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DEPARTMENT: WATER AFFAIRS AND FORESTRY

Annual Report 2000-2001



South Africa's new coat of arms

A national coat of arms, or State emblem, is the highest visual symbol of the State. President Thabo Mbeki introduced South Africa's new coat of arms on 27 April 2000 by saying:

"Through this new coat of arms, we pay homage to our past. We seek to embrace the indigenous belief systems of our people, by demonstrating our respect for the relationship between people and nature, which for millions of years has been fundamental to our self-understanding of our African condition.

It recalls the times when our people believed that there was a force permeating nature which linked the living with the dead. It pays tribute to our land and our continent as the cradle of humanity, as the place where human life first began... Those depicted, who were the very first inhabitants of our land, the Khoisan people, speak to our commitment to celebrate humanity and to advance the cause of the fulfilment of all human beings in our country and throughout the world. The motto of our new coat of arms, written in the Khoisan language of the /Xam people, means: diverse people unite or people who are different join together...

As our flag flies proudly on its mast, evoking an intense spirit of an inclusive national identity, so must this coat of arms, which exemplifies the extraordinary creativity of our people through the ages, inspire our united and diverse nation to strive to shine as brightly as the sun."

Extracts from the address by President Thabo Mbeki at the unveiling of the coat of arms, Kwaggafontein, 27 April 2000 <http://www.gov.za/symbols/coatofarms.htm>

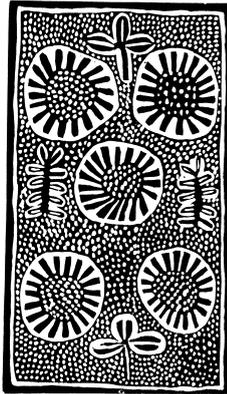
DWAF celebrates San creativity

Following the lead of the nation's development and adoption of a new coat of arms, this year's DWAF annual report incorporates contemporary San artwork. This art is produced by a group of !Xu and Khwe artists, based near Kimberley, who are living examples of the tradition and creativity which the new coat of arms exemplifies. (See inside back cover for artists.)



Luhepu Kaheke, Tree, Oil on canvas, 1999

The artists



Julietta Carimbwe, *Sunflowers*, linoprint, 1995



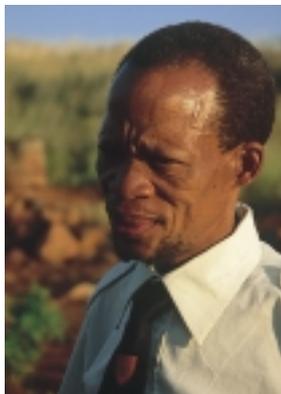
Luhepu Kaheke, *Five Buck*, Oil on canvas, 1999



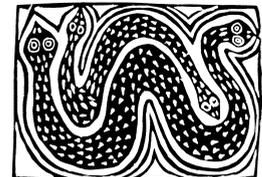
Donna Rumao, *Huts, Basket and Fish*, linoprint, 1996



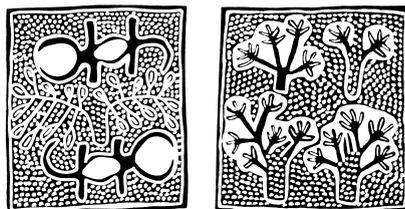
Stefaans Samcuia, *Truck, House Garden and two Bushmen*, linoprint, 1995
Sun, Jackals and Flowers, linoprint, 1995



Bernado Rumao, *Long Ago and Now*, linoprint, 1994



Flai Shipipa, *Two-headed Serpent*, linoprint, 1995



Katinga Carimbwe, *Two Scorpions, Trees*, linoprint, 1996

The artists featured in this Annual Report are members of the Art Project within the !Xu & Khwe Communal Property Association near Kimberley. For more information or orders please contact:
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Report of the Department of Water Affairs and Forestry

April 1 2000 – March 31 2001

To the Minister of Water Affairs and Forestry, I have pleasure in presenting this report on the work of the Department of Water Affairs and Forestry for the financial year ending March 31 2001.



Mike Muller
Director-General
Water Affairs and Forestry

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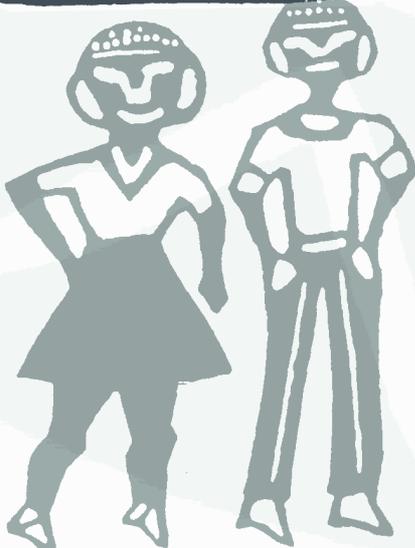
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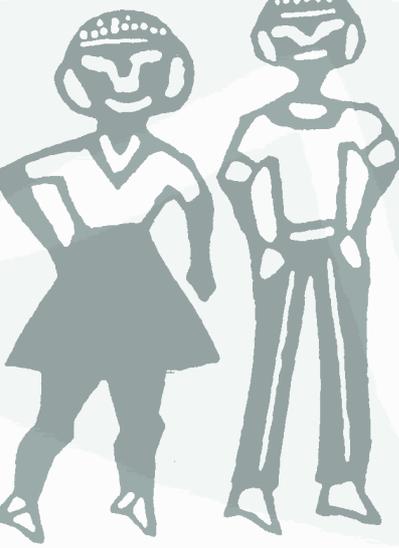
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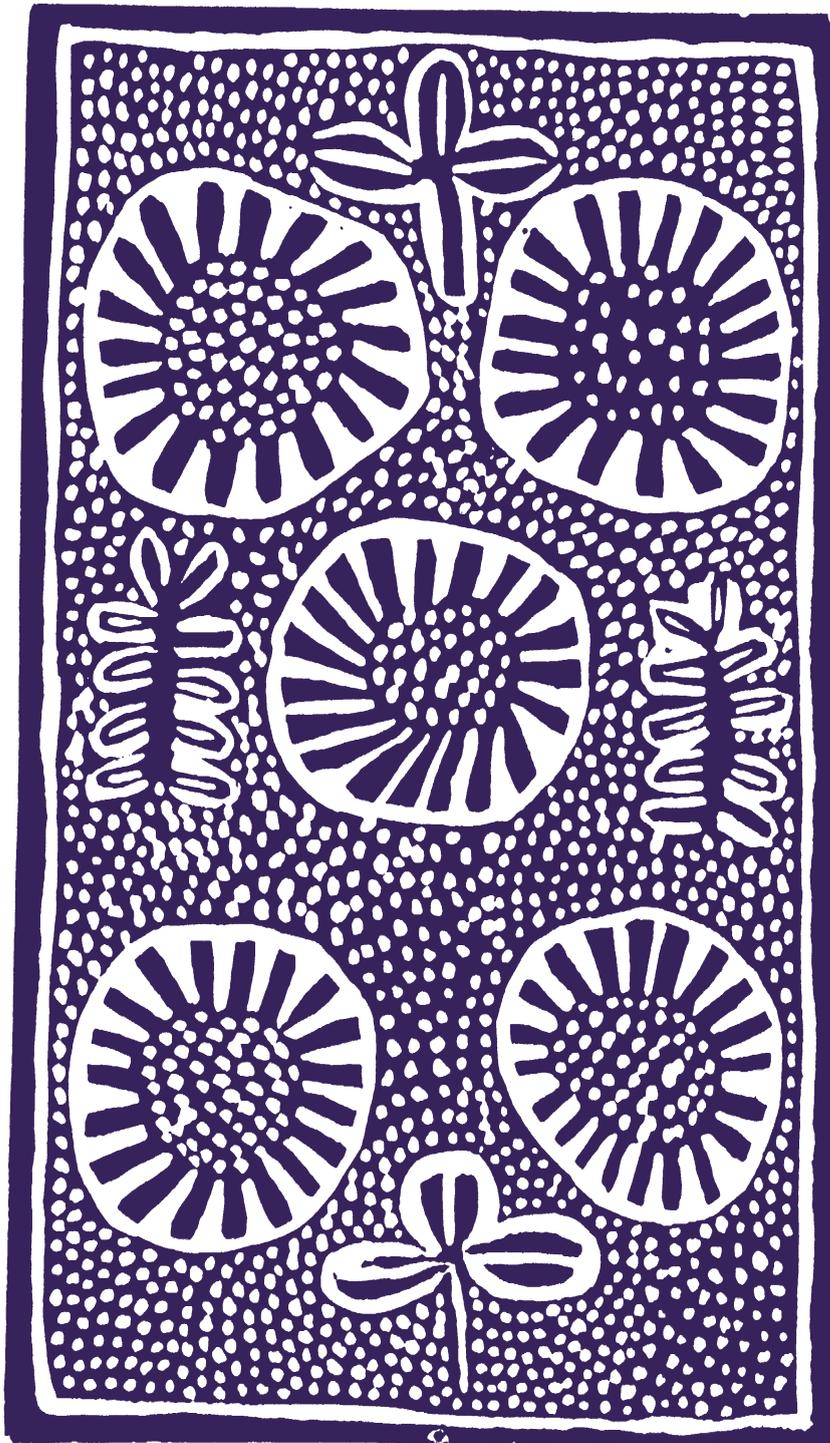
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Julietta
Julietta Carimbwe, Sunflowers, linoprint, 1995

Part 1

General Information

Introduction

In the year under review, the Department of Water Affairs and Forestry has sought to embody President Thabo Mbeki's call for 'unity in action for change' in its activities. The department's work over the past financial year continued to contribute to efforts to create a better life for all South Africans, and is making significant inroads in eradicating the injustices of the past and poverty in its three core functional areas of water resources, water services and forestry.

In water resources, implementation of the National Water Act has proceeded well to ensure that we manage our water resources in a sustainable manner to the benefit of all South Africans, particularly the previously disadvantaged. The compilation of the National Water Resource Strategy is well under way, with publication expected next year. Key to ensuring equitable management of water resources is the establishment of effective water management institutions and the promotion of catchment management. Proposals for the establishment of a catchment management agency for the Inkomati Water Management Area were finalised during the year and are being evaluated. Similar proposals are being developed in other catchments.

Other important activities included the formulation of regulations governing the use and protection of water in mining and related sectors; the registration of water users, together with the development of a system to manage water use authorisations and registrations; and the development of techniques and procedures for determining ecological water requirements. As part of its water conservation activities, the department's Working for Water programme continued to remove invasive alien plants, with major benefits for biodiversity, sustainable land use and poverty alleviation. The decision by the Global Invasive Species Programme to locate its secretariat in South Africa should strengthen regional capacity and international co-operation.

Efforts in forestry focused on implementing the national forestry policy within the framework of the National Forests Act and the National Veld and Forest Fire Act, which came into effect in 1998. Reasonable progress has been made in transferring a large portion of the department's commercial forests to the South African Forestry Company Limited (Safcol), and, in certain cases, to private companies. However, certain targets have not been achieved, in part because of the complexities of negotiating the necessary agreements with organised labour and stakeholders in communal land areas. The inventory of indigenous forests was completed during the year, a critical step in ensuring the sustainable management of this limited resource.

In water services, the department's capital infrastructure programme continued to make major inroads into the backlog inherited in 1994. During the period under review, more than a million people were provided with a basic water supply, bringing the total served since 1994 to 6,5 million. Most projects provided services at RDP standards. The cholera outbreak during the year highlighted the need to speed up the provision of safe and acceptable household sanitation facilities and water supply. The department was mandated by Cabinet to take the lead in sanitation matters and worked with the Departments of Health, Provincial Affairs and Local Government, Housing, Education and Environmental Affairs, Tourism and Public Works on a national sanitation policy, to be finalised in 2001. This was in addition to its direct sanitation interventions, which focused on cholera-affected areas.

A review and update of the 1994 White Paper on Water Supply and Sanitation was initiated to ensure that policy reflects the changes in South Africa, particularly in local government. After extensive consultation, draft regulations governing water service provision and water service tariffs were completed and submitted for

ministerial approval. Consultation on regulations governing contracts between service authorities (municipalities) and service providers, public and private, was still continuing at year-end.

An important initiative began in 2000, with the investigation into the feasibility of providing free basic water services to poor communities. In September 2000, President Mbeki announced that government would ensure that poor households could obtain a basic supply of 6 000 litres of safe water a month free of charge. Although the delivery of water services is a local government function, the department set in motion a collaborative process with all spheres of government to implement the policy, and developed a range of guidelines and financial models to assist local authorities with its implementation.

While these activities were under way, internal transformation, a key performance indicator, continued to be a high priority for the department. Transformation structures were rejuvenated, greatly assisted by the active engagement of Water Affairs and Forestry Minister Ronnie Kasrils in regional transformation makgolai and through national transformation structures. Considerable effort was focused on ensuring that the department's policies were consistent with legislation, including the Public Service Management Act, the Skills Development Act, the National Qualifications Framework, the Employment Equity Act and the Public Finance and Management Act.

Many achievements in this area are outlined in this report which, for the first time, has been prepared in compliance with the new framework established by the Constitution (1996), the Public Finance Management Act (1999), Treasury Regulations and Public Service Regulations (1999). The aim is to report in a manner which makes the department's targets and achievements more transparent to external stakeholders, and to link the budget allocations made by Parliament with the departmental business plan prepared in terms of government's strategic planning framework. The prescribed format has been followed, except where it has been judged necessary, in the interests of clarity or brevity, and, in a few cases, in the absence of the detailed data required. Certain proposals to improve the reporting framework will be discussed with the relevant authorities. Furthermore, the departmental restructuring which is under way should, when completed, help to produce a clearer programme structure. This will distinguish more clearly between the three core functional areas of the department, and between policy, planning, regulation and monitoring on the one hand and the extensive operational and trading activities on the other.

As with other national departments, senior management has continued to change over the past financial year, as shown below.

Senior management appointments		
Name	Rank	Date
Potloane JEL	Deputy Director General: Water Services (fin and reg)	01/12/2000
Mabala MJ	Financial Officer	01/12/2000
Waugh E	Chief Director: Communications	15/09/2000
Majiet S	Chief Director: Human Resources	2/01/2001
Sithole LM	Chief Director: KwaZulu Natal	2/01/2001
Dlamini M	Director: Ministry	04/10/2000
Dhlomo VM	Director: Restructuring	30/05/2000
Boroto R	Director: Project Planning	03/01/2001

Senior management resignations

Name	Rank	Date
Nyoka N	Deputy Director General: Corporate Services	31/12/2000
Mokeyane ME	Special Adviser (ministry)	31/10/2000
Lethape M	Chief Director: Human Resources	31/05/2000
Mantlana MI	Director: Parliamentary Services	15/01/2001
Conley A	Director: Information Services	30/11/2000
Sekati M	Director: Human Resources Development	30/11/2000
Le Roux J	Regional Director: Free State	31/10/2000
Rossouw HBH	Regional Director: Northern Province	31/7/2000

While departmental management has had to cope with much stress and strain in our rapidly changing organisation, so too had many of the staff had to respond to new challenges, with limited resources, in the face of many uncertainties. My thanks to all staff who, in the true spirit of Batho Pele, have often gone well beyond the normal call of duty to serve the people of South Africa.

Mike Muller
 Director General
 Department of Water Affairs and Forestry

Information on the Ministry

Executive authority

The Minister of Water affairs and Forestry has executive authority over the 18 national Water Boards. The Minister also has executive authority over the Water Research Commission, the Trans-Caledon Tunnel Authority, the Komati Basin Water Authority, the 264 irrigation boards, the 13 newly established water users associations and the catchment management agencies.

Bills to Parliament

The Minister tabled the National Forest and Fire Laws Amendment in Parliament in the last financial year. The bill was still before Parliament on March 31 2001 and will be finalised later in the new financial year.

International visits

The Minister undertook the following visits:

April 15 – 30 2000

Visited United Kingdom with the aim of studying the regulatory framework in Scotland and England. This visit assisted with the compilation of the Section 19 draft regulations on the relationship between Water Services Authorities and Water Services Providers

August 3 – 5 2000

Visited Namibia to attend the Southern African Development Community summit and the discussion meeting to establish the Orange-Senqu Commission with the ministers of Botswana, Lesotho and Namibia.

August 15 2000

Visited Sweden to address the Stockholm International Water Institute and accompanied Education Minister Kader Asmal when he was given the Stockholm Water Prize. Minister Kasril's address centred around the need to provide the poorest of the poor with free basic water.

October 27

Addressed the Mozambique floods conference in Maputo.

November 2 – 3

Visited Namibia for the signing of the agreement to establish the Orange-Senqu Commission.

February 19 – 23 2001

Visited Algeria on an official visit to follow up on the bi-national commission agreement signed by the heads of state of Algeria and South Africa.

National projects

May 20 2000

Opening of the Zingquthu water project in Eastern Cape.

June 3 2000

Opening of the Ethembeni Water Project in KwaZulu-Natal.

August 6 2000

Renaming of Chelmsford Dam as Ntshingwayo Dam in KwaZulu-Natal.

August 29 2000

Sod-turning for the Nondweni Bridge in Northern Province.

Cabinet Memoranda

May 4 2000

Proposed National Forest and Fire Laws Amendment Bill to amend the National Forests Act (Act No. 84 of 1998) and the National Veld and Forest Fire Act (Act No. 101 of 1998).

May 10 2000

Water services programme.

September 13 2000

Assuring the supply of water for economic and social needs in the Gauteng/Highveld region.

November 23 2000

Implementation of free basic water supply and related matters.

January 18 2001

Programme for the Implementation of a Free Basic Water Policy Approach to the provision of sanitation and leadership of the sanitation sector within government.

Our vision

We have a vision of a democratic, people-centred nation working towards human rights, social justice, equity and prosperity for all.

We have a vision of a society in which all our people enjoy the benefits of clean water and hygienic sanitation services.

We have a vision of water used carefully and productively for economic activities which promote the growth, development and prosperity of the nation.

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

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

We have a vision of a department that serves the public loyally, meets its responsibilities with energy and compassion and acts as a link in the chain of integrated and environmentally sustainable development.

We have a vision of development and co-operation throughout our region, of playing our part in the African Renaissance.

Our mission

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

- conserving, managing and developing our water resources land 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.

Our values

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

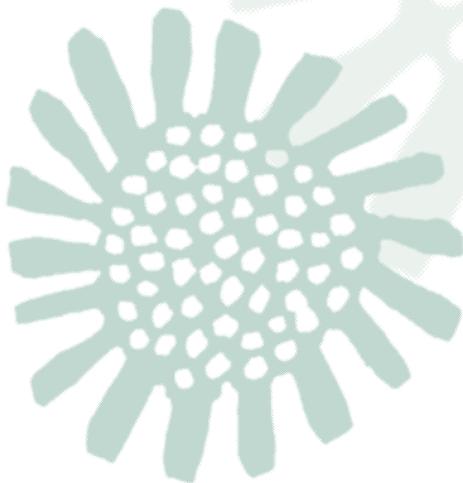
As public servants, our skills will, at all times, be used for the benefit of the people and for the reconstruction and development of our country in the spirit of Batho Pele (People First).

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

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

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

Viva water, pure and clean! Viva forests, rich and green!



Legislative mandate

The department is mandated:

- **by the National Water Act (No. 36 of 1998)**, to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all persons. The Act establishes the national government, acting through the Minister of Water Affairs and Forestry, as the public trustee of the nation's water resources, with power to regulate the use, flow and control of all water in the Republic;
- **by the Water Services Act (No. 108 of 1997)**, to create a developmental regulatory framework within which water services can be provided. The Act defines water services institutions, their roles and responsibilities. Schedule 4 of the Constitution of the Republic of South Africa (Act 108 of 1996) vests the responsibility for water and sanitation services, limited to potable water supply systems and domestic waste-water 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 perform their functions; and has the authority to see to the effective performance by municipalities of their functions in respect of matters listed in Schedules 4 and 5 of the Constitution, by regulating municipalities' exercise of their executive authority. The Water Services Act gives substance to these constitutional requirements and provisions, while acknowledging the authority of local government in respect of water services;
- **by the National Forests Act (No 84 of 1998)**, to ensure that South Africa's indigenous forest and plantation resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner, for the benefit of all. The administration of indigenous forests is, however, a concurrent competence of national and provincial governments. When the Minister of Water Affairs and Forestry is certain that sufficient expertise, resources and administrative capacity exists in the provinces, the Minister is empowered to assign or delegate the responsibility for managing these forests to them;
- **by the National Veld and Forest Fire Act (No. 101 of 1998)**, to create a framework to prevent and combat veld, forest and mountain fires throughout the country and thereby limit and reduce the damage and losses caused by fires to life, fixed property, infrastructure, movable property, stock, crops, fauna and flora and veld in South Africa. In terms of the Constitution, fire-fighting is a local government function, with provincial and national governments playing a facilitating role. 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 established under the Act. The department must also keep a record of fires, and develop a data-base that captures the statistics of fires and their impact on society.

Public entities reporting to the Minister responsible for the Department of Water Affairs and Forestry:

Komati River Basin Water Authority

The Komati River Basin Development Project is a joint development between South Africa and Swaziland in terms of the treaty on the development and utilisation of the water resources of the Komati River Basin, ratified in 1992. The purpose of the project is to promote rural development and alleviate poverty in the lower Komati valley by increasing the productivity of the land through irrigated agriculture.

In terms of the treaty, a special purpose vehicle, the Komati Basin Water Authority is the executive body charged with managing and financing the project. The main focus of the project is the construction of the Maguga Dam in Swaziland. The Dam is to be operational by November 2001 and completed by February 2002.

Transfers for 2000/2001 amount to R63,2 million. Over the next three years, transfers will amount to R99,5 million, R91,4 million R84,3 million and R98,7 million respectively.

