Protected Area System Plan	Number of hectares of forest type in formally protected areas	<ul style="list-style-type: none"> Research project (Forest sub-type classification,) started. Focus on Limpopo, KZN, and Eastern Cape. Report expected 2007/08.
Remaining State indigenous forests managed to optimise consumptive use	Number of licences provided for consumptive use	<ul style="list-style-type: none"> Issued 21 for Mpumalanga.

Part C: Report of the Audit Committee



REPORT OF THE AUDIT COMMITTEE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

AUDIT COMMITTEE MEMBERS

The Audit Committee comprises the following members:-

Messrs JA Boyd (Chairperson), WJ du Preez, KD Nkadameng and J. Sindane (Director General: DWAF).

During the year under review the Audit Committee held 4 meetings.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1) (a) of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) (as amended by Act No.29 of 1999) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter, and has attempted to discharge its responsibilities as contained therein.

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

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

INTERNAL CONTROL

Whilst the members of the Audit Committee believe that the system of internal controls largely covers organisational, financial and operating risks, control weakness are periodically identified during the Internal and External audit processes. The committee closely monitors management's actions to remedy these breaches.

RISK MANAGEMENT

The department has developed and approved a risk management strategy. This strategy is the foundation for a continuous risk assessment process and for managing monitoring of risks on an ongoing basis.

INTERNAL AUDITING

Internal auditing provides a supportive role to management and the Audit Committee to achieve their objectives by assisting in the management of risk within the department.

The internal audit department is responsible for independent and objective evaluation of the department's system of internal control at a detailed level and to bring any significant business risks and exposures to the attention of management and the committee through the provision of comprehensive internal audit reports.

MATTERS REQUIRING SPECIFIC MENTION

The committee notes with concern, the Auditor-General's Disclaimed Audit Opinions on the financial statements of the Water Trading Account, as well as the Qualified Audit Opinion of Vote 34. Management will be required to implement corrective measures to address the concerns raised by the Auditor-General that gave rise to the above-mentioned opinions.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



MR JA BOYD
DATE: 16 AUGUST 2007
Chairperson of the Audit Committee

Part D: Annual Financial Statements



PART D: ANNUAL FINANCIAL STATEMENTS OF THE DEPARTMENT OF WATER AFFAIRS AND FORESTRY FOR THE YEAR ENDED 31 MARCH 2007

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DEPARTMENT OF WATER AFFAIRS AND FORESTRY VOTE 34

REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2007

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

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1 Important policy decisions and strategic issues facing the Department

The Department of Water Affairs and Forestry (the Department) ensures that South Africa has reliable sources of water and sufficient forest resources for sustainable social and economic development. The Department's work supports job creation, poverty eradication, the protection of the environment, the provision of basic services, building the economy and the development of human resources.

The Department responds to critical issues regarding the management of water resources and the sustainable supply of water, sanitation and forestry services in ways that will contribute to the social and economic development of our people. Municipalities are at the centre of all of Government's efforts to improve the quality of life of all citizens and the Department will continue to support local government in all aspects of their work.

The Department's role is to create an environment in which local government is better able to fulfil its constitutional mandate and improve service delivery. There must be greater collaboration between the Department, the Department of Provincial and Local Government (DPLG), provincial departments responsible for local government, health, education, agriculture and housing and other sector departments to ensure an integrated and comprehensive approach to supporting local government in the spirit of the Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005). Project Consolidate forms the basis of this foundation and the Department will continue to work with the South African Local Government Association (SALGA) in developing joint policies and support programmes in order to respond to the needs of municipalities.

In terms of this support role the Department has developed a Water Services Authority (WSA) checklist, which is used to check the ability of each WSA to

fulfil its legislative mandate in regard to water services. The nature of problems experienced by municipalities requires that the Department is able to both respond to crisis situations and also to establish the needs of municipalities and provide support. The checklist helps to identify the type of support needed in order for the Department to deliver quality services and to provide proactive support. This action also supports programmes to ensure that water supply and sanitation targets are met.

As regulator, the Department must ensure that municipalities adhere to standards and will continue to ensure that drinking water quality monitoring programmes are improved. The quality of water, both supplied to consumers and waste discharged back into water resources, depends on the quality of the treatment facilities. Although the development of policy for water services infrastructure development is the Department's regulatory responsibility, the Department will continue to assist local government to improve their water services development plans and ensure that there is adequate planning for the management, operation, maintenance, refurbishment and upgrading of infrastructure.

Furthermore there is a need to assist municipalities understand other opportunities beyond water supply and sanitation, particularly in respect of the development opportunities in the water resources and forestry sectors.

The forestry sector has significant potential for rural development and job creation in underdeveloped areas. The Department has been working with other government departments to promote community-based afforestation in the Eastern Cape and KwaZulu-Natal. Limpopo has also identified forestry as a growth opportunity. The forestry sector charter, initiated in 2005, will further develop the opportunities for social and economic development and Broad-based Black Economic Empowerment (BBBEE). Most of the aims of the Charter need to be implemented at local level. The National Forests Act, 1998 makes provision for material and financial assistance to communities involved in or wanting to enter the forestry sector.

The process for the establishment of an agency to manage National Water Resources Infrastructure (NWRI) is under way. A fundamental principle in the National Water Resource Strategy (NWRS) is the involvement and participation of local people and institutions in the management of water resources. It is in this context that the Department is involved in the institutional reform process through the establishment of Catchment Management Agencies (CMAs) to ensure better management of water resources, equitable allocation and the efficient and cost-effective provision of water. This will enhance the involvement and empowerment of communities, and ensure greater efficiency

in the management of water resources. Given the central position of Local Government in the water supply chain, they will be supported to play a prominent role in the work of water resource management institutions.

The Human Resources Programme is one of the most important focus areas in the Department. The current service delivery gaps in human resources management present special strategic management challenges. In response to these challenges the Department has started with the implementation of a turnaround strategy which is fundamental to supporting the successful achievement of the strategic objectives of the Department.

The Department is addressing the problem of imminent technical skills shortage through the establishment of a Learning Academy which will be an incubator for critical skills development for the Department and the Sector. The desired impact of the Academy is to secure an adequate supply of relevant technical skills in engineering and science to meet the anticipated skills demand in the Department and the Sector.

At the regional and international level, the Department continues to implement existing bilateral and multilateral agreements to foster co-operation aimed at regional integration and development within the context of NEPAD and the strategic objective of contributing towards a better world.

1.1.1 Water services

The strategic framework for water services provides the overarching policy framework for the water services sector. Because of new developments, including an expanded definition of water services, the Water Services Act, 1997 is being reviewed and amended to modernise the regulatory framework. Strategies in support of the strategic framework are being developed and implemented. This includes the institutional reform of water service provision, regulatory and sector support strategies.

1.1.2 Strategic alignment and capacity building

Strategic alignment is critical to the functioning of the water services sector, which spans all three spheres of government and includes agencies and public entities. Water summits were held in all provinces to align the Department's planning processes with those of provincial departments and municipalities resulting in a joint needs analysis and the prioritising of activities like the emerging farmer projects in the Eastern Cape.

The Department's human resource development strategy aims to increase the number of people from previously disadvantaged communities acquiring technical skills in the water and forestry sectors in line with the progressive implementation of the 2025 capacity building strategy.

1.1.3 Restructuring programme

The restructuring programme separates the regulatory and implementation functions of the Department. All implementation functions will be devolved to the appropriate levels of government and service delivery entities. Significant progress has been made in the past two years with implementing the restructuring programme, in particular the transfer of Department-owned water services schemes and operations to water services authorities (municipalities). The expected 10-year timeframe for establishing fully operational catchment management agencies implies a continuous and long-term transition for the Department. The National Water Resources Infrastructure Agency is to take over national water resources infrastructure such as large dams, and interfacing transfer schemes will be established in 2008.

The Department continues to transfer the management of indigenous forests to appropriate institutions and carry out the necessary policy and regulatory functions for the sustainable management of all forest resources.

1.1.4 Water resource management

The effective management of water, a scarce resource in South Africa, is pivotal for equity in distribution and access. The Department is putting in place new institutional arrangements for water resource management which will be decentralised to regional and local levels for greater public participation and improved efficiencies.

1.1.5 Forestry

The Forestry Laws Amendment Act, 2005 (Act No. 35 of 2005) was promulgated by the President in March 2006. The amended act aims to extend the Minister's regulatory powers and to provide for criminal sanctions over the destruction of protected forests. The BBBEE forestry charter will be finalised in early 2007 and will further develop opportunities for social and economic development and BBBEE. The Department is also looking at how the forestry sector can create jobs.

1.2 Significant events that have taken place during the year

1.2.1 Universal access to water and sanitation services

Providing access to basic water and sanitation services is a core priority for the Department and the rate of delivery at local government level is a concern. In March 2006, 60% of the backlog in water services and 40% in sanitation had been eradicated. By December 2006, 10 million households had access to water services since the basic services programme began in 1994. In 2006/07, the Department concentrated its efforts on supporting local government by providing better technical assistance and revising the regulatory framework

to improve institutional efficiency under Project Consolidate. Setting up the National Water Resource Infrastructure Agency is being accelerated and the agency is due to be fully operational by April 2008. It will centralise the development and operation of the national water infrastructure to broaden access to water and sanitation services.

The Department will continue to implement the drinking water quality regulations to make sure that all South Africans have access to potable water.

1.2.2 Building the economy and creating jobs in the water and forestry sectors

The roll-out of the water allocation reform programme will result in water resources for productive purposes being transferred to historically disadvantaged communities as well as the promotion of BBBEE. Faster and less resource intensive water authorisation processes, which adhere to the full requirements of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003), will help sustainable economic and social development.

The completion and subsequent implementation of the BBBEE forestry charter should create an economically enabling environment for implementing the Forestry Enterprise Development (FED) programme. In support of the programme, the department has transferred forests to management agencies, developed an afforestation strategy, and included forestry as a key growth sector in provincial growth and development strategies. Rural livelihoods will be improved through forestry activities like the expansion of the forest estate and the economic benefits derived from timber and non-timber products.

1.2.3 Transforming the water and forestry sectors for improved service delivery

Separating the Department's regulatory and implementation functions will, over the next three years, improve governance and service delivery. The Department is currently setting up catchment management agencies and reforming existing water institutions as part of its 10-year restructuring plan. The three catchment management agencies that were set up in 2006 have contributed to localising the water resource management functions and improving public participation in the water sector.

1.2.4 Increased awareness of the challenges faced by Africa in the water sector

By participating in international events, such as the World Summit on Sustainable Development in 2002, the Department has drawn attention to the challenges and funding constraints faced by Africa in the water sector and created awareness in the international donor community of the need for

financing large scale infrastructure projects on the continent. The Department continues to further the aims and objectives of the New Partnership for Africa's Development (NEPAD) through its participation in the African Ministerial Council on Water, a technical committee of the African Union.

1.3 Comment on major projects undertaken or completed during the year

Spending on infrastructure is expected to increase from R801 million to R1.9 billion, driven by the additional allocations for: the Olifants River Water Resources Development Project (De Hoop Dam) and related bulk distribution infrastructure; the dam safety rehabilitation programme; and the initial financing of the National Water Resources Infrastructure Agency.

The funds for the implementation phase of the De Hoop Dam project will be fully provided for in the Department's budget development project. For subsequent phases, a portion of the funding will be provided from the financial markets, which will be determined together with commercial user costs. A similar arrangement will be applied for the Mokolo River water resources augmentation project, for which an estimated 75% of the estimated total cost of R1.9 billion will be attributable to commercial users. Funds to complete bulk rural water supply works, including the Inyaka water treatment works, the Nandoni water treatment works and the Hluhluwe Scheme, are to be fully provided from the National Revenue Fund.

Funding for new dams, such as the Nwamitwa Dam, the Mzimkulu Off-Channel Storage Dam and the Zalu Dam, intended to improve water supply to users, is fully provided for in existing baseline allocations. Funding for rehabilitating dams to ensure safety will continue throughout the MTEF period.

1.4 Spending trends

1.4.1 Reasons for under/(over) spending:

See notes to the Appropriation Statement.

1.4.2 Impact on programmes and service delivery

The delay in the commencement and finalisation of projects as well as delays in the transfer of staff to municipalities, due to the protracted nature of the negotiations, had minimal impacts on the overall service delivery of the Department as many of the programmes are multi-year programmes and no services were disrupted.

The following actions have been taken to eliminate the recurrence of under-spending:

- Intensified efforts to complete the Department's restructuring programme and fill key vacant positions;
- Ensuring that plans are timeously in place for the implementation of projects;
- Improved cash flow management; and
- Improved programme/project management.

2. SERVICES RENDERED BY THE DEPARTMENT

2.1 The following services are rendered by the Department:

The main services rendered by the Department are related to:

- Ensuring the availability of water at a national level to facilitate equitable and sustainable social and economic development;
- Ensuring the efficient supply of water services at a local level; and
- Promoting the sustainable management of forests.

2.2 Tariff policy

2.2.1 Water Resources:

The policy framework for water resources is laid down in chapter 5 of the National Water Act, 1998. The raw water pricing strategy was established on 12 November 1999 by a notice in the Government Gazette. The first revision of the pricing strategy has been completed and implemented by a Notice in the Government Gazette for implementation from April 2007.

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

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

The proposed pricing for waste discharges and return flows will be implemented after a money bill has been approved and relevant section of the National

Water Act 1994, is amended and dealt with in the revised pricing strategy.

2.2.2 Forestry:

Tariffs for the sale of forest products and for forestry services rendered by the Department are approved on an annual basis in terms section 55 of the National Forests Act, 1998 and Treasury regulations 7.3.1 and published in the local and national press.

2.3 Free services

2.3.1 Water resources

Schedule 1 of the National Water Act, 1998 states that the following uses need no authorisation and are thus not subject to pricing:

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

2.3.2 Other services:

Various technical and administrative support services were provided to water services and water resources institutions.

2.3.3 Inventories:

See notes to the financial statements.

3. CAPACITY CONSTRAINTS

The Department continues to lose skilled personnel mainly due to movements in the sector and the influences of the market on private sector salaries. This is a major impediment to the acceleration of service delivery and economic growth. Where the Department is unable to immediately recruit suitable staff, interim arrangements are made through secondments or the employment of professional service providers. The Department also has an agreement with the People's Republic of Cuba to second engineers to the Department to facilitate service delivery and undertake on-the-job training.

The Department has also initiated partnerships with the Tshwane University of Technology and the Universities of the Western Cape, Free State and Cape Town to develop learning interventions to improve the skills base of the Department. An education programme for school going learners is also being undertaken in partnership with Rand Water and the Water Research Commission.

The Department is addressing the problem of imminent technical skills shortage through the establishment of a Learning Academy which will be an incubator for critical skills development for the Department and the Sector. The desired impact of the Academy is to secure an adequate supply of relevant technical skills in engineering and science to meet the anticipated skills demand in the Department and the Sector.

4. UTILISATION OF DONOR FUNDS

During the 2006/07 financial year, donor funds were received to implement the Community Water Supply and Sanitation Programme (CWSS) through the Masibambane Programme. The details of the donor funds received are reflected in the notes to the Annual Financial Statements, Note 3, Annex 1N.

These funds were used for the following activities:

- The implementation of water and sanitation infrastructure projects;
- Capacity building and support to District and Local Municipalities, including Project Consolidate;
- Sector Collaboration and Support;
- General Mainstreaming, Environmental Management, Appropriate Technology, Civil Society Support and Communication;
- Programme Management Support;
- Support to SALGA and DPLG; and
- Sanitation awareness and acceleration.

5. TRADING ENTITIES/PUBLIC ENTITIES

5.1 Trading entities

The department previously operated the following two trading entities:

- Water trading account; and
- Equipment trading account.

5.1.1 Water trading account

This trading entity was established in terms of the old Exchequer Act, 1975 (Act No. 66 of 1975) and the Director-General is the Accounting Officer. The Equipment Trading Account has now been closed and consolidated with the Water Trading Account. The aim of this trading account is to develop and implement catchment management plans and manage, operate and maintain government water schemes, regional bulk water supply and water services infrastructure. Equipment for the construction and maintenance of Government Water Schemes is also provided from this account

5.2 Public entities

The following public entities report to the department.

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

The Trans-Caledon Tunnel Authority (TCTA) is a government owned liability management entity, established by the Minister in December 1986, initially to implement the South African portion of the Lesotho Highlands water project and to take over government's responsibility for long-term funding and risk management.

Subsequently, the TCTA's mandate was expanded to:

- Implement and finance the Berg water project;
- Implement and finance the Vaal River Eastern Sub-system Augmentation Project; (VRESAP)
- Provide treasury and financial advisory services to the Department of Water Affairs and Forestry and water management institutions, such as Umgeni; and
- Provide advisory and financial services on Phase II of the Olifants River Water Resources Development Project.

The creation of the National Water Resource Infrastructure Agency through the phased integration of the TCTA and the Department's infrastructure branch is expected to be completed in 2008.

In implementing its projects, the TCTA leverages private sector involvement, develops institutional arrangements for risk allocation, and ensures that all suppliers meet the required socio-economic objectives.

No grants are made to the authority as it is funded by income from the sale of water from the Vaal River system, and shortfalls in revenue are funded through commercial loans.

The long-term solvency of the authority is determined by its tariff methodology, income agreements and guarantees.

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

Functions

The strategic objective of the Water Research Commission, established in accordance with section 2 of the Water Research Act, 1971 (Act No. 34 of 1971), is to promote co-ordination, communication and co-operation in water research; to establish water research needs and priorities from a national perspective; to fund prioritised research, and to promote the effective transfer, dissemination and application of research findings.

The Water Research Commission has five key strategic areas, each providing an integrating framework for investment to address a portfolio of key water related needs: water resource management; water linked ecosystems; water use and waste management, water use in agriculture; and water centred knowledge. The areas allow for multidisciplinary studies and are focused on solving problems related to national needs and supporting society and the water sector. While each area is unique, all areas collectively cover the spectrum of strategically important water related topics.

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

Accountability arrangements

In terms of the Public Financial Management Act, 1999 the Minister of Water Affairs and Forestry is responsible for the approval of the Commission's budget.

5.2.3 Catchment Management Agencies (PFMA National Public Entity Schedule 3 – Part A)

Chapter 7 of the National Water Act, 1998 makes provision for the progressive establishment of catchment management agencies for delegating water resources management to the regional or catchment level and for involving local communities in decision making. The act requires the progressive development of a national water resources strategy that provides the framework for national water resources management and guides the establishment of catchment management agencies in defined water management areas. In addition, the act requires the progressive development of a catchment management strategy for each water management area by each catchment management agency. The agencies are service delivery agencies and are listed in the Public Finance Management Act, 1999 Schedule 3A, as they are established.

So far, the Inkomati Catchment Management Agency has been established and is operational, with a Governing Board, a Chief Executive and first line managers in place. The Department is negotiating the transfer of staff who perform agency functions from the Mpumalanga regional office to the agency. R3.5 million of seed and operational funds have been transferred for start up operations. In 2007/08, the agency will need an estimated R3.5 million supporting funding for operational costs.

The Mvoti to Umzimkulu, the Crocodile West Marico and the Breede catchment management agencies have been established and are expected to be operational in 2007/08. Seed and operational funds amounting to R9 million need to be transferred to these agencies in 2006/07.

Agencies have been established in the Thukela, Usutu to Mhlathuze, Gouritz and Olifants-Doorn water management areas. Processes to nominate the governing boards will begin in 2007/08 and appointments are expected before the end of the year. Requirements for financial support would need to be met in 2008/09.

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

Functions

Water Boards that report to the Minister have been established. The Boards manage water services in their supply areas and provide potable water at cost effective prices. There are currently 15 Boards. They have been set up as financially independent institutions, in terms of section 34(1) of the Water Services Act, 1997 and must aim to be financially viable.

The objectives of new policy on Water Boards are to increase their representivity, to rationalise their areas of service and subsequently reunify services, and eventually to extend the mandate of Water Boards to provide a second tier water utility framework over most of South Africa. This tier would be primarily responsible for supplying treated bulk water on a commercial basis.

The impact of the Boards' financial performance on the Department has been limited. Apart from providing seed funding for some of the newly formed Boards and operating subsidies where they have undertaken specific functions on behalf of the Department, financial assistance is only given in exceptional circumstances. The following Water Boards are subsidised for operations and maintenance costs: Botshelo Water, Magalies Water, Sedibeng Water, Bushbuckridge Water and Lepelle Northern Water. These Boards operate water schemes on behalf of the Department in mostly rural areas, which still have to be transferred to municipalities. The Department is providing management funding to Ikangala Water Board.

To be financially independent, the Water Boards are required to: repay and service their debts; recover their capital, operational and maintenance costs; make reasonable provision for depreciation of assets; recover the costs of the repayment of capital from revenues over time; and make reasonable provision for future capital requirements and expansions. The individual Water Boards are listed in the table below.

Water Boards

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

Accountability arrangements

The Water Boards were established in terms of the Water Act, 1956 (Act No. 54 of 1956) and the Water Services Act, 1997.

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

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

In furtherance of the regulatory requirements, the Department monitors governance of Water Boards. The Act requires the Minister to consider the need for representation of Water Services Authorities, other interest groups and expertise required on the Board when appointing members to the Board. The primary purpose of the Board is to govern the institution and to ensure the Water Board's compliance with the Act, and to promote and ensure that the Water Board's business plan and policy statement are implemented (section 38(1)).

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

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

Water Boards have been set up to be financially independent institutions. In terms of section 34(1) of the Water Services Act, 1997 Water Boards must strive, amongst others, to be financially viable. In this respect, they are required to repay and service their debts; recover their capital, operational and maintenance costs; make reasonable provision for depreciation of assets; recover the costs associated with the repayment of capital from revenues over time; and make reasonable provision for future capital requirements and expansions.

In terms of the Public Finance Management Act, 1999, the Minister of Water Affairs and Forestry is responsible for the approval of the budgets of the Water Boards.

5.3 Other entities

Although these entities are active in the water and forestry sectors they are not public entities which report to the Minister of Water Affairs and Forestry.

5.3.1 Komati River Basin Water Authority:

The Komati River Basin Water Authority is a statutory body established in terms of the treaty on water resources of the Komati River basin entered into between South Africa and Swaziland. It is governed by the Joint Water Commission, whose members are officials from both governments.

The Komati River Basin Water Authority was responsible for financing, building, operating and maintaining the water resources infrastructure in the Nkomati River basin, comprising the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland, with ancillary works.

The construction of Driekoppies Dam was secured through a loan of R488.4 million from the Development Bank of South Africa, which bears interest of 10% a year, payable biannually in arrears. The capital is payable in 40 equal biannual instalments from March 2001. The liability is secured by a 100% guarantee from the South African government.

The loan of R165 million, structured by a promissory note as agreed by the South African and Swazi governments, is an additional facility to complete the Maguga Dam. It bears interest of 13.1% a year, payable biannually in arrears. The capital and interest are repayable in 30 biannual instalments from June 2002. The liability is fully guaranteed by the South African government. The Swazi government guarantees 40% per cent of the loan to South Africa.

5.3.2 Irrigation Boards and Water User Associations:

Water User Associations are established in terms of chapter 8 of the National Water Act, 1998 for localised users to manage their water use jointly and in a more integrated way. The act requires that all irrigation boards formed under previous legislation must transform into Water User Associations.

In terms of sections 61 and 62 of the Act, the new policy framework for financial assistance to water management institutions for irrigated agricultural development aims to promote initial access to irrigated agriculture, and to improve sustainable irrigation development by subsidising emerging farmers.

Currently, all irrigation boards are in the process of being transformed into Water User Associations. Due to the difficulties of the required stakeholder consultations, as well as to various policy adjustments, the process has been delayed considerably. Of the 279 irrigation boards, some 68 have been transformed into 38 Water User Associations. A further 23 new Water User Associations have been established, most of which are focused on emerging farmers.

In 2005/06, nine Water User Associations were established, six of which were new and three transformed from irrigation boards. The new associations are: Spruit River and Houdenbeks River, Western Cape; Nzhelele, Mutale and Mutshimbwe, Limpopo; and uPhongolo Dam, KwaZulu-Natal. The Western Cape associations include commercial and resource-poor farmers, while the Limpopo associations are made up of resource-poor farmers only. The transformed irrigation boards are Vanwyksdorp and Groenland, Western Cape, and Umlaas, KwaZulu-Natal. All three include resource-poor farmers, and local government is represented on all three management committees.

There are presently a number of Water User Associations using government guaranteed loans with a total value of R300 million. The majority are servicing their debt without threatening the sustainability of their cash flows.

5.3.3 National Forest Recreation and Access Trust:

The object of the National Forest Recreation and Access Trust is to promote access to and the use of forests for recreation, education, culture or spiritual fulfilment. In terms of section 4(2) of the National Forests Act, 1998, the Minister is the sole trustee of the Trust. The only source of revenue for the Trust is interest earnings.

6. ORGANISATIONS TO WHICH TRANSFER PAYMENTS WERE MADE

All entities to which transfer payments have been made are reflected in the notes to the Annual Financial Statements, Note 8, Annex 1E,1F, 1G, 1I, 1J 1K and 1L.

6.1 Reasons for Transfer Payments

6.1.1 Grants to Municipalities:

Transfer payments are made to municipalities in accordance with the water services operating and transfer subsidy, which is intended to subsidise the operation and maintenance of water schemes owned and/or operated by the Department or by other agencies on behalf of the Department.

Accountability Arrangements

Funds are transferred on the basis of a "Transfer Agreement" (contract between the Department and the receiving institution). The transfer agreement is intended to ensure the effective and sustainable delivery of infrastructure in accordance with the required accountability aspects of the Public Finance Management Act and the Division of Revenue Act, 2006 (Act No. 2 of 2006).

6.1.2 Departmental Agencies and Accounts: Impala Water User Association (WUA)

The Department had to pay shortfalls in instalment repayments as a result of some members of Impala WUA refusing to pay their instalments on a loan taken from Rand Merchant Bank. The loan is guaranteed by the Department for an amount of R150 million. The basis of their refusal is a challenge to the National Water Act, 1998. The case will be heard in the Court of Appeal during November 2006. Also included in the above amount paid is an amount of R553 104, which is the Department's contribution to cover its agreed portion of the legal cost for the various court actions.

6.1.3 Other transfers: Trading Accounts

The Water Trading Account operates within the Department and any losses must be made good from the Exchequer as an augmentation.

7. PUBLIC/PRIVATE PARTNERSHIPS (PPPs)

Work has been done on establishing value added industries through a public private partnership (PPP) for the harvesting of invasive alien plants in order to recover some of the costs of clearing, while at the same time creating jobs over and above the ones created by the clearing operations. The project is aimed at the clearing of invasive alien plants from the coastal plains of the Eastern and Western Cape.

A framework has been prepared to guide the establishment of PPPs regarding the use of State owned dams.

8. CORPORATE GOVERNANCE ARRANGEMENTS

8.1 Risk management approach

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

8.2 Fraud prevention policies

The Fraud Prevention Plan (September 2005), which is a key element of effective and efficient internal control systems, has been developed and is being implemented in the Department.

8.3 Effectiveness of internal audit and audit committee

The Directorate: Internal Audit conducts its activities in accordance with the standards as laid down by the Institute of Internal Auditors. It provides assurance to management that internal controls are effective and that the identified risks are properly managed. The Audit Committee is functioning effectively. Members of the Audit Committee were appointed in terms of the Public Finance Management Act, 1999 and are discharging their duties in accordance with the prescribed policies.

8.4 Other governance structures, including management processes to minimise conflict of interest:

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

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

8.5 Implementation of the code of conduct:

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

8.6 Safety, health and environment issues facing the organisation:

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

9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The process of transferring water services to water services institutions is nearing completion with the majority of transfer agreements in place. Operational responsibility transfers to the municipalities in terms of a transfer agreement and the operating subsidy will eventually be phased out by 2011/12. Most of these were inherited from the previous homelands.

The Department is in the process of transferring government irrigation water schemes to Water User Associations. Once this process is complete the Department will no longer be responsible for managing such schemes but will retain oversight over their operations where the WUAs are managing state-owned infrastructure.

10. NEW/PROPOSED ACTIVITIES

10.1 Water Resources

The water allocation reform programme was formally launched in April 2005. A public consultation process was followed on the approach to implementation,

and the process of linking the programme with complementary programmes in the Departments of Agriculture (agricultural support) and Land Affairs (land redistribution) was begun. Tools to facilitate water allocation and planning are being developed, and regional implementation plans are being compiled.

The process of validating registered water use has continued, focusing on catchment management areas scheduled for the piloting of the water allocation reform programme. Validation of registered water use was completed in the Inkomati, Olifants and Upper Vaal water management areas, and in the catchments of the Mhlathuze, Jan Dissels (Olifants-Doring), and Mokolo (Limpopo) rivers. The verification of claimed existing lawful use is in progress in all of these catchments areas. The development of draft allocation plans for the Umhlathuze catchment area and the Inkomati water management area has begun and should be completed by the end of 2007/08.

Approximately 150 cases of unlawful water use were dealt with, a number of directives issued, and prosecutions and other appropriate enforcement actions undertaken in the Free State, Western Cape, North West and Northern Cape.

The proposed revision of the 1999 water pricing strategy was completed, and the revised strategy approved by the Minister of Finance. The revised strategy will replace the current one at the beginning of 2007/8.

Between April and December 2006, 244 water use licences were issued for abstracting, impeding or diverting the flow of water in a watercourse and for afforestation, compared to 254 in 2005/06.

Support to resource-poor farmers took the form of rehabilitating irrigation schemes in Eastern Cape, subsidising operation and maintenance costs in KwaZulu-Natal, Northern Cape and Western Cape, and constructing rainwater harvesting tanks in 26 villages in four provinces.

Water conservation and demand management initiatives were undertaken in a number of municipalities, including support for developing and implementing water conservation and water demand management business plans by: Emfuleni Local Municipality, the City of Johannesburg, Ekurhuleni Metro, City of Tshwane and Mogale City (Gauteng); Matjhabeng (Free State); Lephalale Local Municipality (Limpopo); and under way in Umkhanyakude and Zululand district municipalities (KwaZulu-Natal). Regulations for water conservation and water demand management and a water use efficiency information system are currently being implemented to regulate the inefficient use of water and provide monitoring information. This is being done in every province and for all water management area levels.

The Department continued to provide temporary employment through the poverty alleviation programmes. From 1 April to 31 December 2006 it provided:

- Working for Water: 20 422 people, 1 401 974 person days, including about 100 000 training days
- Working on Fire: 1 550 people; 243 273 person days, including 69 339 training days
- Working for Wetlands: 2 186 people; 17 419 person days, including 17 022 training days.

A number of multi-year planning studies have started, including four to develop water management strategies for four large metropolitan areas – Cape Town, greater Johannesburg, Johannesburg-Pretoria, and Buffalo City. Measures to improve the management of the lower Orange River system are being investigated in partnership with Namibia.

The coverage of the National Microbial and Eutrophication Monitoring Programme was extended and designs for radiological, toxicological and sediment monitoring programmes are under way.

The first ministerial meeting of the Orange-Senqu River Commission (involving Botswana, Lesotho, Namibia and South Africa, which all share the Orange River) was held in Lesotho in September 2005. In August 2006, South Africa agreed to host the commission secretariat. 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.

Cabinet approved the establishment of the National Water Resources Infrastructure Agency in 2005, and the Department is drafting the enabling legislation – the National Water Resources Infrastructure Agency Limited Bill. As an interim measure, a new national water resource infrastructure branch was established in the Department.

The Governing Board and Chief Executive Officer for the Inkomati Catchment Management Agency were appointed. Three other agencies (in the Breede, Crocodile West/Marico and Mvoti-Mzimkulu water management areas) have been established.

The Nandoni water treatment works is 75% completed. Implementation and funding agreements have been concluded with the TCTA for the Berg water project and the Vaal River eastern sub-system augmentation project to increase

water supplies to Eskom and Sasol. The construction of the Berg River Dam is 67% complete and due to be finished by the end of 2007 at an estimated cost of R1.6 billion.

10.2 Water Services

Implementation of the strategic framework for water services, as approved by Cabinet in 2003, continues. Various strategies, including those on institutional reform, regulation and support are being developed. The drafting process of the National Water Services Bill, which replaces the Water Services Act, 1997 has begun.

A comprehensive strategy for support to the water sector was developed and approved in 2006/07. The strategy aims to increase the skills pool in the water sector and improve the capacity, systems and procedures of water services authorities to progressively ensure efficient, economical and sustainable access to water services for all consumers.

The regulatory strategy is likely to be approved early in 2007. Although the strategy is still in draft format, drinking water quality regulations are being implemented and some progress has also been made with developing economic and contract regulations. When implemented, the strategy will regulate and support local government and other water services institutions. An institutional reform framework for water service institutions is also being developed, and agreement on an implementation strategy has been reached with sector stakeholders. Final approval should be given in 2007.

As part of its general support strategy, the Department provides continued support to municipalities through capacity building interventions, research, technical assistance and sectoral co-ordination. It has also provided direct assistance to local governments in crisis by developing turnaround plans in conjunction with municipalities and their water service providers.

A strategic assessment of the water sector was initiated to identify strengths, weaknesses and future strategic direction, and the municipal guidelines on ensuring water services to residents on privately owned land was completed.

With the Department of Health, the Department worked on a project to develop a national health and hygiene strategy for water and sanitation services. This was done through a consultative process with all stakeholders. The final draft is awaiting approval by the Department of Health.

The Department is responsible for monitoring the compliance of Water Boards with prescribed legislation, and over the past year, the Department has invested in improving its monitoring and oversight capacity. It launched initiatives to provide financial and technical assistance to Water Boards experiencing difficulties. A major challenge is making sure that Water Boards enter into appropriate long-term service level agreements with their customers, as required by section 78 of the Local Government: Municipal Structures Amendment Act, 2000 (Act No. 33 of 2000).

The Department has continued to support municipalities in delivering basic water and sanitation services, focusing mainly on project and programme management support, drinking water quality management, planning, and information management. Project Consolidate has been used as a vehicle for support to local government, and through this initiative engineers and other technical experts have been deployed and seconded to municipalities to help with service delivery.

10.3 Forestry

Cabinet decided to hold back on the privatisation of Komatiland Forests for the foreseeable future. The Department, together with the Departments of Public Enterprises, Land Affairs and National Treasury, and the South African Forestry Company Limited (SAFCOL), as sole shareholder in Komatiland Forests, agreed to a forestry lease transaction between the state, represented by the Department, and Komatiland Forests. The agreement will pave the way for the payment of lease rentals by Komatiland Forests to the state, which will then be made available to land claimant communities upon the successful settlement of their claims. It is expected that the lease will start in January 2008.

The Department approved the policy that guides category B and C plantation transfers. The plantations are packaged into economic business units before transfer. Planning for the transfer of several plantations in Limpopo, Mpumalanga and KwaZulu-Natal has been completed. Specific attention is being given to the transfer of Injaka Plantation in Mpumalanga due to the imminent settlement of two land claims over the state forest areas.

Over 420 000 hectares of mountain catchments, previously designated as state forest land, have been released for transfer to Western Cape in 2006/07, with another 98 000 hectares of coastal grassland and forest areas at St Lucia for transfer and incorporation into the Department of Environmental Affairs and Tourism's Isimangaliso Wetland Park Authority. The Department is at an advanced stage of negotiations with provincial governments about transferring some 144 000 hectares of indigenous forests to Eastern Cape, KwaZulu-Natal

and Mpumalanga. It is expected that an additional 10 000 hectares will be transferred to Limpopo in 2007/08.

Major achievements of the forestry programme included the passing of the Forestry and Fire Laws Amendment Bill by Parliament, developing guidelines supporting the National Forests Act's licensing provisions, approval and development of a compliance and enforcement policy, and finalising the national forest programme framework. A national list of protected tree species and a list of champion trees were approved by the Minister, gazetted, and publicised in the media.

The sustainable management of state plantations is continuing in preparation for the transfer to other beneficiaries. Numerous and extensive fires on plantations, particularly in KwaZulu-Natal, have necessitated extraordinary marketing of affected timber resources. Also of strategic importance is the reduction of temporary unplanted areas, which has continued subject to available resources and favourable weather conditions.

The BBBEE Forestry Charter has been completed and agreed upon with the sector and will be finalised in early 2007. This is the most significant achievement in forestry, since it captures all the key national priorities for the sector, as identified in the Accelerated and Shared Growth Initiative for South Africa (Asgi-SA), the Joint Initiative on Priority Skills Acquisition (JIPSA), and the last two State of the Nation addresses, which specifically called for a strategy for the forest, timber, and paper and pulp sectors.

A strategic environmental assessment was prepared for water management area 12, which includes most of the afforestable land in the Eastern Cape. The assessment identified at least 100 000 hectares of land which could be afforested sustainably, taking into account environmental, economic and social opportunities and constraints. Strategic interventions will facilitate this development including: commissioning a biodiversity plan for the province; close monitoring and management of the afforestation licensing process; establishing a special purpose vehicle (Asgi-SA Eastern Cape (Pty) Ltd) to drive the implementation of the forestry programme; and finalising forestry development protocols to guide all role players on best practices.

Applications for afforestation have increased dramatically, from 800 hectares in 2004 to 1 000 hectares in 2005 and 5 500 hectares in 2006/07.

11. EVENTS AFTER THE REPORTING DATE

No significant events occurred after the reporting date.

12. PROGRESS WITH FINANCIAL MANAGEMENT IMPROVEMENT

While the Basic Accounting System (BAS) has been fully implemented in the Department, ongoing training is offered to officials to upgrade their skills in the application of the system.

In order to overcome the difficulties that have been experienced in the application of the transversal systems for the specific business needs of the Department with regard to the Trading Entity, the Department has, with effect from 3 October 2006, implemented a new enterprise resource planning system (SAP) for the Trading Entity to enable reporting in accordance with Generally Accepted Accounting Principles (GAAP).


The Department regularly reports and monitors the financial position through Early Warning Reports and Quarterly Reports. The Executive Authority is also informed on a monthly basis on the financial position of the Department.

13. PERFORMANCE INFORMATION

The performance information has been submitted.

14. APPROVAL

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



Moshibudi Rampedi
Acting Director-General
25 September 2007

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 34 - DEPARTMENT OF WATER AFFAIRS AND FORESTRY FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the accompanying financial statements of the Department of Water Affairs and Forestry (DWAF) which comprise the statement of financial position as at 31 March 2007, appropriation statement, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 119 to 187.

RESPONSIBILITY OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
 - designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

RESPONSIBILITY OF THE AUDITOR-GENERAL

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 40(2) of Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended by Act 29 of 1999, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards

on Auditing and General Notices 646 and 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

BASIS OF ACCOUNTING

8. The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury as set out in accounting policy note 1.1.

BASIS FOR QUALIFIED OPINION

Property, plant and equipment

9. The department embarked on an exercise to compile a fixed asset register. Due to the extensive asset base and complexities facing the department, this exercise had not been completed adequately by the time of the audit. In addition, the physical verification of assets to the register could not be performed and in certain cases assets procured during the financial year could not be traced to the asset register.

Accordingly, the amounts of R2.189 billion disclosed as property, plant and equipment in note 28 and R53.276 million disclosed as intangible capital assets in note 29 to the annual financial statements could not be substantiated with an adequate fixed asset register. I have therefore

been unable to obtain adequate assurance regarding the validity, completeness and accuracy of the amounts disclosed in the financial statements.

Loans, receivables and capitalisation reserve

10. An amount of R41.309 million was included in the loans, receivables and capitalisation reserve balances in the statement of financial position. This amount could not be substantiated. As a result loans, receivables and/or the capitalisation reserve could be misstated. This was due to an inadequate monitoring of the take-on balances from the previous manual system.

Cash and cash equivalents

11. The Bank Exception Account, which is a suspense account used by the department for recording unidentified deposits, amounted to R13.064 million at year-end and was included as part of cash and cash equivalents in the statement of financial position. Not all deposits could be identified timeously by the department as a result of inadequate information. As a result, cash and cash equivalents, receivables and revenue could be misstated.

Disclosure and other matters

12. Due to a lack of supporting systems in the department to facilitate recording of the necessary information, the following was noted:

- **Accruals**
The amount of R18.890 million disclosed as accruals in note 22 to the annual financial statements was not complete and accurate, as a material number of invoices relating to services received before year-end were not included. Furthermore, there were instances where invoices paid before year-end were included in the accrual listing. The amount of the misstatement could not be determined.
- **Commitments**
The amount of R277.920 million disclosed as commitments in note 21 to the annual financial statements was not complete and accurate, as material amounts for contracts awarded and orders placed were not included. Moreover, there were instances where amounts relating to contracts that had expired were included as part of commitments and amounts included could not be substantiated.

Furthermore, commitments for periods longer than one year were not disclosed correctly and in other instances the accumulative expenditure was not deducted from the amounts disclosed.

- **Related parties**
The department has no proper system or controls in place to quantify or record related party transactions. Accordingly, no disclosure of related party relationships and transactions was made in the notes to the financial statements as required by the framework prescribed by National Treasury.

Trust – financial information

13. The financial information of the National Forest Recreation and Access Trust for the 2005-06 financial year was included in the financial statements of the department as no separate financial reporting system existed for the trust. As a result, payables and cash and cash equivalents in the prior year were overstated by an amount of R3.175 million.

Qualified opinion

14. In my opinion, except for the effects of the matters referred to in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department of Water Affairs and Forestry as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury and in the manner required by the PFMA, as described in note 1 of the accounting policies.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

MATTERS OF GOVERNANCE

Expenditure trends

15. The expenditure for the last two months of the year amounted to 28 per cent of the total expenditure. Expenditure was not monitored on a continuous basis during the year. As a result, substantial expenditure increases towards the end of the year had the effect of avoiding the surrendering of unutilised funds.

Segregation

16. Inadequate segregation between the main and trading account existed due to the lack of a formal structure and related processes for the trading entity. As a result, a significant number of journals were processed to allocate expenditure between the main and trading account.

Governance

17. I could not rely on the work of internal audit as planned, as the internal audit reports relating to the work performed on the planned areas of reliance were not completed timeously.

NON-COMPLIANCE WITH APPLICABLE LEGISLATION

Division of Revenue Act

18. Due to inadequate planning and budgeting, the transfer agreements with municipalities were not timeously finalised to facilitate the transfers in terms of the Division of Revenue Act, 2006 (Act No. 2 of 2006) (DoRA). As a result, amounts were not always transferred to municipalities according to the allocations of schedules 6 and 7 of DoRA.

As a result of a lack of monitoring and control mechanisms in the department, evidence could not be provided that the performance of programmes funded or partially funded was evaluated in terms of section 25 (6) of DoRA. Furthermore, the annual report of the department did not indicate the extent to which the capacity of any municipality was improved in terms of section 12.3 of DoRA.

Public Finance Management Act

19. No assurance could be obtained from the department that the eight municipalities to whom advances were made amounting to R49.673 million, included in the prepayments and advances line item in the statement of financial position, had effective, efficient and transparent financial management and internal control systems as required by section 38(1)(j) of the PFMA.

Departmental policies and procedures

20. The following instances of non-compliance with departmental financial rules relating to the administration of debt, which were due to the inadequate administration and monitoring of these debts, were noted:
- Included in debtors were long outstanding balances that had shown no movement since 2002 and 2003.
 - Debtors were not handed over to the state attorney within 14 days after second reminder.
 - Employees were not terminated timeously on PERSAL upon resignation or death, with the result that 47 per cent of staff debtor balances related to salary overpayments.

State guarantees

21. Due to a lack of monitoring, instances were identified where employees whose services were terminated were still reflected in the list of state guarantees, as these guarantees were not cancelled with the financial institutions.

Performance audit reports issued during the year

22. A performance audit was performed on the provision of sanitation services. This performance audit will be tabled separately when finalised.

Value for money matters

23. The department's human resource plan had not been approved at the time of the audit, although it had a vacancy rate of approximately 19.32 per cent for the year under review.

Material corrections made to the financial statements submitted for audit

24. The following material corrections were made during the audit process to the financial statements submitted for audit on 31 May 2007, due to inadequate or lack of financial reporting systems:
- An adjustment of R16.980 million was made to increase commitments.
 - R3.435 million relating to financial information of the Trust was taken out of payables and cash & cash equivalents.
 - A provision for irrecoverable loan balances amounting to R36.847 million was made in note 30 to the annual financial statements.

SCOPA resolutions

25. A hearing attended by SCOPA and the department was held on 13 March 2007. At the date of finalisation of this report the draft resolutions with regard to the 2005-06 financial period had not been adopted.

Delay in finalisation of audit

26. Due to the national public sector strike action during June 2007, the finalisation of the audit for the 2006-07 financial year was delayed until the date of this report.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

27. I have audited the performance information as set out on pages 119 to 187.

Responsibility of the accounting officer

28. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

Responsibility of the Auditor-General

29. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.

30. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

31. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit conclusions reported below.

Audit findings

The following deficiencies were noted due to a lack of documented policies and procedures to govern the collection, recording and reporting of performance information:

32. No policies and procedures existed to facilitate effective monitoring, evaluation and corrective action, in contravention of Treasury Regulation 5.3.
33. The financial statements of the department included the performance information of the Water Trading Account as the Water Trading Account did not have separate information. Clearly defined objectives for the department and trading entity were not included in the strategic plan of the department to facilitate proper reporting.
34. Several inconsistencies appeared in the objectives of the strategic plan, budget and annual report. Not all objectives could be measured in terms of percentage of completion, timing, quantity and quality.
35. Information reported in the annual report could not be verified against the predetermined objectives as set out in the strategic plan. Information reported in quarterly reports could not be substantiated by source documents such as closeout reports, feasibility study reports, attendance register of training courses and minutes of meetings.

APPRECIATION

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



P Bhana for Auditor-General

Pretoria

31 August 2007



A U D I T O R - G E N E R A L

DEPARTMENT OF WATER AFFAIRS AND FORESTRY VOTE 34

ACCOUNTING POLICIES for the year ended 31 March 2007

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, 2006 (Act No. 2 of 2006).

1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 Basis of preparation

The Financial Statements have been prepared using the modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary, figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures – Appropriation statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the appropriation statement.

2. REVENUE

2.1 Appropriated funds

Appropriated and adjusted appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.2 Departmental revenue

All Departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the Department in accordance with laws and or regulations (excluding fines, penalties and forfeits).

Tax receipts are recognised in the statement of financial performance when received.

2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

2.2.3 Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the Department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Forex gains are recognised on payment of funds.

2.2.7 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National/ Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.

2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

3. EXPENDITURE

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance¹.

All other payments are classified as current expense.

Social contributions include the employer's contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the payment is effected on the system.

3.1.1 Short term employee benefits

Short term employee benefits comprise leave entitlements (including capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year).

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance.

¹This accounting policy is only relevant where the Department elects to capitalise the compensation paid to employees involved on capital projects.

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the payment is effected on the system (by no later than 31 March of each year).

3.1.2.2 Post employment retirement benefits

The Department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer Department.

The Department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year).

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5 000 or more is purchased. All assets costing less than R5 000 will also be reflected under goods and services.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount is recorded under goods and services.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

Forex losses are recognised on payment of funds.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Unauthorised expenditure

When discovered, unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.8 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the payment is effected on the system (by no later than 31 March of each year).

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of financial performance when the payment is effected on the system (by no later than 31 March of each year).

4. ASSETS

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in disclosure note 36.

4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in disclosure note 30.

4.6 Inventory

Inventories on hand at the reporting date are disclosed at cost in the notes.

4.7 Capital assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the capital asset may be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 28 and 29 reflect the total movement in the asset register for the current financial year.

5. LIABILITIES

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the financial statements.

5.3 Accruals

Accruals represent goods/services that have been received, but no invoice has been received from the supplier at the reporting date, or an invoice has been received but final authorisation for payment has not been effected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Department; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

6. NET ASSETS

6.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period.

Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

7. RELATED PARTY TRANSACTIONS

Related parties are Departments that control or significantly influence entities in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

8. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

9. PUBLIC PRIVATE PARTNERSHIPS

A Public Private Partnership (PPP) is a commercial transaction between the Department and a private party in terms of which the private party:

- Performs an institutional function on behalf of the institution; and/or
- Acquires the use of state property for its own commercial purposes; and
- Assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- Receives a benefit for performing the institutional function or from utilising the state property, either by way of:
 - o Consideration to be paid by the Department which derives from a Revenue Fund;
 - o Charges fees to be collected by the private party from users or customers of a service provided to them; or
 - o A combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

APPROPRIATION STATEMENT for the year ended 31 March 2007

Appropriation per programme									
	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	459 844	(11 950)	28 078	475 972	460 644	15 328	96.8%	327 867	249 738
Transfers and subsidies	742	11 950	16 471	29 163	28 826	337	98.8%	20 967	8 820
Payment for capital assets	49 084	-	(11 824)	37 260	37 259	1	100.0%	21 039	19 820
2. Water Resource Management									
Current payment	1 042 810	(27 747)	(46 677)	968 386	966 801	1 585	99.8%	626 721	534 771
Transfers and subsidies	1 040 007	142 347	(10 103)	1 172 251	871 887	300 364	74.4%	678 430	670 480
Payment for capital assets	154 450	(114 600)	(6 057)	33 793	33 791	2	100.0%	308 443	298 213
3. Water Services									
Current payment	823 374	95 724	39 340	958 438	958 438	-	100.0%	362 355	352 883
Transfers and subsidies	599 142	(95 724)	1 979	505 397	471 573	33 824	93.3%	1 068 608	1 071 612
Payment for capital assets	42 450	-	(17 299)	25 151	24 747	404	98.4%	93 932	86 503
4. Forestry*									
Current payment	439 161	(12 807)	(192)	426 162	423 811	2 351	99.4%	398 045	398 542
Transfers and subsidies	226	12 807	-	13 033	13 029	4	100.0%	17 504	17 785
Payment for capital assets	9 013	-	(4 160)	4 853	4 400	453	90.7%	8 395	4 592
5. Thefts and Losses									
Current payment	-	-	10 444	10 444	10 444	-	100.0%	3 330	3 329
Subtotal	4 660 303	-	-	4 660 303	4 305 650	354 653	92.4%	3 935 636	3 717 088

Appropriation per programme									
	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
TOTAL	4 660 303	-	-	4 660 303	4 305 650	354 653	92.4%	3 935 636	3 717 088
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				183 624				129 308	
Local and foreign aid assistance received				239 229				245 314	
Actual amounts per Statements of Financial Performance (Total revenue)				5 083 156				4 310 258	
Add:									
Local and foreign aid assistance					285 675				172 062
Actual amounts per Statements of Financial Performance (Total expenditure)					4 591 325				3 889 150

*Due to budget restructuring, comparative figures cannot be aligned to the current year's programme structure

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

APPROPRIATION STATEMENT for the year ended 31 MARCH 2007

Appropriation per economic classification									
	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Adjusted	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	1 281 231	(17 699)	(18 791)	1 244 741	1 226 416	18 325	98.5%	769 612	681 111
Goods and services	1 482 257	61 763	39 340	1 583 360	1 582 431	929	99.9%	943 771	854 665
Interest and rent on land	1 701	(844)	-	857	847	10	98.8%	1 605	158
Financial transactions in assets and liabilities	-	-	10 444	10 444	10 444	-	100.0%	3 330	3 329

Appropriation per economic classification									
	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Adjusted	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies									
Provinces and municipalities	501 711	(95 752)	-	405 959	386 680	19 279	95.3%	1 073 242	1 074 608
Departmental agencies and accounts	1 002 069	117 225	8 347	1 127 641	827 377	300 264	73.4%	670 672	670 163
Foreign governments and international organisations	3 500	-	-	3 500	3 500	-	100.0%	-	-
Public corporations and private enterprises	102 234	34 307	-	136 541	121 703	14 838	89.1%	-	6 891
Non-profit institutions	-	150	-	150	150	-	100.0%	-	2
Households	30 603	15 450	-	46 053	45 905	148	99.7%	41 595	17 033
Payments for capital assets									
Buildings and other fixed structures	139 899	(115 373)	(772)	23 754	23 567	187	99.2%	379 787	363 254
Machinery and equipment	98 723	(656)	(32 183)	65 884	65 271	613	99.1%	32 397	32 381
Biological or cultivated assets	-	-	-	-	-	-	0.0%	25	30
Software and other intangible assets	16 375	1 429	(6 385)	11 419	11 359	60	99.5%	19 600	13 463
Total	4 660 303	-	-	4 660 303	4 305 650	354 653	92.4%	3 935 636	3 717 088

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

DETAIL PER PROGRAMME 1: ADMINISTRATION for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	887	191	-	1 078	1 078	-	100.0%	923	923
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
1.2 Management									
Current payment	88 941	(2 563)	(18 791)	67 587	53 533	14 054	79.2%	97 732	27 092
Transfers and subsidies	28	(7)	16 471	16 492	16 434	58	99.6%	256	256
Payment for capital assets	185	1 310	-	1 495	1 494	1	99.9%	211	211
1.3 Corporate Services									
Current payment	201 655	(1 429)	9 776	210 002	209 830	172	99.9%	164 858	157 935
Transfers and subsidies	697	11 957	-	12 654	12 390	264	97.9%	20 695	8 557
Payment for capital assets	10 666	583	-	11 249	11 249	-	100.0%	9 710	8 491
1.4 Information Services									
Current payment	69 382	(191)	37 093	106 284	105 182	1 102	99.0%	64 354	63 788
Transfers and subsidies	17	-	-	17	2	15	11.8%	16	7
Payment for capital assets	38 233	(1 893)	(11 824)	24 516	24 516	-	100.0%	11 118	11 118
1.5 Property Management									
Current payment	98 979	(7 958)	-	91 021	91 021	-	100.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Total	509 670	-	32 725	542 395	526 729	15 666	97.1%	369 873	278 378

Economic Classification	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	208 702	(61 095)	(18 791)	128 816	113 495	15 321	88.1%	180 017	105 605
Goods and services	251 142	49 145	46 869	347 156	347 149	7	100.0%	147 850	144 750
Transfers and subsidies to:									
Provinces and municipalities	122	-	-	122	98	24	80.3%	477	333
Departmental agencies and accounts	620	-	-	620	356	264	57.4%	514	-
Households	-	11 950	16 471	28 421	28 372	49	99.8%	19 976	8 490
Payment for capital assets									
Buildings and other fixed structures	2 957	2 503	-	5 460	5 459	1	100.0%	4 341	5 151
Machinery and equipment	37 364	(4 409)	(7 392)	25 563	25 563	-	100.0%	177	4 343
Software and other intangible assets	8 763	1 906	(4 432)	6 237	6 237	-	100.0%	16 521	9 706
Total	509 670	-	32 725	542 395	526 729	15 666	97.1%	369 873	278 378

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

DETAIL PER PROGRAMME 2: WATER RESOURCES MANAGEMENT for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Equitable Supply									
Current payment	124 579	97 547	-	222 126	220 935	1 191	99.5%	140 315	120 309
Transfers and subsidies	12 315	2 988	(7 028)	8 275	8 256	19	99.8%	13 206	8 533
Payment for capital assets	1 637	6	-	1 643	1 643	-	100.0%	1 250	575
2.2 Protection Policies									
Current payment	31 307	3 801	-	35 108	35 108	-	100.0%	47 148	33 865
Transfers and subsidies	7	-	-	7	4	3	57.1%	34	27
Payment for capital assets	598	(6)	(214)	378	378	-	100.0%	643	418
2.3 Institutional Regulations									
Current payment	18 787	(874)	-	17 913	17 913	-	100.0%	19 666	11 219
Transfers and subsidies	7 021	-	-	7 021	7 004	17	99.8%	3 420	10
Payment for capital assets	752	-	(634)	118	118	-	100.0%	1 071	1 071
2.4 Strategic Alignment									
Current payment	133 425	(37 287)	-	96 138	96 076	62	99.9%	110 208	87 576
Transfers and subsidies	360	(191)	-	169	54	115	32.0%	132	132
Payment for capital assets	19 980	-	(4 108)	15 872	15 872	-	100.0%	7 407	7 407
2.5 African Co-operation									
Current payment	8 493	(1 920)	-	6 573	6 512	61	99.1%	12 313	10 578
Transfers and subsidies	3 521	-	-	3 521	3 500	21	99.4%	15	4
Payment for capital assets	85	-	(77)	8	8	-	100.0%	337	44
2.6 Water Resource Administration									
Current payment	21 779	1 864	-	23 643	23 643	-	100.0%	21 844	21 439
Transfers and subsidies	102	2	-	104	14	90	13.5%	77	44
Payment for capital assets	336	-	(77)	259	258	1	99.6%	424	130

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.7 Sustainable Supply									
Current payment	459 653	(101 504)	(14 051)	344 098	344 098	-	100.0%	39 908	39 813
Transfers and subsidies	713 799	139 248	(11 422)	841 625	541 528	300 097	64.3%	30	934
Payment for capital assets	114 742	(112 540)	-	2 202	2 201	1	100.0%	282 906	275 144
2.8 Protection Measures									
Current payment	1 929	(187)	-	1 742	1 742	-	100.0%	3 190	2 148
Transfers and subsidies	1	-	-	1	-	1	0.0%	-	1
Payment for capital assets	70	-	(65)	5	5	-	100.0%	-	-
2.9 Institutional Development									
Current payment	5 821	1 735	-	7 556	7 556	-	100.0%	12 417	12 494
Transfers and subsidies	3	31	-	34	32	2	94.1%	24	42
Payment for capital assets	850	(65)	(755)	30	30	-	100.0%	1 170	189
2.10 Stakeholder Empowerment									
Current payment	129 301	5 025	-	134 326	134 075	251	99.8%	120 172	108 586
Transfers and subsidies	167	283	-	450	450	-	100.0%	532	532
Payment for capital assets	10 683	537	-	11 220	11 220	-	100.0%	11 074	11 074
2.11 Water Resource Support									
Current payment	107 736	4 053	(32 626)	79 163	79 163	-	100.0%	99 540	86 743
Transfers and subsidies	51	(14)	-	37	37	-	100.0%	7 783	7 044
Payment for capital assets	4 717	(2 532)	(127)	2 058	2 058	-	100.0%	2 161	2 161
2.12 Operation of Water Resources									
Current payment	-	-	-	-	(20)	20	0.0%	-	1
Transfers and subsidies	302 660	-	8 347	311 007	311 008	(1)	100.0%	635 427	635 427
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
2.13 Capital Equipment									
Current payment	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	17 750	17 750
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Total	2 237 267	-	(62 837)	2 174 430	1 872 479	301 951	86.1%	1 613 594	1 503 464

Economic Classification	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	272 461	(2 420)	-	270 041	268 728	1 313	99.5%	231 299	240 221
Goods and services	770 339	(25 327)	(46 869)	698 143	697 881	262	100.0%	395 412	294 546
Interest and rent on land	10	-	192	202	192	10	95.0%	10	1
Transfers and subsidies to:									
Provinces and municipalities	955	(28)	-	927	665	262	71.7%	3 634	1 910
Departmental agencies and accounts	1 001 449	117 225	8 347	1 127 021	827 021	300 000	73.4%	653 177	653 182
Foreign governments and international organisations	3 500	-	-	3 500	3 500	-	100.0%	-	-
Public corporations and private enterprises	3 500	21 500	-	25 000	24 997	3	100.0%	-	6 891
Non-profit institutions	-	150	-	150	150	-	100.0%	-	-
Households	30 603	3 500	(18 450)	15 653	15 554	99	99.4%	21 619	8 492
Capital									
Buildings and other fixed structures	117 850	(116 346)	(566)	668	666	2	99.7%	285 363	273 124
Machinery and equipment	29 508	3 210	(3 637)	29 081	29 081	-	100.0%	20 121	21 683
Software and other intangible assets	7 362	(1 464)	(1 854)	4 044	4 044	-	100.0%	2 959	3 414
Total	2 237 267	-	(62 837)	2 174 430	1 872 479	301 951	86.1%	1 613 594	1 503 464

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

DETAIL PER PROGRAMME 3: WATER SERVICES for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Provisioning Services									
Current payment	2 999	445	-	3 444	3 444	-	100.0%	2 999	3 301
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	34
3.2 Water Sector Policies									
Current payment	43 951	(1 606)	-	42 345	42 345	-	100.0%	40 986	40 986
Transfers and subsidies	20	-	-	20	6	14	30.0%	24	25
Payment for capital assets	615	-	-	615	403	212	65.5%	702	410
3.3 Institutional Policies									
Current payment	10 839	(917)	-	9 922	9 922	-	100.0%	7 907	6 525
Transfers and subsidies	6	-	-	6	2	4	33.3%	7	6
Payment for capital assets	-	12	-	12	12	-	100.0%	-	64
3.4 Transfer Policies									
Current payment	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
3.5 African Initiative									
Current payment	100	-	-	100	100	-	100.0%	192	195
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
3.6 Water Services Administration									
Current payment	10 130	(1 251)	-	8 879	8 879	-	100.0%	9 165	7 818
Transfers and subsidies	14	-	-	14	4	10	28.6%	12	13
Payment for capital assets	39	(10)	-	29	29	-	100.0%	62	36

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.7 Water and Sanitation Services									
Current payment	18 038	(777)	-	17 261	17 261	-	100.0%	117 243	117 404
Transfers and subsidies	44	-	-	44	1	43	2.3%	-	3 002
Payment for capital assets	50	7 924	(50)	7 924	7 924	-	100.0%	84 178	80 044
3.8 Water Sector Support									
Current payment	74 178	23 215	-	97 393	97 393	-	100.0%	65 454	67 662
Transfers and subsidies	127	-	3	130	27	103	20.8%	114	94
Payment for capital assets	1 019	2 128	(222)	2 925	2 925	-	100.0%	1 792	580
3.9 Institutional Support									
Current payment	45 447	(12 667)	-	32 780	32 780	-	100.0%	45 281	43 492
Transfers and subsidies	88	-	2	90	12	78	13.3%	47	44
Payment for capital assets	729	5 120	(654)	5 195	5 195	-	100.0%	2 306	1 458
3.10 Transfers									
Current payment	18 105	11 619	-	29 724	29 724	-	100.0%	10 433	10 433
Transfers and subsidies	5	5 281	617	5 903	5 903	-	100.0%	-	48
Payment for capital assets	85	64	(44)	105	(67)	172	63.8%	3 931	3 930
3.11 African Participation									
Current payment	300	(300)	-	-	-	-	0.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
3.12 Water Services Support									
Current payment	105 254	(25 314)	-	79 940	79 940	-	100.0%	62 695	55 067
Transfers and subsidies	125	-	16	141	214	(73)	151.8%	71	47
Payment for capital assets	534	302	(136)	700	692	8	98.9%	961	(53)
3.13 Operation of Water Services									
Current payment	494 033	103 277	39 340	636 650	636 650	-	100.0%	-	-
Transfers and subsidies	598 713	(101 005)	1 341	499 049	465 404	33 645	93.3%	1 068 333	1 068 333
Payment for capital assets	39 379	(15 540)	(16 193)	7 646	7 634	12	99.8%	-	-
Total	1 464 966	-	24 020	1 488 986	1 454 758	34 228	97.7%	1 524 895	1 510 998

Economic Classification	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation of employees	526 741	63 218	-	589 959	589 959	-	100.0%	83 307	85 022
Goods and services	296 633	32 506	39 340	368 479	368 479	-	100.0%	279 048	267 247
Transfers and subsidies									
Provinces and municipalities	500 408	(95 724)	-	404 684	385 695	18 989	95.3%	1 068 608	1 071 561
Public corporations & private enterprises	98 734	-	-	98 734	83 899	14 835	85.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	2
Households	-	-	1 979	1 979	1 979	-	100.0%	-	49
Capital									
Buildings and other fixed structures	19 362	(1 530)	(206)	17 626	17 442	184	99.0%	90 083	84 901
Machinery and equipment	22 838	543	(16 994)	6 387	6 227	160	97.5%	3 704	2 115
Biological or Cultivated assets	-	-	-	-	-	-	0.0%	25	-
Software and other intangible assets	250	987	(99)	1 138	1 078	60	94.7%	120	101
Total	1 464 966	-	24 020	1 488 986	1 454 758	34 228	97.7%	1 524 895	1 510 998

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

DETAIL PER PROGRAMME 4: FORESTRY for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Forestry Oversight									
Current payment	15 803	(1 559)	-	14 244	14 244	-	100.0%	821	256
Transfers and subsidies	13	-	-	13	5	8	38.5%	-	-
Payment for capital assets	442	-	(426)	16	16	-	100.0%	-	-
4.2 Forestry Development									
Current payment	10 074	(4 873)	-	5 201	5 201	-	100.0%	219	6
Transfers and subsidies	10	-	-	10	1	9	10.0%	-	-
Payment for capital assets	69	(41)	-	28	17	11	60.7%	-	7
4.3 Fire Regulation & Oversight									
Current payment	4 562	(1 823)	-	2 739	2 739	-	100.0%	12 732	12 522
Transfers and subsidies	4	-	-	4	1	3	25.0%	26	21
Payment for capital assets	25	(12)	-	13	13	-	100.0%	386	309
4.4 State Fores Trnsf & Reg									
Current payment	6 865	(3 630)	-	3 235	3 235	-	100.0%	669	767
Transfers and subsidies	8	-	-	8	-	8	0.0%	4	1
Payment for capital assets	100	(86)	-	14	14	-	100.0%	24	-
4.5 State Forest Management									
Current payment	2 092	(1 663)	-	429	429	-	100.0%	1 167	1 167
Transfers and subsidies	1	-	-	1	-	1	0.0%	-	3
Payment for capital assets	20	(20)	-	-	-	-	0.0%	-	-
4.6 Forestry Management Support									
Current payment	3 173	3 903	-	7 076	5 664	1 412	80.0%	8 447	8 447
Transfers and subsidies	11	200	-	211	202	9	95.7%	7	10
Payment for capital assets	60	184	-	244	244	-	100.0%	85	82

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.7 Forestry Governance									
Current payment	2 397	7 247	-	9 644	9 365	279	97.1%	269 131	265 754
Transfers and subsidies	-	-	-	-	1	(1)	0.0%	236	665
Payment for capital assets	-	5	-	5	5	-	100.0%	2 673	3 721
4.8 Community Empowerment									
Current payment	21 447	(1 133)	-	20 314	20 314	-	100.0%	56 322	72 727
Transfers and subsidies	19	-	-	19	6	13	31.6%	186	(2 943)
Payment for capital assets	389	(185)	-	204	204	-	100.0%	3 291	102
4.9 Fire Governance									
Current payment	2 537	(1 960)	-	577	577	-	100.0%	2 067	288
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	1
Payment for capital assets	-	-	-	-	-	-	0.0%	-	6
4.10 State Forest Admin & Oversight									
Current payment	22 912	(739)	-	22 173	22 173	-	100.0%	-	-
Transfers and subsidies	36	-	-	36	-	36	0.0%	-	-
Payment for capital assets	345	(287)	-	58	58	-	100.0%	-	-
4.11 Sustainable Forest Management									
Current payment	309 928	(7 512)	(192)	302 224	302 224	-	100.0%	23 727	22 789
Transfers and subsidies	92	12 607	-	12 699	12 801	(102)	100.8%	54	3 027
Payment for capital assets	7 061	(2 279)	(3 734)	1 048	606	442	57.8%	1 595	236
4.12 Forestry Support Serv									
Current payment	37 371	935	-	38 306	37 646	660	98.3%	22 743	13 819
Transfers and subsidies	32	-	-	32	12	20	37.5%	16 991	17 000
Payment for capital assets	502	2 721	-	3 223	3 223	-	100.0%	341	129
Total	448 400	-	(4 352)	444 048	441 240	2 808	99.4%	423 944	420 919

Economic Classification	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation of employees	273 327	(17 402)	-	255 925	254 234	1 691	99.3%	274 989	250 263
Goods and services	164 143	5 439	-	169 582	168 922	660	99.6%	121 461	148 122
Interest and rent on land	1 691	(844)	(192)	655	655	-	100.0%	1 595	157
Transfers & subsidies									
Provinces & municipalities	226	-	-	226	222	4	98.2%	523	804
Dept agencies & accounts	-	-	-	-	-	-	0.0%	16 981	16 981
Public corporations & private enterprises	-	12 807	-	12 807	12 807	-	100.0%	-	-
Households	-	-	-	-	-	-	0.0%	-	2
Capital									
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	78
Machinery & equipment	9 013	-	(4 160)	4 853	4 400	453	90.7%	8 395	4 240
Biological or Cultivated assets	-	-	-	-	-	-	0.0%	-	30
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	242
Total	448 400	-	(4 352)	444 048	441 240	2 808	99.4%	423 944	420 919

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

DETAIL PER PROGRAMME 5: THEFT AND LOSSES for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Thefts and Losses* Cur									
Current payment	-	-	10 444	10 444	10 444	-	100.0%	3 330	3 329
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Total	-	-	10 444	10 444	10 444	-	100.0%	3 330	3 329

Economic Classification	2006/07							2005/06	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Financial transactions in assets and liabilities	-	-	10 444	10 444	10 444	-	100.0%	3 330	3 329
Total	-	-	10 444	10 444	10 444	-	100.0%	3 330	3 329

DEPARTMENT OF WATER AFFAIRS AND FORESTRY VOTE 34

NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2007

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

Detail of these transactions can be viewed in note 8 (Transfers and subsidies) and Annexure 1 (A-K) to the Annual Financial Statements.