Trans-Caledon Tunnel Authority

In terms of the 1986 treaty on the Lesotho Highlands Water Project between Lesotho and South Africa, South Africa was obliged to establish the Trans-Caledon Tunnel Authority (TCTA) to implement the project on the South African side. This was done under the old Water Act. The establishment notice was completely revised by Government Notice 21017 of March 24 2000 under the new National Water Act of 1998, which empower the Minister of Water Affairs and Forestry to direct the TCTA

Since the completion of phase IA of the project, the TCTA's treaty functions have been limited to the operation and maintenance of the project on the South African side. This is a minor function which does not require full-time staff. The main business of the TCTA is now to raise funds and manage liabilities on behalf of the government in respect of the project. Other functions related to the financing of water infrastructure are under consideration in the context of specific projects and the department's overall restructuring.

The TCTA is governed by a board of directors to whom the chief executive and management report. Government control of the TCTA is exercised through the Minister's power to appoint all board members. Departmental supervision is through officials appointed to the board. The director-general and the deputy director-general (water resources) are both board members, as is a deputy director-general of the department of finance.

The TCTA is a public entity listed in schedule 2 of the Public Finance Management Act of 1999. In terms of section 3(b) of the Act, chapter 6 applies. In terms of section 49, the TCTA board is the accountable authority for purposes of the Act. The TCTA is authorised by the national treasury to borrow up to R25 billion.

Water Research Commission

The Water Research Commission, classified as a Schedule 3A public entity under the Public Finance Management Act, was established in terms of the Water Research Act (Act No 34 of 1971) with the mandate to co-ordinate, promote, encourage, finance and manage research in respect of the occurrence, preservation, utilisation, conservation, control, supply, distribution, purification, pollution and reclamation of water supplies or water resources.

The commission is given the further responsibility to accumulate, assimilate and disseminate knowledge in regard to the results of such research and its application, and to promote development work for the purposes of such application. To enable the commission to carry out its mandate, the Water Research Act makes provision for a water research fund to be administered by the commission, the income from which is composed of rates and charges levied on irrigated land or water supplied to users by the state, water boards and local authorities.

During this financial year, the commission funded research to the value of R55 859 386.

Water Boards

Chapter 6 of the Water Services Act (No 108 of 1997) provides the legislative framework in which Water Boards operate. In terms of the Act, the primary activity of a Water Board is to provide water services to other water services institutions within its service area. In terms of the Act, Water Boards must enter formal service provision agreements with the Water Service Authorities (municipalities) in their service areas. The Act allows water boards to undertake other activities, as long as they do not reduce their ability to perform their primary activity. The primary activity should also not impede the financial viability of the Water Board and its customers, or of other users in its service area. The members of a Water Board are appointed by and accountable to the Minister of Water Affairs and Forestry and must ensure that the Board performs within the parameters defined by the Act and according to the Board's agreed policy statement and business plan.

List of water boards:

- Albany Coast Water Board
- Amatola Water Board
- Bloem Water
- Bushbuckridge Water Board
- Ikangala Water
- Kalahari East Water Board
- Kalahari West Water Board
- Karos-Geelkoppan Water Board
- Lepelle Northern Water
- Magalies Water
- Mhlathuze Water
- Namakwa water
- North West Water Supply Authority Board
- Overberg Water
- Pelladrift water Board
- Rand Water
- Sedibeng Water
- Umgeni Water

Water boards financial analysis (1999 – 2000)

	Revenue	Cost of sales	Gross Income	Operating Costs	Other Expenditure	Net Income	Transfers	Surplus/Deficit
Bushbuckridge	0	0	0	-4	-	-4	3	-1
Lepelle	92	-3	89	-48	-43	-2	-1	-3
Namakwa	7	-	7	-5	-	2	-	2
Amatola	36	-18	18	-13	-	5	-	5
Sedibeng	159	-47	112	-106	-46	-40	49	9
Magalies	82	-6	76	-23	-22	31	-	31
North west	82	-6	76	-76	-	0	-	0
Rand	2 005	-856	1 149	-856	-157	136	-	136
Bloem	80	-	80	-46	-33	1	-	1
Ikgangala	2	-	2	-2	-	0	-	0
Mhlathuze	86	-	86	-64	-18	4	-	4
Overberg	12	-	12	-11	-	1	-	1
Umgeni	570	-21	549	-312	-223	14	-	14
Albany Coast	2	0	2	0	-1	1	-1	0
Kalahari East	2	-1	2	0	-7	-5	-	-5
Kalahari West	1	-1	1	0	-1	0	-	0
Pelladrift	5	0	5	-4	0	1	-	1
Total	3 223	-959	2 266	-1570	-551	145	50	195

Note: Some of these figures include subsidies that some of the water boards receive from DWAF

Some of the cost of sales columns are blank due to different forms of reporting of purchase of water, direct labour and other direct costs by the water boards

Transfers refers to transfers to reserves, assets etc

Publications and key documents of the past financial year

- The National Veld and Forest Fire Laws Amendment Bill, for public comment: Notice No. 658 of 30/6/2000, GG 21310.
- Code of conduct for council members of the National Forests Advisory Council, for general information: Notice No 3272 of 22/9/2000, GG 21566.
- Policy on the transfer of state irrigation schemes to water user associations. This document deals with procedures and incentives to enable irrigators to take responsibility for operating, maintaining and refurbishing canal schemes for their own account to ensure financial sustainability of the schemes, where the ownership is still vested in the department..
- A pilot study conducted in the Mhlathuze catchment on the application of strategic environmental assessment principles relating to water and related land use was compiled and published. This is the first step in developing a decision-support system for water allocation purposes, to be applied for compulsory licensing in stressed catchments.
- New raw water tariffs, determined in terms of the pricing strategy for raw water use charges, promulgated in November 1999, were published and introduced on government water schemes for the urban and industrial sectors during 2000/1. Government Gazette no. 20615, Notice no. 1353 of 12 November 1999.
- Dallas, H and Fowler, J. 2000. Delineation of river types of Mpumalanga, South Africa: establishing a spatial framework for selection of reference sites. NAEBP Report Series No 9. Institute for Water Quality Studies, Department of Water Affairs and Forestry, Pretoria, South Africa.
- Dallas, HF. 2000. Ecological reference condition project: Field manual. General information, catchment condition, invertebrates and water chemistry. NAEBP Report Series No 10. Institute for Water Quality Studies, department of water affairs and forestry, Pretoria, South Africa.
- Fowler, J, H Dallas and P Janssens. 2000. Rivers database: A user manual. NAEBP Report Series No 11. department of water affairs and forestry, Pretoria, South Africa.
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Stefaans Samcuia, Truck, House Garden and two Bushmen, linoprint, 1995

Part 2

Human Resources Management

Organisation

The following information on the Department's human resources management is provided in terms of the requirements of the Public Finance Management Act (1999), Treasury Regulations and the Public Service Regulations.

In terms of the Constitution (1996), the Public Finance Management Act (1999) and Treasury Regulations, the following information on the department's human resources management is provided in graphic format, where possible.

Establishment			
Department of Water Affairs and Forestry	Aim	Functions:	Establishment
	To handle water affairs and forestry	The development of water resources The assurance of the effective management of regional operations and water services The assurance of the effective management of regional operations and water services The rendering of financial services	Director-general 1 Secretary 1
	Branch: Water resources	Aim	Functions
	To develop water resources	The development of a water infrastructure for South Africa The planning for the provision of water. The establishment of water schemes in collaboration with neighbouring states. The management of the conservation and use of water. The provision of a scientific service	Senior Management Service 23 Junior and middle management 160 Upper-level supervisory, upper-level administrative and entry level technical and professional 514 Lower-level supervisory and entry-level administrative 173 Manual labour and operators 48 TOTAL: 918
Branch: Regional operations and water services	Aim	Functions	Establishment
To ensure the effective management of regional operations and water services	The implementation of departmental programmes at regional level. The assurance of sustainable and equitable water supply and sanitation services in the Northern Province The assurance of sustainable and equitable water supply and sanitation services in KwaZulu/Natal. The assurance of sustainable and equitable water supply and sanitation services in the Eastern Cape. The management of water services	Senior Management Service 25 Junior and middle management 274 Upper-level supervisory, upper-level administrative and entry-level technical and professional 2 679 Lower-level supervisory and entry-level administrative 3 380 Manual labour and operators 12 028 TOTAL: 18 386	
Branch: Corporate services and forestry	Aim	Functions	Establishment
To effect the management of corporate services and forestry resources	The management of human resources. The promotion of the optimum development of forestry. The management of administration, legal services and executive and ministerial support. The management of communications	Senior Management Service 25 Junior and middle management 175 Upper-level supervisory, upper-level administrative and entry-level technical and professional 714 Lower-level supervisory and entry-level administrative 1 053 Manual labour and operators 5 958 TOTAL: 7 925	
Branch: Finances	Aim	Functions	Establishment
To render financial services	The rendering of a financial accounting service. The evaluation of activities and the effectiveness of control measures	Senior Management Service 3 Junior and middle management 24 Upper-level supervisory, upper-level administrative and entry-level technical and professional 45 Lower-level supervisory and entry-level administrative 59 Manual labour and operators 0 TOTAL: 131	
Total for department	Establishment		
	Senior Management Service (SMS)		77
	Junior and middle management		633
	Upper-level supervisory, upper-level administrative and entry-level technical and professional		3 952
	Lower-level supervisory and entry-level administrative		4 665
	Manual labour and operators		18 034
	TOTAL:		27 361

Job Evaluation

During the reporting period, the job evaluation unit and the job evaluation panel evaluated a total of 140 jobs, either for the creation of new jobs or to advertise vacant posts at salary level nine and higher. Of the posts evaluated, 13 were Senior Management Service jobs and the rest at levels twelve and lower. Altogether, nine posts had to be upgraded and two downgraded as result of job evaluation results. All the former were on level twelve or lower.

JE Evaluation statistics for 2000/2001

SMS posts evaluated (level 13 and higher)	13
Non-SMS posts evaluated (levels 1 to 12)	127
Occupied posts evaluated	0
Total posts evaluated (01/04/00 – 31/03/01)	140

Remuneration

Excluding transfer payments, expenditure on land and buildings and miscellaneous payments, 23% of the budget was spent on personnel costs, 7% on administrative expenditure costs and 40% on professional and special services which include payments to contractors for construction works undertaken (exchequer and trading accounts).

The percentage of total personnel spending on the senior management service also cannot be provided

The cost of overtime expressed as a percentage of total personnel costs was 3%. Allowances and benefits made up 27% of total personnel costs.

Neither Persal nor Vulindlela, a software programme of the Persal system that provides information on management positions, can provide the personnel costs in intervals of R20 000, by race, gender, disability and CORE as required.

Actual expenditure

2000/1 financial year. (Exchequer and Trading Accounts)

Standard item description	Sum
Administrative expenditure	360 164 106
Equipment	70 248 899
Land and buildings	3 767 542
Miscellaneous expenditure	15 226 767
Personnel expenditure	1 147 733 977
Professional and special services	2 025 767 914
Stores and livestock	161 015 585
Transfer payments	1 304 285 541
Unallocated expenditure	-175 258
Total expenses	5 005 381 967

Personnel expenditure

(Exchequer and trading accounts)

Item	Total Exp SUM
Allowances	18 934 446
Employer contr:pscbc/gepf	123 717 374
Leave grat	5 512 499
Medical funds	38 149 291
Overtime	30 912 760
Qualification bonuses	208 663
Salaries via Persal	848 478 188
Service bonuses	78 771 096
Severance packages	4 050 120
UIF	320 254
Total	1 147 733 977

Affirmative action, recruitment, promotions and terminations of service

The department has drawn up a policy statement setting out its commitment to affirmative action and how the policy will be implemented. It states the following:

'The Department of Water Affairs and Forestry is committed to making employment equity a living value in the organisation. We recognise that employment equity is fundamental to ensuring that we treat all our employees fairly and equally, and accord them the dignity and respect that the Constitution of our country guarantees. Employment equity, implemented in a way that allows us to use and build on the diverse talents of all our employees, will ensure that we are able to deliver effectively the service we provide to communities. In line with its commitment, the department has embarked on an extensive employment equity process, which started with the launch of our gender and employment equity policies in 1995. In 2000 we began a formal employment equity planning and consultation process.'

The department has also implemented the following requirements of corrective action:

- the removal of illegitimate distinctions in conditions of service and employment; including practices based on such factors as race, gender, age and disability;
- the correction of existing principles and criteria of employment, so as to introduce equality of opportunity for previously excluded groups and individuals;
- the correction of existing numerical imbalances;
- the creation of a new organisational culture respectful of diversity;
- the promotion of transparent and participative decision-making to foster relationships of trust, co-operation and confidence among management and employees;
- the creation of new educational, training and development opportunities, to broaden equality of opportunity and advance the principle of equity in the department, in line with the values of SA's democracy; and
- setting numerical targets and deadlines for achieving representativity.

The Department based its targets on those prescribed in the white paper on employment equity, which envisaged that by the year 2000, 50% of managers should be black, 30% female and 2% disabled. The department's achievements are as follows:

Numeric time-bound targets for achieving representivity



The following are statistics on the recruitment, training and promotion of historically disadvantaged people in each grade of each occupational category:

Recruitment																
Salary range		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Black	male	25	30	17	7	3	20	30	7	6	7	7	0	1	0	1
	female	13	13	19	6	1	12	18	6	3	1		0	1	0	0
White	male	3	1	3	1	1	6	4	1	0	2	1	2	0	0	0
	female	0	3	2	2	0	3	5	1	0	0	0	0	0	1	0
Coloured	male	2	8	1	0	0	1	0	0	1	0	0	0	0	0	0
	female	0	5	3	1	0	0	0	0	0	0	0	0	0	1	0
Indian	Male	0	0	0	2	0	0	3	1	0	1	1	0	0	0	0
	female	0	0	1	6	0	2	2	0	0	0	0	0	0	0	0
Total		43	49	45	25	5	44	62	16	10	11	9	2	2	2	1

Training

A plan has been put in place to redress numerical under-representativeness and to report the advancement of historically disadvantaged people (see targets and policy statement above); the number of employees recruited by grade and occupation, as well as by race, gender and disability (see annexure C); and the number of employees whose services were terminated, by grade and occupation as well as by race, gender and disability.

Training							
Occupational class	Line	Management	Agriculture	Social	Engineering	Natural science	Artisan
Black	male	10	28	28	8	25	29
	female	14	36	18	6	5	2
White	male	2	1	4	0	8	8
	female	5	5	2	0	2	0
Coloured	male	0	1	5	0	0	3
	female	2	2	5	0	0	0
Indian	male	0	3	0	0	1	1
	female	3	6	1	0	0	0
Total		36	82	63	14	41	43

Promotions by occupational group								
Occupational group	Black		White		Coloured		Indian	
	Male	Female	Male	Female	Male	Female	Male	Female
Agriculture-related	10	5	5	5	3	1		1
Legal and support	2							
Communication-related	2							
Social support	3	2	1					
Management support	86	52	6	16	1	2		
Line/admin support	14	35	2	5	1	1	1	
Engineering support	8	1	16	4		1		
Natural science	12	6	8	2	1	1	3	
Artisan support	5	3						
Total	142	101	41	32	6	6	4	1

The above information cannot be provided in salary gradings, as it is not available on Persal.

Bursaries

	Recruitment	Learner IT	Total
Black	81	22	103
White	1	14	15
Male	61	30	91
Female	21	6	27

Terminations

Occupational class		Line	Management	Agriculture	Engineering	Natural science	Artisan
Black	male	4	78	78	7	13	170
	female	12	15	33	0	1	19
White	male	7	11	1	11	14	10
	female	9	7	1	2	6	0
Coloured	male	3	2	1	0	3	11
	female	4	5	0	0	0	0
Indian	male	2	2	0	0	0	1
	female	0	1	0	0	1	0
Total		41	121	114	20	38	211

Terminations

Salary range		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Black	male	17	235	33	21	6	6	13	13	4	0	0	0	1	0	1
	female	0	62	1	9	0	0	2	3	2	0	1	0	1	1	0
White	male	0	7	1	3	1	5	12	7	4	4	0	2	4	4	0
	female	1	4	0	1	2	2	4	5	1	3	1	0	0	0	0
Coloured	male	0	15	0	1	0	0	2	1	1	0	0	0	0	0	0
	female	0	7	0	0	0	1	1	0	0	0	0	0	0	0	0
Indian	male	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0
	female	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0
Total		18	330	36	36	9	15	34	29	13	7	2	2	6	5	1

Appointment of Foreigners 2000/2001

Grade	Number
8	1
10	3
Total	4

Performance management and skills development

The following tables reflect rewards for performance by grade, CORE, race, gender and disability. Statistics on notch increments cannot be obtained from Persal.

Merit awards according to salary range																
Salary range		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Black	male	1	176	26	37	18	18	21	19	2	4	0	8	2	1	0
	female	0	56	7	15	3	15	13	4	1	1	0	2	0	0	0
White	male	1	0	1	1	4	8	60	39	10	53	17	72	28	4	1
	female	0	0	0	3	6	61	32	27	8	5	0	7	0	1	0
Coloured	male	0	17	6	4	4	0	0	1	1	0	0	1	1	0	0
	female	0	1	1	2	0	0	1	0	1	0	0	0	0	0	0
Indian	male	0	0	0	0	0	0	1	1	0	1	0	0	2	0	0
	female	0	0	0	0	0	2	1	1	2	0	0	0	0	0	0
Total		2	250	41	62	35	104	129	92	25	64	17	90	33	6	1

Merit awards according to occupational class							
Occupational class		Line	Management	Agriculture	Engineering	Natural science	Artisan
Black	male	15	93	21	7	24	186
	female	13	77	3	5	3	17
White	male	18	46	4	114	42	74
	female	18	66	1	11	25	0
Coloured	male	47	4	9	0	3	18
	female	1	6	0	0	0	0
Indian	male	2	3	0	0	0	0
	female	2	4	0	0	0	0
Total		116	299	38	137	97	295

Training targets

Figures could not be provided for the number of employees falling into each performance category, by race, gender and disability in each grade and in each CORE, as the system does not provide for this. The same applies to targets for training in the training plan and progress in reaching them; the departmental training budget and actual amounts spent on each training target by race, gender and disability, in each grade in each CORE. Targets will be identified by the skills audit currently in progress.

Training programmes conducted externally and internally				
Training	Provider	No of employees	Budget spend	Grade
Induction	Internal	260	R54 000	1-9
ABET training	External	1602	R3 383 970	1-5
Language training	External	117	R96 463	1-5
Transformation leadership courses	External	97	R300 00	9-15
Public speaking	Internal	17	R8000	9-11
Computer training	Internal	541	R12 600	1-9
Accelerated development programme	External	22	R832 270	1-9
Samdi	External	35	Free	9-15
NVFFA	Internal	49	DFID	5-9
Secretarial courses	External	31	R47 800	1-6
Advanced financial management	External	159	R821 620	9-15

Injury, illness and death

A total of 13 people died and 426 were injured during official duty or as a result of the work environment:

Collective agreements

No agreements were entered into in the past year. Seven departmental bargaining council meetings were held.

Sick leave

The average number of days of sick leave taken by employees in the department are indicated right, according to their grades and occupations.

A total number of 4861 officials took 54 364 days, incurring an estimated cost to the department of R5 614 153,17. The number of employees who took more than 15 continuous days' sick leave in the year was 813.

Sick leave	
Salary Level	Average days per person
1	11,89
2	13,24
3	9,8
4	8,26
5	8,28
6	9,61
7	8,65
8	8,24
9	5,11
10	7,44
11	10,02
12	6,39
14	28
Total:	11,18

Ill-health

A total of 42 employees were discharged because of ill-health.

Disciplinary steps

Disciplinary steps were taken against employees for unauthorised and wasteful expenditure among other offences.

Misconduct /disciplinary cases		
Offence	Sanction	Number of cases
Fraud/theft	Discharge	3
Fraud/theft	Not completed	3
Fraud	Not completed	8
Racism	Not completed	1
Misrepresenting	Discharge	1
Dishonesty	Not completed	1



Donna Rumao, Huts, Basket and Fish, linoprint, 1996

Part 3

Programme Performance



Bernado Rumao, Long Ago and Now, linoprint, 1994

Corporate Services

Introduction

During the year under review, the organisation continued to reposition itself to deliver on its mandate to its internal and external clients. This included restructuring the department's chief directorates, repositioning the human resources function, implementing the new performance management system, implementing the new information system governance model and consolidating the department's transformation programme. These activities should help make the department more focused and delivery-centred.

Programme 1: Administration

Aim

The programme provides support functions for the department. These include centralised administrative, legal and office support services; managing departmental, personnel and financial administration; setting working methods and procedures; and exercising control through head office and regional offices. The programme also covers communication, transformation and integrated corporate information systems.

Policy developments

The corporate services budget covers human resources, administration, communications, legal services, information services, internal audit and financial management.

The **human resources subprogramme** provides human resources services for 27 361 personnel at all levels of the department. The services include human resources development, human resources management, and transformation. Part two of this report provides details on the achievements of this subprogramme.

During the year, the **administration subprogramme** was asked to carry out job evaluations in addition to its other functions.

The **communications subprogramme** is responsible for media liaison, corporate communications for strategic programmes, internal communications and media production.

The **legal services subprogramme** provides legal services, contract management and negotiations in relation to international agreements. During the financial year under review, the Water Tribunal started to operate, and amendments to forestry legislation were effected. The Inco-Maputo international agreement was signed, while the international agreement on the Orange-Senqu Basin Commission, and those on Lavumisa, the SADC's revised protocol on shared watercourses and the Limpopo Watercourse Commission are being signed or ratified.

The **information services subprogramme** provides information services to the department. This function was outsourced to a service provider in the financial year under review. The information system governance model has been implemented and the service provider is building a sustainable and stable information system environment. Registration of water users on the WARMS system has begun, and it is expected that the system will start generating revenue for the department by 2002.

The business agreement that caters for the provision of transversal systems services by State Information Technology Authority (SITA) was signed, and the intention is to hand over some of the information services services to SITA. Negotiations are in progress.

The **internal audit subprogramme** completed its three-year strategic internal audit plan, and nine performance/compliance audit reports were issued. A total of 22 cases were referred to the special investigations unit and 11 of these were finalised.

The **finance subprogramme** is responsible for providing an effective financial management function in the department. A key focus was training at head office and in all the regional offices on the implementation of the Public Finance Management Act (PFMA). The purpose of these training sessions was to make offi-

cially aware of the implications of the PFMA and Treasury Regulations, and to prepare them to comply with the Act.

The Chief Financial Officer has also arranged for officials to attend training and information sessions on the PFMA presented by other bodies, such as universities.

While most of the department's functions are decentralised, it has to report each month on expenditure and revenue in terms of the early warning system. The chief directorate had to introduce tighter monitoring and reporting of the department's finances by programme managers.

The **transformation unit** falls under the Director-General, but is budgeted for under the human resources subprogramme. Transformation has as its focus areas representivity and affirmative action, respect or anti-racism, restructuring and responsiveness.

Transformation in the Department of Water Affairs and Forestry embraces the eight principles enshrined in the White Paper on the Transformation of the Public Service (November 15 1995). The department's achievements are as follows:

Representivity and affirmative action

- Representivity statistics show that the face of top management has changed greatly. However, white males are still over-represented in positions from level 11 upwards. Female representation in middle to senior management falls short of the 30% target set by the white paper by 14%. The under-representation of black and female engineers and scientists is glaring. The same applies to representation of people with disabilities.
- The processes started at the beginning of February last year under the department's employment equity plan have been completed.

Racism and respect

A code of good practice to promote equality and prohibit and prevent unfair discrimination has been distributed for implementation. The policy aims to outlaw any form of unfair discrimination in terms of the Constitution and the Employment Equity Act of 1998. An anti-racism strategy has also been approved by the management committee.

Restructuring

Restructuring is designed to create the organisational forms needed to implement the new policies of Government. Restructuring initiatives are under way in water resources management, forestry, water services, finance, the regions, information technology and the corporate services branches. It is co-ordinated by a restructuring committee chaired by the Director-General. The department's governance structures are also being re-engineered.

Responsiveness (service delivery)

Responsiveness is the department's term for improving service delivery, in line with the White Paper on the Transformation of the Public Service (1995) and Batho Pele (1998). A strategy for improving services to the people of South Africa is at an advanced stage.

During the financial year under review, the Minister made successful visits to all regions with the aim of tackling transformation Issues. As expected, most of the issues raised fell into the transformation area.

Key outputs and service delivery trends			
Subprogramme	Activities	Key outputs	Actual performance
Human resources	Develop policies and strategies in line with the Basic Conditions of Employment Act, the Labour Relations Act, the Employment Equity Act and other legislation	Policies drafted in line with legislation	Sixteen HRD policies were drafted in line with legislation. These were accepted in principle by labour and will be submitted to the Minister for approval
Human resources	Adopted change management and organisational development model for the department	Accepted organisational development model in place	Design in process – a sub-directorate as been established
Human resources	Skills audit	Workplace skills plan designed. Conduct skills audit	A skills audit programme has been launched and work will be completed later this year
Human resources	Competency profiles	Conduct assessment on competencies	This process is combined with the skills audit, and will also be completed later in the year
Human resources	Effective performance management system	Develop and implement an effective performance management system	Performance management and development system ready to be implemented from April 4 2001
Communications	Organisational image and identify change programme	Internal and external audiences are receptive and participative	A positive Image of the department has been attained
Information services	Enabling water quality management system	Implementation of the system	Implementation of the registration module has begun and will be completed later in the year
Information services	Water supply and sanitation information system	Implementation of the system	All business plans and user requirements are defined in the MSP, and the NIS development process has started. The development cycle is multi-year and projected beyond the current budget cycle
Information services	Spatial data engine	Implementation of the system	This is a three-tier project. Two components are in test phase and implementation is due in June 2001. The third depends on technology and the integration of the GIS data between WMS and geomatics
Transformation	Adopted transformation framework for the department	New framework established and accepted by all role-players	Five Rs framework (respect, anti-racism, restructuring, responsiveness and representivity) is being implemented
Transformation	Employment equity policy and strategy adopted and submitted to department of labour	Policy drafted and accepted	Policy is being implemented in the department
Internal audit	Three-year strategic internal audit plan	Risk assessment and audit plan	The plan was completed and internal audit is in the execution phase
Internal audit	Conduct internal audits and special investigations	Audit and special investigations reports	Nine audit reports completed Eleven special investigations reports completed
Financial Management	The Public Finance Management Act	Implementation of the Act	Several training sessions have been facilitated at Head Office and in the regions to make officials aware of the implications of the PMFA and the Treasury Regulations. This will enable officials to comply with the prescripts of the Act



Flai Shipipa, Two-headed Serpent, linocut, 1995

Water Resources

Introduction

The Department of Water Affairs and Forestry is the national custodian of the water resources of South Africa. Water is a scarce natural resource and a critical factor in most development, and in the maintenance of life and of the environment. The water resources management function includes the planning of the national resources, their development, the regulation of water allocations, the regulation of water use for purposes of water demand management, abstractions and water quality management. Information on the availability of surface and groundwater, as well as its quality, must be gathered and disseminated. Control over dam safety, and flood and drought management, are also important components. Many of the rivers of South Africa are shared with neighbouring countries, and international co-operation is essential.

The following budget programmes address water resources management:

- Water Resource Assessment (programme 2);
- Integrated Water Resource Planning (programme 3);
- Water Resources Development, which includes international projects (programme 4); and
- Integrated Water Resources Management (programme 6).

In addition, much operational activity is reflected in regional implementation (programme 5). For information on the latter, refer to the chapter on regions.

The expenditure on the exchequer account for the water resources functional area amounts to about 22% of the department's total budget. There is also extensive off-budget expenditure on capital projects such as the Lesotho Highlands Water Project.

The strategic objectives of water resource management have received much attention during the year. Key focus areas identified are:

- ensuring a reliable and equitable supply of water for domestic use and economic activity;
- ensuring the reliable supply of and access to water to support equitable social development including the eradication of poverty;
- ensuring the protection of water-based ecosystems and adequate water to land-based ecosystems;
- ensuring collection of water use charges for water use;
- ensuring the development and support of effective water management and water services institutions;
- developing an empowered, skilled and representative staff to achieve integrated water management; and
- contributing to the effective management of waste in South Africa.

The implementation of the National Water Act has significant implications for the business approaches of the department and its structure. A restructuring investigation has begun and will enter its second phase in the next year.

Several major water resource projects progressed well and will be completed or initiated. These are:

- **Injaka Dam**, due for completion in September 2001;
- **Maguga Dam**, due for completion in February 2002;
- **Mooi-Mgeni water transfer scheme**, due for implementation from April 2001; and
- **Skuifraam Dam**, whose implementation is being prepared..

The signing of the revised Southern African Development Community protocol on shared watercourses in August 2000 paved the way for a more structured approach to our relationships with neighbours with whom we share rivers. The protocol still has to be ratified. In the coming year, there will be an emphasis on the formation of basin commissions. At present, the Orange-Senqu Basin Commission has been formed and a further commission on the Limpopo is under consideration. The SADC is also undergoing a major institutional transformation which will affect the water sector.

The serious flooding which affected Northern Province and Mpumalanga, as well as neighbouring countries, in January and February 2000 required a concerted effort from the department, which provided emergency water supplies and carried out repairs during the current financial year.

Programme 2: Water Resource Assessment

Aim

To provide reliable water resource data and information for sustainable development and the utilisation of water resources, and for effective water resources management at operational and strategic levels.

Policy developments

The main activities in programme 2 are aligned with service delivery outputs, and consist of:

- maintaining and enhancing the reliability of national hydrological services, including those related to groundwater;
- developing and maintaining a comprehensive scientific and technical water resources information and knowledge base; and
- providing effective technical support to a range of resource management functions.

The focus of policy development was information on sustainable use of water resources. This was addressed through policies for measuring, quantifying, assessing and reporting on impacts on water resources related to the sustainability of the water environment. With this information, the department will be in a position to report on the status of water resources, identify areas where unsustainable use is occurring, and highlight areas where impacts have been reduced.

This information can be used to assess the department's success in achieving resource protection and sustainability in water resource utilisation.

The key activities of the water resources assessment programme are:

- undertaking and guiding the development of information systems, and monitoring programmes, regulatory instruments, guidelines and procedures on water resources and related matters to support effective operational and strategic water resource management;
- through national and regional monitoring networks, collecting data on the quantity, quality and health of surface and groundwater resources;
- storing, analysing, assessing and disseminating hydrological, water resource quality, geographic, cartographic and land-use information and data, in both graphic and digital form at appropriate frequencies according to the nature of the information; and
- providing technical support to the department and its regional structures through the following services:
 - environmental,
 - analytical laboratory,
 - survey,
 - geohydrological,
 - hydrological, and
 - flood management.

Outputs and service delivery trends			
Subprogramme	Outputs	Service delivery indicators	Actual performance
All sub-programmes	Policy and executive support	Technical responses to questions and problems raised by members of the public, members of Parliament and other agencies, both local and international, in the specialist fields of water resources assessment	All questions responded to on topics including: water quality , water chemistry, health effects of water quality, sustainable water quality, technology for improving water quality, water quantity , flooding, drought, groundwater availability and reliability, information technology , remote sensing, data exchange, social impacts of water development, safety aspects, stakeholder consultation processes and ecological impacts of water development
Management	National system for water use authorisation and registration management, including debtor master for water use charges	National system for registering water use implemented in all regions and head office National debtor master for cost recovery of water use charges	Registration system implemented by March 2001. Billing system analysis completed Billing system design and specifications 50% complete
	Information on environmental requirements and basic human needs	Determination of requirements for basic human needs and for the environment (reserve) determined on a preliminary basis for ad hoc licence applications Programme for national reserve determinations, prioritised and two major catchments initiated per annum	Preliminary determinations of the reserve for about 200 catchments and water resources Major studies initiated on Elands and Crocodile Rivers
	National river health programme	National system for measuring the ecological status in rivers implemented in all provinces	Pilot implementation of river health monitoring in all provinces by March 2001. State of Rivers report completed for three catchments
Geohydrology	National system for groundwater distribution and availability (NGIS)	Plan for groundwater levels monitoring network finalised and pilot implementation	Design of network completed and implemented in 20% of regions
	National system for groundwater quality	Groundwater quality monitoring network design. Pilot implementation of monitoring at minimum of annual frequency	Groundwater quality monitoring network design complete. Groundwater quality monitoring implemented in three regions
	Procedure for assessing groundwater use authorisations	Assessment procedure established and implemented	Preliminary criteria for assessment established. Draft assessment methodology completed
Hydrology	National information management system for availability, distribution and variability of surface water resources	Maintain operational system to quantify surface water	Maintenance and operation of national flow gauging network. Extension of flow network to former Transkei (50% of planned gauging stations completed). Maintenance and operation of dam level monitoring network
	Flood management system to mitigate effects of flooding	Information for major national river systems	Provision of 100% of the information necessary to manage flood events in the Orange-Vaal river system

Subprogramme	Outputs	Service delivery indicators	Actual performance
	Information for management of floods in internationally shared river systems	Information necessary to manage flood events in shared international systems (Limpopo and Incomati)	Information on Limpopo and Incomati provided on website for instant access by international users
	Information for development of surface water resources	Yield potential of catchments for feasibility and design of infrastructure. Drought analyses, low-flow estimates for water resources planning. Flood potential of hydrological regime to ensure safety of infrastructure	Yield analysis for ad hoc requests: all requests completed. Systems analysis for catchments scheduled for infrastructure development: draft reports completed for all requests. Flood potential analysis for ad hoc requests: all requests completed
Social and ecological services	Environmental Impact Assessments (EIAs)	EIAs of water development schemes implemented by the department	Inputs into environmental impact assessment of all new water development schemes
	Consolidated Environmental Integrated Management Plan (CEIMP) for the department	Final draft of CEIMP submitted to CEC	Draft CEIMP submitted by March 2001
	Social impact assessments	Management of social impacts of water development schemes implemented by the department	Inputs into social impact assessments of all new water development schemes
Water quality services	National water quality information system	Monitoring of water quality for basic human needs, domestic and agricultural use of water	National salinity monitoring programme in place. Implementation plan for national microbiological programme completed
Geomatics	Spatial information system on water resources and related land-use activities	Spatial information on water resources and water-use activities	Spatial information system in place
	Information on dams	Bi-annual survey of state dams with a safety risk. Hydrographic surveys on dam sedimentation at minimum of 20 dams per annum	Specialist deflection surveys of dam walls identified for safety assessment. Hydrographic surveys of 20 dams completed
	Information on forests	Survey of state forests for restructuring according to priority categories	Information as required provided to forestry land management unit. Category A forests completed. Category B, C and D in progress

Programme 3: Integrated Water Resource Planning

Aim

To provide planning support for the implementation of the National Water Act. This necessitates the examination of policy options affecting the future availability of water resources and recommendations for strategies to be adopted, including implementation options to solve envisaged water availability problems.

Policy developments

The **subprogramme: strategic planning** focused on reviewing, amending and revising existing internal policies, the development of new internal policies and implementation strategies, and analysing the implications of externally developed policies and legislation. Work on the national resource strategy was initiated. Substantial input was also made on disaster management. In the absence of an appropriate unit in corporate services, the directorate of strategic planning provided the framework for the department's business planning.

The **subprogramme: planning** of water resources was divided into project planning and water resources planning. Water resources planning focused on determining the availability of water resources, the projection of future water requirements, and the identification of structural and non-structural options to reconcile water requirements with available resources.

The **subprogramme: project planning** investigated management and development solutions for bulk water supply problems, and recommended measures to be taken in the public interest.

Outputs and service delivery trends

Subprogramme	Key outputs	Service delivery indicators	Actual performance
Strategic planning	First edition of the National Water Resource Strategy (NWRS) published for public comment	September 2000	Compilation of the NWRS has progressed. The first edition of the NRWS will be published for public comment at the end of 2001 and the Strategy will be established during the latter part of 2002.
	Recommendations to management for the establishment of a functional disaster management unit within the department	October 2000	Some progress was made, but was limited by the need to divert resources to the co-ordination, under the auspices of the command centre, of all aspects of repairing damage to water infrastructure caused by the February/March 2000 floods in the north and north-east of the country. The unit contributed to the management of the cholera outbreak in co-operation with the National Disaster Management Centre.
	The semi-operational pilot programme of the South African rainfall augmentation project co-ordinated among all role-players for the 2000/01 rainfall season	Ongoing	Semi-operational seeding continued until the end of December 2000, when available funds were exhausted. A comprehensive report on the viability of the technique as a water resource management tool is in preparation, with the intention of submitting recommendations to cabinet, via the policy committee, during 2001/2002

Subprogramme	Key outputs	Service delivery indicators	Actual performance
Water resources planning	An integrated suite of implementation strategies for the National Water Act	Ongoing	During the reporting period, a specialist task team, of which strategic planning was part, was instituted to devise a detailed, integrated implementation programme for the Act. The programme is virtually complete, and is being incorporated into the department's strategic and business planning
	Base information for scenario planning from water situation assessments in 19 Water Management Areas	June 2000	The information was provided and is being used in the formulation of the National Water Resource Strategy
	Complete an operational national water balance model	May 2000	The first version of the model was completed and is being used in the formulation of the National Water Resource Strategy. It will be upgraded as needs are identified with the use of the model
	Key inputs for the National Water Resource Strategy for the development of national scenarios for reconciling water requirements with available resources	September 2000	The programme is running about nine months behind the schedule reflected in the strategic plan. This is because of budgetary constraints, and the fact that this ground-breaking work is taking longer than expected. Substantial progress has, however, been made and first-round scenarios have been developed. The programme will be finalised by end-June 2001
	Basin-wide information collated from international joint studies on the Limpopo, Inkomati and Maputo river basins	Ongoing	Progress was hampered by difficulty in reaching agreement with neighbouring states on the terms of reference for the studies on the various river basins
	Progress on 12 catchment planning studies and provision of inputs to catchment management strategies	Ongoing	Eight studies in this category progressed satisfactorily through the year. Two studies, the Olifants River ecological reserve requirement and the East Pondoland basin study, were effectively completed this year, while the others will continue into following years
Project planning	Recommendations on the need to proceed, and for the final layout of schemes, in respect of the joint pre-commitment study with Lesotho on Lesotho Highlands Water Project phase two	March 2001	Negotiations on the management of pre-commitment studies were protracted and hampered progress. Studies have not started
	Recommendations for a feasibility study on a re-regulation dam on the Lower Orange River from the joint pre-feasibility study with Namibia on the Lower Orange River	Ongoing	Negotiations regarding the detail of the joint study to improve management of water resources of the Lower Orange River have been protracted. Study has not started
	Recommendations on project feasibility from phase two of the Mooi-Mgeni transfer feasibility study	March 2001	Project on track except for some delays due to negotiations with irrigators. Main report on dam size and type due in June 2001
	Recommendations on project feasibility from the Thukela-Vaal water transfer feasibility study	March 2001	Completed according to programme. A follow-on study will focus on Reserve Determination. A water resources component is required to provide support to the Reserve Determination team and resolve technical issues related to the operation of Eskom's Thukela pumped storage scheme.
	Recommendations on project feasibility from the Eastern Highveld system augmentation pre-feasibility study	March 2001	Pre-feasibility study at advanced stage. Final report due in July 2001
	Pre-feasibility-level recommendations from the southern KwaZulu-Natal pre-feasibility study	March 2001	Project progressed well except for some delays in obtaining water use data. Main report with recommendations on phase one due in June 2001

Programme 4

Water Resources Development

The water resources development programme consists of the following **five sub-programmes**:

- **civil design;**
- **mechanical and electrical engineering;**
- **construction of water works;**
- **dam safety control;** and
- **international projects.**

The last two subprogrammes fall under another chief director and are described in a separate section entitled 'international projects'.

Aim

To convert conceptual plans for water projects into viable, operational water schemes and to give support services in respect of the operation and maintenance of these schemes.

Policy developments

The key policy development in this area has been the initiation of a restructuring review for the broad water resource function. Over time, its structure will change significantly.

Outputs and service delivery trends			
Subprogramme	Key outputs	Service delivery indicators	Actual performance
Civil design mechanical and electrical and construction	Sabie River Government Water Scheme	Injaka Dam implementation. Completion of the bridge between Graskop and Bushbuckridge. Injaka regional water treatment plant. - Phase 1A to supply 50 000 m ³ /day of purified water to Bushbuckridge - Implement phase 1B treatment plant. - Implement Hoxane abstraction works.	Injaka Dam construction 70% complete; storage scheduled for October 2001. Graskop-Bushbuckridge bridge opened to traffic in November 2000. Construction of Injaka plant substantially complete. Phase 1B design 70% complete. Design of Hoxane works 80% complete; construction not started
	Luvuvhu River Government Water Scheme	Nandoni Dam implementation. Implement Xikundu water treatment works and Xikundu weir. Implement Nandoni water treatment works	Design 95% complete; construction 35% complete. Design 90% complete. Construction 20% complete; commissioning October 2002. Preliminary designs 30% complete
	Tugela-Vaal Government Water Scheme	Upgrading of main canal	Construction 90% complete. Funding via the water trading account

Subprogramme	Key outputs	Service delivery indicators	Actual performance
	Mooi-Mgeni Government Water Scheme	To supplement water supply to Pietermaritzburg-Durban area. Midmar Dam raising. Mearns weir implementation	Implementation agreement between department and Umgeni Water was negotiated. Design of the raising of the dam undertaken and tender documents prepared. Design 80% complete. Public participation process continues
Civil design construction	Orange River development project	Wepener flood study and relocations	Expropriated the properties below the revised flood line. Rehabilitation of the affected areas and rebuilding of infrastructure was completed
	Lesotho Highlands Water Project	Stabilisation of the Ash River	Designs complete and construction 40% complete. Funding via the Trans-Caledon Tunnel Authority
Civil design mechanical and electrical	Dam safety inspections	Inspection and safety assessment of departmental dams with an annual target of 50 dams	Fifty-two dams were inspected and assessed. Specialised structural and hydraulic studies were performed
Civil design	Rivier-sonderend-Berg River Government Water Scheme	Implementation of the Skuifraam Dam project for augmentation of the water supply to Greater Cape Town. Implementation of the Skuifraam augmentation scheme	Design 75% complete. Conceptual designs completed



International Projects

Aim

To establish water projects in collaboration with neighbouring states as effectively and cheaply as possible; and to foster good relations between Department of Water Affairs and Forestry, the governments of other countries and other external bodies. To ensure management separation from the relevant programmes, the unit responsible for promoting the safety of new and existing dams in South Africa to protect lives, property and water resources is located with 'international projects'.

Policy developments

Key policy development included the signing of the revised Southern African Development Community (SADC) policy development protocol on shared water course systems, the establishment of the Orange Senqu River Commission, and the initiation of negotiations with Mozambique on water sharing in the Incomati and Mapotu rivers.

The key activities of the subprogrammes of international projects are:

- co-ordinating the participation of the department in the water sector activities of the SADC and facilitating interaction with donor agencies, foreign delegations and neighbouring countries in terms of bilateral or multilateral agreements;
- promoting the interests of South Africa in all facets of the implementation of the Lesotho Highlands Water Project, which is financed off-budget, and the Komati River development project which is co-financed by the department through transfer payments; and
- classifying and registering dams; considering licence applications relating to the control of the safety of dams; managing a dam safety inspection programme; and correcting shortcomings.