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

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 7 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

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

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Administration	542 395	526 729	15 666	3%
The under spending is mainly attributed to the transfer of staff to municipalities which could not be completed due to protracted negotiations with receiving municipalities and funds will be rolled over to 2007/08 financial year.				
Water Resources	2 174 430	1 872 479	301 951	14%
The under spending is mainly attributed to the De Hoop Dam Project that could not commence as planned as a result of delays in finalising the Environmental Impact Assessment.				
Water Services	1 488 986	1 454 758	34 228	2%
The under spending is mainly due to delays in finalising transfer agreements with local government in respect of transfer of schemes.				
Forestry	444 048	441 240	2 808	1%
Insignificant variance				

4.2 Per Economic Classification

	2006/07	2005/06
	R'000	R'000
Current payment:		
Compensation of employees	18 325	88 501
Goods and services	929	89 106
Interest and rent on land	10	1 447
Financial transactions in assets and liabilities	0	1
Transfers and subsidies:		
Provinces and municipalities	19 279	(1 366)
Departmental agencies and accounts	300 264	509
Foreign governments and international organisations	14 838	(6 891)
Non-profit institutions	0	(2)
Households	148	24 562
Payments for capital assets:		
Buildings and other fixed structures	187	16 533
Machinery and equipment	613	16
Biological or cultivated assets	0	(5)
Software and other intangible assets	60	6 137

DEPARTMENT OF WATER AFFAIRS AND FORESTRY VOTE 34

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
REVENUE			
Annual appropriation	1	4 660 303	3 935 636
Departmental revenue	2	183 624	129 308
Local and foreign aid assistance	3	239 229	245 314
TOTAL REVENUE		5 083 156	4 310 258
EXPENDITURE			
Current expenditure			
Compensation of employees	4	1 226 416	681 111
Goods and services	5	1 582 431	854 665
Interest and rent on land	6	847	158
Financial transactions in assets and liabilities	7	10 444	3 329
Local and foreign aid assistance	3	270 984	150 485
Total current expenditure		3 091 122	1 689 748
Transfers and subsidies	8	1 385 315	1 768 697
Expenditure for capital assets			
Buildings and other fixed structures	9	23 567	363 254
Machinery and equipment	9	65 271	32 381
Biological or cultivated assets	9	-	30
Software and other intangible assets	9	11 359	13 463
Local and foreign aid assistance	3	14 691	21 577
Total expenditure for capital assets		114 888	430 705
TOTAL EXPENDITURE		4 591 325	3 889 150

	Note	2006/07 R'000	2005/06 R'000
SURPLUS/(DEFICIT)		491 831	421 108
Add back unauthorised expenditure	10	-	3 782
SURPLUS/(DEFICIT) FOR THE YEAR		491 831	424 890
Reconciliation of Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the revenue fund	15	354 653	222 330
Departmental Revenue	2	183 624	129 308
Local and foreign aid assistance	3	(46 446)	73 252
SURPLUS/(DEFICIT) FOR THE YEAR		491 831	424 890

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
ASSETS			
Current assets		626 051	650 703
Unauthorised expenditure	10	18 671	18 671
Cash and cash equivalents	11	356 616	255 617
Prepayments and advances	12	60 505	12 420
Receivables	13	161 349	333 706
Loans	14	6 695	17 954
Local and foreign aid assistance receivable	3	22 215	12 335
Non-current assets		148 422	174 981
Loans	14	148 422	174 981
TOTAL ASSETS		<u>774 473</u>	<u>825 684</u>
LIABILITIES			
Current liabilities		616 437	630 195
Voted funds to be surrendered to the Revenue Fund	15	354 652	222 330
Departmental revenue to be surrendered to the Revenue Fund	16	30 510	(1 024)
Payables	17	208 190	349 238
Local and foreign aid assistance repayable		-	59 651
Local and foreign aid assistance unutilised	3	23 085	-
TOTAL LIABILITIES		<u>616 437</u>	<u>630 195</u>
NET ASSETS		<u>158 036</u>	<u>195 489</u>

Note	2006/07 R'000	2005/06 R'000
Represented by:		
Capitalisation reserve	155 117	192 935
Recoverable revenue	2 919	2 554
TOTAL	<u>158 036</u>	<u>195 489</u>

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
Capitalisation Reserves			
Opening balance		192 935	243 228
Transfers		(37 818)	(50 293)
Closing balance		<u>155 117</u>	<u>192 935</u>
Recoverable revenue			
Opening balance		2 554	4 509
Transfers:			
Irrecoverable amounts written off	7.4	(395)	(1 021)
Debts recovered (included in departmental revenue)		(1 560)	(2 850)
Debts raised		<u>2 320</u>	<u>1 916</u>
Closing balance		<u>2 919</u>	<u>2 554</u>
TOTAL		<u><u>158 036</u></u>	<u><u>195 489</u></u>

CASH FLOW STATEMENT

for the year ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Annual appropriated funds received	1.1	4 660 303	3 935 636
Departmental revenue received		183 151	129 274
Local and foreign aid assistance received	3	<u>239 229</u>	<u>245 314</u>
		5 082 683	4 310 224
Net (increase)/decrease in working capital		(16 776)	(17 208)
Surrendered to Revenue Fund		(374 421)	(128 857)
Current payments		(3 091 122)	(1 689 748)
Transfers and subsidies paid		<u>(1 385 315)</u>	<u>(1 768 697)</u>
Net cash flow available from operating activities	18	<u>215 049</u>	<u>705 714</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(114 888)	(430 705)
Proceeds from sale of capital assets	2	473	34
(Increase)/decrease in loans		<u>37 818</u>	<u>50 293</u>
Net cash flows from investing activities		<u>(76 597)</u>	<u>(380 378)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		<u>(37 453)</u>	<u>(52 248)</u>
Net cash flows from financing activities		<u>(37 453)</u>	<u>(52 248)</u>
Net increase/(decrease) in cash and cash equivalents		100 999	273 088
Cash and cash equivalents at the beginning of the period		255 617	(17 471)
Cash and cash equivalents at end of period	19	<u><u>356 616</u></u>	<u><u>255 617</u></u>

DEPARTMENT OF WATER AFFAIRS AND FORESTRY VOTE 34

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2007

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted funds) and Provincial Departments:

Programmes	Final Appropriation 2006/07	Actual Funds Received 2006/07	Funds not requested/ received 2006/07	Appropriation received 2005/06
	R'000	R'000	R'000	R'000
Administration	542 395	542 395	-	369 873
Water Resources Management	2 174 430	2 174 430	-	1 613 594
Water Services	1 488 986	1 488 986	-	1 524 895
Forestry	444 048	444 048	-	423 944
Thefts and Losses	10 444	10 444	-	3 330
Total	4 660 303	4 660 303	-	3 935 636

1.2 Conditional grants

	Note	2006/07 R'000	2005/06 R'000
Total grants received	Annex 1A	-	1 068 333
Provincial grants included in Total Grants received		-	1 068 333

2. Departmental revenue to be surrendered to revenue fund Description

	Note	2006/07 R'000	2005/06 R'000
Sales of goods and services other than capital assets	2.1	51 379	49 063
Fines, penalties and forfeits	2.2	1	6
Interest, dividends and rent on land	2.3	27 507	31 652
Sales of capital assets	2.4	473	34
Financial transactions in assets and liabilities	2.5	104 264	48 553
Total revenue collected		183 624	129 308
Less: Departmental Revenue Budgeted		-	-
Departmental revenue collected		183 624	129 308

2.1 Sales of goods and services other than capital assets

	2006/07 R'000	2005/06 R'000
Sales of goods and services produced by the department	51 365	48 861
Sales by market establishment	-	-
Administrative fees	-	-
Other sales	51 365	48 861
Sales of scrap, waste and other used current goods	14	202
Total	51 379	49 063

2.2 Interest, dividends and rent on land and buildings

	2006/07 R'000	2005/06 R'000
Interest	27 446	31 444
Rent on land and buildings	61	208
Total	27 507	31 652

2.3 Sale of capital assets

	2006/07	2005/06
	R'000	R'000
Land and subsoil assets	-	-
Other capital assets	473	34
Total	473	34

2.4 Financial transactions in assets and liabilities Nature of recovery

	2006/07	2005/06
	R'000	R'000
Loans and advances	-	12
Repayment of Public Contributions	90 288	-
Receivables	-	55 701
Other Receipts including Recoverable Revenue	13 976	(7 160)
Total	104 264	48 553

3. Local and foreign aid assistance

Assistance received in cash from RDP

	2006/07	2005/06
	R'000	R'000
Local		
Opening Balance	4 123	-
Revenue	-	5 302
Expenditure	-	1 179
Current	-	26
Capital	-	1 153
Closing Balance	4 123	4 123
Foreign		
Opening Balance	43 193	(25 936)
Revenue	239 229	240 012
Expenditure	285 675	170 883

	2006/07	2005/06
	R'000	R'000
Current	270 984	150 459
Capital	14 691	20 424
Closing Balance	(3 253)	43 193

Total assistance

Opening Balance	47 316	(25 936)
Revenue	239 229	245 314
Expenditure	285 675	172 062
Current	270 984	150 485
Capital	14 691	21 577
Closing Balance	870	47 316

Analysis of balance

Local and foreign aid receivable	22 215	12 335
Less: Local and foreign aid unutilised	(23 085)	-
Less: Local foreign aid payable to RDP fund/ donors	-	(59 651)
Closing balance	(870)	(47 316)

4. Compensation of employees

4.1 Salaries and Wages

	2006/07	2005/06
	R'000	R'000
Basic salary	928 898	433 908
Performance award	11 183	15 298
Service Based	1 258	2 806
Compensative/circumstantial	30 602	26 266
Periodic payments	8 883	12 860
Other non-pensionable allowances	122 860	94 936
Total	1 103 684	586 074

4.2 Social contributions

4.2.1 Employer contributions

	2006/07	2005/06
	R'000	R'000
Pension	87 354	64 494
Medical	35 640	30 089
UIF	1	261
Bargaining council	(263)	191
Official unions and associations	-	1
Insurance	-	1
Total	122 732	95 037
Total compensation of employees	1 226 416	681 111
Average number of employees	11 844	7 413

5. Goods and services

	Note	2006/07	2005/06
		R'000	R'000
Advertising		12 558	9 092
Attendance fees (including registration fees)		4 993	3 492
Bank charges and card fees		568	887
Bore waterhole drilling		71	2 094
Bursaries (employees)		12 867	3 963
Communication		47 726	34 650
Computer services		112 747	74 935
Consultants, contractors and special services		703 700	237 583
Courier and delivery services		1 249	806
Tracing agents & Debt collections		50	33
Drivers' licences and permits		130	38
Entertainment		4 337	1 455
External audit fees	5.1	12 214	8 452

	Note	2006/07	2005/06
		R'000	R'000
Equipment less than R5000		17 216	12 802
Freight service		34	376
Inventory	5.2	155 043	201 783
Legal fees		988	6 660
Maintenance, repairs and running costs		51 737	13 000
Medical Services		120	119
Municipal Services		107 186	-
Operating leases		17 217	33 207
Personnel agency fees		548	-
Photographic services		1 357	109
Plant flowers and other decorations		470	316
Printing and publications		1 071	498
Professional bodies and membership fees		47	172
Resettlement costs		2 200	1 805
Subscriptions		159	94
Owned leasehold property expenditure		6 025	11 990
Transport provided as part of the departmental activities		219	173
Travel and subsistence	5.3	289 406	182 963
Venues and facilities		2 746	4 110
Protective, special clothing & uniforms		1 006	211
Training & staff development		12 048	6 761
Water research/testing		2 378	36
Total		1 582 431	854 665

5.1 External audit fees

	Note	2006/07	2005/06
		R'000	R'000
Regulatory audits		8 671	6 318
Performance audits		2 519	641
Other audits		1 024	1 493
Total		12 214	8 452

5.2 Inventory

	2006/07	2005/06
	R'000	R'000
Construction work in progress	2 429	105 529
Domestic consumables	14 214	8 110
Agricultural	9 824	3 440
Food and Food supplies	4 432	3 156
Fuel, oil and gas	31 146	19 355
Laboratory consumables	2 845	2 297
Other consumables	34 853	3 782
Parts and other maintenance material	27 253	36 230
Sport and recreation	106	10
Stationery and printing	27 683	19 431
Restoration and fittings	96	309
Medical supplies	162	134
Total	155 043	201 783

5.3 Travel and subsistence

	2006/07	2005/06
	R'000	R'000
Local	280 636	177 868
Foreign	8 770	5 095
Total	289 406	182 963

6. Interest and rent on land

	2006/07	2005/06
	R'000	R'000
Interest expenses	-	-
Rent on land	847	158
Total	847	158

7. Financial transactions in assets and liabilities

	Note	2006/07	2005/06
		R'000	R'000
Material losses through criminal conduct			
- Theft	7.3	12	-
Other material losses written off	7.1	274	1 110
Debts written off	7.2	10 158	2 219
Total		10 444	3 329

7.1 Other material losses written off

	2006/07	2005/06
	R'000	R'000
Nature of losses		
Vehicle accidents	195	69
Other	-	1 030
S&T advances	79	11
Total	274	1 110

7.2 Debts written off

	2006/07	2005/06
	R'000	R'000
Nature of debts written off		
Transfer to debts written off		
Salary overpayment	443	299
Tax debt	49	6
Study debt	58	70
Subsidised vehicles	7	2
Subsistence and transport	4	1
Namakwa Private consumer	6 135	-
Namakwa OCC Metorex	2 542	-
Dishonoured cheques	897	52
Great Fish River	-	1 000

	2006/07	2005/06
	R'000	R'000
Opzoek	-	34
Suppliers	11	112
Fraud	10	626
Interest	-	7
Telephone debt	2	1
State guarantees	-	9
Total	10 158	2 219

7.3 Detail of theft

	2006/07	2005/06
	R'000	R'000
Laptops & Computers	9	-
Cellphones	1	-
Tools & Items	2	-
Total	12	-

7.4 Irrecoverable amounts written off

	2006/07	2005/06
	R'000	R'000
(Total not included above)		
Receivables written off	394	815
Salary overpayments	330	126
Tax debt	-	13
Bursary	59	86
State guarantees	-	19
Fraud/Misconduct	5	571
Loans written off	1	145
S&T	-	21
Telephone	1	1
Subsidised vehicle	-	2
Supplier disallowance	-	68
Dishonoured cheque	-	53

Other	-	61
Fraud cashed warrant vouchers	-	61
Total	395	1 021

8. Transfers and subsidies

		2006/07	2005/06
		R'000	R'000
Provinces and Municipalities	Annex 1E & 1F	386 680	1 074 608
Departmental agencies and accounts	Annex 1G	827 377	670 163
Foreign governments and international organisations	Annex 1J	3 500	-
Public corporations and private enterprises	Annex 1I	121 703	6 891
Non-profit institutions	Annex 1K	150	2
Households	Annex 1L	45 905	17 033
Total		1 385 315	1 768 697

9. Expenditure for capital assets

	Note	2006/07	2005/06
		R'000	R'000
Buildings and other fixed structures	28	23 567	363 254
Machinery and equipment	28	65 271	32 381
Biological or cultivated assets	28	-	30
Software and other intangible assets		11 359	13 463
Computer software	29	8 718	10 990
Patents, Licences, Copyright, Brand Names, Trademarks	29	-	31
Services And Operating Rights	29	-	2 442
Other Intangibles	29	2 641	-
Total		100 197	409 128

The following amounts have been included as project costs in Expenditure for capital assets

Compensation of employees	-	78 758
Goods and services	-	-
Total	-	78 758

10. Unauthorised expenditure

Reconciliation of unauthorised expenditure

	2006/07	2005/06
	R'000	R'000
Opening balance	18 671	14 889
Unauthorised expenditure – current year	-	3 782
Unauthorised expenditure awaiting authorisation	18 671	18 671

An amount of R14 889 365 was approved as per Finance Act, Act No. 2 of 2007 on 31 March 2007 but has not been processed at year end.

11. Cash and cash equivalents

	2006/07	2005/06
	R'000	R'000
Consolidated Paymaster General Account	356 380	254 221
Cash receipts	185	(180)
Disbursements	(15)	1 507
Cash on hand	66	69
Total	356 616	255 617

12. Prepayments and advances

	2006/07	2005/06
	R'000	R'000
Travel and subsistence	1 231	2 687
Advances paid to other entities	59 274	9 733
Total	60 505	12 420

13. Receivables

	Note	Less than one year	One to three years	Older than three years	2006/07 Total	2005/06 Total
		R'000	R'000	R'000	R'000	R'000
Staff debtors	13.1	2 752	1 948	2 639	7 339	8 648
Other debtors	13.2	53 958	404	2 762	57 124	61 901
Inter-governmental receivables	Annex 4	9 703	82 782	4 401	96 886	263 157
Total		66 413	85 134	9 802	161 349	333 706

13.1 Staff Debtors

	2006/07	2005/06
	R'000	R'000
Salary overpayments	3 438	3 498
Tax debt	261	525
Bursary debt	1 557	1 363
Subsidised vehicles	-	390
State guarantees	347	291
T & S advance: Dom	416	24
GG Accidents	28	57
Housing subsidy	-	7
Misconduct	691	38
Telephone debt	45	58
Sal: Reversal control acc	471	2 373
Sal: Medical aid	1	12
Departmental debt	83	12
Sal: Reg Service Council	1	-
Total	7 339	8 648

13.2 Other debtors

	2006/07	2005/06
	R'000	R'000
Disallowance suppliers (Debt)	16	235
Dishonoured cheques (Debt)	2 216	2 734
Claims recoverable: Pub Entities	4 427	-
Disallowance damages and losses	-	195
Claims recoverable: F/Gov & Int. Org.	-	3 575
Claims recoverable: Limpopo	1 212	-
Transport payment suspense	532	14 278
Fraudulently cashed warrant vouchers (Debt)	46	43
Advances from Eastern Cape	6 311	-
Claims recover North West	391	390
Claims recover Western Cape	-	1 716
Disallowance miscellaneous	576	23
Disallowance dishonoured cheques	87	19
Tender Deposit	1	-
Debt account Loans objective & interest	41 309	38 693
Total	57 124	61 901

14. Loans

	2006/07	2005/06
	R'000	R'000
Public corporations	155 117	192 935
Total	155 117	192 935

Analysis of Balance

Opening balance	192 935	243 228
New Issues	(29 172)	-
Repayments	(158 314)	(49 293)
Write-offs	(8 676)	(1 000)
Closing balance	<u>155 117</u>	<u>192 935</u>

	2006/07	2005/06
	R'000	R'000
Current portion of loans	<u>6 695</u>	<u>17 954</u>

15. Voted funds to be surrendered to the Revenue Fund

	2006/07	2005/06
	R'000	R'000
Opening balance	222 330	46 166
Transfer from Statement of Financial Performance	354 653	222 330
Paid during the year	(222 330)	(46 166)
Closing balance	<u>354 653</u>	<u>222 330</u>

Treasury informed the department on the 13th July 2007 that the roll-over of R314 million to the 2007/08 financial year was approved by the Minister of Finance.

16. Departmental revenue to be surrendered to the Revenue Fund

	2006/07	2005/06
	R'000	R'000
Opening balance	(1 024)	(47 641)
Transfer from Statement of Financial Performance	183 624	129 308
Paid during the year	(152 090)	(82 691)
Closing balance	<u>30 510</u>	<u>(1 024)</u>

Amount not used at end of project, which donors allow department to maintain should be paid over to the Revenue Fund.

17. Payables – current

		2006/07	2005/06		
		R'000	R'000	Total	Total
Description	Notes				
Advances received	17.1	(2 660)	92 504	89 844	258 014
Other payables	17.2	13 108	105 238	118 346	91 224

			2006/07	2005/06
Total	10 448	197 742	208 190	349 238

17.1 Advances received

	2006/07	2005/06
	R'000	R'000
Description		
WTA Mooi Umgeni	1 313	1 323
Advances from Public entities	1 074	858
Advances from Mpumalanga	40	241
Flag Boshielo Dam	-	171 250
Advances from Limpopo	4 238	-
Berg Water Project	78 978	80 798
Advances from Gauteng (Hartbeespoort)	4 201	3 544
Total	89 844	258 014

17.2 Other payables

	2006/07	2005/06
	R'000	R'000
Description		
Salary deduction disallowance account	1 784	7
Forestry leases: Advances from Public entities	99 743	76 087
Sal: ACB recalls: CA	26	9
Claims recoverable: Limpopo	-	6 503
Claims recoverable: F/Gov. & Int. Org.	2 578	-
Compensation Com. Contr. Acc	6 806	4 600
NRF & AT Funds	-	3 175
Claims recoverable: Eastern Cape	2	2
Claims recoverable: Gauteng	2 956	702
Claims recoverable: Northern Cape	1 328	57
Claims recoverable: Pub Entities	-	82
Claims recoverable: Western Cape	3 123	-
Total	118 346	91 224

18. Net cash flow available from operating activities

	2006/07	2005/06
	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance	491 831	424 890
Add back non cash/cash movements not deemed operating activities	(276 782)	280 824
(Increase)/decrease in receivables – current	172 357	(285 544)
(Increase)/decrease in prepayments and advances	(48 085)	96 636
(Increase)/decrease in other current assets	(9 880)	15 273
Increase/(decrease) in payables – current	(141 048)	171 700
Proceeds from sale of capital assets	(473)	(34)
Expenditure on capital assets	114 888	430 705
Surrenders to Revenue Fund	(374 421)	(128 857)
Other non-cash items	9 880	(19 055)
Net cash flow generated by operating activities	215 049	705 714

19. Reconciliation of cash and cash equivalents for cash flow purposes

	2006/07	2005/06
	R'000	R'000
Consolidated Paymaster General account	356 380	254 221
Cash receipts	185	(180)
Disbursements	(15)	1 507
Cash on hand	66	69
Total	356 616	255 617

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

20. Contingent liabilities

	<i>Nature</i>	<i>Note</i>	2006/07	2005/06
<i>Liable to</i>			R'000	R'000
Housing loan guarantees	Employees	Annex 3A	11 379	9 046
Other guarantees		Annex 3A	19 411 504	18 359 247
Claims against the department		Annex 3B	212 197	194 674
Other departments (interdepartmental unconfirmed balances)		Annex 5	33	21
Total			19 635 113	18 562 988

21. Commitments

	2006/07	2005/06
	R'000	R'000
Current expenditure		
Approved and contracted	172 263	-
Approved but not yet contracted	57 549	-
	229 812	-
Capital expenditure		
Approved and contracted	31 128	2 228 347
Approved but not yet contracted	-	-
	31 128	2 228 347
Total Commitments	260 940	2 228 347

22. Accruals

	2006/07	2005/06		
	R'000	R'000		
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Compensation of employees	78	269	347	175
Goods and services	10 823	6 260	17 083	24 815
Interest and rent on land	-	-	-	187

	2006/07	2005/06		
	R'000	R'000		
Transfers and subsidies	280	57	337	-
Buildings and other fixed structures	34	1	35	342
Machinery and equipment	962	26	988	8
Software and other intangible assets	97	3	100	89
Total	12 274	6 616	18 890	25 616

Listed by programme level

	Total	Total	
Administrations	702	2 701	
Water Resource Management	6 672	13 833	
Water Services	9 856	6 941	
Forestry	1 660	2 141	
	18 890	25 616	
Confirmed balances with other departments	Annex 5	80	5
Confirmed balances with other government entities		-	-
Total	80	5	

23. Employee benefits

	2006/07	2005/06
	R'000	R'000
Leave entitlement	46 784	22 198
Thirteenth cheque	30 976	21 231
Performance awards	5 702	5 627
Capped leave commitments	230 434	131 996
Total	313 896	181 052

24. Lease Commitments

Operating leases

2006/2007	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Not later than 1 year	-	62	-	62
Later than 1 year and not later than 5 years	-	40	-	40
Later than five years	-	-	-	-
Total present value of lease liabilities	-	102	-	102

2005/2006	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-
Later than five years	-	-	-	-
Total present value of lease liabilities	-	-	-	-

Finance leases

2006/2007	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	3 274	3 274
Later than 1 year and not later than 5 years	-	-	3 207	3 207
Later than five years	-	-	-	-
Total present value of lease liabilities	-	-	6 481	6 481

2005/2006	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	12 883	12 883
Later than 1 year and not later than 5 years	-	-	-	-
Later than five years	-	-	-	-
Total present value of lease liabilities	-	-	12 883	12 883

25. Receivables for departmental revenue

	2006/07	2005/06
	R'000	R'000
Sales of goods and services other than capital assets	2 752	1 048
Total	2 752	1 048

26. Irregular expenditure

Reconciliation of irregular expenditure

	2006/07	2005/06
	R'000	R'000
Opening balance	55 341	55
Add: Irregular expenditure – current year	-	55 286
Less: Amounts condoned	55 286	-
Expenditure for capital assets	55 286	-
Irregular expenditure awaiting condonement	55	55 341
Current expenditure	-	-
Transfers and subsidies	-	-
Expenditure for capital assets	-	-

Analysis of awaiting condonement per age classification

Current	-	55 286
Prior years	55	55
Total	55	55 341

27. Key management personnel

	No. of Individuals	2006/07 R'000	2005/06 R'000
Political office bearers (provide detail below)	1	1 003	923
Officials			
Level 15 to 16	5	3 535	3 005
Level 14 (incl CFO if at a lower level)	3	1 417	1 927
Family members of key management personnel		-	-
Total		5 955	5 855

28. Tangible Capital Assets

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance Cost R'000	Additions Cost R'000	Transfers In Cost R'000	Disposals Cost R'000	Transfers Out Cost R'000	Closing Balance Cost R'000
BUILDING AND OTHER FIXED STRUCTURES	365 597	23 567	3 012 640	(472)	(1 358 967)	2 042 365
Non-residential buildings	277 417	5 728	-	(443)	-	282 702
Other fixed structures	88 180	17 839	-	(29)	-	105 990
Water Services	-	-	3 012 640	-	(1 358 967)	1 653 673

	Opening balance Cost R'000	Additions Cost R'000	Transfers In Cost R'000	Disposals Cost R'000	Transfers Out Cost R'000	Closing Balance Cost R'000
MACHINERY AND EQUIPMENT	81 412	65 271	-	1	-	146 683
Transport assets	342	37	-	-	-	379
Computer equipment	32 571	44 060	-	-	-	76 631
Furniture and office equipment	12 700	2 847	-	-	-	15 547
Other machinery and equipment	35 799	18 327	-	(1)	-	54 125
CULTIVATED AND BIOLOGICAL ASSETS	30	-	-	-	-	30
Cultivated assets	30	-	-	-	-	30
TOTAL TANGIBLE ASSETS	447 039	88 838	3 012 640	(473)	(1 358 967)	2 189 077

28.1 ADDITIONS TO TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Cash Cost R'000	Non-cash (Transfers) Cost R'000	Total Cost R'000
BUILDING AND OTHER FIXED STRUCTURES	23 567	3 012 640	3 036 207
Non-residential buildings	5 728	-	5 728
Other fixed structures	17 839	-	17 839
Water Services Assets	-	3 012 640	3 012 640

MACHINERY AND EQUIPMENT	65 271	-	65 271
Transport assets	37	-	37
Computer equipment	44 060	-	44 060
Furniture and office equipment	2 847	-	2 847
Other machinery and equipment	18 327	-	18 327
TOTAL	88 838	3 012 640	3 101 478

28.2 DISPOSALS OF TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Sold (Cash)	Non-Cash	Non-Cash (Transfers)	Cash Received Actual
	Cost	Cost	Cost	Cost
	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	472	1 358 967	1 359 439	472
Non-residential buildings	443	-	443	443
Other fixed structures	29	-	29	29
Water Services Assets	-	1 358 967	1 358 967	-
MACHINERY AND EQUIPMENT	1	-	1	1
Transport assets	-	-	-	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	1	-	1	1
TOTAL	473	1 358 967	1 359 440	473

28.3 MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	2 343	363 254		365 597
Non-residential buildings	-	277 417	-	277 417
Other fixed structures	2 343	85 837	-	88 180
MACHINERY AND EQUIPMENT	49 031	32 381		81 412
Transport assets	341	1	-	342
Computer equipment	17 859	14 712	-	32 571
Furniture and office equipment	9 566	3 134	-	12 700
Other machinery and equipment	21 265	14 534	-	35 799
CULTIVATED AND BIOLOGICAL ASSETS	-	30		30
Cultivated assets	-	30	-	30
TOTAL TANGIBLE ASSETS	51 374	395 665		447 039

29. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	Cost	Cost	Cost	Cost	Cost
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	25 701	-	8 718	-	34 419
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADE-MARKS	112	-	-	-	112
SERVICES AND OPERATING RIGHTS	16 104	-	-	-	16 104
OTHER INTANGIBLES	-	-	2 641	-	2 641
TOTAL INTANGIBLE ASSETS	41 917	-	11 359	-	53 276

29.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Cash Cost	Non-Cash Fair Value	Total Cost
	R'000	R'000	R'000
COMPUTER SOFTWARE	8 718	-	8 718
OTHER INTANGIBLES	2 641	-	2 641
TOTAL	11 359	-	11 359

29.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	14 711	10 990	-	25 701
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	81	31	-	112
SERVICES AND OPERATING RIGHTS	13 662	2 442	-	16 104
TOTAL	28 454	13 463	-	41 917

30. Provisions

	2006/07	2005/06
	R'000	R'000
Potential irrecoverable debts		
Other debtors	36 847	-
Total	36 847	-

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY
VOTE 34**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2007

**ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION 2006/07					SPENT 2006/07			2005/06	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Division of Revenue Act										
Water Trading Account	-	-	-	-	-	-	-	-	-	1 068 333
	-	-	-	-	-	-	-	-	-	1 068 333

**ANNEXURE 1E
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION 2006/07				TRANSFER 2006/07		SPENT 2006/07			2005/06
	Division of Revenue Act/ Provincial Grants	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
EASTERN CAPE										
Buffalo City (EC125)	7 645		(1 368)	6 277	8 107	129.2%	8 107	5 198	64.12%	3 017
Amatole DM (DC12)	5 919		2 354	8 273	6 945	83.9%	6 945	3 986	57.39%	-
Chris Hani DM (DC13)	18 877		(14 957)	3 920	2 896	73.9%	2 896	2 875	99.27%	-

NAME OF MUNICIPALITY	GRANT ALLOCATION 2006/07				TRANSFER 2006/07		SPENT 2006/07			2005/06
	Division of Revenue Act/ Provincial Grants	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Ukhahlamba DM (DC14)	5 445		(1 849)	3 596	3 168	88.1%	3 168	3 168	100%	5 137
OR Tambo DM (DC15)	-		6 356	6 356	3 714	58.4%	3 714	3 014	81.15%	-
Alfred Nzo DM (DC44)	7 916		(6 339)	1 577	1 045	66.3%	1 045	1 045	100%	9 859
FREE STATE										
Kopanong (FS162)	-		536	536	536	100.0%	536	-	0%	-
Mangaung (FS172)	2 000		-	2 000	2 000	100.0%	2 000	-	0%	2 323
Maluti-a-Phofung (FS194)	23 324		66	23 390	23 449	100.3%	23 449	17 759	75.73%	24 226
Metsimaholo (FS204)	1 114		-	1 114	507	45.5%	507	507	100%	1 051
GAUTENG										
City of Tshwane	14 249		-	14 249	35 742	250.8%	35 742	13 742	38.45%	1 720
Kungwini (GT02b2)	-		2 124	2 124	-	0.0%	-	-	0%	-
Emfuleni (GT421)	-		-	-	9 550	0.0%	9 550	9 550	100%	-
KWAZULU NATAL										
EThekweni	1 477		(243)	1 234	1 234	100.0%	1 234	1 234	100%	1 393
Ugu DM (DC21)	517		718	1 235	1 235	100.0%	1 235	253	20.49%	582
Uthukela DM (DC23)	3 800		(716)	3 084	3 081	99.9%	3 081	2 366	76.79%	5 073
Umzinyathi DM (DC24)	1 725		(79)	1 646	1 672	101.6%	1 672	1 652	98.8%	1,571
Newcastle (KZ252)	3 179		877	4 056	4 056	100.0%	4 056	-	0%	7 768
Amajuba DM (DC25)	824		(135)	689	689	100.0%	689	689	100%	777

NAME OF MUNICIPALITY	GRANT ALLOCATION 2006/07				TRANSFER 2006/07		SPENT 2006/07			2005/06
	Division of Revenue Act/ Provincial Grants	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Zululand DM (DC26)	15 164		253	15 417	15 401	99.9%	15 401	15 401	100%	15 116
Umkhanyakude (DC27)	4 679		67	4 746	4 742	99.9%	4 742	4 742	100%	4 460
uMhlatuze (KZ282)	1 700		(1 700)	-	-	0.0%	-	-	0%	930
uThangulu DM (DC28)	295		314	609	609	100.0%	609	245	40.23%	-
iLembe DM (DC29)	2 850		450	3 300	3 300	100.0%	3 300	765	23.18%	2 194
Sisonke DM (DC43)	952		-	952	-	0.0%	-	-	0%	-
LIMPOPO										
Sekhukhune DM (DC47)	72 793		(20 352)	52 441	23 927	45.6%	23 927	15 000	62.69%	70 021
Mopani DM (DC33)	54 288		(4 952)	49 336	10 275	20.8%	10 275	-	0%	-
Vhembe DM (DC34)	41 049		-	41 049	7 217	17.6%	7 217	-	0%	-
Polokwane (NP354)	12 900		-	12 900	6 680	51.8%	6 680	2 600	38.92%	-
Capricorn DM (DC35)	30 687		6 460	37 147	13 742	37.0%	13 742	9 000	65.49%	-
Lephalale (NP362)	7 258		(4 198)	3 060	5 632	184.1%	5 632	5 632	100%	6 159
Mogalakwena (NP367)	26 730		(12 527)	14 203	13 386	94.2%	13 386	10 200	76.2%	-
Bohlabela (CBDC4)	-		-	-	-	0.0%	-	-	0%	50 531
MPUMALANGA										
Albert Luthuli (MP301)	-		5 724	5 724	5 724	100.0%	5 724	-	0%	-
Thembisile (MP315)	-		10 147	10 147	10 147	100.0%	10 147	-	0%	-