Donor funding

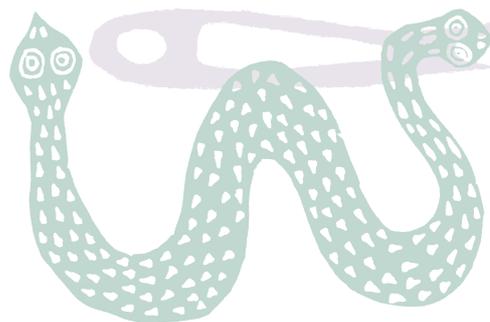
Donor funding received during this financial year was R11 million in cash and R54 million in kind.

An agreement, valued at R2,2 billion, was signed between the European Union (EU) and the South African Government in December 2000 for a three year programme of support to the water services sector also known as the Masibambane Water Services Sector Support Programme. Of this, a grant of R613 million will be utilised by the Department of Water Affairs and Forestry. This is the largest grant ever towards a Government Department in South Africa. The rollout commenced in April 2001

Outputs and service delivery trends			
Subprogramme	Key outputs	Service delivery indicators	Actual performance
Dam safety control	Exercise control to enhance safety of dams	Dams with a safety risk identified. Control exercised over criteria used for design, construction, operation and maintenance of dams. Number of dam safety inspection reports accepted. Number of shortcomings rectified	Ninety-two per cent of all registered dams classified. A total of 58 licences issued. A total of 137 dam safety inspection reports accepted. A total of 117 shortcomings rectified (29% of total reported)
International projects	Good relationships with external bodies and donor agencies. Bilateral and multilateral agreements with neighbouring states. Extent of co-operation and support – R11 million in cash and R54 million in kind.	Progress made towards achieving the objectives of the agreement.	Agreements for donor support concluded with: European Union, Denmark, Norway, Netherlands, Peoples Republic of China. Revised SADC protocol on shared watercourse systems signed August 2000. Orange-Senqu River Commission established in March 2001. Negotiations for establishment of Limpopo River Commission made good progress. Joint water commissions with Swaziland, Mozambique and Namibia and technical water committee with Botswana. Tripartite technical committee with Mozambique and Swaziland functioned well
	Successful implementation of the Lesotho Highlands Water Project	Construction work on time, within budget, and in accordance with specifications	Completion of the Matsoku diversion is delayed by three months to June 2001. Construction of Mohale Dam on schedule for completion by April 2002. Completion of Mohale Tunnel construction delayed by one year. Resettlement programme is on schedule
	Successful implementation of Komati River basin development	Construction work on time, within budget and in accordance with specifications	Construction of Maguga Dam on schedule for completion in February 2002. Resettlement of affected communities on schedule for completion by September 2001

Transfer payments

An amount of R123 198 362, 53 was transferred to the Komati Basin Water Authority (Kobwa). Kobwa complies with section 38(1)(j) of the Public Finance Management Act.



Programme 6: Integrated Water Resources Management

Aim

To ensure, promote and support integrated water resource management by all water-related statutory bodies and users, and to provide for the sustainable use of water to meet social, environmental and economic needs, based on the principles of equity and efficiency.

The key activities include:

- **catchment management**, involving support for effective water resources management through the establishment of water management institutions and by promoting the concept of catchment management;
- **water conservation**, involving the development and/or implementation of appropriate policies, strategies, projects and initiatives to promote and institutionalise water conservation and demand management among water institutions and users;
- **water quality management**, involving the integrated and sustainable management of the quality of water resources;
- **water utilisation**, involving promotion and support for the efficient and equitable allocation and beneficial use of water resources; and
- **Working for Water**, involving the management of the Working for Water programme to control alien invasive vegetation.

Policy developments

The focus area for policy development during this period was to ensure the streamlined implementation of the National Water Act with regard to integrated water resources management.

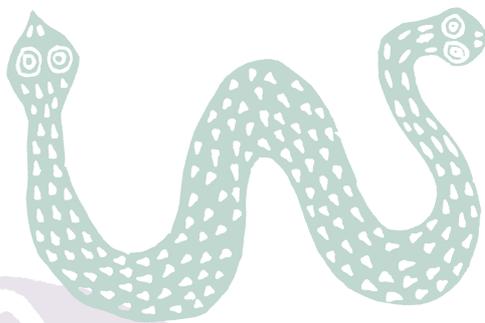
Outputs and service delivery trends

Subprogramme	Key outputs	Service delivery indicators	Actual performance
Catchment management	Facilitate the establishment of Water Management Institutions (WMIs)	Regional plans for the development of WMIs. WMIs such as CMAs and WUAs are established.	Regional plans developed for the 19 Water Management Areas (WMAs). Proposal for CMA for Inkomati WMA being evaluated.
		Stakeholders involved, and feedback organised from stakeholders. Forums and committees in place. Tools and documentation necessary for establishment of WMIs developed	Workshops and public meetings held. Forums and committees established in WMAs. Guidelines for establishment of WMIs prepared and used by regional offices and stakeholders
		Co-operative governance	Guidelines and decision-support tools for linkages and relationships available for institutions involved in water-related activities

Subprogramme	Key outputs	Service delivery indicators	Actual performance
	Catchment Management Strategies (CMS)	Framework and guidelines for development of CMS	Framework documents utilised in regional offices and by stakeholders for development of CMS
	Capacity-building	Development of tools and procedures for capacity building regarding catchment management	Pamphlets available for building capacity of stakeholders
Water conservation	Community development and environmental education and networking.		
	Awareness about environmental education, water conservation, and other water-related issues. Resource materials. Participation in the National Environmental Education Programme (NEEP)	Increased general awareness about water related issues – 3 500 schools to be reached. Lower water consumption in schools and homes. Linkage of the 2020 Vision for Water Project with NEEP	About 3 000 schools, have carried out water quantity and quality audits in schools and homes. Resource materials distributed, including brochures, posters, Enviroteach; development of cholera identification kit. Ongoing development of public and private partnerships and networks. Co-ordination of Old Mutual Award, South African Youth Water Prize
	National water conservation and demand management strategy.	Availability of sectoral strategies	Draft strategies are available.
	Integrating water conservation and demand management into water resource and project planning, towards increasing water availability for increased awareness in all departmental competencies	Workshops on policies, strategies and regulations with representatives of regional offices held at least once a year	Regional workshop held
	Development and implementation of water conservation and demand management strategies for WSIs	Case studies of Vaal, Algoa area (Cape Metro), Potgietersrus, Hermanus and Nelspruit	Potgietersrus study completed. KwaZulu-Natal study completed. Mhlatuze case study initiated. Vaal system phase 1 completed. Hermanus on hold. Potgietersrus case study initiated. Umtata basin study ongoing and reviewed. Algoa ongoing and reviewed
	Development of an agricultural water conservation strategy. Devising key elements of implementation. Set up demonstration projects	Water conservation strategy in place	Generic strategy completed; audit benchmarking. Implementation completed
	Development of industry, mining and power strategies	Generic strategies in place. Development of audit benchmarking and BMP protocols	Phase one completed
	Development of national and international networks	Plans for joint projects as part of IUCN case studies. Continued participation in the Habitat co-ordinated 'Managing water for African cities' project	Various initiatives under way. African cities project initiated; leadership role transferred to Johannesburg; Western Cape in support role.

Subprogramme	Key outputs	Service delivery indicators	Actual performance
Water quality management	Development of policy and guidelines	Development of new water quality policies and various regulatory instruments as part of the implementation of the National Water Act	Guidelines for the water use authorisation process associated with individual water use applications completed and presented. Guidelines for the implementation of regulations on use of water for mining and related activities completed and workshopped with the mining community. A number of best-practice guidelines on pollution prevention developed. Policy and strategy for groundwater quality management in South Africa published
	Pricing policy	Development of a waste discharge charge system	Phase one completed successfully. Phase two, which entails the technical investigations necessary for developing a draft strategy, initiated
	Waste management strategy	Formulation of a waste management strategy for South Africa	Baseline studies towards the formulation of a waste management strategy, waste generation and disposal sites for hazardous and general waste
	Dense settlements strategy	Implementation of the dense settlements strategy	Implementation of intervention plans to manage the water quality effects of nine test cases
	Remediation	Plan, design and manage construction of water pollution control measures at abandoned mines	Continuation of projects initiated in northern KwaZulu/Natal and the Ermelo and Witbank districts. Technical and financial contributions made towards evaluating alternative approaches in the control of fires and rehabilitation of Transvaal and Delagoa Bay Colliery.
Water utilisation	Policies, procedural guidelines and support for implementation of the National Water Act in respect of water utilisation	Policies and procedures developed and implemented in all regions	Policy on the transfer of state irrigation schemes to water user associations implemented. Guidelines for assessing and processing the transfer of water use authorisations completed. Guidelines on surrendering of water use entitlements on GWS completed. Support and training provided to regions on volume determinations for irrigation water use through the SAPWAT computer model, for registration purposes
	Strategic Environmental Assessment (SEA) methodology developed for use in the water sector	SEA principles implemented by stakeholders	SEA pilot study and report completed for the Mhlatuze catchment.
	Implementation of raw water pricing strategy	Water use charges determined and formalised	Asset inventory database verified and values updated. Consultations with organised agriculture on phased implementation of pricing strategy for irrigation concluded. GWS charges implemented.
	Financial assistance to emerging farmers in respect of waterworks	Amount and percentage of budget allocation spent for construction or refurbishment of viable communal schemes	Full allocated amount of R21,4 million spent by March 2001

Subprogramme	Key outputs	Service delivery indicators	Actual performance
	Ensure efficient operation of government water schemes and river systems	Minimisation of water losses, water restrictions and flood damage	New water loss control technology and reporting system introduced on all major schemes. Orange River operating rules revised by May 2000. Flood operation procedures for storage dams updated
Working for Water	A total of 313 clearing projects undertaken	A total of 250 000 ha to be cleared. Fifteen wetlands rehabilitated. A total of 22 000 employed, 60% women, 20% youth, 2 % disabled. Training: 200 000 days. Contractors: 900	A total of 97 411 ha cleared. A total of 124 720 ha followed up. Fifteen wetlands rehabilitated. A total of 18 719 people employed (excluding Rand Water and Ukuvuka figures), 59% women, 24% youth, 1,5% disabled. A total of 178 000 days of training provided, 20% accredited. A total of 899 emerging contractors trained
	Research in biocontrol, ecology, hydrology, resource economics, social development	Thirty research papers	Review research panel in place. Various consultants have undertaken research in range of fields. Panel provides guidance to programme and ensures funds invested to deliver high-quality research. Drafting and adoption of a research strategy document.





Stefaans Samcuia, Sun, Jackals and Flowers, linoprint, 1995

Water Services

Introduction

As the provision of water services is constitutionally a local government responsibility, the Department's programme seeks to achieve its objectives through the establishment of policy, the monitoring and regulation of service provision, and by providing financial, institutional and technical support to Water Service Authorities (municipalities).

In addition, the programme supports the Department's operational activities in the provision of water services, reported under Programme 5, Regional Implementation. Approximately six million people benefit from these services. The overwhelming majority of them living in poor rural communities.

The major development for the programme in the year was undoubtedly the election and establishment of new local governments throughout South Africa. This finally provided a permanent base on which the programme can work to implement the policies.

The changing local government framework was regarded as an important opportunity for the programme to help new municipalities develop and implement appropriate planning and financial and infrastructure systems to meet their service delivery responsibilities.

Programme 7 also provides substantial management support for the execution of the capital programme which takes place via the department's regional offices and is reported under Programme 5 (see table on page 54).

Programme 7: Water Services

Aim

To ensure that all South Africans have equitable access to effective, affordable, economical and sustainable water services.

Policy developments

The cholera outbreak which began in KwaZulu-Natal in August 2000 focused the attention of the department, government and the nation as a whole on the importance of sanitation services. While the KwaZulu-Natal regional office was responsible for emergency intervention as a member of the local and provincial operational committees, the head office programme engaged at national level, as well as providing project support to the region. The development of the inter-departmental sanitation policy and strategy was speeded up, and in January Cabinet confirmed the role of the department as leader of the inter-departmental effort, under the umbrella of the municipal infrastructure task team of the provincial and local government department.

During the year, attention was, therefore, focused on:

- finalising regulations and model by-laws for water service provision;
- finalising regulations governing water service tariffs;
- producing regulations governing contracts between water service authorities and water service providers;
- developing policy and instruments to support the implementation of free basic water;
- upgrading and implementing the monitoring and evaluation system as an essential tool for the sustainable development of water and sanitation services;
- developing appropriate delivery mechanisms and models for water and sanitation delivery as specialist contract support for local government;
- developing strategy for the transfer of water services works to local government or their nominated service providers;
- developing policy and strategy to improve basic household sanitation; and
- collaborating with other departments to develop a strategy to control cholera and related communicable diseases.

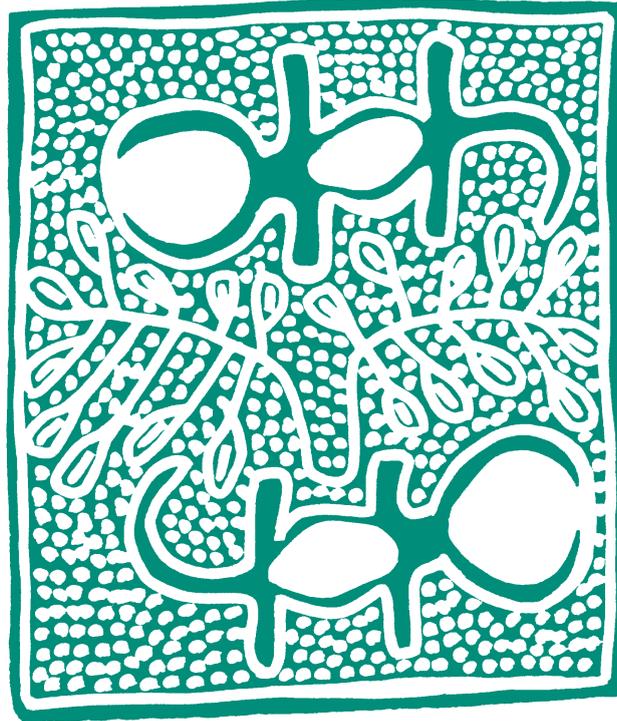
In addition, considerable progress was made in implementing the department's capital programme to provide the infrastructure required for basic water service provision. There were extensive negotiations with national treasury to ensure that these programmes of support in cash and kind were brought into the ambit of the local government financial system through the provisions of the annual Division of Revenue Act.

Outputs and service delivery trends			
Subprogramme	Key outputs	Service delivery indicators	Actual performance
Macro-planning and information systems	Strategic planning on national, provincial and regional levels.	Reference systems per province and districts. Integrated water services planning occurring. Annual water services project selection completed.	Basic reference information system for each district council established. Liaison between the department, provincial and national government departments and formal forums established or re-established. A total of 695 basic water services projects for 2001/2002 implementation identified, considered and selected through an integrated and participatory process at regional, provincial and national levels. Costing model and cost benchmark developed. Development of a feasibility study guide initiated.
	Facilitate local government water services development planning.	Planning support tools produced.	Water services development planning process established at 451 pre-demarcation local governments. Improved WSDP data-capturing system developed; WSDP process aligned with IDP process.
	Provide information support for water services management	Relevant information products published and/or available	Progress made on information systems, such as water services scheme asset register, project business plan tracking system, water board monitoring system, community database and groundwater database
Intervention and operations support	Support to service providers.	Regulations drafted. Guides, strategies and policies on tariff regulations, cost recovery, free basic water, standards and quality available.	Free basic water study conducted into feasibility of such a policy. National task team established; stakeholder workshops held; and a strategy developed. Financial model for local authorities developed.
	Interventions to address service provision deficiencies.	Interventions to address service deficiencies as required.	Three sets of regulations are being finalised: section 9(1) (compulsory national standards) regulations, section 10(1) (tariffs) regulations, section 19(5) (contracts) regulations. Work undertaken included publication of draft regulations for comment, regional and national stakeholders workshops, bilateral meetings with stakeholders, amendments and re-drafting, and submission for approval.
	Support for operational processes of the department	Policies on operating procedures, operations and maintenance support, and transfer of assets developed	Structures to facilitate transfer water services schemes set up; schemes defined; and transfer processes established. Pilot projects initiated in terms of sustainable water services institutional programme; support given to municipalities to develop and fulfil their role as water service authorities.
Local institutional development support	Capacity-building and training for local government.	Training courses, workshops and other support.	Collaboration programmes and integrated approaches on local government capacity-building and training negotiated with local government departments and SA Local Government Associations. Review conducted to align key functions, standards and competencies of water service authorities with the requirements of the South African Qualifications Authority.
	Oversight and regulation of water boards	Effective oversight of water boards, reporting and intervention where required.	A series of case studies investigating the role of community-based organisations conducted. Thirteen water boards assessed, and the roles and responsibilities of departmental representatives on water boards reviewed

Subprogramme	Key outputs	Service delivery indicators	Actual performance										
	Financial assistance to local authorities and water boards.	Support to local authorities and water boards provided.	<p>Transfer payments (funded by Programme 7)</p> <table border="1"> <thead> <tr> <th>Name of institution</th> <th>Amount transferred</th> </tr> </thead> <tbody> <tr> <td>Bushbuckridge water board</td> <td>R1,4 million</td> </tr> <tr> <td>Ikangala water board</td> <td>R2,5 million</td> </tr> <tr> <td>Local authorities</td> <td>R2,9 million</td> </tr> <tr> <td>TOTAL</td> <td>R6,8 million</td> </tr> </tbody> </table>	Name of institution	Amount transferred	Bushbuckridge water board	R1,4 million	Ikangala water board	R2,5 million	Local authorities	R2,9 million	TOTAL	R6,8 million
Name of institution	Amount transferred												
Bushbuckridge water board	R1,4 million												
Ikangala water board	R2,5 million												
Local authorities	R2,9 million												
TOTAL	R6,8 million												
	Sanitation programme development	Effective sanitation programme institutions	<p>Cabinet memo on approach to sanitation and role of department approved.</p> <p>Draft inter-departmental national sanitation policy completed</p> <p>Training programme for sanitation co-ordinators developed, and community monitoring and evaluation tool for sanitation projects published</p>										
Project development support	Effective capital programmes for provision of basic water supply and sanitation	Effective systems and processes for project business planning, project implementation, project monitoring and evaluation and special-purpose delivery programmes developed and successfully implemented	<p>Support for implementation of 276 water services projects via funding, business planning processes, monitoring and evaluation and guidelines.</p> <p>Administrative support continued for the department's build, operate, transfer contracts.</p> <p>Masimbambane approach developed to enhance delivery of water and sanitation in KwaZulu-Natal, Northern Province and Eastern Cape with grants from European Union and member states.</p> <p>Implementation of poverty alleviation and spatial development programmes.</p> <p>Emergency intervention programme for cholera areas implemented.</p>										
Management, policy co-ordination and communication support	Communicate and disseminate information on water services. Effective inter-departmental co-operation	Effective dissemination of information on water services policies and programmes	<p>Water services workshops with 53 district municipalities and metropolitan councils.</p> <p>Draft memorandum of co-operation between departments of water affairs and local government formulated</p>										

Water services projects: expenditure and achievements

Province	Expenditure		People served		Projects completed		Jobs created	
	Apr 00 to Mar 01	Jun 94 to Mar 01	Apr 00 to Mar 01	Jun 94 to Mar 01	Apr 00 to Mar 01	Jun 94 to Mar 01	Apr 00 to Mar 01	Jun 94 to Mar 01
Eastern Cape	173 980 798	648 651 845	210 697	1 221 873	27	69	17 300	56 952
Free State	9 669 532	137 396 897	76 209	535 010	4	27	967	11 763
KwaZulu-Natal	205 380 019	970 878 359	282 345	1 290 440	30	83	17 355	87 595
Mpumalanga	107 843 009	528 640 423	141 738	854 476	1	24	7 212	47 104
North West	57 952 858	621 927 581	58 675	1 215 856	23	42	13 356	73 916
Northern Cape	13 717 864	81 022 627	22 363	219 768	4	39	1 384	7 064
Northern Province	216 738 569	1 339 395 541	185 333	982 608	6	36	14 880	109 260
Western Cape	11 014 464	41 683 356	17 410	122 190	1	12	1 101	3 665
Gauteng	231 599	2 117 309	N/A	N/A	N/A	N/A	N/A	N/A
Head office management costs	6 197 924	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	802 726 635	4 371 713 938	994 770	6 442 221	96	332	73 555	397 319



Katinga Carimbwe, Two Scorpions, linoprint, 1996

Regions

Introduction

The regional structure comprises nine regional offices and a regional co-ordination directorate at head office, the executive or operational arm of the department. The forestry programme has its own regional management team, but in many cases administrative support functions are shared.

A key requirement of this function is the establishment of effective relations with provincial and local government and other stakeholders. In most regions, there is good co-operation with other role-players at various levels. Provincial liaison committees (PLCs) operate in each province as the official forum in which matters of mutual interest are discussed among provincial and departmental officials. In many cases MECs participate in PLC meetings. High-level policy and political issues are dealt with by the Minister and provincial MECs, who meet at least twice a year at Minmec meetings. A technical committee of provincial and departmental officials, known as Mintec, gives support in compiling the agenda for Minmec meetings. The regional operational activities are guided and supported by specialist functions at head office.

Programme 5:

Regional Implementation

Aim

To ensure the effective and efficient management of water resources in catchment areas in regions through technical, financial and operation support and direct functional activities; to promote and manage an efficient water services infrastructure; and to help local government to promote equitable and sustainable water supply and sanitation services for all South Africans.

Operational highlights

Although the floods of February 2000 occurred during the previous financial year, most of the repairs were carried out in the year under review. A total of R152,7 million was allocated to the department, R130,7 million for state-owned works and R22 million for uninsured water works owned by water boards and water user associations. Repairs to these works were regarded as emergency repairs. A total of R118 million has been spent and about 35% of the flood-damaged works were repaired by March 31 2001.

The cholera outbreak had a major impact on the department, which worked closely with other national and provincial departments in containing the epidemic. In KwaZulu-Natal, the worst-affected province, the department spent approximately R60 million on the provision of potable water, and where this was not possible, on enabling consumers to purify water by giving them household bleach. A hygiene awareness campaign were launched together with the department of health, and toilet-building projects launched in the worst-affected areas. The provision of adequate sanitation services is regarded as a medium to long-term strategy. Up to end of March in KwaZulu-Natal alone, 4 787 toilets had been provided, mainly in individual households, but also at schools and clinics. In addition to the department's practical efforts, many posters and pamphlets were distributed informing people of the dangers of cholera and giving easy-to-follow steps on how to avoid infection. The activities of the various regions are funded from programme 5 of the exchequer budget and income from the trading account. Details of achievements are given in the rest of this chapter. The regional implementation programme includes the following subprogrammes

Management

Management is responsible for overall guidance, planning, management, support and control of all functions in the regions, as well as a corporate support service.

Regional co-ordination

Regional co-ordination ensures a uniform approach to the implementation of policy on water resource management, water services and corporate services in the regions, and monitors programme implementation.

Survey services

Supports the management and development of existing water resources by the

effective and efficient collection, processing and distribution of data by means of topographical surveys; hydrographical surveying of dams; setting out of flood, silt and servitude beacons; surveying and monitoring development in catchments; and geodetic observations of the movement of structures due to stresses caused by water forces.

Hydrometry

Hydrometry determines the quality and quantity of surface and groundwater available for use within a catchment. This consists of maintaining gauging stations where hydrological data is captured. The data is then processed and stored on an information system reflecting both the quality and quantity of surface and groundwater. The data is available for the management of the water resources in catchments, and for planning and research.

Drilling services

Water drilling is carried out for research purposes and the establishment of a national groundwater database to provide information on the potential of groundwater resources. Specialised drilling operations and drilling of production boreholes is also a core function. Geotechnical drilling is carried out to provide data and information for the planning and design of structures, and for dam safety.

Geotechnical services

These assess the availability of groundwater resources and the identification of borehole sites; assess the availability of underground water resources; and provide other geohydrological services, for example, the development of sites for the disposal of solid waste.

Advisory services

These give advice to statutory bodies on the management, establishment and utilisation of water works and water services.

Regional water services planning

Regional water services planning facilitates integrated planning of water and sanitation services at regional and project level.

Implementation of water services projects

Implementation of water services projects ensures the supply of water and sanitation of Reconstruction and Development Programme (RDP) standards to rural communities.

Sustainable development and management

Sustainable development and management undertakes community development; capacity-building and training of communities for water supply and sanitation projects; facilitates the transfer of water supply and sanitation schemes to other spheres of government; and monitors and evaluates water service institutions.

Activities under the subprogrammes, falling under programme 5

Outputs and Service delivery trends			
Subprogramme	Key outputs	Service delivery indicators	Actual performance
Management	Strategic plans; service contracts control measures; corporate guidance and support service to all line functions in the regions; decentralised functions to WMAs	Well-guided and goal-orientated regions. One strategic plan per region	One strategic plan per region completed
Regional co-ordination	Updated and accurate database in compliance with the Public Finance Management Act and treasury regulations.	Improved quality of information for each financial year since 1998/99, leading to improved financial controls. Tolerance $\pm 5\%$.	Prediction of budget expenditure within 5% accuracy range and actual expenditure within 2% of budget.
	Programme management of the water services capex programme within budget and schedule	Programme within budget and on schedule (3% tolerance)	Programme expenditure within 1% of budget.
Hydrometry	Collection and processing of hydrological data	Data collection at 1 706 gauging stations for use by the department and other users. Data sets from a total of 1 706 stations to be processed and converted to information	One hundred per cent compliance, except where data capturing was interrupted by floods. A total of 1 774 data sets processed and ready for publication
	Maintenance and upgrading of river flow gauging stations, as well as the construction of new gauging stations	Operate and maintain 810 river flow gauging stations. Construction of five new gauging stations. Flood repairs to damaged gauging stations.	A total of 810 stations maintained, except those destroyed by floods. Five new gauging stations constructed. A total 167 gauging stations repaired.
Survey services	Collection and processing of data by means of hydrographical surveys; setting out of flood and silt beacons; determination of construction volumes and geodetic observation of structural movement	Type of surveys: <ul style="list-style-type: none"> • geodetic surveys depending on demand; • hydrographical surveys at about 80 dams; • cadastral surveys depending on demand; • topographical floods surveys, if required; • photogrammatic surveys on demand 	78 surveys completed. 96 surveys completed. 25 surveys completed. 83 surveys completed. 19 surveys completed
Water drilling services	Water supply and exploration drilling.	Target 300 boreholes to be drilled; equip holes with lids and concrete blocks.	and equipped. A total of 32 811m were drilled.
	The establishment of a national groundwater database to assist with the monitoring of groundwater resources	Collection of data on water levels in boreholes, and on water quality measurements. A total of 327 boreholes drilled	Maintained a network of groundwater monitoring sites and processed data
Geotechnical drilling services	Provision of drilling services in respect of geotechnical investigations for the planning and design of structures	Target various sites and $\pm 14\ 000\text{m}$ of drilling.	A total of 14 841m drilled at 187 sites
Geotechnical services	Collection of data for geohydrological database.	Monitoring and siting of production boreholes.	A total of 485 boreholes sited.
	Geological assessment and landfill sites.	A total of 70 landfill sites to be assessed for licensing.	A total of 74 landfill sites assessed.
	Assessment of resources	Compile hydro-geological maps	A total of 12 maps compiled.

Subprogramme	Key outputs	Service delivery indicators	Actual performance
Advisory services	Rendering of advice to irrigation boards and emergent farmers on how to establish water user associations, and on the management, establishment and utilisation of water works	Service to clients	Numerous advisory services performed
Regional water services planning	Promotion and evaluation of Water Services Development Plans (WSDPs).	Target: 380 municipalities to develop WSDPs. Evaluation of completed WSDPs.	A total of 405 municipalities have been approached. (See attached table for regional breakdown.) A total of 291 WSDPs evaluated. (See attached table for regional breakdown.)
	Identification and prioritisation of water services projects	Identification and prioritisation of water services projects in nine regions	A total of 97% completed. (See attached table for regional breakdown.)
Implementation of water services projects	Deliver functional and sustainable water services projects.	A total of 276 projects in construction phase to serve about 1,6 million people.	A total of 1 594 800 served by completing 96 projects. (See attached table for regional breakdown.)
	Sanitation programme/ projects.	Target to complete ± 16 000 VIPs/latrines.	A total of 22 108 VIPs completed. (See attached table for regional breakdown.)
	Awareness campaigns	Improved health standards through sanitation and hygiene awareness campaigns	A total of 388 consultation campaigns were launched. (See attached table for regional breakdown.)
Sustainable development	Train and develop local government and communities to operate and maintain water supply and sanitation projects.	Improved knowledge and skills at local government level.	A total of 185 local presentations have been made to 185 local authorities. (See attached table for regional breakdown.)
		Building capacity of communities.	A total of 629 communities have benefited. (See attached table for regional breakdown.)
	Transfer water supply and sanitation schemes to local government	Successful transfer of schemes/projects to local government	A total of 52 projects have been transferred. (See attached table for regional breakdown.)

Water trading account 1: Integrated catchment management

Aim

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

Policy Implementation

The regions have made good progress in registering water users, carrying out water resource management according to the newly demarcated water management areas; establishing catchment management agencies; monitoring and controlling pollution and other measures related to water quality; and compiling catchment management plans.

Planning and implementation of integrated catchment management plans

Planning and implementation of integrated catchment management plans; establishing catchment management and water resources institutions; and co-managing the use of land for development purposes. The planning, development and implementation of integrated catchment management plans is carried out within a macro-planning framework to ensure the judicious management of the water resources in a catchment, in such a way that a balance is struck between protecting the ecological resource base and economic growth in terms of water use. Care is taken to ensure the active participation of all interested parties.

Dam safety

Monitoring and risk evaluation of state dams in compliance with dam safety regulations, and the co-ordination of all dam safety aspects of non-state dams.

Water quality management

Developing and implementing water quality management plans to manage and/or regulate water quality and waste management strategies for surface and groundwater resources, to ensure their sustainable fitness for use, as prescribed by the Water Act.

Water utilisation

Implementing strategies for the equitable allocation and the efficient and sustainable use of water resources in the agricultural, industrial and municipal sectors.

Water conservation

Implementing strategies to reduce demand and enhance water conservation through demand management. This includes the activities of the Working for Water programme, which eradicates invasive plants in catchments.

Water trading account 2: Integrated systems**Aim**

To manage, operate and maintain government water transfer schemes for the transfer of water from donor catchments to supplement water resources in recipient catchments.

Policy implementation

The regions are responsible for ensuring that water is available at acceptable levels of assurance.

Operations and maintenance

The supply of bulk treated and untreated water to bulk users such as Sasol and Eskom; other bulk or reticulation suppliers such as water boards and municipalities, and other users; and the supply of bulk raw water to irrigation boards for distribution to irrigators.

Betterment works and flood control

Upgrading or improvement of water supply works and water control works, as well as flood monitoring, flood control activities, flood warnings and the repair of flood damages.

Water trading account 3: Bulk water supply

Aim

To manage, operate and maintain regional bulk water supply infrastructure.

Policy implementation

The regions are responsible for ensuring the supply of water at acceptable levels of assurance to user sectors, including irrigators and domestic and industrial users.

Operations and maintenance.

This involves supplying bulk raw and treated water to water services institutions, other bulk suppliers and other water users; supplying bulk raw water to water user associations (irrigation boards) for distribution to individual irrigators in an irrigation district, as defined by the National Water Act; and the supply of raw water to individual irrigators in government water schemes.

Betterment works, flood control and drainage.

This involves upgrading or improving water supply works, water control works, purification works and related structures; flood monitoring, flood control activities, flood warnings and the repair of flood damages to government water works; and constructing or improving water drainage works and related structures.

Water trading account 4: Water services

Aim

To manage, operate and maintain the regional water services infrastructure.

Policy implementation

The regions are responsible for supplying raw and purified water at various levels of assurance to a wide range of consumers, particularly in poor rural communities, and for providing sewage treatment services.

Operations and maintenance.

Operating and maintaining the infrastructure necessary to supply potable water to consumers, as well as the infrastructure for the treatment of sewage.

Betterment works, flood control and drainage

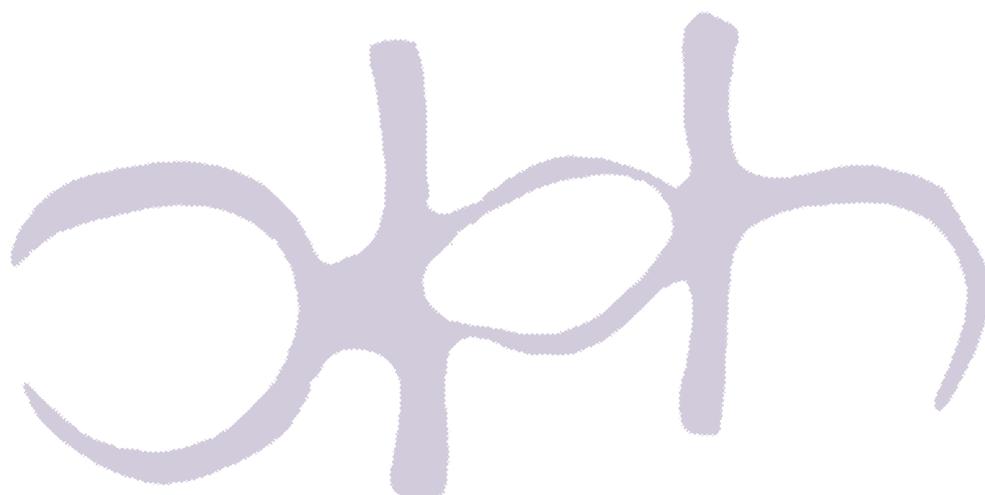
This involves upgrading and improving water supply works, water control works, sewage works, purification works and related structures and the repair of flood damages to government water works.

Crisis intervention

Providing an alternative water supply, such as tanker services, in case of water supply failure or because of lack of infrastructure.

Outputs and service delivery trends:			
Subprogramme	Sub outputs	Service delivery indicators	Actual performance
Integrated catchment management	Establish catchment management agencies (CMAs).	One CMA to be established.	CMA not established – too many teething problems.
	Compliance with dam safety regulations.	Public safety and protection against dam failures.	See performance on dam safety in separate table.
	Ensuring efficiency and sustainability of water quality, conservation; and the equitable and efficient utilisation of water resources.	Protection of the water resources against pollution.	Various anti-pollution actions undertaken, as per separate table.
	Water allocation and water use control	Equitable distribution of water resources	Various actions undertaken on distribution of resources, as per separate table
Integrated systems	Supply of untreated bulk water through inter-catchment transfer schemes for various purposes, as well as flood monitoring and operation	Operation and maintenance of 26 schemes in line with national standards for raw water supply to bulk consumers.	Operated and maintained various elements of schemes, as per attached table
Bulk water supply	Supply of bulk untreated water to various users; flood monitoring; flood warning; and improvement of water works and related structures.	The operation and maintenance of 162 schemes to standards acceptable within this sector.	Operated and maintained various elements of schemes, as per attached table.
	Transfer of bulk water functions and/or infrastructure to other water services institutions	Target to establish water user associations and transfer certain functions and infrastructures	On establishment of water user associations, see attached table for performance
Water services	Supply of potable water to rural areas. Financial and advisory support to other water services institutions.	The operation and maintenance of 260 schemes to minimum acceptable standards	Operated and maintained various elements of schemes, as per attached table.
	Transfer of water services function and/or infrastructure to other water services institutions		See attached table for performance

Attached annexures A and B for programme 5 (A) and trading account 1-4 (B) for regional breakdown.



Programme 5: Annexure A

Regional implementation										
Survey services	North West	Northern Province	Mpumalanga	KwaZulu/Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Regional water services planning										
Municipalities that embarked on WSDP process	35	26	4	63	61	19	91	89	17	405
WSDPs to be evaluated	0	0	15	65	61	12	15	106	17	291
Compile MAAP for three regions	0	1	0	1	0	1	0	0	0	3
Identification and prioritisation of water services projects in nine regions	100%	100%	100%	100%	100%	75%	100%	100%	100%	97.22%
Implementation of water services projects										
Projects implemented	6	54	9	32	9	153	4	8	1	276
People served	58 675	185 333	141 738	282 345	76 209	210 697	17 410	22 363	N/A	994 770
Projects implemented and business plans approved	25	73	26	254	12	159	8	19	1	577
Sanitation and hygiene awareness campaigns	129	76	3	19	32	28	20	81	0	388
VIPs/latrines completed	1 977	6 669	330	8 200	2 710	1 336	0	886	0	22 108
Cholera: projects implemented	0	6	5	24	0	0	0	1	0	31
Sustainable development										
Local governments where knowledge and skills improved	4	27	46	10	25	12	6	55	0	185
Communities where capacity built	61	54	185	74	7	156	12	80	0	629
Schemes transferred to local government	4	0	0	17	0	11	3	5	0	40
Agreements signed for implementation and transfer of projects	0	5	0	66	0	0	3	5	0	79

Annexure B

Water Trading Account 1: Integrated catchment management										
Planning and implementation of catchment plans	North West	Northern Province	Mpumalanga	KwaZulu/Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Catchment management agencies established	0	0	0	0	0	0	0	0	0	0
Catchment liaison forums	9	0	2	33	4	2	46	25	12	133
Water user associations created	0	0	1	1	1	1	9	0	0	13
Dam safety										
Routine state dam safety inspections	0	32	8	24	31	75	0	24	17	211
Operational manuals for state dams	1	8	0	0	3	25	15	4	3	59
Dams registered for safety purposes	0	20	500	40	8	0	1 090	9	1	1 668
Water quality management										
Licences issued	18	0	5	5	1	4	0	0	33	
Discharges registered	17	0	0	0	0	120	0	1	60	198
Old mines properly maintained	0	0	20	15	0	0	0	20	1	56
Groundwater and river sites monitored	68	13	107	150	100	25	371	130	255	1 219
Water allocation										
Water use licences assessed	3	42	0	298	0	0	26	15	20	404
Unlawful users identified	22	13	0	51	1 000	0	0	50	4	1 140
Water accounts sent out	191	0	0	378	0	0	0	0	3 822	4 391
Water use control										
Water use registration forms completed	3 494	4 676	0	9 956	2 618	700	5 351	1 687	2 000	30 482

Water trading account 2: Integrated systems

	North West	Northern Province	Mpumalanga	KwaZulu/Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Operation and maintenance										
Schemes operated and maintained in line with national standards for raw water	2	10	0	0	2	3	3		6	26
Pump stations maintained	0	0	0	0	1	0	30		17	48
Kilometres of canal maintained	0	170	0	0	185	80	0		60	495
Kilometres of pipeline maintained	0	7	0	0	85	15	430		550	1 087
Dam inspections carried out in the year	3	10	0	24	10	28	0		17	92
Buildings maintained	67	44	0	30	2	62	15		320	540
Betterment works										
Schemes subjected to corrosion control		0	0	0	2	1	2		6	11
Houses upgraded		0	0	0	22	0	0		46	68
Schemes upgraded		0	0	0	2	0	0		1	3
To route floods safety through dams	1	1	0	0	0	0	0		100%	
To deliver the required water		0	0	0	2	100%	0		100%	

Water trading account 3: Bulk water supply

	North West	Northern Province	Mpumalanga	KwaZulu/Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Operation and maintenance										
Schemes operated and maintained in line with national standards for raw water	20	38	5	0	7	52	28	8	4	162
Pump stations maintained	1	0	0	0	1	3	0	6	2	13
Kilometres of canal maintained	761	66	0	0	374	57	310	1 654	70	3 292
Kilometres of pipeline maintained	210	0	0	0	12	64	0	203	30	519
Dam inspections carried out in the year	38	38	20	24	35	250	162	24	2	593
Buildings maintained	175	60	0	30	16	46	140	410	22	899
Betterment works										
Schemes subjected to corrosion control		2	0	0	1	5	3	2	2	15
Houses upgraded	15	2	0	0	11	0	0	0	4	32
Schemes upgraded		0	0	0	5	4	0	1	0	10
Route floods safety through dams	1	0	0	0	0	1	0	2	0	4
Flood-damaged works repaired		61	0		0	0	0	0	0	61

Water trading account 4: Water services

	North West	Northern Province	Mpumalanga	KwaZulu/Natal	Free State	Eastern Cape	Western Cape	Northern Cape	Gauteng	TOTAL
Functional support										
Schemes and water works transferred to water user associations/irrigation boards and local government	0	6	0	0	0	0	0		0	6
Water service authorities	0	6	0	11	0	0	0		0	17
Operation and maintenance										
Schemes operated and maintained in line with national standards for raw/treated water	3	52	6	46	0	150	3		0	260
Pump stations maintained	0	124	108	0	0	95	30		0	357
Kilometres of canal maintained	0	0	0	0	0	0	0		0	0
Kilometres of pipeline maintained	0	0	810	0	0	2 110	430		0	3 350
Scheme inspections carried out in the year	7	102	0	92	0	0	0		0	201
Buildings maintained	0	0	4	0	0	25	15		0	44
Betterment works										
Schemes subjected to corrosion control	0		3	0	0	0	0		0	3
Houses maintained	0		0	0	0	0	0		0	0
Schemes upgraded	0		3	26	0	5	0		0	34
Route floods safety through schemes	0		0	0	0	0	0		0	0
Deliver the required raw/treated water m ³ /kl	0	0	9 338 013	0	0	0	0			9 338 013
Flood-damaged works repaired:	0	14	0	0	0	0	0		14	



Katinga Carimbwe, Trees, linoprint, 1995

Forestry

Introduction

Forests form an important part of South Africa's natural resource base and are important to our economy, particularly in rural areas. The department plays a key role in developing, managing and regulating the country's forest resources. The chief directorate of forestry manages commercial and indigenous forests; offers community forestry services; and provides the policy and regulatory framework for the sector as a whole.

The department's forestry function comprises five directorates: forest regulation (which is newly established), commercial forestry, indigenous forest management, community forestry and forestry policy. Regional offices are maintained in King William's Town, Pietermaritzburg and Nelspruit, and in area offices throughout the country. The section employs more than 10 000 people.

This function is being restructured. We envisage that during the year starting April 2001, a significant portion of the department's commercial forests will be transferred to private bidders or to the state-owned South African Forestry Company Ltd (Safcol), while other commercial assets will be placed on tender. This process is jointly managed with the department of public enterprises. The department is also considering the possibility of transferring certain indigenous forest areas to other state agencies, including South African National Parks and various provincial departments of environment and conservation. The process is managed jointly with the department of environmental affairs and tourism.

Programme 8: Forestry

Aim

To oversee, regulate, protect and manage indigenous and commercial forest resources and to support rural communities in managing forest resources.

Policy developments

The forestry programme consists of: commercial forestry, which is being restructured; indigenous forest management; community forestry; forestry policy; and forestry regulation.

The **commercial forestry subprogramme** manages 160 000 ha of commercial plantations previously managed by the former homelands. This involves managing the plantations on a sustainable basis and supplying timber to buyers under contract. These contracts were inherited from the former homelands, were ever-green in nature, and contained clauses unusual in modern commerce making it difficult for newcomers to enter the market. The department inherited 29 such contracts and has been able to renegotiate 27 of them, placing timber supply on a more limited, commercial and modern basis. The remaining two contracts are now subject to legal processes.