NAME OF MUNICIPALITY	GRANT ALLOCATION 2006/07				TRANSFER 2006/07		SPENT 2006/07			2005/06
	Division of Revenue Act/ Provincial Grants	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Dr JS Moroka (MP316)	24 904		-	24 904	21 266	85.4%	21 266	16 963	79.77%	30 880
Thaba Chweu (MP321)	-		1 576	1 576	1 270	80.6%	1 270	-	0%	-
Mbombela (MP322)	-		35 113	35 113	25 751	73.3%	25 751	23 158	89.93%	-
Nkomazi (MP324)	30 588		(509)	30 079	22 388	74.4%	22 388	22 388	100%	30 873
Bushbuckridge (MP325)	-		-	-	10 942	0%	12 285	12 285	100%	-
Ehlanzeni DM (DC32)	38 901		(38 901)	-	-	0.0%	-	-	0%	-
NORTHERN CAPE										
Moshaweng (NC451)	6 936		2 379	9 315	9 315	100.0%	9 315	8 853	95.04%	5 100
Ga-Segonyana (NC452)	4 044		-	4 044	4 044	100.0%	4 044	3 419	84.55%	3 225
Phokwane (NC094)	5 863		62	5 925	5 925	100.0%	5 925	3 320	56.03%	3 074
NORTH WEST										
Madibeng (NW372)	12 860		(3 288)	9 572	9 572	100.0%	9 572	9 572	100%	15 122
Moses Kotane (NW375)	-		14 640	14 640	14 640	100.0%	12 890	7 421	57.57%	-
Bophirima DM (DC39)	-		21 897	21 897	21 897	100.0%	16 326	13 269	81.28%	-
WESTERN CAPE										
Cederberg (WC012)	1,173		-	1 173	1 173	100.0%	1 173	1 125	95.91%	1 206
West Coast DM (DC1)	741		-	741	741	100.0%	6 724	741	11.02%	699
Oudtshoorn (WC045)	4,636		-	4 636	4 636	100.0%	4 636	4 363	94.11%	4 374

NAME OF MUNICIPALITY	GRANT ALLOCATION 2006/07				TRANSFER 2006/07		SPENT 2006/07			2005/06
	Division of Revenue Act/ Provincial Grants	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
	500 002	-	-	500 002	383 968		383 973	257 500		308 461

Notes:

- represents total DoRA Sch 6 – note that in certain cases, transfers made to Water Boards (see Annexure 1 I) – transfers to municipalities only represented herein
- in certain cases Schedule 6 was used by DWAF in-house (MP, EC, LP) – not reflected here
- 2005/06 DoRA represents Adjusted value

**ANNEXURE 1F
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION 2006/07				TRANSFER 2006/07		SPENT 2006/07			2005/06
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
RSC Levies	1 711	-	387	2 098	2 098	100.0%	-	-	0%	4 678
Vehicle licenses	-	-	614	614	614	100.0%	-	-	0%	1 072 212
	1 711	-	1 001	2 712	2 712		-	-		1 076 890

**ANNEXURE 1G
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT / AGENCY / ACCOUNT	TRANSFER ALLOCATION 2006/07				TRANSFER 2006/07		2005/06
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Water Trading Account	1 001 449	-	125 572	1 127 021	827 021	73.4%	1 703 760
Equipment Trading Account	-	-	-	-	-	0.0%	17 750
Impala WUA	-	-	-	-	-	0.0%	21 826
Vehicle Lic: Municipalities	-	-	-	-	-	0.0%	514
Capital/Transfer	-	-	-	-	-	0.0%	(1 071 022)
Skills Levy	620	-	-	620	356	57.4%	-
	1 002 069	-	125 572	1 127 641	827 377		672 828

**ANNEXURE 1I
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION / PRIVATE ENTERPRISE	TRANSFER ALLOCATION 2006/07				EXPENDITURE 2006/07				2005/06
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000

Public Corporations

SAFCOL	-	-	-	-	-	0.0%	-	-	16 981
Capital/Transfer	-	-	-	-	-	0.0%	-	-	(10 090)
SARS	-	-	12 607	12 607	12 607	100.0%	-	12 607	-
SANBI	-	-	25 200	25 200	25 200	100.0%	-	25 200	-
Magalies Water Board	15 168	-	-	15 168	15 168	100%	-	15 168	-
Botshelo Water Board	34 066	-	-	34 066	33 543	98.5%	-	33 543	-

NAME OF PUBLIC CORPORATION / PRIVATE ENTERPRISE	TRANSFER ALLOCATION 2006/07				EXPENDITURE 2006/07				2005/06
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Lepelle Water Board	45 000	-	-	45 000	30 685	68.2%	-	30 685	-
Lepelle Water Board	4 500	-	-	4 500	4 500	100%	-	4 500	-
Total	98 734	-	37 807	136 541	121 703		-	121 703	6 891

ANNEXURE 1J STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION 2006/07				EXPENDITURE 2006/07			2005/06
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
Transfers								
Orange Senque Basin Commission (ORASECOM)	3 500	-	-	3 500	3 500	100.0%	-	
Total	3 500	-	-	3 500	3 500		-	

ANNEXURE 1K STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION 2006/07				EXPENDITURE 2006/07			2005/06
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
Transfers								
Capital/Transfer	-	-	-	-	-	0.0%	2	
Swimming South Africa	-	-	150	150	150	100.0%	-	
Total	-	-	150	150	150		2	

**ANNEXURE 1L
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION 2006/07				EXPENDITURE 2006/07		2005/06
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
H/H Social benefits	-	-	27 515	27 515	27 367	99.5%	20 000
Capital/Transfer	-	-	-	-	-	0.0%	8 543
SANPARKS – Social benefits	-	-	1 481	1 481	1 481	100.0%	-
Financial Assistance to small scale farmers	30 175	-	22 101	52 276	8 074	15.4%	-
Inkomati Catchment Management Area	-	-	7 000	7 000	7 000	100.0%	-
Phokwane Municipality	-	-	631	631	631	100.0%	-
Moshaweng Municipality	-	-	1 352	1 352	1 352	100.0%	-
Total	30 175	-	60 080	90 255	45 905		28 543

**ANNEXURE 1M
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2006/07 R'000	2005/06 R'000
Received in cash			
Various companies	Health River Programme	-	27
AM Muller	Teletransmission inward International	-	72
Global Water Partnership (GWP)	Air ticket for attendance of GWP meeting in Stockholm	22	-
Subtotal		22	99
Received in kind			
DBSA	Activity kits for the Health River Programme	-	50
Rand Water	Baswa le Meetse	2	-
Umgeni Water	Sanitation Week	2	-
ABSA	Baswa le Meetse	65	-
Umgeni Water	Golfday	100	-
Mhlathuzi Water		50	-
Sedibeng Water		15	-
TCTA		30	-
MTN		15	-
Total South Africa	Arbor Week	1,000	-
Eskom	Water Week	300	-
Eskom	Women in Water	300	-
Subtotal		1 879	50
Total		1 901	149

- Totals do not form part of the totals as on the face of the Statement of Financial Performance

**ANNEXURE 1N
STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE 1 April 2006 R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE 31 March 2007 R'000
Received in cash					
European Union	Water and sanitation services	46 192	170 327	237 410	(20 891)
United Kingdom	Water services (Masibambane programme)	(3 382)	5 440	2 058	-
Finland	Working for water	(7 940)	8 173	-	233
Ireland	Water and sanitation programme	7 841	41 067	35 625	13 283
Flanders	Water and sanitation for deep rural areas	(1 013)	3 822	4 134	(1 325)
Republic of China (195)	Community forestry	195	-	1	194
African Renaissance	Upgrading of Hydrometric Network in Lesotho	4 123	-	-	4 123
Denmark	Community water supply and sanitation	1 300	7 200	3 447	5 053
Switzerland	Local Government capacity building and knowledge sharing	-	3 200	3 000	200
Subtotal		47 316	239 229	285 675	870
Received in kind					
LOCAL					
Unesco	Technical assistance with capacity building	10	-	-	10
FOREIGN					
China:	Pipes and Water meters	123 922	35 900	-	159 822
United Kingdom:	Forestry markets	13 742	-	-	13 742
United Kingdom:	Support to water services	6 459	4 237	-	10 696
United Kingdom:	Strengthening Chief Directorate: Forestry	1 105	-	-	1 105
Japan:	Rural water supply	31 319	-	-	31 319

NAME OF DONOR	PURPOSE	OPENING BALANCE 1 April 2006 R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE 31 March 2007 R'000
United Kingdom:	Corporate institutional transformation	8 807	-	-	8 807
United Kingdom:	Support to Water Resources Management	11 238	6 742	-	17 980
DFID	Partners for Water and Sanitation	-	250	-	250
Netherlands Dutch VNG	Twinning Arrangement with Dutch Water Boards	-	600	-	600
Subtotal		196 602	47 729	-	244 331
Total		243 918	286 958	285 675	245 201

**ANNEXURE 10
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2007**

NATURE OF GIFT, DONATION OR SPONSORSHIP	2006/07	2005/06
	R'000	R'000
Paid in cash		
National Grasslands Borne Programme (NGBP) managed by SA National Biodiversity Institute (SANBI)	100	-
Tree Planting Nature Day Programmes: Schools for Learners with Special Educational Needs	100	-
Gift for Minister of Zimbabwe and chairperson of ZINWA: O/E MTN Decoupage, VN frames and salad serves	-	1
TOTAL	200	1

ANNEXURE 2B
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2007

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Controlled entities									
WATER BOARDS									
Albany Coast	Building of a stock drinking scheme							288	290
Bloem Water B	Purchase of the Caledon/Bloemfontein (Welbedacht Dam) Water scheme							(7)	76 630
Kalahari West	Construct a stock drinking scheme							3 628	3 790
Lepelle N/W (Duiwelskloof)	Purchase of the Duiwelskloof scheme							812	735
Lepelle N/W (Ebenezer)	Purchase of the Pietersburg Regional water supply scheme							28	-
Magalies	Purchase of the Wallmansthal and Temba purification works							8 532	5 300
Namakwa Water	Namakwa water split into 3 different parties each							-	37
Namakwa – De Beers	Namakwa water split into 3 different parties each							2 935	2 206
Namakwa – Occ/Metorex	Namakwa water split into 3 different parties each							-	1 578
Namakwa – P/Consumer	Namakwa water split into 3 different parties each							-	4 056
Overberg Water	Purchase of the Duiwenhoks, Reunsveld East and West scheme							30 228	30 228
Sedibeng Water Balkfontein	Purchase of the Balkfontein and Sand River Government water scheme							4 750	4 696
Sedibeng Water	Purchase of the Balkfontein and Sand River Government water scheme							5 972	5 751
White River Valley	Purchase of Prinmkop Dam and Lonmere Dam							757	702
IRRIGATION BOARDS									
Agterkliphoogte (3)	For irrigation							91	99
Bossieveld 2	For irrigation							1 484	1 291
Zandriff	For irrigation							6	6
Buffelsjagt (1)	For irrigation							-	10
Buffelsjagt (2)	For irrigation							-	22
Buffelsjagt (3)	For irrigation							1	84
Ceres Rooikloof (1)	For irrigation							11	31
Ceres Rooikloof (2)	For irrigation							23	66

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Ceres Koekedouw (2)	For irrigation							-	10
Ceres Koekedouw (1)	For irrigation							4	34
Cogmanskloof	For irrigation							1 576	155
Groenland (1)	For irrigation							7	323
Groenland (2)	For irrigation							201	2 009
Grooteiland Klipdrif (1)	For irrigation							-	1
Grooteiland Klipdrif (4)	For irrigation							11	13
Grooteiland Klipdrif (5)	For irrigation							2	2
Groothoek (4)	For irrigation							29	29
Groothoek (3)	For irrigation							8	8
Hoekoe (3)	For irrigation							5	6
Hoekoe (4)	For irrigation							2	2
Hoekoe (1)	For irrigation							2	5
Hoekoe (2)	For irrigation							2	3
Klaasvoogds (2)	For irrigation							55	60
Klaasvoogds (1)	For irrigation							115	137
Klaasvoogds (3)	For irrigation							12	20
Kigna (2)	For irrigation							65	68
Nooitgedacht (2)	For irrigation							16	18
Nooitgedacht (3)	For irrigation							30	31
Noord Agter Paarl (1)	For irrigation							911	971
Palmiet (1)	For irrigation							13	38
Palmiet (2)	For irrigation							51	63
Perdeberg (1)	For irrigation							3 140	3 176
Perdeberg (2)	For irrigation							(39)	-
Suid Agter Paarl (1)	For irrigation							1 153	1 201
Uitnood (1)	For irrigation							609	637
Uitnood (2)	For irrigation							6	9
Vier-en-twintigriviere (1)	For irrigation							-	12
Vier-en-twintigriviere (3)	For irrigation							4	34
Kanoneiland (3)	For irrigation							15	-
Sondagsrivier (1)	For irrigation							6	23

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Sondagsrivier (2)	For irrigation							-	1
Sondagsrivier (3)	For irrigation							-	3
Sondagsrivier (4)	For irrigation							4	10
Sondagsrivier (5)	For irrigation							1	5
Illovo	For irrigation							244	247
Ixopo	For irrigation							799	817
Sterkspruitrivier	For irrigation							992	99
Umlaas (2)	For irrigation							486	506
Low's Creek	For irrigation							8	31
Malelane (1)	For irrigation							345	270
Sabierivier (2)	For irrigation							24	27
Sabierivier (1)	For irrigation							12	14
Sabierivier (3)	For irrigation							6	7
Sabierivier (4)	For irrigation							3	5
Sandrivier (1)	For irrigation							53	46
Sandrivier (2)	For irrigation							28	25
White River Est.	For irrigation							5	5
Georges Valley (3)	For irrigation							13	1
Pusela	For irrigation							4	5
Bellair	For irrigation							38	36
Bo-Doornrivier	For irrigation							9	11
Bossieveld (1)	For irrigation							71	59
Brandwag	For irrigation							101	99
Buffelskloof (2)	For irrigation							110	112
Buffelskloof (1)	For irrigation							2	6
Calitzdorp (1)	For irrigation							(1)	41
Dwariga	For irrigation							21	25
Doornrivier (3)	For irrigation							4	6
Elandskaroo	For irrigation							82	-
Gamkarivier (1)	For irrigation							25	21
Gamkarivier (3)	For irrigation							87	74

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Gamkarivier (2)	For irrigation							13	11
Hexrivier (2)	For irrigation							21	21
Hooprivier (2)	For irrigation							19	22
Jan du Toits (2)	For irrigation							4	3
Jan du Toits (1)	For irrigation							11	8
Keurkloof	For irrigation							36	43
Krommerivier (1)	For irrigation							26	21
Krommerivier (2)	For irrigation							2	1
Krommerivier (4)	For irrigation							71	56
Krommerivier (3)	For irrigation							30	23
Langeberg	For irrigation							-	4
Leeu Gamka	For irrigation							3	2
Nonnarivier	For irrigation							1	1
Noree (2)	For irrigation							-	1
Noree (3)	For irrigation							9	9
Nuyrivier (1)	For irrigation							94	97
Overhex (2)	For irrigation							10	11
Stettyn	For irrigation							-	5
Suid Agter Paarl (2)	For irrigation							176	182
Van Wyksdorp	For irrigation							102	102
Kanoneiland (2)	For irrigation							1 512	281
Kanoneiland (1)	For irrigation							275	15
Louterwater (1)	For irrigation							-	4
Renfield	For irrigation							34	34
Tierpoort	For irrigation							1 235	922
Mzalanyoni	For irrigation							156	16
Sondagsrivier (Eland)	For irrigation							325	327
Umlaas (1)	For irrigation							140	139
Umlaas (3)	For irrigation							241	224
Curlews (Manchester)	For irrigation							404	371
Curlews (5)	For irrigation							2	2
De Rust	For irrigation							208	187

Name of Public Entity	Nature of business	Cost of investment R'000		Net Asset value of Investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Eureka	For irrigation							657	607
Komatirivier (1)	For irrigation							228	180
Komatirivier (3)	For irrigation							104	144
Komatirivier (2)	For irrigation							276	196
Manchester Noordwyk (2)	For irrigation							1 843	185
Malelane (2)	For irrigation							148	134
Ranch Karino (4)	For irrigation							232	266
Ranch Karino (1)	For irrigation							75	78
Ranch Karino (2)	For irrigation							39	36
Ranch Karino (3)	For irrigation							15	23
Trans Elands	For irrigation							90	73
Schweizer Reneke	For irrigation							22	18
White Water Manor	Purchase of Da Gama Dam							264	-
Haarlem	Dam and pipelines							9 357	5 252
Hexvalley	Purchase of Sandrif Government Water Scheme							5 462	5 011
Bleshoek	For irrigation							182	-
Impala	Guaranteed Payments							21 536	-
MUNICIPALITIES									
Amajuba District Ethekwini	Purchase of portion of the Ngagane Regional Water supply scheme							32 413	22 442
Ethekwini	Purchase of Hammersdale water distribution scheme							671	630
Ngwathe (Heilbron)	Purchase of Heilbron pipeline							63	57
Oudtshoorn	Purchase of loan in respect of Municipality dam							64	41
Saldanha	Purchase of Stompneus reservoir							242	210
West Coast District	Purchase of Berg river (Saldanha) and Berg river (Swartland)							4 848	4 887
Total		-	-	-	-	-	-	155 117	192 935

**ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2007 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2006	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Currency revaluatins	Closing balance 31 March 2007	Guaranteed interest for year ended 31 March 2007	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
VSB Mutual Bank	Loans	154	182	19	33	-	168	-	-
Old Mutual (NEDB/PERM)	Loans	1 410	1 372	688	205	-	1 855	-	-
Old Mutual Fin. Ltd	Loans	101	101	110	30	-	181	-	-
Peoples Bank (NBS)	Loans	515	515	-	515	-	-	-	-
Peoples Bank (NBC)(FID)	Loans	260	260	178	29	-	409	-	-
Green Start H/loans	Loans	31	31	14	-	-	45	-	-
Nedbank (BoE)	Loans	49	49	31	-	-	80	-	-
Nedbank LTD	Loans	272	318	111	42	-	387	-	-
NP Dev. Corp	Loans	16	16	262	-	-	278	-	-
Ithala Bank	Loans	46	46	19	-	-	65	-	-
Hlano Fin. Serv.	Loans	4	4	5	-	-	9	-	-
Meeg Bank	Loans	4	4	-	-	-	4	-	-
Standard Bank	Loans	1 625	1 647	247	246	-	1 648	-	-
ABSA	Loans	3 174	3 009	1 828	622	-	4 215	-	-
Mpumalanga	Loans	16	16	29	-	-	45	-	-
African Bank (Unique Finance)	Loans	85	85	29	68	-	46	-	-
Saambou	Loans	729	693	-	693	-	-	-	-
Stanbo	Loans	7	7	-	-	-	7	-	-
FNB	Loans	712	647	220	167	-	700	-	-
Free State Development Corp.	Loans	44	44	86	-	-	130	-	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2006	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Currency revaluatins	Closing balance 31 March 2007	Guaranteed interest for year ended 31 March 2007	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
BoE Bank Limited	Loans	-	-	13	-	-	13	-	-
First Rand Bank Inco NB	Loans	-	-	786	118	-	668	-	-
Nedbank LTD Inco NB	Loans	-	-	426	-	-	426	-	-
							-		
		9 254	9 046	5 101	2 768	-	11 379	-	-
	Other								
KOBWA (18)	DBSA Driekoppies Dam	488 401	430 838	-	24 809	-	406 029	10 576	-
KOBWA (21)	Hambros bond issue Maguga Dam	380 000	405 313	-	25 313	-	380 000	12 656	-
KOBWA (27)	Gensec Bank Maguga Dam	165 000	164 080	-	12 150	-	151 930	4 809	-
KOBWA	Rand Merchant Bank Maguga Dam	380 000	369 639	-	22 636	-	347 003	10 014	-
KOBWA	Nedcor Bank Maguga Dam	233 000	233 190	-	14 439	-	218 751	6 357	-
Land Bank (30)	Financing of water projects by WUA's	150 000	44 615	-	-	-	44 615	(1 379)	-
Land Bank (28)	Kalahari East Water Board	77 400	16 252	-	-	-	16 252	(199)	-
Land Bank (29)	Unzinkulwana WUA	500	332	-	-	-	332	84	-

**ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2007 – FOREIGN**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2006	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Currency revaluatins	Closing balance 31 March 2007	Guaranteed interest for year ended 31 March 2007	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Loan to LHDA (1) Repayment phase	Development Bank of Southern Africa (DBSA)- Contract 2484/1 Butha-Buthe Village engineering works	22 700	9 942	-	663	-	9 279	556	-
Loan to LHDA (2) Repayment phase	DBSA-Contract 2744/1 Civil Construction training	910	-	-	-	-	-	-	-
Loan to LHDA (3) Fully repaid	DBSA-Contract 2744/3 Civil Construction training	248	-	-	-	-	-	-	-
Loan to LHDA (4) Fully repaid	DBSA-Contract 3729/1 Accounting and Financial Management System	3 050	-	-	-	-	-	-	-
Loan to LHDA (5) Repayment phase	DBSA-9589/1 Planning and construction of LHWP entrance roads and reservoir crossing	8 854	-	-	-	-	-	-	-
Loan to LHDA (6) Fully paid	DBSA-2653/1 Basic infrastructure for communities affected by Construction	1 840	-	-	-	-	-	-	-
Loan to LHDA (7) Drawdown phase	ABSA Bank Ltd CMA Phase 4	100 000	-	-	-	-	-	-	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2006	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Currency revaluatins	Closing balance 31 March 2007	Guaranteed interest for year ended 31 March 2007	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Loan to LHDA (8) Fully paid	(Sechold Ltd) Investec Money Market	200 000	-	-	-	-	-	-	-
Loan to LHDA (9) Fully paid	ABSA Money Market	350 000	-	-	-	-	-	-	-
Loan to LHDA (10) Fully paid	Standard Bank of SA Limited money market	350 000	-	-	-	-	-	-	-
Loan to LHDA (11) Fully paid	Nedperm Bank	100 000	-	-	-	-	-	-	-
Loan to LHDA (12) Fully paid	RMB Money Market	100 000	-	-	-	-	-	-	-
Loan to TCTA (13) Repayment phase and drawdown phase	Call bills & Capital project bills. Issued in the money market	4 000 000	1 540 200	-	543 250	-	996 950	4 026	-
Loan to LHDA (15) Fully repaid	DPSA-Contract 9589/2	145 443	-	-	-	-	-	-	-
Loan to LHDA (16) Fully repaid	DPSA-Contract 10753	58 379	-	-	-	-	-	-	-
Loan to LHDA (17) Draw	CMA-V RMB	100 000	-	-	-	-	-	-	-
Loan to TCTA (14) Repayment phase and drawdown phase	Holders of Lesotho Highlands Water Projects Bonds (New Consolidated Guarantee)	21 000 000	14 738 214	1 284 009	-	-	16 022 223	393 774	-
Loan to LHDA	DBSA – 2868/1	2 700	2 006	-	71	-	1 935	67	-
		28 418 425	17 954 621	1 284 009	643 331	-	18 595 299	441 341	-
	Total	28 427 679	17 963 667	1 289 110	646 099	-	18 606 678	441 341	-

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2006	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Currency revaluatins	Closing balance 31 March 2007	Guaranteed interest for year ended 31 March 2007	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Loan to LHDA (OSL 23) Repayment phase	HSBC Investment Bank (Commercial Loan)	248 831	111 211	-	28 788	38 697	121 120	862	-
Loan to LHDA (OSL 24) Drawdown phase	HSBC Investment Bank (Export Credit)	135 300	55 127	-	14 270	19 182	60 039	564	-
Loan to LHDA (OSL 27) Drawdown phase	EIB	96 718	70 148	-	5 612	-	64 536	200	-
Loan to LHDA (OSL 26) Repayment phase	EIB	425 557	-	-	-	-	-	-	-
OSL 26 EUR		106 389	68 944	-	6 500	20 050	82 494	406	-
OSL 26 ZAR		154 254	100 000	-	-	-	100 000	6 348	-
OSL 26 A		123 997	92 527	-	7 711	-	84 816	252	-
OSL 26 C		40 872	18 401	-	1 533	-	16 868	50	-
Loan to LHDA (OSL 25) Drawdown phase		327 375	78 573	-	24 182	11 543	65 934	1 385	-
Loan to LHDA (OSL 22) Repayment phase		46 196	-	-	-	-	-	-	-
Loan to TCTA (FXL 01) Repayment phase	AKA Ausfuhrkredit-Gesellschaft mbH (Export credit)	363 179	-	-	-	-	-	-	-
Loan to TCTA (FXL 02) Repayment phase	Kreditanstalt fur Wiederaufbay (Export credit)	181 590	-	-	-	-	-	-	-
Loan to TCTA (FXL 08) Repayment phase	EIB	435 229	290 572	-	24 214	-	266 358	7 068	-
Total		2 685 487	885 503	-	112 810	89 472	862 165	17 135	-

TOTAL

Housing

11 379

Other – Local & Foreign

19 915 940

19 927 319

*Note: Increase / Decrease i.r.o. Foreign Guarantees due to Currency Depreciation / Appreciation

Note:

- (1) Guaranteed institution – Name of the institution in respect of whose liabilities the guarantee was issued e.g. Telkom, Land Bank, etc.
 - (2) Guaranteed in respect of – Examples would be Motor Vehicles, Housing, Capital market loan 1/96, water purification plants, access roads to water project ST5.
 - (3) Guaranteed capital amount – Capital amount of which the guarantee was issued and which appears on the guarantee documents.
 - (4) Opening balance – Capital amounts outstanding at 1 April 2006 in respect of the guarantee amount is shown here (face value of bond / loan). This amount must not include guaranteed interest.
 - (5) Currency revaluation – The difference due to exchange rate movements on the opening balances.
 - (6) Guarantee drawdowns during the year – The total amount in respect of drawdowns on a guaranteed loan during the financial year is shown here.
 - (7) Guarantee repayments during the year – The total amount in respect of guaranteed loan repayment during the financial year is shown here.
 - (8) Closing balance – The capital amount outstanding at 31 March 2007 in respect of the guaranteed amount is shown here (face value of bond / loan). This amount must not include guaranteed interest.
 - (9) Guaranteed interest outstanding – Where interest is also guaranteed, interest of the guaranteed amount as from the last date of interest until 31 March 2007 is shown here. This amount must be separately and not be included in the opening or closing balances.
 - (10) Realised losses i.e. claims paid out – Losses realised in respect of claims paid out are to be shown here. As in the case of a housing loan to an official, a guarantee claim paid out is not necessarily a loss to the State, seeing that the amount paid out can be recovered from the person in question. If such an amount cannot be recovered and has been written-off, it is regarded as a loss.
- :Guaranteed exposure – The sum of closing balance and guaranteed interest outstanding and should be disclosed in the disclosure notes.

**ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2007**

Nature of Liability	Opening Balance 01/04/2006	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2007
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
D de Villiers and others	400	-	-	-	400
Aquatic Weed Control	2 953	-	-	-	2 953
M Tshwandalani	19	-	-	-	19
D Mongwe & 71 Others	8 033	-	-	-	8 033
Concor Construction	33 000	-	-	-	33 000
Individual claims (12)	1 505	-	-	-	1 505
AH Conley	130	-	-	-	130
T Mgwaba	1 165	-	-	-	1 165
JSW van der Heyst	875	-	-	-	875
Group 5 Construction	18 865	-	-	-	18 865
Schoombee	6 891	-	-	-	6 891
AIS Farming	55	-	-	-	55
JJ Scheepers	266	-	-	-	266
N Jekubeni	14	-	-	-	14
N Qindisa	19	-	-	-	19
JP Vermaak	1	-	-	-	1
C Strauss	6	-	-	-	6
Stirling Baptist Church	68	-	-	-	68
Estate Late Namadodzi	316	-	-	-	316
N Matodzi	33	-	-	-	33
Inclenon DPI (Pty) Ltd	25	-	-	-	25
L Lubisi	27	-	-	-	27
JJ Kruger	23	-	-	-	23
M Briesies	171	-	-	-	171
Theo la Grange Trust	855	-	-	-	855
TR Collier	266	-	-	-	266
Triple "SSS"	313	-	50	-	263

Nature of Liability	Opening Balance 01/04/2006	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2007
	R'000	R'000	R'000	R'000	R'000
HJ Durr	4 200	-	-	-	4 200
D Dalling	365	-	-	-	365
Anglo Gold Mine LTD v DWAF and others	50	-	-	-	50
Louis Hatting v DWAF	93	-	-	-	93
Marius v DWAF	117	-	-	-	117
J Nkuna	51	-	-	-	51
Naude v DWAF	102	-	-	-	102
M and SJ Buffer v Kungwini	272	-	122	-	150
Group Five PTY LTD	65 030	-	-	-	65 030
Harmony Gold Mining Company v DWAF and others	48 100	-	-	-	48 100
Mienies Municipality	-	3 000	-	-	3 000
Mdingi	-	190	-	-	190
Latakgomo	-	290	-	-	290
Nkuna	-	50	-	-	50
Khala	-	7 000	-	-	7 000
CC Bill	-	15	-	-	15
CN Polo	-	150	-	-	150
SA Promotional Gifts	-	7 000	-	-	7 000
Total	194 674	17 695	172	-	212 197

**ANNEXURE 4
INTER-GOVERNMENT RECEIVABLES**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
National Department of Public Enterprises	18	-	6	6	24	6
National Department of Environmental Affairs and Tourism	-	-	75	-	75	-
Provincial Government: Limpopo Legislature: Office of the Secretary	-	-	15	12	15	12
Provincial Government: Premier Eastern Cape	-	-	16	35	16	35
National Department: Correctional Services	-	-	28	5	28	5
National Department of Public Works	-	-	97	57	97	57
Office of the President	-	-	19	-	19	-
South African National Defence Force	25	-	-	43	25	43
Provincial Government: Agriculture & Land Affairs: Eastern Cape	-	-	34	20	34	20
Provincial Department: Agriculture, Conservation & Dev. North West	-	-	13	13	13	13
Prov. Government: Agriculture, Conservation, Environment: Gauteng	-	-	-	13	-	13
Prov Government: Health: KZN	-	-	14	14	14	14
Prov Gov: Traditional & Local Affairs: KZN	-	-	3	2	3	2
Provincial Government: Finance & Economic Development: Limpopo	-	-	8	7	8	7

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
Provincial Government: Public Works: Limpopo	-	-	38	30	38	30
Provincial Government: Education: Mpumalanga	-	-	18	6	18	6
Provincial Government: Local Government & Traffic Mpumalanga	-	-	-	2	-	2
Prov Government: Community Safety: Western Cape	-	-	11	-	11	-
Advance for Implementing Agent (WFW Cape Town)	-	-	-	9	-	9
South African Management & Development Institute (SAMD)	-	-	-	4	-	4
National Department: Trade & Industry	-	-	-	4	-	4
National Department: Minerals & Energy	-	606	600	-	600	606
Provincial Government: Agriculture, Environment Affairs: KZN	-	-	7	-	7	-
Statistics South Africa	-	-	-	17	-	17
National Department: Agriculture	17	-	49	9	66	9
Provincial Department: Tourism, Environ & Eco: Free State	-	-	11	11	11	11
Provincial Government: Health: Limpopo	-	-	118	54	118	54
National Department: Education	-	-	-	8	-	8
National Department: Ministry of Intelligence	-	-	(3)	79	(3)	79
National Youth Commission	-	-	-	18	-	18

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
Departmental Debt: State Attorney Pretoria	-	-	(1)	(1)	(1)	(1)
Departmental Debt: State Attorney Pretoria	-	-	(1)	(1)	(1)	(1)
Provincial Department: Health & Welfare: Eastern Cape	-	-	79	30	79	30
Prov Department: Local Government & Housing: Limpopo	-	-	22	22	22	22
Provincial Department: Cultural Affairs & Sport: Western Cape	-	-	10	-	10	-
National Departments: Social Development	-	-	4	20	4	20
National Departments: Public Service & Administration	-	-	20	90	20	90
National Department of Agriculture	-	-	-	9	-	9
National Department: Housing	-	-	7	7	7	7
National Department: Government Communication (GCIS)	-	-	-	750	-	750
National Youth Commission (NON)	-	-	-	4	-	4
South African Police Service	37	-	-	35	37	35
Provincial Government: Sport & Recreation: Gauteng	-	-	-	52	-	52
Provincial Government: Health: Gauteng	-	-	10	10	10	10
Prov Government: Transport & Public Works: Gauteng	-	-	-	26	-	26

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
Prov Gov: Education & Culture: KZN	-	-	16	15	16	15
Provincial Government: Local Gov & Housing: Limpopo	-	-	30	22	30	22
Prov Gov: Health: Northern Cape	-	-	-	3	-	3
National Prosecuting Authority (NON)	-	-	-	4	-	4
National Department	-	-	(8)	(8)	(8)	(8)
Tsunami	-	-	-	(1)	-	(1)
VAALCO	-	-	55	55	55	55
Provincial Government Health Services: Free State	-	-	25	20	25	20
Prov Gov: Agriculture: Free State	-	-	-	4	-	4
National Department: Transport	-	-	3	3	3	3
Prov Gov Transport: Limpopo	-	-	-	16	-	16
Prov Gov Education North West	-	-	13	13	13	13
Prov Gov Sport & Recreation: Western Cape	-	-	-	9	-	9
Matching field 1273	-	-	-	(6)	-	(6)
Prov Gov: Housing & Land Administration: Mpumalanga	-	-	8	9	8	9
Prov Gov Shared Services Center: Gauteng	-	-	10	24	10	24
National Department: Health	15	-	-	32	15	32
National Department: Environmental Affairs	-	-	-	20	-	20

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
National Department: Land Affairs	-	-	17	76	17	76
National Department: Gov Printers	-	-	-	4	-	4
Payment from Main to Trading Account	-	-	-	23	-	23
National Department Justice & Constitutional Development	-	-	40	-	40	-
Prov Gov: Dept of Finance: Mpumalanga	-	-	35	-	35	-
National Treasury	6	-	-	-	6	-
South African Social Security Agency (SASSA)	-	-	38	-	38	-
National Department: Sport & Recreation	-	-	156	-	156	-
Prov Gov. Economic Affairs & Tourism: Eastern Cape	-	-	9	-	9	-
Prov. Gov. Roads & Transport: Limpopo	-	-	18	-	18	-
National Department: Provincial & Local Government	-	-	26	-	26	-
National Department Social Services & Population Development	-	-	11	-	11	-
	118	606	1 829	1 868	1 947	2 474
Other Government Entities						
Vat Clearings	-	-	14 349	10 084	14 349	10 084
Flag Boshielo	-	-	392	168 571	392	168 571
Berg Water	-	-	77 246	79 066	77 246	79 066
Mooi Umgeni	-	-	-	10	-	10
Working for Water Hartbeespoort	-	-	2 952	2 952	2 952	2 952
	-	-	94 939	260 683	94 939	260 683
TOTAL	118	606	96 768	262 551	96 886	263 157

**ANNEXURE 5
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current	-	-	-	-	-	-
Department of Education	-	-	-	6	-	6
Department of Health	-	-	-	15	-	15
Department of Justice and Constitutional Development	41	5	-	-	41	5
Western Cape: Environmental Affairs & Development Planning	15	-	-	-	15	-
Dept of Land Affairs	5	-	-	-	5	-
Dept of Public Works	19	-	-	-	19	-
Gauteng: Agriculture	-	-	27	-	27	-
Free State: Sports & Culture	-	-	6	-	6	-
Total	80	5	33	21	113	26

WATER TRADING ACCOUNT

REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDING 31 MARCH 2007

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

Operational Review

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

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

- Integrated Catchment Management,
- Integrated Systems,
- Bulk water Supply and
- Equipment

The Water Trading Account is divided into four components

- **Component 1: Integrated Water Resources Management:** This component funds the implementation of water resources management activities in each water management area, including resource quality management, control and authorisation of water use, and promotion of water conservation measures. It also includes the portion of the Working for Water budget that is derived from revenue from water users.
- **Component 2: Integrated Systems:** Where locally available water resources in a particular area cannot meet the demand, water is transferred from water-rich areas. The management, operation and maintenance of these schemes as integrated systems, as well as the revenue collected from water users, are reflected in this component. One example of this is the Vaal River system where a number of dams and pipelines are operated as one inter-linked system.
- **Component 3: Bulk Water Supply:** A number of water resources schemes (dams) are operated as stand-alone schemes and do not form part of an integrated system. The supply of water is mostly in bulk to

different water-user groups, but the agricultural sector is by far the largest consumer. Expenditure in this component covers operations and maintenance as well as management costs, and revenue is earned through the sales of water, mostly in bulk.