It is, however, established policy that the department will not manage these plantations in future, and a restructuring programme has been put in place to transfer plantations to other agencies. This restructuring is taking place in partnership with the department of public enterprises and in negotiation with organised labour. In the period under review, the commercial forestry programme concentrated on this restructuring process, as well as continuous improvement in the management of the areas and the contracts. Restructuring will involve transferring a large portion of the department's commercial forests to Safcol, and in certain cases to private companies. This exercise is expected to be completed by mid-2001. In addition, the department manages a number of smaller plantations, which will not be transferred to Safcol. Some of these are expected to be placed on tender during 2001. Other plantations will be subject to a further process, which will require guidance from treasury and the department of public service and administration.

The commercial forestry function is managed under the industrial policy trading account. It is envisaged that once the restructuring has taken effect, this trading account will no longer be required.

The **indigenous forest management subprogramme** manages large areas of South Africa's indigenous forests and oversees the management of other areas delegated to provincial authorities. In the period under review, the subprogramme invested significant time and resources in extending the department's management systems to previously neglected areas. These areas, inherited from the former homelands, have not received the same level of management attention as areas traditionally managed by the department. The department has been able to invest in new infrastructure and to transfer and redeploy staff in order to take these areas on board. One element of this is a national inventory of all indigenous forests which will form the basis of future planning and allow government to report more accurately on the state of forests in the country. In addition, this programme has worked closely with provinces which manage state forests and has completed an audit of state forests managed under delegation from our department. This audit

has been discussed with the various provincial authorities and the department of environment affairs and tourism, and will lead to further work on a national conservation strategy. This may involve new arrangements for the delegation or assignment of state forest properties to various state agencies.

The **community forestry subprogramme** offers services to communities in managing tree and forest resources. These include economic projects based on forestry, urban forestry, rural development projects, woodland management, and fire prevention. In addition, this subprogramme manages almost 100 community wood lots that supply firewood and building materials to communities in rural areas. A project is under way to explore the possibility of transferring these assets to community ownership and management. This subprogramme is also responsible for the management of Arbor Week, which is held each year during the first week of September. Arbor Week 2000 attracted a large number of activities and enthusiastic participation throughout the country.

The **forestry policy subprogramme** helps to create the framework for the management of all South Africa's forests. This includes the production of policy papers, support for research on various aspects of forestry, the development of criteria and indicators of sustainable forest management, and engagement in international forestry policy dialogue through the SADC, the United Nations Forest Forum and the UN Food and Agricultural Organisation (FAO). In the period under review, South Africa was elected to chair the FAO's forestry committee. This was viewed as a recognition of positive forestry developments in South Africa. In addition, this programme is responsible for stakeholder liaison and supports the work of the National Forestry Advisory Council and its committees. The council, currently chaired by Alan Dodson (chair) and Muanalo Mudau-Dyer (vice-chair), advises the Minister on all aspects of forestry.

During the period under review, a new subprogramme was established in the form of the **directorate of forestry regulation**. This is responsible for the regulation of the sector through the National Forests Act and the National Veld and Forest Fire Act, and for the management of all regulatory processes. It will also oversee the leases on commercial forests once these have been entered into.

Outputs and service delivery trends

Subprogramme	Key outputs	Service delivery indicators	Actual performance
Commercial forestry (operating under the industrial plantations trading account)	Appropriate contracts.	New contracts in place.	Twenty-seven of 29 new contracts in place.
	Timber delivery.	Timber delivered as per contracts.	Timber delivered in all cases.
		Revenue collection	Revenue increased by almost 100%
Restructuring of commercial forests	Transfer to Safcol and private agencies	Agreements signed and transfers effected	Agreements in place and implementation in progress
Indigenous forest management	Effective management of national forests.	Inventory covering all forests.	Inventory in progress. New staff and infrastructure in place, and progress made on management plans.
	Oversight of provincial forests	Management plans for all forests	New policy on participatory management in progress
Community forestry	Appropriate services to communities in forest areas	Core services agreed and plans in place	Plans in place for urban greening, rural development, forestry enterprise development, fire awareness and wood lot devolution. Policy on woodlands in progress.

Subprogramme	Key outputs	Service delivery indicators	Actual performance
Forestry policy	Policy documents.	Criteria and indicators of sustainable forest management.	Criteria and indicators in progress.
	Funding of appropriate research.	Support to National Forests Advisory Council (NFAC).	NFAC support ongoing.
	Stakeholder liaison.	Participation in international processes	Strong recognition of South Africa's participation in international processes.
	Funding of research	Research disbursements	Research disbursements completed
Forestry regulation	Forest leases.	Leases signed.	Leases submitted.
	Licensing and permit systems.	Systems in place.	Systems in progress.
	Legislative amendments and regulations.	Amendments and regulations prepared.	Amendments submitted. Regulations prepared.
	Awareness and information campaigns	Awareness campaigns in place.	Awareness campaigns in progress





Luhepu Kaheke, Five Buck, linoprint, 1998

Part 4

Annual Financial Statements

Management Report

1. General review of the state of financial affairs

	R
Total budget allocation	3 177 330 000
Total spending	3 041 195 000
Underspending	136 135 000

Expenditure per programme

Programme	1998/99	1999/2000	2000/2001	Voted amount	Variance under/(over) expenditure
	Actual expenditure	Actual expenditure	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000
1. Administration	108 245	121 049	130 035	130 769	734
2. Water resource administration	52 344	58 621	62 440	72 204	9 764
3. Water resource planning	79 276	97 684	98 664	105 238	6 574
4. Water resource development	224 499	302 935	325 655	326 609	954
5. Regional implementation	1 935 649	1 613 893	1 941 934	1 964 662	22 728
6. Integrated water resource management	49 328	68 930	77 562	85 154	7 592
7. Water services	54 027	61 809	63 084	89 946	26 862
8. Forestry	361 058	350 998	341 226	402 748	61 522
	2 864 426	2 675 919	3 040 600	3 177 330	136 730
Special functions (losses)	240	378	595		(595)
	2 864 666	2 676 297	3 041 195	3 177 330	136 135

Spending trends

The spending trend over the period 1998/99 to 2000/2001 shows a steady increase, with fluctuations carried by changes in funding arrangements for capital water services projects. In Programme 8: Forestry, the decline in actual expenditure over the period is due to the restructuring of the forestry function.

Of the eight programmes, Regional Implementation, Programme 5, dominates spending on this vote. From the total spending, an amount of R1,942 million was spent by Programme 5, which represents 63,9%.

Included in the allocation of R3 177 330 was R120 million from the poverty relief allocation which was used for the continuation of the Working for Water programme. Also included in the total allocation was an amount of R151 million for the repairs to flood-damaged infrastructure.

Financial management improvement programme:

Management utilised the early warning system in discussing the financial state of the department and in taking necessary steps to stay within the allocated budget. Findings of the Auditor-General and internal audit reports were followed up in a structured way. A systematic programme to implement the requirements of the Public Finance Management Act was followed.

2. Services rendered by the department

2.1 Tariff policy:

Introduction

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

Water uses subject to pricing

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

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

Water uses to be priced in terms of published strategy

The pricing strategy will initially cover only the following three consumptive water uses:

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

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

Allowable water uses not subject to pricing

Schedule 1 of the National Water Act states 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 conduct controlled by another authorised person.

Impact of raw water pricing strategy on different user sectors

Sector	Resource management charge	Resource development and use of water works charge	Economic charge	Phasing in of financial charges
Municipal	Full cost recovery. Basic human needs conditionally subsidised	Government Water Schemes (GWS), depreciation, return on assets (ROA); operation and maintenance (O and M). Water Management Institutions (WMIs): full cost recovery Basic human needs conditionally subsidised for supplies from GWS and Catchment Management Agencies (CMAs)	GWS excluded. Auctions. Renewable licences.	Water Resource Management (WRM) charge introduced fully after registration of water use in Water Management Area (WMA) (from 2001). Producer price index plus 10% annual increase until target development charge is achieved on GWS. Thereafter increase limited to inflation.
Industrial/ mining/ energy	Full cost recovery	GWS: depreciation; ROA; O and M. WMIs: full cost recovery.	GWS excluded. Auctions. Renewable licences.	As for the municipal sector.
Stream flow reduction activities (forestry sector and others to be declared)	Full cost recovery of allocated costs. (Costs of dam safety control and Working for Water programme not allocated to the forestry sector.)	Not applicable, except where negotiated for new development.	Auctions. Renewable licences.	Introduced after full registration of existing water use has been accomplished in a particular water management area (from 2001).
Irrigation: Commercial farmers	Full cost recovery of allocated costs. Ninety per cent subsidy on Working for Water programme for limited period.	Cost recovery initially in terms of negotiated agreement on existing GWS. Depreciation plus O and M is targeted at existing GWS and for existing development on new GWS. Full financial cost recovery for new development on GWS	Stepped tariffs on existing GWS. Auctions. Renewable licences.	Existing agreement to be maintained until March 2001. Depreciation charge to be phased in on GWS from April 2001 in terms of new agreement. WRM charge introduced after registration of water use in WMA (2001).
Irrigation: Emerging farmers	As above, but subsidised for a five-year period on GWS.	Water users' association: full financial cost recovery. O and M subsidised for a five-year period on existing and new GWS. Depreciation plus O and M is targeted at existing and new GWS. Water users' association: subsidies available on capital cost.		GWS: charges phased in on equitable basis after registration. Outside GWS: WRM charge introduced fully after registration.

2.2 Free services:

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

3. Trading activities:

The main trading activities in the vote consisting of the sale of water, which is operated in the water trading account, and the sale of wood and wood products, which is operated in the industrial plantations trading account. The total income for 2000/01 for the water trading account was R1 624,527 million and for the industrial plantations trading account it was R83,152 million.

4. Trading entities:

The department operates the following trading entities:

- 4.1 Water trading account.
- 4.2 Industrial plantations trading account.
- 4.3 Equipment trading account.

4.1 Water trading account:

The water trading account funds the implementation of catchment management activities, and manages, operates and maintains government water schemes, regional bulk water supply and water services infrastructure.

Expenditure per sub-programme of the water trading account

Programme	Actual	Voted	Variance under/(over)
	R'000	R'000	R'000
Integrated catchment management			
Integrated systems	334 720	378 243	43 523
Bulk water supply	1 192 131	1 149 834	(42 297)
Water services	299 010	312 784	13 774
	826 097	746 551	(79 546)
Total	2 651 958	2 587 412	(64 546)
Less: revenue	1 624 527	1 620 469	4 058
Deficit	1 027 431	966 943	(60 488)

4.2 Industrial plantations trading account:

The industrial plantations trading account is responsible for:

- management and lease of industrial plantations based on sound scientific and business practices;
- production of high-quality timber products through the application of correct silviculture protection and harvesting techniques;
- management and operation of treatment plants and sawmills to produce quality products; and
- management of conservation areas and state forests to the benefit of all people.

Expenditure of the industrial plantations trading account

Programme	Actual	Voted	Variance under/(over)
	R'000	R'000	R'000
Total industrial plantations trading account	301 243	268 545	(32 698)
Less: revenue	83 152	10 015	72 137
Deficit	218 091	258 530	39 439

4.3 Equipment trading account:

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

Expenditure per sub-programme of the equipment trading account

Programme	Actual	Voted	Variance under/(over)
	R'000	R'000	R'000
New equipment	32 733	23 512	9 221
Rebuilt equipment	9 822	7 892	1 930
Maintenance cost	8 297	6 145	2 152
Losses approved	386	-	386
Total	51 238	37 549	13 689
Less: revenue	46 094	32 549	(13 545)
Deficit	5 144	5 000	144

5. Public entities:

The following public entities report to the department.

Trans-Caledon Tunnel Authority

The Trans-Caledon Tunnel Authority was established in 1986 to fund all costs incurred in the water delivery component of the Lesotho Highlands Water Project. The project aims to augment water supply to the Vaal system and to generate hydro-electric power in Lesotho. The authority was directed by the department to undertake financial risk management on behalf of South Africa. The Lesotho Highlands Water Commission, on which both governments are represented, monitors the administrative, technical and financial activities of the Lesotho Highland Development Authority. Following revisions to the protocol governing the implementation of the project, new governance arrangements are being introduced to improve operational efficiency. In terms of its revised establishment agreement, the authority may be required to perform additional responsibilities in other areas. These need not be related to the Lesotho project only – the Department of Water Affairs and Forestry may require specific expertise on other projects as well. No grants are made to the authority, as it is funded from income on tariffs levied on the sale of water and other loans.

Water boards

The water boards were established as water authorities that report to the Minister of Water Affairs and Forestry. These boards manage water resources within their catchment areas and supply potable water to residents at cost-effective prices.

These Boards are as follows:

Albany Coast Water Board	Amatola Water Board	Bloem Water
Bushbuckridge Water Board	Sedibeng Water	Ikangala Water
Kalahari-East Water Board	Kalahari West Water Board	Karos-Geelkoppaan Water Board
Lepelle Northern Water	Magalies Water	Mhlathuze Water
Namakwa Water	North West Water Supply	Overberg Water
Pelladrift Water	Authority	Umgeni Water
	Rand Water	

The role and function of the Boards will be evaluated, and a reconfiguration may be proposed.

Water Research Commission

The Commission's terms of reference are to promote co-ordination, communication and co-operation in the field of water research; establish water research needs and priorities from a national perspective; fund research on a priority basis; and promote the effective transfer, dissemination and application of research findings. No grants are made to the commission, as its work is funded by a levy on water users.

Financial arrangements

Water boards

Control measures are included in Chapters 6 and Schedule 1 of the Water Services Act, 1997 (Act no. 108 of 1997). Further financial arrangements are governed by Chapters 24 – 33 of the Treasury Regulations.

Water Research Commission

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

6. Other entities

Komati River Basin Water Authority

The Komati River Basin Development Project is a joint development between South Africa and Swaziland in terms of the treaty on the development and utilisation of the water resources of the Komati River basin, ratified in 1992. The purpose of the project is to promote rural development and alleviate poverty in the lower Komati Valley by increasing the productivity of the land through irrigated agriculture. In terms of the treaty, a special purpose vehicle, the Komati Basin Water Authority is the executive body charged with managing and financing the project. The main focus of the project is the construction of the Driekoppies Dam, which is already completed, and the Maguga Dam in Swaziland, to be operational by November 2001 and completed by February 2002.

National Forest Recreation and Access Trust

The object of the Trust is to promote access to and the use of forests for recreation, education, culture or spiritual fulfilment. In terms of section 41(2) of the National Forests Act, no. 84 of 1998, the Minister is the sole trustee of the Trust. The only source of revenue is interest earned on a investment at the Corporation for Public Deposits.

7. Risk management and fraud prevention

The Directorate: Internal Audit was established in the latter part of 1998.

In March 1999 two firms of external auditors were appointed to assist the internal audit directorate in identifying critical risk areas which may have an impact on the business objectives and activities of the department, should these not be adequately and effectively controlled.

A three-year audit coverage plan focusing on 17 high-risk areas was designed for implementation by the internal auditors.

The scoping of the internal audit coverage was designed to ensure that areas where risk is highly likely to occur and which will have a high impact on the business, are audited within this three-year cycle.

The first audit commenced on July 1 1999, and since then by March 31 2001, the audit of eight focus areas had been completed. Because of a lack of staffing in the internal audit directorate, progress has been slower than anticipated.

8. Discontinued activities/activities to be discontinued

Certain water services infrastructure and its operation are to be transferred to local government or irrigated water services providers in terms of a programme to be agreed. Certain portions of commercial forestry are to be transferred to Safcol or private operators.

Approval

The attached annual financial statements have been approved by the accounting officer.



A.M. MULLER
DIRECTOR-GENERAL



Report of the Auditor-General on the financial statements of Vote 34 – Water Affairs and Forestry for the year ended 31 March 2001

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 75 to 87, for the year ended 31 March 2001, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements and the compliance with relevant laws and regulations, applicable to financial matters, based on the audit.

2. REGULARITY AUDIT

2.1 Nature and scope

2.1.1 Financial audit

The audit was conducted in accordance with generally accepted government auditing standards which incorporate generally accepted auditing standards. These standards require the audit to be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

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

Due to the nature of the prescribed accounting practice, the audit was performed within a financial reporting framework which does not at this stage necessarily result in a fair presentation of the results of operations, financial position and cash flows for any financial period.

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

2.1.2 Compliance audit

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

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

2.2 Qualification

2.2.1 Financial audit

Recoverability of debts

Included under debtors in note 3 to the balance sheet is an amount of R12 311 000 in respect of debts older than two years. During the audit, debts older than three years amounting to R7 728 153 were identified. In terms of the Prescription Act, 1969 (Act No. 68 of 1969) debts older than three years may no longer be enforceable if the debtor cites this prescribed period in his or her defense, and may thus not be recoverable. The debtors of the department may therefore be overstated.

These debts relate to amounts owed by ex-staff members, overpayments to suppliers, dishonoured cheques and warrant vouchers paid but not allocated to expenditure.

2.3 Audit opinion

2.3.1 Qualified opinion: Financial audit

In my opinion, except for the effect on the financial statements of the matter referred to in paragraph 2.2.1, the financial statements fairly present, in all material respects, the financial position of the Department of Water Affairs and Forestry at 31 March 2001 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

2.3.2 Unqualified opinion: Compliance audit

Based on the audit work performed, nothing has come to my attention that causes me to believe that material non-compliance with laws and regulations, applicable to financial matters, has occurred.

3. EMPHASIS OF MATTER

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

3.1 Irregular expenditure

The following irregular expenditure incurred by the department was not included in note 1 to the balance sheet.

	R
Payments made to consultants who are not included in the consultant database as required by tender board regulations	424 992
Payments on expired contracts which were not renewed	150 675
	<u>575 667</u>

3.2 Inclusion of travel claims on IRP 5 certificates

Amounts paid for travel claims to employees who are not on the motor finance scheme for senior officials and who do not participate in the subsidised motor scheme are not included in IRP 5 certificates as required in terms of PAYE regulations.

3.3 Overtime

The department regularly paid overtime compensation exceeding 30 % of employees' monthly salaries and has therefore not complied with chapter 1, part V(D)2(d) of the Public Service Regulations 2001 in terms of which overtime compensation should not exceed 30% of an employee's monthly salary, except in exceptional circumstances.

3.4 Joint paymaster-general account

As mentioned in paragraph 3.4 on page 3 of the previous report [RP 144/2000], the department still shares a bank account and warrant voucher series with the Water Trading Account, the Industrial Plantations Trading Account, the Equipment Account and the National Forest Recreation and Access Trust. This practice hampers control over, and administration of, the accounting system that applies to the various entities. Separate paymaster-general accounts were opened subsequent to year-end for the Water Trading Account and the Equipment Account. No separate account is to be opened for the Industrial Plantations Trading Account due to the restructuring of the forest assets or for the National Forest Recreation and Access Trust.

3.5 Internal audit directorate

A significant number of posts in the internal audit directorate were vacant for the full year under review. In order to resource the audit function in the short term, the audit committee has indicated that it will outsource some of the areas of coverage. The vacant positions were also reported in paragraph 3.5 on page 3 of the previous report [RP 144/2000].

Limited reliance was placed on the internal audit work as a result of the low audit coverage achieved.

3.6 Internal control

During the audit, certain shortcomings in the internal control system were highlighted and included the following:

- Incorrect allocation of VAT.
- Insufficient supporting documents for journal entries.
- Employees older than 65 years remained in the public service without approval.

3.7 Financial management

Section 40(1)(c)(i) of the PFMA requires financial statements to be submitted to the Auditor-General within two months (by 31 May) after the end of the financial year. The financial statements were signed by the accounting officer on 11 June 2001 and submitted for audit purposes on 12 June 2001. These financial statements required changes in order to be acceptable for audit purposes and were handed back to the accounting officer to effect those changes. The corrected financial statements were signed by the accounting officer on 24 July 2001 and resubmitted for audit purposes on 24 July 2001. The resubmission date was recognised as the submission date. Therefore this is considered to be a late submission and technically non-compliance with the requirements of the PFMA.

3.8 Computer audit of the network security and system controls

The network connectivity of the Department of Water Affairs and Forestry (DWAF) is provided by the State Information Technology Agency (SITA). The processing facilities of the DWAF head office consist of a number of servers operating on various platforms, including Microsoft, Novell, and Unix platforms. SITA is responsible for providing infrastructure to link various government departments across the country. This networking infrastructure comprises communication links, such as Telkom data lines, devices, such as routers to direct the data flow across those communication links, and various security mechanisms to maintain control over the data flow between the various departments connected.

A computer audit of the network security and system controls was completed in July 2001. The audit indicated that settings in the internal network environment were not set adequately and were therefore vulnerable to abuse by knowledgeable internal network users.

4. APPRECIATION

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



S A FAKIE
Auditor-General
Pretoria
3/09/2001

Statement of Accounting Policies and Related Matters

for the year ended March 31 2001

1 Basis of accounting

The financial statements have been, unless otherwise indicated, prepared on the historical cost basis in accordance with the under-mentioned policies, which have been applied consistently in all material respects.

1.1 Underlying assumptions

The financial statements have been prepared on the cash basis of accounting, except where stated otherwise. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid. This basis of accounting measures financial results for a period as the difference between cash receipts and cash payments.

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 (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999) and the Treasury Regulations for departments and constitutional institutions issued in terms of the Act.

The statements have been prepared on the historical cost basis and reliance is placed upon the fact that the department is a going concern.

1.2 Revenue

Revenue of the state and/or departmental receipts are paid over to the principal receivers of revenue. Unexpended voted funds are surrendered to the National Revenue Fund.

1.3 Expenditure

The income statement includes both current and capital expenditure. Unauthorised expenditure is not accounted for as expenditure until such expenditure is either authorised by Parliament, recovered from a third party, or funded from the following year's appropriation.