- **Component 4: Equipment:** This provides for equipment for the construction and maintenance of Government Water Schemes. This component was previously reported separately as the Equipment Trading Account which was closed and consolidated with the Water Trading Account.

Two main sources of funding are currently available to cover spending under the water trading account;

- Revenue stream generated by a water resource management charge levied on all registered water users (component 1).
- Revenue collected through the sale of water in bulk to various institutions and individuals (components 2 and 3).

Any shortfall is funded through allocations from the Vote 34.

The implementation of the revised national water pricing strategy will further improve the financial state of the water trading account. The application of the revised tariff structures in some areas has already resulted in improved revenue.

Working for Water

The Working for Water Programme which is undertaken under the Integrated Water Resources Management Component undertakes a number of functions in addition to removing alien vegetation that impacts on water resources. These include the promotion of bio-diversity and nature conservation and the provision of certain welfare services, as well as research and policy formulation.

The Working for Water programme which is also funded through the Sub-programme Sustainable Supply of Vote 34 has continued to clear invasive alien vegetation and do follow-up clearance and has been particularly successful in training and providing work for women, young people and the disabled.

Major projects undertaken during the year

Over the MTEF period, spending on infrastructure is expected to increase from R801 million to R1,9 billion, driven by the additional allocations for: the Olifants River Water Resources Development Project (De Hoop Dam) and related bulk distribution infrastructure; the dam safety rehabilitation programme; and the initial financing of the National Water Resources Infrastructure Agency.

The funds for the implementation phase of the De Hoop Dam project will be fully provided for in the department's budget for the Olifants River Water Resources Development Project. For subsequent phases, a portion of the funding will be provided from the financial markets in accordance with cost responsibility attributable to commercial users. A similar arrangement will be applied for the Mokolo River water resources augmentation project, for which an estimated 75 per cent of the estimated total cost of R1,9 billion will be attributable to commercial users. Funds to complete bulk rural water supply works, including the Inyaka water treatment works, the Nandoni water treatment works and the Hluhluwe scheme, are to be fully provided from the National Revenue Fund.

Funding for new dams, such as the Nwamitwa Dam, the Mzimkulu Off-Channel Storage Dam and the Zalu Dam, intended to improve water supply to users, is fully provided for in existing baseline allocations. Funding for rehabilitating dams to ensure safety will continue throughout the MTEF period.

In his 2003 State of the Nation address, the President announced the government's intention to build the De Hoop Dam and a bulk raw water distribution system to boost the water supply to municipalities and support the development of platinum mining and agriculture opportunities in Limpopo. The De Hoop Dam will have an 81 metre high wall and a storage capacity of 330 million m³. In June 2004, Cabinet approved the project, which consists of the following phases:

- Phase 1: Raising the wall of the Flag Boshielo Dam was completed in December 2006 at a cost of R250 million.
- Phase 2A: Design and construction of the De Hoop Dam is planned for completion in 2010 at an estimated cost of R1,3 billion.
- Phase 2B-H: Bulk abstraction and distribution systems, comprising of pump stations, pipelines, balancing weirs and related infrastructure, is planned to be mostly complete in 2011.

Revenue Generation and Collection

Revenue from the water resources management charge, intended to fund the activities of the catchments management agencies, has progressively increased since the introduction of the charge in 2002, and stood at a little less than 79 per cent of potential revenue at the end of 2003/04. The intention is to increase this to 98 per cent of potential revenue by 2008/09, and where necessary take appropriate action against defaulting water users. Good progress has been made in collecting these charges, which are intended to fund catchment management areas.

Revenue in the Integrated Systems and Bulk Water Supply components is determined in terms of the National Water Pricing Policy. The long-term goal is to maximise revenue to achieve full cost recovery to cover all operating costs.

The Department has commenced with a Revenue Management Re-engineering projects with the assistance of Private Sector specialists. This is a twelve month assignment and will inter alia include the following deliverables:

- Development of revenue policies;
- Development and implementation of business processes;
- Develop and implement appropriate structures at National and Regional Offices to manage revenue;
- Develop and implement costing strategies;
- Perform due diligence on all agreements with current water users;
- Preparation of service level agreements with agents performing business on behalf of the Department.

Spending and Augmentation on the trading account.

Currently, only the Integrated Systems Component generates a surplus.

Tariff policy for Water Resources

The policy framework for water resources is laid down in chapter 5 of National Water Act, 1998 (Act No. 36 of 1998). The raw water pricing strategy was established on 12 November 1999 by a notice in the Government Gazette. The first revision of the pricing strategy has been completed and implemented by a Notice in the Government Gazette for implementation from April 2007.

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

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

The proposed pricing for waste discharges and return flows will be implemented after a money bill has been approved and relevant section of the National Water Act is amended and dealt with in the revised pricing strategy.

Asset Management

The department has commenced with a number Asset Management Reforms to ensure that it achieves the PFMA requirements and enhance accountability and transparency.

Movable Assets:

During 2006/07 the department embarked on the first phase of Asset Management Reform country wide, which involved the process of policy development, physical verification, bar coding, and recording of assets on the asset register and loading them on the ERP system (SAP) for the trading entity to able report in accordance to SA GAAP and to achieve accountability and transparency. Asset strategies were developed and approved. These deal with repairs and maintenance, disposal, acquisition and funding. There is still some work still to be done to improve the status of the movable asset register.

Infrastructure (Immovable) Assets:

For the year 2007/08 the department will continue with the second phase of the asset management project by focusing on the Infrastructure Asset Management reform country wide, in responding to both business and legislative needs that call for the improved management of water resources infrastructure by DWAF. The project will establish a system of Infrastructure Asset Management that addresses accounting compliance issues and informs the setting of water tariffs, but also, through specific interventions will achieve significant and sustainable improvement in asset management practice across the entire organization.

Progress with Financial Management Improvement

In order to overcome the difficulties that have been experienced in the application of the transversal systems for the specific business needs of the Department with regard to the Trading Entity, the Department has, with effect from 4 October 2006, implemented a new ERP system (SAP) for the Trading Entity to enable reporting in accordance with GAAP. It must be noted that while the Department has "cut over" to SAP, the Department used the transversal system of BAS from 1 April 2006 to 3 October 2006, at which stage all transactions were transferred to SAP and a comprehensive "SAP Take-on Reconciliation Process" was implemented. The implementation of SAP will enable the Department to fully comply with the provisions of the Public Finance Management Act and prepare the financial statements in accordance with the Generally Accepted Accounting Practice.

While SAP has been fully implemented in the Department, all officials operating on the system are required to undergo ongoing training to upgrade their skills in the application of the system.

The Department regularly reports and monitors the financial position. The Executive Authority is also informed about the financial position of the Department.

Approval

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



Moshibudi Rampedi
ACTING DIRECTOR-GENERAL
25 September 2007

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE WATER TRADING ACCOUNT (WTA) FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Water Trading Account (WTA) which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 196 to 205.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999). This responsibility includes:
 - designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 40(2) of the Public Finance Management Act (PFMA), 1999 (Act No.1 of 1999) (as amended by Act No. 29 of 1999), my responsibility is to express an opinion on these financial statements based on my audit in accordance with the International Standards on Auditing. Because of the matters discussed in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of accounting

4. The trading entity's policy is to prepare financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice and in the manner required by the National Treasury, as set out in note 1 to the financial statements.

Basis for disclaimer of opinion

A lack of adequate business processes, inadequate capacity, challenges with the implementation of SAP and inadequate roles and responsibilities resulted in:

5. Property, plant and equipment

- 5.1 The amount of R39,768 billion disclosed as property, plant and equipment could not be substantiated with an adequate fixed asset register. The following matters were noted regarding assets:
 - 5.1.1 The SAP fixed asset register was not correctly programmed. As a result depreciation was overstated by approximately R1.638 billion. Moreover, for 30 765 assets the cost and accumulated depreciation were added together to arrive at the book value.
 - 5.1.2 The asset register did not indicate the location, bar-code and description of some of the assets; the verification of assets from the asset to the register and vice versa could not be performed and as a result assets could not be verified physically.
 - 5.1.3 Consumable items were recorded on the fixed asset register, with the result that the asset register was overstated by an unknown amount.
- 5.2 There were several material deviations from the accounting policies detailed in the notes to the financial statements when accounting for assets:
 - 5.2.1 Several assets that were bought for less than R5 000 were fully depreciated to R1 during the year. As a result accumulated depreciation was overstated by approximately R11.649 million.
 - 5.2.2 A total of 62 276 assets were initially reflected at a cost of R1 or RNIL in the asset register. Furthermore, an attempt was never made to determine the fair value of these assets. This led to an understatement of assets that could not be quantified.
 - 5.2.3 The reassessment of the useful life or residual value of assets was not performed at year-end for any of the assets indicated in the SAP fixed asset register.

6. Revenue

- 6.1 An amount of R545.266 million, described as BAS revenue adjustment on the trial balance, could not be substantiated.
- 6.2 Rental income which was recognised in the annual financial statements included rent received from other cost centres within the trading entity. As a result income was overstated by R52.782 million.
- 6.3 Due to insufficient controls and procedures in place it could not be determined which users should register with the trading entity and which users with water boards and municipalities. The trading entity had also not reconciled the quantities/volumes of water charged to the actual quantities/volumes of water used as per readings made by the trading account in terms of the policy framework. As a result, I could not get assurance as to the completeness of revenue recorded in the annual financial statements of the trading entity.

7. Receivables

- 7.1 Debtors were misstated, as unallocated deposits, amounting to R596.799 million, were set-off against debtors. No supporting documentation could be provided to substantiate these credit balances. As a result interest required, in terms of Treasury Regulation 11.5, to be charged on debtor balances annually could not be raised, as individual debtor balances were not fairly reflected.
- 7.2 Included in accounts receivable were credit balances amounting to R891.728 million. The validity of these credit balances could not be established.
- 7.3 The provision for the impairment of debtors amounting to R377.926 million, brought forward from the previous year, had not been made in terms of IAS 39 Financial instruments: Recognition and measurement. In addition the requirements of IAS 39 were not complied with during the year under review, due to the fact that the recoverability of individual debtors was not assessed, specifically debtors older than 181 days amounting to R556.966 million. Furthermore, no bad debts were written off against the provision although irrecoverable debtor balances were identified.
- 7.4 The discounting of trade receivables as required by Circular 9 and IAS 39 Financial instruments: Recognition and measurement had not been performed for the year under review.

8. Bank and cash

- 8.1 Balances reflected under cash and cash equivalents amounting to R29.500 million were not confirmed by the bank.
- 8.2 Where received, external confirmations revealed that not all bank accounts were brought into account and consolidated into the cash and cash equivalents line item in the annual financial statements.

9. Payables

- 9.1 Balances amounting to R34.012 million relating to uncleared suspense accounts were not substantiated with supporting documentation.
- 9.2 The reversal in the current year of a prior year accrual amounting to R222.821 million could not be substantiated with supporting documentation. The trading entity disclosed an amount of R11.622 million as accruals for goods and services in note 8 to the financial statements. The completeness and accuracy of accruals could not be determined.
- 9.3 A loan amounting to R501.697 million, payable to the department, could not be substantiated. This amount was also not reflected as a receivable in the financial statements of the department.

10. Inventory

- 10.1 Inventory was not accounted for in terms of the weighted average cost method as stipulated in the accounting policies, as the latest invoices were used to attach values to stock items. There were instances where invoices could not be submitted to substantiate the values placed on stock items.
- 10.2 Certain inventory stores should have been transferred from the main account to the trading account during the year, but no evidence could be obtained to verify the inclusion of these inventory balances at fair value in the accounting records of the trading entity.

11. Leases

- 11.1 Lease contracts could not be submitted to substantiate an amount of R58.490 million relating to expenditure in respect of operating leases disclosed as part of administrative expenditure in note 3. Due to the lack of supporting documentation, I could not ascertain whether the leases met the requirements of a finance lease or an operating lease. Furthermore, proper disclosure of leases as required by IAS 17 (AC 105) Leases was not made in the notes to the financial statements.

12. Related parties

- 12.1 The lack of an accounting policy on related parties constituted non-compliance with GAAP.
- 12.2 Related party relationships and transactions were not disclosed in the notes to the financial statements as required by IAS 24 (AC 124) Related party disclosures.

13. Other

- 13.1 Material transactions amounting to R9.259 billion extracted from various account balances disclosed under various components in the financial statements could not be substantiated with supporting documentation.

14. Revaluation reserve

- 14.1 The amount of R455.662 million disclosed as adjustments in note 4 to the financial statements and which formed part of R3.142 billion disclosed as a revaluation reserve related to asset take-on balances which could not be substantiated.

15. Reclassification of balances

- 15.1 In addition to audit adjustments, numerous material reclassifications of account balances occurred in the line items on the annual financial statements first submitted on 31 May 2007. No explanations or substantiating evidence was provided or submitted to substantiate the reclassifications in the following line items:
 - 15.1.1 Reclassification between other income and sale of goods amounting to R100.024 million.
 - 15.1.2 Receivables increased by R297.823 million.
 - 15.1.3 Other operating expenditure decreased by R668.435 million.

Disclaimer of opinion

- 16. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Water Trading Account. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

I draw attention to the following matter:

17. Merger of Water Trading Account (WTA) and Equipment Trading Account (ETA)

- 17.1 On 1 April 2006, the ETA was merged with the WTA. Thus the ETA

did not exist as a separate entity in the year under review, although the activities of the ETA are still continuing and for financial reporting purposes form part of the WTA annual financial statements. As a result all opening balances of the ETA were transferred to the WTA on 1 April 2006 as disclosed in note 6 to the financial statements.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

18. Internal control

18.1 Control activities

- 18.1.1 The following control activities over major general ledger accounts were not exercised:
 - 18.1.1.1 The reconciliation between the VAT control account and the VAT 201 forms was not performed for the year under review.
 - 18.1.1.2 Monthly BAS/SAP and Persal reconciliations were not performed timeously during the year under review. Individual monthly reconciliations also reflected unreconciled differences.
 - 18.1.1.3 The reconciliation between amounts transferred between the trading entity and the department was not performed. As a result, the amount disclosed as transfers received from the main account is R1,053 million more than the amount disclosed as transfers paid to the trading entity in the financial statements of the department.
- 18.1.2 Access to resources and records was not limited and accountability for their custody was not assigned, as evidenced by the lack of supporting documentation for the following:
 - 18.1.2.1 Additions to intangible assets amounting to R718 000
 - 18.1.2.2 Balances amounting to R1.745 million classified as sundry debtors
 - 18.1.2.3 Expenditure payments amounting to R3.504 million

- 18.1.3 Incorrect allocations
Transactions were not properly classified and promptly recorded as evidenced by a significant amount of incorrect allocations noted during audit testing.
- 18.1.4 Segregation
Inadequate segregation between the main and trading accounts existed due to the lack of a formal structure for the trading entity.
- 18.2 Information and communication
Management had not developed and/or approved and communicated policies and procedures in the year under review for the following significant cycles affecting the financial reporting process:
 - 18.2.1 Revenue
 - 18.2.2 Debtor administration
 - 18.2.3 Asset and inventory management
 - 18.2.4 Bank and cash management
- 18.3 Review of SAP conversion process

During the review the most significant weaknesses identified were the following:

- Lack of control over assets and mapping table versions
- 18.3.1 A reconciliation between a sample of the asset registers compiled by the regions and the SAP system revealed significant shortcomings.
- 18.3.2 Stock balances were not transferred correctly to the SAP system.

Quality of the asset and material master data
- 18.3.3 Assets were found that did not have descriptions, as well as assets with zero book values.
- 18.3.4 The reconciliation between the vendor master data and SAP data revealed vendors with different names and/or contact details and banking details between the source and target data, while some vendors did not have address details, or vendor names and banking details were duplicated.

- Acceptable methodologies, appropriate risk processes and generally accepted good practices were not followed.
- 18.3.5 No evidence could be found of an approved data migration strategy.
- 18.3.6 No evidence could be found to substantiate that a data critical risk assessment had been performed by management.
- 18.3.7 Roles and responsibilities were not clearly understood by the resources during the migration process.
- 18.4 Information systems auditing

General controls in the information technology environment

The information systems (IS) audit was completed in June 2007
The most significant of the weaknesses identified during the audit were the following:

- 18.4.1 IS security policy and procedures and change control procedures were inadequately developed.
- 18.4.2 A comprehensive disaster recovery plan and a business continuity plan, and an IS strategic plan had not been developed.
- 18.4.3 The physical and environmental controls instituted to protect the organisation from unauthorised access being gained to sensitive terminals and the protection of information assets in the server room against high temperature and water damage were inadequate.
- 18.4.4 The backup and restoration procedures were inadequate.
- 18.4.5 Service level agreements had not been entered into with the service provider for the SAP project.

A SAP R/3 post-implementation and authorisation review with an impact on the Water and Equipment Trading Account was completed in June 2006.

The most significant weaknesses identified were the following:
- 18.4.6 The SAP licensing agreement had been breached, which could result in financial penalties.

- 18.4.7 Some roles created on the system allowed system-wide access, which could result in unauthorised transactions being executed.
- 18.4.8 A large number of roles (234) were identified that had been changed after being transported to production and for some of these roles transaction codes had been added that had not been approved in accordance with the blueprint. A number of users also had access allocations that had not been signed off on the blueprint. Without updated documentation it might be difficult to determine whether security measures had been implemented in accordance with management intentions.
- 18.4.9 The precautions taken against unauthorised access being gained through the default SAP identifications created at the time of the implementation, as well as through powerful SAP profiles, were inadequate.
- 18.4.10 Inadequate control over change control documentation and the lack of adequate change control procedures resulted in unauthorised changes being effected to the production environment.
- 18.4.11 Users were allowed access to sensitive and high-risk transactions and could consequently perform conflicting transactions on the system.
- 18.4.12 Application controls were not appropriately configured to prevent duplicate payments and unauthorised purchase orders from being processed.

19. Material non-compliance with applicable legislation

19.1 Treasury Regulations

- 19.1.1 Suspense accounts were not followed up and cleared on a regular basis as required by section 17.1.2.
- 19.1.2 The monthly financial reporting did not make provision for all amounts not yet cleared from clearing and suspense accounts as required by section 17.1.3.
- 19.1.3 The monthly information as required by section 40(4)(b) and (c) in respect of the trading entity was not included in the monthly report of the department.
- 19.1.4 The accounting officer of the department had not formulated a policy for the head of the trading entity as required by section 19.3.1.

19.1.5 Certain bank accounts forming part of cash and cash equivalents were in overdraft in contravention of section 19.3.2.

19.1.6 No approval was obtained for the implementation of SAP as required by section 17.3.1.

19.2 Public Service Act:

Performance bonuses paid were in excess of the 1,5% of the budgeted annual remuneration of employees. The excess amounted to R7,587 million. This is in contravention of chapter 1 (part VIII (F)) of the Public Service Act. No evidence of ministerial approval for the excess could be obtained.

19.3 Supply chain management:

There was general non-compliance with supply chain management principles and Treasury Regulation 16 as evidenced by inadequate supporting documentation on tender files.

20. Material corrections were made, during the audit process, to the financial statements submitted for audit on 31 May 2007.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

21. I have audited the performance information as set out on pages 196 to 205.

Responsibility of the accounting officer

22. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the trading entity.

Responsibility of the Auditor-General

23 Conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.

- 24 In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
- 25 I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

26. Annual financial statements of the Water Trading Account do not include any performance information as it was reported on by the Department of Water Affairs and Forestry. Moreover, clearly defined objectives of the department and trading entity are not contained in the strategic plan of the department to facilitate proper reporting.

APPRECIATION

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



P Bhana for Auditor-General

Pretoria

31 July 2007

WATER TRADING ACCOUNT

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2007

	Notes	2007 R'000	2006 R'000
Revenue		4 339 353	3 301 083
Sale of water		4 283 238	3 298 414
Rental income		56 115	2 669
Cost of sales		(1 726 827)	(1 640 210)
Gross income		2 612 526	1 660 873
Other income		1 232 060	1 630 857
Transfers and subsidies		710 140	1 608 065
Finance income		70	1 392
Other	2	521 850	21 400
Income before expenditure		3 844 586	3 291 730
Expenditure	3	(4 485 917)	(3 574 632)
Deficit before taxation		(641 331)	(282 902)
Deficit for the year		(641 331)	(282 902)

WATER TRADING ACCOUNT

STATEMENT OF FINANCIAL POSITION

as at 31 March 2007

	Notes	2007 R'000	2006 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	39 768 046	45 300 705
Intangible assets	5	637	12
Current assets		2 865 399	1 193 357
Inventory		19 885	18 729
Trade and other receivables	7	2 470 925	1 209 653
Cash and cash equivalents	8	374 589	(35 025)
Total assets		42 634 082	46 494 074
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	9	776 461	723 854
Provisions	10	70 048	198 999
Capital and reserves		41 787 573	45 571 221
Accumulated deficit		(2 856 982)	(2 215 650)
Revaluation reserve		44 644 555	47 786 871
Total equity and liabilities		42 634 082	46 494 074

WATER TRADING ACCOUNT

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2007

	Notes	Accumulated Deficit R'000	Revaluation Reserve R'000	Total Equity R'000
Balance at 1 April 2005		(1 932 748)	51 886 946	49 954 198
Deficit for the year as restated		(282 902)	-	(282 902)
Revaluation increase / (decrease) on property, plant and equipment		-	443 275	443 275
Released on disposal of investments		-	(4 543 350)	(4 543 350)
Balance as at 31 March 2006		(2 215 650)	47 786 871	45 571 221
Deficit for the year		(641 331)	-	(641 331)
Correction of error		(1)	-	(1)
Revaluation increase / (decrease) on property, plant and equipment		-	(3 142 316)	(3 142 316)
Balance as at 31 March 2007		(2 856 982)	44 644 555	41 787 573

WATER TRADING ACCOUNT

CASH FLOW STATEMENT

for the year ended 31 March 2007

	Notes	2007 R'000	2006 R'000
Cash flows from operating activities			
Cash receipts from customers		3 975 128	4 518 410
Cash paid to suppliers and employees		(3 495 981)	(6 796 097)
Cash generated / (utilised in) operations	12	479 147	(2 277 687)
Interest received		70	1 392
Net cash inflows / (outflows) from operating activities		479 217	(2 276 295)
Cash flows from investing activities			
Proceeds on disposal of:			
- Property, plant and equipment		-	3 576 467
Acquisition of:			
- Property, plant and equipment	13	(68 885)	(985 909)
- Intangible assets		(718)	(6)
Net cash (outflows) / inflows from investing activities		(69 603)	2 590 552
Cash flows from financing activities		-	-
Net increase in cash and cash equivalents		409 614	314 257
Cash and cash equivalents at the beginning of the year		(35 025)	(349 282)
Cash and cash equivalents at the end of the year		374 589	(35 025)

WATER TRADING ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

1. Accounting policies

1.1. Basis of preparation

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, except where specifically indicated, using historical cost as modified by the revaluation of property, plant and equipment. The financial statements are prepared on a going concern basis.

1.2. Revenue

Sales which exclude value added taxes are recorded when service has been rendered and invoice issued. Commission from Water Research Levy collection is recognised when the department collects cash on behalf of Water Research Commission.

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

1.3. Government grants

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

1.4. Property, plant and equipment

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

Infrastructure assets: Roads	15 – 25 years
Infrastructure assets: Water	25 – 50 years
Dwellings: Mobile homes	4 – 5 years
Buildings	25 – 30 years
Computer equipment	3 years
Office equipment and furniture	5 years
Appliances	5 years
Machinery and equipment	5 years
Tools	2 years
Protective clothing	1 year

Replacement cost is based on valuation that is done every ten years. Increases in carrying value arising on revaluation are credited directly to a revaluation reserve. On disposal of the previously re-valued property, plant and equipment, any amount relating to that asset remaining in the revaluation reserve is transferred to retained earnings.

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

1.5. Financial instruments

Receivables are carried at the original invoice amount less provision made for impairment of these receivables. Such provision for impairment of receivables is established if there is objective evidence that the department will not be able to collect all amounts due according to the original terms of receivables. Receivables for services delivered are recognised in the balance sheet as a current asset and as revenue in the income statement.

Payables are carried at the fair value of the consideration to be paid in future for goods or services that have received or supplied and invoiced or formally agreed with the supplier. Payables for services delivered are recognised in the balance sheet as current liabilities and as expenditure in the income statement.

1.6. Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is

the estimated selling price in the ordinary course of business less the costs of completion and selling expenses. Water that is sold is classified as service rendered instead of being classified as inventory since there is no value that can be attached to water.

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

1.7. Provisions

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

1.8. Leases

Leases where a significant portion of the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

When an operating lease is terminated before the end of the lease term, any payments required to be made by the lessor by way of penalties are recognised as an expense in the period in which termination takes place.

1.9. Contingent liabilities

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

1.10. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is accrued for and recorded in the income statement in the reporting period in which it occurs.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy for these benefits or resigns. The department recognises termination benefits when it is demonstrably committed either to terminate the employment of current employee(s) according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value.

Retirement benefits

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both the employer and employee contributions. Once the department has paid the contributions, the department has no further payment obligations.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. These benefits are funded by employer and / or employee contributions. No provision is made for medical benefits in the financial statements of the department. Post-retirement medical benefits for retired civil servants are recognised in the financial statements during the period in which they occur.

1.11. Intangible assets

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

1.12. Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the balance sheet.

1.13. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

	Note	2007 R'000	2006 R'000
2. Other income		521 850	21 400
Other income includes:			
- Surplus of assets over liabilities	6	219 212	-
- reversal of prior year's leave pay provision		116 099	-
- other		186 539	21 400
3. Expenditure		4 485 917	3 574 632
Expenditure includes			
- administrative expense		265 028	292 131
- staff costs		507 924	701 240
- audit fees		1 369	1 399
- transfers and subsidies paid		178 250	412 754
- depreciation		2 711 000	1 223 731
- other operating expenses		822 346	943 377

4. Property, plant and equipment

Summary	31 March 2007			31 March 2006		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000s
Infrastructure assets	44 665 517	(5 300 010)	39 365 507	44 668 236	(2 401 853)	42 266 383
Buildings	405 856	(176 580)	229 276	405 748	(33 444)	372 304
Dwellings	380	(13)	367	-	-	-
Motor vehicles	679	(545)	134	1,397	(348)	1,049
Equipment	478 594	(314 252)	164 342	26 239	(6 609)	19 630
Furniture and fittings	11 249	(6 334)	4 915	4 644	(2 339)	2 305
Computer equipment	7 521	(4 016)	3 505	6 998	(4 394)	2 604
Water services	-	-	-	3 012 640	(376 210)	2 636 430
Total	45 590 415	(5 822 369)	39 768 046	48 125 902	(2 825 197)	43 300 705

Movement 2007	31 March 2006					31 March 2007	
	Carrying Value	Transfers to Main Account	Additions	Adjustments	Depreciation	Carrying Value	
	R'000	R'000	R'000	R'000	R'000	R'000	
Infrastructure assets	42 266 383	-	-	(259 719)	(2 641 157)	39 365 507	
Buildings	372 304	-	74	(118 819)	(24 283)	229 276	
Dwellings	-	-	380	-	(13)	367	
Motor vehicles	1 049	-	73	(968)	(20)	134	
Equipment	19 630	-	265 383	(78 116)	(42 555)	164 342	
Furniture and fittings	2 305	-	1 908	2 140	(1 438)	4 915	
Computer equipment	2 604	-	2 615	(180)	(1 534)	3 505	
Water services	2 636 430	(2 636 430)	-	-	-	-	
Total	43 300 705	(2 636 430)	270 433	(455 662)	(2 711 000)	39 768 046	

Movement 2006	31 March 2005				31 March 2006	
	Carrying value	Additions	Disposals	Depreciation	Carrying Value	
	R'000	R'000	R'000	R'000	R'000	
Infrastructure assets	42 310 139	967 321	-	(1 011 077)	42 266 383	
Buildings	381 968	132	-	(9 796)	372 304	
Dwellings	-	-	-	-	-	
Motor vehicles	164	1 168	-	(283)	1 049	
Equipment	8 728	14 003	-	(3 101)	19 630	
Furniture and fittings	1 776	1 264	-	(735)	2 305	
Computer equipment	2 747	2 021	-	(2 164)	2 604	
Water services	7 376 357	-	(4 543 352)	(196 575)	2 636 430	
Total	50 081 879	985 909	(4 543 352)	(1 223 731)	45 300 705	

5. Intangible assets

5.1 Computer software

Note	2007 R'000	2006 R'000
Cost at 31 March 2006	58	52
Additions	117	6
Cost at 31 March 2007	175	58
Accumulated amortisation at 31 March 2006	(46)	(24)
Amortisation / impairment for the year	(14)	(22)
Accumulated amortisation / impairment at 31 March 2007	(60)	(46)
Carrying amount at 31 March 2007	115	12

5.2 Other intangibles

	Note	R'000	R'000
Cost at 31 March 2006		-	-
Additions		601	-
Cost at 31 March 2007		601	-
Accumulated amortisation at 31 March 2006		-	-
Amortisation / impairment for the year		(79)	-
Accumulated amortisation / impairment at 31 March 2007		(79)	-
Carrying amount at 31 March 2007		522	-
Total intangible assets		637	12

6. Assets and liabilities transferred from the Equipment Trading Account

On 1 April 2006, the assets and liabilities of the Equipment Trading Account were transferred to the Water Trading Account. The effect of the transfer on the financial statements is summarised below:

	Note	R'000	R'000
Assets			
Property, plant and equipment			
Equipment at cost		240 724	-
Less: Accumulated depreciation		(40 513)	-
		200 211	-
Capital work in progress		1 337	-
Total property, plant and equipment		201 548	-

	Note	2007 R'000	2006 R'000
Receivables			
Exchequer Account		3 757	-
Water Trading Account		751	-
Capital Augmentation		15 000	-
Total receivables		19 508	-
Investment deposit		100	-
Total assets		221 156	-
Liabilities			
Bank overdraft		(1 325)	-
Exchequer rebuild WIP		(619)	-
Total liabilities		(1,944)	-
Net assets		219 212	-
Cost to the Water Trading Account		-	-
Surplus of assets over liabilities recognised in 'Other income'	2	219 212	-

7. Trade and other receivables

7.1 Trade receivables

	Note	R'000	R'000
Trade debtors		3 073 351	1 343 457
Less: Impairment of debtors		(437 145)	(377 926)
Net trade receivables		2 636 206	965 531

7.2 VAT receivable - 85,118

7.3 Other receivables

	Note	R'000	R'000
Claims recoverable		31 067	155 852
Unallocated deposits		(595 799)	-
Staff debt		4 101	908
Travel and subsistence		437	676
Other receivables		394 968	1 568
Advances		(55)	-
Total net Other receivables		(165 281)	159 004
Total current receivables		2 470 925	1 209 653

8. Cash and cash equivalents

	Note	R'000	R'000
Cash and balances with banks		374 498	(35 118)
Petty cash		91	93
Total cash and equivalents		374 589	(35 025)

9. Trade and other payables

	Note	R'000	R'000
Trade creditors		47 095	89 158
Accruals		12 174	-
TCTA		-	132 760
Owing to other departments		501 697	501 697
VAT Payable		155 299	-
Other		60 196	239
Total trade and payables		776 461	723 854

10. Provisions

Provision for employee benefits

10.1 Performance bonus provision

	Note	2007 R'000	2006 R'000
Opening balance		(4 589)	(25 662)
Unused amounts reversed / utilised during the year		4 589	25 662
Provisions made during the year		(3 679)	(4 589)
Performance bonus provision at end of year		(3 679)	(4 589)

10.2 Provision for leave

	Note	R'000	R'000
Opening balance		(182 432)	(223 353)
Unused amounts reversed / utilised during the year		182 432	223 353
Provisions made during the year		(66 333)	(182 432)
Leave provision at end of year		(66 333)	(182 432)

10.3 Other provisions

	Note	R'000	R'000
Opening balance		(11 979)	-
Unused amounts reversed / utilised during the year		11 979	-
Provisions made during the year		(36)	(11 979)
Total other provisions at end of year		(36)	(11 979)
Total provisions		(70 048)	(199 000)

11. Prior period errors

Nature

During the current period, it was discovered that revenue for the 2005 / 2006 financial year was understated by R 247.5 million.

This amount comprises misclassification of other income of R 8.5 million as revenue, sales blocked for billing and the March 2006 revenue that was invoiced in arrear during April 2006 which both amount to R 256 million which were not taken into account in the 2005/2006 financial statements.

The financial statements of 2005 / 2006 have been restated to correct this error. The effect of the restatement is summarised below and there is no effect in the current year's financial statements.

Amount of error

	Note	R'000	R'000
Misclassification of other income as revenue		8 555	-
Sales blocked for billing at 31 March 2006		(16 698)	-
March 2006 revenue billed in arrear in April 2006		(239 329)	-
Total		(247 742)	-

Effect of error on 31 March 2006 financial statements

On statement of financial performance

Increase in 'Sale of water' revenue at 31 March 2006	256 027
	256 027

On statement of financial position

Increase in Trade receivables at 31 March 2006	256 027
	256 027

12. Cash generated from / (utilised in) operations

	Note	2007 R'000	2006 R'000
Deficit before tax		(641 331)	(282 902)
Interest received		(70)	(1 392)
Non-cash movements / working capital changes			
- Depreciation		2 711 000	1 223 731
- Amortisation		93	22
- Increase in impairment provision of debtors		59 219	-
- Increase in payables		52 607	313 456
- Decrease in provision relating to employee costs		(128 951)	-
- Increase in receivables		(1 320 491)	(396 624)
- Increase in inventory		(1 156)	(796)
- Other non cash items		(251 773)	(3 133 182)
Net cash flows from operating activities		479 147	(2 277 687)

13. Acquisition of Property, Plant and Equipment

	Note	2007 R'000	2006 R'000
Total additions to Property, Plant and Equipment during the year		270 433	-
Less: Non-cash items			
Acquisition from Equipment Trading Account		(201 548)	-
Cash acquisitions		68 885	-

14. Operating lease commitments

	2007	2006
	R'000	R'000
At 31 March 2006, the department had the following outstanding commitments under non-cancellable operating leases:		
Up to 1 year	-	8 347
Between 2 and 5 years	-	12 432
More than 5 years	-	-
Total commitments	-	20 779

15. Capital commitments

	2007	2006
	R'000	R'000
Commitments for the acquisition of property, plant and equipment that is contracted for but not provided for in the financial statements	-	11 755

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL FOREST RECREATION AND ACCESS TRUST FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the National Forest Recreation and Access Trust which comprise the balance sheet as at 31 March 2007, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 208 to 209.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity specific basis of accounting described in note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) and the Auditor-General Audit Circular 1 of 2005. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notices 646 and 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The trust's policy is to prepare financial statements on the entity specific basis of accounting, as set out in accounting policy note 1 to the financial statements.

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the National Forest Recreation and Access Trust as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the entity specific basis of accounting, as set out in accounting policy note 1 to the financial statements and in the manner required by the PFMA.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

10. Internal control

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

During the 1999-2000 financial year the National Hiking Way Fund was dissolved. An amount of R1 669 293 was transferred from the fund to the trust. The money is invested in the Corporation for Public Deposits. The balance as at 31 March 2007 was R3 435 311.

During our audit we identified that, except for interest received, the trust was still dormant and had been dormant since inception. In terms of section 42 of the National Forest Act, 1998 (Act No. 84 of 1998), the minister must do whatever is necessary to achieve the objective of the trust. A formal approval by the Minister of Water Affairs and Forestry to commence with the operational activities has not been given.

- Information and communication
During our audit we identified that there was no separate financial reporting system for the National Forest Recreation and Access Trust and that the financial information relating to the trust was recorded in the trial balance of the Department of Water Affairs and Forestry's Vote account. We identified that this information was disclosed in both the department's and trust's financial statements for the prior year.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

11. I have audited the performance information as set out on pages 208 to 209.

Responsibilities of the accounting authority

12. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the trading trust.

Responsibility of the Auditor-General

13. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.
14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

16. No separate performance targets were set for the trust, as the trust was dormant.

APPRECIATION

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



**CE Simpson for Auditor-General
Pretoria
31 July 2007**

THE NATIONAL FOREST RECREATION AND ACCESS TRUST

STATEMENT OF FINANCIAL PERFORMANCE for the Year Ended 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
Income		258 901	207 270
Investment income		258 901	207 270
Expenditure		-	-
Net income for the year		258 901	207 270

STATEMENT OF FINANCIAL POSITION as at 31 March 2007

	Note	2006/07 R'000	2005/06 R'000
Assets			
Current Assets		3 435 311	3 176 410
Amounts immediately recoverable		3 432 582	3 173 681
Cash with Paymaster-General		2 729	2 729
		3 435 311	3 176 410
Equity			
Capital Fund	2	3 435 311	3 176 410
		3 435 311	3 176 410



Department of Water Affairs and Forestry, Pretoria
M. Rampedi
Accounting Officer
National Forest Recreation And Access Trust

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

1. Accounting policy

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

1.2 Income is acknowledged on a cash basis.

1.3 Cash and bank

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

1.4 Investment risk management

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

1.5 Price risk

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

1.6 Interest rate risk

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

1.7 Other risks

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

1.8 Capitalization of Interest

Interest on the investment in the Corporation for Public Deposits must be capitalized to the investment.

2. Capital fund

	2007	2006
Note	R'000	R'000
Balance at the beginning of the year	3 176 410	2 969 140
Net income for the year	258 901	207 270
	<u>3 435 311</u>	<u>3 176 410</u>

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2007

	Accumulated Profit	Total
	R'000	R'000
Balance 1 April 2003	2 513 321	2 513 321
Interest received	241 327	241 327
Balance 31 March 2004	<u>2 754 648</u>	<u>2 754 648</u>
Balance 1 April 2004	2 754 648	2 754 648
Interest received	214 492	214 492
Balance 31 March 2005	<u>2 969 140</u>	<u>2 969 140</u>
Balance 1 April 2005	2 969 140	2 969 140
Interest received	207 270	207 270

Balance 31 March 2006	3 176 410	3 176 410
Balance 1 April 2006	3 176 410	3 176 410
Interest received	258 901	258 901
Balance 31 March 2007	<u>3 435 311</u>	<u>3 435 311</u>

CASH FLOW STATEMENT

for the year ended 31 March 2007

	2007	2006
Note	R'000	R'000
Cash flows from operating activities		
Interest received	258 901	207 270
Cash generated by operations	<u>258 901</u>	<u>207 270</u>
Cash flows from investing activities		
Increase in investment	(258 901)	(207 270)
Net cash outflow from investing activities	<u>(258 901)</u>	<u>(207 270)</u>
Net increase in cash and cash equivalent	-	-
Cash and cash equivalent at the beginning of the year	2 729	2 728
Cash and cash equivalent at the end of the year	<u>2 729</u>	<u>2 728</u>

Part E: Human Resource Management Oversight Report



PART E: HUMAN RESOURCE MANAGEMENT

OVERSIGHT REPORT

2. Expenditure

The following tables summarise final audited expenditure by programme (**Table 2.1**) and by salary (**Table 2.2**). In particular, they provide an indication of the amount spent on personnel costs in terms of each of the programmes or salary band within the Department.

Table 2.1: Personnel Costs by Programme 2006/07

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Goods and services (R'000)	Personnel cost as per % of total expenditure	Average personnel cost per employee	Employment
P1: Administration	526 729	113 495	347 149	21.5	144	790
P2: Water Resource Management	1 882 924	268 728	697 881	14.3	113	2 379
P3: Water Services	1 454 758	589 959	368 479	40.6	118	4 979
P4: Forestry	441 240	254 234	168 922	57.6	74	3 425
Water Trading Account	6 224 530	449 020	2 779 981	44.7	105	4 273
Total	10 530 181	1 675 436	4 362 412	15.9	105	15 846

* 2010 Construction Employees are being paid on BAS

Table 2.2: Personnel Costs by Salary Band 2006/07

Salary bands	Personnel expenditure (R'000)	Percentage of total personnel Cost	Average personnel cost per employee (R'000)	Number of employee
Lower skilled (Levels 1-2)	380 802	22.73	52 150	7 306
Skilled (Levels 3-5)	312 728	18.67	83 796	3 732
Highly skilled production (Levels 6-8)	531 251	31.71	158 251	3 357
Highly skilled supervision (Levels 9-12)	375 065	22.39	283 068	1 325
Senior Management (Levels 13-16)	75 590	4.51	581 462	126
Total	1 675 436	100.00	105732	15 846

The following tables provide a summary per programme (**Table 2.3**) and salary band (**Table 2.4**) of expenditure incurred as a result of salaries, overtime, homeowner's allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget used for the items.

Table 2.3: Salaries, Overtime, Home Owners Allowance and Medical Assistance by Programme 2006/07

Programme	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of personnel cost	HOA (R'000)	HOA as % of personnel cost	Medical assistance (R'000)	Medical assistance as % of personnel cost	Total personnel cost per programme (R'000)
P1: Administration	100 488	91.5%	2 637	2.40%	2 334	2.13%	4 308	3.92%	109 767
P2: Water Resource Management	238 654	94.0%	1 879	0.74%	3 057	1.20%	10 317	4.06%	253 907
P3: Water Services	543 737	95.5%	7 103	1.25%	8 346	1.47%	10 362	1.82%	569 548
P4: Forestry	220 803	91.6%	3 443	1.43%	6 087	2.53%	10 652	4.42%	240 985
Water Trading Account	390 984	87.1%	31 587	7.03%	8 140	1.81%	18 309	4.08%	449 020
Total	1 494 666	92.08%	46 649	2.87%	27 964	1.72%	53 948	3.32%	1 623 227

Table 2.4: Salaries, Overtime, Home Owners Allowance and Medical Assistance by Salary Band 2006/07

Salary bands	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of personnel cost	HOA (R'000)	HOA as % of personnel cost	Medical assistance (R'000)	Medical assistance as % of personnel cost	Total personnel cost (R'000)
Lower skilled (Levels 1-2)	435 452	97.07%	8 696	1.94%	13 160	2.93%	14 431	3.21%	448 612
Skilled (Levels 3-5)	339 900	92.52%	20 873	5.68%	6 621	1.80%	9 718	2.65%	367 394
Highly skilled production (Levels 6-8)	345 689	89.45%	16 845	4.36%	5 886	1.52%	18 050	4.67%	386 470
Highly skilled supervision (Levels 9-12)	326 367	96.83%	8 931	2.65%	1 738	0.52%	9 466	2.81%	337 036
Senior Management (Levels 13-16)	47 258	98.83%	0	0.00%	559	1.17%	2 283	4.77%	47 817
Total	1 494 666	92.08%	46 649	2.87%	27 964	1.72%	53 948	3.32%	1 623 227

* Only Senior Specialist Engineers worked overtime reflected as SMS members

3. Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: programmes (**Table 3.10**), salary band (**Table 3.2**) and critical occupations (**Table 3.3**). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the Department. The vacancy rate reflects the percentage of posts that are not filled.

Table 3.1: Employment and Vacancies by Programme, 2006/07

Programme	Number of filled posts and funded vacancies	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
P1: Administration	1 191	697	41.47	228
P2: Water Resources Management	2 075	1 804	13.06	156
P3: Water Services	5 820	5 161	11.32	476
P4: Forestry	3 344	3 047	8.8	61
Water Trading Account	4 323	3 622	16.21	594
Total	16 753	14 331	14.45	1 515

Table 3.2: Employment and Vacancies by Salary Band, 2006/07

Salary band	Number of filled posts and funded vacancies	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	7 595	6 847	9.84	692
Skilled (Levels 3-5)	5 145	4 151	19.3	605
Highly skilled production (Levels 6-8)	2 746	2 330	15.14	127
Highly skilled supervision (Levels 9-12)	1 098	877	20.12	75
Senior management (Levels 13-16)	169	126	25.44	16
Total	16 753	14 331	14.45	1 515

Table 3.3: Employment and Vacancies by Critical Occupation, 2006/07

Critical occupations	Number of filled posts and funded vacancies	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administrative related, Permanent	212	201	5.2	20
Agriculture animal oceanography forestry & other scientists, Permanent	71	64	9.9	0
Agriculture related, Permanent	118	115	2.5	0
All artisans in the building metal machinery etc., Permanent	327	287	12.2	16
Artisan project and related superintendents, Permanent	97	78	19.6	1

Critical occupations	Number of filled posts and funded vacancies	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Auxiliary and related workers, Permanent	576	543	5.7	45
Biologists botanists zoologists and related professional, Permanent	25	20	20	0
Building and other property caretakers, Permanent	315	307	2.5	9
Bus and heavy vehicle drivers, Permanent	208	196	5.8	50
Cartographers and surveyors, Permanent	6	3	50	0
Cartographic surveying and related technicians, Permanent	28	23	17.9	0
Chemical and physical science technicians, Permanent	10	10	0	0
Civil engineering technicians, Permanent	367	251	31.6	2
Cleaners in offices workshops hospitals etc, Permanent	197	167	15.2	5
Client information clerks (switchboard reception information clerks), Permanent	13	10	23.1	0
Communication and information related, Permanent	24	17	29.2	1
Community development workers, Permanent	93	84	9.7	11
Computer programmers, Permanent	1	1	0	0
Computer system designers and analysts, Permanent	10	6	40	0
Earth moving and related plant operators, Permanent	3	3	0	3
Economists, Permanent	5	0	100	0
Engineering sciences related, Permanent	251	173	31.1	8
Engineers and related professionals, Permanent	130	99	23.8	1
Farm hands and labourers, Permanent	133	124	6.8	1
Farming forestry advisors and farm managers, Permanent	124	102	17.7	0
Finance and economics related, Permanent	55	44	20	2
Financial and related professionals, Permanent	16	12	25	0
Financial clerks and credit controllers, Permanent	299	283	5.4	34
Food services aids and waiters, Permanent	16	16	0	0
Forestry labourers, Permanent	1929	1842	4.5	175
General legal administration and related professionals, Permanent	12	8	33.3	0
Geologists geophysicists hydrologists and related professionals, Permanent	152	128	15.8	0
Handymen, Permanent	7	7	0	7
Head of department/chief executive officer, Permanent	1	1	0	0
Health sciences related, Permanent	3	3	0	0
Horticulturists foresters agriculturalists forestry technicians, Permanent	54	51	5.6	0
Household and laundry workers, Permanent	5	5	0	0
Human resources and organisational development and related professionals, Permanent	48	40	16.7	2

Critical occupations	Number of filled posts and funded vacancies	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Human resources and organisational development and related professionals, Temporary	1	1	0	0
Human resources clerks, Permanent	268	259	3.4	34
Human resources related, Permanent	104	90	13.5	3
Information technology related, Permanent	10	7	30	4
Language practitioners interpreters and other communications, Permanent	30	24	20	0
Legal related, Permanent	2	0	100	0
Librarians and related professionals, Permanent	5	3	40	0
Library mail and related clerks, Permanent	65	59	9.2	6
Light vehicle drivers, Permanent	120	112	6.7	14
Logistical support personnel, Permanent	37	35	5.4	2
Material-recording and transport clerks, Permanent	237	227	4.2	36
Mechanical engineering technicians, Permanent	3	3	0	0
Messengers porters and deliverers, Permanent	213	205	3.8	17
Mining geology and geophysical and related technicians, Permanent	38	32	15.8	0
Motor vehicle drivers, Permanent	94	86	8.5	14
Motorised farm and forestry plant operators, Permanent	452	429	5.1	129
Natural sciences related, Permanent	159	146	8.2	1
Nature conservation and oceanographically related technicians, Permanent	4	4	0	0
Other administration and related clerks and organisers, Permanent	860	849	1.3	131
Other administrative policy and related officers, Permanent	91	88	3.3	4
Other information technology personnel, Permanent	8	4	50	0
Other machine operators, Permanent	2	2	0	2
Other occupations, Permanent	780	776	0.5	216
Printing and related machine operators, Permanent	1	1	0	0
Quantity surveyors and related professionals not classified elsewhere, Permanent	2	2	0	0
Rank: Artisan a-group principal/charge hand (construction, Permanent	2	2	0	2
Rank: Artisan b-group (construction), Permanent	2	2	0	2
Rank: Compound manager (construction), Permanent	1	1	0	1
Rank: Driver (construction) senior, Permanent	8	8	0	8
Rank: Driver grade ii (construction), Permanent	2	2	0	2
Rank: Factotum (construction) principal, Permanent	8	8	0	8
Rank: Factotum (construction) senior, Permanent	1	1	0	1
Rank: Ganger (construction) control, Permanent	1	1	0	1

Critical occupations	Number of filled posts and funded vacancies	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Rank: Industrial technician (construction) control, Permanent	3	3	0	3
Rank: Operator (construction) principal, Permanent	3	3	0	3
Rank: Operator (construction) senior, Permanent	1	1	0	1
Rank: Operator grade ii (construction), Permanent	1	1	0	1
Rank: Provisioning administration clerk (construction) chief, Permanent	1	1	0	1
Rank: Provisioning administration clerk grade i (construction) senior, Permanent	2	2	0	2
Rank: Provisioning administration clerk grade ii (construction), Permanent	2	2	0	2
Rank: Provisioning officer control (construction), Permanent	1	1	0	1
Rank: Works accountant (construction) control, Permanent	2	2	0	2
Rank: Works foreman/workshop superintendent (construction), Permanent	1	1	0	1
Risk management and security services, Permanent	5	5	0	0
Road workers, Permanent	1	0	100	0
Safety health and quality inspectors, Permanent	11	9	18.2	0
Secretaries and other keyboard operating clerks, Permanent	137	128	6.6	9
Security guards, Permanent	870	726	16.6	10
Security officers, Permanent	125	119	4.8	0
Senior managers, Permanent	169	126	25.4	3
Social sciences related, Permanent	69	62	10.1	2
Social work and related professionals, Permanent	1	1	0	0
Trade labourers, Permanent	4 105	3 410	16.9	325
Trade related, Permanent	3	1	66.7	0
Trade/industry advisers and other related professions, Permanent	3	2	33.3	0
Water plant and related operators, Permanent	1 685	932	44.7	118
TOTAL	16 753	14 331	14.45	1 515

An indication of changes in staffing patterns over the year under review is provided under point 5 of this report.

4. Job Evaluation

The Public Service Regulations, 2001 introduced job evaluation as a means of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for Public Service and Administration that all Senior Management Service positions must be evaluated before 31 December 2001.

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 4.1: Job Evaluation, 2006/07

Salary band	Number of filled posts and funded vacancies	No. of jobs evaluated	% of posts evaluated	No. of posts upgraded	% of upgraded posts evaluated	No. of posts downgraded	% of downgraded posts evaluated
Lower skilled (Levels 1 - 2)	7595	20	0.02	16	80	0	0
Skilled (Levels 3 - 5)	5145	58	1.12	16	27.58	1	1.72
Highly skilled production (Levels 6 - 8)	2746	53	1.93	23	43	9	16.98
Highly skilled supervision (Levels 9 -12)	1098	73	6.64	35	47.94	1	1.36
Senior Management Services (Levels 13 - 16)	169	11	6.5	1	9.09	0	0
Total	16753	215	1.28	91	42.32	11	5.11

The following table (Table 4.2) provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded.

Table 4.2: Profile of Employees whose Salary Positions were Upgraded Due to their Posts Being Upgraded, 2006/07

Beneficiaries	African	Asian	Coloured	White	Total
Female	26	3	1	5	35
Male	30	0	13	13	56
Total	56	3	14	18	91
Employees with a disability					

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 4.3: Employees whose Salary Level Exceeded the Grade Determined by Job Evaluation, 2006/07 (in terms of PSR 1.V.C3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Senior Administration Clerk Gr III	2	6	5	Old posts were never Job Evaluated before
Senior Administration Clerk Gr II	1	6	4	Old posts were never Job Evaluated before
Senior Accounting Clerk Gr III	2	5	6	Old posts were never Job Evaluated before
Chief Accounting Clerk	4	5	7	Old posts were never Job Evaluated before
Chief Accounting Clerk	1	7	8	Old posts were never Job Evaluated before
Assistant Director	1	9	10	Old posts were never Job Evaluated before
Total	11			
Percentage of Total Employment	0.06%			

Table 4.4: Profile of Employees whose Salary Level Exceeded the Grade Determined by Job Evaluation, 2006/07 (in terms of PSR 1.V.C3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	2	0	0	6	8
Male	2	0	0	1	3
Total	4	0	0	7	11

5. Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (**Table 5.1**) and by critical occupation (**Table 5.2**). (These “critical occupations” should be the same as those listed in **Table 3.3**).

Table 5.1: Annual Turnover Rates by Salary Band 2006/07

Salary band	Employment at beginning of period (April 2006)	Appointments	Terminations
Lower skilled (Levels 1-2)	7 159	117	744
Skilled (Levels 3-5)	3 727	385	683
Highly skilled production (Levels 6-8)	2 659	236	263
Highly skilled supervision (Levels 9-12)	936	68	109
Senior Management Service (Levels 13-16)	126	10	20
Total	14 607	816	1 819

Table 5.2: Annual Turnover Rates by Critical Occupation 2006/07

Occupation	Employment at beginning of period (April 2006)	Appointments	Terminations
Administrative related, Permanent	94	11	10
Agriculture animal oceanography forestry and other scientists, Permanent	26	5	1
Agriculture related, Permanent	56	2	1
All artisans in the building metal machinery etc, Permanent	358	11	48
Artisan project and related superintendents, Permanent	15	1	3
Auxiliary and related workers, Permanent	537	51	34
Biochemistry pharmacology zoology and life science technicians Permanent	1	0	0
Biologists botanists zoologists and related professionals, Permanent	20	5	2
Building and other property caretakers, Permanent	250	5	26
Bus and heavy vehicle drivers, Permanent	256	1	27
Cartographers and surveyors, Permanent	7	0	1
Cartographic surveying and related technicians, Permanent	22	1	1
Chemical and physical science technicians, Permanent	7	2	1
Civil engineering technicians, Permanent	285	28	56
Cleaners in offices, workshops, hospitals etc, Permanent	183	8	25
Client information clerks (switchboard reception information clerks), Permanent	12	1	1
Communication and information related, Permanent	13	3	2
Community development workers, Permanent	77	9	9
Computer programmers, Permanent	1	0	0
Computer system designers and analysts, Permanent	5	2	3
Economists, Permanent	4	0	0
Electrical and electronics engineering technicians, Permanent	3	0	0
Engineering sciences related, Permanent	185	12	27
Engineers and related professionals, Permanent	111	6	17
Farm hands and labourers, Permanent	82	12	8
Farming forestry advisors and farm managers, Permanent	68	13	2
Finance and economics related, Permanent	40	1	5
Financial and related professionals, Permanent	17	1	4
Financial clerks and credit controllers, Permanent	279	47	63
Food services aids and waiters, Permanent	16	1	0
Forestry labourers, Permanent	2 240	16	406
General legal administration and related professionals, Permanent	7	4	2

Occupation	Employment at beginning of period (April 2006)	Appointments	Terminations
Geologists geophysicists hydrologists and related professionals, Permanent	133	27	12
Geologists geophysicists hydrologists and related professionals, Temporary	1	0	1
Handcraft instructors, Permanent	1	0	0
Health sciences related, Permanent	3	0	1
Horticulturists foresters agriculture and forestry technicians, Permanent	83	4	2
Household and laundry workers, Permanent	5	0	0
Human resources and organisational development and related professionals, Permanent	40	2	4
Human resources clerks, Permanent	235	48	36
Human resources related, Permanent	82	9	8
Information technology related, Permanent	2	7	1
Inspectors of apprentices works and vehicles, Permanent	3	0	1
Language practitioners interpreters and other communication, Permanent	22	2	3
Legal related, Permanent	3	0	1
Librarians and related professionals, Permanent	1	3	0
Library mail and related clerks, Permanent	42	7	0
Light vehicle drivers, Permanent	92	5	7
Logistical support personnel, Permanent	28	1	2
Material-recording and transport clerks, Permanent	220	23	31
Mathematicians and related professionals, Permanent	2	0	0
Mechanical engineering technicians, Permanent	2	0	0
Messengers porters and deliverers, Permanent	235	8	20
Mining geology and geophysical and related technicians, Permanent	30	1	1
Motor vehicle drivers, Permanent	116	4	10
Motorised farm and forestry plant operators, Permanent	963	3	151
Natural sciences related, Permanent	133	11	14
Nature conservation and oceanographically related technicians, Permanent	3	0	1
Other administration and related clerks and organisers, Permanent	895	136	107
Other administrative policy and related officers, Permanent	93	6	10
Other information technology personnel, Permanent	3	0	0
Other machine operators, Permanent	1	0	0
Other occupations, Permanent	554	40	79
Printing and related machine operators, Permanent	2	0	0

Occupation	Employment at beginning of period (April 2006)	Appointments	Terminations
Printing planners and production controllers, Permanent	1	0	0
Quantity surveyors and related professionals not classified elsewhere, Permanent	2	0	0
Rank: Unknown, Permanent	38	0	0
Risk management and security services, Permanent	1	1	0
Road workers, Permanent	5	0	0
Safety health and quality inspectors, Permanent	7	2	3
Secretaries and other keyboard operating clerks, Permanent	110	37	21
Security guards, Permanent	739	15	63
Security officers, Permanent	124	8	2
Senior managers, Permanent	126	10	20
Social sciences related, Permanent	59	6	3
Trade labourers, Permanent	3 327	70	318
Trade/industry advisers and other related professions, Permanent	3	1	0
Water plant and related operators, Permanent	760	60	101
Total	14 607	816	1 819

Table 5.3 identifies the major reasons why staff left the Department in the reporting period.

Table 5.3: Reasons why Staff are Leaving the Department 2006/07

Termination type	Number	Percentage of total resignations	Percentage of total employment
Death	288	15.83%	1.82%
Resignation	523	28.75%	3.30%
Expiry of contract	206	11.32%	1.30%
Transfers-operational changes	465	25.56%	2.93%
Discharged due to ill health	6	0.33%	0.04%
Dismissal-misconduct	11	0.60%	0.07%
Retirement	320	17.59%	2.02%
Total	1 819	100.00%	11.48%
Resignations as % of employment	11.48%		

Table 5.4: Promotions by Critical Occupation 2006/07

Occupation	Employment at beginning of period (April 2006)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Administrative related	94	16	17	47	50.00%
Agriculture animal oceanography forestry and other scientists	26	1	3.8	17	65.38%
Agriculture related	56	18	32.1	35	62.50%
All artisans in the building metal machinery, etc.	358	10	2.8	255	71.23%
Artisan project and related superintendents	15	1	6.7	13	86.67%
Auxiliary and related workers	537	21	3.9	383	71.32%
Biochemistry pharmacology zoology and life science technicians	1	0	0	1	100.00%
Biologists botanists zoologists and related professionals	20	5	25	6	30.00%
Building and other property caretakers	250	1	0.4	196	78.40%
Bus and heavy vehicle drivers	256	0	0	208	81.25%
Cartographers and surveyors	7	0	0	4	57.14%
Cartographic surveying and related technicians	22	2	9.1	15	68.18%
Chemical and physical science technicians	7	1	14.3	3	42.86%
Civil engineering technicians	285	25	8.8	150	52.63%
Cleaners in offices, workshops, hospitals, etc.	183	0	0	144	78.69%
Client information clerks (switchboard reception information clerks)	12	0	0	7	58.33%
Communication and information related	13	3	23.1	4	30.77%
Community development workers	77	18	23.4	50	64.94%
Computer programmers	1	0	0	1	100.00%
Computer system designers and analysts.	5	0	0	3	60.00%

Occupation	Employment at beginning of period (April 2006)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Economists	4	0	0	2	50.00%
Electrical and electronics engineering technicians	3	0	0	2	66.67%
Engineering sciences related	185	22	11.9	112	60.54%
Engineers and related professionals	111	9	8.1	38	34.23%
Farm hands and labourers	82	0	0	54	65.85%
Farming forestry advisors and farm managers	68	4	5.9	43	63.24%
Finance and economics related	40	6	15	22	55.00%
Financial and related professionals	17	0	0	12	70.59%
Financial clerks and credit controllers	279	28	10	144	51.61%
Food services aids and waiters	16	0	0	14	87.50%
Forestry labourers	2 172	1	0	1 234	56.81%
General legal administration and related professionals	7	0	0	0	0.00%
Geologists geophysicists hydrologists and related professionals	134	32	23.9	56	41.79%
Handcraft instructors	1	0	0	1	100.00%
Health sciences related	3	0	0	1	33.33%
Horticulturists foresters agriculture and forestry technicians	83	1	1.2	58	69.88%
Household and laundry workers	5	0	0	5	100.00%
Human resources and organisational development and related professionals	40	7	17.5	19	47.50%
Human resources clerks	235	12	5.1	119	50.64%
Human resources related	82	8	9.8	51	62.20%
Information technology related	2	1	50	0	0.00%
Inspectors of apprentices works and vehicles	3	0	0	2	66.67%

Occupation	Employment at beginning of period (April 2006)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Language practitioners interpreters and other communications	22	2	9.1	10	45.45%
Legal related	3	1	33.3	0	0.00%
Librarians and related professionals	1	0	0	0	0.00%
Library mail and related clerks	42	4	9.5	22	52.38%
Light vehicle drivers	92	0	0	75	81.52%
Logistical support personnel	28	4	14.3	17	60.71%
Material-recording and transport clerks	221	21	9.5	134	60.63%
Mathematicians and related professionals	1	0	0	1	100.00%
Mechanical engineering technicians	2	0	0	2	100.00%
Messengers porters and deliverers	235	0	0	172	73.19%
Mining geology and geophysical and related technicians	30	4	13.3	12	40.00%
Motor vehicle drivers	116	1	0.9	77	66.38%
Motorised farm and forestry plant operators	1 280	0	0	1 012	79.06%
Natural sciences related	133	38	28.6	78	58.65%
Nature conservation and oceanographically related technicians	3	1	33.3	3	100.00%
Other administration and related clerks and organisers	895	40	4.5	591	66.03%
Other administrative policy and related officers	93	11	11.8	59	63.44%
Other information technology personnel	3	0	0	1	33.33%
Other machine operators	1	0	0	0	0.00%
Other occupations	554	86	15.5	2	0.36%
Printing and related machine operators	2	0	0	1	50.00%

Occupation	Employment at beginning of period (April 2006)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Printing planners and production controllers	1	0	0	1	100.00%
Quantity surveyors and related professionals not classified elsewhere	2	0	0	2	100.00%
Rank: Unknown	38	0	0	0	0.00%
Risk management and security services	1	0	0	1	100.00%
Road workers	5	0	0	3	60.00%
Safety health and quality inspectors	7	2	28.6	4	57.14%
Secretaries and other keyboard operating clerks	112	25	22.3	49	43.75%
Security guards	422	15	3.6	448	106.16%
Security officers	124	0	0	97	78.23%
Senior managers	126	12	9.5	0	0.00%
Social sciences related	59	15	25.4	27	45.76%
Trade labourers	3 395	12	0.4	3 608	106.27%
Trade/industry advisers and other related professions	3	1	33.3	0	0.00%
Water plant and related operators	760	7	0.9	555	73.03%
Total	14 609	555	3.5	10 595	72.52%

Table 5.5: Promotions by Salary Band 2006/07

Salary band	Employment at beginning of period (April 2006)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Lower skilled (Levels 1-2)	7 159	17	0.24%	5 794	80.93%
Skilled (Levels 3-5)	3 727	131	3.51%	2 727	73.17%
Highly skilled production (Levels 6-8)	2 659	220	8.27%	1 551	58.33%
Highly skilled supervision (Levels 9-12)	936	175	18.70%	523	55.88%
Senior management (Levels 13-16)	126	12	9.52%	0	0.00%
Total	14 607	555	3.50%	10 595	72.53%

6. Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 1995 (Act No. 55 of 1998)

Table 6.1: Total number of Employees (incl. Employees with Disabilities) per Occupational Category (SASCO), 2006/07

Occupational categories	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Legislators, senior officials and managers (Levels 13-16)	28	5	5	38	24	21	1	0	22	5	89
Professionals (Levels 9-13)	1 110	121	33	1 264	435	543	32	26	601	184	2 484
Clerks (Levels 3-8)	743	41	10	794	45	980	70	31	1 081	225	2 145
Service and sales workers (Levels 3-8)	814	3	1	818	5	162	1	0	163	1	987
Craft and related trades workers (Levels 3-8)	252	13	1	266	78	2	1	0	3	0	347
Plant and machine operators and assemblers (Levels 3-8)	2 406	79	0	2 485	171	446	4	0	450	31	3 137
Elementary occupations (Levels 1-2)	3 724	189	1	3 914	17	2 711	14	0	2 725	1	6 657
Total	9 077	451	51	9 579	775	4 865	123	57	5 045	447	15 846

(add employment incl.)