1.4 Assets

Physical assets (fixed assets, movable assets and inventories) are written off in full when they are paid for and are accounted for as expenditure in the income statement. The balance sheet, therefore, excludes physical assets unless stated otherwise.

1.5 Receivables and payables

Receivables and payables are not normally recognised under the cash basis of accounting. However, receivables and payables included in the balance sheet arise from cash payments, which are recoverable, and cash receipts, which are due to either the National Revenue Fund or another party.

2 Comparative figures

The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting in terms of the Public Finance Management Act.

3 Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised, irregular, and fruitless and wasteful expenditure is treated as a current asset in the balance sheet until such expenditure is either recovered, authorised by Parliament, or set off against future voted funds.

4 Debt write-off policy

Debt is written off in accordance with the Treasury Regulations and the PFMA, as well as according to departmental rules.

Income Statement

for the year ended March 31 2001

(all figures R 000 unless otherwise indicated)

Income					
Previous year Actual		Note	Actual	Current year Voted amount	Variance over/(under) collection
R 000			R 000	R 000	R 000
2 815 254	Voted funds		3 177 330	3 177 330	-
98 166	Other receipts	1	68 173	-	68 173
<u>2 913 420</u>	Total income		<u>3 245 503</u>	<u>3 177 330</u>	<u>68 173</u>
Expenditure					
2 676 297	Expenditure for the year		3 041 195	3 177 330	136 135
66 352	Income transferred to revenue		38 954	-	(38 954)
<u>170 771</u>	Net surplus for the year		<u>165 354</u>	<u>-</u>	<u>97 181</u>
Analysis of surplus to be surrendered					
31 814	Income transferable to revenue fund	2	29 219		
138 957	Voted funds to be surrendered to revenue fund		136 135		
<u>170 771</u>			<u>165 354</u>		
Expenditure per programme					
121 049	Programme 1: Administration	3	130 035	130 769	734
58 621	Programme 2: Water resource assessment		62 440	72 204	9 764
97 684	Programme 3: Water resource planning		98 664	105 238	6 574
302 935	Programme 4: Water resource development		325 655	326 609	954
1 613 893	Programme 5: Regional implementation		1 941 934	1 964 662	22 728
68 930	Programme 6: Integrated water resource management		77 562	85 154	7 592
61 809	Programme 7: Water services		63 084	89 946	26 862
350 998	Programme 8: Forestry		341 226	402 748	61 522
2 675 919			3 040 600	3 177 330	136 730
378	Special functions (losses)		595	-	(595)
<u>2 676 297</u>	Total		<u>3 041 195</u>	<u>3 177 330</u>	<u>136 135</u>
Expenditure per standard item					
304 533	Personnel expenditure		378 516	419 221	40 705
96 176	Administrative expenditure		123 805	101 410	(22 395)
66 090	Inventories		72 129	73 519	1 390
60 615	Equipment	4	58 938	60 844	1 906
3 732	Land and buildings	5	7 778	14 652	6 874
946 989	Professional and special services	6	996 942	1 098 091	101 149
1 193 175	Transfer payments	7	1 399 113	1 403 258	4 145
4 987	Miscellaneous	8	3 974	6 335	2 361
<u>2 676 297</u>			<u>3 041 195</u>	<u>3 177 330</u>	<u>136 135</u>
Economic classification of expenditure					
				current year % of total	
997 475	Capital expenditure		1 066 962	35.08	
485 646	Current expenditure		575 120	18.91	
909 032	Capital transfers		1 177 122	38.71	
284 144	Current transfers		221 991	7.30	
<u>2 676 297</u>	Total		<u>3 041 195</u>	<u>100%</u>	

Notes to the Income Statement

for the year ended March 31 2001

(all figures R 000 unless otherwise indicated)

1 Other receipts

Description	Actual	Voted amount	Variance over/(under) collection
Refund of state loans	8 383	-	8 383
Loan debt: subsidised transport	9 763	-	9 763
Deferred interest	859	-	859
Current interest	27 317	-	27 317
Late interest	12	-	12
Miscellaneous interest	417	-	417
Lease of huts	221	-	221
Selling of maps	3	-	3
Household and Industry: Farmers and other	58	-	58
Internal round wood	2 302	-	2 302
Internal worked wood	227	-	227
Ferns	82	-	82
Plantation revenue other products	9	-	9
Plants and seedlings	331	-	331
Seed	90	-	90
Softwood, roundwood and sawtimber	693	-	693
Electricity	249	-	249
Insurance companies	2 281	-	2 281
Water Research Commission	396	-	396
Equipment rental	6 546	-	6 546
Accommodation	960	-	960
Sanitation and refuse removal	447	-	447
Repay previous year's income	3 590	-	3 590
Cancelled warrant vouchers	987	-	987
Miscellaneous	1 488	-	1 488
Pamphlets and publications	19	-	19
Camping	437	-	437
Other	6	-	6
Totals	68 173	-	68 173

1.1

Gifts, donations and sponsorship received in kind excluding RDP funds (value not included above)

Received from DFID – UK
(Department for International Development – United Kingdom)

Purpose	Value
(a) Restructuring of the forest of the former administrations.	5 284
(b) Programme management water sector support unit.	5 000
(c) Institutional transformation.	4 000
(d) Human resource activities.	1 500
(e) Capacity-building and institutional development.	2 000
(f) Sanitation – staff support, policy development and pilot projects.	3 000
(g) Strategic environmental assessment project.	1 500
(h) Miscellaneous.	1 000
	<u>23 284</u>

2 Income transferable to Revenue Fund

Description	Actual
Revenue transfers in respect of previous year	<u>31 814</u>
Revenue transfers in respect of current year	38 954
Current year revenue transfers outstanding	29 219
Total (to agree with income statement)	<u>68 173</u>

3 Expenses per programme and explanation of material differences

	Actual	Voted	Variance	% of exp
Programme 1: Administration	130 035	130 769	734	.56
Sub programme: Minister	666	518	(148)	
Sub programme: Management	9 587	7 961	(1 626)	
Sub programme: Corporate services	119 782	122 290	2 508	
Programme 2: Water resource assessment	62 440	72 204	9 764	13.52
Sub programme: Management	584	519	(65)	
Sub programme: Hydrology	17 599	18 740	1 141	
Sub programme: Geohydrology	10 704	14 466	3 762	
Sub programme: Water quality services	19 250	19 545	295	
Sub programme: Geomatics	10 076	13 403	3 327	
Sub programme: Social and ecological studies	4 227	5 531	1 304	
Programme 3: Water resource planning	98 664	105 238	6 574	6.25
Sub programme: Management	538	630	92	
Sub programme: Strategic planning	3 096	6 210	3 114	
Sub programme: Planning of water resources	35 817	37 004	1 187	
Sub programme: Information services	59 213	61 394	2 181	
Programme 4: Water resource development	325 655	326 609	954	.29
Sub programme: Management	874	973	99	
Sub programme: Construction of projects	217 190	217 270	80	
Sub programme: Civil design	18 302	18 525	223	
Sub programme: Mechanical/electrical engineering	18 327	18 581	254	
Sub programme: Dam safety control	1 420	1 807	387	
Sub programme: Welfare and recreation	49	52	3	
Sub programme: Capital augmentation	5 000	5 000	-	
Sub programme: International projects	64 493	64 401	(92)	
Programme 5: Regional implementation	1 941 934	1 964 662	22 728	1.16
Sub programme: Management	36 743	35 875	(868)	
Sub programme: Regional co-ordination	3 226	4 495	1 269	
Sub programme: Survey services	10 883	12 804	1 921	
Sub programme: Hydrometry	62 666	67 178	4 512	
Sub programme: Water drilling services	21 491	21 673	182	
Sub programme: Geotechnical drilling services	6 548	6 832	284	
Sub programme: Geotechnical services	10 889	13 124	2 235	
Sub programme: Advisory services	3 845	5 054	1 209	
Sub programme: Regional water services planning	22 463	25 689	3 226	
Sub programme: Implementation of water services projects	725 278	730 151	4 873	
Sub programme: Sustainable development and management	10 471	13 844	3 373	
Sub programme: Operations of water resources	1 027 431	1 027 943	512	
Programme 6: Integrated water resource management	77 562	85 154	7 592	8.92
Sub programme: Management	694	642	(52)	
Sub programme: Water quality management	16 360	21 548	5 188	
Sub programme: Catchment management	19 138	20 417	1 279	
Sub programme: Water utilisation	32 606	34 079	1 473	
Sub programme: Water conservation	8 764	8 468	(296)	
Programme 7: Water services	63 084	89 946	26 862	29.86
Sub programme: Management	2 390	3 181	791	
Sub programme: Macro-planning and information systems support	20 499	31 423	10 924	
Sub programme: Intervention and operations support	6 783	8 027	1 244	
Sub programme: Local institutional development support	22 600	34 097	11 497	
Sub programme: Project development support	10 130	11 157	1 027	
Sub programme: Policy co-ordination and communication support	682	2 061	1 379	
Programme 8: Forestry	341 226	402 748	61 522	15.28
Sub programme: Management	564	419	(145)	
Sub programme: Forestry policy	7 764	10 671	2 907	
Sub programme: Conservation forestry	33 174	59 954	26 780	
Sub programme: Community forestry	81 180	72 247	(8 933)	
Sub programme: Administrative support services	453	927	474	
Sub programme: Augmentation of industrial plantations trading account	218 091	258 530	40 439	
Special functions (losses)	595	-	(595)	
Total	3 041 195	3 177 330	136 135	

Explanation of material differences

Programme 1: Administration

The underspending can mainly be ascribed to the following:

- late filling of vacant posts, as well as the long process of advertising, shortlisting and interviewing the candidates; and
- due to problems experienced with the implementation of the Logis System various orders were placed late and therefore delivery could not be made timely.

Programme 2: Water resource assessment

The underspending can mainly be ascribed to the following:

- late filing of vacant posts, as well as the long process of filling vacant posts, shortlisting, interviewing and finding suitable candidates; and
- various consultants were appointed late in the financial year.

Programme 3: Water resource planning

This underspending can mainly be ascribed to the late appointment of consultants.

Programme 4: Water resource development

This underspending can mainly be ascribed to a delay in the acquisition of land.

Programme 5: Regional implementation

The underspending can mainly be ascribed to the following:

- late filing of vacant posts, as well as the long process of filling vacant posts, shortlisting, interviewing and finding suitable candidates; and
- various consultants were appointed late in the financial year.

Programme 6: Integrated water resource management

This underspending can mainly be ascribed to problems experienced in finding suitable candidates, as well as the late appointment of consultants.

Programme 7: Water services

This underspending can mainly be ascribed to problems experienced in finding suitable candidates, as well as the late appointment of consultants. The additional funds received for flood damages could not be spent before the end of the financial year.

Programme 8: Forestry

This underspending can mainly be ascribed to the forestry function that was not transferred as anticipated.

4 Equipment

Description	Actual
Capital	58 938
Total	58 938

5 Land and buildings

Description	Actual
Current expenses	976
Capital expenses	6 802
Total	7 778

6 Professional and special services

Description	Actual
Auditors' remuneration	3 036
Contractors	208 761
Consultants and advisory services	712 094
Other	73 051
Total	996 942

7 Transfer payments

Transferee	Purpose	Actual	Voted amount	Variance Under/(over) expenditure
Equipment trading account	Capital augmentation	5 000	5000	-
Kobwa	Subsidising the servicing of loans	63 163	63 164	1
Lepelle Water	Grants: capital infrastructure	46 000	46 000	-
Water Trading Account	Augmentation of trading deficit	1 027 432	1 027 913	481
Irrigation Boards				
Koekedow (Ceres)	Subsidising capital works	7 139	7 139	-
Great Fish River (Tarka River)	Guarantee obligations	2 373	2 373	-
Kalahari East Water Board	Guarantee obligations	10 756	10 756	-
Lotow	Subsidising capital works	1 200	1 200	-
Various local governments	Subsidising capital works	2 901	1 153	(1 748)
Various irrigations boards	Flood damage subsidy	11 158	22 000	10 842
Bushbuckridge Water Board	Establishing operations sec 64(1) of Water Services Act 1997 (Act 108 of 1997)	1 400	1 400	-
Ikangala Water Board	Establishing operations sec 64(1) of Water Services Act 1997 (Act 108 of 1997)	2 500	2 600	100
Industrial plantations trading account	Augmentation of trading deficit	218 091	258 330	40 239
		1 399 113	1 449 028	49 915

7.1. All transfer payments made by the department during the 2000/01 financial year were done in accordance with Treasury Regulation 8.5.2 and complied with the requirements of Section 38 (1) (j) of the Public Finance Management Act (Act 1 of 1999).

8 Miscellaneous expenditure

Description	Actual
Stabilisation fund	2 655
Other material losses written off	166
Debts written off	429
Remissions, refunds and payments made as an act of grace	56
Other	668
Total	3 974

8.1 Other material losses written off

Nature of loss	Cause of loss	Amount
Vehicle accidents	Officials cannot be held responsible	165 766.27

8.2 Debts written off

Category of debt	Reason	Amount
Salary overpayments (117 cases)	Debtors not traceable	388 679.94
Tax debt (43 cases)	Debtors not traceable	10 622.27
Study debt (4 cases)	Debtors not traceable	11 794.76
State guarantees (5 cases)	Debtors not traceable	8 861.83
Other (107 cases)	Debtors not traceable	9 680.26
Total		429 639.06

8.3	Remissions, refunds and payments made as an act of grace		
	Beneficiary	Reason for payment	Amount
	SI Phiri	Loss of personal belongings	5 105.00
	PN Phoswa	Loss of personal belongings	7 360.50
	L Ngjedle	Loss of personal belongings	7 448.22
	PO Ndjeka	Loss of personal belongings	2 860.00
	BDS Attorneys	Claim for collision	15 000.00
	CGU Insurance	Claim for collision	10 278.00
	Truter James, De Ridder	Claim for collision	8 150.91
	Total		<u>56 202.63</u>
8.4	Gifts, donations and sponsorships made in kind		
	Made to	Purpose	Amount
	Zulu King	Gift	1 643.88
	Algerian ministers	Gift	516.00
	Algerian minister	Gift	780.00
	Algerian officials	Gift	75.00
	Algerian minister	Gift	385.00
	Algerian official	Gift	156.00
	Algerian official	Gift	72.00
	Algerian official	Gift	34.00
	Total		<u>3 661.88</u>

Cash Flow Statement

for the year ended March 31 2001

	Note	(all figures R 000 unless otherwise indicated) Amount
Cash flows from operating activities		
Net cash flow from operating activities excluding capital items	1	1 232 316
Cash flows from investing activities		(1 066 962)
Purchase of plant and equipment		(65 740)
Capital projects		(1 001 222)
Net cash flows from operating and investing activities		165 354
Cash flows from financing activities		(252 501)
Movements on receivables, pre-payments, advances, payables and provisions	2	(252 501)
Net decrease in cash and cash equivalents		(87 147)
Cash and cash equivalents at beginning of period	3	93 364
Cash and cash equivalents at end of period	4	6 217



Mike Muller
Director-General: Water Affairs and Forestry,
Accounting Officer.

Department of Water Affairs and Forestry,
Pretoria
24/07/01

Notes to the Cash Flow Statement

for the year ended March 31 2001

1 Net cash flow from operating activities excluding capital items

	(all figures R 000 unless otherwise indicated)
Net surplus as per income statement	165 354
Add to net surplus:	
Purchase of capital items	65 740
Capital projects	1 001 222
Net cash flow from operating activities excluding capital items	<u>1 232 316</u>

2. Movements on receivables, pre-payments, advances, payables and provisions

Finance required to increase receivables/decrease payables	(291 099)
Finance generated by increases payables/decreases receivables	38 598
Net funds required to finance receivables and payables	<u>(252 501)</u>

3. Cash and cash equivalents beginning of period

Paymaster-general account	87 342
Cash in transit	3 992
Cash on hand	70
Short-term investments	1 960
Total	<u>93 364</u>

4. Cash and cash equivalents end of period

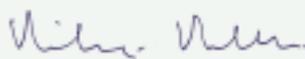
Paymaster-general account	(16 639)
Cash in transit	20 631
Cash on hand	77
Short-term investments	2 148
Total	<u>6 217</u>

Balance Sheet

as at March 31 2001

(all figures R 000 unless otherwise indicated)

Previous year		Current year
	ASSETS	Note
	Current assets	
190 902		197 091
2 544	Unauthorised, irregular, and fruitless and wasteful expenditure	2 544
93 364	Cash and cash equivalents	6 217
47 430	Receivables	52 660
47 564	Pre-payments and advances	135 670
	Non-current assets	
114 189		126 218
114 189	Other financial assets	126 218
305 091	Total assets	323 309
	LIABILITIES	
	Current liabilities	
187 983		199 270
31 814	Revenue to be surrendered	29 219
138 963	Voted funds to be surrendered	136 135
11 516	Payables	29 120
5 690	Provisions	4 796
	Non-current liabilities	
117 108		124 039
117 108	Provisions	124 039
305 091	Total liabilities	323 309



Mike Muller

Director-General: Water Affairs and Forestry,
Accounting Officer.

Department of Water Affairs and Forestry,
Pretoria
24/07/01

Notes to the Balance Sheet

as at March 31 2001

(all figures R 000 unless otherwise indicated)

1. Unauthorised, irregular, and fruitless and wasteful expenditure

1.1	Unauthorised expenditure in respect of previous years not yet approved		
	Year	Incident	Amount disallowed
	1996/97	Tender procedures not followed	618
	1997/98	Tender procedures not followed	1 838
	1998/99	Tender procedures not followed	82
	1999/00	Tender procedures not followed	6
		Sub-total	<u>2 544</u>
		Total all unauthorised, irregular, and fruitless and wasteful expenditure	<u>2 544</u>

2. Cash and cash equivalents

	Previous year	Description	Current year
	Amount		Amount
	87 342	Paymaster-general account	(16 639)
	3 992	Cash in transit	20 631
	70	Cash on hand	77
	1 960	Short-term investments	2 148
	<u>93 364</u>	Total	<u>6 217</u>

2.1		Paymaster-general account	
	84 642	Balance as per national accounting office	143 678
	134 492	Add: Outstanding deposits	46 913
	<u>219 134</u>	Sub-total	<u>190 591</u>
	(131 792)	Deduct: claims payable: national treasury	(207 230)
	(131 354)	Orders payable	(9 822)
	(12)	PMG adjustment account	432
	(426)	Electronic funds payable ACB control account	(197 840)
	<u>87 342</u>	Balance above	<u>(16 639)</u>

3. Receivables – current

	6 786	Trade debtors	4 731
	6 942	Staff debts	9 435
	33 702	Other loans and debts	38 494
	<u>47 430</u>	Total	<u>52 660</u>

3.1		Age analysis	
	30 026	Less than one year	19 056
	2 679	One to two years	21 293
	14 725	More than two years	12 311
	<u>47 430</u>	Total	<u>52 660</u>

Current assets

4. Pre-payments and advances

		Nature of prepayments/advances	
	9 559	TI S2.2.2 (VAT)	24 280
	200	Advances: Other departments	3 050
	–	Advances: Implementing agents	1 203
	1 334	Advances: Invasive alien plants	–
	–	Advances: Other institutions	1 518
	2 769	Subsistence and transport	2 619
	–	TCTA: Ash river	20 083
	33 702	RDP projects	82 917
	<u>47 564</u>	Total	<u>135 670</u>

5. Other financial assets		
Previous year Amount	Description	Current year Amount
114 189	Equipment account: stock on hand	126 128
<u>114 189</u>	Total	<u>126 128</u>
Current liabilities		
6. Payables		
(109)	Claims payable	-
(1 478)	Salaries and deductions	(1 180)
(3 025)	Recoverable revenue	(5 114)
-	TCTA advances	(17 181)
(1 964)	Revenue: water research fund	(4 592)
(4 940)	Other	(1 053)
<u>(11 516)</u>	Total	<u>(29 120)</u>
7. Provisions		
	Purpose of provision	
(3 708)	Equipment: paid and not received	(2 503)
(119)	Mess suspense	(242)
(194)	National Forest Recreation and Access Trust: income	(188)
(1 669)	National Forest Recreation and Access Trust: general account	(1 863)
<u>(5 690)</u>	Total	<u>(4 796)</u>
8. Provisions non-current		
	Purpose of provision	
(114 717)	Equipment account: funds available	(116 304)
(2 391)	Equipment account: rental account	(7 735)
<u>(117 108)</u>	Total	<u>(124 039)</u>
9. Contingent liabilities		
9 313	Housing guarantees	10 170
10 668 351	Financial guarantees	12 640 629
<u>10 677 664</u>	Total	<u>12 650 799</u>
10. Capital commitments		
<u>2 186 129</u>	Approved and contracted for	<u>1 947 899</u>

Statement of Foreign Aid – Assistance Received:

March 31 2001

(all figures R 000 unless otherwise indicated)

Source of funds	Intended use	Amount received	Amount spent	Balance unspent/ (overspent)
Denmark	Community water supply and sanitation	1 803	652	1 151
	Inkomati basin studies	695	695	–
European Union	Community water supply and sanitation	–	81 246	(81 246)
Finland	Working for Water	1 164	2 937	(1 773)
Netherlands	Human resource development analysis	300	275	25
	Emergency help for flooding	283	253	30
	Community water supply and sanitation	–	5 332	(5 332)
Norway	Sustainable development of groundwater resources	3 000	2 432	568
Republic of China	Community forestry	3 200	–	3 200
United Kingdom	Water services	–	886	(886)
Impuelelo Award	Working for Water	60	–	60
United States Treasury	Working for Water	122	122	–
Total		10 627	94 830	(84 203)
Amounts transferred from the RDP Fund to the Department respect of the above projects subsequent to year-end				62 044
Amounts paid into the RDP Fund not yet transferred to the Department				22 574
Total				84 618

Value received in kind

Source of Foreign aid	Intended use	Value
DFID – UK (Department for International Development, United Kingdom)	(a) Restructuring of the forests of the former administrations	5 284
	(b) Programme management water sector support unit	5 000
	(c) Institutional transformation	4 000
	(d) Human resources activities	1 500
	(e) Capacity-building and institutional development	2 000
	(f) Sanitation – staff support, policy development and pilot projects	3 000
	(g) Strategic environmental assessment project	1 500
	(h) Miscellaneous	1 000
Total		23 284

Pending applications for assistance

Source of Assistance	Intended Use	Amount
1. Netherlands	Interim institutional support to local government	9 000
2. Denmark (DANCED)	Establishment of a water conservation and water demand management project development facility	10 000
3. Japan	Rural water supply – Eastern Cape (over two years)	91 229
4. Ireland Aid	Water and sanitation (over two years)	46 000
5. European Union	Water services (Masibambane programme) (over three years)	500 000
6. French Government	Expansion of National Community Water Supply and Sanitation Training Institute (over three years)	5 000
7. Denmark (DANCED)	Support for capacity development in participatory forest management (over three years)	15 570
Total		676 799



Report of the Auditor-General on the financial statements of the Water Trading Account for the year ended 31 March 2001

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 90 and 91, for the year ended 31 March 2001, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements and the compliance with relevant laws and regulations, applicable to financial matters, based on the audit.