	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Employees with disabilities	13	1	0	14	7	4	0	0	4	2	27

Table 6.2: Total number of Employees (incl. Employees with Disabilities) per Occupational Band 2006/07

Occupational bands	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Top Management (Levels 15-16)	1	1	0	2	0	3	0	0	3	1	6
Senior Management (Levels 13-14)	27	4	5	36	24	18	1	0	19	4	83
Professionally qualified and experienced specialists and mid-management (Levels 9-13)	622	25	12	659	356	319	21	14	354	113	1 482
Skilled technical and academically qualified workers, junior management, supervisors, foremen (Levels 6-9)	1 118	73	27	1 218	285	795	51	29	875	278	2 656
Semi-skilled and discretionary decision making (Levels 3-8)	3 043	204	6	3 253	51	735	39	14	788	44	4 136
Unskilled and defined decision making (Levels 1-2)	4 426	142	0	4 568	11	2 891	11	0	2 902	2	7 483
Total	9 237	449	50	9 736	727	4 761	123	57	4 941	442	15 846

Table 6.3: Recruitment 2006/07

Occupational band	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Top Management (Levels 15-16)	0	1	0	1	0	0	0	0	0	0	1
Senior Management (Levels 13-14)	0	2	0	2	1	7	0	0	6	0	9
Professionally qualified and experienced specialists and mid-management (Levels 9-13)	19	1	1	21	6	25	1	2	28	13	68
Skilled technical and academically qualified workers, junior management, supervisors, foremen (Levels 6-9)	85	3	3	91	17	107	2	2	111	14	233
Semi-skilled and discretionary decision making (Levels 3-8)	158	25	2	185	9	171	10	6	187	4	385
Unskilled and defined decision making (Levels 1-2)	71	4	0	75	2	38	4	0	42	1	120
Total	333	36	6	375	35	348	17	10	375	32	816

	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Employees with disabilities	0	0	0	0	1	0	0	0	0	0	1

Table 6.4: Promotions (Pay Progression) 2006/07

Occupational bands	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Top Management (Levels 15-16)	0	0	0	0	0	1	0	0	1	0	1
Senior Management (Levels 13-14)	5	1	0	6	0	4	0	0	4	1	11
Professionally qualified and experienced specialists and mid-management (Levels 9-13)	239	13	7	259	234	122	7	9	138	69	700
Skilled technical and academically qualified workers, junior management, supervisors, foremen (Levels 6-9)	739	46	17	802	203	510	39	18	567	199	1 771
Semi-skilled and discretionary decision making (Levels 3-8)	2 194	144	2	2 340	28	436	21	8	465	28	2 861
Unskilled and defined decision making (Levels 1-2)	3 350	125	0	3 475	3	2 323	8	0	2 331	0	5 809
Total	6 527	329	26	6 882	468	3 396	75	35	3 506	297	11 153

	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, Total Black	Female, White	Total
Employees with disabilities	16	1	0	17	3	6	0	0	6	0	26

Table 6.5: Terminations 2006/07

Occupational bands	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Top Management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior Management (Levels 13-14)	4	2	1	7	7	3	1	1	5	1	20
Professionally qualified and experienced specialists and mid-management (Levels 9-13)	32	2	2	36	38	19	1	1	21	14	109
Skilled technical and academically qualified workers, junior management, supervisors, foremen (Levels 6-9)	117	5	5	127	31	83	2	1	86	27	271
Semi-skilled and discretionary decision making (Levels 3-8)	576	23	0	599	10	62	5	1	68	6	683
Unskilled and defined decision making (Levels 1-2)	545	8	0	553	1	181	1	0	182	0	736
Total	1 274	40	8	1 322	87	348	10	4	362	48	1 819

	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Employees with disabilities	6	0	0	6	0	1	0	0	1	1	8

Table 6.6: Disciplinary Action 2006/07

Disciplinary action	Male, African	Male, Coloured	Male, Asian	Male, Total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, Total Black	Female, White	Total
Total	8	2	1	11	2	1	0	1	2	1	16

Table 6.7: Skills Development (Officials Trained) 2006/07

Occupational categories	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Legislators, Senior Officials and Managers (Levels 13-16)	97	2	3	102	10	107	4	3	114	5	231
Professionals (Levels 9-13)	129	3	3	135	65	237	6	3	246	11	457
Technicians and Associate Professionals (Levels 6-12)	117	27	3	147	114	51	237	0	288	3	552
Clerks (Levels 3-8)	119	22	4	145	12	1 019	21	1	1 041	34	1 232
Service and Sales Workers (Levels 3-8)	258	23	1	282	5	33	1	1	35	7	329
Skilled Agriculture and Fishery Workers (Levels 3-8)	156	13	30	199	8	70	9	13	92	0	299
Craft and related Trades Workers (Levels 3-8)	283	93	0	376	0	33	0	0	33	0	409
Plant and Machine Operators and Assemblers (Levels 3-8)	424	26	0	450	0	33	3	1	37	0	487
Elementary Occupations (Levels 3-8)	1 392	18	0	1 410	0	366	4	0	373	0	1 783

Occupational categories	Male, African	Male, Coloured	Male, Asian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Asian	Female, total Black	Female, White	Total
Interns (Levels 3-7)	33	3	0	36	0	22	1	1	24	0	60
Employees with disabilities (Levels 3-16)	2	0	1	3	0	0	0	0	0	0	3
Total	3 010	230	45	3 285	214	1 971	286	23	2 283	60	5 842

7. Performance Rewards

To encourage good performance, the Department granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 7.1), salary bands (Table 7.2) and critical occupations (Table 7.3).

Table 7.1: Performance Rewards by Race, Gender and Disability 2006/07

Demographics	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, Female	2 015	4 999	40.31%	4 366	2 166
African, Male	4 163	8 936	46.59%	11 234	2 700
Asian, Female	25	57	43.86%	190	7 600
Asian, Male	22	48	45.83%	213	9 681
Coloured, Female	50	123	40.65%	333	6 660
Coloured, Male	176	448	39.29%	969	5 505
White, Female	268	442	60.63%	2 300	8 582
White, Male	436	766	56.92%	5 882	13 491
Employees with a disability	21	27	77.78%	57	2 714
Total	7 176	15 846	45.29%	25 545	3 559

Table 7.2: Performance Rewards by Salary Band for Personnel below Senior Management Service 2006/07

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Lower skilled (Levels 1-2)	3 229	7 756	41.63%	4 722	1 462
Skilled (Levels 3-5)	2 163	3 885	55.68%	6 228	2 879
Highly skilled production (Levels 6-8)	1 165	2 657	43.85%	6 902	5 924

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Highly skilled supervision (Levels 9-12)	619	1 182	52.37%	7 693	12 428
Periodic remuneration	0	237	0.00%	0	0
Abnormal appointment	0	3	0.00%	0	0
Total	7 176	15 720	45.65%	25 545	3 559

Table 7.3: Performance Rewards by Critical Occupation 2006/07

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Administrative related	49	104	47.1	685	13 980
Agriculture animal oceanography forestry and other sciences	12	26	46.2	92	7 667
Agriculture related	35	62	56.5	591	16 886
All artisans in the building metal machinery etc.	178	323	55.1	637	3 579
Artisan project and related superintendents	12	20	60	70	5 833
Auxiliary and related workers	189	639	29.6	830	4 392
Biochemistry pharmacology. zoology and life science technician	0	1	0	0	0
Biologists botanists zoologists and related professional	5	24	20.8	57	11 400
Building and other property caretakers	70	225	31.1	170	2 429
Bus and heavy vehicle drivers	146	226	64.6	293	2 007
Cartographers and surveyors	1	4	25	11	11 000
Cartographic surveying and related technicians	9	22	40.9	57	6 333
Chemical and physical science technicians	1	10	10	4	4 000
Civil engineering technicians	122	241	50.6	841	6 893
Cleaners in offices workshops hospitals etc.	77	173	44.5	151	1 961

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Client information clerks(switchboard reception information clerks)	3	11	27.3	7	2 333
Communication and information related	6	17	35.3	83	13 833
Community development workers	51	86	59.3	238	4 667
Computer programmers.	0	1	0	0	0
Computer system designers and analysts.	0	6	0	0	0
Economists	2	3	66.7	22	11 000
Electrical and electronics engineering technicians	0	3	0	0	0
Engineering sciences related	120	185	64.9	1 516	12 633
Engineers and related professionals	43	95	45.3	575	13 372
Farm hands and labourers	11	106	10.4	30	2 727
Farming forestry advisors and farm managers	16	76	21.1	102	6 375
Finance and economics related	22	36	61.1	287	13 045
Financial and related professionals	11	15	73.3	87	7 909
Financial clerks and credit controllers	145	272	53.3	647	4 462
Food services aids and waiters	9	17	52.9	40	4 444
Forestry labourers	501	2 249	22.3	914	1 824
General legal administration and related professionals	0	8	0	0	0
Geologists geophysicists hydrologists and related professionals	29	123	23.6	224	7 724
Handcraft instructors	0	1	0	0	0
Health sciences related	0	3	0	0	0
Horticulturists foresters agriculture and forestry technicians	23	83	27.7	136	5 913
Household and laundry workers	1	5	20	5	5 000

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Human resources and organisational development and related professionals	12	36	33.3	109	9 083
Human resources clerks	85	256	33.2	370	4 353
Human resources related	20	97	20.6	267	13 350
Information technology related	0	8	0	0	0
Inspectors of apprentices works and vehicles	1	2	50	10	10 000
Language practitioners interpreters and other communication	6	22	27.3	44	7 333
Legal related	0	1	0	0	0
Librarians and related professionals	0	3	0	0	0
Library mail and related clerks	8	50	16	45	5 625
Light vehicle drivers	53	99	53.5	101	1 906
Logistical support personnel	9	27	33.3	63	7 000
Material-recording and transport clerks	104	228	45.6	408	3 923
Mathematicians and related professionals	1	1	100	2	2 000
Mechanical engineering technicians	0	2	0	0	0
Messengers porters and deliverers	106	208	51	219	2 066
Mining geology ad geophysical and related technicians	9	30	30	67	7 444
Motor vehicle drivers	56	103	54.4	122	2 179
Motorised farm and forestry plant operators	695	1 352	51.4	932	1 341
Natural sciences related	84	151	55.6	1 091	12 988
Nature conservation and oceanographically related technicians	2	2	100	15	7 500
Other administration and related clerks and organisers	448	977	45.9	1 683	3 757
Other administrative policy and related officers	53	96	55.2	374	7 057

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Other information technology personnel.	1	3	33.3	16	16 000
Other machine operators	1	1	100	7	7 000
Other occupations	511	581	88	5 209	10 194
Printing and related machine operators	0	1	0	0	0
Printing planners and production controllers	1	1	100	1	1 000
Quantity surveyors and related professionals not classified elsewhere	1	2	50	4	4 000
Rank: Artisan a-group principal/charge hand (construction)	3	0	0	47	15 667
Rank: Artisan foreman (construction)	1	0	0	9	9 000
Rank: Artisan foreman (construction) senior	3	0	0	68	22 667
Rank: Driver (construction) senior	3	0	0	20	6 667
Rank: Driver grade i (construction)	1	0	0	3	3 000
Rank: Factotum (construction) principal	3	0	0	18	6 000
Rank: Factotum (construction) senior	1	0	0	4	4 000
Rank: Ganger (construction) chief	1	0	0	12	12 000
Rank: Operator (construction) senior	1	0	0	7	7 000
Rank: Operator grade i (construction)	1	0	0	3	3 000
Rank: Provisioning admin clerk (construction) chief	1	0	0	20	20 000
Rank: Provisioning admin clerk grade ii (construction)	2	0	0	13	6 500
Rank: Unknown	0	10	0	0	0
Risk management and security services	0	2	0	0	0

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Road workers	2	5	40	5	2 500
Safety health and quality inspectors	3	8	37.5	18	6 000
Secretaries and other keyboard operating clerks	47	125	37.6	293	6 234
Security guards	214	951	22.5	341	1 593
Security officers	9	59	15.3	48	5 333
Senior managers	0	126	0	0	0
Social sciences related	25	68	36.8	255	10 200
Trade labourers	2 289	3 970	57.7	3 061	1 337
Trade/industry advisers and other related professions	1	4	25	19	19 000
Water plant and related operators	399	677	58.9	720	1 805
Total	7 176	15 846	45.3	25 545	3 560

Table 7.4: Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service 2006/07

SMS band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)	% of SMS wage bill	Personnel cost SMS (R'000)
Band A	0	81	0	0	0	0	0
Band B	0	38	0	0	0	0	0
Band C	0	6	0	0	0	0	0
Band D	0	1	0	0	0	0	0
Total	0	126	0	0	0	0	0

Performance Related Awards for SMS members still under consideration.

8. Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation and also record changes in the total number of foreign workers.

Table 8.1: Foreign Workers by Salary Band 2006/07

Salary Band	Employment at beginning of period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Skilled (Levels 3-5)	0	0	1	3.7	1	0	27	27	0
Highly skilled production (Levels 6-8)	6	22.2	4	14.8	-3	0	27	27	0
Highly skilled supervision (Levels 9-12)	20	74.1	20	74.1	1	0	27	27	0
Senior management (Levels 13-16)	1	3.7	2	7.4	1	0	27	27	0
Total	27	0	27	0	0	0	0	0	0

Table 8.2: Foreign Workers by Major Occupation 2006/07

Major occupation	Employment at beginning of period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Administrative office workers	2	7.4	2	7.4	0	0	27	27	0
Craft and related trades workers	1	3.7	1	3.7	0	0	27	27	0
Professionals and managers	23	85.2	22	81.5	-1	0	27	27	0
Social natural technical and medical sciences+supp	0	0	1	3.7	1	0	27	27	0
Technicians and associated professionals	1	3.7	1	3.7	0	0	27	27	0
Total	27	100	27	100	0	0	27	27	0

9. Leave Utilisation for the Period 1 January 2006 to 31 December 2006

The Public Service commission identified the need for careful monitoring of sick leave within the Public Service. The following tables provide an indication of the use of sick leave (**Table 9.1**) and disability leave (**Table 9.2**). In both cases, the estimated cost of the leave is also provided.

Table 9.1: Sick Leave from 1 January 2006 to 31 December 2006

Salary band	Total days	% Days with medical certification	Number of employees using sick leave	% of Total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	18 985	97.3	2 583	42.3	7	2 927	6 100	18 479
Skilled (Levels 3-5)	9 716	94.0	1 349	22.1	7	1 882	6 100	9 130
Highly skilled production (Levels 6-8)	8 939	87.3	1 285	21.1	7	3 093	6 100	7 800
Highly skilled supervision (Levels 9-12)	3 384	84.3	564	9.2	6	2 460	6 100	2 853
Senior management (Levels 13-16)	268	82.8	50	0.8	5	502	6 100	222
Contract (Levels 1-2)	147	92.5	33	0.5	4	22	6 100	136
Contract (Levels 3-5)	276	80.4	61	1	5	62	6 100	222
Contract (Levels 6-8)	419	82.3	85	1.4	5	160	6 100	345
Contract (Levels 9-12)	306	81.7	57	0.9	5	222	6 100	250
Contract (Levels 13-16)	183	84.2	33	0.5	6	362	6 100	154
Total	42 623	92.9	6 100	100	7	11 692	6 100	39 591

Table 9.2: Disability Leave (Temporary and Permanent) from 1 January 2006 to 31 December 2006

Salary band	Total days	% Days with medical certification	Number of employees using disability leave	% of Total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification	Total number of employees using disability leave
Lower skilled (Levels 1-2)	1 899	99.8	73	41.5	26	297	1 895	176
Skilled (Levels 3-5)	447	100	21	11.9	21	103	447	176

Salary band	Total days	% Days with medical certification	Number of employees using disability leave	% of Total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification	Total number of employees using disability leave
Highly skilled production (Levels 6-8)	724	98.9	66	37.5	11	274	716	176
Highly skilled supervision (Levels 9-12)	141	98.6	14	8	10	139	139	176
Senior management (Levels 13-16)	28	100	2	1.1	14	53	28	176
Total	3 239	99.6	176	100	18	866	3 225	176

The utilisation of annual leave is summarised in **Table 9.3**. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent the payment of high levels of accrued leave at the time of termination of service.

Table 9.3: Annual Leave from 1 January 2006 to 31 December 2006

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who took Leave
Lower skilled (Levels 1-2)	155 834	21	7 338
Skilled (Levels 3-5)	72 708	20	3 643
Highly skilled production (Levels 6-8)	47 552	20	2 400
Highly skilled supervision (Levels 9-12)	22 435	20	1 135
Senior management (Levels 13-16)	2 043	20	102
Contract (Levels 1-2)	1 129	12	95
Contract (Levels 3-5)	1 288	9	146
Contract (Levels 6-8)	1 700	9	189
Contract (Levels 9-12)	1 322	11	118
Contract (Levels 13-16)	916	18	52
Not Available	9	5	2
Total	306 936	20	15 220

Table 9.4: Capped Leave from 1 January 2006 to 31 December 2006

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2006	Number of employees who took capped leave	Total number of capped leave available at 31 December 2006	Number of employees as at 31 December 2006
Lower skilled (Levels 1-2)	3 793	8	88	467	575 705	6 528
Skilled (Levels 3-5)	773	7	123	110	337 110	2 743

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2006	Number of employees who took capped leave	Total number of capped leave available at 31 December 2006	Number of employees as at 31 December 2006
Highly skilled production (Levels 6-8)	535	6	107	97	160 456	1 499
Highly skilled supervision (Levels 9-12)	303	5	98	56	73 685	750
Senior management (Levels 13-16)	76	7	127	11	9 149	72
Contract (Levels 9-12)	2	2	90	1	899	10
Contract (Levels 13-16)	65	16	56	4	1 183	21
Total	5 547	7	100	746	1 158 187	11 623

The following table summarises payments made to employees as a result of leave that was not taken.

Table 9.5: Leave Payouts 2006/07

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Leave payout for 2006/07 due to non-utilisation of leave for the previous cycle	189	52	3635
Capped leave payouts on termination of service for 2006/07	7,092	646	10978
Current leave payout on termination of service for 2006/07	0	9	0
TOTAL	7,281	707	10,298

10. HIV/AIDS and Health Promotion Programmes

Table 10.1: Steps Taken to Reduce the Risk of Occupational Exposure 2006/07

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
Forestry Service Aids	Awareness raising
General Workers	Condom distribution
Tradesmen Aids	Newsletters
Foresters	Posters, leaflets
Drivers	-
Operators	-

Table 10.2: Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001?	Yes		The Chief Director (Human Resource), Ms M Mofokeng.
2. Does the Department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		Two (2) staff members at Head Office and one (1) staff member per region in the nine (9) regions of the Department have been designated. The staff members function within the Directorate Organisational Development. A budget of approximately R5 million is available to develop, manage and maintain a comprehensive employee wellness programme.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/ services of the programme.	Yes		The Department appointed a PSP in April 2006 to provide Wellness services. Services available include; counselling; 24 hr help line; trauma debriefing; HIV/AIDS services; Life Skills training; Health and Awareness campaigns; Referral to external services and specialists; Health Education. Key elements are Voluntary Counselling and Testing (VCT), Rehabilitation, Trauma Debriefing, Grief Debriefing, General Counselling, Absenteeism and Sick Leave monitoring and management, Managing of HIV/AIDS and Wellness, Universal precautions, Condom distribution and Education on STI and treatment.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Committee has been established.
5. Has the Department reviewed the employment policies and practices of the Department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		Recruitment and Selection Policy, Disciplinary Code and Procedure, Grievance Procedures, Employment and Equity and Affirmative Action Policy, Performance Management and Development Policy, Job Evaluation Policy.
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Through the development of a comprehensive HIV/AIDS training and awareness raising programme a framework and knowledge base was created. This initiative saw extensive awareness creation campaigns, training of peer educators, regional co-ordinators and managers.

Question	Yes	No	Details, if yes
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		During the previous months there have been extensive HIV/AIDS campaigns in Departmental offices where more than half of the employee workforce participated in the programmes. The latter were followed by VCT and referrals to relevant institutions for support and care. In addition, VCT is provided on an ongoing basis by an on-site nurse who visits Departmental offices at least once a month. VCT is also provided any time on request by employees. Due to this extensive HIV/AIDS awareness campaign, there has been an increase in the number of employees volunteering for VCT.

11. Labour Relations

The following collective agreements were entered into with trade unions within the Department.

Table 11.1: Collective Agreements 2006/07

Subject matter	Date
Resolution 1 of 2006	08 November 2006

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 11.2: Misconduct and Discipline Hearings Finalised 2006/07

Outcomes of disciplinary hearings	Number	% Percentage of total
Guilty	13	100
Not Guilty	0	0
Total	13	100%

Table 11.3: Types of Misconduct Addressed and/or Disciplinary Hearings 2006/07

Type of misconduct	Number	% Percentage of total
Fraud	4	17%
Misuse of state vehicle	3	12.50%
Discrepancies with log sheet	1	4.16%
Stolen property	1	4.16%
Dereliction	2	8.33%
Absenteeism	1	4.16%
Corruption	1	4.16%
Abscondment	11	45.8
TOTAL	24	100%

Table 11.4: Grievances Lodged 2006/07

Number of grievances addressed	Number	% Percentage of total
Resolved	29	65%
Unresolved	15	34%
Total	44	100%

Table 11.5: Disputes Lodged 2006/07

Number of disputes addressed	Number	Percentage of total
Upheld	6	15%
Dismissed	34	85%
Total	40	100%

Table 11.6: Strike Actions 2006/07

Strike actions	Number	Percentage of total
Total number of person working days lost	0	0%
Total cost (R'000) of working days lost	0	0%
Amount (R'000) recovered as a result of no work no pay	0	0%

Table 11.7: Precautionary Suspensions 2006/07

Precautionary suspensions	Number	% Percentage of total
Number of people suspended	11	100.00%
Number of people whose suspension exceeded 30 days	5	45,45%

12. Skills Development

This section highlights the efforts of the Department with regard to skills development.

Table 12.1: Training Needs Identified 2006/07

Occupational categories	Gender	Training needs identified	Learnerships	Skills programmes and other short courses
Legislators, senior officials and managers	Female	121	0	40
	Male	134	0	86
Professionals	Female	275	0	51
	Male	255	0	62
Technicians and associate professionals	Female	301	0	26
	Male	275	0	111
Clerks	Female	1 135	0	106
	Male	309	0	118
Service and sales workers	Female	65	0	201
	Male	315	0	221
Skilled agriculture and fishery workers	Female	116	0	42
	Male	215	0	44
Craft and related trades workers	Female	43	0	113
	Male	396	0	4
Plant and machine operators and assemblers	Female	58	0	106
	Male	487	0	9
Elementary occupations	Female	379	37	101
	Male	1 650	166	0
Interns	Female	29	24	0
	Male	42	36	786
Total		6 600	263	2 227
Gender sub totals	Female	2 522	61	786
	Male	4 078	202	1 441
Total		6 600	263	2 227

Table 12.2: Training Provided 2006/07

Occupational categories	Gender	Officials trained	Learnerships	Skills programmes and other short courses
Legislators, senior officials and managers	Female	119	0	40
	Male	112	0	86
Professionals	Female	257	0	51
	Male	200	0	62
Technicians and associate professionals	Female	291	0	26
	Male	261	0	111
Clerks	Female	1 075	0	106
	Male	157	0	118
Service and sales workers	Female	42	0	201
	Male	287	0	221
Skilled agriculture and fishery workers	Female	92	0	42
	Male	207	0	44
Craft and related trades workers	Female	33	0	113
	Male	376	0	4
Plant and machine operators and assemblers	Female	37	0	106
	Male	450	0	9
Elementary occupations	Female	373	37	101
	Male	1 410	166	0
Interns	Female	24	24	0
	Male	36	36	786
Employees with disabilities	Female	0	0	0
	Male	3	0	0
Total		5 842	263	2 227
Gender sub totals	Female	2 340	61	786
	Male	3 502	202	1 441
Total		5 842	263	2 227

13. Injury on Duty

The following table provides basic information on injury on duty.

Table 13.1: Injury on Duty 2006/07

Nature of injury on duty	Number	% of total
Required basic medical attention only	1 192	95.13%
Temporary total disablement	38	3.03%
Permanent disablement	10	0.80%
Fatal	13	1.04%
Total	1 253	100.00%

14. Utilisation of Consultants

Table 14.1: Report on Consultant Appointments using Appropriated Funds 2006/07

Project Title	Total number of consultants that worked on the project	Duration: Work days / Months	Contract value in Rand
2006-010: Gather information and collate State of the Forest Report	1	5 months	R485 400.00
2006-079: Assessment of the Firewood market of Gauteng and the origin of protected tree firewood products sold	2	5 months	R250 000.00
2006-308: National SAW Timber Strategy Workshop	3	1 months	R51 100.00
2006-248: 3rd Party Charter analysis services for the forestry sector BBBEE Charter	1	1 months	R128 250.00
2006-254: Event management support for the forest sector BBBEE Charter Indaba	2	2 months	R181 675.00
2006-255: Technical support in the finalisation of the forestry sector BBBEE Charter	1	2 months	R201 096.00
2006-218: Forestry research information on sustainable use of forestry products from woodlands and natural forest and guidelines for best management practices of plantations	1	3 months	R195 122.40
2006-280: Developmental of a developmental	2	6 months	R756 960.00
2006-221: Event management services of the forestry sector BBBEE Charter Indaba	1	2 months	R100 000.00
WP9082: The study to assess the potential of essential oils South Africa	1	4 months	R529 986.00
WP9121: A pilot project for national forest type site-based sub-type classification	2	5 months	R498 800.00
WP9021: A pilot project for national forest type site-based sub type classification	2	5 months	R498 800.00
2006-450: Re-measurement of plots and analysis of data from KwaZulu-Natal and Eastern Cape forest growth plots	1	2 months	R82 000.00
2006-381: Appointment of PLMIT services management consulting to undertake assignment no 2006/381 for the Department	1	4 months	R320 000.00
2006-397: Pilot project to obtain baseline data on type, extent for which purpose and location of resources used in Matiwane	1	6 months	R496 710.00
2006-398: Pilot project to establish and provide data on resources used, the users and quantities of resources being utilised in the woodlands areas of Bushbuckridge and Hazyview	2	6 months	R283 800.00

Project Title	Total number of consultants that worked on the project	Duration: Work days / Months	Contract value in Rand
WP9251 : Compile annual and roundwood statistics and the compilation of a report based on the criteria, indicators for sustainable forest management	1	36 months	R2 000 000.00
2006-029: Empowerment and information dissemination on sanitation policy, guidelines, strategies and tools to newly established municipal councils	1	12 months	R1 500 000.00
2006-030: Provide management support to the Department for the facilitation and support of the national sanitation job creation project	1	12 months	R200 000.00
2006-028: Sanitation programme implementation support to local government and sanitation sector partners	2	12 months	R2 000 000.00
2005-276: Design a health and hygiene programme for sanitation practitioners in municipalities	2	12 months	R1 500 000.00
2006-192: Provide strategic technical support for the national sanitation programme	3	12 months	R1 004 659.20
2006-210: Provide sanitation unit with clinic and school sanitation	1	8 months	R900 000.00
2006-220: Facilitate, integrate and implement Wash programme	3	12 months	R1 785 000.00
WP9053: Facilitate the design implementation and monitoring of the accelerated sanitation delivery programme "operation Gijima"	1	48 months	R17 434 836.00
WP8978: The implementation of a customer relationship management solution for the Department's toll free line	1	3 months	R1 332 660.00
WP8995: Local government support and water	4	60 months	R45 034 560.00
2006-060: Transformation of Glen Alpine and Sterkrivier government water scheme into Water Users Association	2	5 months	R258 200.00
2005-265: Public participation process for the catchment management agency in the Levubu/Letaba water management area	1	12 months	R1 000 000.00
2006-295: Technical assistance consultancy: Northern cluster: Limpopo Province	1	4 months	R1 327 559.00
WP9031: Provincial sanitation task team support	1	36 months	R2 702 477.00
2006-356: Molemole LM surface water augmentation options :reconnaissance study	1	10 months	R920 000.00
WP7741/1 : Rural community water supply and water services-water resource, water and sewage works: monitoring and quality control	1	Variable	R155 276.00
WP7741/2: Rural community water supply and water services-water resource, water and sewage works: monitoring and quality control	1	Variable	R148 764.00
WP7741/3: Rural community water supply and water services-water resources, water sewage works: monitoring and quality control	1	Variable	R77 302.00
W8784: Appointment of Ewart laboratory as a sole provider for the analysis of water samples	1	24 months	R1 000 000.00
2006-277: Selected appointment of PSP to support the Department in Mpumalanga in the WS sector	1	2 months	R400 000.00
WP9014: For provincial support to the Department's Mpumalanga regional office for water services and resources to fulfil the Department's legislative functions	1	24 months	R8 040 234.00
WP9013: Water services development planning process and support to all water services authorities in Mpumalanga	4	24 months	R5 602 111.90
2006-077: Decorex JHB 2006	1	1 month	R38 882.91
WP9030: Research into the development of added industries to enable the WfW programme to enter into PPP or any other appropriate legal agreement for the harvesting and processing of biomass	1	30 months	R4 000 000.00
WP9076: Move the industrial development pilot plant from Randburg to Lyttelton in Pretoria	1	4 months	R500 000.00
2006-411: Deployment and support of drinking water quality management system for water services authorities	1	5 months	R1 999 634.00
WP8783: Rural community water supply and water services: hydrological consulting services in Eastern and Western Cape	4	36 months	R2 000 000.00
2006-260: Masibambane strategic support in the Eastern Cape	1	18 months	R1 785 810.00
WP8993: Updating of Eastern Cape ground water information	1	36 months	R26 940 302.00

Project Title	Total number of consultants that worked on the project	Duration: Work days / Months	Contract value in Rand
WP9182: Groundwater assessment project in the Free State	1	36 months	R946 200.00
WP8696: Gauteng regional office: water quality management	2	24 months	R5 700 000.00
2006-231: Hydrological study on the Gerhard Minneborn wetland to determine how the wetland system functions and fits into the Wonderfontein catchment due to licence application to harvest Peat and existing Peat harvesting operations	1	8 months	R2 850 000.00
2005-117: Roll out health and hygiene strategy to all municipalities of the Western Cape	1	10 months	R886 013.70
2006-394: Support to the Directorate: Business Risk Management	1	1 month	R138 168.00
WP9197: Full enterprise risk management design and implementation within the National Water Resources Infrastructure branch	1	24 months	R4 500 000.00
2006-069: Olifant River water resources development: De Hoop Dam: second revised submission for appointment of external review panel	5	60 months	R2 500 000.00
WP8944: Olifant River resources development project: proposed De Hoop Dam; planning, design and site supervision of contract housing	1	24 months	R7 700 673.00
WP9024: Full design services and construction supervision for the rehabilitation of dams to comply with dam safety standards	1	48 months	R30 018 867.00
WP9032: Planning, design and site supervision of the rehabilitation of the Hankey Moolman and Robert Scott siphons	2	30 months	R8 180 132.64
WP9023: Full design services and construction supervision for the rehabilitation of dams to comply with dam safety standards	1	48 months	R28 644 309.00
2006-372: Dam safety inspection in terms of government notice R1560 of July 1986 read with section 163(4) B of the National Water Act	1	12 months	R300 000.00
WP8933: Olifants river water resources development project (Phase 2): proposed De Hoop Dam	1	60 months	R5 835 650.00
WP8854/2: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	1	36 months	R114 183.94
WP8854/4: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	1	36 months	R540 503.00
WP8854/5: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	1	36 months	R8 991 845.00
WP8854/3: Rural community water services supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	1	36 months	R9 681 125.00
WP8854/7: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	1	36 months	R11 800 949.00
WP8854/1: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	1	36 months	R7 566 395.00
WP8854/6: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	1	36 months	R79 485.01
WP8966: Employee health and wellness programme	2	36 months	R15 477 200.00
2006-257: Provisioning of management and operational support to fast track the recruitment backlog with the Department	1	4 months	R2 201 500.00
2006-368: The design customisation activation and further maintenance of the C-Bars system of the Department	1	12 months	R500 000.00
2006-273: Internal needs analysis and drafting of an internal gender programme for the Department	1	2 months	R400 000-00
2006-313: Cape conservation process: review of the original recommendations and decision taken about phasing out plantation forestry on the state forest land in the southern and western Cape and recommendations on a decision to reverse the withdrawal strategy	1	1 month	R23 600.00

Project Title	Total number of consultants that worked on the project	Duration: Work days / Months	Contract value in Rand
WP9036-WC: Provisioning of support services to the Western Cape regional office for the transfer of water services assets and the implementation of the national refurbishment programme	2	23 months	R1 100 000.00
2006-278: The comprehensive audit on the Department's contribution to BBEE	1	6 months	R2 677 928.00
2006-402: Technical assistance in developing a transformation framework plan and monitoring score card for the Department	1	3 months	R452 010.00
2006-041: Audit investigation of the provision of support on a down basis to the Department	1	3 months	R511 814.40
2006-052: Audit of the office of the CIO on managing of financial matters	1	2 months	R194 620.80
WP9011: Costing analysis of schemes	1	18 months	R5 576 104.80
WP9037: Provision of SAP users	1	6 months	R6 750 000.00
2006-361: Support required for FSAP/WSAP implementation and administration: financial management	1	7 months	R300 000.00
2006-363: SAP manager	1	6 months	R820 800.00
2006-391: Provide SAP change management support	1	6 months	R432 200.00
2006-203: Forensic investigation on the disposal of the Departmental fixed assets	1	2 months	R343 363.44
WP9009: Provision of skilled fixed assets experts to supplement Departmental assets units in the daily management of fixed assets	2	18 months	R14 999 040.00
2006-325: Full verification of the Department's movable fixed assets and roll out of the latest version of the baud system	1	8 months	R2 850 000.00
WP9233: Verification and valuation of major infrastructure assets	2	12 months	R39 566 986.00
2005-160: Co-ordination of the South African youth water prize Baswa le Meetse competition and Women in Water, Sanitation and Forestry awards	1	22 months	R2 950 000.00
2006-006: Development of agriculture strategy: literature survey, situation assessment, determining a vision, strategic objectives and action plan and development of regulatory instruments and implementation	1	36 months	R1 200 000.00
2006-086: Water conservation and demand management potential assessment, strategy and implementation plan for Dinokana Village	2	4 months	R487 920.00
2006-035: Compliance audit on management of aquatic weeds in the South African waterways	1	14 months	R880 000.00
WP9070: Water conservation and water demand management potential assessment for the Mvoti to Mzimkulu WMA	2	18 months	R2 846 443.00
WP9069: Water conservation and water demand management potential assessment for Thukela WMA	1	18 months	R1 233 600.00
WP9068: Water conservation and water demand management potential assessment for Usuthu to Mhlathuze water consortium	3	18 months	R983 232.90
2006-312: Complete the development of a closed Loop water model incorporating WC/WDM measuring in the South African mining industry	1	6 months	R149 999.00
2006-262: Facilitating the Resource Management Plans Training Course for pre-qualified PSPs, project officers and policy and regulation support officials	1	1 month	R48 800.00
2006-088: Development of a Wetland Management Strategy for the Upper Olifants River catchment	2	10 months	R300 000.00
2006-228: Provision of strategic and technical support to the D:WUE	2	Variable	R2 941 200.00
2006-245: Agricultural Water Use Strategy: Communication Framework: Conversion of documents to use friendly operational guidelines and development of communication and training material	1	3 months	R671 414.00
2006-303: Compilation of Management Plans Fika Patso and Metsimatsho Dams	1	10 months	R484 588.00
2006-304: Compilation of Management Plans for the Roodeplaat Dam	1	10 months	R417 279.00
2006-305: Compilation of Management Plans for the Buffelspoort Dam	1	10 months	R360 917.00

Project Title	Total number of consultants that worked on the project	Duration: Work days / Months	Contract value in Rand
2006-297: Moloko River Catchment Water Conservation and Water Demand Management situation assessment and potential WC/WDM Options	1	4 months	R201 381.00
WP9093: Compliance of a Resource Management Plan for the Lower Orange River through the Richterveld Transfrontier Park	2	9 months	R476 178.00
2006-328: Support in the Implementation of Community Water Efficiency Programme	1	11 months	R993 586.38
2006-232: Agricultural Water Use Strategy: Development of regulatory instruments for water use, storage, treatment and disposal of winery waste water	1	12 months	R406 980.00
WP9270: Formatting, standardisation and alignment of Water Use Authorisation assessment tools	1	6 months	R540 905.60
WP9277: Facilitate and implement a WC/WDM media campaign	1	3 months	R3 000 000.00
WP9226: Development of a framework and indicators for auditing and monitoring water allocation reform in South Africa	1	24 months	R2 000 000.00
WP8913: Business intelligence support to Water Services Director Planning and Information	3	36 months	R7 991 035.00
2006-019: Support to the personnel development process for the D: Water Services Support	1	24 months	R992 265.00
2006-059: Assistance to the Water Services Regulation Directorate	1	24 months	R2 700 000.00
WP9035: Assistance to Directorate: Water Services Regulations in undertaking an Annual Water Services Consumer Survey	1	12 months	R3 500 000.00
2006-243: Support with regard to the development of a water service provider support implementation framework	3	15 months	R700 000.00
2006-290: Development of a guideline for practical application of intergovernmental relations framework act, 13 of 2005	2	15 months	R248 976.00
2006-234: Water Services Infrastructure Asset Management Strategy Formulation	3	22 months	R1 490 504.00
2006-364: Strategic Assistance to the Drinking Water Quality Management and Regulation Programme	1	24 months	R1 195 518.00
2006-272: Undertake a Team Building Development process for the CD Water Services	1	8 months	R150 000.00
WP9110: Support to co-ordination of Provincial Water Services Authorities - Water Services Development Planning process: Eastern Cape Province	1	36 months	R6 000 000.00
WP9116: Support to co-ordination of Provincial Water Services Authorities: Water Services Development Planning process: Limpopo Province	4	36 months	R6 000 000.00
WP9117: Support to co-ordination of Provincial Water Services Authorities: Water Services Development Planning process: Mpumalanga Province	4	36 months	R6 000 000.00
WP9112: Support to co-ordination of Provincial Water Services Authorities: Northern Cape Province	2	36 months	R6 000 000.00
WP9113: Support to co-ordination of Provincial Water Services Authorities Water Services Development Planning process: Free State	2	36 months	R6 000 000.00
WP9111: Support to co-ordination of Provincial Water Services Authorities - WS Development Planning process: Western Cape	3	36 months	R6 000 000.00
WP9114: Support to co-ordination of Provincial Water Services Authorities - WS Development Planning process: Gauteng Region	4	36 months	R6 000 000.00
WP9115: Support to co-ordination of Provincial Water Services Authorities - Water Services Development Planning process: KwaZulu-Natal Province	3	36 months	R6 000 000.00
WP9118: Support to co-ordination of Provincial Water Services Authorities - WS Development Planning process: North West Province	2	36 months	R6 000 000.00
2006-002: Water Resource Systems Development Business Support Phase 2	1	20 months	R2 999 456.00
2005-016: Vaal River System: Annual Operating Analysis	2	36 months	R1 634 460.80
WP8897: Orange River System: Real Time Operating System for the Lower Orange River System	2	24 months	R2 634 425.05

Project Title	Total number of consultants that worked on the project	Duration: Work days / Months	Contract value in Rand
2005-338: Amatole Government Water Scheme Habitual Movement survey and Environmental Impact Assessment study for the proposed crossings of the Yellowwoods and Kwankwebu Rivers	1	10 months	R540 649.05
2005-339: Amatole Government Water Scheme, Environmental Impact Assessment study for the proposed Kwankwebu River crossing	1	10 months	R305 321.40
2005-340: Algoa Water Resources Bridging study	2	20 months	R1 810 331.00
2006-090: Development of operating rules for the Integration of the Blyde River and Olifants River System	2	24 months	R600 000.00
2006-044: Real Time Operation of the Letaba River Systems	2	24 months	R2 500 000.00
2006-091: Establishing a real time operating decision support system for the Mhlathuze River System	1	24 months	R725 835.00
2006-232: Maintenance and updating of Hydrological and Systems Software	2	24 months	R2 971 553.02
WP9006: Project co-ordinator for the Groot Letaba River Water Resource Development Project: Post Feasibility Bridging Study	1	33 months	R6 951 197.00
WP8950: Taung Dam Water Utilisation Feasibility Study	1	18 months	R4 808 909.02
2006-242: Data Management and User Support for IWRP Systems	1	24 months	R2 650 000.00
2006-252: Business Support for Socio-economic and Water Use	1	22 months	R2 988 259.00
2006-256: Project Management and Support for Systems Analysis	1	18 months	R2 670 789.15
WP9002: Water reconciliation strategy study for the KwaZulu-Natal Coastal Metropolitan Areas	4	24 months	R7 300 000.00
WP9077: Mzimvubu Catchment Development Investigations	2	36 months	R9 000 000.00
2006-373: Geohydrology Guideline Development: Implementation of dolomite guideline-Phase 1	2	36 months	R2 957 160.00
2006-352: Mooi/Mgeni Transfer Scheme - Phase 2: Completion of the Environmental Impact Assessment for the proposed Spring Grove Dam and Appurtenant Works	1	9 months	R1 800 000.00
2006-358: Mdloti River Development: Environmental Impact Assessment: Review for Hazelmere Dam Raising	1	12 months	R445 000.00
WP9090: The Environmental Management Module for the Groot Letaba River Water Resource Development Project: Post Feasibility Bridging Study	1	18 months	R2 359 643.00
2006-406: Bulk Water Supply Systems Operation Monitoring and Evaluation Support	2	36 months	R2 378 800.00
2006-399: Crocodile (East) River Development Reconnaissance Study	1	9 months	R674 000.00
WP9089: Technical Study Module for the Groot Letaba River Water Resource Development Project: Post feasibility Bridging Studies	3	17 months	R6 092 452.00
2005-325: Future roles and functions for a National Water Resources Information Management Service	1	6 months	R1 200 000.00
2006-067: Regional co-ordination of the National Microbial Water Quality Monitoring Programme in the Mzimvubu to Keiskamma Water Management Area	1	24 months	R124 095.84
2006-066: Regional co-ordination of the National Microbial Water Quality Monitoring Programme in the Breede Water Management Area	1	24 months	R147 630.00
2006-065: Regional co-ordination of the National Microbial Water Quality Monitoring Programme in the Inkomati and Olifants Water Management Area	1	24 months	R144 916.80
2006-068: Regional co-ordination of the National Microbial Water Quality Monitoring Programme in the Usutu to Mhlathuze Water Management Area	1	24 months	R130 000.00
WP8885: Supply of expert Geoscience supporting services and data, countrywide	1	24 months	R2 900 000.00

Project Title	Total number of consultants that worked on the project	Duration: Work days / Months	Contract value in Rand
WP8816/1: Supply Environmental (Stable and Radiological) Isotope Analysis in Groundwater, Data Acquisition and Interpretation of Environmental Isotope Data	2	24 months	R300 000.00
WP8817: Radio-Carbon 1C-Bulk Method) Isotope and Low level Geochemistry analysis in Groundwater and Rainwater	1	24 months	R600 000.00
2006-283: Maximise benefit to cost ratio of Water Resource Monitoring	2	12 months	R820 800.00
2006-445: Development of South African risk based water resource quality guidelines: Phase 1	4	18 months	R715 509.60
2006-467: National Register of Water Use: Latitude and Longitude mapping service - Field Checks for specific registers to upgrade the data contained in specific fields: Limpopo, Northern Province, Free State, Northern Cape, Eastern Cape, Mpumalanga and KwaZulu-Natal	1	Variable	R532 950.00
2006-076: Management of the Rainwater Harvesting Subsidy Pilot Implementation: Expansion and Roll-out Program	1	12 months	R1 700 000.00
2006-039: Secretariat for the Governing Board of the Catchment Management agencies in four Water Management Areas	1	18 months	R250 000.00
2005-240: Corporate Governance Training to Non-executive members of Water Boards	1	3 months	R350 000.00
2006-207: Review of remuneration of Water Boards Chief Executive and Non-executive Board members	1	1 month	R136 000.00
2006-213: Restricted tender to have TCTA undertake a viability study for the transfer of Impala Water Users Association loan from Rand Merchant Bank of South Africa to another Financial Institution	1	3 months	R48 633.30
WP8938: Compliance audit into and review of the adequacy of systems, procedures and processes at Amatola-,Mhlathuze-,Sedibeng-and Umgeni Water Boards	1	6 months	R2 434 216.65
2006-200: Appraisal of Water Boards Policy Statements, Shareholders Compact and Annual Reports	1	5 months	R855 000.00
2006-276: Prepare Job-Descriptions of Water Board members and their chairpersons and monitoring thereof	1	2 months	R50 000.00
2006-222: Transformation of irrigation boards into Water User Associations	1	14 months	R1 000 000.00
2005-260: Transformation of the Vaalharts Water User Association	1	12 months	R421 458.00
2006-357: Assistance with an investigation into Governance issues at Mhlathuze Water	1	1 month	R49 704.00
2006-281: Transformation of irrigation boards into Water User Associations in the Olifants Water Management Area	3	14 months	R700 000.00
2006-276: Preparation of Water Board Members, their CP and monitoring	1	2 months	R49 248.00
2006-441: Appointment of an Independent forensic investigator to investigate alleged non-compliance with Corporate Governance Norms	2	2 months	R374 320.00
2006-355: Establishment of New Water User Associations and Transformation of Irrigation Boards into Water User Associations in KwaZulu-Natal region	1	24 months	R2 672 000.00
2006-410: Development and facilitation of a stakeholder reputation management seminar to enable staff to manage stakeholder reputation and relationships effectively and efficiently	1	3 months	R150 000.00
2006-430: Training on Corporate Governance for non-executive Board Members	1	1 month	R184 353.79
2006-429: Development of an oversight framework for Water Utilities and Development of a Policy for the disestablishment of Water Boards as well as the review of Water Boards Business Planning Guidelines	2	8 months	R1 110 560.00
2006-446: Preparation of guidelines for appointment of Board members for Water Boards, TCTA, WRC and CMAs	1	3 months	R127 100.00
WP9169: Establishment of a call down facility for local consultants to participate in the project entitled "Support Component of the Urban Environment Management Programme" in South Africa	2	48 months	R949 900.00
2006-393: Development of the Implementation Plan and Conducting the Pilot Study for the guidelines for reimbursement of the Water Management Committee members	1	11 months	R300 000.00

Project Title	Total number of consultants that worked on the project	Duration: Work days / Months	Contract value in Rand
2006-276: Workshop for Water Boards to enhance performance	1	2 months	R22 743.00
WP8888: Development and Pilot implementation of a framework to operationalise the reserve	1	13 months	R2 039 733.60
WP8887: Development, refinement and implementation of RDM Capacity Building, Training and awareness	1	13 months	R1 064 783.00
WP9003: Technical Support in terms of capacity building to newly appointed staff in the Directorate: RDM (Deviation from Policy)	7	18 months	R3 310 102.00
WP8927: Project Management and Technical Sub Studies- Reserve Determination Studies for selected surface water, groundwater, estuaries and wetlands in the Outeniqua Catchment	5	30 months	R4 500 000.00
2006-433: Advanced development of a Planning Capacity for Fresh Water Conservation	1	4 months	R240 642.60
WP8829/1: Comprehensive reserve determination study for the integrated Vaal River System Upper Vaal WMA	2	36 months	R6 415 118.00
WP8829/2: Comprehensive reserve determination study for the integrated Vaal River System: Surface Water Quality: Middle Vaal WMA	1	36 months	R1 889 652.00
WP8829/5: Comprehensive reserve determination study for the integrated Vaal River System: Surface Water Quality	1	36 months	R1 492 830.00
WP8829/3: Comprehensive reserve determination study for the integrated Vaal River Systems: Lower Vaal WMA	1	36 months	R1 810 650.00
WP8829/4: Comprehensive reserve determination study for the integrated Vaal River System: Water Resources Yield Model	1	36 months	R1 400 017.00
WP9135: Gazetting of the Water Resource Classification System	1	12 months	R955 269.61
Total number of projects	Total individual consultants	Total duration: work days / months	Total contract value in Rand
194	292	3 319 months	R589 817 535.30

Table 14.2: Analysis of Consultant Appointments using Appropriated Funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
2006-010: Gather information and collate State of the Forest Report	50	0	0
2006-079: Assessment of the firewood market of Gauteng and the origin of protected tree firewood products sold	100	25	0
2006-308: National SAW Timber Strategy Workshop	0	0	0
2006-248: 3rd Party Charter analysis services for the Forestry Sector BBBEE Charter	53	53	44
2006-254: Event management support for the forest sector BBBEE Charter Indaba	100	100	100
2006-255: Technical support in the finalisation of the forestry sector BBBEE Charter	60	60	50
2006-218: Forestry research information on sustainable use of forestry products from woodlands and natural forest and guidelines for best management practices of plantations	50	20	100
2006-280: Developmental of a developmental	67	67	83
2006-221: Event management services of the forestry sector BBBEE Charter Indaba	0	0	50
WP9082: The study to assess the potential of essential oils South Africa	51	51	32
WP9121: A pilot project for national forest type site-based sub type classification	0	0	40

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
WP9021: A pilot project for national forest type site-based sub type classification	0	0	40
2006-450: Re measurement of plots and analysis of data from KwaZulu-natal and Eastern Cape forest growth plots	0	0	0
2006-381: Appointment of PLMIT services management consulting to undertake assignment no 2006/381 for the Department	100	100	100
2006-397: Pilot project to obtain baseline data on type, extent for which purpose and location of resources used in the Matiwane	0	0	0
2006-398: Pilot project to establish and provide data on resources used, the users and quantities of resources being utilised in the woodlands areas of Bushbuckridge and Hazyview area	100	100	100
WP9251: Compile annual and round wood statistics and the compilation of a report based on the criteria, indicators for sustainable forest management	0	0	0
2006-029: Empowerment and information dissemination on sanitation policy, guidelines, strategies and tools to newly established municipal councils	100	100	100
2006-030: Provide management support to the Department for the facilitation and support of the national sanitation job creation project	100	100	100
2006-028: Sanitation programme implementation support to local government and sanitation sector partners	100	100	0
2005-276: Design a health and hygiene programme for sanitation practitioners in municipalities	100	100	100
2006-192: Provide strategic technical support for the national sanitation programme	89	89	57
2006-210: Provide sanitation unit with clinic and school sanitation	100	100	100
2006-220: Facilitate, integrate and implement Wash programme	100	100	100
WP9053: Facilitate the design implementation and monitoring of the accelerated sanitation delivery "operation gijima"	100	100	100
WP8978: The implementation of the customer relationship management solution for the Department's toll free line	25	25	28
WP8995: Local government support and water	80	80	69
2006-060: Transformation of Glen Alpine and Sterkrivier government water scheme into Water Users Association	100	100	100
2005-265: Public participation process for the catchment management agency in the Levubu/Letaba water management area	100	100	71
2006-295: Technical assistance consultancy: Northern cluster: Limpopo Province	100	100	100
WP9031: Provincial sanitation task team support	100	100	100
2006-356: Molemole LM surface water augmentation options :reconnaissance study	26	100	100
WP7741/1: Rural community water supply and water services-water resource, water and sewage works: monitoring and quality control	100	100	0
WP7741/2: Rural community water supply and water services-water resource, water and sewage works: monitoring and quality control	100	100	0
WP7741/3: Rural community water supply and water services-water resources, water sewage works: monitoring and quality control	0	0	0
W8784: Appointment of Ewart laboratory as a sole provide for the analysis of water samples	0	0	0
2006-277: Selected appointment of PSP to support DWAF Mpumalanga in WS sector	64	60	33
WP9014: Provincial support to the Department's Mpumalanga regional office for water services and resources to fulfil the Department's legislative functions	70	60	40
WP9013: Water services development planning process and support to all water services authorities in Mpumalanga	90	90	81
2006-077: Decorex JHB 2006	70	70	0
WP9030: Research into the development of the added industries to enable the WfW programme to enter into PPP or any other appropriate legal agreement for the harvesting and processing of biomass	0	0	0

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
WP9076: Move the industrial development pilot plant from Randburg to Lyttelton in Pretoria	100	100	100
2006-411: Deployment and support of drinking water quality management system for water services authorities	31	31	25
WP8783: Rural community water supply and water services: hydrological consulting services in Eastern and Western Cape	38	0	0
2006-260: Masibambane strategic support in the Eastern Cape	31	60	31
WP8993: Updating of Eastern Cape ground water information	70	70	0
WP9182: Groundwater assessment project in the Free State	30	30	0
WP8696: Gauteng regional office: water quality management	98	98	76
2006-231: Hydrological study on the Gerhard Minneborn wetland to determine how the wetland system functions and fits into the Wonderfontein catchment due to licence application to harvest Peat and existing Peat harvesting operations	0	0	0
2005-117: Roll out health and hygiene strategy to all municipalities of the Western Cape	100	100	100
2006-394: Support to the Directorate: Business Risk Management	100	80	0
WP9197: Full enterprise risk management design and implementation within the national water resources infrastructure branch	100	100	30
2006-069: Olifant river water resources development: De Hoop Dam: Second revised submission for appointment of external review panel	20	0	20
WP8944: Olifant river resources development project: Proposed De Hoop dam; planning, design and site supervision of contract housing	31	30	26
WP9024: Full design services and construction supervision for the rehabilitation of dams to comply with dam safety standards	30	29	60
WP9032: Planning, design and site supervision of the rehabilitation of the Hankey Moolman and Robert Scott siphons	0	0	28
WP9023: Full design services and construction supervision for the rehabilitation of dams to comply with dam safety standards	55	40	41
2006-372: Dam safety inspection in terms of government notice R1560 of July 1986 read with section 163(4) B of the National Water Act	0	0	0
WP8933: Olifants River water resources development project (Phase 2): proposed De Hoop Dam	100	51	51
WP8854/2: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	28	28	0
WP8854/4: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	100	100	0
WP8854/5: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	85	50	0
WP8854/3: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	31	30	0
WP8854/7: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	67	67	0
WP8854/1: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	26	26	0
WP8854/6: Rural community water supply and water services: hydrological and specialised engineering water and sanitation consulting services in the Limpopo Province	67	67	0
WP8966: Employee health and wellness programme	100	100	100
2006-257: Provisioning of management and operational support to fast track the recruitment backlog with the Department	33	33	0

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
2006-368: The design customisation activation and further maintenance of the C-Bars system of the Department	50	50	0
2006-273: Internal needs analysis and drafting of an internal gender programme for the Department	100	100	45
2006-313: Cape conservation process: review of the original recommendations and decision taken about phasing out plantation forestry on the state forest land in the southern and western Cape and recommendations on a decision to reverse the withdrawal strategy	100	100	100
WP9036-WC: Provisioning of support services to the Western Cape regional office for the transfer of water services assets and the implementation of the national refurbishment programme	24	24	100
2006-278: The comprehensive audit on the Department's contribution to BBBEE	100	100	100
2006-402: Technical assistance in developing a transformation framework plan and monitoring score card for the Department	100	100	100
2006-041: Audit investigation of the provision of support on a down basis to the Department	100	100	100
2006-052: Audit of the office of the CIO on managing of financial matters	90	90	75
WP9011: Costing analysis of schemes	100	100	100
WP9037: Provision of SAP users	100	100	0
2006-361: Support required for FSAP/WSAP implementation and administration: financial management	34	34	100
2006-363: SAP manager	100	100	100
2006-391: Provide SAP change management support implementation period of 6 months	100	100	100
2006-203: Forensic investigation on the disposal of the Departmental fixed assets	100	100	100
WP9009: Provision of skilled fixed assets experts to supplement the Department's assets units in the daily management of fixed assets	100	100	100
2006-325: Full verification of the Department's movable fixed assets and roll out of the latest version of the baud system	26	18	8
WP9233: Verification and valuation of major infrastructure assets	69	69	69
2005-160: Co-ordination of the South African youth water prize Baswa le Meetse competition and Women in Water, Sanitation and Forestry awards	90	90	100
2006-006: Development of agriculture strategy: literature survey, situation assessment, determining a vision, strategic objectives and action plan and development of regulatory instruments and implementation	40	40	0
2006-086: Water conservation and demand management potential assessment, strategy and implementation plan for Dinokana village	30	30	44
2006-035: Compliance audit on management of aquatic weeds in the South African waterways	100	100	100
WP9070: Water conservation and water demand management potential assessment for the Mvoti to Mzimkulu WMA	33	33	33
WP9069: Water conservation and water demand management potential assessment for Thukela WMA	100	100	100
WP9068: Water conservation and water demand management potential assessment for Usuthu to Mhlathuze water consortium	31	31	86
2006-312: Complete the development of a closed Loop water model incorporating WC/WDM measuring in the South African mining industry	51	51	51
2006-262: Facilitating the Resource Management Plans Training Course for pre-qualified PSPs, project officers and policy and regulation support officials	33	0	55
2006-088: Development of a Wetland Management Strategy for the Upper Olifants River Catchment	0	0	20
2006-228: Provision of strategic and technical support to the D:WUE	50	50	0

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
2006-245: Agricultural Water Use Strategy: Communication Framework: Conversion of documents to use friendly operational guidelines and development of communication and training material	100	100	71
2006-303: Compilation of Management Plans Fika Patso and Metsimatsho Dams	30	31	80
2006-304: Compilation of Management Plans for the Rooideplaas Dam	30	31	80
2006-305: Compilation of Management Plans for the Buffelspoort Dam	30	31	80
2006-297: Moloko River Catchment Water Conservation and Water Demand Management situation assessment and potential WC/WDM Options	70	70	75
WP9093: Compliance of a Resource Management Plan for the Lower Orange River through the Richtersveld Transfrontier Park	65	65	66
2006-328: Support in the implementation of Community Water Efficiency Programme	100	100	71
2006-232: Agricultural Water Use Strategy: Development of regulatory instruments for water use, storage, treatment and disposal of winery waste water	100	100	100
WP9270: Formatting, standardisation and alignment of Water Use Authorisation assessment tools	100	100	100
WP9277: Facilitate and Implement a WC/WDM media campaign	0	100	0
WP9226: Development of a framework and indicators for auditing and monitoring water allocation reform in South Africa	50	25	0
WP8913: Business Intelligence Support to Water Services Director Planning and Information	33	33	22
2006-019: Support to the personnel development process for the Department: Water Services Support	100	50	0
2006-059: Assistance to the Water Services Regulation Directorate	100	100	100
WP9035: Assistance to Department: Water Services Regulation in undertaking an Annual Water Services Consumer Survey	50	50	67
2006-243: Support with regard to the development of a water service provider support implementation framework	50	25	50
2006-290: Development of a guideline for practical application of intergovernmental relations framework act, 13 of 2005	100	100	100
2006-234: Water Services Infrastructure Asset Management Strategy Formulation	72	72	93
2006-364: Strategic Assistance to the Drinking Water Quality Management and Regulation Programme	0	0	100
2006-272: Undertake a Team Building Development Process for the CD Water Services	76	76	50
WP9110: Support to co-ordination of Provincial Water Services Authorities - Water Services Development Planning Process: Eastern Cape Province	50	50	60
WP9116: Support to co-ordination of Provincial Water Services Authorities: Water Services Development Planning Process: Limpopo Province	59	59	63
WP9117: Support to co-ordination of Provincial Water Services Authorities: Water Services Development Planning Process: Mpumalanga Province	36	36	71
WP9112: Support to co-ordination of Provincial Water Services Authorities Northern Cape Province	51	50	0
WP9113: Support to co-ordination of Provincial Water Services Authorities Water Services Development Planning Process: Free State	18	18	80
WP9111: Support to co-ordination of Provincial Water Services Authorities - Water Services Development Planning Process: Western Cape	40	60	57
WP9114: Support to co-ordination of Provincial Water Services Authorities - Water Services Development Planning Process: Gauteng Region	92	67	66

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
WP9115: Support to co-ordination of Provincial Water Services Authorities - Water Services Development Planning Process: KwaZulu-Natal Province	45	45	63
WP9118: Support to co-ordination of Provincial Water Services Authorities - Water Services Development Planning Process: North West Province	66	41	0
2006-002: Water Resource Systems Development Business Support Phase 2	80	80	47
2005-016: Vaal River System: Annual Operating Analysis	51	50	10
WP8897: Orange River System: Real Time Operating System for the Lower Orange River System	20	20	0
2005-338: Amatole Government Water Scheme Habitual Movement survey and Environmental Impact Assessment study for the proposed crossings of the Yellowwoods and Kwankwebu Rivers	67	67	53
2005-339: Amatole Government Water Scheme, Environmental Impact Assessment study for the proposed Kwankwebu River crossing	67	67	53
2005-340: Algoa Water Resources Bridging Study	50	50	59
2006-090: Development of operating rules for the Integration of the Blyde River and Olifants River System	51	51	0
2006-044: Real Time Operation of the Letaba River Systems	50	50	50
2006-091: Establishing a real time operating decision support system for the Mhlathuze River System	0	0	20
2006-232: Maintenance and updating of Hydrological and Systems Software	45	45	45
WP9006: Project co-ordinator for the Groot Letaba River Water Resource Development Project: Post Feasibility Bridging Study	55	40	44
WP8950: Taung Dam Water Utilisation Feasibility Study	70	70	29
2006-242: Data Management and User Support for IWRP Systems	100	100	70
2006-252: Business Support for Socio-economic and Water Use	60	60	31
2006-256: Project Management and Support for Systems Analysis	100	100	79
WP9002: Water reconciliation strategy study for the KwaZulu-Natal Coastal Metropolitan Areas	45	45	38
WP9077: Umzimvubu Catchment Development Investigations	49	49	52
2006-373: Geohydrology Guideline Development: Implementation of dolomite guideline - Phase 1	100	100	100
2006-352: Mooi/Mgeni Transfer Scheme - Phase 2: Completion of the Environmental Impact Assessment for the proposed Spring Grove Dam and Appurtenant Works	55	40	0
2006-358: Mdloto River Development: Environmental Impact Assessment: Review for Hazelmere Dam Raising	100	100	100
WP9090: The Environmental Management Module for the Groot Letaba River Water Resource Development Project: Post Feasibility Bridging Study	95	95	50
2006-406: Bulk Water Supply Systems Operation Monitoring and Evaluation Support	0	0	37
2006-399: Crocodile (East) River Development Reconnaissance Study	67	68	36
WP9089: Technical Study Module for the Groot Letaba River Water Resource Development Project: Post feasibility Bridging Studies	33	33	35
2005-325: Future roles and functions for a National Water Resources Information Management Service	95	95	24
2006-067: Regional co-ordination of the National Microbial Water Quality Monitoring Programme in the Mzimvubu to Keiskamma Water Management Area	0	0	0
2006-066: Regional co-ordination of the National Microbial Water Quality Monitoring Programme in the Breede Water Management Area	0	0	100

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
2006-065: Regional co-ordination of the National Microbial Water Quality Monitoring Programme in the Inkomati and Olifants Water Management Area	0	0	100
2006-068: Regional co-ordination of the National Microbial Water Quality Monitoring Programme in the Usutu to Mhlathuze Water Management Area	0	0	0
WP8885: Supply of expert Geoscience supporting services and data, countrywide	0	0	0
WP8816/1: Supply Environmental (Stable and Radiological) Isotope Analysis in Groundwater, Data Acquisition and Interpretation of Environmental Isotope Data	0	0	0
WP8817: Radio-Carbon (1C-Bulk Method) Isotope and Low level Geochemistry analysis in Groundwater and Rainwater	0	0	0
2006-283: Maximise benefit to cost ratio of Water Resource Monitoring	70	70	40
2006-445: Development of South African risk based water resource quality guidelines: Phase 1	7	7	51
2006-467: National Register of Water Use: Latitude and Longitude mapping service - Field Checks for specific registers to upgrade the data contained in specific fields: Limpopo, Northern Province, Free State, Northern Cape, Eastern Cape, Mpumalanga, KwaZulu-Natal	100	100	100
2006-076: Management of the Rainwater Harvesting Subsidy Pilot Implementation: Expansion and Roll-out Programme	34	34	20
2006-039: Secretariat for the Governing Board of the Catchment Management agencies in four Water Management Areas	100	100	100
2005-240: Corporate Governance Training to Non-executive members of Water Boards	100	100	50
2006-207: Review of remuneration of Water Boards Chief Executive and Non-executive Board members	30	30	0
2006-213: Restricted tender to have TCTA undertake a viability study for the transfer of Impala Water Users Association loan from Rand Merchant Bank of South Africa to another Financial Institution	0	0	0
WP8938: Compliance audit into and review of the adequacy of systems, procedures and processes at Amatola-, Mhlathuze-, Sedibeng- and Umgeni Water Boards	33	33	80
2006-200: Appraisal of Water Boards Policy Statements, Shareholders Compact and Annual Reports	72	72	83
2006-276: Prepare job-descriptions of Water Board members and their chairpersons and monitoring thereof	60	60	0
2006-222: Transformation of irrigation boards into Water User Associations	100	100	100
2005-260: Transformation of the Vaalharts Water User Association	100	100	100
2006-357: Assistance with an investigation into Governance issues at Mhlathuzi Water	51	51	50
2006-281: Transformation of irrigation boards into Water User Associations in the Olifants Water Management Area	100	100	90
2006-276: Preparation of Water Board members, their CP and monitoring	60	60	80
2006-441: Appointment of an independent forensic investigator to investigate alleged non-compliance with Corporate Governance Norms	98	98	98
2006-355: Establishment of new Water User Associations and Transformation of Irrigation Boards into Water User Associations in KwaZulu-Natal Region	100	100	100
2006-410: Development and facilitation of a stakeholder reputation management seminar that will enable staff to manage stakeholder reputation and relationships effectively and efficiently	0	0	0
2006-430: Training of corporate governance for non-executive board members	88	88	75
2006-429: Development of an oversight framework for water utilities, development of a policy for the disestablishment of Water Boards as well as the review of Water Boards business planning guidelines	34	34	90

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
2006-446: Preparation of guidelines for appointment of board members for water boards, TCTA, WRC and CMAs	100	100	100
WP9169: Establishment of a call down facility for local consultants to participate in the project entitled "Support to the water component of the urban environment management programme" in South Africa	70	70	100
2006-393: Development of the implementation plan and conducting the pilot study for the guidelines for reimbursement of the water management committee members	100	100	100
2006-276: Workshop for Water Boards to enhance performance	60	60	80
WP888: Development and pilot implementation of a framework to operationalise the reserve	45	45	33
WP8887: Development, refinement and implementation of RDM Capacity Building, Training and Awareness	100	100	100
WP9003: Technical Support in terms of capacity to newly appointed staff in the Directorate: RDM (Deviation from Policy)	71	71	77
WP8927: Project management and technical sub studies/reserve determination studies for selected surface water, groundwater, estuaries and wetlands in the Outeniqua catchment	9	18	100
2006-433: Advanced development of a planning capacity for fresh water conservation	0	0	0
WP8829/1: Comprehensive reserve determination study for the integrated Vaal River System: Upper Vaal WMA	40	40	0
WP8829/2: Comprehensive reserve determination study for the integrated Vaal River System: Surface water quality: Middle Vaal WMA	51	0	45
WP8829/5: Comprehensive determination study for the integrated Vaal River System: Surface Water Quality	51	2	45
WP8829/3: Comprehensive reserve determination study for the integrated Vaal River System: Lower Vaal WMA	51	2	2
WP8829/4: Comprehensive reserve determination study for the integrated Vaal River System: Water Resource Yield Model	2	0	0
WP9135: Gazetting of the Water Resource Classification System	100	0	100

Table 14.3: Report on Consultant Appointments using Donor Funds

Project title	Total number of consultants that worked on the project	Duration: months	Donor and contract value in Rand
WP9189: Water supply to schools: Department of Education Capital Budget	8	5 months	R20 000 000.00
2006-444: Water Supply to IEC schools to be used as voting stations	7	5 months	R10 615 000.00
2006-326: Amendment of the National Water Act, 1998, in respect of Water Management Institutions	1	18 months	R136 600.00
Total number of projects	Total individual consultants	Total duration: months	Total contract value in Rand
3	Variable	28 months	R30 751 600.00

Table 14.4: Analysis of Consultant Appointments using Donor Funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project title	Percentage ownership by Historically Disadvantaged Individual Groups	Percentage management by Historically Disadvantaged Individual Groups	Number of consultants from Historically Disadvantaged Individual Groups that work on the project
WP9189: Water supply to schools: Department of Education Capital Budget	47	47	0
2006-444: Water Supply to IEC schools to be used as voting stations	50	50	0
2006-326: Amendment of the National Water Act, 1998, in respect of Water Management Institutions	50	50	50