2. REGULARITY AUDIT

2.1 Nature and scope

2.1.1 Financial audit

The audit was conducted in accordance with generally accepted government auditing standards which incorporate generally accepted auditing standards. These standards require the audit to be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

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

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

2.1.2 Compliance audit

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

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

2.2 Qualification

2.2.1 Financial audit

(a) Basis of preparing annual financial statements

Paragraph 18.4.1 of the treasury regulations read together with section 40 (1)(b) of the Public Finance Management Act (PFMA) require the financial statements of the Water Trading Account to conform with Statements of Generally Accepted Accounting Practice. This requirement has not been met as these statements are prepared on a cash basis and do not encompass accrual accounting or capitalisation and depreciation of property, plant and equipment.

(b) Revenue

At the department's Northern Province Regional Office, revenue collections from 11 out of 12 local councils of the Northern district have not been received since 1997.

2.2.2 Compliance audit

The Water Authorisation and Registration Management System (WARMS) which is intended to control bulk consumers, is still being developed, which leaves the department without an implemented computerised revenue and

debtors management system. The current manual systems which are used to control revenue and debtors do not facilitate the taking of effective and appropriate steps for the collection of all monies as required by paragraph 11.2 of the treasury regulations.

2.3 Qualified audit opinion

2.3.1 Financial audit

In my opinion, because of the effect on the financial statements of the matters referred to in paragraph 2.2.1, the financial statements do not fairly present, in all material respects, the financial position of the Water Trading Account at 31 March 2001 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

2.3.2 Compliance audit

Based on the audit work performed, except for the matter referred to in paragraph 2.2.2, nothing has come to my attention that causes me to believe that material non-compliance with laws and regulations, applicable to financial matters, has occurred.

3. EMPHASIS OF MATTER

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

3.1 Water research levy

The incorrect handling of VAT which had been reported in paragraph 3.1 on page 23 of the previous report [RP 144/2000], was rectified during July 2000. The department is, however, still investigating the extent of this overpayment.

3.2 Allocation of value-added tax (VAT)

With reference to paragraph 3.3 on page 24 of the previous report [RP 144/2000], the allocation of input VAT on zero-rated and vatable items was still not applied consistently, resulting in incorrect amounts being claimed.

4. APPRECIATION

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

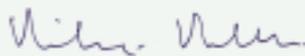


S A FAKIE
Auditor-General
Pretoria
3/09/2001

Income statement

for the year ended March 31 2001

	2000/01 R 000	99/2000 R 000
Income	1 624 527	1 559 727
Sale of water:		
Irrigation	78 065	77 160
Household and industrial	1 506 694	1 463 049
Other	39 768	19 518
Less: Expenditure	2 651 958	2 399 011
Integrated catchment management	334 720	242 133
Integrated systems	1 192 106	1 138 771
Bulk water supply	299 010	290 853
Water services	826 122	727 254
Loss	(1 027 431)	(839 284)



Mike Muller

Director-General: Water Affairs and Forestry,
Accounting Officer.

Department of Water Affairs and Forestry,
Pretoria
24/07/01

Cash flow statement

for the year ended March 31 2001

	2000/01 R	99/2000 R
Cash received	1 624 527	1 559 727
Cash paid to suppliers	(2 627 829)	(2 374 724)
Cash generated by operations	(1 003 302)	(814 997)
Purchase of capital items	(24 129)	(24 287)
Net cash flow from investing activities	(24 129)	(24 287)
Capital augmentation	1 027 431	839 284
Net cash inflow from financing activities	1 027 431	839 284
Net increase/decrease in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

Notes to the cash flow statement

For the year ended March 31 2001

	R	R
1 Cash generated by operations		
Net loss as per income statement	(1 027 431)	(839 284)
Deduct from net loss:		
Purchase of capital items	24 129	24 287
Cash generated by operations	<u>(1 003 302)</u>	<u>(814 997)</u>

Notes to the financial statements

1. Accounting policy

The financial statements have been compiled on the historical cost basis, in accordance with the following accounting policy, which is consistent with that of previous years, unless stated otherwise.

1.1 Acknowledgement of income

Income and expenditure are acknowledged on the cash basis.

1.2 Surplus or loss

At the end of the financial year any surplus is paid into the departmental revenue account for payment to Revenue. Any loss is normally made good from the vote.

Statement of changes in equity

for the year ended March 31 2001

	Capital augmentation R	Accumulated loss R	Total R
Balance April 1 2000	-	-	-
Net loss for the year	-	(1 027 431)	(1 027 431)
Capital augmentation	1 027 431	-	1 027 431
	<u>1 027 431</u>	<u>(1 027 431)</u>	<u>-</u>



Report of the Auditor-General on the financial statements of Industrial Plantations Trading Account for the year ended 31 March 2001

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 94 to 95, for the year ended 31 March 2001, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements and the compliance with relevant laws and regulations, applicable to financial matters, based on the audit.

2. REGULARITY AUDIT

2.1 Nature and scope

2.1.1 Financial audit

The audit was conducted in accordance with generally accepted government auditing standards which incorporate generally accepted auditing standards. These standards require the audit to be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

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

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

2.1.2 Compliance audit

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

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

2.2 Qualification

2.2.1 Financial audit

Basis of preparing annual financial statements

Paragraph 18.4.1 of the treasury regulations read together with section 40 (1)(b) of the Public Finance Management Act (PFMA) require the financial statements of the Industrial Plantations Trading Account to conform with Statements of Generally Accepted Accounting Practice. This requirement has not been met as these statements are prepared on a cash basis and do not encompass accrual accounting or capitalisation and depreciation of property, plant and equipment.

2.2.2 Compliance audit

The department had not implemented a computerised revenue and debtors management system. The current manual systems which are used to control revenue and debtors do not facilitate the taking of effective and appropriate steps for the collection of all monies as required by paragraph 11.2 of the treasury regulations.

2.3 Qualified audit opinion

2.3.1 Financial audit

In my opinion, because of the effect on the financial statements of the matter referred to in paragraph 2.2.1, the financial statements do not fairly present, in all material respects, the financial position of the Industrial Plantations Trading Account at 31 March 2001 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

2.3.2 Compliance audit

Based on the audit work performed, except for the matter referred to in paragraph 2.2.2, nothing has come to my attention that causes me to believe that material non-compliance with laws and regulations, applicable to financial matters, has occurred.

3. EMPHASIS OF MATTER

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

3.1 Allocation of value-added tax (VAT)

The allocation of input VAT on zero-rated and vatable items was not applied consistently, resulting in too little input VAT being claimed.

3.2 Disposal of government forests

The department, with the assistance of the Department of Public Enterprises, is in the process of finalising the sale transaction agreement, which will ensure the transfer of the forestry operations from the department to new entities. This process had not been finalised due to delays related to the bidding process.

4. APPRECIATION

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



S A FAKIE
Auditor-General
Pretoria
3/09/2001

Income statement

for the year ended March 31 2001

	2000/01 R	99/2000 R
Income	83 152	79 531
Sale of wood		
Sawlogs	65 924	67 777
Pulpwood	7 624	5 323
Poles	3 728	4 423
Other	5 876	2 008
Less: Expenditure	301 243	360 992
Management	62 165	22 710
Capital works	14	187
Production	30 110	97 764
Processing	2 554	597
Environment	824	1 452
Administration	205 576	238 282
Loss	(218 091)	(281 461)



Mike Muller

Director-General: Water Affairs and Forestry,
Accounting Officer.

Department of Water Affairs and Forestry,
Pretoria.
24/07/01

Cash flow statement

for the year ended March 31 2001

	2000/01 R	99/2000 R
	Note	
Cash received	83 152	79 531
Cash paid to suppliers	(291 591)	(357 568)
Cash generated by operations	1 (208 439)	(278 037)
Purchase of capital items	(9 652)	(3 424)
Net cash flow from investing activities	(9 652)	(3 424)
Capital augmentation	218 091	281 461
Net cash inflow from financing activities	218 091	281 461
Net increase/decrease in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

Notes to the cash flow statement

for the year ended March 31 2001

	R	R
1 Cash generated by operations		
Net loss as per income statement	(218 091)	(281 461)
Deduct from net loss:		
Purchase of capital items	9 652	3 424
Cash generated by operations	<u>(208 439)</u>	<u>(278 037)</u>

Notes to the financial statements

1. Accounting policy

The financial statements have been compiled on the historical cost basis in accordance with the following accounting policy, which is consistent with that of previous years, unless stated otherwise.

1.1 Acknowledgement of income

Income and expenditure are acknowledged on the cash basis.

1.2 Surplus or loss

At the end of the financial year any surplus is paid into the departmental revenue account for payment to Revenue. Any loss is normally made good from the vote.

Statement of changes in equity

for the year ended March 31 2001

	Capital augmentation R	Accumulated loss R	Total R
Balance April 1 2000	-	-	-
Net loss for the year	-	(218 091)	(218 091)
Capital augmentation	218 091	-	218 091
	<u>218 091</u>	<u>(218 091)</u>	<u>-</u>



Report of the Auditor-General on the financial statements of the Equipment Account for the year ended 31 March 2001

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 98 to 101, for the year ended 31 March 2001, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements and the compliance with relevant laws and regulations, applicable to financial matters, based on the audit.

2. REGULARITY AUDIT

2.1 Nature and scope

2.1.1 Financial audit

The audit was conducted in accordance with generally accepted government auditing standards which incorporate generally accepted auditing standards. These standards require the audit to be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

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

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

2.1.2 Compliance audit

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

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

2.2 Qualification

2.2.1 Financial audit

Basis of preparing annual financial statements

Paragraph 18.4.1 of the treasury regulations read together with section 40 (1)(b) of the Public Finance Management Act (PFMA) require the financial statements of the Equipment Account to conform with Statements of Generally Accepted Accounting Practice. This requirement has not been met as these statements are prepared on a cash basis and do not encompass accrual accounting or capitalisation and depreciation of property, plant and equipment.

2.3 Audit opinion

2.3.1 Qualified opinion: Financial audit

In my opinion, because of the effect on the financial statements of the matter referred to in paragraph 2.2.1, the financial statements do not fairly present, in all material respects, the financial position of the Equipment Account at 31 March 2001 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

2.3.2 Unqualified opinion: Compliance audit

Based on the audit work performed, nothing has come to my attention that causes me to believe that material non-compliance with laws and regulations, applicable to financial matters, has occurred.

3. APPRECIATION

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



S A FAKIE
Auditor-General
Pretoria
3/09/2001

Notes to the financial statements

1. Accounting policy

The financial statements have been compiled on the historical cost basis in accordance with the following accounting policy, which is consistent with that of previous years, unless stated otherwise.

1.1 Acknowledgement of income

Income and expenditure are acknowledged on the cash basis.

1.2 Surplus or loss

At the end of the financial year any surplus is paid into the departmental revenue account for payment to Revenue. Any loss is normally made good from the vote.

1.3 Net profit from sales of equipment.

Net profit from sales of equipment is allocated to the capital fund account.

1.4 Plant and equipment

Equipment is shown at book value. Industrial drilling diamonds are shown at market value and synthetic drilling diamonds at cost.

1.5 Depreciation

Depreciation is written off per operational hour over the useful life of the equipment.

1.6 Creditors

The payment of creditors is done on a cash basis and therefore the creditors account normally has a nil balance, except for an under-payment to Revenue at year-end.

1.7 Lease income

Lease income comprises of cash collected in respect of amounts invoiced to clients.

2. Plant and equipment

	2000/01 R 000	99/2000 R 000
Equipment		
Carrying value at beginning of year	109 924	111 276
Disposals	(890)	(104)
Assets stolen	(386)	–
Additions	42 579	29 357
Assets taken over	46	–
Depreciation	(28 788)	(30 605)
Carrying value at end of year	122 485	109 924
In use	124 496	112 259
In sales account	491	676
Equipment taken on charge but not paid for	(2 502)	(3 011)
Drilling diamonds		
Carrying value at beginning of year	1 254	1 469
(Disposals)/additions	(24)	(215)
Carrying value at end of year	1 230	1 254
Industrial diamonds	701	891
Synthetic diamonds	529	363
Total carrying value	123 715	111 178

3. Lease income

	2000/01 R 000	99/2000 R 000
Equipment with book value	28 788	30 605
Equipment with nil book value	12 483	9 493
	<u>41 271</u>	<u>40 098</u>

4. Profit from sale of plant and equipment

Sale proceeds	2 775	1 042
Book value of items sold	(890)	(104)
	<u>1 885</u>	<u>938</u>

5. Creditors: underpaid Revenue

Profit underpaid and to be paid to Revenue in the next financial year.	-	696
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6. Cash with Paymaster-General

The balance represents the expected Paymaster-General balance which relates to the equipment trading account. The amount of R223 826 is included in the balance of R143 677 865 as reflected in paragraph 2.1 of the balance sheet of the Vote.

Cash flow statement

for the year ended March 31 2001

	2000/01 R 000	Notes	99/2000 R 000
Cash received from customers	43 320		42 612
Cash paid to suppliers	(14 842)		(10 786)
Cash generated by operations	<u>28 478</u>	A	<u>31 826</u>
Cash flows from investing activities			
Additions to fixed assets	(42 555)	B	(29 142)
Proceeds on sale of fixed assets	2 775	C	1 042
Net cash outflow from investing activities	<u>(39 780)</u>		<u>(28 100)</u>
Cash flows from financing activities			
Capital augmentation	5 000	D	2 800
Net cash inflow from financing activities	<u>5 000</u>		<u>2 800</u>
Net increase in cash and cash equivalents	<u>(6 302)</u>		<u>(6 526)</u>
Cash and cash equivalents at the beginning of year	<u>6 526</u>		<u>-</u>
Cash and cash equivalents at the end of year	<u>224</u>		<u>(6 526)</u>

Notes to the cash flow statement

for the year ended March 31 2001

	2000/01 R 000	99/2000 R 000
A. Cash generated by operations		
Net profit	1 885	938
Adjusted for:		
Depreciation	28 788	30 605
Profit from sale of plant and equipment	(1 885)	(938)
Losses approved	386	524
Increase in creditors	(696)	697
	<u>28 478</u>	<u>31 826</u>
B. Additions to plant and equipment		
Decrease/(increase) in drilling diamonds	24	215
New equipment	(32 757)	(20 432)
Rebuild of equipment	(9 822)	(8 925)
	<u>(42 555)</u>	<u>(29 142)</u>
C. Proceeds on sale of plant and equipment		
Book value of assets sold	890	104
Profit on sale	1 885	938
	<u>2 775</u>	<u>1 042</u>
D. Capital augmentation		
Augmentation from Exchequer Account	<u>5 000</u>	<u>2 800</u>

Statement of changes in equity

for the year ended March 31 2001

	Assets taken over R 000	Capital augmentation R 000	Retained earnings R 000	Total R 000
Balance April 1 1999	164	1 969	111 237	113 370
Net profit for the year	–	–	938	938
Assets taken over	–	–	–	–
Capital augmentation	–	2 800	–	2 800
Balance March 31 2000	<u>164</u>	<u>4 769</u>	<u>112 175</u>	<u>117 108</u>
Balance April 1 2000	–	–	117 108	117 108
Net profit for the year	–	–	1 885	1 885
Assets taken over	46	–	–	46
Capital augmentation	–	5 000	–	5 000
Balance March 31 2001	<u>46</u>	<u>5 000</u>	<u>118 993</u>	<u>124 039</u>



Report of the Auditor-General on the financial statements of the National Forest Recreation and Access Trust for the years ended 31 March 2000 and 31 March 2001

1. Audit assignment

The financial statements as set out on pages 104 to 107, for the two years ended 31 March 2000 and 31 March 2001 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 43(10) of the National Forest Act, 1998 (Act No. 84 of 1998). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements and the compliance with relevant laws and regulations, applicable to financial matters, based on the audit.

2. Regularity audit

2.1 Nature and scope

2.1.1 Financial audit

The audit was conducted in accordance with generally accepted government auditing standards which incorporate generally accepted auditing standards. These standards require the audit to be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

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

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

2.1.2 Compliance audit

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

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

2.2 Audit opinion

2.2.1 Financial audit

In my opinion, the financial statements fairly present, in all material respects, the financial position of the National Forest Recreation and Access Trust at 31 March 2000 and 31 March 2001 and the results of its operations and cash flows for the years then ended in accordance with prescribed accounting practice.

2.2.2 Compliance audit

Based on the audit work performed, nothing has come to my attention that causes me to believe that material non-compliance with laws and regulations, applicable to financial matters, has occurred.

3. Emphasis of matter

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

3.1 Operation of the National Forest Recreation and Access Trust

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

An amount of R1 669 293 was transferred during the 1999-2000 financial year from the National Hiking Way Fund (which was dissolved) to the trust.

The National Forest Recreation and Access Trust was not operational during the financial years as no formal approval to start utilising the trust funds was granted by the Minister of Water Affairs and Forestry who was awaiting recommendation from the Committee on Forest Access.

4. Appreciation

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



N PUREN
for Auditor-General
Pretoria
24/08/2001

Balance sheet

as at 31 March 2000

	Note	1999/00 R
Assets		
Current assets		1 862 932
Amounts immediately recoverable		1 860 203
Cash with Paymaster-General		2 729
		<u>1 862 932</u>
Equity		
Capital fund	2	1 862 932
		<u>1 862 932</u>



Lael Bethlehem
Accounting Officer
National Forest Recreation and Access Trust

Department of Water Affairs and Forestry,
Pretoria
3/08/2001

Income statement

for the year ended March 31 2001

	1999/00 R
Income	
Investment income	193 639
Booking fee	192 679
	960
Expenditure	
	-
Net income for the year	<u>193 639</u>

Cash flow statement

For the year ended 31 March 2000

	1999/00 R
Cash flows from operating activities	
Cash received from customers	960
Interest received	192 679
Cash generated by operations	<u>193 639</u>
Cash flows from investing activities	
Increase in investment	(1 860 203)
Net cash outflow from investing activities	<u>(1 860 203)</u>
Cash flows from financing activities	
Transfer from the National Hiking Way Fund	1 669 293
Net cash inflow from financing activities	<u>1 669 293</u>
Net increase in cash and cash equivalent	2 729
Cash and cash equivalent at the beginning of the year	–
Cash and cash equivalent at the end of the year	<u><u>2 729</u></u>

Notes to the financial statements

1. Accounting policy

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

2. Capital fund

	1999/00 R
Balance at the beginning of the year	–
Transfer from the National Hiking Way Fund	1 669 293
Net income for the year	193 639
Balance at the end of the year	<u><u>1 862 932</u></u>

Balance sheet

as at 31 March 2001

Statements for March 2000 not included

	2000/01 R	Note	1999/00 R
Assets			
Current assets	2 050 834		1 862 932
Amounts immediately recoverable	2 048 105		1 860 203
Cash with Paymaster-General	2 729		2 729
	2 050 834		1 862 932
Equity			
Capital fund	2 050 834	2	1 862 932
	2 050 834		1 862 932



Lael Bethlehem
Accounting Officer
National Forest Recreation and Access Trust

Department of Water Affairs and Forestry,
Pretoria
07/08/2001

Income statement

for the year ended 31 March 2000

	2000/01 R	1999/00 R
Income	187 902	193 639
Investment income	187 902	192 679
Booking fee	-	960
Expenditure	-	-
Net income for the year	187 902	193 639

Cash flow statement

For the year ended 31 March 2001

	2000/01	1999/00
	R	R
Cash flows from operating activities		
Cash received from customers	-	960
Interest received	<u>187 902</u>	<u>192 679</u>
Cash generated by operations	<u>187 902</u>	<u>193 639</u>
Cash flows from investing activities		
Increase in investment	<u>(187 902)</u>	<u>(1 860 203)</u>
Net cash outflow from investing activities	<u>(187 902)</u>	<u>(1 860 203)</u>
Cash flows from financing activities		
Transfer from the National Hiking Way Fund	-	1 669 293
Net cash inflow from financing activities	<u>-</u>	<u>1 669 293</u>
Net increase in cash and cash equivalent	-	2 729
Cash and cash equivalent at the beginning of the year	<u>2 729</u>	-
Cash and cash equivalent at the end of the year	<u>2 729</u>	<u>-</u>

Notes to the financial statements

1. Accounting policy

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

2. Capital fund

	2000/01	1999/00
	R	R
Balance at the beginning of the year	<u>1 862 932</u>	-
Transfer from the National Hiking Way Fund	-	1 669 293
Net income for the year	<u>187 902</u>	<u>193 639</u>
Balance at the end of the year	<u>2 050 834</u>	<u>1 862 932</u>